AFRIMAT LIMITED

Integrated annual report 2024

Consistently delivering

CONTENTS

Afrimat's full suite of reports can be accessed from the links below:

Notice of Annual General Meeting 2024

King IV™ application register

Commodities resource register

ESG report 2024

NAVIGATION TOOLKIT

Read more page reference

More info on website

Afrimat has taken significant steps to diversify its portfolio of resources to ensure a sustainable future. However, unlocking the full potential of these resources requires more than just the right machinery. It also involves the expertise and dedication of people, who ensure efficient operations. This combination of resources, machinery, and people makes all the difference in unlocking continual success. At Afrimat, we believe that this exponential result is made possible by the foundation of our culture.

Cover artwork by Luan Serfontein

Some of the following United Nations Sustainable Development Goals ('SDGs') are addressed in this report:

PERFORMANCE FOR THE YEAR

FINANCIAL PERFORMANCE

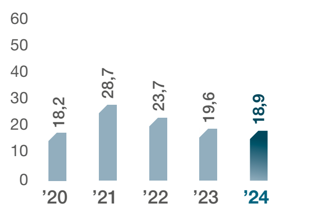
Balance sheet remains **strong**

HEPS up 24,0% to **567,3 cents**

Net debt: equity ratio **1,4%**

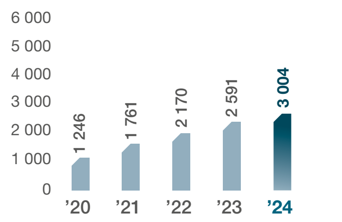
Return on net operating assets **25,6%**

Operating profit margin **18,9%**



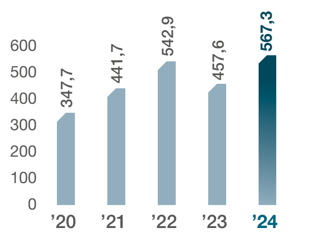
NAV per share **3 004 cents**

CAGR 24,6%



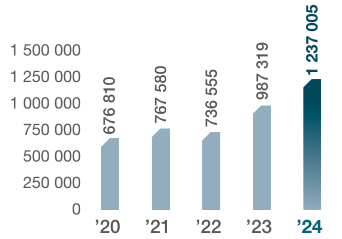
HEPS **567,3 cents**

CAGR 13,0%



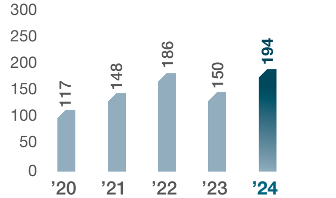
Net cash from operating activities **R1,2 billion**

CAGR 16,3%



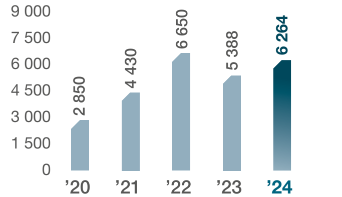
Total dividends per share **194 cents**

CAGR 13,5%

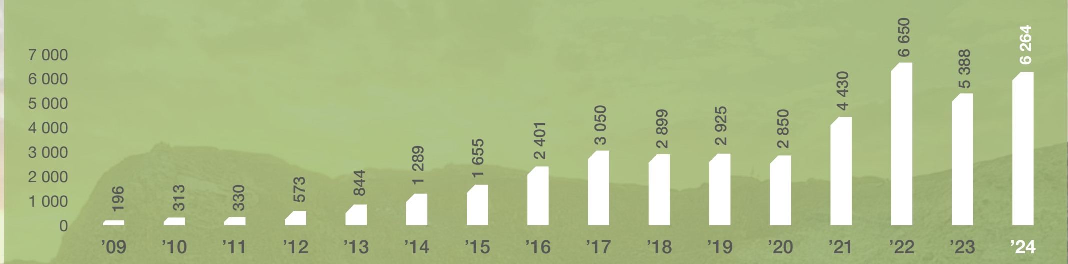


Share price at year-end **6 264 cents**

CAGR 21,8%



SHARE PRICE GROWTH SINCE 2009 (CENTS)



Since 2009, Afrimat's share price has risen 3 096% and over the past five years it is up 120% – during the time when most other companies felt the pain of economic deterioration.

Afrimat manages economic volatility by diversifying its portfolio across different areas, which generates a balanced and consistent income stream.

Afrimat has a superb track record in acquiring, integrating, and then growing businesses. During the year Afrimat announced that the Company will acquire the shares in Lafarge South Africa Holdings Proprietary Limited ('Lafarge'), the acquisition is effective from 23 April 2024.

Safety is our top priority

LTIFR of **0,29**

(Please refer to page 52 for safety initiatives)

Advancing sustainability

Afrimat is committed to Environmental, Social and Corporate Governance ('ESG') matters and regards sustainability as a mandatory strategic objective.

Value creation in communities

- Consolidated Broad-Based Black Economic Empowerment status attained at a level 2 in 2023 (level 3 in 2022).
- Skills and socio-economic development spend R73,6 million (2023: R50,4 million).
- Preferential Procurement B-BBEE score of 2023: 75,1% (2022: 63,4%) as verified by South African National Accreditation System ('SANAS') Accredited B-BBEE Rating Agency.

ABOUT THIS REPORT

Afrimat is a leading black empowered group with its main business and core competence in mid-tier mining and materials supply company. The Group supplies industrial minerals and construction materials to a range of industries across southern Africa. In addition, Afrimat supplies bulk commodities to local and international markets. During the prior year, Afrimat started supplying phosphates to the agriculture sector. It is listed in the 'General mining' sector of the JSE Main Board.

CORPORATE INFORMATION

The Group's executive directors are Andries van Heerden (CEO), Pieter de Wit (CFO), Collin Ramukhubathi and Gerhard Odendaal. They can be contacted at the registered office of the Company. The Company Secretary is Catharine Burger. See contact details on the inside back cover of this integrated annual report.

The integrated annual report 2024 is available in hard copy, on request, from the Company Secretary and is also published on the Group's website www.afrimat.co.za.

Our integrated annual report 2024 contains information aimed at all our stakeholders with a specific focus on our shareholders. We are committed to providing shareholders with reliable, accurate, balanced and transparent reporting. Overall, the report is intended to give our stakeholders a better understanding of the material issues, risks and opportunities that we face in terms of business sustainability, value creation and growth over the short-term (less than 12 months), medium-term (one to three years) and long-term (beyond three years).

SCOPE AND REPORTING PARAMETERS

This integrated annual report 2024 covers the financial performance and non-financial performance of the Group. Afrimat reports on the strategy, the six capitals on which it relies and the opportunities, risks and outcomes attributable to or associated with its key stakeholders, who significantly influenced Afrimat's ability to create value for the year ended 29 February 2024. There has been no material change in the scope and boundary of the IAR compared to the prior year or to historical financial data.

For more information, see the annual financial statements on pages 80 to 152.

FRAMEWORKS APPLIED

In compiling this report, Afrimat considered the legislative requirements for reporting and the International Integrated Reporting Framework, issued in January 2021. Our report conforms to the requirements of local and international integrated reporting frameworks, the South African Companies Act 2008, JSE Listings Requirements and the Mining Charter. We continue to use the GRI guidelines for our sustainable development reporting. The Company applies the majority of the principles in the King IV™ Report. An explanation and summary for each principle is provided and published on the Group's website www.afrimat.co.za. This is to allow stakeholders to make an informed decision as to whether Afrimat is achieving the four good governance outcomes required by King IV™.

MATERIALITY

The legitimate interests of all our key stakeholders were taken into account in determining information that is considered to be material for inclusion in this report. Afrimat defines strategic matters as those which are most material to the formulation and execution of strategy and those that have the potential to significantly affect Afrimat's ability to create stakeholder value and contribute to the future sustainability of the Group.

RISK MANAGEMENT

Risk is inherent in all Afrimat's business activities. We are committed to identify, assess and prioritise risks in order to minimise, monitor and control the probability and impact of unfortunate events to support the achievement of our objectives.

Refer to page 37 for the risk management report.

FORWARD-LOOKING DISCLAIMER

This integrated annual report 2024 contains forward-looking statements that, unless otherwise indicated, reflect the Company's expectations as at 29 February 2024. Actual results may differ materially from the Company's expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions realise differently. The Company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason.

BOARD RESPONSIBILITY STATEMENT

The Board, assisted by the Audit & Risk and Social, Ethics & Sustainability Committees, acknowledges its responsibility for ensuring the integrity of the integrated annual report, and has applied its collective mind in the preparation thereof. The Board believes that the report has, in all material respects, been presented in accordance with the IIRC's <IR> Framework. The Afrimat Board approved this integrated annual report and authorised its release on 7 June 2024.

COMBINED ASSURANCE

A combined assurance model is used to provide Afrimat with assurance obtained from management, internal and external assurance providers. PricewaterhouseCoopers Inc. are the auditors of Afrimat and provided an unmodified opinion after auditing our consolidated annual financial statements 2024. The extracts from the annual financial statements in this integrated annual report are from audited information but not audited.

The Group's financial, operating, compliance and risk management controls are assessed by the Group's internal audit function, which is overseen by the Audit & Risk Committee.

Francois Louw
Chairman

Andries van Heerden
CEO

7 June 2024

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OUR BUSINESS

BUSINESS OVERVIEW

FOOTPRINT

Afrimat primarily engages in mid-tier mining, processing and the supply of a broad range of industrial minerals and construction materials to an assortment of industries across southern Africa. In addition, Afrimat supplies bulk commodities to local and international markets. During the prior year, Afrimat started supplying phosphates to the agriculture sector.

The Group prides itself on extensive in-house industry expertise and a stable workforce.

BUSINESS OPERATIONS

CONSTRUCTION MATERIALS

INDUSTRIAL MINERALS

BULK COMMODITIES

FUTURE MATERIALS AND METALS

SERVICES

Limpopo

- 1 Quarries
- 2 Readymix batching plant
- 1 Limestone source
- 1 Phosphate stockpiles
  Vermiculite mine

Western Cape

- 8 Quarries
- 8 Readymix batching plant
- 5 Sand mines
- 1 Limestone and dolomite source
- 1 Dolomite mine

Gauteng

- 3 Quarries
- 1 Readymix batching plant
- 2 Brick and block factories
- 1 Clinker

Mpumalanga

- 3 Quarries
- 3 Readymix batching plant
- 1 Anthracite mine

KwaZulu-Natal

- 7 Quarries
- 6 Readymix batching plant
- 4 Brick and block factories

Eastern Cape

- 1 Quarries
- 1 Readymix batching plant

Free State

- 3 Quarries
- 1 Clinker source

Northern Cape

- 3 Iron ore mines
- 1 Iron ore source
- 1 Manganese mine

Leading specialists offering a comprehensive suite of solutions to the mining, construction and quarrying industries throughout southern Africa

- Mine planning
- Mine rehabilitation
- Crushing and screening
- Beneficiation of materials
- Bulk drilling and blasting
- Load and haul
- Pit-to-port solutions
- Rail loadout management and logistics

BUSINESS OVERVIEW (continued)

	CONSTRUCTION MATERIALS	INDUSTRIAL MINERALS	BULK COMMODITIES
	Aggregates · Concrete-based products · Readymix	Limestone · Dolomite · Silica	Iron ore · Anthracite · Manganese
CORE ACTIVITIES	Open pit mining and processing of aggregates products Concrete brick and block manufacturing and readymix concrete batching	Open pit mining, processing and benefication of industrial minerals	Open pit iron ore and anthracite mining and benefication as well as underground anthracite mining and benefication
REVENUE CONTRIBUTION			
PRODUCTS/ SERVICES	▪ Clinker ash ▪ Aggregates: roadstone, concrete stone, layer-works materials, ballast ▪ Manufactured and natural sand ▪ Stone dust ▪ Building blocks and bricks ▪ Dolomite ▪ Pavers ▪ Lintels ▪ Readymix concrete batched on demand and transported to customers by concrete mixer trucks ▪ Readymix mortars ▪ Silica	▪ Metallurgical dolomite ▪ Metallurgical quartzite ▪ Metallurgical limestone ▪ High calcium neutralisation limestone ▪ Agricultural lime ▪ Feedlime ▪ Hydrated lime ▪ Un-slaked lime – calcium oxide ▪ Slaked lime – calcium hydroxide ▪ Silica sand ▪ Ultra-fine limestone and dolomite ▪ Dolomite fillers ▪ Koalin	▪ Top-end quality iron ore from Hematite ore up to 65% Fe ▪ Lump and fine fraction product range ▪ Siliceous manganese ore ▪ Mixed metal manganese ore ▪ High quality nuts and duff anthracite product
MARKETS/ APPLICATIONS	▪ Building and construction ▪ Low-cost housing ▪ Residential and commercial property ▪ Civil engineering and infrastructure projects ▪ Renewable energy projects ▪ Power distribution network ▪ Mines ▪ Road and bridge building ▪ Railroads ▪ Concrete product manufacturers ▪ Readymix producers ▪ Power stations	▪ Metallurgical manufacturers ▪ Water and sewage treatment ▪ Acid mine drainage treatment ▪ Paints and plastics ▪ Foundries ▪ Glass manufacturers ▪ Tile adhesive manufacturers ▪ Agriculture ▪ Renewable energy projects ▪ Power distribution network ▪ Chemical ▪ Animal hygiene	▪ International export ▪ Local consumption ▪ Mine to road to train logistics ▪ Domestic ferrochrome smelting market ▪ Mine to port logistics
QUALITY ASSURANCE	Quality-at-source processes by which quality control is ensured through constant monitoring and evaluation. Blocks and bricks manufactured in accordance with SABS specification.	Quality-at-source processes by which quality control is ensured through constant monitoring and evaluation.	Export iron ore products manufactured in accordance with customer specifications and sold in terms of the Platts iron ore 62% grade for export. Good quality anthracite due to its low sulphur and phosphorous content. All anthracite products manufactured in accordance with customer specifications. The utilisation of an in-house test laboratory for continuous process control. Quality and specification statements are generated by an outsourced accredited laboratory.

VERTICAL INTEGRATION

Supply the majority of the aggregates used by Afrimat's own Concrete Based Product ('CMP') divisions.

Mobile crushing, drilling, blasting, load and haul performed by the Group's contracting business. Furthermore, this business managed and operated a railway load out station with direct access to the Oryx Sishen-Saldanha rail link, during the year under review.

FUTURE MATERIALS AND METALS

Phosphate | Rare earths

Processing and beneficiation of phosphates

- Granulated rock phosphate
- Single superphosphate ('SSP')

- Agricultural

Products manufactured are sold within the industry specifications of a P-concentrate level of subminimum 32% and Fe level of <5%. The utilisation of in-house test laboratory for quality specifications and continuous process control.

SERVICES

Contract crushing, drilling and blasting | Logistical services | Group shared services

Group shared services including IT services, consulting services

Internal and external logistical and mining services such as contract crushing, drilling and blasting, load and haul

- Mobile crushing and screening
- Drilling and blasting
- Beneficiation of material
- Open cast mining services
- Transportation of materials
- Mine to road to train logistics
- Logistical services

- Building and construction
- Mines
- Mine to road to train logistics
- Mine to port logistics

Quality-at-source processes by which quality control is ensured through constant monitoring and evaluation.

In-house mining services provided: Mobile crushing, drilling and blasting. This segment was utilised to manage and operate a railway load out station with direct access to Oryx Sishen-Saldanha rail link, as well as logistical services to the other segments.

BUSINESS MODEL

OUR VALUE CHAIN ACTIVITIES:

Exploration

Identify new resources throughout southern Africa

Mining/ Quarrying

Extract aggregates, iron ore, industrial minerals and future materials and metals

Beneficiation

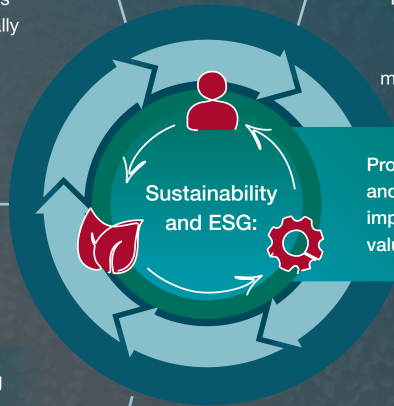
Improving the final product quality by using a:
- DMS (dense medium separation) plant for iron ore; air, and magnetic separator for phosphate rock;
- DMP (dolomite mixing plant) and LMP (limestone mixing plant) for industrial industries washing, crushing and screening of aggregates; and
- In-house laboratory testing regarding various products

Manufacturing

Producing SSP, ready-mix, CMP, unslaked lime (oxide), hydrated and chemical lime, white wash and biolim products

Outbound logistics, shipping, marketing and selling

Servicing markets locally and globally



Promoting sustainability and addressing ESG impacts throughout all value chain activities

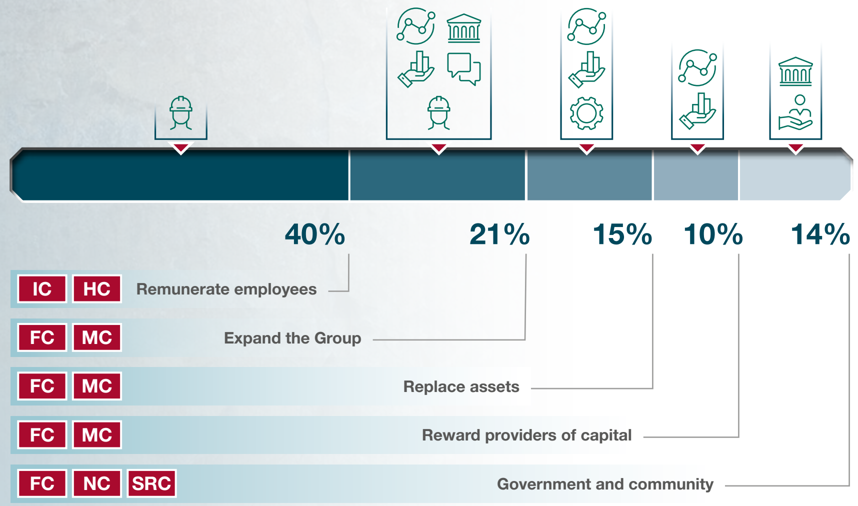
VALUE CREATION

CAPITAL	TRADE-OFF	OUTLOOK	INPUT
FC FINANCIAL CAPITAL The money obtained from providers of capital and the retained earnings generated by operations to support all business activities and invest in the strategy. Furthermore, creating and managing stakeholder value (including social development, dividends for shareholders and salaries for employees).	Due to the volatile and uncertain market conditions, a decision was made to keep gearing low and to preserve additional cash resources.	Afrimat is investigating future business acquisitions to increase sustainable financial growth. A strong balance sheet and cash balance enables the Company to exploit possible investment opportunities and expansion.	■ Market capitalisation of R10,0 billion (2023: R8,6 billion). ■ Net debt:equity of 1,4% (2023: 4,5%) to execute growth. ■ Funding facilities of R1,8 billion (2023: R1,2 billion) of which R613,9 million is utilised (2023: R568,5 million) (refer note 7.3.4).
NC NATURAL CAPITAL We depend on natural resources to create value and returns for our stakeholders. Environmental management is a critical part of the management process.	Using natural resources may sometimes negatively affect human and social capital. This is a key trade-off for generating value across the other capitals. We are, however, committed to minimising the environmental impacts of our operations and activities.	Accelerate and expand our response in an effort to be resilient in a lower-carbon future (refer to page 47).	■ Water used 1 590 000 cubic metre (‘m^3’) (2023: 1 380 000 m^3). ■ 49 349,5 tCO_2e (2023: 50 194 tCO_2e) electricity. ■ 21,9 million litres (2023: 15,8 million litres) fuel.
MC MANUFACTURED CAPITAL The tangible and intangible infrastructure used to conduct our business activities. We leverage off our asset base (including plant and equipment), successful awarding of mining rights and information technology assets to service customers.	Mining and run-of-mine operations have a positive impact on manufactured capital, but negative for financial capital. This can be marginally offset by rising product value.	Beneficiation leads to multiple product development, sales and associated benefits.	■ 75 operations throughout southern Africa creating a distribution network and general infrastructure (including technology) which enable us to produce, deliver and sell our products and services. ■ Property, plant and machinery R1,4 billion (2023: R1,2 billion).
HC HUMAN CAPITAL How we select, develop and manage our people.	Investing in attracting, retaining and developing the best talent, thereby resulting in employee costs being a significant cost to our business and in turn, impacting financial capital.	Attracting, retaining and developing our employees in line with our culture, will increase sustainable growth in the long term. Safety remains a top priority and a focus area.	■ Strong leadership team, driving our entrepreneurial culture. ■ A diverse Board and executive team. ■ 2 755 (2023: 2 688) employees with relevant knowledge, skills and experience.
SRC SOCIAL AND RELATIONSHIP CAPITAL To operate as a responsible corporate citizen. Fostering a good relationship with stakeholders (including customers, capital providers, regulators and other stakeholders).	Maintaining quality relationships across all stakeholders requires financial capital inputs, but generally generates positive return across most capitals over the longer term.	Creating an effective shareholder engagement strategy. Further improvements in our transformation strategy and B-BBEE status as well as socio-economic development.	■ Good relationships with the communities surrounding our mining operations and production plants. ■ Confidence of shareholders by creating an effective and aligned shareholder engagement strategy.
IC INTELLECTUAL CAPITAL Our strong brand, procedures and processes and the knowledge of our people constitutes our intellectual capital. The balance of new opportunities and core strengths ensures growth.	Our commitment to implementing reliable systems as well as determining the role of Artificial Intelligence (‘AI’) and Big Data, may result in pressure on some existing traditional job functions, but will harvest opportunities in new roles.	Implementing of agile business processes across all business units. Maintain our reputation as a quality supplier with an exceptional brand.	■ Enabling growth through sound business principles and new opportunities. ■ The intangibles that constitute our product and service offering and provide our competitive advantage.

OUTCOMES	PAGE REFERENCE
■ Revenue up 23,9% to R6,1 billion ■ EBITDA: R1,5 billion (2023: R1,3 billion) ■ Net cash generated from operations up 25,3% R1 237,0 million (2023: R987,3 million) ■ HEPS: 567,3 cents (2023: 457,6 cents) ■ Total dividend per share declared: 194,0 cents (2023: 150,0 cents) ■ Net debt:equity of 1,4% (2023: 4,5%)	■ CFO's report (refer to page 17) ■ Annual financial statements (refer to pages 80 to 152)
■ 193,9 tCO_2e (2023: 173,0 tCO_2e) emissions	■ Environmental responsibility (refer to page 47) ■ Managing climate change (refer to page 49)
■ Capital expenditure of R929,5 million (2023: R963,1 million) ■ Depreciation and amortisation of R369,4 million (2023: R360,7 million)	■ Legal and mining right compliance (refer to page 46) ■ Technology and systems (refer to page 78) ■ Annual financial statements (refer to pages 80 to 152) ■ Environmental responsibility (refer to page 47)
■ Wages and salaries of R1 085,1 million (2023: R940,6 million) ■ 10 (2023: 4) artisans successfully trained ■ Board attendance of 100% (2023: 98%)	■ Safe and reliable operations (refer to page 52) ■ Governance structure (refer to page 36) ■ Remuneration report (refer to page 72)
■ Spending on skills and socio-economic development of R73,6 million (2023: R50,4 million) ■ B-BBEE 2023: Level 2 (2022: Level 3) ■ Preferential procurement of B-BBEE score of 2023: 75,1% (2022: 63,4%) as verified by SANAS Accredited B-BBEE Rating Agency	■ Stakeholders (refer to page 10) ■ Social, ethics and sustainability (refer to page 43) ■ Transformation (refer to page 59)
■ Investment in quality assurance and research and development R11,9 million (2023: R11,0 million)	■ Business overview (refer to page 4) ■ Annual financial statements (refer to pages 80 to 152)

VALUE CREATION (R'000)

Total value added	R2 690 852
Income from investment	R36 173
Value added by operations	R2 661 617
Profit on sale of property, plant and equipment	R4 262



Stakeholders

Shareholders | Trade unions | Lenders/providers of capital

Major contractors, suppliers and business partners | Government, local authorities and regulatory bodies

Employees | Customers | Local communities

STAKEHOLDERS

We recognise that developing and nurturing dialogue with our key stakeholders, and actively listening and responding to feedback, is a driver of business sustainability. The process of identifying and monitoring stakeholder relationships is reviewed annually by the Board. Our internal open-door policy and strong communication extends to all external stakeholders, and we pride ourselves on our timely, consistent and transparent communication.

OUR APPROACH

Afrimat recognises that it operates in areas where sustainable social and economic development are of utmost importance. Our goal is to have formal and informal stakeholder engagement processes to identify key stakeholders, list items that matter to them and to provide responses on how these matters are addressed. Sustainability is dependent on the maintenance of mining licences to operate. Important factors considered by Afrimat include operating safely and meeting regulatory obligations, all of which are included in the stakeholder engagement process.

STAKEHOLDER GROUPS

Afrimat's stakeholders are those with a vital interest in the business or its activities. Our stakeholders are critical to the business' success and the sustainability of operations. Critical stakeholder groupings include:

Stakeholder	What matters to them	Tools of engagement	Our response
Employees	▪ Job security ▪ Sustainability ▪ Personal growth and development ▪ Skills development ▪ Remuneration and incentives ▪ Safety ▪ Health and wellness ▪ Transformation ▪ Job satisfaction	▪ Annual culture climate survey ▪ Training sessions ▪ News updates ▪ Employment equity forums ▪ Understanding 'The Afrimat Way' ▪ Regular reinforcement of Code of Conduct and policies/procedures ▪ Annual performance reviews ▪ Union meetings as required ▪ 1:1 Discussions	▪ Investment in training and talent management ▪ Dedicated skills development division ▪ Ongoing health and safety programme ▪ Skills Development and Employment Equity Consultative Committees established for each subsidiary ▪ Weekly "toolbox talks"
Responsibility	Executive Director: People & Sustainability and General Manager: People assisted by all management		
Customers	▪ Quality ▪ Service ▪ Value for money ▪ Product availability ▪ Credit facility levels	▪ Annual customer surveys conducted to determine service improvement opportunities ▪ Contractual engagement ▪ Product brochures ▪ Personal interaction with main customers ▪ Traditional and social media ▪ Product testing	▪ Commitment to quality products and service excellence ▪ Product and quality feedback ▪ Account queries and payment
Responsibility	CEO, MDs of subsidiaries and sales teams		
Shareholders/ investors	▪ Profitability ▪ Strategy to ensure sustained financial growth ▪ ROI (share price and dividends) ▪ Cash generation ▪ Corporate governance and compliance ▪ Risk management ▪ Growth prospects ▪ Sound corporate practices ▪ Cost reductions ▪ Labour relations ▪ Sustainability ▪ Ethics ▪ Transparent executive remuneration ▪ Reputational issues	▪ Annual and interim results announcements ▪ Integrated annual report ▪ SENS announcements and trading updates ▪ Website publications ▪ Group results presentations ▪ 1:1 meetings ▪ Roadshows ▪ AGM ▪ Results of decisions taken at shareholders' meetings published on the Company's website following the meetings ▪ Media releases ▪ Site visits ▪ Investor open days ▪ Regular investor perception polls	▪ Feedback from results presentations and 1:1 meetings relayed to and dealt with at Board level ▪ Consistent dividend payments ▪ Publishing of voluntary SENS announcements to address shareholder concerns ▪ Shareholder engagement meetings ▪ Educating shareholders regarding business processes by means of arranging site visits and an annual investor open day ▪ Feedback on Company performance, future prospects and strategy ▪ Feedback on economic, social and environmental risks ▪ Research coverage
Responsibility	CEO assisted by the CFO and Executive Directors		

Stakeholder	What matters to them	Tools of engagement	Our response
Lenders/ providers of capital	▪ Capital management ▪ Sustainability ▪ Profitability ▪ Liquidity and solvency ▪ Cash generation ▪ Corporate governance and compliance ▪ Risk management ▪ Growth prospects ▪ Reputational issues ▪ Punctuality and ability to meet capital and interest payments ▪ To comply with covenant requirements	▪ Contractually required information flow ▪ Regular meetings ▪ Annual and interim results announcements	▪ Feedback from meetings relayed to and dealt with at Board level ▪ 1:1 meetings with financier relationship managers to identify risks and discuss viable funding options
Responsibility	CFO assisted by Group treasury and financial managers		
Trade unions	▪ Wage negotiations ▪ Bargaining council agreements ▪ Conditions of employment ▪ Engagement on safety issues ▪ Engagement on health and wellness issues	▪ Regular meetings at the relevant levels	▪ Ongoing focus on labour and employee relations ▪ Consistency in industrial relations ▪ Recognition agreements at industry level
Responsibility	General Manager: People assisted by all management		
Major contractors, suppliers and business partners	▪ Consistent offtake ▪ Group payment record ▪ B-BBEE compliance and local economic development	▪ Contract and service agreements ▪ Whistleblower's hotline ▪ Results presentations ▪ Supplier days	▪ Regular business updates to suppliers ▪ Vision and values ▪ Group strategy and financial performance ▪ Health and safety ▪ Group policies and guidelines ▪ Transformation and employment equity ▪ B-BBEE compliance
Responsibility	CEO assisted by the CFO, Executive Directors and MDs of subsidiaries		
Government, local authorities and regulatory bodies	▪ Compliance with mining licence requirements ▪ Regulatory compliance ▪ B-BBEE status and black shareholding ▪ Environmental compliance ▪ Skills development ▪ Enterprise development ▪ Job creation ▪ Employment equity ▪ Uplift communities and environments in which we operate	▪ Lobbying with government departments ▪ Regular communication ▪ Report our impact on communities and environment	▪ Developing DMRE required social and labour plans in conjunction with local municipalities ▪ Focus on procurement from suppliers with B-BBEE shareholding ▪ Education and job creation ▪ Raising awareness of local economic, social and infrastructure conditions and gaining approval for government funded projects ▪ Energy, water and waste reduction
Responsibility	CEO, Executive Director: People & Sustainability and MDs of subsidiaries		
Local communities	▪ Environmental issues – dust, emission, water, traffic, noise, unsightly development ▪ Infrastructure development ▪ Economic upliftment ▪ Job creation ▪ Enterprise development ▪ Preferential procurement	▪ Dialogue with local community interest groups	▪ Supplementing labour force from surrounding communities ▪ Practicing a limited automation policy ▪ Prioritising environmental management of operations
Responsibility	Executive Director: People & Sustainability and MDs of subsidiaries and branch operational managers		

CHAIRMAN'S REPORT

Over the course of the year, our anthracite mine made significant progress towards stability, and pleasingly, made a solid contribution to the Group's results. Furthermore, the approval of the Lafarge transaction has opened a new chapter for Afrimat, one that promises deeper diversification in the Construction Materials segment. This strategic acquisition holds the potential to maintain Afrimat's remarkable growth path, a prospect that should inspire confidence among our shareholders. Key to our success, in my view, have been the following:

Consistently delivering good results in a challenging environment

Substantial progress on strategic projects for sustained growth

A company culture and a high standard of execution that supports Group moats

I am pleased to report to our shareholders for the 2024 financial year. This year was marked by several challenges that tested South Africa's – and Afrimat's – resilience. We experienced the highest-ever level of loadshedding, which caused widespread power outages and disrupted the normal functioning of businesses and homes across the country. Additionally, the logistics and port infrastructure suffered unprecedented failures, which caused delays and inefficiencies in the transportation of goods and services. The high interest rates further dampened overall business and consumer confidence, leading to a drop in economic activity. Yet, despite these difficulties, Afrimat persevered and remained steadfast in its commitment to delivering value to shareholders.

It remains my pleasure to be involved with this dynamic management team, which has created a company that is successful, agile, innovative and yet humble, remaining true to its values, and demonstrating the strength of its culture. Our leadership position was confirmed when Andries van Heerden was recognised by News24 as South Africa's CEO of the Year recently. This is a testament to the exceptional leadership guiding our business, and this transcends deeper into the management layers and supports the Afrimat culture.

Afrimat continues forward on its strategic growth and diversification journey. The recent approval of the Lafarge transaction gives greater momentum to further diversification within the Construction Materials segment in particular. Observing, listening to, and engaging with various teams within Afrimat clearly shows how each implementation and strategic decision is considered. The Group offers assurance that each step change in the growth journey is carefully considered in terms of capacity and skills necessary for implementation.

THE YEAR UNDER REVIEW

Afrimat's ongoing diversification has been successful thanks to several strategic acquisitions. With a focus on adding additional commodities and mining processes to already impressive quarrying and mining experience, Afrimat has consistently delivered positive results. This success is largely due to the Group's prudent capital allocation and strict control of its balance sheet, ensuring that debt never undermines its diversification drive. As a result, Afrimat has been able to turn its acquisitions into meaningful contributors to the Group with consistently high cash generation. This is a testament to the Group's unwavering commitment to success and its ability to deliver results.

In the financial results for the year ended February 2024, revenue and operating profits improved. The compound annual growth rate for Afrimat since 2009, is 19.0%, a healthy number indeed given the sometimes-difficult operating environment. This year, the Bulk Commodities segment delivered the majority of the Group's operating profit. Of this, 68% was from

FRANCOIS LOUW

the iron ore operations and 15% from anthracite. The turnaround of the anthracite mine is one of the highlights of the year, coupled with excellent results from the efficiency initiatives in place across various other businesses. The Construction Materials segment also delivered a good performance, and we are looking forward to the integration of Lafarge operations to bolster diversification within our current offering. The Industrial Minerals segment was unfortunately impacted by the extraordinarily high loadshedding days experienced in South Africa, resulting in no growth in operating profit for this financial year. The Future Materials and Metals segment is making excellent progress in the establishment of its operations, and we are looking forward to entering the South African phosphates market in the coming year. These results were delivered by not only dealing efficiently with logistics and power issues but also ensuring meticulous compliance with the demanding mining regulatory environment in South Africa. The Group has once again made meaningful contributions to the country through its social and labour plans as well as assisting in developing the communities in which it operates, with a continued focus on investment in education, youth employment, and infrastructure.

WHAT TO EXPECT OF THE FUTURE?

Afrimat is known for its ability to buy businesses in distress and turn them around quickly. This is possible because of our strict investment criteria. Certain of our more recent acquisitions have been more complex in nature and have required more time to ensure that, once operational they are able to continue flourishing for some time to support sustainability. A case in point was getting to fully understand the geology and to open up the mining areas at Nkomati, the anthracite mine. This now well advanced, the mine is producing close to steady state volumes, and small tweaks to further optimise performance are expected to deliver consistent results into the future.

The future configuration of Glenover, now having built its base phosphate plant, which is being commissioned, is currently under consideration. Being largely greenfield projects, quite a bit of money is required to build these operations, but in keeping with our way of doing things, we are approaching these new processes thoughtfully and will be sensible in making any additional investments in the future. Each step of the way, we ensure that the investment conforms with our capital allocation profile, if not we will adapt or in extreme situations, we will not proceed. This is not the case for Glenover. We simply want to build a solid sustainable platform in this segment.

The new growth project, Lafarge, ensures diversification within the Construction Materials segment, and under the leadership of Pieter de Wit, he will ensure the successful integration of the acquisition. We remain excited about the assets that Afrimat is adding to its arsenal and the ability to use them together with Afrimat assets in different locations across the country.

“Shareholder value can be built only if you maintain a healthy and vibrant company, which means doing a good job of taking care of your customers, employees and communities. Conversely, how can you have a healthy company if you neglect any of these stakeholders?”

ENVIRONMENT, SOCIAL AND GOVERNANCE (‘ESG’)

Afrimat has for the second consecutive year produced a separate ESG Report, filled with data and narratives on how we approach these critical elements of the business. Every time I interact with Afrimat people, I am reminded of how they live the Group’s motto – “Excellence with Integrity” – ensuring that respect and care are foremost in everything that they do. It is sometimes hard for external people to see this, but I can assure you it happens and that it is a genuine attitude, not just a tick-box approach.

Afrimat’s unwavering commitment to counteracting the ever-present high unemployment rate is a source of pride. We continue to create job opportunities, foster skills development, provide training, and promote continuous education, making a significant positive impact in our communities.

Afrimat will continue to assist the Government where it can. We believe one way of doing this is through leadership collaboration and by sharing ideas and experience. Another is for Afrimat to continue fostering and building strong community relations. We do this not only because it is the right thing to do, but because we care about the future of our people, our communities, and our country. This investment benefits everyone and provides employment opportunities and lasting skills development that not only strengthen communities but also makes them more inclusive. I was reminded of this when reading Jamie Diamond’s letter to shareholders, which was published in March this year.

Afrimat, as a responsible corporate entity, places significant emphasis on environmental conservation and robust governance practices. From an environmental perspective, the Group falls under the remit of the Department of Minerals Resources and Energy (‘DMRE’) and also actively engages with the Department of Water and Sanitation and the Department of Environmental Affairs. The Group continues to maintain good relationships with all three, respecting the work they do.

Our Social, Ethics & Sustainability Committee ensures that Afrimat not only adopts global best practices when it comes to environmental responsibility and reporting but that the Group genuinely strives to reduce its impact in a meaningful way. The committee’s report outlines Afrimat’s carbon footprint, carbon emissions, electricity consumption, water usage, waste management, approach to climate change, and biodiversity efforts.

Governance and ethics continue to be central to our way of doing things. The Group observes both the spirit and the principles of the JSE Listings Requirements, King IV™, the Framework for Integrated Reporting, the Mining Charter and the Companies Act. The Group’s commitment to governance is unwavering, and its actions are guided by a unitary Board and the requisite sub-committees. Furthermore, Afrimat adheres to fair remuneration practices and equal employment opportunities.

I am also pleased to report that all the resolutions as set out in the Notice of Annual General Meeting were approved by a majority vote of shareholders either present at the meeting or represented by proxy.

APPRECIATION

During the past year, Afrimat has had to navigate tough economic circumstances with careful management and diligence. Despite these obstacles, the Group and its people have demonstrated exceptional performance and dedication, particularly under the leadership of Andries van Heerden and his team of executives. I have had the opportunity to engage with the teams across operations, and I am consistently impressed by their level of capability and how they pull together to evaluate and implement solutions. I would also like to express my gratitude to the Board for their invaluable guidance and expertise, which has been instrumental in this success. It is clear that the Board members possess a deep level of knowledge and experience, which they have used to offer excellent guidance to the executive management team. Finally, I would like to extend my thanks to our shareholders, stakeholders, employees, and customers for their unwavering commitment and support. We will continue to make strategic decisions that are well-considered and designed to benefit all of our stakeholders.

Francois Louw

7 June 2024

CEO'S REPORT

> "I am pleased to report that our revenue increased by 23,9% to R6,1 billion. Our ongoing focus on prudent capital allocation, robust cash generation targets, and production efficiencies helped ensure that our operating profit also improved, up 19,8% this year to R1,2 billion.

Once in a while, it's good to shake things up, not for the sake of change itself, but to make sure I am still engaging you in a way that genuinely matters – and in a way that helps you to better understand Afrimat and the way we do things. In this, my 17th report to shareholders, I am taking a slightly different approach. Like many business people around the world, I look to Warren Buffett for inspiration now and again, and I'm not ashamed to admit having borrowed this format from him because it appeals to me personally, and I hope it will to you too.

Importantly, while some of you have been with us since inception, many more have joined along the way, including new shareholders who joined in the past year. We now have roughly 14 000 shareholders, so each year it becomes increasingly imperative that what I write connects with you, and provides you with real insights into how we manage Afrimat and care for our culture and people, what we consider our prospects to be, and how we will navigate the road to ongoing sustainability even in challenging times.

To borrow from Mr Buffett again, "Never invest in a business you cannot understand".

Given the sometimes trickly operating conditions in South Africa and our exposure to commodity cycles, I am pleased to report that our revenue increased by 23,9% to R6,1 billion. Our ongoing focus on prudent capital allocation, robust cash generation targets, and production efficiencies helped ensure that our operating profit also improved, up 19,8% this year to R1,2 billion. The Bulk Commodities segment, made up of iron ore and anthracite, contributed 83,1% of this operating profit and Construction Materials delivered the bulk of the balance.

One of the highlights was the stabilisation of the anthracite operation, with operating profits improving from R19,8 million in 2023 to R168,7 million in the current year. The operation, a key part of our ongoing diversification strategy, delivered an operating profit margin of 22,6%. I'm also happy to report that the iron ore business continued its strong delivery, achieving an operating margin of 35,7%.

WHY IS LAFARGE A MILESTONE FOR AFRIMAT?

Before I get into the details of our financial performance, I want to explain to you what the Lafarge acquisition truly means for Afrimat, even though we received approval from the Competition Tribunal and all other regulators to go ahead after the year-end. This marks a major highlight in our diversification journey – it's an exciting and strategic project, with lots of experienced resources allocated to it to ensure a successful and profitable integration.

Not only will it increase the Group's offering in the construction materials space, by expanding our quarry and ready-mix operations nationally, but it also gives us access to the fly ash operations, giving us a foothold in the cement extender market. The grinding plant will allow Afrimat to grind various materials as value-added products for our current and new customers, while the cement kilns allow the Group to enter the cement value chain competitively.

ANDRIES VAN HEERDEN

We will acquire 100% of the issued share capital of Lafarge South Africa Holdings Proprietary Limited for a purchase consideration of US$6 million. In addition to this, Afrimat has agreed to repay or procure the repayment of the loan amounts owed equating to R900 million.

On 23 April 2024, our highly skilled team began the integration process, and a phased approach is in place to inculcate the people and business into "The Afrimat Way". This will help to ensure that we turn the business into the profitable contributor to the Group that we know it can be. So far, we are pleased with the progress.

WHAT MAKES AFRIMAT DIFFERENT?

I often get asked this question. Firstly, and without a doubt, it's our culture. Anyone can dig a hole in the ground, but without the correct combination of people and culture, it will always remain just that. Our whole approach is designed to ensure we deliver a beneficiated product from that hole that can be sold successfully into the market. Afrimat operates according to our mantra: "Excellence with Integrity". This dominates everything we do and embraces all our stakeholders.

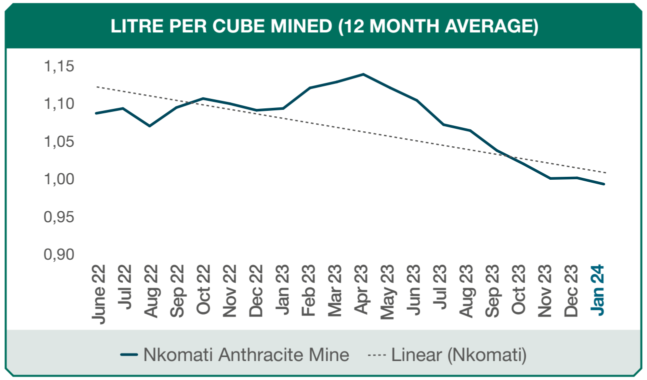
IN HIS OWN LETTER TO SHAREHOLDERS IN 2023, MR BUFFET SUMMED IT UP PERFECTLY IN MY OPINION:

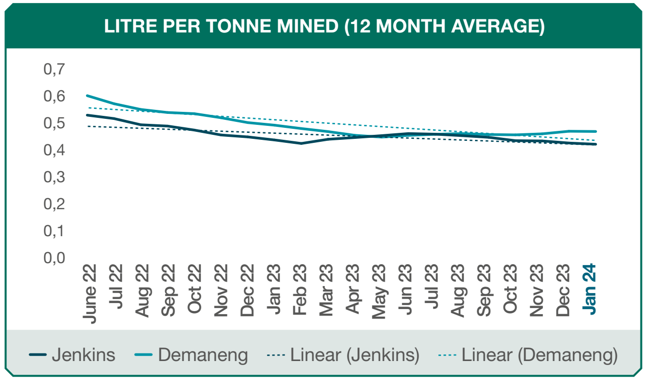
"Berkshire benefits from an unusual constancy and clarity of purpose. While we emphasise treating our employees, communities and suppliers well – who wouldn't wish to do so?"

Then, it's our purposeful diversification strategy, which continues to position Afrimat to be able to weather the often-turbulent South African operating environment. We have to date diversified into four segments, with each of these segments further diversified in a way that allows us to benefit from swings in commodity cycles.

This is underpinned by a continuous efficiency drive. The way we maintain focus on this is through a programme that is implemented across our operations, and which is monitored daily. When I read other corporate reports and results commentary, it strikes me how many companies have to cut costs dramatically, sometimes year after year. In my view, this is because they don't measure and manage costs consistently. At Afrimat, our focus on being a low-cost operator means we are always on top of this.

FLEET EFFICIENCY DRIVE TONNES PER MACHINE HOUR





Thirdly, our acquisitive growth comes from essentially buying great assets that are poorly run. We identify opportunities in the market where we understand the environment, where there is a strong demand for the product, and where it fits our skills base. From there we add sensibility, analysis, and a good dollop of entrepreneurial management rather than bureaucracy, check costs, and apply efficiencies to all processes to deliver operational efficiency through to the bottom line. We focus on cash generation and accumulate this for the next acquisition.

HOW MUCH MORE CAN AFRIMAT DIVERSIFY?

This is another question we get regularly. Our diversification strategy has been purposeful and steady for several years now. It tends to ebb and flow because after an acquisition is approved, there is a period that follows of integration, stabilisation, and performance that we need to drive. However, we will continue to diversify where it makes sense.

DIVERSIFICATION IS DELIVERING RESULTS

The Nkomati anthracite mine is now producing at acceptable levels, although we still have a few more efficiency measures to implement.

As a greenfield operation, Future Materials and Metals is taking slightly longer to establish, mainly because we want to ensure it is done correctly and because it has new processes. Much like Nkomati, though, I remain confident that the business will soon contribute positively to our results.

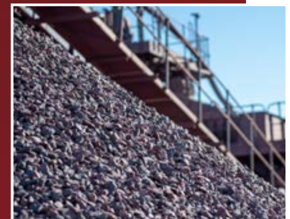
The Lafarge acquisition will form part of the Construction Materials segment. As I have said previously, we are excited to turn this business around. We will also look at other applications for many of the products in the Lafarge stable and how these can complement our existing products in this segment.

Purposeful diversification

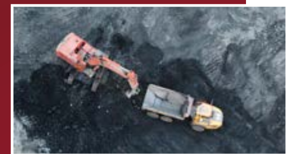
Afrimat began as a quarrying – essentially an open cast mining – business, listing on the Johannesburg Stock Exchange in 2006.

After the 2010 construction boom, in preparation for the soccer World Cup, the construction industry deteriorated, and this set us on a path to diversifying, first into industrial minerals, with the purchase of our limestone operations.

Five years later, we deepened this diversification by acquiring iron ore mines – Afrimat is now one of four mines in South Africa exporting iron ore.



Following this, we bought an anthracite mine and a phosphate mine.



Post the year-end, we will bolster the original quarrying business with the Lafarge acquisition.

CEO'S REPORT (continued)

I am extremely pleased that within the iron ore and anthracite businesses, we now have further diversification and a slight risk mitigator, being able to sell both commodities locally as well as internationally. We are positioned and continue to reinforce our position as a low-cost producer. Despite lower iron ore prices, the segment contributed 83% of the operating profit for the Group.

Regarding exports, Afrimat is part of the Iron Ore Producers Forum working with Transnet Freight Rail to ensure optimal operation of the export line to Saldanha. Together with colleagues and forums across the industry, we welcome the appointment of Michelle Philips as the CEO of Transnet. She has deep logistics and operational experience and understands that involving business will repair Transnet quicker than going it alone will.

WHAT KEEPS ME AWAKE AT NIGHT

I am concerned that our country's leadership completely misses the basic economic fundamentals. As a country we desperately need the ports and logistics to operate. While our own diversification has allowed us to counter this impact, a country without the ability to manufacture its steel keeps me awake at night. We supply AMSA, and if it is unable to manufacture, we simply cannot divert our inland iron ore to the export market because our allocation (870 000 tonnes per annum) is fixed. At the moment, Transnet's inefficiencies are the reason we are unable to fill our allocation. Having said this, we expect better delivery from Transnet with its commitment to work with the private sector expected to pay off.

Major risks that will hit us, the country, or the world are often unknown, unplanned, and hit quickly, much like the Covid pandemic did. However, even during the pandemic we were able to continue to pay our people and did not have to lay anyone off because of our prudency and low-risk appetite. This approach continues to ensure that we maintain a debt-to-equity ratio of less than 25%. If we do go over this, it is usually for a short time and with the certainty that our ability to generate cash is sufficient enough to reduce our debt quickly to get back below that percent. We currently have facilities and cash in place to pay for the Lafarge acquisition and the balance sheet remains strong.

THE NEXT THREE YEARS

I truly believe the country is poised for a better economic growth trajectory now that the private sector is involved in supporting the Government. Alternative power solutions set up by both businesses and households are beginning to make a real difference, and parastatals are working with businesses to catch up on maintenance backlogs to ensure things work.

Afrimat has delivered profitable results this year and navigated some hurdles because of our sustainable diversification. If we experience even very small economic growth in South Africa, the knock-on effect will be significant.

The next three years will be dedicated to ensuring that Nkomati matures into the great business it has been set up to be. Future Materials and Metals should produce profitable results and Lafarge needs to be integrated, nurtured, and carefully expanded upon. Alongside this, we will continue to assess other potential acquisitions if they fit into our criteria framework and we possibly look at geographic diversity within southern Africa. Having said this we need to first ensure that Glenover is fully operational and that the Lafarge acquisition is successfully integrated.

I know that some of you feel that we might not have delivered as quickly as you would have liked on certain projects. My goal is to ensure a sustainable strategy for Afrimat and I am mindful of putting a clock on this. We have to ensure long-term sustainability and if this takes a little longer, then we are comfortable with that. Over time Afrimat has maintained a market leading growth rate and our goal is to maintain a consistent growth performance.

Let me explain – in the case of Nkomati, we had to ensure that we had sufficient mine faces open so that the tricky pockets of anthracite could be safely extracted, and then that the logistics chain was secure, and that we were able to deliver the product to clients. Glenover and the phosphate process involves new technology and markets, and again, we need to ensure we do this properly. In respect of Lafarge, that provides us with product and process diversification and even the opportunity for sector consolidation and potential disruption. But this needs to be done in a considered way.

Overall, we have to ensure that all existing assets deliver to their full potential. Our business development team continues to evaluate new opportunities consistently. However, I foresee that we will enter a period of consolidation before we take the next step in our diversification journey.

In closing, our financial results are an important part of the role that Afrimat plays in the South African economy and in the lives of the people we employ and the communities we support. However, without our dedicated and passionate executive team and management teams, a supportive Board, and engaged employees, we would not be able to do this consistently – to everyone who played a role in achieving these results, my heartfelt thanks and appreciation. To all stakeholders that are touched by Afrimat, I thank you for your ongoing support and commitment to the legacy we are building.

Andries van Heerden

7 June 2024

Achievements

- Afrimat's Andries van Heerden wins News24 CEO of the year
- Exceptional results despite a stagnant economy
- Continuous improvement in Mining Charter scores
- Improvements on the implementation of the Social and Labour Plan
- Continuous improvement on environmental industry ASPASA audits
- Continuous improvement in health and safety standards, presidential audits and Industry ISHE ASPASA audits
- Successful cost improvement initiatives and efficiency drives
- Improvement in procurement spend towards black-owned suppliers, services and consumables

Challenges

- Alignment and relationships with communities
- Continuous changes in legislation governing the industry, i.e. environmental laws, B-BBEE and DMRE requirements
- Establishing a reporting framework and measurement of emissions to comply with impending Carbon Tax laws
- Declining economic growth in the construction sector
- South African economic contraction
- Exposure to foreign exchange fluctuations and commodity price volatility
- To achieve a LTIFR of zero (refer to page 52 for safety initiatives)
- Onboarding of talent and retention of key employees

CFO'S REPORT

"The Group delivered an outstanding set of results. The purposeful diversification strategy strongly supports the results. Future sustainability and even further diversification are on the cards with the implementation of the Lafarge transaction and the development of the Glenover asset.

Group revenue **up 23,9%** to R6,1 billion

Headline earnings per share ('HEPS') increased by **24,0%** to 567,3 cents from 457,6 cents

Operating profit margin of **18,9%**

Net asset value ('NAV') per share **up 15,9%** to 3 004 cents

Return on net operating assets **25,6%**

Net debt:equity ratio of **1,4%**

Net cash from operating activities of **R1,2 billion**

INTRODUCTION AND BACKGROUND TO THE RESULTS

I am pleased to report back on the financial performance of Afrimat for the 2024 financial year. The Group remains in a strong financial position, able to ensure the integration of its strategic projects, which include Jenkins, Nkomati and Glenover, and the new growth project, Lafarge. Our strategic initiatives are linked to financial performance and the strict delivery criteria required for each project we invest in. This is to ensure sustainability, diversification and alignment with our shareholders' expectations. This diligence has delivered one of the strongest results in our history, despite the challenges experienced on the domestic rail line and the realities of loadshedding in South Africa. In my opinion, two highlights include the return on net operating assets of 25,6% and cash generated from operations, which increased by 23% to R1,5 billion. Cash management across the Group is a critical part of life at Afrimat and something we monitor on a daily basis.

My report deals with the financial results and the manner in which we approach capital allocation to support the financial discipline that is inculcated across the Group.

PIETER GS DE WIT

The financial scorecard has discipline and measurement at its core to support growth, diversification and sustainability.

THE FINANCIAL SCORECARD HAS DISCIPLINE AND MEASUREMENT AT ITS CORE TO SUPPORT GROWTH, DIVERSIFICATION AND SUSTAINABILITY.

Entrenched diversification strategy supported by prudent capital allocation

Strong cash generation

Surplus cash supports acquisitions, capex and consistent dividends

CONTINUOUS MEASUREMENT AGAINST DECISIONS TAKEN

CFO'S REPORT (continued)

Group revenue increased by 23,9% from R4,9 billion to R6,1 billion. Operating profit increased by 19,8% from R961,6 million to R1,2 billion, resulting in the operating profit margin of 18,9%. Operating expenses increased by 17,8% largely due to increased operating activity of Nkomati and Glenover. The diversified position Afrimat has adopted, together with the efficiency projects that are in place, helped the Group to counter impactful economic headwinds.

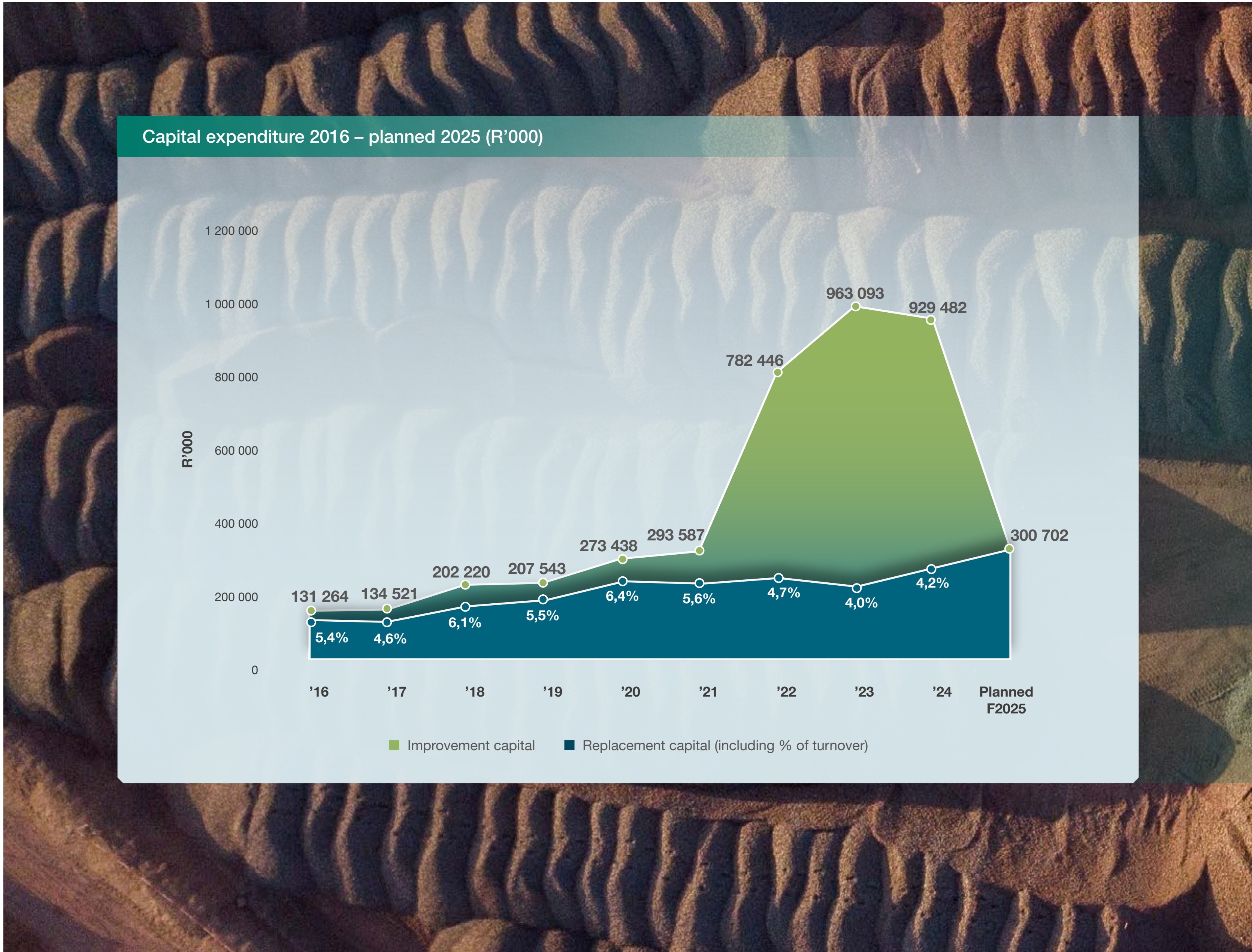
Headline earnings per share strengthened by 24,0% to 567,3 cents from 457,6 cents.

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

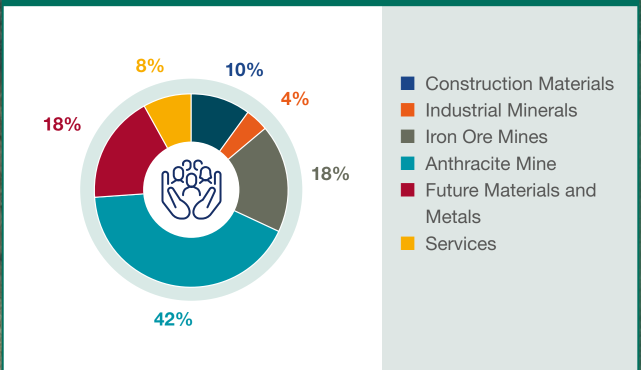
The Group's dividend policy is maintained at a 2,75 times dividend cover, with a final dividend of 154,0 cents per share being declared. The total dividend (interim and final) for the year amounts to 194,0 cents per share (2023: 150,0 cents per share).

Our historical and planned capital expenditure is shown in the graph below. Afrimat is mindful of ensuring that capital expenditure is undertaken regularly to keep our mines, quarries and equipment well maintained and able to operate cost-effectively.

The majority of capital required to get Nkomati to steady state and the next phase of the Glenover project has been allocated and spent. Our estimation in terms of the requirements for Lafarge have been budgeted for.



CAPEX (F2024)



OUR APPROACH TO CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard our ability to continue as a going concern to provide returns for shareholders, benefit other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The directors meet regularly to review the capital structure. Part of this review is the consideration of available funding in the Group to support capital requirements. Also considered are the cost of capital and the risks associated with each class of capital.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back its shares, or reduce debt. The Group is required, by means of covenants provided to financiers, to maintain certain solvency and profitability ratios. These are monitored monthly via management accounts and cash flow forecasts.

The Group monitors capital based on the net debt:equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings and other financial liabilities less cash and cash equivalents, net of bank overdraft.

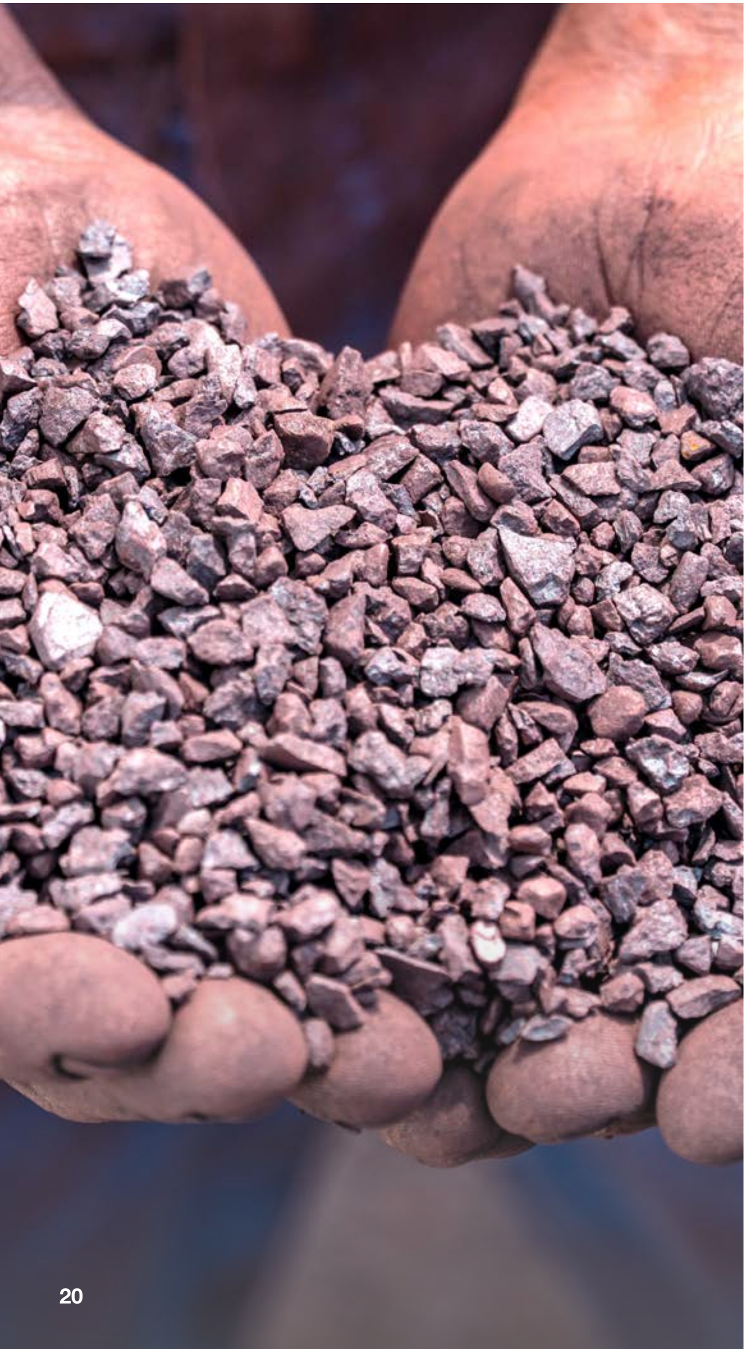
The Group's strategy is to maintain the net debt:equity ratio to below 25% in the long term.

AFRIMAT ASSESSMENT BY NUMBERS

Since I am conscious of evaluating performance against a scorecard, and ensuring measurements are in line with our strategic vision, I provide this table as a guide:

Return on capital	18,7%
Growth in profit after tax	19,0% CAGR from 2009 to 2024
Return on operating assets	25,6%
Net debt:equity	1,4%
Cash conversion	1,6
Dividend	Consistent at 2,75 time dividend cover

CFO'S REPORT (continued)



FEEDBACK ON ACQUISITIONS AND STRATEGIC PROJECTS

During the year under review, Afrimat made excellent progress on its growth prospects. The anthracite mine is producing sufficient volumes for the contract in place. Iron ore sales remain reliant on efficient logistics solutions and the Group is actively involved with industry initiatives to improve the export rail system. The domestic rail system remains a concern, although road transport has proven to be a viable, although more expensive solution. To date Afrimat has invested R298,3 million in the Glenover project. Glenover is a greenfields project that started its first production in the first half of the financial year, with the aim of sufficiently ramping up production in the second half. This was done successfully and the single superphosphate ('SSP') plant is being commissioned. The mine is now ready and positioned to take advantage of the upcoming agricultural season.

AFRIMAT REMAINS A GOING CONCERN

Afrimat has shown impressive cash-generating ability and has been diligent in conserving and effectively using its cash resources. As a result, the Group's current financial position is strong, ensuring that it has access to adequate resources to continue operating for the foreseeable future. Therefore, the Group's annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

HOW WE THINK ABOUT AND RUN THE FINANCE FUNCTION

Afrimat's diversification strategy enables us to diversify across both industries and sectors, thus reducing our dependence on specific commodities or markets. This makes the business less vulnerable to external shocks and fluctuations. In my opinion, the same vigilance and diligence we apply to strategy should be applied across the finance function. Where we find ourselves today did not happen overnight. It took dedication from the team and our system provider. I strongly believe in the need to promote and allow innovation among employees. By doing this, as well as adopting new technologies, companies can enhance efficiency, productivity and competitiveness, which Afrimat has done very successfully.

Our financial system is now so advanced that we have a good idea of the business's financial health on a five-day turnaround period. This is a critical support tool for our weekly Business Performance Review meeting, where feedback on each segment is assessed. Of critical importance here is that if problems are picked up, they can be quickly addressed. Automated predictive financial analytics have reduced turnaround times from 20 to five days, ensuring we can make decisions in time.

Afrimat underpins its economic strategy with strong execution and implementation skills.

All of these steps align to The Afrimat Way of doing business and having respect for our employees by ensuring that they have a career path that is rewarding. At a time such as this in the growth cycle of Afrimat, the successful integration of Lafarge is not only a financial metric – a large part of the integration touches on the human and cultural components of the transaction. Afrimat would have preferred that all conditions were approved much sooner than they were because the delay created a vacuum where limited information could be shared. Fortunately, that is now over, and we are starting to roll out our integration plans, which span products and services, people, culture, finance, efficiency and communities. Afrimat's diligence in ensuring that our people are continually bettering their education and skills level is something that we aim to pass onto the Lafarge businesses too. We believe that our meticulousness and the manner in which we think about and implement financial structures will benefit many of their operations.

CONCLUSION

I continue to be optimistic about Afrimat's prospects. There is still room for organic growth, growth through acquisitions, and diversification into a broader base of minerals and possibly also into southern Africa. As we have always done, this will be done both cautiously and sensibly.

Pieter GS de Wit

7 June 2024

Culture driven success

2

BUSINESS STRATEGY

GROUP'S TOP PRIORITIES FOR 2025

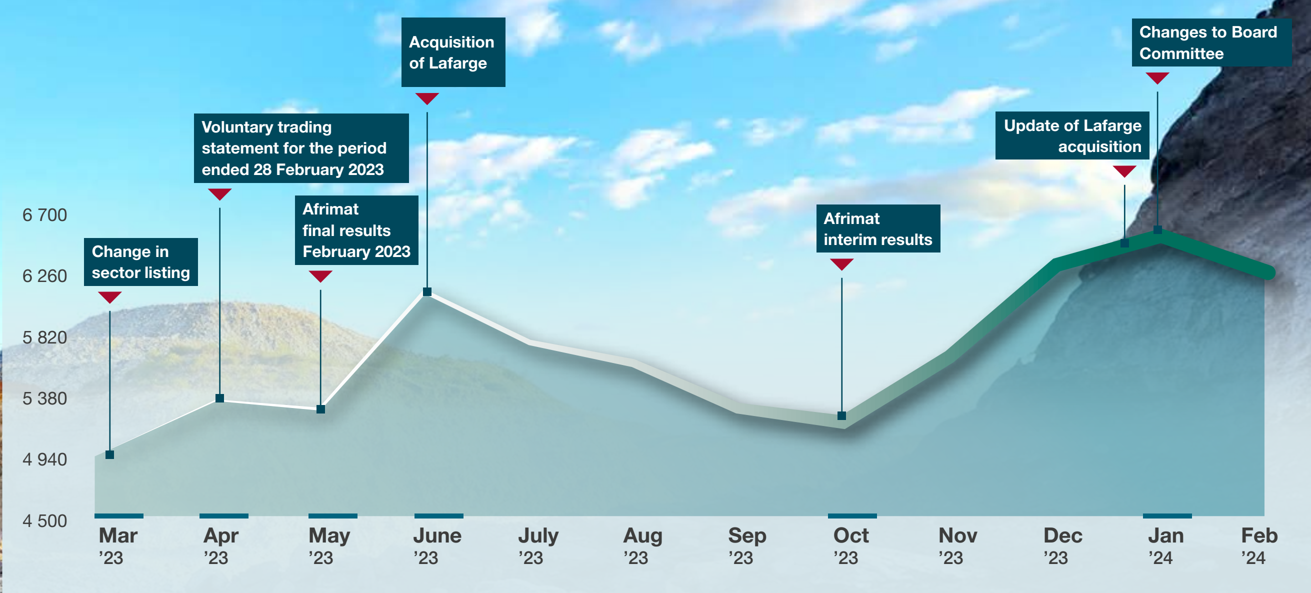
- Successful implementation and execution of the Lafarge acquisition
- Successful execution on bulk commodities projects to advance steady state (Jenkins and Nkomati)
- Successful commissioning of the single superphosphate ('SSP') plant and market development from Glenover mine
- Further development of longer life-of-mine assets
- Optimise mine fleet efficiency through innovative technology solutions
- Enhance the diversification strategy
- Increased focus on ESG
- Maintain good cash flow and capitalise on strategic initiatives and future opportunities

SHARE PERFORMANCE

at year-end

	F2024	F2023	F2022	F2021	F2020
Number of ordinary shares in issue ('000)	**159 691**	159 719	146 346	146 145	143 262
Less: Number of treasury shares ('000)	**8 509**	11 670	8 201	8 545	8 241
Net number of ordinary shares in issue ('000)	**151 182**	148 049	138 145	137 599	135 021
Weighted number of ordinary shares in issue ('000)	**150 243**	144 687	137 803	135 381	135 380
Headline earnings per share (cents)	**567,3**	457,6	542,9	441,7	347,7
Price:earnings ratio	**12,0**	11,8	12,2	10,0	8,2
Market price per share at year-end (cents)	**6 264**	5 388	6 650	4 430	2 850
Market capitalisation based on issued shares (R'000)	**10 003 042**	8 605 660	9 732 009	6 474 213	4 082 979
Market capitalisation based on issued shares less treasury shares (R'000)	**9 470 005**	7 976 880	9 186 643	6 095 658	3 848 110

Share price (cents)



GROUP STRATEGY, MATERIAL ISSUES AND KEY RISKS

Our strategy requires sustainable value creation in the immediate and longer term. The Board reviews the relevancy of our strategic objectives annually. An integrated approach to strategy, risk management and performance has been adopted.

Our strategic objectives address material issues that have been identified as risks that could significantly affect the Group's ability to create value in the immediate and longer term.

The following strategies and their value creation in terms of the six capitals are represented below:

Capitals created

FC	Financial	NC	Natural
MC	Manufactured	HC	Human
SRC	Social and relationship	IC	Intellectual

** Refer to capital inputs for value creation reflected on* *page 8.*

Stakeholders

- Shareholders
- Trade unions
- Lenders/providers of capital
- Major contractors, suppliers and business partners
- Government, local authorities and regulatory bodies
- Employees
- Customers
- Local communities

*** Refer to stakeholders list on* *page 10.*

Growth through diversification

Performance against objective

Objectives	Capital created	Stakeholders	Outputs FY2024	Outcomes FY2024
Hedge against economic volatility	FC MC IC		An efficient hedge against volatile local business conditions was created. The Bulk Commodities segment generated a healthy operating profit margin of 32,4% during the year under review. The Jenkins and Nkomati mines contributed additional volumes in tonnages sold. Fixed pricing agreements are in place for its inland iron ore and anthracite revenue.	Reduce reliance on local economic business environment.
Continuous research of business environment	FC MC IC		Further research into possible new markets is ongoing, specifically relating to the high-grade phosphate and single superphosphate field.	Reduce reliance on one key market via organic expansion, as well as acquisitions into new products.
Focus on value enhancing acquisitions* and successful execution thereof	FC MC IC		Identification of value enhancing targets. During the year the Group announced the acquisition of Lafarge. The acquisition will increase Afrimat's offering in the Construction Materials space, by expanding the Group's quarry and ready-mix operations nationally. During the prior year the Group established a Future Materials and Metals segment when it acquired the shares in Glenover, consisting of phosphates and rare earth elements.	The acquisition of Lafarge will provide Afrimat with greater access to the market share and expand its national footprint within the Construction Materials segment. The acquisition will add to the Group's diversification strategy.

** Acquisition purchase consideration should preferably be below 15,0% of Afrimat's market capitalisation, be in Afrimat's space of expertise and create value for shareholders.*

Material issues and key risks	Risk mitigation and opportunities
Diversification into various products requires further expertise and a full understanding of the relevant market.	Structure the Group into different clusters, managed by leaders with the required specialist knowledge and expertise.
Fluctuations in the iron ore price.	Maintaining a low cost of production and the ability to 'mothball' operations when the price drops to a specified level.
Human capital resource availability.	Onboarding talent, training and upskilling employees. Focus on creating a healthy culture.
Loss of revenue from economic turmoil of various industries in South Africa.	Maintaining of a strong balance sheet and cash reserves and supplying into essential industries as well as having multi-currency exposure.

Focus areas for next year

- **Continued development of longer life-of-mine assets.**
- **Navigating the business through the difficult and changing economic environment.**
- **Greater product diversity within Afrimat's area of expertise.**
- **Successful execution and implementations of acquisitions.**

GROUP STRATEGY, MATERIAL ISSUES AND KEY RISKS (continued)

Maintain competitive advantage

Performance against objective

Objectives	Capital created	Stakeholders	Outputs FY2024	Outcomes FY2024
Extensive geographic footprint	FC MC		The further mine development of the Demaneng iron ore and Nkomati anthracite (underground) mine and the opening of the two opencast pits at Nkomati, the purchase of the Glenover Phosphate shares (including the surface and mining rights) as well as the acquisition of Eckraal Quarries within the Construction Materials segment and the acquisition of Fincrete Proprietary Limited ('Fincrete') which gives the Group access to the kaolin market, within the Industrial Minerals segment.	The Bulk Commodities sector's operating profit contributed 83,1% of total operating profit. Increased volumes secured by Jenkins and Nkomati, thereby reducing vulnerability of export market. These acquisitions are in support of deeper diversification within the Group.
Structural cost advantage	FC MC IC		Focus is placed on efficiency improvement and cost reduction initiatives in all business units. Mine fleet efficiency was achieved through the roll out of innovative technology solutions, that resulted in cost savings which countered, to an extent, the rise in input costs.	The Group attained an overall operating profit margin of 18,9% (2023: 19,6%). Despite the impact of factors such as poor market sentiment, inflationary cost pressures, electricity supply interruptions by Eskom. The decrease is a result of the loss made on the disposal on the Mozambiquan business during the year.
Sustainable logistic and distribution channel	FC MC		Sustainable relationships with logistic suppliers to effectively deliver products to customers.	The Group commenced delivery of iron ore via road which contributed to the increase in tonnages sold from 1 280 476 to 1 591 877 (24,3% increase).
Unique metallurgies	FC MC IC		The Group acquired the shares in Glenover, which will grant access to additional resources and minerals such as phosphate and rare earth elements as well as the acquisition of Fincrete which grants access to the kaolin industry. Research into possible new markets is ongoing.	These acquisitions will enable Afrimat to retain further resilience to be profitable.
Flexible business model	FC IC		Focus on efficiency improvement and cost reduction initiatives in all business units.	Enabled the Group to weather a rise in input costs (diesel, explosives), electricity supply interruptions and the pullback of iron ore prices. The Group delivered strong results across all regions.
Company culture	HC SC		Afrimat has a comprehensive drive to create a good and healthy company culture, through the 'Afrimat Way'.	Afrimat's company culture is a competitive advantage.

Material issues and key risks	Risk mitigation and opportunities
Information and technology data and network loss.	Ensure proper access controls are in place, protection software is installed, and backups are made regularly. Regular penetration tests are performed by external service providers of virus, web security and mail analysing software to ensure the security within Afrimat. An appropriate Disaster Recovery Plan is in place.
South African economic slowdown.	Diversification into products sold in a different currency than the local currency and diversification into international markets.
Managing geographically dispersed business units.	Structure the Group into different clusters, managed by leaders with the required specialist knowledge and expertise as well as the acquisition of Fincrete which grants access to the kaolin industry.
Local community unrest.	Good relationships are built with local communities. Various skills development and educational programmes are implemented to uplift communities, together with assistance to build and support infrastructure in cases where there is a dire lack of water or other requirements.
Lack of availability of trains from Transnet in order to fulfil full allocation.	Continuous interaction with Transnet on senior management level regarding allocation of rail capacity. Involved with the Chamber of Mines' industry initiatives to resolve the lack of availability. Alternative transport solutions, i.e. via road.

Focus areas for next year

- **Continuing the culture drive.**
- **Focus on continuous improvement of existing operations.**
- **Successfully implement, integrate and execute new acquisitions.**

Organic growth through innovation

Performance against objective

Objectives	Capital created	Stakeholders	Outputs FY2024	Outcomes FY2024
Product innovation and entering new markets	FC MC HC IC		Afrimat's culture is driven by excellence, innovation and a perpetual drive to find new applications or industries into which our products can be sold such as developing environmental friendly products.	Entered new markets of phosphate and rare earths through Glenover, and kaolin through the acquisition of Fincrete, adding further to our diversification strategy and generally achieving higher operating margins. Developing products for the hemp market.
Strong operational efficiency	FC MC IC		Continuously improve operational efficiencies through innovative approaches and cost management.	Innovative technology solutions were rolled out which optimise mine fleet efficiency that resulted in cost savings which countered the rise in input costs.
Excellent maintenance and care	FC MC IC		Afrimat prides itself in the excellent maintenance and care of its plant and machinery.	Excellent maintenance and care improve the life cycle of assets. Enhanced maintenance practices through the implementation of an On Key maintenance system.

Material issues and key risks	Risk mitigation and opportunities
Sustainable supply of electricity to operations.	A sustainable renewable energy project team. Usage of diesel generators on site. Emergency response plans. Installation of solar plants at key sites.
Understanding new markets and the application of new products.	Onboarding of required talent and constant market analysis.

Focus areas for next year

- **Further focus on cost savings within the Group.**
- **Innovative solutions to reduce carbon footprint.**
- **Innovative use of technology to enter new markets that was previously uneconomical.**
- **Innovative application of technological solutions to improve efficiency.**
- **Successful ongoing implementation of On Key maintenance system to further enhance maintenance and care.**
- **Successful installations of PV plant at Glen Douglas.**

People led company

Performance against objective

Objectives	Capital created	Stakeholders	Outputs FY2024	Outcomes FY2024
Values-based entrepreneurial culture	HC		Focus on maintaining entrepreneurial culture.	Afrimat's culture is a competitive advantage.
Leveraging Afrimat's 'combined intellect' through synergistic teamwork	HC IC		Focus is placed on deliberately building a teamwork culture. Continuous development of our employees remains a high priority.	Enabling competent employees to develop their skills, knowledge and experience in a culture of great teamwork. Employee development of R39,2 million.
Appointing the right people in the right position	HC		Proper succession planning by means of tracking critical positions via a talent matrix will ensure the correct internal candidate is available when the need arises.	Sustained growth rate since Afrimat was listed on the JSE. Low attrition FY2024: 12,4% (FY2023: 8,1%) and absenteeism FY2024: 1,3% (FY2023: 1,3%) achieved.
Tangible leadership	HC		Visible leadership through active and accessible involvement.	Stable high-performance workforce.

Material issues and key risks	Risk mitigation and opportunities
Industrial action and labour unrest	Regular meetings are held with unions. Employees are acknowledged for their contribution. Focus is placed on creating a healthy culture. All wage negotiations for FY2024 have been settled.
Retention of key employees	Prioritise succession planning and development for all our employees. Creating a culture of tangible strength-based leadership, shared values and great teamwork within an atmosphere of joy and positivity.

Focus areas for next year

- **Achievement of EE targets.**
- **Culture drive by analysing the results of our in-depth culture survey.**
- **Drive a strength-based culture programme.**
- **Maximising benefits of an integrated People Management System.**

GROUP STRATEGY, MATERIAL ISSUES AND KEY RISKS (continued)

Maintaining a leading position in our sustainability performance

Objectives	Capital created	Stakeholders	Performance against objective: Outputs FY2024	Performance against objective: Outcomes FY2024
Safe operations	HC SC		Refer to page 52 for safety initiatives.	LTIFR of 0,29 (2023: 0,34) was achieved.
Environmental stewardship, social impact and governance as part of our sustainable development practices	HC SC		Dedicated focus is placed on the improvement of Afrimat's ESG performance.	An improved performance on all aspects of ESG was achieved. A separate ESG report was published during the year.

Material issues and key risks	Risk mitigation and opportunities
Compliance to the new Mining Charter and maintaining of an acceptable B-BBEE ownership level	Steps are taken to understand the change in ownership structure and where reasonable to implement strategies to improve or adhere.
Operating safely	Dedicated focus on safety, making it an anchor of our culture. The incorporation of a safety and environmental management system throughout all business units. Increase safety standards at our operations and ensure disruptions are minimised.
Non-compliance with the Mining Charter, Social and Labour plans as well as Environmental plans can lead to loss of mining licences	A dedicated sustainability department ensures effective management and planning with respect to sustainability and are supported by external consultants.
Environmental management and climate change impacts on our operations	Climate change scenario and TCFD gap analysis completed to better understand the climate risk. Ongoing monitoring of GHG emissions and climate change risks. Climate change strategy is being reviewed and updated.

Focus areas for next year

- **Achievement of safety targets (refer page 52).**
- **Improvement in ESG performance (refer page 53).**
- **Committed to being part of the solution for climate change.**

Outstanding customer service

Objectives	Capital created	Stakeholders	Performance against objective: Outputs FY2024	Performance against objective: Outcomes FY2024
Strategically positioned to deliver excellent service	FC MC		The Group continues to expand the business and to strategically position the operating units to ensure flexible services which are supplemented by mobile mining and crushing facilities.	
Engaged customer relationships	FC MC SC		Keeping lines of communication with customers open and providing customer support.	The business plan/model is continuously adapted. Reduce reliance on one key market via organic expansion. Continuous feedback is considered to improve market opportunity.
Customer advocacy through service, reliability, and quality of supply	FC MC SC		The Company keeps up to date with its services and products and ensure it meets its customers' needs and expectations.	The marketing team spends time to know their customer, standardising its processes, focusing on employee training, and ensuring a unified customer experience across all channels.

Material issues and key risks	Risk mitigation and opportunities
Dependence on key customers	Diversification into different products and markets. A dedicated business development team continues to successfully pursue opportunities. Alternative markets are investigated. Supply agreements with key customers.

Focus areas for next year

- **Comprehensive customer survey.**
- **Continued focus on market research.**
- **Ongoing improvements of lost market share by strong product execution.**
- **Focus on alternatives to reduce reliance on key customers.**
- **Further technological enhancements improving customer experience.**

Building sustainable futures

3

PERFORMANCE

FIVE-YEAR REVIEW

	2024 R'000	Restated 2023 R'000	2022 R'000*	2021 R'000	2020 R'000
Financial results and status					
Revenue	**6 083 280**	4 908 238	4 680 078	3 693 759	3 304 376
Construction Materials	**2 212 760**	1 809 333	1 751 942	1 595 055	1 714 180
Industrial Minerals	**554 546**	553 889	471 560	514 291	552 683
Bulk Commodities	**2 957 816**	2 480 355	2 408 710	1 584 413	1 037 513
Future Materials and Metals	**31 266**	25 215	2 964	–	–
Services	**326 892**	39 446	44 902	–	–
Revenue split					
Construction Materials	**36,4%**	36,9%	37,4%	43,2%	51,9%
Industrial Minerals	**9,1%**	11,3%	10,1%	13,9%	16,7%
Bulk Commodities	**48,6%**	50,5%	51,5%	42,9%	31,4%
Future Materials and Metals	**0,5%**	0,5%	0,1%	–	–
Services	**5,4%**	0,8%	1,0%	–	–
Operating profit	**1 152 365**	961 561	1 108 911	1 058 901	600 952
Construction Materials	**273 448**	129 603	157 524	104 906	192 438
Industrial Minerals	**13 803**	49 387	84 946	55 481	95 568
Bulk Commodities	**957 775**	787 653	859 922	885 202	321 665
Future Materials and Metals	**(12 851)**	(11 437)	(2 174)	–	–
Services	**(79 810)**	6 355	8 693	13 312	(8 719)
Profit after tax	**788 716**	665 481	775 168	776 437	465 176
Headline earnings	**852 271**	662 028	748 142	597 927	470 657
Net operating assets	**4 497 323**	4 008 445	3 362 461	2 597 222	1 943 532
Total assets	**6 748 527**	5 682 336	5 046 297	4 638 930	2 795 262
Total equity	**4 563 041**	3 848 352	3 007 200	2 431 017	1 688 907
Total liabilities	**2 185 486**	1 833 984	2 039 097	2 207 913	1 106 355
Net cash from operating activities	**1 237 005**	987 319	736 555	767 580	676 810
Number of ordinary shares in issue ('000)	**159 691**	159 719	146 346	146 145	143 262
Less: Number of treasury shares ('000)	**(8 509)**	(11 670)	(8 201)	(8 546)	(8 241)
Net number of ordinary shares in issue ('000)	**151 182**	148 049	138 145	137 599	135 021
Weighted number of ordinary shares in issue ('000)	**150 243**	144 687	137 803	135 381	135 380
Profitability ratios					
Operating profit margin					
Construction Materials	**12,4%**	7,2%	9,0%	6,6%	11,2%
Industrial Minerals	**2,5%**	8,9%	18,0%	10,8%	17,3%
Bulk Commodities	**32,4%**	31,8%	35,7%	55,9%	31,0%
Future Materials and Metals	**(41,1%)**	(45.4%)	(73.3%)	–	–
Total	**18,9%**	19,6%	23,7%	28,7%	18,2%
Earnings per ordinary share (cents)	**520,3**	457,1	560,7	571,6	341,6
Headline earnings per share (cents)	**567,3**	457,6	542,9	441,7	347,7
Dividends declared (cents)					
Interim	**40,0**	40,0	40,0	32,0	36,0
Final	**154,0**	110,0	146,0	112,0	81,0
Total	**194,0**	150,0	186,0	148,0	117,0

	2024 R'000	Restated 2023 R'000	2022 R'000*	2021 R'000	2020 R'000
PBIT return on net operating assets/liabilities	**25,6%**	24,0%	33,0%	40,8%	30,9%
Return on shareholders' funds	**18,7%**	17,2%	24,9%	24,6%	27,9%
Utilisation of asset ratios					
Revenue: fixed assets ratio	**1,6**	1,5	1,7	1,6	2,1
Revenue: net operating assets ratio	**1,4**	1,2	1,4	1,4	1,7
Net asset value per share (cents)	**3 004**	2 591	2 170	1 761	1 246
Tangible net asset value per share (cents)	**2 848**	2 419	2 016	1 608	1 090
Capital expenditures					
Construction Materials	**96 192**	108 969	166 210	158 885	170 123
Industrial Minerals	**37 685**	41 851	31 357	32 313	21 963
Bulk Commodities	**540 539**	654 766	524 389	87 307	58 391
Future Materials and Metals	**165 394**	123 244	9 689	–	–
Services	**89 672**	34 263	50 801	15 082	22 961
	929 482	963 093	782 446	293 587	273 438
Liquidity and solvency ratios					
Current assets: current liabilities	**1,6**	1,5	1,4	1,5	1,5
Debt/overdraft less cash: equity	**1,4%**	4,5%	12,1%	4,0%	8,2%
Total liabilities: shareholders' funds	**47,9%**	47,7%	67,8%	90,8%	65,5%
Dividend cover (based on headline earnings)	**2,75**	2,76	2,75	2,76	2,81
Interest cover	**28,3**	36,0	25,9	61,3	21,5
Productivity, efficiencies and consumption					
Number employees at year-end	**2 755**	2 668	2 511	2 625	2 289
Revenue per weighted number of employees	**2 208**	1 840	1 864	1 407	1 444
Depreciation	**367 564**	358 815	295 147	207 578	175 672
Amortisation of intangible assets	**1 865**	1 865	1 676	1 798	1 495
	369 429	360 680	296 823	209 376	177 167
Electricity usage	**129 057**	100 897	101 807	84 540	77 433
Fuel usage	**489 311**	433 943	281 166	163 862	208 206
– Average fuel price (Western Cape) (Rand/litre)	**20,35**	21,80	16,44	11,93	14,00
Cement usage	**197 867**	142 754	147 417	180 347	137 878
Lost time injuries frequency rate	**0,29**	0,34	0,58	0,61	0,86

* *The Group reallocated various businesses within the operational segments in order to report in a manner consistent with the internal reporting provided to the chief operating decision-maker. These reallocations were due to an internal restructure performed.*

OPERATIONAL REVIEWS

There are five main operational segments. All five segments, namely Construction Materials, Industrial Minerals, Bulk Commodities, Future Materials and Metals and Services delivered satisfactory results for the current year supported by its diversification strategy. The diversified position Afrimat has adopted, together with efficiency projects that are in place, helped the Group to counter impactful economic headwinds.

All operating units are strategically positioned to deliver outstanding service to customers, whilst acting as an efficient hedge against volatile local business conditions. The product range is wide and diversified, made up of Construction Materials consisting of aggregates and concrete-based products, Industrial Minerals consisting of limestone, dolomite and industrial sand, Bulk Commodities consisting of iron ore and anthracite. The Services segment consists of external logistical and mining services. Future Materials and Metals consists of phosphate and rare earth elements.

CONSTRUCTION MATERIALS

The Construction Materials segment experienced a 22,3% increase in revenue from R1,8 billion to R2,2 billion and an improvement in operating profit of 111,0% to R273,5 million compared to the previous year of R129,6 million. This is off a low base, but with increased activity being felt in Government, road and rail projects the segment is positioned for future demand.

Highlights FY2024

- Traditional businesses felt increased activity in Government, road and rail projects that led operating profit to increase by 111,0%
- Traditional business based in the Western Cape and KwaZulu-Natal delivered strong results with an increase in revenue of 22,3%
- Operational efficiency drives such as cost reduction initiatives are closely monitored by management, operating profit margin increased to 12,4%

Key distinguishing features

- Operations are geographically well positioned
- Diverse customer base
- Wide product range complemented by ability to customise solutions
- Well-maintained plant and equipment
- Efficient processing plant design and process flows
- High quality standards (including compliance with COLTO and SABS standards)
- Brick and block products carry the SABS seal of approval
- Readymix products meet SARMA standards
- Flexible customised solutions for individual customer needs

Review of 2024

Financial performance

	Audited February 2024	Audited February 2023	% change
Revenue (R'000)	**2 212 760**	1 809 333	22,3
Operating profit (R'000)	**273 448**	129 603	111,0
Operating profit margin (%)	**12,4**	7,2	
Capital expenditure (R'000)	**96 192**	108 969	
Headcount	**1 403**	1 375	

OPERATIONAL REVIEWS (continued)

INDUSTRIAL MINERALS

Industrial Minerals businesses across all regions delivered a disappointing result as the impact of the economic slowdown was exacerbated by electricity supply interruptions, which resulted in a decrease in operating profit of 72,1% from R49,4 million to R13,8 million.

Highlights FY2024

- Successful market expansion through the acquisition of a new kaolin source mine, Fincrete Proprietary Limited
- Successful market penetration for new products
- Client base expansion
- New marketing initiatives under way
- Product development to access new markets

Key distinguishing features

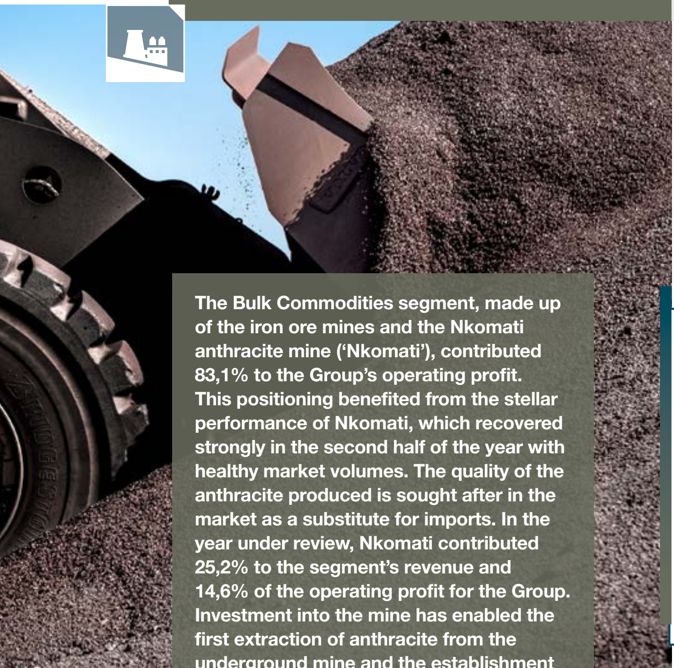
- High quality, metallurgic unique geological resources
- Wide product range
- Diverse customer base
- Well-maintained plant and equipment

Review of 2024

Financial performance

	Audited February 2024	Audited February 2023	% change
Revenue (R'000)	**554 546**	553 889	0,2
Operating profit (R'000)	**13 803**	49 387	(72,1)
Operating profit margin (%)	**2,5**	8,9	
Capital expenditure (R'000)	**37 685**	41 851	
Headcount	**279**	354	

BULK COMMODITIES



The Bulk Commodities segment, made up of the iron ore mines and the Nkomati anthracite mine ('Nkomati'), contributed 83,1% to the Group's operating profit. This positioning benefited from the stellar performance of Nkomati, which recovered strongly in the second half of the year with healthy market volumes. The quality of the anthracite produced is sought after in the market as a substitute for imports. In the year under review, Nkomati contributed 25,2% to the segment's revenue and 14,6% of the operating profit for the Group. Investment into the mine has enabled the first extraction of anthracite from the underground mine and the establishment of two additional opencast pits which ensure a consistent feed to the plant. The second half of the year delivered an increase in processing volumes.

Highlights FY2024

- The successful turnaround of the Nkomati mine contributed positively to the segment's results
- Increase in iron ore tonnes sold from 1 280 476 to 1 591 877 (Jenkins and Demaneng iron ore mines) and anthracite tonnes sold from 317 943 to 319 853 (anthracite mine)
- The long-term sustainable LOM plan is being enhanced through the opening of two opencast pits and continued development of the underground operations at Nkomati
- Additional iron ore reserves have been secured to ensure the sustainability of Afrimat's iron ore export business with a LOM in excess of 15 years
- Increased volumes from Nkomati and the Jenkins iron ore mine, which are not exposed to international iron ore price volatility, effectively buffer the Group against potential downturns in export iron ore prices
- Concluded a domestic suppliers agreement to serve as a hedge to the volatile Platts Index
- This segment has implemented innovative technology solutions which optimise mine fleet efficiencies, that resulted in cost savings which countered, to an extent, the rise in diesel price and the fall in iron ore price and thereby generated a healthy operating profit margin of 32,4%

Key distinguishing features

- All ore products manufactured in terms of the Platts Iron Ore 62% grade for export
- High quality hematite origin iron ore up to 65% Fe
- High quality nuts and duff anthracite product
- High quality product sold into the local market, as a replacement for imported anthracite, and is recognised as a consistent, reliable supplier of anthracite
- An in-house test laboratory is used for continuous process control
- Quality and specification statements are generated by an outsourced accredited laboratory
- Being a low cost producer

Review of 2024

Financial performance

	Audited February 2024	Audited February 2023	% change
Revenue (R'000)	**2 957 816**	2 480 355	19,2
Operating profit (R'000)	**957 775**	787 653	21,6
Operating profit margin (%)	**32,4**	31,8	
Capital expenditure (R'000)	**540 539**	654 766	
Headcount	**594**	534	

Although the operating profit increased by 2,8%, a healthy operating profit margin of 35,7% was generated from the iron ore mines. This segment is well-positioned to weather the volatility of the iron ore price because it is a low-cost producer and has fixed pricing agreements for its inland iron ore and anthracite revenue. The iron ore mines recorded an overall increase of 24,3% in iron ore sales volumes compared to the previous year, with local sales tonnages increasing from 502 404 to 882 168 and international sales tonnages decreasing from 778 072 to 709 709. The slowdown in export volumes was due to limitations on the export rail line. Challenges on the domestic rail line were successfully countered by trucking products from the mine, with the Group able to supply additional volumes of iron ore into the domestic market as a result.

FUTURE MATERIALS AND METALS

Future Materials and Metals is the most recent segment to be added to the Group's operational segments in support of its diversification strategy. Glenover is the segment's first project and it diversifies Afrimat's exposure wider than ferrous metals and aligns it to global trends such as the advancement of technology for decarbonisation (through rare earth minerals) and food security (through fertiliser products). Glenover is a greenfields project that began with its first production in the first half of the financial year working towards sufficiently ramping up in the second half. This has taken place and the single superphosphate ('SSP') plant was commissioned. The mine is ready and positioned to take advantage of the upcoming agricultural season.

Highlights FY2024

- Most recent segment added to the Group's operational segments in support of its diversification strategy
- Revenue of R31,3 million was generated
- The Group is in the process of ramping up this operation, with site establishment already completed

Key distinguishing features

- Aligns with global trends such as the advancement of technology for decarbonisation (through rare earth minerals) and food security (through fertiliser products)
- Fertiliser for agricultural applications
- Rare earth elements, supporting technological advancements such as high-strength permanent magnets and battery technology

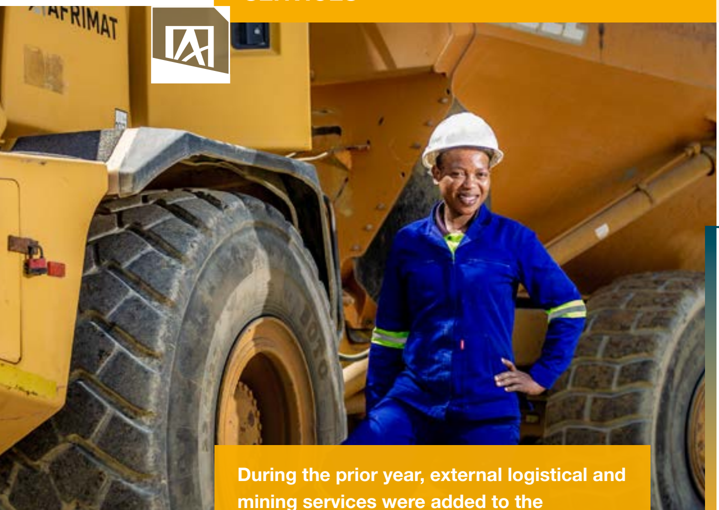
Review of 2024

Financial performance

	Audited February 2024	Audited February 2023	% change
Revenue (R'000)	**31 266**	25 215	24,0
Operating loss (R'000)	**(12 851)**	(11 437)	12,4
Operating profit margin (%)	**(41,1)**	(45,4)	
Capital expenditure (R'000)	**165 394**	123 244	
Headcount	**52**	22	

Revenue of R31,3 million was generated by the segment, but with start-up losses still being incurred an operating loss of R12,9 million was recognised at year-end. The Group is in the process of ramping up this operation, with site establishment already completed.

SERVICES



During the prior year, external logistical and mining services were added to the reporting of this segment, as part of an internal restructuring performed.

Highlights FY2024

- The dedicated new business development team ensures investigation of lucrative business opportunities for sustainable growth and value creation
- Improvement of internal audit efficiency and further focus placed on the implementation of a combined assurance model
- Group shared services function geared to support growth
- Significant investment in technology and infrastructure
- Two dividend pay-outs were effected during the year for the employee benefit scheme through the Afrimat BEE Trust
- Continuation of a combined method approach in terms of the Group's culture assessment
- Further development and improvement of the Afrimat Management Development Programme ('AMDP')

Key distinguishing features

- Daily tracking of all vehicles
- Full maintenance plans
- Linking base loads with return loads for optimal utilisation and cost saving
- Pit-to-port solutions
- Mobile crushing and screening
- Mine planning
- Bulk drilling and blasting
- Manage and operate railway load out station with direct access to Oryx Sishen-Saldanha rail link

Review of 2024

Financial performance

	Audited February 2024	Audited February 2023	% change
Revenue (R'000)	**326 892**	39 446	728,7
Operating (loss)/profit (R'000)*	**(79 810)**	6 355	(1355,9)
Capital expenditure (R'000)	**89 672**	34 263	
Headcount	**427**	383	

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

4

GOVERNANCE STRUCTURES

CORPORATE GOVERNANCE

The Afrimat Board takes responsibility for the holistic application of the principles contained in King IV™, without diluting the Group's focus on sustainable performance. The Group has evaluated governance processes and reporting in the context of King IV™ to foster integrated thinking to create value over time. The Board appreciates all governance codes assisting companies with further value creation to stakeholders without adding cumbersome compliance requirements. The Board steers and sets the direction of the Group, through effective and ethical leadership ensuring the Group's core purpose, risks, performance and sustainability developments are realised through its strategy.

The Company's King IV™ application register is available at www.afrimat.co.za.

OUR BOARD

Directors appointed by the Board to fill a casual vacancy hold office only until the next AGM where they are eligible for election. They are not included in the number of directors who retire by rotation at the AGM.

A brief curriculum vitae in respect of Board members appointed by annual rotation, appear in the Notice of AGM, available at www.afrimat.co.za.

The roles of the Chairman and CEO are separate and clearly defined and no director has unrestricted decision-making powers. The Board and executive management work closely in determining the strategic objectives of the Group. The Board delegates authority to the CEO and executive management for the implementation of the strategy and the day-to-day operations of the Group.

To ensure a balance of power and authority is maintained at Board level and that no one individual has unfettered decision-making power, the Board elected Derick van der Merwe, an independent non-executive director, to act as lead independent director ('LID'). The role of the LID is to provide leadership and advice to the Board when the Chairman has a conflict of interest, without detracting from the authority of the Chairman.

Training and development

- The directors are primarily responsible for acquiring the skills necessary for effective discharge of their duties.
- A comprehensive induction programme is in place for new directors.
- A formal internal annual process is followed whereby the performance of the Board, Chairman and all Board Committees are reviewed by the directors. The FY2024 evaluation indicated an adequate discharge of responsibilities, and no exceptions were identified. This is supported by a development and succession plan. The effectiveness of the Chairman is assessed by all directors.
- To improve the effectiveness of the directors and to understand the Company's business, the Afrimat directors scheduled key company site visits during the year. These visits are vital in order to provide context to any Board deliberations.
- The Board ensures a smooth succession plan is in place for all directors and senior management to avoid unexpected disruptions. The Company strives to improve its talent pool and reports back to the directors on a quarterly basis by tabling the current talent pool and development needs.

Board skill and composition*

(refer to page 36 for composition)

Skills	% skills level in the board
1. Business Strategy	98,0%
2. Financial	94,0%
3. Entrepreneurship	96,0%
4. Marketing & Commercial	94,0%
5. Leadership	96,0%
6. Technical Knowledge	86,0%
7. ESG**	90,0%
8. Stakeholder Management	94,0%
9. Business Processes	94,0%

* *The Board skill analysis was assessed by the Chairman of the Board, assisted by the LID and CEO.*

** *Sustainability, safety, health, environment, governance, compliance, climate change and social responsibility.*

In identifying and considering potential candidates, the Remuneration & Nominations Committee and Board will, amongst skills, experience, race and age diversity, suitability and the specific requirement to be addressed, take gender diversity into consideration to ensure that the Company's policy on employment equity, and particularly gender diversity, is aligned with the Codes of Good Practice of the Broad-Based Black Economic Empowerment Act 53 of 2003, namely:

- 25% exercisable voting rights of black female directors as a percentage of all directors; and
- 25% black executive female directors as a percentage of all directors.

The Board has adopted and approved a policy on broader diversity at Board level specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience, as contemplated in paragraph 3.84(i) of the JSE Listings Requirements.

Information and communication

- There is full disclosure from Board Committees to the Board. Committee Chairmen provide the Board with a verbal report on recent Committee activities at each Board meeting, and the minutes of Committee meetings are available to the directors in support thereof. Board members receive information packs supporting decision-making for each Committee meeting held.
- Relevant and timely information is supplied to the Board in the form of comprehensive quarterly reports from management.
- Access to the advice and services of the Company Secretary and to Company records, information, documents and property is unrestricted. Non-executive directors also always have unfettered access to the external auditor and to management. All directors are entitled, at Afrimat's expense, to seek independent professional advice on any matters concerning the affairs of the Group.

Board charter

- The Board is guided by a charter which is reviewed annually. The charter includes a delegation of authority, which states the matters to be dealt with by the Board Committees. A number of governance policies support and frame the delegation of authority, which are reviewed on an annual basis. The Board approves all amendments. (Afrimat's Board charter and key governance policies are available at www.afrimat.co.za.)
- Each new Board member acknowledges the Code of Conduct when joining the Group. On an annual basis, all senior associates of the Group are required to submit a declaration confirming their continued compliance with the Code. Any areas of non-compliance or any perceived conflicts of interest are addressed through the appropriate levels of divisional management, with ultimate reporting to the Board.
- The Board delegates certain of its functions to well-structured Committees without abdicating its own responsibilities. The Committees as established by the Board have formal charters, approved annually by the Board.
- The Board appoints the CEO to manage the Group on its behalf. The CEO serves as the principal link between management and the Board.
- The CEO is mandated to ensure that the day-to-day business affairs of the Group are appropriately managed by executive management and that the necessary systems and controls are in place for effective risk management.

Independence

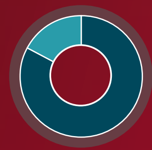
- Afrimat believes that there is a sufficient number of independent non-executive directors on the Board to create a suitable balance of power and prevent the dominance of the Board by one individual or by a small number of individuals.
- The classification of independent non-executive directors is determined by the Board on the recommendation of the Remuneration & Nominations Committee in accordance with the guidelines set out in King IV™. During FY2024, a rigorous review of independence and performance was performed on Phuti Tsukudu and Gert Coffee. Annual independence reviews are conducted on all directors serving in an independent capacity for longer than nine years.
- Director independence is measured giving consideration to: director involvement with other companies; external directorships held; relationship with material suppliers and competitors; material contracts with the Group; employment of the director by the Group in an executive capacity during the preceding three years; whether the director has a direct or indirect interest in the Company which is material to their personal wealth.
- All directors regularly declare their directorships and commercial interests to the Board.

DIRECTORATE

The Board meets at least four times a year with *ad hoc* meetings when necessary to review strategy, planning and financial performance, resources, operations, risk, internal control, capital expenditure, standards of conduct, transformation, diversity, employment equity, people management and environmental management.

BOARD DIVERSITY

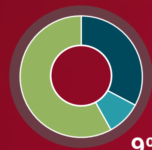
Gender



17% Female

83% Male

Mix

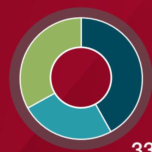


58% Independent non-executive directors

33% Executive directors

9% Non-executive directors

Tenure

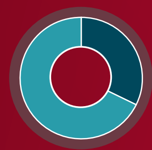


42% Nine years or more

25% One to four years

33% Five to eight years

Race



67% Non-historically disadvantaged

33% Historically disadvantaged

	Director	Qualifications and age	Board meetings	Audit & Risk Committee	Remuneration & Nominations Committee	Social, Ethics & Sustainability Committee	Non-executive meetings	Length of Service
1	GERT J COFFEE**	BSc, BEng (Mech) (Industrial) (73)	4/4	–	–	2/2	4/4	14 years
2	PIETER GS DE WIT (CFO)	BCompt (Hons), CA(SA), ACIS, Post Grad Cert in Tax, MBA (Cum Laude), Strategic Financial Leadership Programme (Stanford University) (50)	4/4	4/4•	3/3•	2/2•	–	8 years
3	LOYISO DOTWANA*◈	BSc, Civil Eng (60)	4/4	4/4	3/3	2/2	4/4	17 years
4	FRANCOIS M LOUW**■◆ (CHAIRMAN)	BEng (Mech), MBA (63)	4/4	4/4	3/3	2/2	4/4	7 years
5	COLLIN RAMUKHUBATHI	BTech (Mechanical Engineering), MBA, Executive Leadership Development Programme (Stanford University) (50)	4/4	4/4•	3/3•	2/2	–	5 years
6	PHUTI RE TSUKUDU**◇	MEd, Postgraduate Diploma in Adult Education BA (SW) (70)	4/4	–	3/3	2/2	4/4	15 years
7	JACOBUS (DERICK) F VAN DER MERWE**○+	BCompt (Hons), CA(SA) (70)	4/4	4/4	–	–	4/4	9 years
8	JOHANNES (JOHAN) HP VAN DER MERWE**	CA(SA), Master in Income Tax, MPhil Finance, Advanced Management Programme (Harvard Business School), Challenge of Leadership (Insead Business School) (59)	4/4	–	3/3	–	4/4	7 years
9	ANDRIES J VAN HEERDEN (CEO)	BEng (Mech), MBA, Government Certificate of Competence, Advanced Management Programme (Insead Business School) (58)	4/4	4/4•	3/3•	2/2	–	17 years
10	SISANDA TUKU**	BCom Financial Accounting, CA(SA) (45)	4/4	4/4	3/3	–	4/4	2 years
11	MARTHINUS (GERHARD) G ODENDAAL	National Higher Diploma (T4) (Civil Engineering), C-Level Programme (Stanford University Graduate School of Business) (59)	4/4	–	–	2/2	–	2 years
12	NICOLAAS AS KRUGER**	BCom (Mathematics) (Cum Laude), FFA (Fellow of the Faculty of Actuaries), AMP (Advanced Management Programme, Oxford University), CD(SA) (Chartered Director) (57)	4/4	4/4	1/1		4/4	1 year
	Meeting attendance 2024 (%)		**100**	**100**	**100**	**100**	**100**	
	Meeting attendance 2023 (%)		100	100	95	100	100	

* Non-executive
** Independent non-executive
• Invitee
■ Investment Review Committee Chairman
◇ Remuneration Committee Chairman
◆ Nominations Committee Chairman
◈ Social, Ethics & Sustainability Committee Chairman
○ Audit & Risk Committee Chairman
+ LID

BOARD AND EXECUTIVE COMMITTEE STRUCTURE

STATEMENT OF COMPLIANCE

The Board is committed to uphold the fundamental tenets of governance, committee discipline, independence, responsibility, fairness, social responsibility, transparency and accountability of directors to all stakeholders.

The Afrimat directors have confirmed that, to the best of their knowledge, Afrimat (i) complied with the provisions of the Companies Act, and (ii) operated in accordance with its memorandum of incorporation, during the year under review.

The Board is responsible for determining the Company's strategic direction and exercising prudent control over the Company and Committee affairs.
The Board and the individual directors will, at all times, act in the best interest of the Company and adhere to all relevant legal standards of conduct.

Board	Executive directors	Non-executive directors	Independent non-executive directors
	Andries van Heerden (CEO) **Pieter de Wit** (CFO) **Collin Ramukhubathi** **Gerhard Odendaal**	**Loyiso Dotwana**	**Francois Louw** (Chairman) **Phuti Tsukudu** **Derick van der Merwe** (Lead Independent director) **Sisanda Tuku** **Johan van der Merwe** **Gert Coffee** **Nicolaas Kruger**

The Board meets four times per year.

Committees	Audit & Risk Committee	Remuneration & Nominations Committee	Social, Ethics & Sustainability Committee*	Investment Review Committee	Executive Committee ('Exco')
	The Audit & Risk Committee fulfils a vital role in corporate governance and is in place to ensure, among other things, the integrity of integrated reporting and internal financial controls, identify and manage financial risks and monitors the financial sustainability of the Group.	The Remuneration & Nominations Committee assists the Board with the development of the Afrimat remuneration policy, regularly reviews the structure, size and composition (committee diversity) of the Board and makes recommendations to the Board with regard to any adjustments that are deemed appropriate.	The Social, Ethics & Sustainability Committee monitors and reviews the Group's safety, health and environmental activities, labour practices and the Company's approach to transformation.	Monitors and reviews high impact investments defined in terms of potential value addition or value destruction for the Company.	Assists the CEO implement strategies and operational matters.
	Derick van der Merwe (Chairman) **Sisanda Tuku** **Loyiso Dotwana** **Francois Louw** **Nicolaas Kruger**	**Francois Louw** (Chairman – Nominations Committee) **Phuti Tsukudu** (Chairman – Remuneration Committee) **Loyiso Dotwana** **Sisanda Tuku** **Johan van der Merwe** **Nicolaas Kruger** (appointed to the Committee on 1 February 2024)	**Loyiso Dotwana** (Chairman) **Gert Coffee** **Collin Ramukhubathi** **Phuti Tsukudu** **Gerhard Odendaal** **Francois Louw** **Andries van Heerden**	**Francois Louw** (Chairman) **Pieter de Wit** **Derick van der Merwe** **Johan van der Merwe** **Nicolaas Kruger**	**Executive directors** **Cluster heads**
Number of independent director members	4	5	3	4	N/A
Number of meetings per year	4	3	2	*Ad hoc*	4
Self-evaluation completed	Yes	Yes	Yes	N/A	N/A
For further information see	page 81	page 72	page 43		

* *The Social, Ethics & Sustainability Committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act, and there were no instances of material non-compliance to disclose.*

Overall, the Board is satisfied with the performance of the Chairman, the Committees and the Chairmen of the Committees, non-executive directors' meetings are held on an *ad hoc* basis as the need arises.

In accordance with King IV™ the Chairman of the Board should not be a member of the Audit Committee and all members of the Audit Committee should be independent, non-executive directors. Francois Louw (Chairman of the Board) and Loyiso Dotwana (non-executive director) are both members of the Audit & Risk Committee. The Board is of the opinion that Francois Louw and Loyiso Dotwana, who have both demonstrated the ability to act independently, continue to make a valuable contribution to the Audit & Risk Committee, which in turn helps the Audit & Risk Committee to satisfactorily discharge its roles and responsibilities.

COMPANY SECRETARY

The Board of directors is assisted by a competent, suitably qualified and experienced Company Secretary. The Company Secretary, Catharine Burger, is a chartered accountant. Ms Burger has also completed her board exam at the Chartered Governance Institute of South Africa and is a Chartered Company Secretary. The Board, through the Remuneration & Nominations Committee, considered and satisfied itself to the competence, qualifications and experience of the Company Secretary and concluded that she is competent to carry out her duties.

The Company Secretary is not a director of Afrimat, reports to the Chairman of the Board and is accountable to the Board as a whole and accordingly maintains an arm's length relationship with the Board of directors.

RISK MANAGEMENT

"Afrimat views the management of risk central to its operational strategy of delivering sustained growth to stakeholders.

Risk management

The Board, assisted by the Audit & Risk Committee, is ultimately responsible for the risk management process.

During the year under review, the Board fulfilled its risk mandate by meeting quarterly to discuss the following key risk governance and risk management matters:

Risk management effectiveness

Management is accountable to the Board for designing, implementing, monitoring and improving the systems and processes of risk management and integrating these into the day-to-day activities of the Group. The Board is satisfied that the systems and processes in place to govern and manage risk are adequate and that management has generally executed its risk management responsibilities satisfactorily.

Afrimat views the management of risk central to its operational strategy of delivering sustained growth to stakeholders. While the CEO and CFO are the key drivers of risk management, the different management teams in the Group, Exco, Audit & Risk Committee and Board, as well as all employees, further assist with identifying, evaluating and managing key risk areas. Management has effectively implemented an adequate and effective risk management framework, which identifies, evaluates and responds to key opportunities and risks that may affect strategic objectives. The risk management policy is widely distributed throughout the Group and is integrated into the daily activities of the Group.

Risk appetite

Risk appetite and tolerance are the fundamental concepts that provide the context for strategy identification, entrepreneurial flair and the pursuit of Group objectives. It clarifies what risks the Group can, or is willing to, take and the risks that the Group will avoid.

The Board has formally defined its appetite for risk and annually reviews this. It confirms an appropriate risk management policy, including the Group's risk appetite, to guide strategy and the engagement of risk. The Board confirms there were no material deviations from the Group's risk appetite in the period.

Key business risks and opportunities

Key business opportunities and risks were discussed comprehensively by the Board during their quarterly strategy meetings. The Board, having considered the Group's key risks, is satisfied that the identified strategy and business plans do not give rise to risks not thoroughly assessed and confirms there were no undue, unexpected, or unusual risks taken by the Group and no material losses were incurred during the year.

RISK MANAGEMENT (continued)

RISK MANAGEMENT PROCESS

Risk register

- Risk identification is a continuous process applied frequently to update and accommodate changes in a volatile environment.
- The risks contained on the risk register are prioritised, ranked and responses documented.

Key control drivers

- Key control drivers originate from the following: policies and procedures; internal control system; management control system; authorisation levels; risk analysis when major decisions are made; financial risk targets (capital, liquidity, credit, market); financial and management reporting.
- Uncontrollable risks are insured where applicable and affordable.

Adherence to key controls

To ensure that key controls are adhered to, the following compliance activities are in place:

- Management supervision and reviews;
- HIRA in respect of safety and health;
- Internal audits;
- Self-audits;
- Loss control officer (operational auditor) inspections;
- Government departments inspectors;
- Industry body audits;
- Audits by external consultants and specialists;
- Compulsory reporting and returns to government departments; and
- Whistleblowing hotline.

Risk incidents reporting

Risk incidents must be reported as follows:

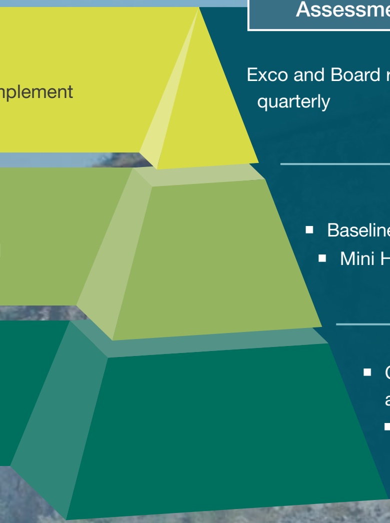
- All instances of theft, fraud, injuries and damage to the Group's assets are recorded in a register and reported to the corporate office each month. Each instance of fraud is investigated to determine if internal and management controls functioned properly, i.e. fraud was timeously detected. Each injury is investigated, and corrective actions implemented.
- All cases of theft and fraud committed by employees and external persons are reported to the South African Police Service.

IDENTIFYING PRINCIPAL RISKS

The risks that affect the Group's ability to create value in the immediate and longer term can be grouped into three categories:

Mitigating factors

Assessment process



Strategic
Which impact the Group's ability to implement its strategy.

Exco and Board risk assessment, quarterly

Operational
Which are managed proactively by implementing policies, guidelines and internal process controls.

- Baseline risk assessment, quarterly
- Mini HIRA

Macroeconomic
Which are, to an extent, beyond the Group's control although the effects of this type of risk can be minimised.

- Commodity risk assessment, periodically
- Project risk assessment, periodically

MATERIAL RISKS

A description of all immediately identifiable material risks which are specific to the Company, its industry and/or its issued ordinary shares are set out under 'Afrimat's business strategy' in this integrated annual report.

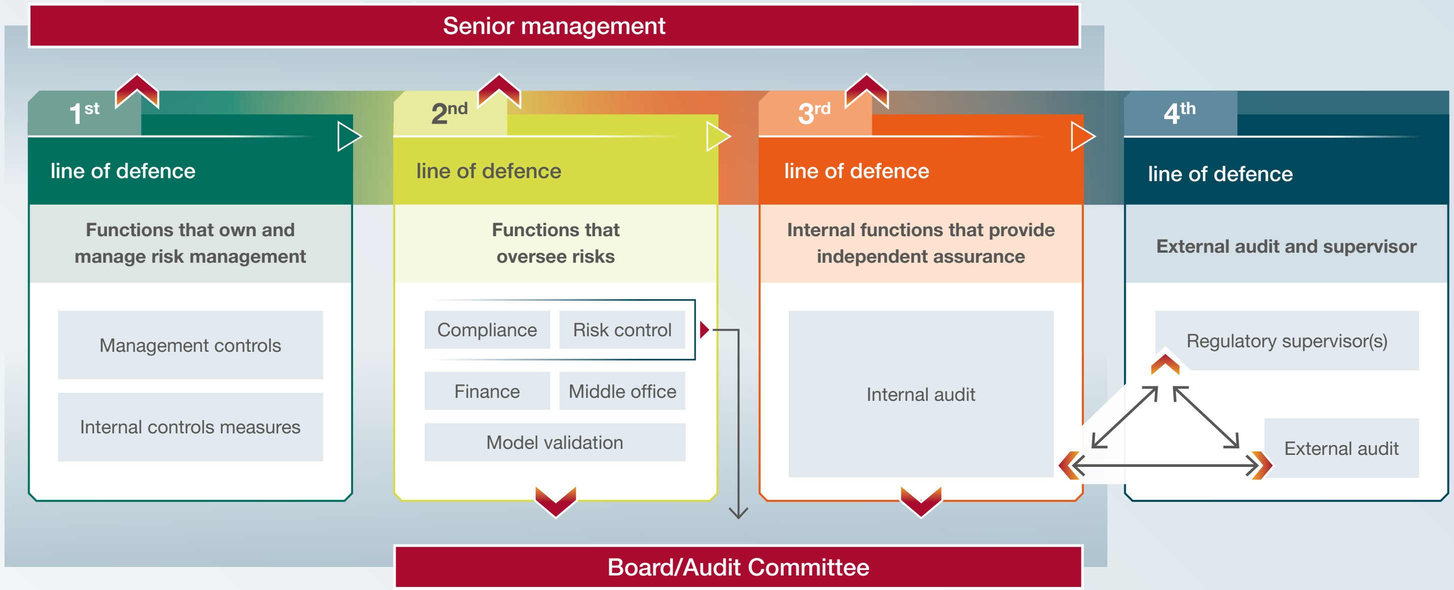
ASSURANCE

COMBINED ASSURANCE MODEL

A combined assurance model is applied to provide a coordinated approach to assurance activities. The assurance activities are conducted by Board Committees, external auditors, internal auditors, via self-audits by specialist staff, external consultants, industry bodies, DMRE and government agencies. The assurance model clarifies the roles of management, internal assurance providers and independent assurance providers. In addition, it increases collaboration and facilitates a shared and more holistic view of the Group's risk profile. The internal audit function plays a vital role as an independent third line of defence. Afrimat applies four lines of defence:

- **internal control framework;**
- **oversight of controls by management;**
- **internal control functions – internal audit, quality management functions;**
- **specific management functions, i.e. sustainability; and**
- **external assurance providers – external consultants, industry bodies, DMRE and government agencies.**

FOUR LINES OF DEFENCE



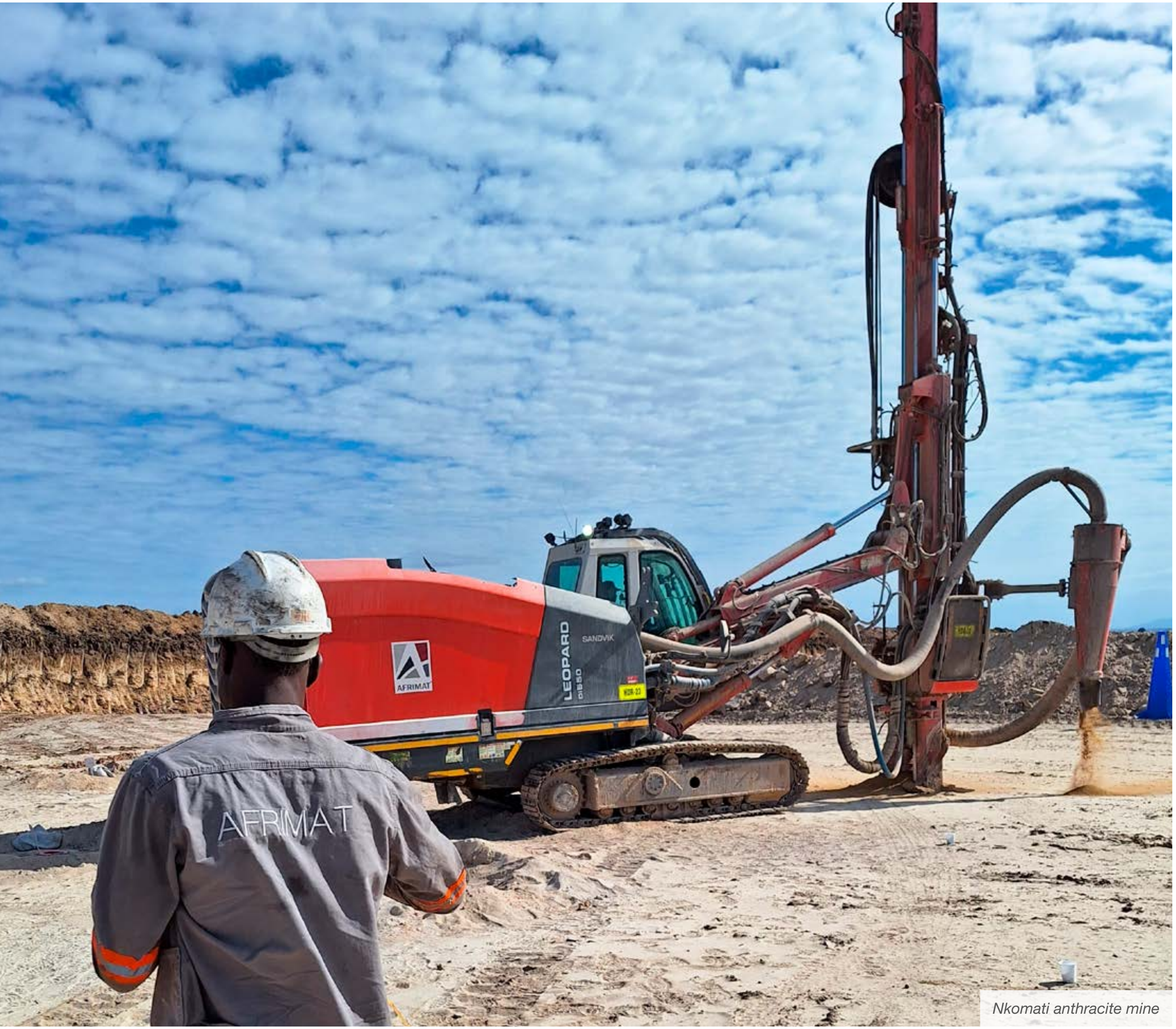
The external auditor, PricewaterhouseCoopers Inc., as recommended by the Audit & Risk Committee and appointed by the shareholders, is responsible for reporting on whether the annual financial statements are fairly presented in compliance with IFRS® Accounting Standards and the Companies Act. The preparation of the annual financial statements remains the responsibility of the directors. The CEO and CFO, supported by Exco and the Audit & Risk Committee, are responsible for identifying, evaluating and managing key risk areas and performance indicators for Afrimat (crossing the financial and non-financial divide). Risk appetite and levels of tolerance are set out in the Group's risk management policy, which is reviewed annually (available at www.afrimat.co.za).

An *ad hoc* additional risk analysis is also conducted for major strategic decisions. An Investment Review Committee gives comfort to the Board that all significant risks in high impact investments have been addressed. High impact investments have been defined in terms of potential value addition or value destruction for Afrimat.

To ensure ongoing relevance, a formal risk assessment is conducted quarterly and the necessary updates are made to the risk register. In addition, throughout the year changes in risk relative to the formal register are reported to the Audit & Risk Committee (and the Board), together with an impact assessment and how the identified risks will be managed. In assessing risk, Afrimat reviews performance in terms of profit growth, return on new investments and debt levels against targets set during the annual budget process. In addition, the Group monitors profitability, utilisation of assets, liquidity/solvency, and productivity levels on a monthly basis. The Group's reputational risk is managed through strategic relationships and liaison with stakeholders. The CEO is the central point of contact assisted by investor and communications service providers and executives (for further detail on this and other risks, see Group strategy, material issues and key risks on page 23).

The Board, assisted by the Audit & Risk Committee, is satisfied with the effectiveness of the risk management process.

ASSURANCE (continued)



Nkomati anthracite mine

EXTERNAL AUDIT

The Board, assisted by the Audit & Risk Committee, regularly meets with the external auditor and formally evaluates their independence annually. As a rule, the Board does not engage the external auditor for any non-audit services, including tax compliance and assisting with company secretarial duties. Where the external auditor is, as an exception, appointed for non-audit services, the Board ensures that there is a strict separation of divisions in order to maintain independence.

INTERNAL AUDIT

The Group's Internal Audit charter has its own terms of reference clearly defined and monitored by the Audit & Risk Committee, which conducts an annual review thereof (available at www.afrimat.co.za). The in-house internal audit function also adheres to the standards set by the Institute of Internal Auditors in fulfilling its key duties, including:

- Evaluating the Company's governance processes;
- Assessing the effectiveness of risk management and the internal control framework;
- Systematically analysing and evaluating business processes and associated controls; and
- Providing a source of information regarding instances of fraud, corruption, unethical behaviour and irregularities.

Piet van Zyl the Chief Audit Executive, reports directly to the Chairman of the Audit & Risk Committee and has unhindered access to the Board Chairman. Further, Afrimat voluntarily adheres to the Business Leadership South Africa Code of Good Corporate Citizenship.

Exco members and senior management make an annual declaration that all laws have been complied with, based on there being no reported instances of non-compliance. All deficiencies noted by Exco members and senior management are tabled to the Board on an annual basis. The effectiveness of the compliance framework is continuously monitored at Board level. The Board confirms that no material non-compliance has been brought to its attention. Furthermore, Afrimat fully complies with employment laws and practices and is committed to the protection of human rights.

A risk-based internal audit programme was followed during the year. The findings were reviewed and remediated by management where practical and follow-up audits were conducted to ensure corrective action was implemented.

INTERNAL CONTROL FRAMEWORK

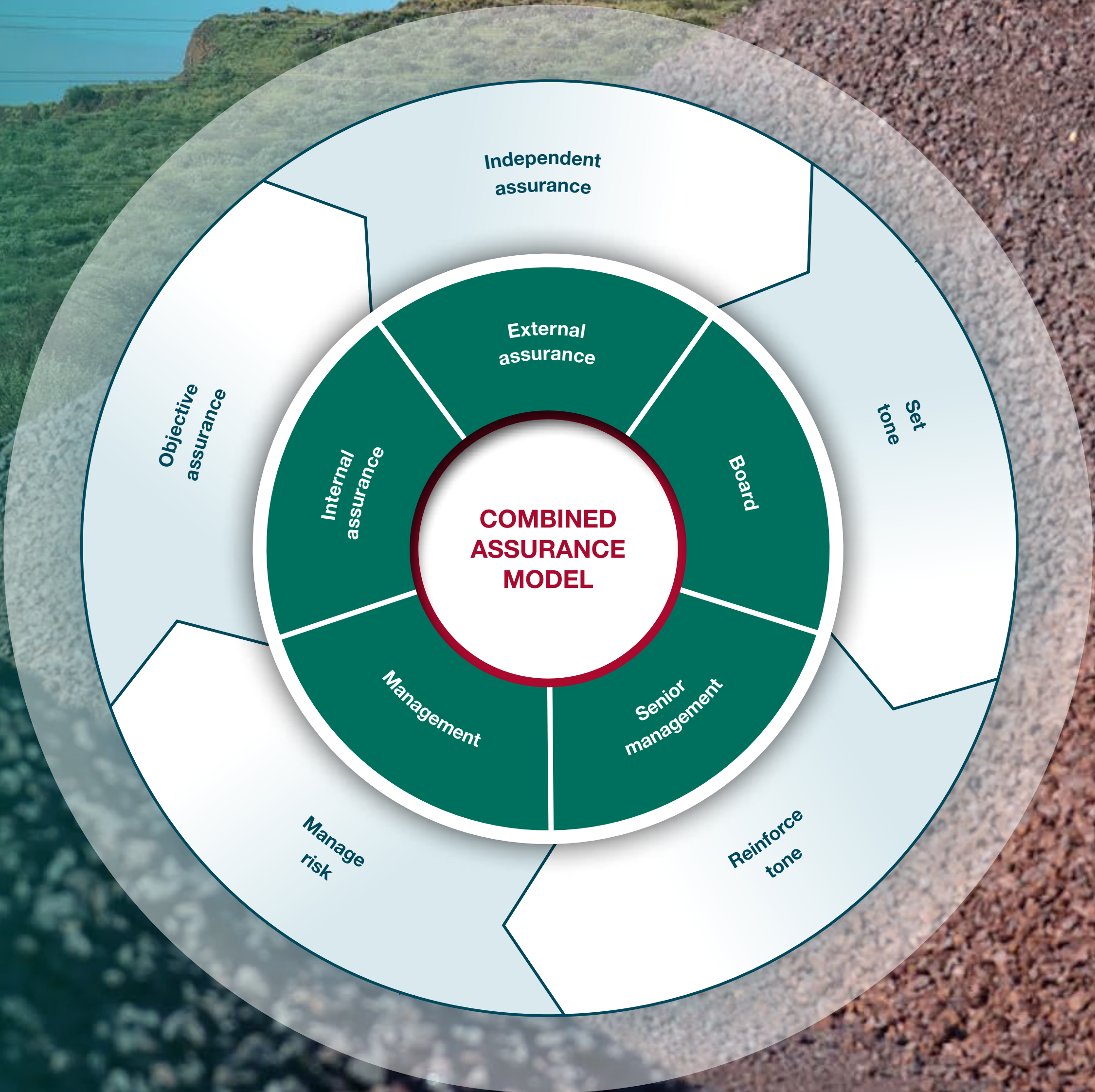
The Board is responsible for the Group's systems of internal control and risk management. The Audit & Risk Committee, CFO and internal audit assist in this regard. Together they evaluate the adequacy and effectiveness of internal control systems and processes and monitor whether internal control recommendations made by the CFO, external auditor and internal auditors have been implemented. The internal control framework together with the required assurance is formally documented and reviewed by the Audit & Risk Committee annually.

The system of internal control is primarily designed to safeguard and maintain accountability of the Group's assets. Further, these systems should identify and curtail significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations.

The system of internal control is designed to manage rather than eliminate risk. Absolute assurance cannot be provided. For instance, they provide only reasonable assurance as to the integrity and reliability of the annual financial statements.

Inherent limitations to the system's effectiveness exist due to the possibility of human error and the circumvention or overriding of controls. The internal audit function, based on the fieldwork undertaken during the year, has provided reasonable assurance on the adequacy of the internal controls tested and the associated risk management process.

The importance of internal control systems and management of risks is clearly communicated to all employees so that they have a clear understanding of their roles and obligations in this regard.



5

GOVERNANCE OVERVIEW

RESOURCES
Unlocking success
MACHINES • PEOPLE

Diversified growth through strategic resources

SOCIAL, ETHICS & SUSTAINABILITY COMMITTEE REPORT

The Committee is a statutory committee appointed in terms of the Companies Act. The Committee's responsibilities encompass monitoring and regulating the impacts of the Group on its material stakeholders and environments, ensuring that our policies and practices add quality to life, by ensuring minimum harm to the environment, managing climate change, enhancement of community and safety and health of employees. Although management is tasked with overseeing the day-to-day operational sustainability of their respective areas of business, and reporting thereon to the Committee, the Board retains ultimate responsibility for Group sustainability.

A key focus of the Board is setting the direction of ethical behaviour by prevailing codes of best practice and other ethical policies in order to create an ethical organisational culture. The Committee is accountable for:

- ensuring that safe operations and fair labour practices are applied across the Group;
- improvement strategies relating to social and economic development are in place; and
- responsible utilisation of natural resources, as well as minimising the long-term impact on the environment, such as climate-related changes.

The Group is committed to endorsing the ten principles set out in the United Nations Global Compact Principles ('UN Global Compact'), advocated by the Universal Declaration of Human Rights and International Labour Organisation.

THE 10 PRINCIPLES ARE SUMMARISED AS FOLLOWS

1. Support and respect the protection of internationally proclaimed human rights.
2. Ensure we are not complicit in human rights abuses.
3. Uphold freedom of association and the effective recognition of the right to collective bargaining.
4. Contribute to the elimination of all forms of forced and compulsory labour.
5. Contribute to the abolition of child labour and commit to ensuring that the minimum entry ages for employment are adhered to.
6. Ensure we do not practice discrimination in respect of employment and occupation.
7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Work against corruption in all its forms, including extortion and bribery.

SOCIAL, ETHICS & SUSTAINABILITY COMMITTEE REPORT (continued)

The Committee comprised executive and non-executive directors during the year under review. Details of the Committee composition and meeting attendance are on page 36.

The full purpose of the Committee is to regularly monitor the Group's activities regarding any relevant legislation, other legal requirements or prevailing codes of best practice, in respect of the following:

Social and economic development including the Group's standing in terms of the:

- 10 principles set out in the United Nations Global Compact Principles;
- Organisation for Economic Co-operation and Development recommendations regarding corruption;
- Employment Equity Act; and
- B-BBEE Act.

Good corporate citizenship, including the Group's:

- Promotion of equality, fair remuneration, prevention of unfair discrimination, safety, health, dignity and development of employees;
- Economic transformation, prevention, detection and response to fraud and corruption, and responsible and transparent tax policy;
- Contribution to development of the communities in which our activities are predominantly conducted or within which our products or services are predominantly marketed; and
- Record of sponsorship, donations and charitable giving.

3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 10 REDUCED INEQUALITIES | 8 DECENT WORK AND ECONOMIC GROWTH | 11 SUSTAINABLE CITIES AND COMMUNITIES

Environment, climate change, health and public safety, including the impact of the Group's activities and its services.

Customer relationships, including the Group's advertising, public relations and compliance with consumer protection laws.

Labour and employment, including the Group's:

- Standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
- Employment relationships, and our contribution towards the educational development of employees.

The Committee draws these matters to the attention of the Board. Employment equity, B-BBEE, CSI and labour-related issues as reviewed by the Committee are reported on pages 56 and 62.

Key indicators monitored by the Committee include:

INDICATOR	STANDARD OR FUTURE GOAL
Transformation and B-BBEE ratings including ▪ Equity ownership ▪ Management control ▪ Skills development ▪ Preferential procurement ▪ Enterprise and supplier development ▪ Socio-economic development	▪ Maintain a Level 2 to 3 B-BBEE Group rating annually
Labour relations	▪ Maintain employee satisfaction (employee turnover rate, industrial action, etc.) ▪ Effectively manage expectations and union relations to minimise labour unrest
Health and safety	▪ Zero LTIFR
Environment including ▪ Carbon footprint ▪ Water and forestry compliance and returns ▪ Climate change	▪ To mine within approved environmental management plans ('EMP') for all of the Group's mining activities and zero harm to the environment for all other activities ▪ Compliance with mining rights' EMPs ▪ Committed to being part of the solution to climate change
DMRE compliance including ▪ Mining Works Programme ▪ Social and Labour Plan ▪ EMP ▪ Mining Charter returns	▪ All existing mining rights maintained ▪ All future mining right applications predicated on Group's reliable track record of compliance
Mining rights status including ▪ New applications ▪ NEMA/LUPO regulations ▪ Water use licence	▪ Business expansion not restricted by insufficient mining rights
Compliance with laws and regulations	▪ Full compliance with all laws and regulations
Compliance with the 2018 Mining Charter ownership criteria	▪ The creation of an umbrella trust to address shareholding to host mine communities by using the equity equivalent mechanism ▪ Increase in shareholding to qualifying employees

> The Group fosters a culture of respect, with zero-tolerance of discriminatory behaviour. No incidents of discrimination were reported during the year. Afrimat fully complies with employment laws and practices and is committed to the protection of human rights.

Nkomati anthracite mine

EFFECTIVENESS AGAINST FY2024 KPIs AND COMMITTEE EVALUATION

FY2024 KPI	Evaluation score*
Increase more detailed reporting on climate change-related matters and measuring the carbon emissions and whether the reduction in such emissions have been accomplished;	4,0
Driving proactive safety interventions through the leading indicator topics such as SHE representative engagements, training, near miss reporting, audit results, trackless mobile machinery ('TMM') risk evaluations, SHE Committee meetings and traffic management;	4,5
Continue with intervention to drive down the LTIFR lower;	4,8
Focus more on analysing the health statistics; and	4,4
Sharing best practice: Senior management actively sharing appropriate and applicable best practice from other Committees with the Committee/Company.	4,0

* *Scored out of five. Scores above 3,5 rated as green, 3 to 3,5 as amber and below 3 as red.*

KPIs FOR FY2025

- More detailed reporting on climate change-related matters, measuring carbon emissions and whether the reduction in such emissions have been accomplished;
- Detailed monitoring of environmental matrix (e.g. water consumption, waste management);
- Continue with intervention to drive the LTIFR lower;
- Further analysing health statistics; and
- Sharing best practice: Senior management actively sharing appropriate and applicable best practice from other Committees with the Committee/Company.

ETHICAL LEADERSHIP AND COMPLIANCE

The Board strives to ensure that the Group conducts its business with integrity and leads by example. This commitment is formalised in a Code of Conduct (available at www.afrimat.co.za) which applies to the Board and all employees of the Group.

The Code of Conduct is designed to provide guidance as to ethical conduct in all areas, appropriate policies in respect of the safeguarding of assets and information, and the appropriate corrective measures to enforce these policies. The performance of the Board in terms of being held accountable for ethical and effective leadership is reviewed annually by the directors. Furthermore, the strong value system embedded in the Group culture is constantly reinforced by the CEO and supported by business unit heads and people management. Strict adherence to the provisions of the Code of Conduct is a condition of employment within Afrimat and is incorporated as part of the induction process.

The Code of Conduct sets out the Group's values and practices over and above requirements of formal governance codes and legal requirements such as the King IV™ Report and the Companies Act. Ethical conduct is an area with which the Social, Ethics & Sustainability Committee is tasked by the Board to oversee. As part of its responsibility, the Committee ensures that the Company's ethical performance is assessed, monitored, reported and disclosed. It reviews cases of conflicts of interest, misconduct or fraud, or any other unethical activity engaged in by employees or the Company. Further, the Committee reviews the Code of Conduct annually and recommends it to the Board for approval.

All senior employees are required to sign an annual declaration confirming compliance to laws and regulations. The Group has an independent whistleblower hotline and all reported matters are investigated by appropriate employees and the results reported to the Audit & Risk Committee. Unethical behaviour is not tolerated within the Group and all criminal behaviour is reported to the police. Management reports to the Committee on matters relevant to its deliberations to enable the members to fulfil their responsibilities. Mechanisms to encourage ethical behaviour such as the Code of Conduct, corporate citizenship policy and whistleblower's hotline, were confirmed as adequate by the Social, Ethics & Sustainability Committee in the year. As part of the improvement process, annual interest declarations were requested from all senior employees. The procurement policy incorporating ethical supplier selection standards was successfully implemented. Ethical standards for the selection of customers will also be considered.

ANTI-BRIBERY AND CORRUPTION

The Group is committed to working against corruption, by endorsing:

- Zero-tolerance against fraud, theft, corruption or any similar illegal behaviour;
- Complying with all applicable anti-bribery and corruption laws, regulations, rules, codes of conduct and conducting business transparently and in an honest and ethical manner;
- Reinforcing the anti-bribery and corruption compliance framework and processes in the day-to-day activities; and
- Continuously monitoring the regulatory environment to implement appropriate responses to changes and developments.

LEGAL COMPLIANCE

The CEO, CFO, EDs, Group Legal Advisor, Company Secretary and senior management drive compliance. The Group has a legal and regulatory compliance checklist in place, which includes the Mining Charter. A risk-based compliance framework has been adopted to provide additional focus on compliance with priority legislation.

Management considers and includes all material legislative requirements within the checklist and delegates this to the appropriate compliance owners across top and senior management levels. Furthermore, Afrimat voluntarily adheres to the Business Leadership South Africa Code of Good Corporate Citizenship.

Exco and senior management make an annual declaration that all laws have been complied with, based on there being no reported instances of non-compliance. All deficiencies noted by Exco and senior management are tabled to the Board on an annual basis. The effectiveness of the compliance framework is continuously monitored at Board level. The Board confirms that no material non-compliance has been brought to their attention. Furthermore, Afrimat fully complies with employment laws and practices and is committed to the protection of human rights.

MINING RIGHT COMPLIANCE

We are committed to conducting mining operations in strict compliance with the mining licence conditions set by the DMRE, in the Mineral and Petroleum Resources Development Act, Mine Health and Safety Act, and all other relevant legislation and regulations. This compliance is driven by the Executive Director: People & Sustainability for the Afrimat Group. Our culture is a pivotal thread in how we operate our operations and continuously strive to build and nurture good working relationships with different stakeholders.

Mining right conditions set by the DMRE are reflected in the following documents for each mining operation and annual compliance reports in this regard are submitted to the regional DMRE offices:

- Mining Works Programme;
- Social and Labour Plan;
- Environmental Authorisation; and
- Mining Charter.

The DMRE conducts compliance audits at the Group's mining operations and management addresses all issues identified. The Group's overall compliance level continues to improve. Through collaboration and teamwork, we ensure our operations comply with the legal requirements and mining right licence conditions. The Group continues achieving its target on people development training of 6% of employee costs incurred. This included a mentoring programme for interns in the field of mining engineering, mechanical engineering and environmental specialists.

Other conditions are set by other authorities in the following documents:

- Water Use Licence;
- Air Emissions Licence; and
- Land Use Planning Act (LUPO and SPLUMA).

Nkomati anthracite mine

ENVIRONMENTAL RESPONSIBILITY

We operate in the mid-tier mining sector that has a significant impact on the environment. Environmental management is therefore a critical part of the day-to-day management processes at Afrimat.

We comply with all environmental legislation and to support this, our mines' environmental performance is audited annually by the environmental team and by ASPASA every second year. Furthermore, annual internal environmental performance audits are conducted at the ready-mix plants. The DMRE also performs random inspections at the Group's mines. Areas for improvement identified during these audits/inspections are addressed by management. Third-party audits and external consultants support our environmental conservation and protection efforts and provided additional opportunity for refinement of its EMPs.

We manage our environmental footprint with mandatory EMPs at all the mines, in the absence of which no mining activities will commence. These focus on:

Responsible mining	Reducing emissions
Reducing spillages	Recycling
Monitored utilities usage	Rehabilitation

The Group employs a dedicated mine planning team that periodically rotates among all mining sites to monitor performance against the mine plan. This approach allows the team to identify and promptly address any shortcomings that may arise. Developing an appropriate and adequate mining plan is a fundamental part of the planning operation. A sound mining plan is essential to achieve optimal and sustainable resource development and utilisation. Sustainable mining requires an approach that balances the curbing of environmental degradation with the optimising of materials extraction and the minimisation of cost.

The EMPs focus on responsible mining, reducing emissions through upgrades to diesel-driven equipment, decreasing noise pollution, recycling products where viable, and maintaining all plants at optimum working levels and efficiency.

The EMPs and Environmental HIRAs during the year were reviewed by management and independent consultants/specialists and only minor changes were required, all of which were implemented.

The GM-sustainability, through senior environmental specialists, is responsible for ensuring compliance with the site EMPs, assisted by the regional managers. The regional managers assume responsibility for all sites in their respective regions and have full control of regional environmental resources.

ENVIRONMENTAL TRAINING

Training was identified as the first step in improving the mitigation of the risks identified in an ever-changing environment. To remain up to date with laws and regulations, specialist training was provided. Annual training is provided on specific environmental matters identified in consultation with ASPASA. These matters include day-to-day environmental management processes to reduce the risk of environmental degradation. In addition, programmes conducted for all employees, included training on the conservation of water and the quantification of carbon emissions.

4 QUALITY EDUCATION
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

CARBON FOOTPRINT

Afrimat has embarked on a project to identify different renewable energy, energy efficiency and forestry carbon emission offset projects to implement in the near future. These include the implementation of Solar Photovoltaic plants as well as other carbon dioxide capturing projects (refer to Afrimat's ESG report available at www.afrimat.co.za). Afrimat has set a target to reduce its carbon footprint by 32% in 2030. This forms part of the Group's strategy to manage climate change.

The following measures were implemented to conserve precious resources and decrease Afrimat's carbon footprint:

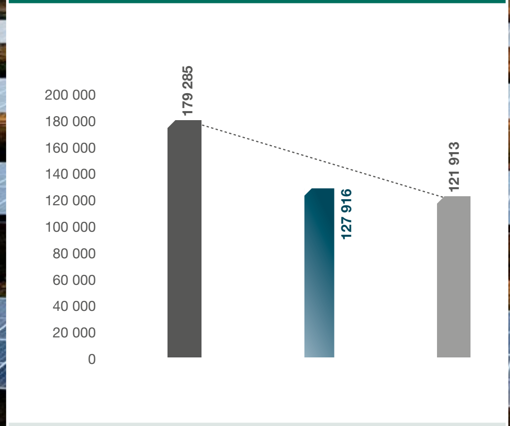
- Benchmarking of operational output and the use of electricity, fuel and explosives;
- Determination of the basic requirements to deliver optimum production leading to the establishment of a standard energy consumption rate per machine;
- Ongoing monitoring of power factor corrector capacitors to ensure a decreasing trend in electricity usage;
- Sequential start-up of electrical motors at each start-up procedure;
- Shifting production times to fall in non-peak electricity consumption periods;
- Monitor water usage by all sites in an effort to implement initiatives to reduce water consumptions; and
- Used oil and scrap steel to be sold to accredited companies for recycling purposes.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

2030 reduce carbon emissions by 32%

2050 target carbon neutrality across operations

CARBON NEUTRAL STRATEGY



Glen Douglas Solar Plant

ENVIRONMENTAL RESPONSIBILITY (continued)

Key focus areas are summarised below:

LONG-TERM GOALS

KEY FOCUS AREA	FY2025 GOAL	LONG-TERM GOAL
Electricity consumed	Determine reduction % from baselines	Measure electricity consumed per product tonne produced, compare usage at different operations and reduce usage in line with best practices.
Water usage	Determine reduction % from baselines	Measure water usage per product tonne produced, compare usage at different operations and reduce usage in line with best practices.
Carbon emissions	Determine reduction % from baselines	Register all relevant sites with South African Greenhouse Emissions Reporting Services ('SAGERS') in order to measure all carbon emissions. Compare emissions between different sites and identify initiatives to reduce emissions.
Waste management	Determine reduction % from baselines	Compare waste generated between various operations, reduce, reuse and recycle the waste generated.
Biodiversity	Determine reduction % from baselines	Set annual target percentage on rehabilitation of operations (in hectares).

EFFECTIVENESS AGAINST FY2024

KEY FOCUS AREA	FY2025 GOAL	EVALUATION	BENCHMARK COMPARISON
Electricity consumed	Benchmark the use of electricity by all operations	Electricity usage for FY2024 has been measured for all operations.	1,7% decrease from 47,4 million kWh in FY2023 to 46,6 million kWh in FY2024.
Water usage	Water supplied by the municipality is currently measured. Meters to be installed at all sites utilising extraction points to draw water from natural resources. Recycling and conservation of water	The installation of water meters at operations utilising extraction points has not been completed. Water usage by operations (including municipal water supply as well as extraction points) is available for FY2024, based on a 90% measurement of all operations.	14,6% increase from 1 384 706 m^3 water used in FY2023 to 1 586 935 m^3 in FY2024.
Carbon emissions	Register of all relevant sites with SAGERS to enable the sites to report emissions accurately	All operations have been registered with SAGERS, measured and compared.	12,1% increase from 173 046 tCO_2e in FY2023 to 193 944 tCO_2e in FY2024.
Waste management	Measure all waste generated	A waste stream identification list has been compiled for all operations.	21,9% decrease in waste from 64 tonnes in FY2023 to 50 tonnes in FY2024.
Biodiversity	Quantify all hectares rehabilitated on the environmental performance assessment	In FY2024, 100% of all operations were quantified in terms of hectares rehabilitated.	Increase from 26,3 ha in FY2023 to 27,5 ha in FY2024.

MANAGING CLIMATE CHANGE

Total greenhouse emissions per scope:

Scope	2024 tCO_2e	2023 tCO_2e	2019* tCO_2e	Increase/ (decrease) from base year
Total scope 1**	**127 915,8**	112 789,6	85 412,3	49,8%
Total scope 2	**49 349,5**	50 194,3	43 146,3	14,4%
Total scope 3	**16 678,9**	10 062,0	34 309,2	(51,4%)
Total carbon footprint	**193 944,2**	173 045,8	162 867,8	19,1%

Intensity emissions:

Scope	Intensity 2024	Intensity 2023	Intensity 2019*	Decrease from base year
Scope 1 & 2 (tCO_2e/employee)	**64,3**	59,9	73,1	(12,0%)
Scope 1 & 2 (tCO_2e/tonnes)	**0,009**	0,008	0,016	(43,8%)

Scope	2024	2023	2019*	Increase/ (decrease) from base year
Water consumption (m^3)	**1 586 935,0**	1 384 706,0	1 636 295,0	(3,0%)
Electricity consumption (tCO_2e)	**49 349,5**	50 194,0	43 146,3	14,4%
Fuel consumption (diesel and petrol) (million litres)	**21,9**	15,8	8,6	154,7%
CO_2 emissions (tCO_2e)	**193,9**	173,0	162,9	19,1%
Rehabilitation (ha)	**27,5**	26,3	12,8	114,8%
Business travel (tCO_2e)	**14,6**	8,2	32,4	(54,9%)

* *Represents base year.*

** *Ramp up of Nkomati and the iron ore mine (Driehoekspan).*

Total emissions increased by 12,1% as compared to the previous year, this is due to the inclusion of Glenover. Afrimat continues to put measures in place to reduce GHG emissions across the Group.

Afrimat is committed to reducing, reusing and recycling all types of waste generated across the Group, and therefore a 51,4% decrease from base year in scope 3 emissions was recorded.

Afrimat recognises the significance of the impact of climate change, being one of the critical global challenges of our time. Our commitment to being part of the solution to climate change has transformed our way of thinking. All business units within the Group are required to adopt high environmental management standards, we do this by continuing to develop and implement strategies, for example, using resource materials responsibly and efficiently, and complying with legislative requirements. We strive to create awareness and embed a culture of being mindful of the environmental impact in areas where we have influence.

The risks associated with climate change can generally be categorised into two broad areas:

- **Physical risks/opportunities:** These risks may be acute, driven by weather events, such as drought/floods or risks may be chronic, resulting in long-term weather pattern shifts; and
- **Transition risks/opportunities:** Transition to a low carbon economy may have certain challenges such as a change in customer behaviour, increase in costs, and compliance to new regulations.

Physical risks	Transition risks			
Acute/Chronic	**Policy and legal**	**Technology**	**Market**	**Reputation**
The shortage of water can result in less production and ultimately a loss in revenue. Obtaining of Water Use Licences and boreholes remains a key focus. Water recycling initiatives have been implemented at some of the operations.	Carbon taxes and related GHG emission levies are still evolving, which will have a financial and regulatory impact on the costs and compliance of the operations.	High costs incurred to transition to lower emissions technology. Afrimat has embarked on a project to identify different renewable energy, energy efficiency and forestry carbon emission offset projects to implement in the near future.	Increased production costs as a result of increase input costs, e.g. water, energy and output requirements, e.g. waste treatment.	Stakeholder relations such as the Government, local authorities, NGOs and regulatory bodies are important to the Group.
	Measures put in place:			
■ Change in global weather patterns; ■ Extreme weather, e.g. floods, drought, heatwaves; and ■ Afrimat has proper disaster control measures and emergency plans in place and ensures that adequate insurance against disasters are available.	■ Benchmarking of operational output and the use of electricity, fuel and explosives; ■ Measurement of a standard energy consumption rate per machine; ■ Sequential start-up of electrical motors; ■ Production times to fall in non-peak electricity consumption periods; ■ Monitoring of water usage; and ■ Used oil and scrap steel sold to accredited recyclers.	■ These include the implementation of solar photovoltaic plants as well as other carbon dioxide capturing projects.	■ The Group actively implements cost efficiencies and where possible measures its performance against benchmarks, refer page 48.	■ Afrimat consistently engages and raises awareness within local economic, social and infrastructure spheres.

MANAGING CLIMATE CHANGE (continued)

AFRIMAT IS COMMITTED TO BEING PART OF THE SOLUTION TO CLIMATE CHANGE

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD')

We have used the guidelines as per the recommendations of the TCFD to respond to the TCFD reporting requirements. The core elements of the recommended climate-related financial disclosures may be illustrated as follows:

Themes	Purpose	Recommended disclosures	Application
Governance	Disclose the Group's governance around climate-related risks and opportunities	(a) The Board's oversight of climate-related risks and opportunities.	Board level oversight is a mandated responsibility of the Chairman of the Board and the CEO. The Social, Ethics & Sustainability Committee also provides overall direction on our sustainability strategy. The Committee oversees, on behalf of the Board, our environmental management; delivery of the sustainability framework implementation plan; and our climate change strategy, which includes management of water, energy and waste considerations. The Audit & Risk Committee is responsible for the governance of risk and has oversight of our climate-related risks and opportunities.
		(b) Management's role in assessing and managing climate-related risks and opportunities.	The GM: Sustainability (through senior environmental specialists) is a team that assesses the impact of climate-related risks and opportunities. They are assisted by regional managers of the various sites to whom the environmental resources are available. The Group has conducted a formal carbon footprint assessment with the assistance of internal and external specialists.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy, and financial planning where such information is material	(a) The climate-related risks and opportunities the Group has identified over the short, medium and long term.	Refer to the risks of climate-related changes addressed on page 49.
		(b) The impact of climate-related risks and opportunities on the Group's business, strategy and financial planning.	Climate-related risks have a financial impact on the Group's operations. The transition to a low carbon economy is costly. Therefore Afrimat focuses on sustainable mining that requires an approach which balances the curbing of environmental degradation with the optimising of materials extraction and minimisation of costs.
		(c) The resilience of the Group's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The Group undertook an initiative to reduce GHG emissions and to adhere to limiting the increase in global temperature to below pre-industrial level or the so-called 2°C climate environment.

Glen Douglas Solar Plant

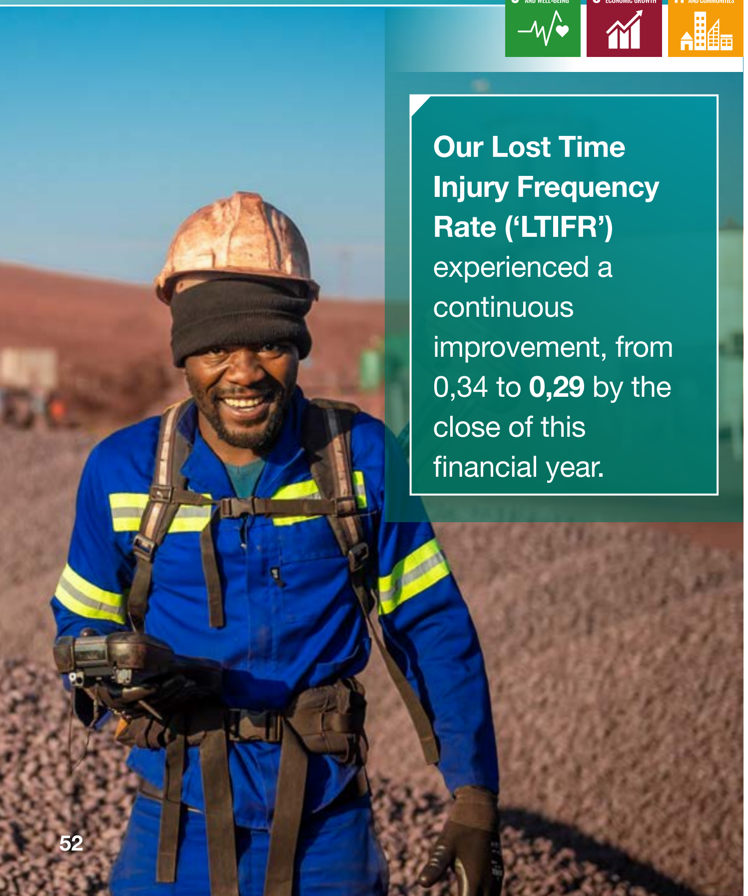
Glen Douglas rehabilitation

Themes	Purpose	Recommended disclosures	Application
Risk management	Disclose how the Group identifies, assesses and manages climate-related risks	(a) The Group's processes for identifying and assessing climate-related risks.	Refer to page 37, for Afrimat's risk management process. These processes are used to identify and mitigate risks.
		(b) The Group's processes for managing climate-related risks.	The Group manages its environmental footprint with mandatory EMPs at all the mines, refer to the focus areas on page 47.
		(c) How processes for identifying, assessing and managing climate-related risks are integrated into the Group's overall risk management.	Benchmarks are used to assess the Group's climate-related risks and targets are then set for the Group, which is then monitored on a continuous basis. Strategies are devised by the GM: Sustainability and senior environmental specialists and subsequently implemented.
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	(a) The metrics used by the Group to assess climate-related risks and opportunities in line with its strategy and risk management process.	GHG emissions as well as electricity, water usage, waste management and biodiversity are measured and monitored at all operations and the Group is compliant to the latest regulations on GHG reporting, Carbon Tax, carbon budget and carbon offset. GHG emissions has been measured since 1 January 2018 and the Group's focus is on developing mitigating measures to reduce emissions across all business units. Refer to the measures that have been implemented, refer to page 47 for carbon footprint.
		(b) Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks.	The GHG Protocol ('Protocol') is widely used methodology, suitable for companies. The Protocol defines emissions as either 'direct' or 'indirect', where direct emissions are from sources that are owned or controlled by the Group. Three scopes are defined: ▸ Scope 1: Direct emissions and emissions from sources owned and controlled by the Group (includes direct emissions from the combustion of liquid fuels in Group-owned vehicle fleet and the combustion of diesel generators); ▸ Scope 2: Indirect emissions associated with the generation of electricity, heating/cooling and steam purchased for own consumption (includes indirect emissions associated with purchased electricity from Eskom); and ▸ Scope 3: Indirect emissions other than those covered in Scope 2 (comprise a range of indirect emissions including business travel, air travel, employee commuting, purchased goods and services such as food, paper products, water supply and solid waste). Refer to page 49 for the reported GHG per scope.
		(c) The targets used by the Group to manage climate-related risks and opportunities and performance against targets.	To mine within approved EMP for all of the Group's mining activities and zero harm to the environment for all other activities. Refer to the table on page 48 for the Group's key focus areas, indicating the long-term goals and the measure of effectiveness against the goals.

SAFE AND RELIABLE OPERATIONS

HEALTH AND SAFETY: ENSURING SAFE AND RELIABLE OPERATIONS

At Afrimat, we are dedicated to fostering a vibrant culture of safety and well-being for our employees. Our commitment extends to maintaining strict compliance with South African Occupational Health and Safety regulations, including the Mine Health and Safety Act, alongside other recognised standards and guidelines. In the dynamic fields of mining, inherent risks abound, prompting us to take proactive measures. Through rigorous risk assessment and management practices, we strive to mitigate potential hazards, ensuring a workplace where safety is paramount, and incidents are prevented.



Our Lost Time Injury Frequency Rate ('LTIFR') experienced a continuous improvement, from 0,34 to **0,29** by the close of this financial year.

Empowering a culture of safety:

From our dynamic Executive Director: People & Sustainability, General Manager: Sustainability, and Group Safety, Health, Environment and Quality ('SHEQ') manager, down to every team member, the responsibility for health and safety radiates throughout our organisation. Accountability begins with our regional managers, who champion SHEQ management in their respective regions, ensuring optimal resource utilisation and day-to-day oversight. In this collaborative effort, our Regional H&S officers maintain a direct line of reporting to both regional managers and our Group SHEQ manager.

Innovative policy development:

Led by the Group SHEQ manager, we continuously evolve our policies to meet the ever-changing requirements in the landscape of health and safety standards. These updates are seamlessly communicated through various channels, including company notice boards, management meetings, and monthly safety gatherings at each operation.

Commitment to compliance:

Every individual within our organisation plays a vital role in ensuring compliance with our Health & Safety, Fatigue, HIV/TB and various other policies. This commitment to adherence was reaffirmed as management reviewed and approved our policy updates throughout the year.

HEALTH AND SAFETY RISK: STRATEGY FOR FY2025

Step into the future with our bold health and safety risk process for FY2025. We are focusing on cutting-edge leading indicators including electrical safety, ergonomic enhancements, fall prevention, traffic management finesse, and environmental stewardship covering air quality, waste management, and surface and groundwater care.

These indicators are not just trends but rather insights gleaned from deep dives into Afrimat-specific data on incident causes and audit discrepancies. From internal audits to scrutiny by DMRE, Department of Labour, and ASPASA, we are turning insights into action.

Furthermore, we are accelerating up our commitment to improvement by comparing FY2023 to FY2024, and setting ambitious targets for FY2025.

FY2023 COMPARED TO FY2024 AND THE TARGETS SET FOR FY2025

	FY2023	FY2024		Targets FY2025
LTIFR (12mr)*	0,34	**0,29**	↓	20% reduction
MTI (12mr)**	0,70	**0,99**	↑	20% reduction
FA (March – December)***	28	**23**	↓	Consistently reduce
TRIFR (12mr)****	1,04	**1,30**	↑	Achieve below 1,00
Near miss (12mr)	605	**705**	↑	Increase near miss reporting by 20%
Leading indicators*****	89%	**92%**	↑	Increase leading indicators above 95%

* *Lost time injury frequency rate (number of incidents x 200 000 man hour/actual hours worked).*
** *Medical treatment injuries.*
*** *First aid.*
**** *Total recordable injury frequency rate.*
***** *The leading indicator tool is utilised to measure and monitor proactive safety actions taken to prevent employees and contractors from being injured and to maintain safe and healthy working environments.*

THE FOCUS IN THE UPCOMING YEAR WILL BE ON LEADING INDICATORS (PROACTIVE STEPS IN PREVENTING INJURY) RATHER THAN LAGGING LTIFR INDICATORS

Key focus area	Leading indicators*	Near miss reporting**	Identifying critical tasks***	Planned task observations	Procedure and guideline training****
FY2025 goal	95% compliance	60% improvement	80% of six focus points implemented	90% conducted	95% compliance testing
Long-term goal	Entrench uniform SHEQ culture within the Group	Increase accuracy of near miss reporting and reduction of LTIFR and MTI	Reduction of LTIFR	Reduction of LTIFR	Reduction of LTIFR

Our FY2025 leading indicator focusing will be on cutting-edge leading indicators including electrical safety, ergonomic enhancements, fall prevention, traffic management finesse, and environmental stewardship covering air quality, waste management, and surface and groundwater care.

EFFECTIVENESS AGAINST FY2024 GOALS

Key focus area	Leading indicators*	Near miss reporting**	Identifying critical tasks***	Planned task observations	Procedure and guideline training****
FY2024 goal	Standardisation of the SHEQ system with employee input	Redefine the definitions of the various incidents. Re-train all employees on incident reporting	Identify critical tasks relevant to each operation	Measure planned task observations performed on critical tasks	Measure and monitor training planned and executed
Evaluation	90% achieved on the overall leading indicator measuring tool	Proactive near misses reporting maintained	90% planned critical tasks identified	90% task observations on critical tasks completed	100% completion of training matrix

* *The leading indicator tool is utilised to measure and monitor proactive safety actions taken to prevent employees and contractors from being injured and to maintain safe and healthy working environments.*
** *Near miss reporting gives an operation the opportunity to react to situations that could have resulted in an injury before it happens. Injuries will therefore reduce because unsafe situations or behaviours are corrected before these result in injury.*
*** *Critical tasks are those work activities with high risk due to the nature of the task, the employees must be informed of these tasks and the control measures to follow while performing the task. Planned task observations are then conducted on employees while performing the task to ensure they perform the safety measures during the tasks to prevent injury.*
**** *Training ensures that everyone is informed of the various rules and the control measures, if a person is unaware of the impact, the rule can be followed for protection.*

Vierfontein – 500 Days LTI Free

SAFE AND RELIABLE OPERATIONS (continued)

DYNAMIC HEALTH AND SAFETY TRAINING PROGRAMME

Throughout the previous year a kaleidoscope of learning experiences were orchestrated, which will be carried through to FY2025:

- Immersive SHE inductions for our newest team members, with invigorating annual refreshers for all existing staff;
- Statutory training sessions seamlessly integrated with our automated reminder system on SAGE, ensuring compliance with South African Qualifications Authority ('SAQA') standards;
- Dive into the virtual realm with our cutting-edge platform, offering interactive and engaging training experiences;
- Explore the intersection of safety and leadership in our Afrilead management programme, where SHE is intricately woven into the sustainability module, fostering a culture of holistic well-being; and
- Elevate training quality through rigorous evaluations of our SHE representatives training, ensuring excellence in every learning opportunity.

OUR EMPLOYEES' WELL-BEING

At Afrimat, we do not only focus on work, but also on nurturing a culture of vibrant well-being among our employees. Our occupational healthcare system is a beacon of total wellness, featuring comprehensive annual medical assessments for every team member.

As part of our AfriCare initiative, Afrimat has forged a transformative partnership with Netcare 911. Together we offer lightning-fast emergency response services for any work-related medical crisis, ensuring our employees receive the care they need when they need it most.

With the use of our injury emergency number, there are several benefits:

- Swift emergency responses, potentially saving lives, especially in remote areas where ambulances may struggle to arrive quickly.
- Access to expert advice via telephonic or video call, guiding employees through emergency situations with professionalism and care.
- Emergency medical evacuation by road or air, orchestrated by a team of dedicated doctors, nurses, and paramedics who deliver life-saving treatment, resuscitation, and stabilisation.

IGNITING A CULTURE OF HEALTH AND SAFETY/ POLICY HIGHLIGHTS

Inscribed within our ethos is an unwavering commitment to fostering a vibrant, safe working environment where every employee thrives. Guided by our Health and Safety policy, we lead by example, recognising that each individual plays a pivotal role in shaping our collective well-being.

EMBRACING AN INTEGRATED APPROACH

At Afrimat, we transcend mere departmental boundaries, operating as an integrated force where every employee is empowered to take charge of their health. Our effective health and safety programmes permeate each site, instilling a robust culture of safety and empowerment.

EMPOWERING HEALTH CHAMPIONS

Our Medical Service Providers serve as frontline guardians, identifying and mitigating risks through rigorous occupational hygiene assessments. Working in tandem with our People Management department, they ensure a seamless return-to-work process, championing employee well-being at every turn.

COMPREHENSIVE HEALTH INITIATIVES

From annual medical assessments to entry and exit screenings, we leave no stone unturned in safeguarding our team's health. Monthly health statistics gauge our progress, while our Safety Committee pioneers new practices to maintain our health and safety standards.

COMMITMENT TO HIV AND TB INITIATIVES

Our momentum remains unwavering in combating HIV and TB across all operations. Offering voluntary counselling and testing, our formal policy underscores our dedication to early detection, treatment, and non-discrimination.

RAISING AWARENESS

Through vibrant channels like posters, newsletters, and clinic sessions, we shine a spotlight on HIV/AIDS awareness, fostering a culture of understanding and support.

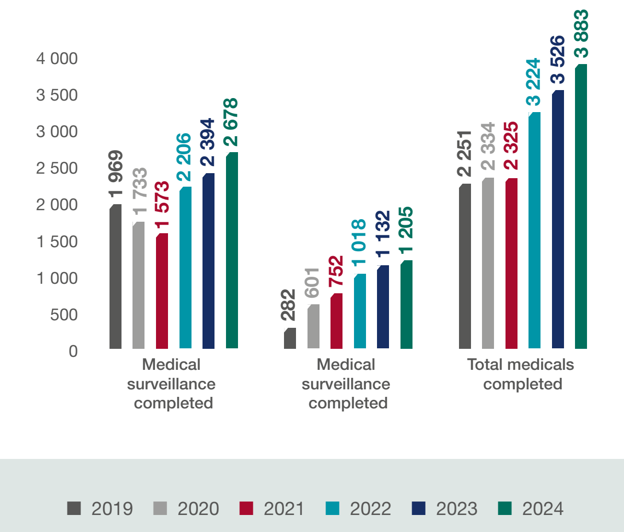
PERFORMANCE IGNITED

At Afrimat, we ignite health management with the vigour of legislative compliance under the Mine Health and Safety Act, Occupational Health and Safety Act, and Code of Practices. Our monthly medical surveillance not only safeguards our team but also fuels our commitment to excellence.

ELEVATING WELL-BEING

In FY2024, we shifted our focus to prioritise the holistic well-being of our employees. Amidst the challenges of the pandemic, our proactive health monitoring surged, leading to a notable decrease in chronic illness cases compared to the previous year. This success stems from heightened health awareness and empowered lifestyle choices among our team post-pandemic.

MEDICAL SURVEILLANCE



IN THE REALM OF PUBLIC HEALTH AND SAFETY

Throughout the previous year, we diligently upheld our commitment to public health and safety, implementing stringent measures to safeguard our mines and the areas adjacent to them. Afrimat took proactive steps by conducting a comprehensive community risk assessment, ensuring that all community engagements were conducted with a keen eye on risk management.

In addition to our existing initiatives, we introduced community forums aimed at fostering greater awareness of health and safety protocols and potential hazards. These forums served as platforms for in-depth discussions on various health and safety topics.

Introducing innovative avenues like our Afrimat Whistleblower Hotline not only strengthens our commitment to compliance with legislation but also amplifies our responsiveness to the needs and concerns of our surrounding communities.

Access control

We ensure that a mine parameter fence is erected and maintained to prevent unauthorised entry. We also ensure breathalyser tests are conducted on all persons entering the mine premises, as well as security inspection checks to prevent any items or goods that may cause harm to people, equipment and the environment, from entering or leaving our mine premises.

Community engagement

We engage with the local community to understand their concerns and mitigate any potential impacts of mining activities on public health and safety. This includes establishing community liaison committees, holding public meetings, and providing regular updates on health and safety measures.

Environmental monitoring

We implement measures to monitor and mitigate environmental impacts associated with mining activities, which can indirectly affect public health and safety. This includes monitoring air and water quality, noise levels, and dust suppression measures.

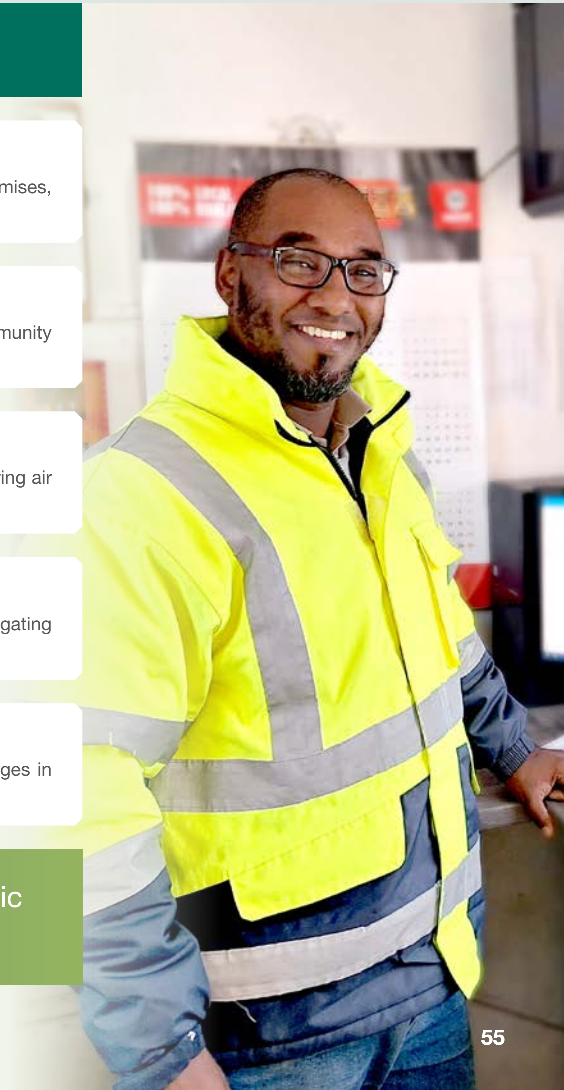
Providing a working environment that is healthy and safe to our employees, visitors and communities

We ensure best blasting practices, including safe operating procedures for all other high risk mining activities. We also conduct robust risk assessments and implement effective mitigating controls to keep everyone healthy and safe.

Regulatory compliance

We ensure compliance with all relevant health, safety, and environmental regulations imposed by local authorities and regulatory bodies, including staying informed of any changes in regulations and adjusting operations accordingly.

By implementing these measures and continuously evaluating and improving safety practices, we help ensure public health and safety at our mines.



PEOPLE MANAGEMENT

EMPOWERING TALENT, DRIVING SUCCESS: OUR COMMITMENT TO PEOPLE EXCELLENCE

Within our dynamic workplace, every employee should rise above their role as part of the team to become an indispensable contributor to our success. Our ethos prioritises empowerment, aiming to unlock the potential of everyone. From the outset, they are more than employees; they are essential partners in our shared mission. This segment underscores our commitment to fostering talent through various initiatives, while also extending our efforts to community development. In the People Management function at Afrimat success is measured not just in statistics, but in the investments, we make in those who drive our progress.

The recent progression from HR to People Management was to lead and improve the key role of the function of 'human resources' to a more strategic function. Incorporating 'People' in the title, conveys a people focus with the intention to improve the overall people experience. The People Management team is responsible for fostering and nurturing a healthy culture from a strategic and operational level and to improve engagement at all levels. The drive for change was due to Afrimat viewing our employees as key to our success and to put people at the centre of what we do.

HIGHLIGHTS

JOB CREATION

Afrimat has played a pivotal role in job creation, employing 2 755 (2023: 2 668) individuals across South Africa, thereby fostering economic growth and opportunity within local communities.

CORPORATE SOCIAL RESPONSIBILITY

Afrimat invested R34,4 million (2023: R12,3 million) in CSI, prioritising local labour sourcing for community empowerment. Extensive social and labour plans are established at all mining sites, fostering sustainable growth and positive impacts.

LEARNING AND DEVELOPMENT

Afrimat is steadfast in its commitment to developing employees across all levels, having achieved a total of 10 381 (2023: 9 181) interventions aimed at fostering continuous growth and skill enhancement.

LEADERSHIP DEVELOPMENT

Afrimat in partnership with Stellenbosch Business School: Executive Development ('SBS-ed'), launched a Senior Leadership Development Programme aimed at creating exemplary leaders, with 30 employees participating across the Group.

TALENT MANAGEMENT

At Afrimat our talent management strategy is thoughtfully crafted to not only attract top talent but also to cultivate and retain exceptional individuals who play a pivotal role in our continued success.

Leadership development stands as a cornerstone of our approach, with structured programmes designed to identify and nurture emerging leaders. During the previous year we were able to launch our first customised **Afrimat Leadership Development Programme** with Stellenbosch Business School: Executive Development. The programme is designed to cultivate leaders who possess a diverse range of leadership competencies, enabling them to effectively lead, influence, motivate, and empower teams, while also fostering collaborative relationships, breaking down silos, driving company culture, and championing innovation and change in our unique Afrimat Way.

Our graduate programmes serve as breeding place for fresh talent, providing a platform for recent graduates to gain hands-on experience and kickstart their careers within our organisation. During the current year we had 60 graduates participating on the various programmes.

Additionally, our commitment to further study assistance, which has seen 80 employees participating, underscores our dedication to lifelong learning and skill enhancement, empowering individuals to pursue advanced education and specialised training relevant to their roles.

Through these initiatives, including promotions, mentorship, and coaching, we comprehensively invest in the continuous development and advancement of our workforce. With a total of 153 promotions, 115 participants in mentorship and coaching programmes, we foster a culture of excellence, innovation, and growth across all levels of the organisation.

LEARNING AND DEVELOPMENT

Elevating the skill sets of our workforce stands as a paramount objective, ensuring optimal levels of productivity and efficiency among our employees. We've cultivated an exciting culture of continuous learning, inspiring individuals to embrace roles as mentors, coaches, and lifelong learners. To facilitate learning and development for all staff members, we offer a range of development initiatives, including:

- Adult education and training ('AET');
- Bursaries (49 participants);
- Learnerships (53 participants);
- Specialised training programmes covering operational skills, health and safety; and
- Supervisory development (78 participants).

Empowering employees to capitalise on every avenue for personal development, we provide them with access to the resources made available by the Group for upskilling.

In total, Afrimat has invested R39,2 million (2023: R38,1 million) in learning and development initiatives across all sectors of the Group, resulting in an average expenditure of R14 227 per employee.

CULTURE AND EMPLOYEE EXPERIENCE

Culture

Afrimat places significant emphasis on its organisational culture as a fundamental driver of its success. During the previous year Afrimat conducted a diagnostic assessment based on the nine pillars of the Afrimat Way. The participation rate was 77% of Afrimat employees, reflecting the Afrimat teams' passion for our culture.

Our results reflected that most of Afrimat's employees are well aligned with the organisation values and that they appreciate working in an organisation that is stable and growing in a volatile, uncertain, complex and ambitious ('VUCA') sector.

Afrimat employees' passion for the Company's culture is further demonstrated in their efforts of protecting the culture by their trust and frequent use of the Whistleblower Line to conduct that poses a threat to our culture.

Moreover, the efforts that we make to empower our employees as described in the Learning and Development section are testament of Afrimat's commitment in consistently empowering our employees to competently navigate the demands of our fast-paced and dynamic work environment.

Although we have overwhelming positive results (reinforced by our low absenteeism rate of 1,3%), we have collectively committed ourselves to various commitments that will make Afrimat an even better place to work for.

These being, amongst others, to evaluate our physical work environment to ensure that it further drives employee engagement. Most of the physical work commitments were met by the first quarter of the new financial year. In order to sustain this commitment, we have included physical work environment checks as part of standard ongoing workplace audits.

We further commit to understand and continue to encourage ourselves to be more open to different opinions as this drives innovation and our entrepreneurial drive.

We also consistently look for ways of improving how we approach work, by consistently improving efficiencies. We have digitised some training processes and decreased the costs of training, decreased the amount of time required on some training interventions and therefore increased the employee experience to learning. We continue to seek ways of improving our work, by introducing new technologies or processes to enable us to be more effective.

Employee wellbeing

In the first year since we launched **AfriCare** (our groupwide employee wellness and 24/7 free counselling programme for all employees and their families in a wide range of wellness topics), the programme has assisted in driving the following:

Accessibility — **Ensuring that services are readily accessible to all employees, care was accessed through these different points:**

- Of all counselling treatments rendered 40% of the sessions were conducted via telephone.
- 27% of the counselling services rendered were delivered face to face, 36 sessions were completed.
- 20% of the counselling services rendered were initiated via formal referrals or managerial referrals, indicating that our leaders are making use of AfriCare as a tool to take care of Afrimat employees.

Education — **Educating employees on the importance of seeking assistance and fostering a culture of self-drive towards getting help.**

- Through posters, toolbox talks, Afrimatters, monthly matters, and our people managers we continue to educate employees on AfriCare, to ensure an understanding of the full range of offering that the service provides our employees.

Empowerment of leaders

- Equipping leaders through management induction webinars to identify and support individuals in need, thereby encouraging them to seek help.
- Of all cases managed during the review period, 19% were related to difficulties experienced by managers.
- There were 15 formal and one assisted referral managed in this review period. Formal referrals were largely associated with presenteeism, alcohol use/misuse/abuse new alcohol addictions, anxiety, absenteeism, and stress.

Destigmatisation — **Promoting sensitivity among managers to destigmatise mental health issues and create an environment where seeking help is normalised.**

- This is an ongoing priority that we also drive through educating employees and leaders on the value of AfriCare and why activating a sense of care and self-drive to getting help is important.

Activation of care

- Leveraging the Afrimat Way pillar of a caring environment, the AfriCare programme facilitated care and support among employees and leaders, particularly in instances where technical training may outweigh people management skills.

Employee relations

While industrial action is always a high risk in labour intensive businesses, Afrimat experienced no labour action related to substantive issues or wage demands during the year under review. We strictly comply with all applicable legislation and bargaining arrangements and, in addition, have a strategic engagement process with unions and employees based on transparency, respect and relationships.

The Skills Development and Employment Equity Consultative Committees of each business unit communicates with the unions representing Afrimat's employees. No single union has a majority representativity of all business units in Afrimat. Unions with sufficient representativity at certain business units include amongst others:

- National Union of Mineworkers ('NUM');
- Association of Mineworkers and Construction Union ('AMCU');
- National Union of Metal Workers of South Africa ('NUMSA'); and
- Transport and Omnibus Workers Union ('TOWU').

PEOPLE MANAGEMENT (continued)

OTHER KEY PEOPLE STATISTICS

EMPLOYEES

2 532 Number of – permanent employees

223 Number of employees – fixed term (>90 days)

92% Percentage of employees who are permanent

45 Number of employees who are deemed disabled

MANAGEMENT

13% Percentage of management (top and senior) deemed 'HDSA'

12% Percentage of management (top and senior) who are women

TRAINING

1 496 Total number of employees trained for skills, including internal and external training interventions

11 Total number of employees with disabilities trained for skills

AGE

14% Percentage of employees under the age of 30

63% Percentage of employees aged between 30 and 50

23% Percentage of employees over the age of 50

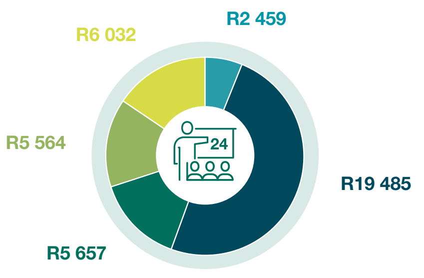
LOST DAYS

8 986 Total number of person days lost due to absenteeism

REMUNERATION

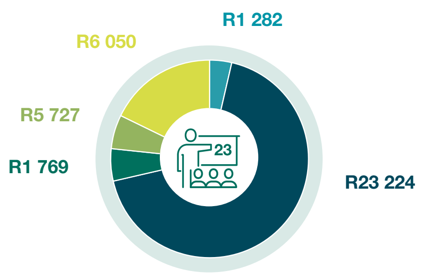
R286 585 The median remuneration of all employees

TRAINING AND DEVELOPMENT INITIATIVES SPEND (R'000)



2024

- Bursary/study loans 6,3%
- Training costs 49,7%
- Skills development cost 14,4%
- Learnerships 14,2%
- Internship remuneration 15,4%



2023

- Bursary/study loans 3,4%
- Training costs 61,0%
- Skills development cost 4,7%
- Learnerships 15,0%
- Internship remuneration 15,9%

TRANSFORMATION

We are committed to integrating genuine transformation that permeates the organisation and understand this to be critical for the sustainability of our business in South Africa. Each subsidiary has a dedicated BEE Committee which actions the plans and recommendations of the Social, Ethics & Sustainability Committee in this regard, and further proactively drives improvements in all B-BBEE categories.

OWNERSHIP

Our main BEE partners, which are all black-owned organisations are:

- Afrimat BEE Trust **4,3%**
- Mega Oils Proprietary Limited **1,1%**
- Mandated investments **4,0%**
- Previously recognised interest **19,8%***
- Other smaller B-BBEE shareholders **0,4%**

* *Shares sold previously held by ARC, the shares qualify to be recognised in terms of paragraph 3.8 Recognition of ownership after the sale or loss of shares by black participants, of the B-BBEE COGP ('Codes'), therefore we are able to include these shares into our BEE ownership.*

Black ownership in the Group totals 29,6% in line with Mining Charter requirements. In calculating the ownership percentage, the methodology as required in terms of Statement 100 of the Code was applied. This requires a measured enterprise to apply the exclusion principle to four categories of rights of ownership to the number of issued shares: those held by organs of state and public entities; those held as mandated investments; those held by non-profit companies or public benefit organisations; those that equate to the value of the foreign operations of multinational businesses operating in South Africa.

The Group's B-BBEE ratings are set out below:

Company/subsidiary name	FY2023 B-BBEE rating level	FY2022 B-BBEE rating level
Afrimat Limited (Consolidated)	2	3
Afrimat Readymix (Cape) Proprietary Limited	4	4
Afrimat Aggregates (KZN) Proprietary Limited	2	3
Afrimat Aggregates (Operations) Proprietary Limited	3	2
Afrimat Aggregates (Eastern Cape) Proprietary Limited	5	3
Afrimat Contracting International Proprietary Limited	7	2
Afrimat Concrete Products Proprietary Limited	7	5
Glen Douglas Dolomite Proprietary Limited	3	4
Clinker Supplies Proprietary Limited	8	8
Afrimat Logistics Proprietary Limited	3	3
Afrimat Mining Services Proprietary Limited	4	8
Afrimat Silica Proprietary Limited	4	5
SA Block Proprietary Limited	8	8
Afrimat Aggregates East Proprietary Limited (previously known as Boublok Proprietary Limited)	5	4
Cape Lime Proprietary Limited	4	6
Afrimat Iron Ore Proprietary Limited	2	2
Afrimat Lyttelton Proprietary Limited	4	4
Afrimat Marble Hall Proprietary Limited	NC	4
Nkomati Anthracite Proprietary Limited	8	N/A
Afrimat Phosphates Proprietary Limited	NC	N/A

* *Non-compliant.*

\# *At the time of issue of this integrated annual report, the FY2024 B-BBEE ratings had not been finalised. Once finalised this will be communicated on SENS.*

TRANSFORMATION (continued)

MANAGEMENT CONTROL

Our Board includes four black directors, two of whom are female. The majority of subsidiaries have at least 50,0% black directors on their respective boards of directors. We make an effort to ensure participation of historically disadvantaged individuals at decision-making positions and core occupational categories through Afrimat's in-house Supervisory and Management Development Programmes, Leadership Programme, and external development initiatives. Through these programmes we aim to ensure leadership continuity in key positions, encourage individual advancement within the organisation, and find a match between the current talents to the required future talent.

EMPLOYMENT EQUITY

A total of 84,3% (2023: 84,6%) of the Group's 2 755 employees are from the historically disadvantaged population groups.

A formal Employment Equity Policy is in place for all employees and potential candidates, which promotes equal opportunities by encouraging good practice in the recruitment and selection process complying with the Employment Equity Act. (Afrimat's employment equity policy is available on www.afrimat.co.za). The policy is an integral part of our commitment to building an effective and representative workforce and to ensure that historically disadvantaged individuals are appointed at management level to reflect the demographics of the country. This has been achieved through the implementation of individual development plans, skills audits, career progression plans, talent identification, fast tracking, training and mentoring. Particular efforts are directed at identifying historically disadvantaged individuals with potential and providing training and development initiatives to assist their progression.

In recruitment and promotion, the governing principle is 'from within the Group' and priority is given to the advancement of black employees. Employment equity goals are communicated to employees via the various subsidiaries' Skills Development and Employment Equity Consultative Committees.

We are also proactive in recognising and rewarding initiative, effort, and merit. Attractive remuneration and incentive schemes are outlined in the remuneration policy to attract and retain employees over the short, medium, and long term. (See remuneration report page 72.)

EMPLOYMENT EQUITY REPORTS

The Group is in compliance with the requirements of the Employment Equity Act.

Each business registered its report on its BEE employment status at the Department of Labour by 30 September 2023.

Summary of reports:

	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	Total
Afrimat Limited	1	1	0	7	1	4	0	5	1	0	**20**
Afrimat Management Services Proprietary Limited	3	7	0	25	1	2	0	4	0	0	**42**
Afrimat Shared Services Proprietary Limited	9	0	0	27	5	1	0	1	0	0	**43**
Afrimat Group Services Proprietary Limited	0	4	0	15	3	2	0	14	0	0	**38**
Afrimat Aggregates (Operations) Proprietary Limited	126	129	1	33	16	29	0	14	0	0	**348**
Afrimat Readymix Cape Proprietary Limited	24	22	1	8	0	3	0	4	0	0	**62**
Afrimat Silica Proprietary Limited	16	1	0	1	2	0	0	0	0	0	**20**
Afrimat Contracting International Proprietary Limited	39	0	0	5	6	0	0	2	0	0	**52**
Afrimat Mining Services Proprietary Limited	184	22	0	42	14	3	0	7	0	0	**272**
Afrimat Aggregates (KZN) Proprietary Limited	141	3	1	21	33	3	3	8	0	0	**213**
Afrimat Concrete Products Proprietary Limited	141	0	1	10	21	0	1	5	0	0	**179**
Cape Lime Proprietary Limited	28	70	2	22	13	18	1	8	0	0	**162**
Clinker Supplies Proprietary Limited	37	0	0	3	3	0	1	1	0	0	**45**
Afrimat Iron Ore Proprietary Limited	84	28	0	16	22	5	0	7	1	0	**163**
Glen Douglas Dolomite Proprietary Limited	88	3	0	13	21	2	1	9	0	0	**137**
Afrimat Lyttelton Proprietary Limited	60	1	1	6	14	0	0	3	0	0	**85**
Afrimat Marble Hall Proprietary Limited	79	0	0	7	17	0	0	4	0	0	**107**
Afrimat Logistics Proprietary Limited	23	2	0	3	7	0	0	3	0	0	**38**
SA Block Proprietary Limited	65	0	0	11	111	0	0	7	0	0	**194**
Nkomati Anthracite Proprietary Limited	325	0	0	19	86	0	0	5	2	0	**437**
Agri Lime Proprietary Limited	1	0	0	4	2	0	0	1	0	0	**8**
Eckraal Quarries Proprietary Limited	47	0	1	8	8	0	0	6	3	0	**73**
Afrimat Phosphates Proprietary Limited	36	1	0	4	6	0	0	3	0	0	**50**
TOTAL	1 557	294	8	310	412	72	7	121	7	0	**2 788**
	71,8%	**13,6%**	**0,4%**	**14,3%**	**67,3%**	**11,8%**	**1,1%**	**19,8%**	**100,0%**	**0,0%**	

A = African *C = Coloured* *I = Indian* *W = White*

The Employment Equity reports have a different cut-off period than the year under review and include employees as at 1 January 2024.

PREFERENTIAL PROCUREMENT

Afrimat's procurement teams manage the flow of materials and services across the Group. A 'total cost of ownership methodology' is applied to drive efficiencies within the supply chain. This benefits our bottom line, while retaining focus on localisation, supplier and enterprise development and maintaining quality and safety standards.

Our procurement framework is underpinned by good governance and efficient procedures and processes. Improvements in our supply chain are driven by KPIs, ethics, customer service, stakeholder interaction and a culture of teamwork.

Our sustainable development programmes and initiatives provide active support to targeted qualifying suppliers, who are actively participating or may potentially participate within our supply chain. These suppliers play an important role in the growth of the local communities we operate in and to bring previous disadvantaged individuals into the mainstream economy.

The Department of Trade and Industry ('DTI') defines preferential procurement as 'the procurement of goods and services from Empowering Suppliers as a percentage of total procurement'.

Our Preferential Procurement Philosophy supports transformation in South Africa by:

- Promoting compliance, and providing training where necessary, with legislation relating to B-BBEE;
- Supporting and promoting preferential procurement initiatives for purposes of improving procurement from qualifying suppliers;
- Improving existing suppliers' B-BBEE level rating annually, and this principle will be contracted with the suppliers;
- Promoting supplier rotation, allowing for new entrants to participate in our supply chain;
- Educating our suppliers on changes in the Mining Charter, as well as B-BBEE Codes of Good Practice; and
- Providing greater access to markets.

Our procurement practices are aligned to the codes of practice, as well as the Mining Charter to be able to continue contributing to the transformation of the supply chains we are active in. Our spend profile reflects our positive commitment to spend with transformed suppliers within South Africa.

Through the tools introduced to track B-BBEE ratings, the Group intensified its focus on Preferential Procurement during the year. The procurement spend on B-BBEE compliant companies was increased in FY2024 compared to prior years.

Procurement days were held to increase the awareness of B-BBEE amongst existing suppliers and to create an opportunity for new BEE suppliers to meet with the Group's procurement management. Existing suppliers are continuously encouraged to implement transformation processes within their companies and those that demonstrate compliance to BEE empowerment, are given preferred supplier status. A continued focus on supplier development resulted in the identification of BEE suppliers who may otherwise not have been identified by the Group, contributing towards an improvement in BEE procurement of the Company. The Group assisted qualifying small enterprises to provide a relevant affidavit for the purposes of confirming B-BBEE exemption.

ENTERPRISE AND SUPPLIER DEVELOPMENT

As part of our commitment to achieving sustainable growth and having an impact on the wider communities that we operate in, we continue to promote Enterprise and Supplier Development, even under difficult conditions with lower demand in certain businesses. We are invested in and committed to the process of assisting small businesses to thrive as they are one of the key vehicles through which poverty alleviation and inequality can be tackled effectively in our local communities, and South Africa as a whole. We believe it's more than compliance. It is about extracting value from our supply chain.

All of our Enterprise and Supplier Development initiatives with established companies are aimed at ensuring that businesses become capable of supplying their products and services into diverse supply chains. The aim is to help these suppliers become more agile and competitive to foster a strong likelihood of meaningful market share gain and sustainable job creation. More so in challenging situations experienced in the last year. This approach will form part of the Afrimat culture and long-term strategy, to create commercially valuable relationships with all stakeholders within our supply chain.

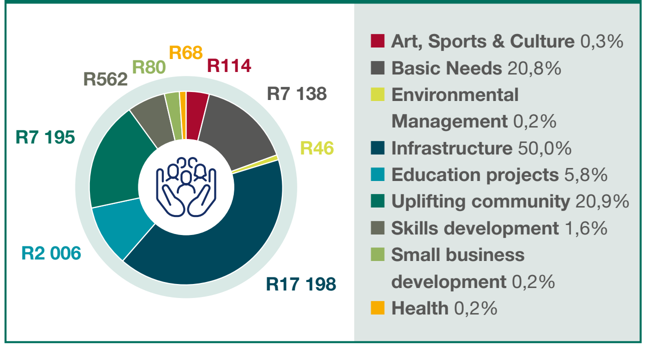
We contributed towards Enterprise and Supplier Development programmes by providing extensive management advice, administration services, grants and working capital funding to qualifying enterprises. In addition, several services and goods have been ring-fenced in order for the Group to only procure from these enterprises. This focus allowed Afrimat to achieve a higher level of compliance, sustainability and development of reliable suppliers in its supply chain.

Supplier and Enterprise Development does have its challenges and there are learnings from both sides, but in the Enterprise and Supply Development journey we are on, we believe we extract value from our supply chain and create a sustainable supply chain aligned to our values. This is a true win-win approach.

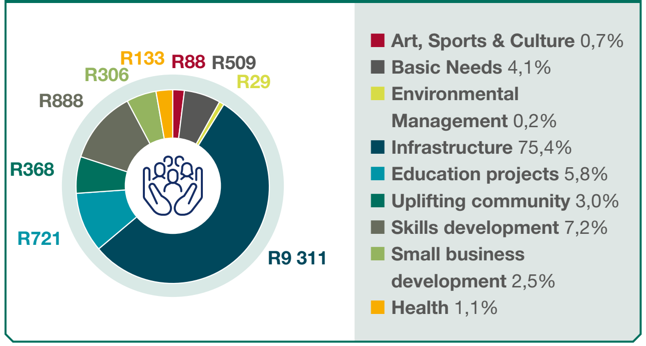
COMMUNITIES AND UPLIFTMENT

Genuinely passionate about South Africa, we believe in creating value through our CSI in the different communities we operate in. With over 44 mining rights across the country, our geographic footprint allows for a bigger socio-economic impact in the different communities across the country. The geographical footprint map below shows the positive socio-economic impact of the projects and programmes across the different provinces in this financial year. To ensure projects and programmes are aligned with the needs of the communities, the projects and programmes are identified in consultation with communities, local and district municipalities, tribal authorities, and all other relevant stakeholders. The Group targets a portion of its profit to contribute to these initiatives. CSI expenditures during FY2024 amounted to R34,4 million (2023: R12,3 million). Refer to value added statement on pages 8 and 9.

CSI SPEND: CATEGORISATION 2024
R34,4 MILLION



CSI SPEND: CATEGORISATION 2023
R12,3 MILLION



TRANSFORMATION (continued)

GEOGRAPHICAL FOOTPRINT OF THE POSITIVE SOCIO-ECONOMIC IMPACT OF PROJECTS IN THE FINANCIAL YEAR

A detailed breakdown of projects in the financial year:

Area	Type of project	Project description	Beneficiaries
Dunoon and Fisantekraal (WC)	Skills development training for unemployed youth	The programme has been running for over eight years, in partnership with Learn to Earn, a division of Fisantekraal Centre of Development. The programme provides unemployed youth with skills relevant to the labour market.	Unemployed youth in and around Fisantekraal, Dunoon, Kraaifontein, Khayelitsha; Gugulethu; Cross Road.
Saldanha (WC)	Foundation Phase Education Programme	Basic literacy among children in South Africa has declined. This is according to a report from the 2030 Reading Panel. Learners are taught in their mother tongue in foundation phase and transition to being taught in English from Grade 4. Some learners struggle with the transition and this programme aims to close that gap. This programme was introduced three years ago, in partnership with Missio Dei Education, with focus to improve learners' competence in numeracy, literacy and phonics.	Grade 3 learners at Eden Primary School and Panorama Primary School.
Grabouw (WC)	Early Childhood Development Programme	Afrimat partnered with Heaven-On-Earth Programme ('HOEP') two years ago for this programme. It is a school readiness programme for early childhood development centres. The programme focuses on numeracy, literacy, phonics, and values to get learners ready for foundation phase/primary school.	Peaceful Land in Siyanyanzela informal settlement, Mbalentle in Siteview, Kammaland in Pineview, Flukse Voetjies in Pineview and Little Folks in Water West.
Olifantshoek (NC)	Bulk Water Infrastructure Project	The first phase of the project entailed the drilling and equipping of six boreholes and construction of pump houses. It was funded by Gamagara Local Municipality and was completed in 2021. Phase 2 entailed the construction of the bulk link line from three boreholes to the 7ML reservoir. It was funded by Afrimat and Assmang Khumani mine and was completed in 2021. Phase 3 entailed the drilling and equipping of two boreholes and the construction of the bulk link line from two boreholes to the 7ML reservoir. It was funded by Afrimat and completed in 2023.	Estimated 14 994 residents of Olifantshoek.
Kathu (NC)	Unemployed Youth Skills Programme	The programme trained unemployed youth on trackless mobile machinery. Through the training, Afrimat was able to create a pool of operators not only for Afrimat to source from, but the trained youth could apply for jobs at other mines in the area.	Unemployed youth from Deben, Olifantshoek, Mapoteng and Siyathemba.
Dundee (KZN)	Construction of a classroom	Construction of an additional classroom at Morningside Primary School to accommodate the increase of learners.	350 Morningside School learners.
Bravo community (MP)	Repair of Bravo community bridge	Whenever it rained, the community could not cross the bridge to either go to school or work. The bridge was repaired and reinforced to avert this.	Bravo community.
Nkanyezini (KZN)	Construction of two classrooms	Nobhala High School is known in the district for achieving excellent matric results under difficult teaching and learning conditions, such as overcrowding in classrooms, a lack of resources and an imbalanced learner-teacher ratio. The two additional classrooms were allocated to grade 12 students, enabling a better learner-teacher ratio and create a conducive manageable learning environment.	750 Nobhala High School learners.
Macassar (WC)	Upgrades of nutrition facilities at four primary schools	The four schools did not have facilities where learners could sit down and eat meals provided through the feeding programme. Afrimat upgraded the four nutrition facilities to include enclosed areas at the four schools. The nutrition facilities feed over a 1 000 learners per day.	Oklahoma Primary, Macassar Primary, Marvin Park Primary and Firgrove Primary.

Area	Type of project	Project description	Beneficiaries
Stanford (WC)	Upgrades of three community service centres	The Die Kop Agriculture training centre, Stanford Taxi Rank and Stanford Community Hall were upgraded.	Stanford community.
Steenbokpan (LP)	Unemployed Youth Skills Programme	The programme was introduced to train unemployed youth on trackless mobile machinery and create a pool the mine could source from as it ramps up the new mine. The programme not only gives unemployed local youth skills but creates an opportunity for the youth to be employed.	88 unemployed youth from Steenbokpan trained and 48 employed thus far.
Marble Hall (LP)	Construction and installation of high mast lights	The project was in partnership with Ephriam Mogale Local Municipality. Both the municipality and Afrimat funded two high mast lights each in Moganyaka Village.	Moganyaka Village.
Meyerton (GP)	Upgrade of Rothene Community Hall	The hall is used as a venue for training and development initiatives, municipal events, and formal community meetings.	Midvaal community.
Soshanguve (GP)	Upgrade of Meetseng Primary School Kitchen	The school used containers to cook food for the learners. The school, through various fund-raising initiatives, raised funds to start the construction of a kitchen. However, the school ran out of funds and could not complete the kitchen. Afrimat, through consultation with City of Tshwane Municipality, came on board and completed the kitchen.	Meetseng Primary School in Soshanguve.
Malelane-Sikhwahlane (MP)	Construction of a community hall	Construction of the Sikhwahlane Community Hall in Matsamo. The hall is used as a venue for training and development initiatives, traditional events, and formal community meetings.	Matsamo community.

SNAPSHOT/OVERVIEW

Genuinely passionate about South Africa and creating value in the communities we operate in.

Creating access to market for local small medium micro enterprises.

Creating meaningful jobs through partnership with local small medium and micro-enterprises.

Partnering with the Department of Education to create a conducive learning environment.

MINERAL RESOURCES REGISTER

The Group supplies a broad range of products ranging from Construction Materials (aggregates and concrete-based products), Industrial Minerals (limestone, dolomite and industrial sand), Bulk Commodities (iron ore and anthracite), Services (external logistical and mining services) and Future Materials and Metals (phosphate and rare earth elements). For further information, refer to the business overview on page 4. This Mineral Resources register specifically relates to the Bulk Commodities division of the Group, which consists of iron ore and anthracite. Afrimat established this division in 2016, with the acquisition of an iron ore mine in the Northern Cape. The division was subsequently expanded to include high-quality anthracite in Mpumalanga. Mining activities are undertaken pursuant to mining rights granted by the Department of Mineral Resources and Energy.

COMPLIANCE AND REPORTING BASIS

Afrimat's method of reporting Mineral Resources and Mineral Reserves complies with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code and section 12.13 of the JSE Listings Requirements). The SAMREC Code of 2016 sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves in South Africa. It was launched and adopted by the Johannesburg Stock Exchange ('JSE') in May 2016. The 2024 Afrimat Mineral Resources and Mineral Reserves Report is based on the SAMREC Code. The reporting of Mineral Resources and Mineral Reserves is done annually according to the following flow chart:

The Company's environmental obligations are managed in terms of approved environmental management plans. Compliance with these plans is audited by independent external parties on a regular basis.

The lead Competent Person with overall responsibility for the compilation of the 2024 Mineral Resources and Mineral Reserves report is Philip Mostert, an Afrimat employee. He confirms that the information in this report complies with the SAMREC Code and that it may be published in the form and context in which it was intended.

Philip Mostert graduated with a BSc (Hons) in geology from the University of Pretoria. He spent six years at Goldfields of South Africa as a production geologist, where his duties included the management of the surface capital exploration programme at Kloof. Subsequently, he joined Aflease Gold followed by Brinkley Mining as Senior Exploration Geologist, where he managed the exploration programmes both in South Africa and internationally.

In 2009, he joined Eskom's Primary Energy Division, and was promoted to Senior Manager Technical Services, taking responsibility for all geology, coal quality management, mining and process engineering functions. He was employed as a Principal Consultant at The MSA Group between 2015 and 2017, and at Deloitte Technical Mining Advisory as Senior Manager between 2018 and 2021. In both instances he was responsible for the completion of Competent Persons Reports, leading due diligence studies, Mineral Asset Valuations and evaluations of mining projects at all stages of development.

He was appointed Business Development Manager at Afrimat in September 2022, primarily focused on evaluating new mining acquisitions, assisting with the development of life of mine plans and providing expert geological services to the various Afrimat operations. In April 2024, Philip assumed the role as Group Geologist for Afrimat.

He is registered with the South African Council for Natural Scientific Professions ('SACNASP') as a professional natural scientist (Pr.Sci.Nat.) in the field of practice of geological science, registration number 400442/11.

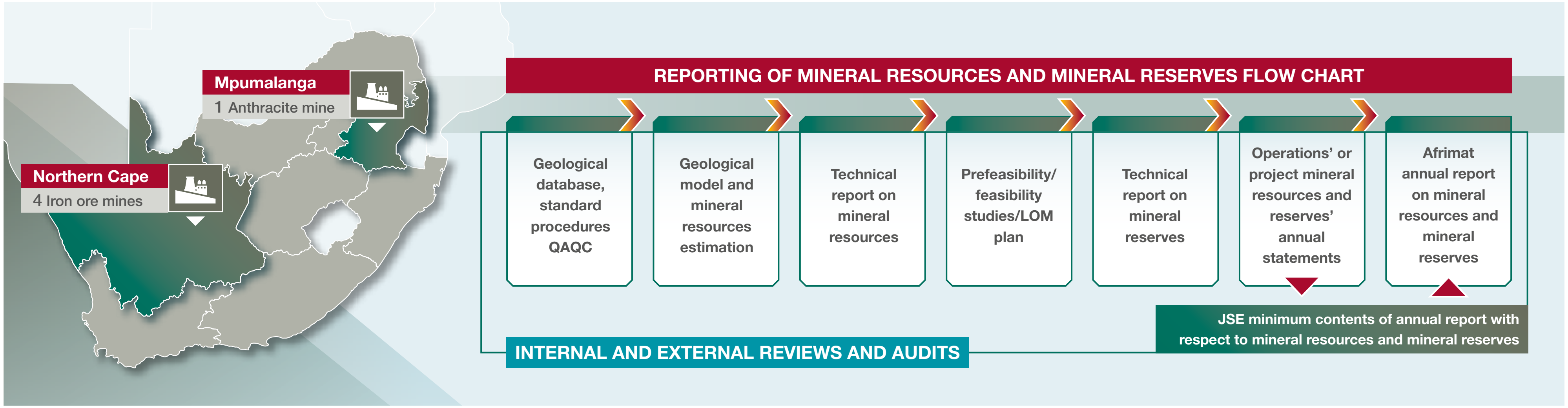
He has a total of 23 years' experience in various aspects of mining and exploration geology, database management, Mineral Asset Valuations and Mineral Resource and Mineral Reserve estimation and as such is considered to be a Competent Person. All Competent Persons at the Afrimat corporate office and the operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility.

The Competent Persons consent to the inclusion of the Exploration Results, Mineral Resources and Mineral Reserves information in this report, in the form and context in which it appears. Details of Afrimat's Competent Persons are available from the Company Secretary on written request.

Philip Mostert Pr.Sci.Nat
Group Geologist

Tyger Valley Office Park No. 2, Corner Willie van Schoor Avenue and Old Oak Road, Bellville

11 April 2024



FY2024 MINERAL RESOURCES AND MINERAL RESERVES SUMMARY AT 29 FEBRUARY 2024

The tables below are summaries of Afrimat's Mineral Resources and Mineral Reserves. Mineral Resources and Mineral Reserves are declared on 100% beneficial attributable basis. BEE shareholding is held at the Group level.

NKOMATI ANTHRACITE

Nkomati summary Coal Resource estimate (29 February 2024) Air Dried Washed Qualities @ 18% Ash

Mining Area	Year	Measured			Indicated			Measured and Indicated			Inferred		
		MTIS Mt	Yield %	CV MJ/kg	MTIS Mt	Yield %	CV MJ/kg	MTIS Mt	Yield %	CV MJ/kg	MTIS Mt	Yield %	CV MJ/kg
Mangweni	**2024**	**8.8**	**85.1**	**27.1**	**–**	**–**	**–**	**8.8**	**85.1**	**27.1**	**14.0**	**78.2**	**26.7**
	2023	8.9	85.0	27.1	–	–	–	8.9	85.0	27.1	14.0	78.2	26.7
Madadeni	**2024**	**19.5**	**76.1**	**26.5**	**2.4**	**73.2**	**26.3**	**21.9**	**75.7**	**26.5**	**1.0**	**40.8**	**25.0**
	2023	20.8	76.3	26.5	2.3	73.2	26.3	23.1	75.9	26.4	1.0	40.8	25.0
Total Nkomati	**2024**	**28.3**	**78.8**	**26.7**	**2.4**	**73.2**	**26.3**	**31.2**	**78.4**	**26.6**	**15.0**	**75.8**	**26.7**
	2023	29.7	79.1	26.7	2.3	73.2	26.3	32.0	78.7	26.7	15.0	75.8	26.5

Notes:
Coal Resources include Coal Reserves. A minimum seam thickness of 0.5m for opencast and 1.2m for underground applied. Rounding down of tonnages to 10,000t. Rounding down may result in computational discrepancies in totals.

Nkomati summary Coal Reserve estimate ROM (29 February 2024)

Mining Area	Year	Probable		Proven		Probable and Proven	
		ROM Mt	CV MJ/kg	ROM Mt	CV MJ/kg	ROM Mt	CV MJ/kg
Mangweni	**2024**	**2.0**	**23.3**	**–**	**–**	**2.0**	**23.4**
	2023	3.0	23.4	–	–	3.0	23.4
Madadeni	**2024**	**1.1**	**24.5**	**10.3**	**22.5**	**11.4**	**22.8**
	2023	–	–	13.2	22.7	13.2	22.7
Total Nkomati	**2024**	**3.1**	**23.7**	**10.3**	**22.5**	**13.4**	**22.9**
	2023	3.0	23.4	13.2	22.7	16.2	22.9

Notes:
Rounding down of tonnages to 10,000t. Rounding down may result in computational discrepancies in totals. Product specification applied as per current market standards and Afrimat offtake agreements. The CP has reviewed these before inclusion in modifying factors. Historical equipment capacities and efficiencies used in estimation production outputs.

MINERAL RESOURCES REGISTER (continued)

AFRIMAT IRON ORE

Mining Area	Year	Afrimat Iron Ore summary Mineral Resources (29 February 2024)							
		Measured		Indicated		Measured and Indicated		Inferred	
		Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %
Demaneng	**2024**	**–**	**–**	**2.6**	**56.85**	**2.6**	**56.85**	**–**	**–**
	2023	–	–	3.2	56.97	3.2	56.97	–	–
Jenkins	**2024**	**19.6**	**62.54**	**–**	**–**	**19.6**	**62.54**	**–**	**–**
	2023	16.2	60.38	–	–	16.2	60.38	–	–
Driehoekspan	**2024**	**17.8**	**57.39**	**4.2**	**56.40**	**22.0**	**57.20**	**–**	**–**
	2023	18.0	57.39	4.3	56.40	22.3	57.2	–	–
Doornpan	**2024**	**1.1**	**56.57**	**1.5**	**57.14**	**2.5**	**56.88**	**0.1**	**58.10**
	2023	1.1	56.57	1.5	57.14	2.5	56.88	0.1	58.10
Total Afrimat Iron Ore	**2024**	**38.5**	**59.99**	**8.3**	**56.67**	**46.7**	**59.41**	**0.1**	**58.1**
	2023	35.3	61.59	9.0	56.73	44.2	60.60	0.1	58.10

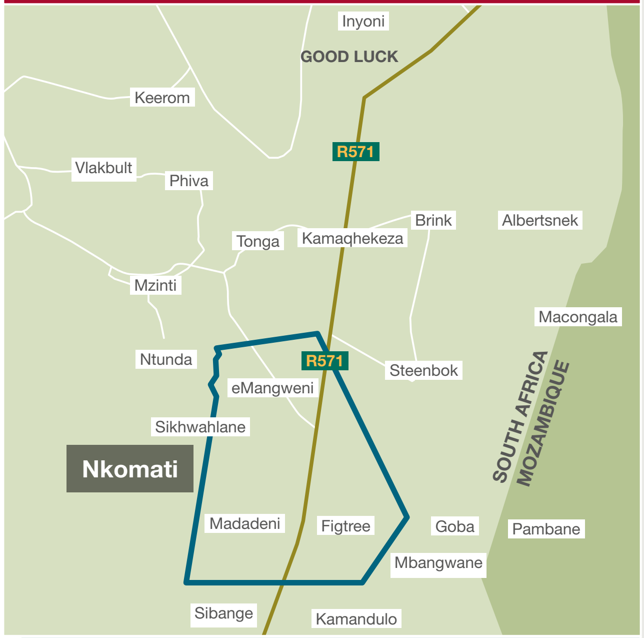
Notes:
50% Fe cut-off used for Resource estimation. Mineral Resources include Mineral Reserves. Rounding down of tonnages to 10,000t. Rounding down may result in computational discrepancies in totals.

Mining Area	Year	Afrimat Iron Ore summary Mineral Reserves (29 February 2024)					
		Probable		Proven		Probable and Proven	
		ROM Mt	Fe %	ROM Mt	Fe %	ROM Mt	Fe %
Demaneng	**2024**	**2.4**	**63.03**			**2.4**	**63.03**
	2023	2.6	62.17	–	–	2.6	62.17
Jenkins	**2024**	**13.8**	**62.61**			**13.8**	**62.61**
	2023	15.5	62.74	–	–	15.5	62.74
Driehoekspan	**2024**	**7.2**	**60.18**			**7.2**	**60.18**
	2023	7.6	60.18	–	–	7.6	60.18
Total Afrimat Iron Ore	**2024**	**23.4**	**61.91**			**23.4**	**61.91**
	2023	25.7	61.93	–	–	25.7	61.93

Notes:
All Iron Ore Resources are mined open pit. Rounding down of tonnages to 10,000t. Rounding down may result in computational discrepancies in totals. Long term iron ore price of USD100/t FOB China. Product specification applied as per current market standards and Afrimat offtake agreements. The CP has reviewed these before inclusion in modifying factors. Historical equipment capacities and efficiencies used in estimation production outputs.

NKOMATI ANTHRACITE

Locality map of Nkomati Anthracite



LEGAL TENURE

Security of tenure for the Nkomati properties is held in the form of Mining Right MP30/5/12/2/89/MR issued on 22 January 2022. The mining right is valid until 21 January 2052 and covers approximately 11 812 hectares.

OVERVIEW

Nkomati is an anthracite mine located in eastern Mpumalanga Province, South Africa, close to the borders of Mozambique and Swaziland. Nkomati covers two distinct mining areas, namely Mangweni to the north and Madadeni to the south, separated by the Komati River. A central coal processing plant is located midway between these areas on the western side of the Komati River.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities are limited to resource definition drilling, largely through the use of diamond core drilling.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results are captured, which includes validation processes during importing of data. Coal samples are sent to a SANAS accredited laboratory.

For FY2024 the exploration expenditure was R13,68 million.

GEOLOGICAL SETTING

Regional Geology Anthracite

The majority of the Nkomati Mining Right is located within a narrow sliver of the north/south trending rocks belonging to the Karoo Supergroup which are situated between the granites and greenstones associated with the Barberton Greenstone Belt to the west and the Lebombo syncline to the east. Nkomati is located in the Ka'Ngwane Coalfield.

The Ka'Ngwane Coalfield extends along the eastern border of South Africa, north of Swaziland and west of the Kruger National Park, for approximately 70km by 40km and is subdivided into northern, central and southern sections. Although named the Ka'Ngwane Coalfield north of Swaziland, the coalfield continues southwards through Swaziland and is believed to be an extension of the Somkhele Coalfield.

The regional geology is dominated by sedimentary sequences including sandstones, mudstones, shales and coal seams of the Karoo Supergroup.

The Karoo Supergroup, in chronological order, comprises thin glacial sediments of the Dwyka Group; coal hosted in Ecca Group sediments; coarse sandstones of the Beaufort Group; and basalt of the Stormberg Group. Coal sequences occur in the Volksrust and Vryheid Formations of the Ecca Group. As a result of the deep sand cover, outcrops are limited, and geological mapping was essentially based on drill hole information. No clear marker beds are present. Strata dip regionally to the east at between 3˚ to 20˚, with a down dip steepening. The strike is north northeast/south southwest. The steepening dip defines the Lebombo monocline with a north northeast/south southwest trending fold axis.

Coal has been devolatised on a regional scale and locally where adjacent to intrusives. The regional alteration is due to major and common regional faulting and volcanic activity throughout the coalfield. Faulting and dykes are generally post coal deposition.

Local Geology Nkomati

The local surface geology within the Nkomati Mining Right typically comprises sediments, coal seams and extrusive lava flows associated with the Karoo Supergroup along with the granites associated with the Nelspruit Suite (post Barberton Sequence). At Nkomati, seams 1, 2 (comprising 2L, 2U(1), 2U(2) subseams), 3, 4, 6 and 8 occur within the late Permian age, Vryheid Formation. The Volksrust Formation has not been encountered at Nkomati. The Nkomati area has been divided into two areas namely Mangweni to the north and Madadeni to the south. There are generally four to five coal seams present of economic significance within the Vryheid Formation, dipping approximately 8˚ to 10˚ east and a 2˚ dip towards the south. The sedimentary succession at Nkomati comprises sandstones, mudstones and shales.

MINERAL RESOURCES REGISTER (continued)

Structurally, the mining area is affected by multiple north northeast/south southwest trending faults and, to a lesser extent, east/west faults resulting in the Mining Right being divided into a series of fault-bounded blocks. Although the geological modelling has been undertaken across these structures, mining areas have been defined by the fault bounded blocks separated by large fault throws. The local structure has had a significant impact on the selection of the mining method, with up faulted blocks enabling opencast methods to be implemented due to lower stripping ratios. Down faulted blocks may only be considered for underground extraction methods. The area is intruded by two major sills, which appear to have been intruded before the dykes and the thermal effects of these sills have resulted in the formation of anthracite. These sills have not been mapped in detail on surface, with the information pertaining to their extent being interpreted from the geophysical survey results. The sills have not been separately identified in drill holes using lithological characteristics and therefore they have not been named. Vertical to semi-vertical dolerite dykes are regularly encountered in exploration drill hole cores and are visible in both the opencast and underground mining areas. These dykes appear to be secondary intrusions cross cutting the sills and coal seams. The dykes are generally cool and do not show significant burning or devolatilisation of the adjacent coal seams.

The coal seams are numbered from bottom to top, with the 1 seam being lowermost and the 8 seam being the uppermost, stratigraphically. The upper seams are only encountered in drill holes located towards the east. The occurrence of the various coal seams varies from Mangweni in the north to Madadeni in the south.

At Mangweni the 2L seam is well developed and of significant thickness (on average 5.5m thick) and is the only seam of economic interest. The seam can be split into two horizons based upon its phosphorous content, with the upper portion being significantly lower phosphorus content than the lower portion. The lowermost 1 seam does not occur at Mangweni. The upper coal seams of the 4, 3 and 2U are less well developed and significantly thinner with approximately thicknesses of 0.6m, 1.1m and 1.2m, respectively, totalling approximately 3m.

At Madadeni, the 1, 2L and 2U (1) seams are well developed and of economic interest. The seams are on average 1.2m, 4.0m, 3.5m thick, respectively, totalling approximately 8.7m. The 2U (2) is approximately 0.3m thick and therefore not of economic interest. All of the 2L coal seam is classified as low phosphorus coal.

The 2L seam is the main seam mined within the Mining Right, and is the seam targeted for underground mining. All seams are extracted within the opencast mining area.

OREBODY MODELLING

The most recent geological models include exploration drilling and sampling results. Dassault Systèms GEOVIA Minex™ Version 6.5.5 (Minex), Golden Software Surfer® Version 17 (Surfer) and Model Maker® Version 12.02 were used for the structural, physical and quality modelling.

A 25m x 25m grid cell size was used throughout. Coal seam floor elevations and coal seam thicknesses were gridded from which the coal seam roof elevations were calculated. All raw coal qualities were gridded for the seams of interest (CV, Ash, IM, RD, VM, FC and TS) as well as the same qualities and theoretical yield variables within the wash curve. It is noted that over time different wash fractions have been analysed in the various exploration campaigns. These cumulative fractions have been regularised using Micromine's Geobank data management software to estimate the missing fractions between analysed fractions.

Phosphorous has only been analysed on certain wash fractions (float density 1.55 and 1.65) which was not necessarily consistent with the product reported. Fortunately, this still does provide a rigorous indication of the expected phosphorous content of the saleable product. Minex's Coal Quality Database module was used to wash for a theoretical product of 18% ash per drill hole and per coal seam. These results were then gridded and were used to report the theoretical product yield and quality per Coal Resource block.

MINING ACTIVITIES

Mining is focused in the Madadeni section, with majority of coal extracted from the Madadeni Opencast and its North-East extension. The 2U and 2L seams are the primary mining targets, with additional coal coming from the 1 and 3 seams where developed. The development of Madadeni Block L commenced in November 2022, with first coal production reached in March 2023.

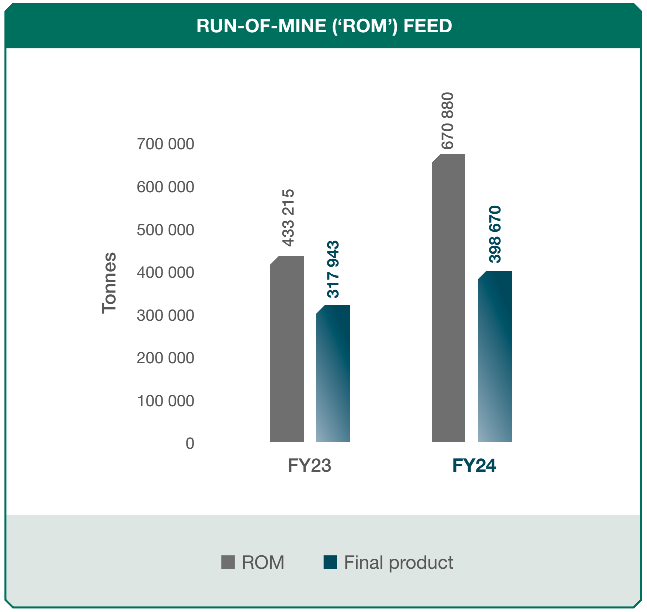
The Mangweni Mini-pit was exhausted in May 2022, with the void left as a possible second access point into the Mangweni Underground. Development of the Mangweni Underground decline continues and is expected to reach the coal horizon in August 2023.

The remaining Life of Mine ('LOM') is estimated at 17 years with ROM reserves of 13.4 Mt. The Coal Reserve total has decreased from FY2023 due to depletion, in addition to sections in Madadeni no longer meeting the threshold for opencast mining. Technical studies to evaluate the viability for underground mining is ongoing.

There are no Inferred Coal Resources included in the LOM plan.

PRODUCTION

ROM feed for FY2024 was 670 Kilotonnes ('kt') with a saleable product of 398 kt.

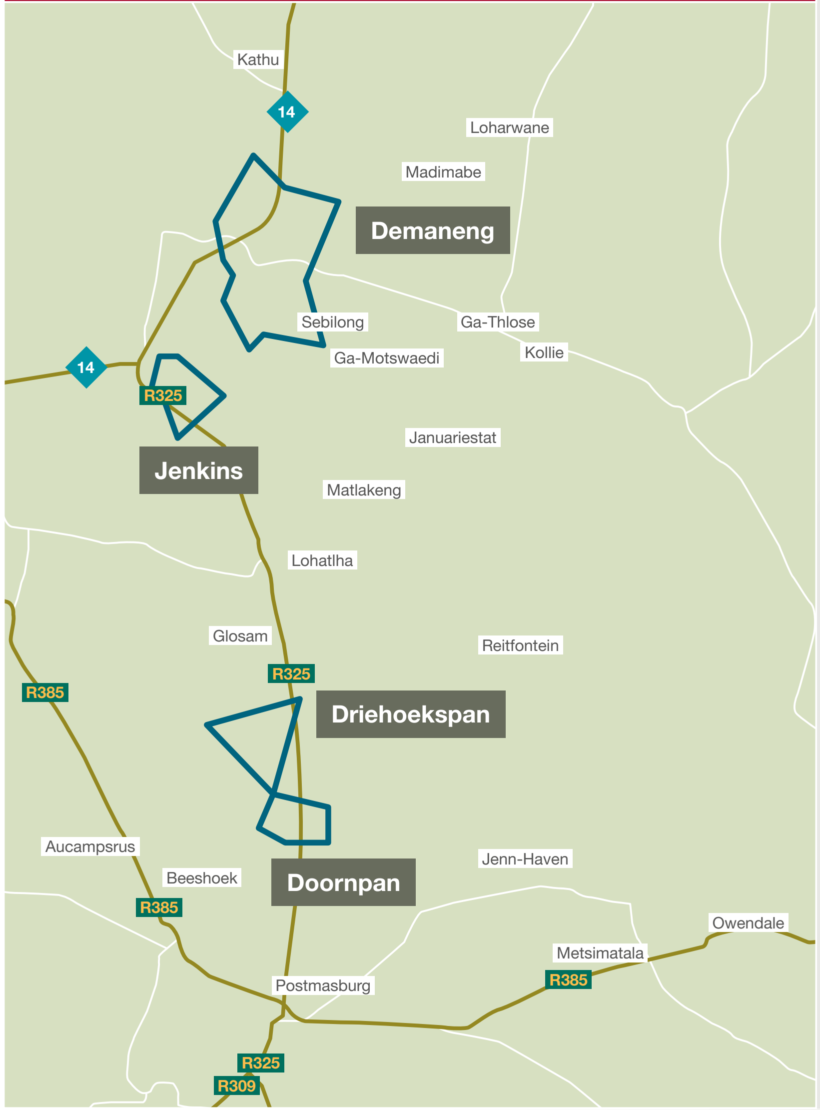


The coal from the mining areas are transported by truck to the ROM tip at the centrally located coal processing plant.

During 2023, the sales split averaged 65% small nuts (+20-80mm), 34% duff (+0.5-20.0mm), and 1% spirals and slurry. Primary products are sold Free On Truck ('FOT') to the local market, specifically to Glencore Operations South Africa Proprietary Limited (Glencore) for use in their ferroalloy smelters as a high-carbon reductant. Limited export sales of secondary products occur when excess product is available.

AFRIMAT IRON ORE

Locality map of the Afrimat Iron Ore Division Properties



OVERVIEW

Afrimat operates the three properties (Demaneng, Jenkins and Driehoekspan) as a single operating unit, with shared technical, operational and support functions. Production output from the properties are considered as a whole to meet customer requirements and maximise value. Doornpan is considered an exploration property.

The Demaneng Iron Ore mine is situated approximately 15km south of the mining town of Kathu in the Northern Cape Province. Demaneng primarily mined Pit H and Rust & Vrede Pit, with ore processed through the two dense medium separation plants.

The Jenkins Iron Ore Mine is situated approximately 8km due south of the Demaneng Iron Ore Mine and about 23km south of the mining town of Kathu. Jenkins mined from a single open pit and produces a direct shipping ore product from its fixed crushing plant.

The Driehoekspan Iron Ore Mine is situated approximately 19km north of the Postmasburg town and about 25km south of the Jenkins Iron Ore Mine. The Doornpan Iron Ore project is situated approximately 13km north of the Postmasburg town and about 6km south of the Driehoekspan Iron Ore Project.

LEGAL TENURE

Demaneng

Security of tenure for the Demaneng property is held in the form of Mining Right NC 270 MR issued on 28 May 2011. The mining right is valid until 27 May 2028.

Jenkins

Security of tenure for the Jenkins property is held in the form of Mining Right NC 10094 MR issued on 24 March 2021. The mining right is valid until 23 March 2051.

Driehoekspan

Security of tenure for the Driehoekspan property is held in the form of Mining Right NC 10082 MR issued on 15 October 2020. The mining right is valid until 14 October 2050.

Doornpan

Security of tenure for the Doornpan property is held in the form of Mining Right NC 10034 MR issued on 4 December 2017. The mining right expired on 3 December 2023. An application for renewal of the Mining Right was submitted, and is awaiting approval.

MINERAL RESOURCES REGISTER (continued)

> "The distribution of chert bearing dolomite has influenced the development of karst type sub-surface into which high grade iron ore deposits have developed and been preserved.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities are limited to resource definition drilling, largely through the use of percussion drills. Logging and sampling of the boreholes are done at the drill rig. Logging, sampling and analytical results are captured, which includes validation processes during importing of data.

Samples are sent to the on-site laboratory for analysis.

For FY2024 the exploration expenditure was R2.91 million.

GEOLOGICAL SETTING AND MODELLING

The central part of the Maremane dome comprises a flat lying erosional plain consisting of dolomite of the Campbellrand Subgroup, with an eastern and western limb consisting of the iron formation of the Asbesheuwels Subgroup of the Transvaal Supergroup.

The dome is a north-south plunging anticline elongated to form a semi-arcuate feature, with the eastern limb dipping gently to the east and the western limb dipping to the west. The structure of the dome has been considerably modified by later tectonics and is a remnant of a much larger palaeo feature with considerable amounts of ore material, mainly from the Griquatown Iron Formation, having been removed by erosion. Only the eastern half of the dome is exposed with the western half covered unconformably by the Gamagara succession of diamictite, quartzite and basaltic andesites, with an unconformity produced by thrusting from the west caused by the low angle Black Ridge thrust fault.

High to medium grade hard hematite iron ore deposits are considered as type examples of the ancient enrichment of Precambrian Banded Iron Formations ('BIF'). These deposits are situated on the Klipfontein hills ridge, part of the eastern edge of the Maremane dome where BIF overlies the core of dolomite. Along the Klipfontein hills forming the eastern edge of the dome structure, scattered outcrops of BIF and chert breccia occur. The Sishen and Beeshoek iron ore deposits are hosted within the Manganore Iron Formation which is generally regarded as an altered equivalent of the Kuruman Iron Formation and the Griquatown Iron Formation of the Asbesheuwels Subgroup.

The distribution of chert bearing dolomite has influenced the development of karst type sub-surface into which high grade iron ore deposits have developed and been preserved. The two major types of iron ore deposits are the micro-crystalline hematite ores derived from supergene enrichment of the Asbesheuwels Iron Formation below the angular Gamagara unconformity and the conglomeratic ore derived from erosion of the underlying laminated ores. The conglomeratic ores can thicken considerably into karst (solution) palaeo lows in the dolomite which can produce ore deposits with irregular floor and thickness distributions.

LOCAL GEOLOGY DEMANENG

The lithological sequence consists of shale and conglomerate of the Gamagara Formation that is unconformably underlain by BIF of the Manganore Iron Formation which is overlying an undulating Wolhaarkop chert breccia.

The majority of the mineralisation on Pit H occurs in a zone of structurally controlled haematite alteration in the BIF. The mineralisation is interpreted to occur within a series of repeated/duplicated zones of faulting or thrusting, which are orientated north-south. Duplication is evident with older stratigraphy observed to overlie younger stratigraphy. A set of northwest-southeast linear structures can be seen in the open-pit and are considered to be associated with the faulting and thrusting seen in the drillholes.

At Pit H, these linear features are perpendicular to the strike of the thrust orientations with recorded measurements of 90° to 110° dipping at approximately 75° to 90° to the northeast. Three distinct zones of mineralisation are evident in the drill holes, massive, homogenous haematite (>60% Fe), layered BIF with minor zones of haematite enrichment 45% to 55% Fe and a conglomerate.

The zones of partially replaced BIF that contain haematite are interpreted to form a 'halo' around the massive mineralisation which is orientated approximately northwest-southeast. Overlying the host BIF is the Doornfontein Conglomerate. The pebbles and matrix of the conglomerate are often seen to be replaced by haematite. The conglomerate is flat lying, with grades ranging from 50% to 55% Fe.

LOCAL GEOLOGY JENKINS

The eastern part of Jenkins contains well exposed outcrops of dense black hematite, dipping at around 17° to west. At approximately 200m down slope, the hematite is overlain by the younger Gamagara quartzite and ferruginous shale, on an angular unconformity. Thrust faulting has been reported in the literature between the oxide layers and the underlying dolomite. Further to the west, the sedimentary rocks are overlain by the basaltic andesite of the Ongeluk Lava along the Black Ridge thrust fault plane.

Variations occur in the thickness of the various layers due to undulations of the dolomite floor (probably collapsed solution cavities in the dolomite), variations of the overlying sedimentary events and compression flexing from the west.

LOCAL GEOLOGY DRIEHOEKSPAN

On Driehoekspan, only the western extremity of the farm contains the ore zone which outcrops on three distinct topographic ridges with opposing and overturned dips on the western most exposures, the eastern remainder of the farm being the central flat lying erosional dolomite plain with occasional low hills of dolomite.

Compression tectonics from the west has produced steep to vertical and possibly overturned isoclinal folding, the frequency and amplitude of which decreases rapidly eastwards. This is evidenced by three separate outcrop exposures of both ferrous and ferro-manganiferous oxide material, decreasing in altitude from the west.

LOCAL GEOLOGY DOORNPAN

Doornpan lies on the flat lying central Maremane dome dolomite plain with the Bleskop Hill forming an isolated topographic high containing a semi-elliptical crown outcrop of hematite. Outcropping black hematite is visible both at the apex and at the base of the hill. Topographically, the top of the hill forms a shallow inwardly dipping which shows that the hill is a remnant overlying a collapsed solution cavity forming a slump structure, the base of which is some 70m below the present-day dolomite erosional surface.

OREBODY MODELLING

The Datamine software package was used for geological modelling and geostatistical analyses and mineral resource determination and classification.

The orebody top and bottom contacts were established using a 50% Fe cut-off value.

>50% Fe samples near to the ore body (in both hanging and footwall) was used as a cut-off grade. The weighted grade of the outlier and the waste separating it from the ore body was calculated. If this weighted grade exceeded 50% Fe the outlier (and waste) was included in the ore body.

The orebody top and bottom were constructed as two separate DTM surfaces and the volume between was filled with blocks. The orebody was terminated 50m beyond the last line of boreholes. In order to avoid overestimating of the resource a geological loss was calculated for the orebody model. The number of samples at grades less than 55% Fe within the ore envelope was expressed as a percentage of the total samples and quoted as a loss.

Data was composited to 1m intervals. Summary statistics as histograms were generated on the composited file for the three different ore bodies.

The elements studied are Iron, Potassium, Silica, Alumina, Sulphur, Phosphate, Magnesium, Sodium and Titanium. The elements mainly follow the Normal distribution. Ordinary kriging was used in the interpolation process. The number of Discretisation points is 4*4*4 in the X, Y, Z directions respectively. The Datamine software package was used for geological and grade modelling. Swath analyses for the Fe and K2O elements were done to compare borehole input against the predicted Block model value. A 50m corridor along the Y-axis of the deposit through the borehole file and the same corridor through the block model was compared to assess if the same trend is present, i.e. is the kriging interpolation following the borehole values.

MINING ACTIVITIES

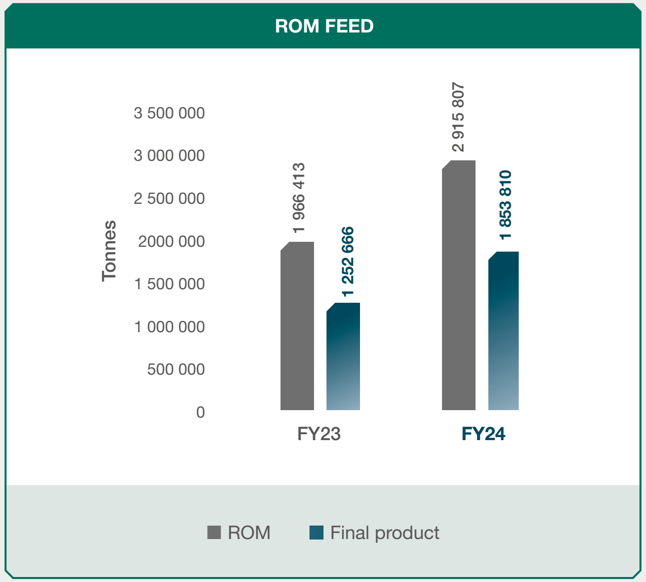
Demaneng mines four open pits (JC, Pit H, Rust and Vrede and Rust and Vrede South), with a single open pit in operation at Jenkins. Development of mining operations at Driehoekspan is ongoing and expected to reach full production during FY2025, with current focus on mining the overlying manganese.

The remaining LOM is estimated at eleven years with ROM Reserves of 23.44 Mt.

There are no Inferred Mineral Resources included in the LOM plan.

PRODUCTION

ROM for FY2024 was 2.92 Mt with a saleable product of 1.85 Mt. A comparison with FY2023 is presented in the graph below.



Ore from the pit is transported to the ROM tip located at each site. Dependent on iron content it is either stockpiled and blended as direct shipping ore, or processed through the dense medium separation plants at Demaneng.

All product is transported to Lyleveld Siding, from where it is loaded on trains for transport to local and international customers.

REMUNERATION REPORT

Letter from the Chairmen of the Remuneration & Nomination Committee

Dear shareholders

On behalf of the Committee, we are pleased to present the FY2024 remuneration report. This report highlights Afrimat's remuneration philosophy and policy and illustrates how the business performance in 2024 is aligned with the key remuneration outcomes regarding executive directors during the year.

In line with King IV™ Code on Corporate Governance for South Africa, and our commitment to advancing fair and responsible remuneration, our policies are reviewed and enhanced annually with emerging trends, regulatory requirements, and stakeholder expectations. The Company is committed to actively engage with shareholders and external experts to gather insights and feedback on its remuneration policy and to ensure that it is consistently implemented to maintain a strong relationship with all stakeholders. We will continue to improve policies and practices to be aligned with remuneration developments in local and global best practices but also more importantly aligned with Afrimat's strategy and values with the aim of enabling Afrimat to attract, retain and motivate top talent who will create long-term value for all stakeholders.

Transparency remains a cornerstone of our remuneration philosophy and accordingly both the Company's remuneration policy and its implementation report thereon will once again be presented to shareholders for separate non-binding advisory votes at Afrimat's 2024 AGM. In the event that 25% or more of the shareholders vote against either the remuneration policy or the implementation report at the meeting, Afrimat will engage with such shareholders through dialogue, requesting written submissions or otherwise, in order to address their concerns, always mindful of meeting the Company's stated business objectives while being fair and responsible toward both the employees and shareholders.

FOCUS AREAS FOR FY2025

- Employee development remains a critical item.
- Sustained emphasis on fair compensation principles throughout the Group.
- Attract, retain and motivate top talent who will create long-term value.
- Continued focus on a healthy culture.
- Sound shareholder engagement to ensure alignment with shareholder interest.
- Transparency and clear communication, allowing shareholders to fully comprehend our remuneration philosophy and practices.

COMMITTEE CONSIDERATIONS AND DECISIONS

Introduction

The Remuneration & Nominations Committee is an independent and objective body, which monitors and strengthens the credibility of the Group's executive remuneration system. It ensures that executive remuneration is linked, in part, to individual performance, the Group's performance and market conditions and benchmarks. The Committee considers and makes recommendations to the Board on remuneration packages and policies in this regard. The Committee is therefore authorised by the Board, to seek any information that may further obtain external legal and/or other independent professional advice if deemed necessary, at the expense of the Group. The requirement for external advisors is assessed annually in the context of issues at hand and the recommendations by these advisors are only used as a guide, and do not serve as a substitute to the Board's thorough consideration of the relevant matters.

The Committee is structured and held responsible in such a manner to demonstrate to all stakeholders that the remuneration of executives is set by independent, objective persons who have no personal interest in the outcome of their decisions and who will give due regard to the interests of all stakeholders and to the financial and commercial health of the Group in reaching their recommendations. The Committee's Charter is available on the Company's website.

Prescribed officers are defined as those who exercise general executive control over and manage the whole or significant portion of the business and activities of the Group, or who regularly participate to a material degree in such exercise of general executive control and management. The executive directors and deputy CFO are deemed to be prescribed officers of the Company. Their remuneration is disclosed in the integrated annual report on page 77.

Voting at the AGM held on 2 August 2023

The remuneration policy and implementation report is tabled each year for separate non-binding advisory votes by shareholders at the AGM. At the AGM on 2 August 2023, the remuneration policy and the implementation report were passed by the requisite majorities. As such, no further engagement with shareholders was required. The 2023 and 2022 AGM voting results are set out below.

	2023	2022
Advisory vote		
Remuneration policy	**94,5%**	86,7%
Implementation report	**94,9%**	94,5%
Special resolution 1 – 12		
Future non-executive directors' remuneration	**>90%**	>90%

The CEO and CFO attend Remuneration & Nominations Committee meetings by invitation to assist with deliberations, apart from with discussions regarding their own remuneration.

Independent external advisors

The Committee contracted the services of Deloitte Touché Tohmatsu Limited during FY2024 for independent external advice. The Committee continues to use Willis Towers Watson Public Limited Company (Willis Tower Watson) for remuneration benchmarking purposes. Furthermore, the Committee is satisfied with their independence and objectivity.

REMUNERATION POLICY AND FRAMEWORK

The Group pays market-related salaries relevant to an individual's position and the region/area in which he/she will be employed, taking into account his/her qualifications, experience and performance. The administration of the Group's retirement and provident funds is outsourced to ACA Employment Benefits Proprietary Limited, which advises on market trends in retirement benefits.

The Group's approach is to reward holistic and balanced as follows:

REMUNERATION MIX

Guaranteed pay ('GP')

Benchmarked against applicable companies to ensure that GP is competitive and attracts and retains the required level of experience and expertise required for the Group

Base salary ('BS')

Market-related salary tailored to roles and performance.

Benefits

Market-related benefits including pension, provident funds, healthcare and vehicle allowance.

Variable pay

Short and long-term incentives with the opportunity to earn additional financial rewards over performance periods of between one and three years

Short-term incentives ('STI')

Annual performance bonus paid on the achievement of one-year financial targets. Employees in the Group participate in an STI scheme appropriate to the level and role that they perform in the Group.

Long-term incentives ('LTI')

Share schemes designed to incentivise Group CEO, executive directors, execs and senior to middle management levels across the Group, on delivery of long-term strategic goals aligned with shareholder expectations:

- Share appreciation right scheme ('SAR').
- Forfeitable share plan ('FSP').

DISCRETION

The remuneration framework provides a guideline for the Group's remuneration arrangements. Although the basis for STI and LTI awards are formulaic in nature, participation in variable pay remuneration is discretionary. The Remuneration Committee determines the size of the STI pools and has the discretion to exercise reasonability and discretion to make *ex gratia* payments where extraordinary value has been created by executives. Discretion is not exercised in the calculation of the performance conditions for the short and long-term incentive schemes. If a material deviation from the Remuneration Policy occurs, this will be appropriately disclosed in the Remuneration Report.

The Group's executives are remunerated in terms of a remuneration package and incentivised with a short-term incentive bonus and long-term share appreciation rights scheme and forfeitable share plan. The remuneration packages are structured on a 'cost to company' basis and include contributions to health care and retirement benefits. Annual increases to executive remuneration packages are adjusted for changes in the general cost of living and market-related changes. Performance incentives are calculated in terms of defined profit targets and key performance indicators ('KPIs'), including risk management efficacy. Details of the share appreciation rights scheme and forfeitable share plan for executive directors and senior management are disclosed on pages 74 to 75 of this report. (Afrimat's full remuneration policy is available at www.afrimat.co.za).

The following section sets out the manner in which the Group's remuneration policy addresses fair and responsible remuneration for executive management in the context of overall employee remuneration.

Some of the principles driving fair and responsible remuneration are:

- consideration given to minimum wage legislative requirements;
- equal pay for work of equal value specifically addressing any income disparities based on gender, race, age and cultural preference;
- participation of senior permanent employees in some form of short-term incentive scheme and/or forfeitable share scheme, the distribution of which is based on the achievement of performance metrics;
- participation of permanent employees in operational business units in some form of a Committee-approved production incentive bonus scheme that is self-funded and affordable. The distribution to individual employees of this bonus pool is based on the achievement of performance metrics; and
- participation in equal measure on product discounts of all permanent employees.

The Group measures the business unit's respective positioning relative to minimum wage legislation. All annual salary increases are informed by affordability, Company performance, internal parity, individual performance and responsibility of the role.

Employee share benefit scheme

The Afrimat employee trust, Afrimat BEE Trust, holds (indirectly through AEI) on an unencumbered basis, 6,9 million shares representing 4,3% of the issued share capital of the Company. The Company is in the process of increasing the shareholding by qualifying employees to 5,0%.

Qualifying employees will be an individual who must:

- be a permanent employee of the Group, and be employed for at least three uninterrupted years;
- not be serving his/her notice period; and
- not be participating in any other short-term incentive scheme of the Group.

The participation by the qualifying employee in a self-funded productivity incentive bonus scheme shall not disqualify his/her participation in the revised scheme.

REMUNERATION REPORT (continued)

The beneficiaries have been allocated units in relation to the shares held. A beneficiary shall not be entitled to dispose and/or encumber or in any way deal with his/her trust unit, but will have a vested right to receive distributions, i.e. dividends commensurate with his/her participation rights. Dividends to the amount of R5,3 million (2023: R6,0 million) was distributed to the qualifying participants during the current financial year.

At least 85,0% of the beneficiaries under the revised scheme shall be people defined as 'black' in terms of the Broad Based Black Economic Empowerment Act. The Company's qualifying employees constitute a representation of more than 85,0% black persons, i.e. 92,9%.

Employees

Collective wage increases for employees in bargaining units, i.e. where recognition agreements are in place and formal collective bargaining agreements take place, are negotiated with the representative trade union per business unit. Trade union membership in bargaining units comprises 71,0% (2023: 65,9%) of the total workforce.

REMUNERATION MIX

Refer page 73 for remuneration framework of executives.

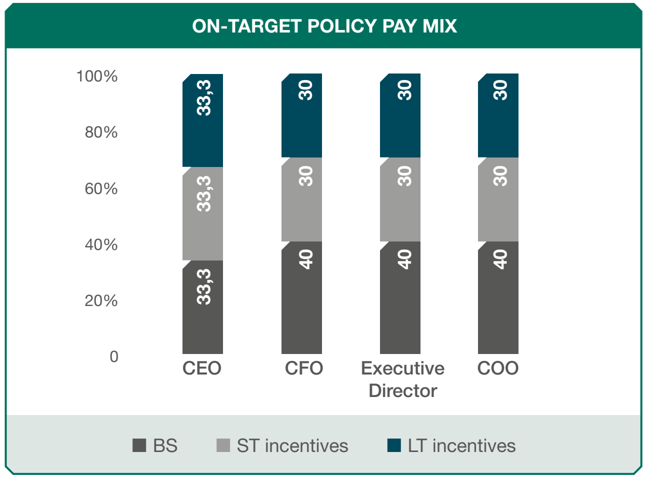
The Company ensures that remuneration for the salaries of executives constitutes a mix of fixed and variable elements (both elements as well as short-term and long-term variable compensation). In terms of the Group's remuneration policy, philosophy and strategy for executives (as opposed to general employees), it weighs the variable remuneration for executives heavier than guaranteed remuneration. Variable remuneration is subject to performance conditions, which need to be met and thus there is a large element of total pay at risk for the executives, aligning performance with reward. The base salaries of executives are benchmarked against Willis Tower Watson annual industry remuneration paper, who are employed particularly for this purpose to ensure independence and integrity of information. The industry remuneration paper reflects the median levels based on the role and individual skills and experience of key individuals.

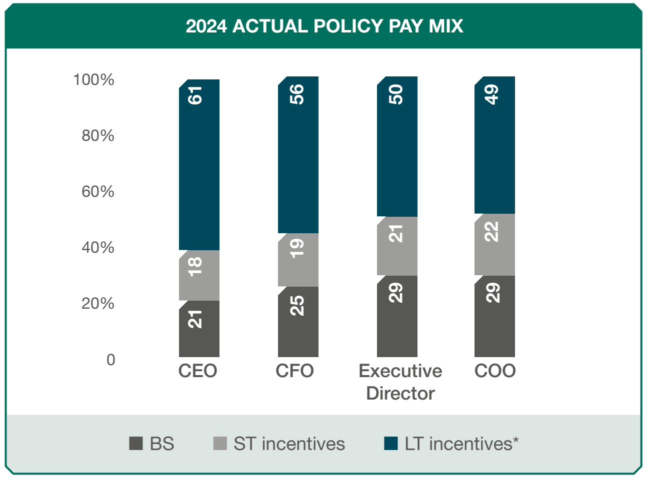
According to Willis Tower Watson's remuneration survey, the executives are paid at the lower end of the market for their respective roles in fixed pay. However, the Company places a higher relative target on variable pay which is seen as a more aggressive pay mix. The Committee is satisfied that the total reward outcome should be the key driver in executive pay should they achieve their targets. This further entrenches the concept of performance and reward.

Share appreciation rights and forfeitable shares are issued to executives to align the interest of executives with those of the shareholders. The award of share options and forfeitable shares to key management is recommended by the Remuneration & Nominations Committee and approved by the Board. Refer to note 19 on page 143 of the annual financial statements for further information.

Non-executive directors do not take part in any performance-based remuneration, as to not adversely affect the independence and objectivity of such directors.

The below graph has been inserted to reflect the Company policy to ensure an acceptable mix of short-term, long-term and cost to company remuneration for executives:





* *The weighting of the LT incentives is impacted by the inclusion of the exercised SAR (grant 15), which indicates the growth in the share price from grant date to vesting date.*

Benchmarking

The Group uses industry and country specific benchmarking in ensuring that we apply the right mix and remunerate our executives competitively. The Committee uses remuneration surveys and peer group data from the JSE construction/mining sector. Afrimat targets between the 25th percentile and the 50th percentile for guaranteed pay of the market for executives due to higher relative variable pay with regards to the short-term incentive bonus scheme ('STIBS') and LT incentives.

Employment contracts

Refer to note 20 on page 147 of the annual financial statements for further information.

Share appreciation right plan ('SAR')

Upon recommendation of the CEO and the Remuneration & Nominations Committee, the Board may approve and grant equity-based remuneration in the form of SARs.

SARs are granted to executives and key employees having regard, among other things, to the past and potential contribution of the person to the Group and the need to retain the skills of the employee. The instruments provide a right to future delivery of Afrimat shares (the value equating to the growth in share price from grant date to exercise date of the instruments, e.g. if 10 SARs are awarded at R10 and the share price grows to R20, then R100 will be delivered in shares (five shares at R20 on exercise date). Overall levels of SARs granted are reviewed annually in accordance with market best practice. When SARs vest the performance criteria stipulated in the SAR scheme rules (and agreed with participants in terms of grant letters) determine whether individuals qualify to receive shares and the quantum of shares. The vesting period of the SARs is typically three years, but SARs may vest up to five years after grant date (with a further exercise period). For early termination of employment (based on resignation, dismissal) all unvested SARs will lapse, but for good leavers (disability, death, retrenchment, etc.) unvested SARs will vest pro rata based on time employed and the extent to which performance conditions were met. The aggregate number of shares at any one time, which may be settled in respect of this SAR to all participants, shall not exceed 11,2 million shares, which equates to approximately 7,0% of the number of issued shares at the date of adoption of the SAR. Although a limitation of 7,0% was provided in the SAR rules, the actual aggregate number of shares that may settle at any one time has always been below 2,0%.

The maximum number of shares settled to any single participant in terms of this SAR, will not exceed one million shares, which equates to approximately 0,7% of the numbered issued shares at the date of adoption of the SAR, which is considered in line with best market practice. The limits will be aggregated with the FSP as discussed on page 75.

All awards in terms of the SAR scheme were subject to financial performance conditions as well as retention conditions.

The nature of performance conditions to be imposed in terms of the SAR scheme rules provides the Committee with the flexibility to determine the most appropriate conditions to impose on an annual basis and taking cognisance of the economic and business conditions at the time of the SAR award. The financial performance conditions for the vesting of SARs are agreed in the SAR award letter to participants annually.

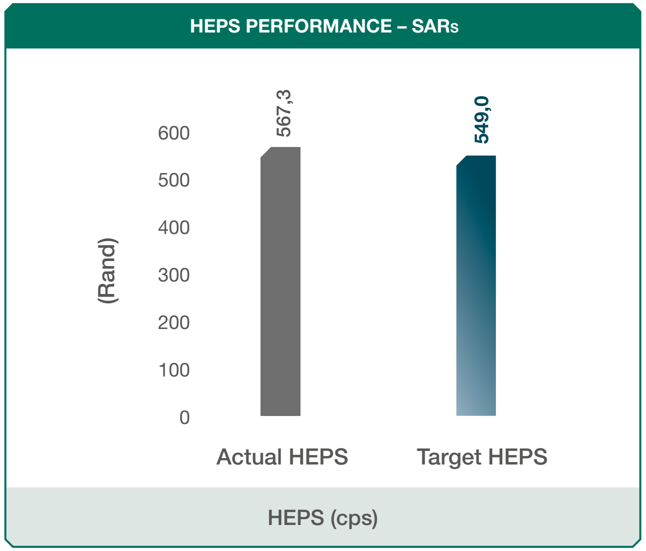
The achievement of the performance conditions for the SAR vesting during the year is as follows:

Performance measure	**Targets**
Target year three	HEPS growth of cumulative CPI for the three-year performance period + 6% from base year
Target year four	HEPS growth of cumulative CPI for the four-year performance period + 8% from base year
Target year five	HEPS growth of cumulative CPI for the five-year performance period + 10% from base year

Vesting of Grant 16 SAR allocation:

The performance conditions for the Grant 16 SAR allocation vesting on 25 May 2024 were tested to determine if vesting had been achieved.

The performance condition for SARs is HEPS growth of cumulative CPI plus 6% over the three-year performance period. The graph shows the target HEPS, which is required for the full vesting of the May 2021 SAR, against actual HEPS. Actual HEPS achieved was 567,3 cps, 18,3 cps above the target HEPS of 549,0 cps. Based on the outcome, the May 2021 allocations have vested and was exercisable as from 25 May 2024, subsequent to approval by the Remuneration & Nominations Committee.



Forfeitable share plan ('FSP')

A FSP is in place as a long-term incentive for selected employees to encourage delivery of the Group's business strategy and to serve as a retention mechanism.

Forfeitable shares are awarded annually to executive directors, senior executives and senior managers based on achieving Company and individual performance objectives for the year under review. The performance objectives relate to specific KPIs identified per individual and their respective overall performance thereon. The FSP currently has nine (2023: nine) participants. The FSP participant population is intended to be for individuals who are key to the Company's leadership and is considered annually. A forfeitable share award vests after a period of three years. Forfeitable share awards will be forfeited if the participant leaves employment during the restricted period (except if the participant is a 'good leaver' under the scheme rules).

The shares are held by a Central Depository Participant ('CSDP') on behalf of the employee during the time of the vesting period and the employee will not be able to dispose of the shares before the vesting date.

The FSP provides for the delivery of full shares (performance and/or restricted shares) on grant. The shares are subject to forfeiture and disposal restrictions and are held on behalf of a participant until it vests. A participant will have all other shareholder rights (i.e. dividends and voting rights) from grant date. Overall levels of FSPs granted are reviewed annually in accordance with market best practice. The number of FSPs granted to participants is based on the participant's total cost of employment ('TCOE'), grade, performance, retention requirements and market benchmarks. Every qualifying position will be capped in terms of the maximum total FSPs. The vesting period of the FSP is three years. For early termination of employment (based on resignation, dismissal) all unvested FSPs will lapse, but for good leavers (disability, death, retrenchment, etc.) unvested FSPs will vest pro rata based on time employed.

Refer to limits set in aggregate with the SAR scheme as presented above.

Short-term variable incentives

The short-term incentive bonus scheme ('STIBS') is discretionary and is linked to the achievement of targets led by the short-term performance target of headline PBIT. Bonuses are paid proportional to TCOE relative to achievement of financial and operational targets.

Bonuses are created after the achievement of predefined targets aligned to the Group's strategic plan. Bonuses are increased in value as threshold, target or stretch targets are attained. Bonuses are capped at the following percentages of TCOE:

Category	Bonus cap	Performance rating
Group CEO	On-target 77% Stretch 23%	**100%** **100%**
Group executive directors	On-target 47% Stretch 33%	**100%** **100%**

All bonuses paid are subject to approval by the Board on recommendation of the Remuneration & Nominations Committee.

STIBS is based on performance of FY2024.

PLEDGED SECURITIES

In compliance with 3.64(h) the following is being disclosed to shareholders. No Afrimat ordinary shares held by directors were pledged as a guarantee or collateral during the course of the reporting period.

REMUNERATION REPORT (continued)

IMPLEMENTATION AND REMUNERATION DISCLOSURE OF THE CEO, CFO, COO AND EXECUTIVE DIRECTOR

The implementation report details the outcomes of implementing the remuneration policy and detailed on page 77.

2024 STIBS performance

A component to the CFO, COO and executive director's performance scorecard specifically relates to their respective responsibility, i.e. financial metrics, operational efficiencies, people management and safety, health and environment. But moreover, their scorecards are aligned to that of the CEO and therefore presented as one scorecard for the purposes of disclosure in terms of achieving their relevant targets.

Detailed disclosure of the CEO, COO, CFO and executive director's performance scorecard is as follows:

	Performance	
Key performance areas	**Target**	**Actual**
Financial returns	HEPS, cash generated from operations, RONA.	HEPS increased by 24,0% and a 22,9% improvement on cash generation from operations was achieved. Overall, a solid performance was attained during F2024.
Safety, health and environment	LTIFR lower than 1, no reported environmental compliance incidence and clean audit result with health legislation compliance.	0,29 LTIFR, no reported incidence and clean audit result.
People management	Performance management, develop organisational culture, succession planning and drive leadership development programme.	Management of Company-wide performance management system, integration of acquisitions and driving culture programme Group-wide, assessment of leadership talent and enhancing of individual development plans.
B-BBEE	Compliance to revised B-BBEE criteria.	Comply with all targets in Mining Charter and employment equity plans. Improvement on all targets.
Business strategy	Approved strategy which focuses on five-year growth objective.	Cost reduction optimisation, sustainable HEPS growth.
Ensuring Afrimat has a positive image with investors	Positive relations with investors, good profile in the media and compliance to values and legislation.	Frequent interaction with top investors, clean audit reports, functional internal audit and annual financial statements.

Stretched targets in relation to the CEO's performance included:

	Performance	
Key performance areas	**Target**	**Actual**
Improve and grow the Nkomati business to a steady state	Ramp up to steady state.	During the year extensive mine development was done. Nkomati anthracite mine recovered strongly in the second half of the year with healthy market volumes from both local and export sales. Ramping up towards steady state production.
Strategic growth	Establishing a consistent pipeline of growth opportunities.	Nkomati, Glenover and Lafarge supplies sufficient growth potential.
Drive a Company-wide efficiency optimisation programme	Mining cost reduction of 10% in R/tonne, when comparing to 28 February 2023.	The excessive increases in fuel and explosive cost were sufficiently mitigated by a Company-wide efficiency drive. The cultivation of efficiency drives constitutes an integral aspect of Afrimat's culture and yields a notable financial contribution.

Single-figure remuneration

Single-figure remuneration is disclosed for executive directors' remuneration for the year. The intention of single-figure remuneration is to disclose the remuneration earned or accrued by directors based on the performance of the current year, including any income attributable to unvested long-term share schemes.

Tables of single total figure of remuneration (R'000)

The following tables have been prepared in accordance with the provisions of King IV™ and practices notes.

The value of the SAR and FSP are on vesting date and not on award date. The material increase is linked to growth in shareholder value.

Andries van Heerden (CEO)

	2024 R'000	2023 R'000	% increase/ (decrease)
BS	**6 924**	6 480	6,9%
STIBS	**6 924**	5 835	18,7%
LTI	**18 703**	19 648	(4,8%)
SAR	**12 826**	12 141	5,6%
FSP	**5 710**	6 964	(18,0%)
Dividends	**167**	543	(69,2%)
Total (pre-tax)	**32 551**	31 963	1,8%

Pieter de Wit (CFO)

	2024 R'000	2023 R'000	% increase/ (decrease)
BS	**4 220**	3 947	6,9%
STIBS	**3 376**	2 945	14,6%
LTI	**5 623**	8 733	(35,6%)
SAR	**5 513**	5 233	5,4%
FSP*	**–**	3 196	(100,0%)
Dividends	**110**	304	(63,8%)
Total (pre-tax)	**13 219**	15 625	(15,4%)

** No FSP shares vested during the financial year.*

Collin Ramukhubathi (Executive Director)

	2024 R'000	2023 R'000	% increase/ (decrease)
BS	**4 150**	3 596	15,4%
STIBS	**3 320**	2 685	23,6%
LTI	**4 831**	6 236	(22,5%)
SAR	**4 721**	2 736	72,6%
FSP*	**–**	3 196	(100,0%)
Dividends	**110**	304	(63,8%)
Total (pre-tax)	**12 301**	12 517	(1,7%)

** No FSP shares vested during the financial year.*

Gerhard Odendaal (COO)

	2024 R'000	2023 R'000	% increase/ (decrease)
BS	**4 137**	3 883	6,5%
STIBS	**3 309**	2 885	14,7%
LTI	**4 902**	6 578	(25,5%)
SAR	**4 792**	3 078	55,7%
FSP*	**–**	3 196	(100,0%)
Dividends	**110**	304	(63,8%)
Total (pre-tax)	**12 348**	13 346	(7,5%)

** No FSP shares vested during the financial year.*

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Remuneration Committee is of the opinion that the existing annual fee to Board members is below market benchmarks applicable to the size of Afrimat. The proposed annual fee to Board members has therefore been increased with 10,0% to be more in line with market rates to the size of Afrimat.

The remuneration of non-executive directors is paid monthly and does not include short-term or long-term incentives. The directors are therefore not paid Board attendance fees, as historically, 100% attendance of meetings is evident. The Company reimburses reasonable travel and accommodation to attend meetings. The Board and committee member remuneration structure consists of a fixed fee as set out in the table below:

Type of fee	Proposed annual fee 2024/25 R	Actual annual fee 2023/24 R
Board		
Chairman	**1 152 000**	1 047 000
Board member	**405 000**	368 000
Audit & Risk Committee		
Chairman	**243 000**	221 000
Member	**133 000**	121 000
Remuneration & Nominations Committee		
Chairman – Remuneration	**96 000**	87 000
Chairman – Nominations	**96 000**	87 000
Member	**75 000**	68 000
Social, Ethics & Sustainability Committee		
Chairman	**116 000**	105 000
Member	**75 000**	68 000
Investment Review Committee		
Chairman	**116 000**	105 000
Member	**75 000**	68 000

On advice from the Remuneration & Nominations Committee, the Board recommends the increase for all non-executive director fees for approval by shareholders at the next AGM. Only once the shareholder resolution is passed, will the proposed fees be paid.

Service contracts: non-executive directors

A daily rate of R22 000 for non-executive directors is currently paid for extraordinary duties. This daily rate will be requested for approval by shareholders at the next AGM.

There are no other service contracts between the Company and its non-executive directors.

No agreements to pay fixed fees on termination have been entered into with any of the non-executive directors.

TECHNOLOGY AND SYSTEMS

OVERVIEW

In this ever-changing world or rather an abnormal environment we find ourselves in, 'abnormal' thinking is required to stay ahead. This is truly an environment and time that tested and will test Afrimat on all levels. Achievements on the Afrimat's Technology and Systems side are the resilience, agility, and innovation shown on the cyber security and disaster recovery ('DR') realms. Digital transformation and innovation are the standard. What we need to focus on is to unlock real value from the data generated on all these connected, transformed, and innovative digital platforms ('convert data to cash').

With our Technology and Systems strategy, Afrimat positioned itself in such a way that it was able to take advantage of any usable digital technologies, such as network, server, backup, and disaster recovery technologies that presented themselves, despite the difficulties and challenges the country experienced on the social, industrial, economic, and political front.

Due to our level of digital readiness, where all sites have secure network access to the data centre, we continue to strengthen the Group's Technology, Data, and Systems governance structures through executive and non-executive oversight of all matters. Independent experts are co-opted to support the future growth and to assist with the selection of the best possible technology and solution for the task. As an integral part of our business, the Technology and Systems cluster adheres to the relevant governance frameworks, standards and policies as set by SANS, IEEE, ISO, COBIT, King IV™ and more.

Looking at the current trend where technology is developing faster than its adoption, we must embrace change, remain 'abnormally' innovative, and take advantage of the latest developments on data science and analytics, secure ourselves against cyber criminals and invest in upskilling our people to stay on par with technology development.

OUR STRATEGY

Technology, and more specifically to create real value from data through data science and analytics, will play an increasingly important role for the future of Afrimat. The synergy between the two disciplines of Information Technology ('IT') and Engineering (Operational Technology ('OT')), proved to be invaluable, with infrastructure and data flow to be the main contributors.

The main purpose of Information Technology & Business Systems ('ITBS') is to provide infrastructure (servers, networks, data storage) and systems where the key characteristics are agility, elasticity and reliability, to effectively enable Afrimat to pre-empt trends and vulnerabilities in order to sustain and grow value for all stakeholders.

Engineering on the other hand, which involves driving projects, Reliability Centred Maintenance ('RCM') for equipment availability, installing IoT devices to collect OT data, and a continuous improvement culture for operational excellence. The synergy lies in the combined effort and focus to use Technology, Data, and Systems to alert tolerance deviations, trend analysis to pre-empt possible failure, condition monitoring and the reliance on historical data to decide on equipment replacement strategies and improvements.

The overlapping element between the two disciplines is the availability of data on all levels. With the creation of our data warehouse, we managed to build a normalised, structured dataset and use relevant data science and analytic tools to support decision-making.

In our process of sustainable technology selection, we use well thought-through principles, supported by international IT and engineering governance frameworks and/or enforced by law. We ensure that we understand and answer the most basic questions:

- is it aligned with the Company strategy and goals?
- is it meaningful – fit for purpose?
- is it a shared vision – do we all agree?
- is it simple in function and use?
- is it supporting/solving the perceived need?

For our support structures and information networks not to be at risk, but reliable and sustainable, we evaluate all our service providers to a set of criteria that include availability and content of Service Level Agreements ('SLAs'), Company profile, product composition, and the relevance and sustainability of their technologies.

Our DR strategy is threefold: Firstly, to ensure that all Company data is backed up to an immutable state and back-ups checked and tested for restorability daily. Secondly, to ensure that all systems are replicated to a second data centre from where it's accessible by the users if the main server hardware is in distress, without losing data and long periods of processing time. Thirdly, be sure it is resilient enough to restore the Afrimat systems to its original state after an attack, without the loss of any or minimal transactional data.

The goal is to provide an intelligent assistant for every level of Afrimat user, an integrated system that supports the entire business decision chain, where all data is contained in one place, on one database supported by world class data science, analytics, and visualisation tools.

The structure of the technology cluster is composed in such a way that the strategy can be achieved by making use of employed staff and managed specialised consultants to ensure current and future sustainability of infrastructure, systems, data, and services can be provided to the different business units.

RISK MITIGATION AND GOVERNANCE

Risks are considered those that adversely affect business continuity. We continuously review and invest in our physical and digital security systems and risk management processes. Weekly reviews of risks and mitigation strategies are performed, and quarterly reporting is provided to management in the risk register, measured against the ITBS governance framework.

In weekly review meetings, we oversee the detail actions and progress, align the efforts with the strategy and goal of the business and monitors any deviations from the agreed plans. Compliance to our own charters is overseen and monitored by the IT Steering Committee, Audit & Risk Committee, and the Board on a quarterly basis.

Core actions in the process of mitigating risks are:

- to stay on the latest workable technology for a secure network infrastructure;
- ensure that our network, server, and endpoint security protection tools are in place and up to date;
- have full visibility over our network, severs and end-points devices to detect any abnormal activity or behaviour;
- standardised use of our ERP software and other software in all business units and ensure data integrity and usability;
- maintain a data warehouse to provide the platform for data science, analytics, visualisation to report anomalies on all levels;
- make financial and operational reports available daily, incorporating near real time information for informed decision-making; and
- create an asset care system that supports operational excellence and is fit for purpose to Afrimat.

THE FUTURE

A new ERP system will be implemented. This will enhance our processes, data integration, system usability, and data integrity on all levels of the business.

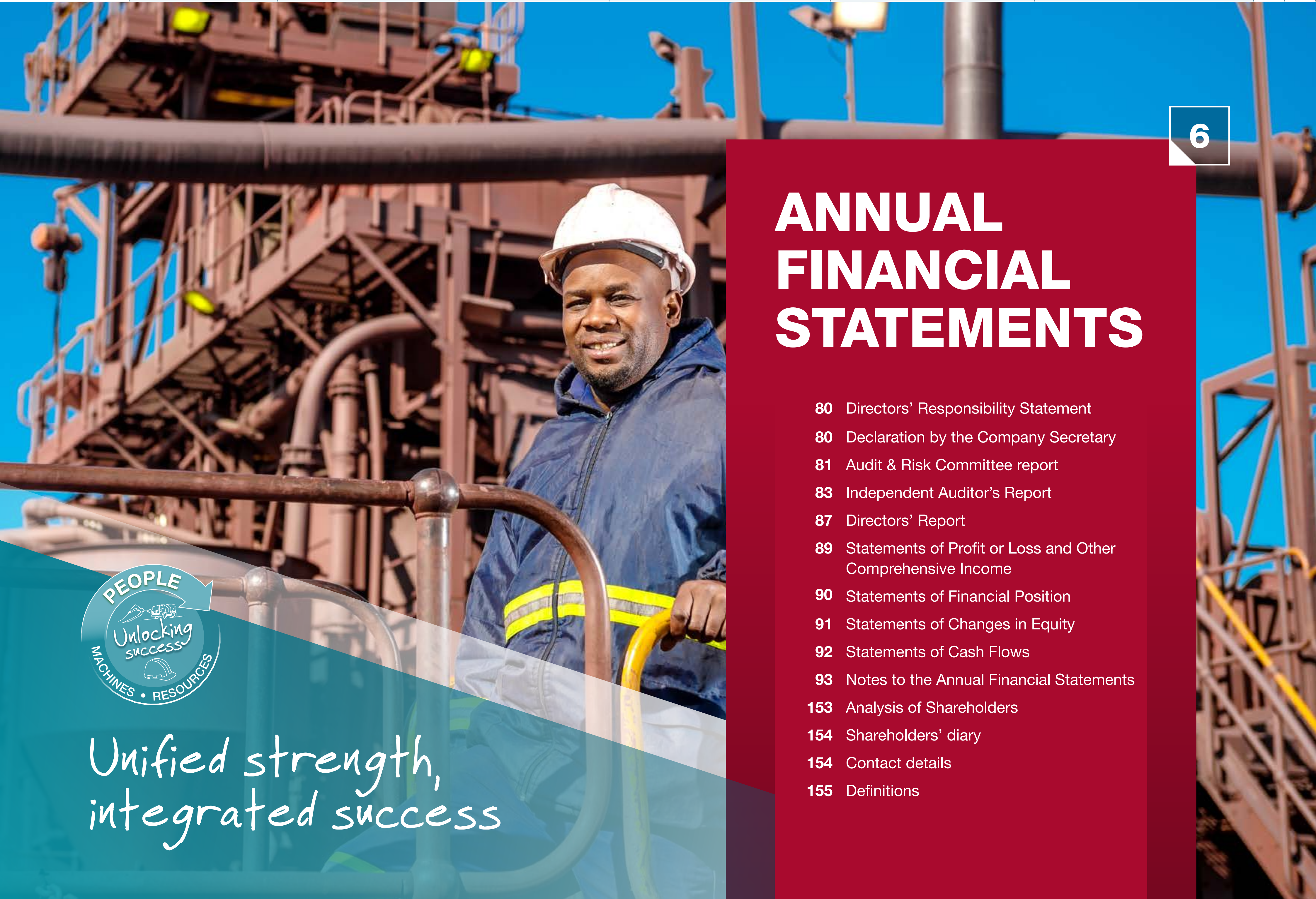
Data and the science thereof, the use of Robotic Process Automation ('RPA') to automate repetitive tasks, data analytics and the visualisation of anomalies, incorporating artificial intelligence ('AI') and machine learning ('ML') to take advantage of the ability to process big data fast, and investing in the literacy levels of our users, will be where the challenge and biggest opportunity is in the data value chain.

Our cyber security strategy proved to be a huge success, and we will enhance it further according to our maturity assessment report if needed. With the user awareness programme on cyber security fully implemented and user training progress percentage reported, there is a drastic reduction in the 'harmful click' or 'Just click YES' attitude. Multi Factor Authentication ('MFA') is now our standard method of authentication.

Our internal clients increasingly expect information in a near to real time manner and to be connected to operating systems 24/7 at an acceptable speed. To be able to achieve the strategy of operational excellence means fully integrating our financial systems with the operational systems (maintenance and plant performance, where the OT/OT integration/synergy will play a major role) when we execute our 'connected' initiatives. With these initiatives, we will provide the relevant information, as near to real time as possible to our operations, managers, and clients.

SUMMARY

The Technology and Systems cluster is fully aware and informed of the challenges and opportunities that the business is facing. We are well-positioned to support businesses with these challenges by means of combining our 'human and digital forces' (Intelligent Assistant) to supply an infrastructure that is stable and agile, fit for purpose business and engineering systems that support the business processes, data science that is built on world standards and a DR strategy that will ensure business continuity.



Unified strength, integrated success

6

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY STATEMENT

The annual financial statements set out on pages 81 to 152 are the responsibility of the directors. The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for safeguarding assets and for developing and maintaining systems of internal control that, among other things, will ensure the preparation of annual financial statements that achieve fair presentation and have been prepared in accordance with the Companies Act of South Africa, the South African Institute of Chartered Accountants ('SAICA') financial reporting guides as issued by the Accounting Practices Committee, IFRS® Accounting Standards, Financial Pronouncements as issued by the Financial Reporting Standards Council, Listings Requirements of the JSE and interpretations issued by the IFRS Interpretation Committee ('IFRS IC'). They are based on appropriate accounting policies which have been consistently applied, unless otherwise indicated, and which are supported by reasonable and prudent judgements and estimates.

The Audit & Risk Committee confirmed that effective systems of internal control and risk management are being maintained. Such systems can provide reasonable, but not absolute, assurance against material misstatement or loss. There were no breakdowns of the internal financial control systems during the year under review, which had a material impact on the annual financial statements. The Afrimat Limited and its subsidiaries ('Group') internal auditors independently evaluate the internal controls and coordinate their audit coverage with the independent external auditors.

The Board of directors is satisfied that the annual financial statements fairly present the result of the operations and the financial position at year-end, changes in equity and cash flows of the Group.

The annual financial statements were prepared on the going concern basis since the directors have every reason to believe that the Company and the Group have adequate resources in place to continue operations for the foreseeable future. The external auditors are responsible for independently auditing and reporting on these annual financial statements in conformity with International Standards on Auditing. The annual financial statements were approved by the Board of directors and were signed on its behalf by:

Andries J van Heerden
CEO

Pieter GS de Wit
CFO

Cape Town

15 May 2024

Chief Executive Officer and Chief Financial Officer responsibility statement:

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 81 to 152, fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS® Accounting Standards;
- to the best of our knowledge and belief no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its subsidiaries have been provided to effectively prepare the annual financial statements of the Group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit & Risk Committee and the external auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and
- we are not aware of any fraud involving directors.

Andries J van Heerden
CEO

Pieter GS de Wit
CFO

Cape Town

15 May 2024

DECLARATION BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that to the best of my knowledge and belief the Company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act, in respect of the financial year ended 29 February 2024 and that all such returns and notices are true, correct and up to date.

Catharine Burger
Company Secretary

Cape Town

15 May 2024

AUDIT & RISK COMMITTEE REPORT

The Audit & Risk Committee ('the Committee') is pleased to present its report for the financial year ended 29 February 2024 to the shareholders of Afrimat Limited.

COMPOSITION

The Committee is chaired by independent non-executive director Derick van der Merwe and further comprises independent non-executive Board Chairman Francois Louw, non-executive director Loyiso Dotwana, independent non-executive directors Sisanda Tuku and Nicolaas Kruger. The Board of directors is satisfied that these directors act independently for the purposes of the Committee.

Afrimat acknowledges that in accordance with the King IV™ Report all members of the Committee should be independent non-executive directors, which is borne in mind when considering Board and Committee appointments. Presently, membership of the Committee is based on the skills and experience available on Afrimat's Board to ensure full efficacy and discharge of the Committee's responsibilities. All members are suitably qualified chartered accountants and/or experienced business leaders.

The effectiveness of the Committee is assessed as part of the annual Board and Committee self-evaluation process.

ATTENDANCE

The Committee met four times during the year. The Committee assists the Board in fulfilling its review and control responsibilities.

The Committee has established an annual meeting plan agenda. The Chairman of the Committee reports to the Board after each Committee meeting and also attends the annual general meeting ('AGM') of shareholders to answer any questions that may arise concerning the activities of the Committee.

The CEO, CFO, CAE, COOs, executive director, prescribed officer, General Manager: Technology Systems and representatives of the external auditors attend Committee meetings by invitation.

ROLE AND RESPONSIBILITIES

The Committee's role and responsibilities include its statutory duties as per the Companies Act, as well as the responsibilities assigned to it by the Board.

The Committee acts as an Audit & Risk Committee for the subsidiaries of the Company and has performed the functions required under the Companies Act on behalf of the subsidiaries of the Company.

CHARTER

The Committee regulated its affairs as set out in the terms of the Committee charter that is reviewed and approved by the Board on an annual basis. During the year the Audit & Risk Committee charter was reviewed by the Committee and the Board, in terms of King IV™ requirements, amongst others.

The Committee has assessed the compliance with its charter and is satisfied that it has discharged its responsibilities as stated in the charter, a copy of which may be found on the website: www.afrimat.co.za.

REVIEW OF ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the annual financial statements, culminating in a recommendation to the Board to adopt them. In conducting its review, the Committee took appropriate steps to ensure that the annual financial statements were prepared in accordance with IFRS® Accounting Standards and in the manner required by the Companies Act. The accounting policies were assessed for appropriateness in relation to the current business environment and industry specific requirements. The Committee has reviewed the disclosures in the integrated annual report and is satisfied that it is reliable and does not conflict with the annual financial statements. The Committee has considered the JSE proactive monitoring reports and the impact thereof on the annual financial statements.

The Committee advised and updated the Board on issues ranging from accounting standards to published financial information.

In accordance with International Standards on Auditing, independent auditor's reports are required to incorporate the reporting of key audit matters. When reviewing the external audit plan for the financial year ended 29 February 2024, the Committee considered a preliminary view by the external auditors of key audit matters that might arise during the course of the audit, which in their judgement, were of significance to the audit of the annual financial statements. The Committee concluded that it had adequately considered the key audit matters as reported in the independent auditor's report.

AUDIT PROCEDURES AND INTERNAL CONTROLS

The Committee performed the following functions relating to audit procedures and internal controls:

- reviewed the internal control framework and procedures including accounting policies, legislative compliance, regulatory matters and governance;
- ensured that appropriate financial reporting procedures exist and are working which includes consideration of all entities included in the consolidated Group IFRS® Accounting Standards annual financial statements;
- considered and dealt with any concerns or complaints;
- approved the internal audit plan;
- considered and reviewed the internal audit charter for approval by the Board;
- considered and reviewed the information technology and business systems governance framework for approval by the Board;
- confirmed and reviewed the internal audit process and assessed the quality of the internal audit function;
- reviewed the internal and external audit reports;
- reviewed the effectiveness of the system of internal control including IT internal controls and risk management, based on a written annual report received from the CAE;
- considered updates on key internal and external audit findings in relation to the IT control environment; and
- reviewed legal matters that could have a significant impact on the annual financial statements.

The Committee reviewed the appropriateness of processes in place to ensure compliance with legal and regulatory provisions. The Committee was not made aware of any material compliance breaches of laws and regulations during the current financial year.

The CAE reports to the Committee and meets with the Chairman of the Committee independently of management.

The Committee has reviewed the written assessment performed by internal audit and the design, implementation and effectiveness of the internal financial controls of the Company. Based on the results of this review, the Committee is of the opinion that the internal financial controls form a sound basis for the preparation of reliable annual financial statements.

The Company's internal audit department is an effective independent appraisal function and forms an integral part of the risk management system that provides assurance on the effectiveness of the Company's system of internal control. The internal audit department of the Company is staffed by qualified and experienced personnel and provides services to all subsidiaries in the Group.

RISK MANAGEMENT

During the year management reviewed the risk policy, which assists the Committee in meeting its duty to ensure appropriate risk management processes are in place.

AUDIT & RISK COMMITTEE REPORT (continued)

In addition, the following risk assessment actions were taken by the Committee:

- continuous review of key risks with findings reported to the Board;
- confirmation that the risk policy is widely distributed throughout the Group (and management provided assurance that risk management is integrated into the daily activities of the Group); and
- ensured that the combined assurance model was appropriate to address all the significant risks facing the Group.

EXTERNAL AUDITOR

The Committee considered and recommended the following in respect of the external auditor:

- the appointment of an external auditor for approval by shareholders at the AGM;
- the external audit plan; and
- the remuneration of the external auditor for approval to the Board (note 4.3 on page 99).

The principles for recommending the use of an external auditor for non-audit purposes to the Board were reconfirmed. The non-audit services provided by the external auditor during the year related to guidance on IFRS-related interpretations.

The Committee also performed an annual assessment of the independence of the external auditor and confirms that it is satisfied therewith and with the independence of the respective audit partner. The external auditor confirmed that they had complied with the ethical requirements regarding independence and were considered independent with respect to the Group as required by the codes endorsed and administered by the South African Institute of Chartered Accountants and the International Federation of Accountants.

In accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements the Committee requested the required information in its assessment of the suitability of re-appointment of the external auditor. It has further assessed the performance of the external auditor and confirms that it is satisfied with the performance.

The Committee reviewed the external auditor's opinion on the annual financial statements and considered any reports on risk exposure and weaknesses in internal controls. The Committee also met with the external auditor separately without management being present.

The Committee has nominated, for approval at the AGM, PricewaterhouseCoopers Inc. as external auditor for the 2025 financial year. The Committee is satisfied that the audit firm is accredited to appear on the JSE List of Accredited Auditors. Shareholders will therefore be requested to re-elect PricewaterhouseCoopers Inc. as the independent external auditor for the 2025 financial year at the AGM on 6 August 2024.

SIGNIFICANT FINANCIAL AND REPORTING MATTERS

As part of its role in assessing the integrity of the Group's external reporting, the Committee has continued to pay particular attention to the key areas of management's judgement underpinning the annual financial statements. The Committee considered a number of significant issues during the year, taking into account in all instances the views of the Company's external auditor. All accounting policies can be found in the related notes to the annual financial statements. Where further information is provided in the notes to the annual financial statements, note references are included. The issues and how they were addressed by the Committee are detailed below:

Impairment of intangible assets (refer note 6.2)

The Committee reviewed management's process for testing goodwill and intangible assets for potential impairment and ensuring appropriate sensitivity analysis disclosure. This included challenging the key assumptions: principally cash flow projections, growth rates and discount rates. The Group has significant goodwill. In the process of performing the annual goodwill impairment test, it was identified that the carrying value of the Agri Lime Proprietary Limited cash-generating unit ('CGU') exceeded its recoverable amount. This was mainly due to the shortfall in the anticipated market share of the resource, which resulted in the company not meeting its budget. As a result of the aforementioned, a goodwill impairment of R22,9 million was recorded in the current year.

Environmental rehabilitation provision (refer note 6.5)

The Committee has considered the assessments made in relation to the estimation of the costs and associated provisions for the rehabilitation obligation. This includes detailed reports from management outlining the accounting treatment of the costs and the basis for the key assumptions used in the estimation of the cost. The Committee concurred with the 'individual disturbance, unit based' calculations used in determining the rehabilitation provision for IFRS reporting purposes and acknowledges that this differs with the DMRE-based calculations in determining the provisions for submission to the DMRE.

The Committee has challenged management and is satisfied that these provisions are appropriate. The Committee is satisfied that appropriate costs were used to recognise associated provisions.

Revenue recognition (refer note 3)

In terms of IFRS 15: *Revenue from contracts with customers* is recognised based on the satisfaction of specifically identified performance obligations, when control of goods or services transfers to a customer.

In addition, the internal audit function has reported to the Committee on the controls and processes in this area. The Committee also routinely monitors the views of the external auditor on revenue recognition issues.

The Committee considered the key judgements made by management in accounting for revenue, especially in relation to the estimates used in determining the value of provisionally priced sales of Bulk Commodities and concur with the conclusion and reporting thereof.

Inventory valuation (refer note 6.4)

The Committee considered the key judgements made by management regarding measurement of stockpile quantities and provisioning for inventory obsolescence and is satisfied that a sufficiently robust process was followed to confirm quantities and quantities of slow-moving inventory and a provision was made against inventory for obsolescence. Where cost at year-end exceeds the net realisable value of inventory, the difference was written off.

The Committee challenged management on the consistency of the approach and ultimately was satisfied that the approach taken continued to be appropriate.

Contingent liabilities (refer note 17)

The Committee considered the key judgements made by management regarding the identification and classification of contingent liabilities. This includes evaluating external expert opinions and concur with management's classification and reporting thereof.

Tax and deferred tax (refer notes 5 and 6.3)

The Committee agreed with management's judgement that the deferred tax assets were appropriately supported by forecasted taxable profits, taking into account the Group's long-term financial and strategic plans.

The Committee confirms that the entity is in compliance with material legislative requirements and has accurately disclosed the impact of all taxes applicable to the entity.

Accounting for complex transactions (refer notes 6.1, 6.2 and 12.1)

Management has applied IFRS 3: *Business Combinations*, to the acquisitions and recognised a mining asset and an intangible asset as part of the purchase price allocation.

The Committee considered the key judgements made by management in accounting for these business combinations and the fair value of assets and liabilities used for the calculation of the mining asset and intangible assets and concur with the conclusion and reporting thereof.

FINANCE FUNCTION

As per the JSE Listings Requirements, the Committee considered and is satisfied with the appropriateness of the expertise and experience of Pieter de Wit as CFO as well as the appointment of the deputy CFO, André Smith. It further considered the expertise, experience and resources of the finance function as required by the King IV™ Report and is satisfied with the expertise and experience of the Group's financial staff.

AUDIT & RISK COMMITTEE REPORT (continued)

SUSTAINABILITY

The Committee has also reviewed a documented assessment by management of the going concern premise of the Company. The Committee is in agreement with management that the Company will remain a going concern going forward and conveyed this to the Board.

ELECTION OF COMMITTEE MEMBERS

The following members have made themselves available for election to the Committee. They are proposed to the shareholders for consideration and approval at the next AGM:

- Mr Loyiso Dotwana
- Mr Francois Louw
- Ms Sisanda Tuku
- Mr Nicolaas Kruger
- Mr Derick van der Merwe (Chairman)

STATUTORY DUTIES

The Committee is of the opinion that it has discharged its statutory duties in terms of its charter and as ascribed to it by the Companies Act.

Derick van der Merwe
Audit & Risk Committee Chairman

15 May 2024

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Afrimat Limited

Report on the audit of the consolidated and separate financial statements

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Afrimat Limited (the Company) and its subsidiaries (together the Group) as at 29 February 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Afrimat Limited's consolidated and separate financial statements set out on pages 89 to 152 comprise:

- the consolidated and separate statements of financial position as at 29 February 2024;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards).

Our audit approach

Overview

Overall group materiality

- Overall group materiality: R50 million, which represents 4,5% of consolidated profit before tax.

Group audit scope

- Full scope audits were performed for all significant components and components required to be audited for statutory purposes;
- Independent reviews or a combination of independent reviews / specified audit procedures over additional components to ensure adequate coverage was obtained over material balances and disclosures; and
- Analytical procedures were performed over the remaining insignificant components.

Key audit matters

Consolidated financial statements

- Environmental rehabilitation provisions; and
- Goodwill impairment assessments.

Separate financial statements

- Impairment assessment of investments in subsidiaries.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R50 million.
How we determined it	4,5% of consolidated profit before tax.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because it is, in our view, the benchmark against which the performance of the Group is most commonly measured by users and is a generally acceptable benchmark. We chose 4,5% as our rule of thumb, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Significant components were identified based on the components contribution to consolidated profit before tax or the risk associated with the component. Additional components were identified to ensure adequate coverage was obtained over material balances and disclosures in the consolidated financial statements.

Full scope audits were performed on all significant components and components which required statutory audits to be performed. For the additional components identified independent reviews were performed or a combination of independent reviews/specified audit procedures.

The remainder of the components were considered non-significant, individually and in aggregate. These components were subject to analytical review procedures.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Environmental rehabilitation provisions	
This key audit matter relates to the consolidated financial statements only. Given the nature of its operations, the Group incurs obligations to close, restore and rehabilitate its sites. These activities are governed by a combination of legislative requirements and group policy. As at 29 February 2024, the consolidated statement of financial position includes environmental rehabilitation provisions of R250,8 million (2023: R265,5 million, restated) as per note 6.5 of the consolidated financial statements. The Group applies the guidelines issued by the South African Department of Mineral Resources ('DMR') to determine the rehabilitation provisions for submission to the DMR. For IFRS Accounting Standards reporting purposes, it utilises its own internal and external environmental experts to determine the value of the environmental rehabilitation provisions. We considered the environmental rehabilitation provisions to be a matter of significance to the current year audit due to the degree of estimation and significant judgement applied by management in the determination of: ■ When the rehabilitation of each site will take place, including the life of mine ('LOM'); and ■ The closure costs and the expected increase in the costs associated with the rehabilitation activities.	We utilised our sustainability and climate change expertise to perform the following procedures: ■ We obtained management's provision calculations and compared the calculation methodology that was applied by the Group's internal and external environmental experts to the Group's policy. We found it to be consistent with the Group's policy; ■ We evaluated the Group's policy against the requirements of the DMRE and IFRS Accounting Standards. Based on our evaluation, we accepted the Group's policy and obtained explanations from management for the differences between their quantum calculation of the provision for reporting purposes and the DMRE guidelines for reporting to the DMRE. We assessed evidence in respect of such differences, taking into consideration the Group's specific sites. Based on our evaluation we accepted management's explanations in this regard; ■ We tested a sample of inputs used by the Group's experts, such as the cost per hectare, by comparing to industry benchmarks. No material differences were noted; ■ We tested management's inputs in the valuation of the provision, such as the discount rate and inflation rate, by obtaining our own independent rates and comparing them to management's rates. No material differences were noted; ■ We tested management's life of mine assessment through evaluation of mineral reserve statements, duration of the mining licence as well as the respective mine plans prepared per site. No material differences were noted; ■ We assessed the competency, experience and objectivity of the Group's internal and external experts by obtaining evidence relating to their qualification and professional memberships. In doing so we held discussions with the Group's internal and external experts, inspected their curriculum vitae and where applicable, considered whether they were in good standing with relevant professional bodies; and ■ We tested the mathematical accuracy of management's calculations and noted no material differences.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessments	
This key audit matter relates to the consolidated financial statements only. The Group has goodwill of R225,6 million (2023: R243,4 million, restated) allocated to cash-generating units ('CGUs') as disclosed in note 6.2 to the consolidated financial statements. The Group is required to perform annual impairment tests on goodwill in terms of IFRS Accounting Standards. The recoverable amount of the CGUs to which goodwill has been allocated was based on value-in-use calculations, using discounted cash flows. Based on their impairment assessments and calculations, management recognised impairment losses of R22,9 million against goodwill relating to Agri Lime within the Industrial Minerals segment. No further impairment losses were recognised to goodwill in relation to the other CGUs. Management performed a sensitivity analysis to ascertain the impact of possible changes to key assumptions (growth rate and discount rates) on the available headroom of the CGUs. Management concluded that any reasonably possible change in the key assumptions supporting the recoverable amount of these CGUs would not result in impairment losses. We considered goodwill impairment assessments to be a matter of most significance to the current year audit because of the impairment assessment performed by the Group required to exercise of significant management judgement, including making assumptions regarding growth rates and discount rates applied to each CGU.	We obtained management's impairment calculations per CGU and tested the reasonableness of the discounted cash flow calculations and the key assumptions applied, specifically the growth rates and discount rates, by performing the following: ▪ We agreed amounts as per the forecasted base year of the calculation to the current year financial statements. We noted no material differences; ▪ We utilised our valuation expertise to test the principles of management's calculation. We challenged key inputs in the calculations which included the long-term growth rate, medium-term revenue growth rate and future cash flow assumptions by comparing them to approved business plans and independent market data. We noted no material differences and accepted the key inputs applied by management; ▪ We further utilised our valuation expertise to test the reasonableness of the discount rates applied by management to each CGU. This was performed by recalculating the entities' cost of capital with reference to industry benchmarks and economic forecasts. We found the discount rates used by management to be within an acceptable range; and ▪ We performed independent sensitivity calculations on the impairment assessments to assess the degree by which the key assumptions needed to change in order to trigger an impairment. Management's conclusions were consistent with the results of our sensitivity analyses.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of investment in subsidiaries	
This key audit matter relates to the separate financial statements only. The Company holds investments in subsidiaries with a carrying amount of R1 443,2 million (2023: R1 431,5 million) as disclosed in note 13 to the separate financial statements. Investments are tested by management for impairment if impairment indicators exist, using a value-in-use calculation. Impairment indicators were noted for the following investments: ▪ Afrimat Aggregates (Eastern Cape) Proprietary Limited ▪ Afrimat Aggregates (Trading) Proprietary Limited ▪ Afrimat Aggregates (Operations) Proprietary Limited ▪ Afrimat Group Services Proprietary Limited ▪ Afrimat Aggregates East Proprietary Limited (previously known as Boublok Proprietary Limited) ▪ Afrimat Bulk Commodities Proprietary Limited ▪ Afrimat Concrete Products Proprietary Limited ▪ Cape Lime Proprietary Limited ▪ Capmat Proprietary Limited ▪ Clinker Supplies Proprietary Limited ▪ Afrimat Marble Hall Proprietary Limited ▪ Meepo Ya Mmu Resources Proprietary Limited ▪ Olympic Sand Proprietary Limited ▪ Afrimat Hemp Proprietary Limited ▪ Afrimat Silica Proprietary Limited ▪ Afrimat Phosphates Proprietary Limited ▪ Afrimat Mining Services Proprietary Limited ▪ Fincrete Proprietary Limited ▪ Community Quarries Proprietary Limited ▪ Delf Silica Coastal Proprietary Limited ▪ Agri Lime Proprietary Limited Management concluded that no impairment loss was required during the current financial period. Further disclosure with regards to this matter has been made in note 13 to the separate financial statements. The impairment assessment of investments in subsidiaries was considered to be a matter of most significance to the current year audit due to the estimation involved in determining the growth and discount rates used by management in calculating the recoverable amount of each investment.	Through discussions with management, we obtained an understanding of the process followed by them in their impairment assessment. We obtained management's impairment assessment of the investments in subsidiaries and performed the following procedures: ▪ We compared the Company's carrying value of investments in subsidiaries to the value-in-use calculations used for goodwill impairment assessment by management, which were subject to audit procedures as part of our group audit. No exceptions were noted; ▪ We made use of our valuation expertise to test the reasonableness of the key assumptions underpinning management's value-in-use calculations of the Company's investments, including the selection of growth rates and discount rates, by comparing them to approved business plans and independent market data. Based on the procedures performed, we accepted the assumptions used; and ▪ We reviewed the disclosures regarding the impairment losses in the financial statements and noted no material differences.

INDEPENDENT AUDITOR'S REPORT (continued)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled 'Afrimat Limited Annual Financial Statements 2024', which includes the Directors' Report, the Audit & Risk Committee Report and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled 'Afrimat Limited Integrated Annual Report 2024', which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS[1]

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Afrimat Limited for seven years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D de Jager
Registered Auditor

Stellenbosch, South Africa

15 May 2024

[1] *The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*

DIRECTORS' REPORT

for the year ended 29 February 2024

The directors of Afrimat present their report for the Group for the year ended 29 February 2024.

NATURE OF BUSINESS

Afrimat is a black empowered open pit mid-tier mining company that supplies beneficiated or processed and sized materials and contracting services to the industrial minerals, building, construction, road building, railroad and mining sectors. In addition, Afrimat supplies bulk commodities to local and international markets as well as phosphates to the agriculture sector. It operates in the Western Cape, Eastern Cape, KwaZulu-Natal, Free State, Northern Cape, Gauteng, Limpopo, Mpumalanga and North West.

FINANCIAL RESULTS

The annual financial statements and accompanying notes presented on pages 89 to 152 set out fully the Group's financial position, results of operations and cash flows for the year, and in the directors' opinion, require no further comment.

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

OPERATIONAL REVIEW

Impacts on and strategy of the operations are reviewed in detail in the CEO's report and operational reviews.

CORPORATE GOVERNANCE

The directors endorse the principles contained in King IV™ Report and are committed to applying the principles of transparency, integrity, fairness and accountability in the conduct of its business and affairs. Full details on how these principles are applied are set out in the supplementary information on the website www.afrimat.co.za. The Board has satisfied itself that appropriate principles of corporate governance were applied throughout the year under review.

ACCOUNTING POLICIES

Detailed accounting policies are set out in the relating notes to the annual financial statements.

DIVIDEND

A final dividend of 154,0 cents per share (2023: 110,0 cents per share), was declared for the year on 15 May 2024. This equates to 123,2 cents per share (2023: 88,0 cents per share) for shareholders who are subject to dividend tax. This is in line with the Group's dividend policy of 2,75 times cover.

The total dividend (interim and final) for the year amounts to 194,0 cents per share (2023: 150,0 cents per share).

TAXATION

The latest tax assessment of the Company relates to the year ended 28 February 2023. All tax submissions up to and including February 2023 have been submitted. Tax returns for 29 February 2024 will be submitted during the next financial year.

STATED CAPITAL

The total authorised ordinary stated capital at year-end consisted of 1 000 000 000 (2023: 1 000 000 000) no par value ordinary shares of which 159 690 957 (2023: 159 718 929) ordinary shares were issued. There was no change to the authorised stated capital during the year.

DIRECTORS

The directors of the Company at the date of the annual financial statements are set out below:

- Mr Gert Coffee (independent non-executive director)
- Mr Pieter de Wit (CFO)
- Mr Loyiso Dotwana (non-executive director)
- Mr Nicolaas Kruger (independent non-executive director)
- Mr Francois Louw (independent non-executive Chairman)
- Mr Collin Ramukhubathi (executive director)
- Ms Phuti Tsukudu (independent non-executive director)
- Mr Derick van der Merwe (independent non-executive director and LID)
- Mr Johan van der Merwe (independent non-executive director)
- Mr Andries van Heerden (CEO)
- Mr Gerhard Odendaal (executive director)
- Ms Sisanda Tuku (independent non-executive director)

Ms Phuti Tsukudu, Ms Sisanda Tuku and Mr Francois Louw will retire by rotation at the upcoming AGM with all three being eligible, they will stand for re-election.

CHANGES TO BOARD AND BOARD COMMITTEES

Mr Nicolaas Kruger was appointed as a member of the Remuneration & Nomination Committee, effective 1 February 2024.

DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS

No material contract in which directors have an interest was entered into during the year other than the transactions detailed in note 15 to the annual financial statements.

DIRECTORS' EMOLUMENTS AND EMPLOYMENT CONTRACTS

Details of directors' emoluments are set out in note 20 to the annual financial statements.

SHAREHOLDER ANALYSIS

An analysis of shareholders together with a list of shareholders beneficially holding, directly or indirectly, in excess of 3% of the ordinary shares of the Company on 29 February 2024, is set out on page 153.

Directors' shareholding on 29 February 2024*

	Number of securities held				
	Direct beneficial	Indirect beneficial	Through associates	Total	% held
Director					
2024					
Gert Coffee	680 084	–	–	680 084	0,43
Loyiso Dotwana	–	1 747 475	–	1 747 475	1,09
Phuti Tsukudu	–	–	–	–	–
Andries van Heerden	4 543 784	853 564	1 198 543	6 595 891	4,13
Derick van der Merwe	30 000	–	–	30 000	0,02
Pieter de Wit	403 554	–	–	403 554	0,25
Johan van der Merwe	–	–	–	–	–
Francois Louw	215 714	–	–	215 714	0,14
Collin Ramukhubathi	162 777	–	–	162 777	0,10
Gerhard Odendaal	336 112	–	–	336 112	0,21
Nicolaas Kruger	–	–	–	–	–
Sisanda Tuku	–	–	–	–	–
	6 372 025	2 601 039	1 198 543	10 171 607	6,37

DIRECTORS' REPORT (continued)

for the year ended 29 February 2024

	Number of securities held				
	Direct beneficial	Indirect beneficial	Through associates	Total	% held
Director					
2023					
Gert Coffee	680 084	–	–	680 084	0,43
Loyiso Dotwana	–	2 160 000	–	2 160 000	1,35
Phuti Tsukudu	–	–	–	–	–
Andries van Heerden	4 340 506	853 564	1 198 543	6 392 613	4,00
Derick van der Merwe	30 000	–	–	30 000	0,02
Pieter de Wit	365 582	–	–	365 582	0,23
Johan van der Merwe	–	–	–	–	–
Francois Louw	215 714	–	–	215 714	0,14
Collin Ramukhubathi	123 128	–	–	123 128	0,08
Gerhard Odendaal	291 979	–	–	291 979	0,18
Nicolaas Kruger	–	–	–	–	–
Sisanda Tuku	–	–	–	–	–
	6 046 993	3 013 564	1 198 543	10 259 100	6,43

* *Excludes shares granted under the Forfeitable Share Plan ('FSP'), which have not yet vested. Refer note 19 for further details.*

Subsequent to year-end, grant 6 under the FSP vested, amounting to 52 250, 34 375, 34 375 and 34 375, securities acquired after settlement of tax by Mr van Heerden, Mr de Wit, Mr Ramukhubathi and Mr Odendaal, respectively.

INTERNAL CONTROL

The directors are accountable for developing and maintaining systems of internal control. No material losses, exposures or financial misstatements and compliance breaches have been reported to the directors during the current financial year.

GOING CONCERN

The directors have reviewed the Group's cash flow forecast for the year to 28 February 2025 and in light of this review and the current financial position, they are satisfied that the Group and Company has or had access to adequate resources to continue in operational existence for the foreseeable future. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

LITIGATION STATEMENT

The directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had a material impact on the Group's financial position during the current financial year.

Refer note 17 for information regarding legal or arbitration proceedings currently in progress.

COMPANY SECRETARY

Catharine Burger is the Company Secretary. Her business and postal addresses, which are also the registered addresses of the Company, are set out on the inside back cover of the annual financial statements.

AUDITOR

PricewaterhouseCoopers Inc. will continue in office as the external auditor in accordance with section 90 of the Companies Act.

SPECIAL RESOLUTIONS

The following special resolutions were passed by shareholders of the Company during the year (at the AGM of shareholders held on 2 August 2023), and where necessary have been registered by the Companies and Intellectual Property Commission:

- special resolution providing approval for fees payable to non-executive directors for the year ended 29 February 2024;
- special resolution providing authority for the provision of financial assistance to Group inter-related entities (in terms of section 45 of the Companies Act); and
- special resolution providing authority for the financial assistance for subscription of securities (in terms of section 44 of the Companies Act).

BORROWINGS

In terms of the memorandum of incorporation ('MOI') the directors may exercise all the powers of the Company to borrow money, as they consider appropriate.

EVENTS AFTER THE REPORTING DATE

Refer note 18 for disclosure of events after the reporting date.

The Afrimat directors have confirmed that, to their best knowledge, Afrimat (i) complied with the provisions of the Companies Act, and (ii) operated in accordance with its MOI.

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 29 February 2024

		Group		Company	
	Note	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Revenue	3	**6 083 280**	4 908 238	**967 171**	898 731
Cost of sales	4.3	**(4 002 277)**	(3 212 160)	**–**	–
Gross profit		**2 081 003**	1 696 078	**967 171**	898 731
Operating expenses	4.3	**(935 533)**	(793 931)	**(82 294)**	(103 731)
Other income	4.1	**19 902**	15 988	**809**	2 123
Other net gains/(losses)	4.2	**1 724**	44 943	**(1 115)**	–
Loss on disposal of subsidiaries	12.2	**(11 200)**	–	**(97 031)**	–
Movement in expected credit loss allowance		**(3 531)**	(1 517)	**(52 127)**	(90 514)
Operating profit		**1 152 365**	961 561	**735 413**	706 609
Finance income	4.4	**36 173**	33 810	**26 252**	28 741
Finance costs	4.5	**(76 959)**	(60 508)	**(43 646)**	(126 125)
Share of profit of equity-accounted investments	14	**1 829**	–	**–**	–
Profit before tax		**1 113 408**	934 863	**718 019**	609 225
Income tax expense	5	**(324 692)**	(269 382)	**2 205**	(11 525)
Profit for the year		**788 716**	665 481	**720 224**	597 700

		Group		Company	
	Note	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		**1 413**	(16 005)	**–**	–
Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary	8.3	**32 654**	–	**–**	–
Income tax effect relating to these items		**–**	–	**–**	–
Items that will not be reclassified to profit or loss					
Net change in fair value of equity instruments at fair value through other comprehensive income		**304**	192	**–**	–
Income tax effect relating to these items		**(53)**	(17)	**–**	–
Other comprehensive income/(loss) for the year, net of tax		**34 318**	(15 830)	**–**	–
Total comprehensive income for the year		**823 034**	649 651	**720 224**	597 700
Profit attributable to:					
Owners of the parent		**781 776**	661 320	**720 224**	597 700
Non-controlling interests	8.4	**6 940**	4 161	**–**	–
		788 716	665 481	**720 224**	597 700
Total comprehensive income attributable to:					
Owners of the parent		**816 094**	645 490	**720 224**	597 700
Non-controlling interests	8.4	**6 940**	4 161	**–**	–
		823 034	649 651	**720 224**	597 700
Earnings per ordinary share (cents)	8.5	**520,3**	457,1	**–**	–
Diluted earnings per ordinary share (cents)	8.5	**514,4**	450,0	**–**	–

STATEMENTS OF FINANCIAL POSITION

at 29 February 2024

	Note	Group 2024 R'000	Group Restated 2023 R'000*	Company 2024 R'000	Company 2023 R'000
ASSETS					
Non-current assets					
Property, plant and equipment*	6.1	**3 898 037**	3 337 330	**–**	–
Intangible assets*	6.2	**234 728**	254 385	**–**	–
Loans to subsidiaries	13	**–**	–	**549 363**	769 802
Investments in subsidiaries	13	**–**	–	**1 443 239**	1 431 487
Investment in associate	14	**1 837**	–	**–**	–
Other financial assets*	7.1 – 7.3.1	**146 533**	121 748	**4 593**	–
Deferred tax	6.3	**197 910**	260 808	**6 392**	8 285
Inventories	6.4	**215 254**	212 569	**–**	–
Total non-current assets		**4 694 299**	4 186 840	**2 003 587**	2 209 574
Current assets					
Inventories*	6.4	**614 189**	458 934	**–**	–
Other financial assets*	7.1 – 7.3.1	**150 000**	8 900	**150 000**	3 609
Current tax receivable		**11 388**	6 884	**–**	–
Trade and other receivables*	7.3.2	**773 973**	739 961	**17 004**	30 238
Cash and cash equivalents*	7.3.3	**504 678**	280 817	**56 934**	74 170
Loans to subsidiaries	13	**–**	–	**1 121 095**	700 008
Total current assets		**2 054 228**	1 495 496	**1 345 033**	808 025
Total assets		**6 748 527**	5 682 336	**3 348 620**	3 017 599
EQUITY AND LIABILITIES					
Equity					
Stated capital	8.1	**901 082**	939 435	**793 147**	851 264
Treasury shares	8.2	**(143 485)**	(289 348)	**–**	–
Net issued stated capital		**757 597**	650 087	**793 147**	851 264
Other reserves	8.3	**(32 350)**	(64 611)	**48 676**	50 077
Retained earnings		**3 815 802**	3 249 771	**2 156 678**	1 668 662
Attributable to equity holders of the parent		**4 541 049**	3 835 247	**2 998 501**	2 570 003
Non-controlling interests*	8.4	**21 992**	13 105	**–**	–
Total equity		**4 563 041**	3 848 352	**2 998 501**	2 570 003

	Note	Group 2024 R'000	Group Restated 2023 R'000*	Company 2024 R'000	Company 2023 R'000
Liabilities					
Non-current liabilities					
Borrowings*	7.3.4	**210 030**	174 911	**–**	–
Other liability		**19 979**	5 094	**7 058**	1 795
Provisions*	6.5	**279 939**	298 574	**–**	–
Deferred tax*	6.3	**363 330**	370 526	**–**	–
Total non-current liabilities		**873 278**	849 105	**7 058**	1 795
Current liabilities					
Loans from subsidiaries	13	**–**	–	**115 461**	429 487
Other financial liabilities*	7.3.5	**9 671**	133 145	**–**	–
Borrowings	7.3.4	**347 095**	146 248	**200 000**	–
Current tax payable*		**14 665**	12 842	**–**	–
Trade and other payables*	7.3.6	**940 777**	691 066	**27 600**	16 314
Bank overdraft*	7.3.3	**–**	1 578	**–**	–
Total current liabilities		**1 312 208**	984 879	**343 061**	445 801
Total liabilities		**2 185 486**	1 833 984	**350 119**	447 596
Total equity and liabilities		**6 748 527**	5 682 336	**3 348 620**	3 017 599

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

STATEMENTS OF CHANGES IN EQUITY

for the year ended 29 February 2024

	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
Group						
Balance at 1 March 2022	315 886	(109 030)	(38 498)	2 829 609	9 233	3 007 200
Total comprehensive income						
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)
Income tax effect	–	–	–	–	–	–
Total comprehensive (loss)/income	–	–	(15 830)	661 320	4 161	649 651
Transactions with owners of the parent						
Contributions and distributions						
Share-based payment expense for the year (refer note 8.3)	–	–	29 291	–	–	29 291
Deferred taxation on share-based payments (refer note 8.3)	–	–	(14 465)	–	–	(14 465)
Purchase of treasury shares (refer note 8.2)	–	(214 534)	–	–	–	(214 534)
Issue of stated capital (refer note 8.1)	680 000	–	–	–	–	680 000
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax (refer notes 8.1, 8.2 and 8.3)	(56 451)	34 216	(25 109)	25 109	–	(22 235)
Dividends paid (refer note 8.7)	–	–	–	(266 267)	(1 650)	(267 917)
Total contributions and distributions	623 549	(180 318)	(10 283)	(241 158)	(1 650)	190 140
Additional non-controlling interest acquired through acquisition of businesses (refer note 12.1):						
– Stony Lime Proprietary Limited	–	–	–	–	478	478
– Eckraal Quarries Proprietary Limited*	–	–	–	–	883	883
Total changes in ownership interests	–	–	–	–	1 361	1 361
Total transactions with owners of the parent	623 549	(180 318)	(10 283)	(241 158)	(289)	191 501
Restated balance at 28 February 2023	939 435	(289 348)	(64 611)	3 249 771	13 105	3 848 352

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

	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**
Restated balance at 1 March 2023	939 435	(289 348)	(64 611)	3 249 771	13 105	3 848 352
Total comprehensive income						
Profit for the year	–	–	–	781 776	6 940	788 716
Other comprehensive income for the year	–	–	34 318	–	–	34 318
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	304	–	–	304
Income tax effect	–	–	(53)	–	–	(53)
Exchange differences on translation of foreign operations	–	–	1 413	–	–	1 413
Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary	–	–	32 654	–	–	32 654
Total comprehensive income	–	–	34 318	781 776	6 940	823 034
Transactions with owners of the parent						
Contributions and distributions						
Share-based payment expense for the year (refer note 8.3)	–	–	21 091	–	–	21 091
Deferred taxation on share-based payments (refer note 8.3)	–	–	(8 028)	–	–	(8 028)
Purchase of treasury shares (refer note 8.2)	–	(31 578)	–	–	–	(31 578)
Issue of stated capital (refer note 8.1)	154 546	–	–	–	–	154 546
Repurchase of shares (refer note 8.1)	(137 770)	137 770	–	–	–	–
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax (refer notes 8.1, 8.2 and 8.3)	(55 129)	39 671	(15 120)	15 120	–	(15 458)
Dividends paid (refer note 8.7)	–	–	–	(227 336)	(1 925)	(229 261)
Total contributions and distributions	(38 353)	145 863	(2 057)	(212 216)	(1 925)	(108 688)
Non-controlling interest disposed of (refer note 12.2):						
– Afrimat Mozambique Limitada	–	–	–	–	585	585
– Afrimat Logistics Limitada	–	–	–	–	236	236
– Stony Lime Proprietary Limited	–	–	–	(3 529)	3 051	(478)
Total changes in ownership interests	–	–	–	(3 529)	3 872	343
Total transactions with owners of the parent	(38 353)	145 863	(2 057)	(215 745)	1 947	(108 345)
Balance at 29 February 2024	901 082	(143 485)	(32 350)	3 815 802	21 992	4 563 041
Note	8.1	8.2	8.3		8.4	

STATEMENTS OF CHANGES IN EQUITY (continued)

for the year ended 29 February 2024

	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
Company						
Balance at 1 March 2022	228 638	–	25 885	1 339 483	–	1 594 006
Total comprehensive income						
Profit for the year	–	–	–	597 700	–	597 700
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income	–	–	–	597 700	–	597 700
Transactions with Company						
Contributions and distributions						
Issue of stated capital (refer note 8.1)	680 000	–	–	–	–	680 000
Share-based payment expense for the year (refer note 8.3)	–	–	9 059	–	–	9 059
Deferred taxation on share-based payments (refer note 8.3)	–	–	(4 541)	–	–	(4 541)
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax (refer notes 8.1 and 8.3)	(57 374)	–	19 674	9 033	–	(28 667)
Dividends paid (refer note 8.7)	–	–	–	(277 554)	–	(277 554)
Total contributions and distributions	622 626	–	24 192	(268 521)	–	378 297
Total changes	622 626	–	24 192	329 179	–	975 997
Balance at 28 February 2023	851 264	–	50 077	1 668 662	–	2 570 003
Total comprehensive income						
Profit for the year	**–**	**–**	**–**	**720 224**	**–**	**720 224**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**720 224**	**–**	**720 224**
Transactions with Company						
Contributions and distributions						
Issue of stated capital (refer note 8.1)	**154 546**	**–**	**–**	**–**	**–**	**154 546**
Repurchase of shares (refer note 8.1)	**(150 000)**	**–**	**–**	**–**	**–**	**(150 000)**
Share-based payment expense for the year (refer note 8.3)	**–**	**–**	**5 947**	**–**	**–**	**5 947**
Deferred taxation on share-based payments (refer note 8.3)	**–**	**–**	**(4 098)**	**–**	**–**	**(4 098)**
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax (refer notes 8.1 and 8.3)	**(62 663)**	**–**	**(3 250)**	**7 489**	**–**	**(58 424)**
Dividends paid (refer note 8.7)	**–**	**–**	**–**	**(239 697)**	**–**	**(239 697)**
Total contributions and distributions	**(58 117)**	**–**	**(1 401)**	**(232 208)**	**–**	**(291 726)**
Total changes	**(58 117)**	**–**	**(1 401)**	**488 016**	**–**	**428 498**
Balance at 29 February 2024	**793 147**	**–**	**48 676**	**2 156 678**	**–**	**2 998 501**
Note	8.1		8.3			

STATEMENTS OF CASH FLOWS

for the year ended 29 February 2024

		Group		Company	
	Note	**2024 R'000**	Restated 2023 R'000*	**2024 R'000**	2023 R'000
Cash flows from operating activities					
Cash generated from operations	9.1	**1 551 383**	1 262 186	**29 171**	78 350
Finance income received	9.2	**34 701**	32 610	**26 252**	28 741
Dividends received	9.8	**21**	–	**805 333**	718 566
Finance costs paid	9.3	**(56 222)**	(41 704)	**(43 646)**	(126 125)
Tax (paid)/refund received	9.4	**(292 878)**	(265 773)	**–**	3 808
Net cash inflow from operating activities		**1 237 005**	987 319	**817 110**	703 340
Cash flows from investing activities					
Acquisition of property, plant and equipment	9.6	**(694 837)**	(810 610)	**–**	–
Proceeds on disposal of property, plant and equipment	9.5	**32 396**	20 670	**–**	–
Proceeds on disposal of non-current assets held for sale	6.1	**–**	23 340	**–**	–
Acquisition of businesses*	12.1	**(7 314)**	(30 448)	**(7 514)**	(33 500)
Proceeds on disposal of businesses	12.2	**36 449**	–	**36 533**	–
Advances of loans to subsidiaries	13	**–**	–	**(3 818 811)**	(1 746 656)
Proceeds of loans to subsidiaries	13	**–**	–	**3 240 487**	1 810 157
Purchase of other financial assets		**(59 296)**	(35 932)	**(4 593)**	–
Repayments from other financial assets		**46 954**	10 990	**–**	–
Net cash (outflow)/inflow from investing activities		**(645 648)**	(821 990)	**(553 898)**	30 001
Cash flows from financing activities					
Repurchase of Afrimat shares	8.2	**(31 578)**	(214 534)	**–**	–
Proceeds from equity raise	8.1	**–**	680 000	**–**	680 000
Proceeds from borrowings	7.3.4	**200 000**	75 453	**200 000**	–
Repayment of borrowings	7.3.4	**(177 251)**	(560 508)	**–**	(350 000)
Capital elements of lease payments	9.7	**(5 505)**	(7 018)	**–**	–
Proceeds from other financial liabilities	7.3.5	**803**	120 000	**–**	–
Repayments from other financial liabilities		**(123 126)**	(394)	**–**	–
Repayments of loans from subsidiaries	13	**–**	–	**(282 393)**	(1 461 720)
Proceeds of loans from subsidiaries	13	**–**	–	**41 642**	730 176
Dividends paid	8.7	**(229 261)**	(267 917)	**(239 697)**	(277 554)
Net cash outflow from financing activities		**(365 918)**	(174 918)	**(280 448)**	(679 098)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**225 439**	(9 589)	**(17 236)**	54 243
Cash, cash equivalents and bank overdrafts at the beginning of the year	7.3.3	**279 239**	288 828	**74 170**	19 927
Cash, cash equivalents and bank overdrafts at the end of the year*	7.3.3	**504 678**	279 239	**56 934**	74 170

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

Accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are included in the specific notes to which they relate and are indicated with a grey background.

Significant accounting judgements and estimates
The preparation of annual financial statements in conformity with IFRS® Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these annual financial statements, are included in the specific notes to which they relate and are indicated with a maroon border.

1. MATERIAL ACCOUNTING POLICIES

These policies have been consistently applied with the previous year.

1.1 Statement of compliance

The annual financial statements are prepared on a going concern basis in compliance with the Companies Act, the South African Institute of Chartered Accountants ('SAICA') financial reporting guides as issued by the Accounting Practices Committee, IFRS® Accounting Standards, Financial Pronouncements as issued by the Financial Reporting Standards Council, Listings Requirements of the JSE and interpretations issued by the IFRS Interpretation Committee ('IFRS IC').

1.2 Basis of preparation

The annual financial statements have been prepared under the historical cost convention, modified by the revaluation of certain financial assets and the application of the equity method of accounting for investments in associated companies and joint ventures.

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2024 or later periods:

- IAS 1: Presentation of Financial Statements – Non-current liabilities with covenants
- IFRS 16: Lease liability in a Sale and Leaseback
- IAS 7 and IFRS 7: Supplier Finance Arrangements
- IAS 21: Lack of Exchangeability for foreign operations/transactions

Refer note 22 for details of new and amended standards issued but not yet effective in the current year.

The annual financial statements are expressed in South African Rand (ZAR or R), rounded to the nearest thousand, unless otherwise stated.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the annual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated annual financial statements are presented in South African Rand (ZAR or R), which is the Group's presentation currency.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.3 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions and balances are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured, respectively. Foreign exchange gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income within 'other net gains and losses' (refer note 4.2).

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
(ii) income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(iii) all resulting exchange differences are recognised in equity through other comprehensive income.

1.4 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the individual asset. Irrespective of whether there is any indication of impairment, the Group also tests goodwill acquired in a business combination for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed annually at the end of the reporting period.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU to which the asset belongs is determined. The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value-in-use.

1.5 Significant accounting judgements and estimates

The preparation of the Group's annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the asset or liability affected in the future.

The Group continues to develop its assessment of the potential impacts of climate change and the transition to a low carbon economy. The potential financial impacts on the Group of climate change and the transition to a low carbon economy have been considered in the assessment of indicators of impairment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

1.5 Significant accounting judgements and estimates (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are highlighted below with more detail provided in the specific notes to which they relate:

(a) Estimates

- Trade and other receivables – refer note 7.3.2
- Deferred tax assets – refer note 6.3
- Dismantling and rehabilitation provisions – refer note 6.5
- Impairment of mining assets and goodwill – refer notes 6.1 and 6.2
- Share-based payment expense calculation – refer notes 19.1 and 19.2
- Provision for stock obsolescence – refer note 6.4
- Measurement of stockpile quantities – refer note 6.4
- Provisional pricing arrangements – refer note 3
- Acquisitions of businesses – refer note 12.1

(b) Judgements

- Consolidation of Afrimat BEE Trust and its subsidiary Afrimat Empowerment Investments Proprietary Limited ('AEI') – refer note 13
- Consolidation of Infrasors Environmental Rehabilitation Trust and Infrasors Empowerment Trust – refer note 13
- Extension and termination options in determining the lease term – refer note 6.1
- Incremental borrowing rate in discounting leases – refer note 6.1
- Impairment of mining assets and goodwill – refer notes 6.1 and 6.2
- Contingent liabilities – refer note 17
- Acquisitions of businesses – refer note 12.1

How numbers are calculated

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 products and services.

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

Construction Materials comprises aggregates and concrete-based products. Aggregates consist mainly of the sale of sand, gravel and crushed stone and concrete-based products includes concrete made from rock, sand, water and cement. Although concrete-based products go through a longer manufacturing process than aggregates, the classification between the operations are influenced by the market's use of products. Demand for these products is similar and increases/decreases during the same period as customers use both aggregates and concrete-based products during construction.

Industrial Minerals consists mainly of the sale of limestone, dolomite and industrial sand. Although the manufacturing process and customers are similar to those in Construction Materials, the Industrial Minerals products contain unique metallurgic and high quality properties which widens the customer base and serves a different market to Construction Materials.

Bulk Commodities includes iron ore and anthracite. Iron ore and anthracite have minimal manufacturing time and are sold in high volumes. Iron ore products are manufactured in terms of the Platts Iron Ore Index ('IODEX') 62% Fe grade of export. High quality hematite origin of iron ore is beneficiated up to 65% Fe. High quality anthracite nuts and duff products are produced and sold internationally and locally.

Future Materials and Metals comprises phosphate. The phosphates are graded according to high, medium or low. Currently the Group produces high-grade ('HG') phosphate which is also known as an organic fertiliser. The HG phosphate needs minimal manufacturing time and serves a different market to the existing operational segments.

Services consists of Group shared services including IT services, consulting services, external logistical and mining services. Mining services comprises contracting operations such as mobile crushing, screening, drilling and blasting.

The chief operating decision-maker monitors the operating results of the business segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. They primarily assess the performance of the operating segments based upon a measure of operating profit.

Inter-segment pricing is determined on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

2. SEGMENT INFORMATION (continued)

	Construction Materials	Industrial Minerals	Bulk Commodities#			Future Materials and Metals	Services	Unallocated	Total
			Iron ore	Anthracite	Total				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
For the year ended 29 February 2024									
Segmental revenue	2 230 112	561 324	2 211 166	746 650	2 957 816	31 266	875 824	–	6 656 342
Inter-segmental revenue	(17 352)	(6 778)	–	–	–	–	(548 932)	–	(573 062)
Revenue	2 212 760	554 546	2 211 166	746 650	2 957 816	31 266	326 892	–	6 083 280
Depreciation and amortisation	83 665	32 696	108 503	65 908	174 411	11 150	67 507	–	369 429
Impairments	–	–	–	9 360	9 360	–	22 919	–	32 279
Repairs and maintenance	218 128	55 974	68 620	48 916	117 536	3 097	94 658	–	489 393
Cement	194 400	209	–	5	5	3 253	–	–	197 867
Fuel and diesel	194 839	38 403	126 434	79 716	206 150	2 038	47 881	–	489 311
External transport	306 294	91 386	37 142	8 517	45 659	1 916	298 229	–	743 484
Railage	–	–	177 431	–	177 431	–	–	–	177 431
Employee costs	410 678	116 091	134 129	104 794	238 923	11 405	308 032	–	1 085 129
Electricity	65 607	39 227	13 204	9 137	22 341	1 297	585	–	129 057
Lease charges	52 210	48 081	251 861	152 710	404 571	1 215	39 279	–	545 356
Operating profit/(loss)	273 448	13 803	789 048	168 727	957 775	(12 851)	(79 810)	–	1 152 365
Operating profit margin on external revenue	12,4%	2,5%	35,7%	22,6%	32,4%	(41,1%)	(24,4%)	–	18,9%

	Construction Materials	Industrial Minerals	Bulk Commodities#			Future Materials and Metals	Services	Unallocated	Total
			Iron ore	Anthracite	Total				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Assets*	1 224 344	535 636	1 509 309	1 341 427	2 850 736	521 592	267 503	1 348 716	6 748 527
Liabilities**	434 635	148 072	224 066	161 582	385 648	12 356	218 257	986 518	2 185 486
Capital expenditure***	96 192	37 685	162 610	377 929	540 539	165 394	51 281	38 391	929 482

The reporting components within the Bulk Commodities segment have 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 TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

2. SEGMENT INFORMATION (continued)

	Construction Materials	Industrial Minerals	Bulk Commodities#			Future Materials and Metals	Services	Unallocated	Total
			Iron ore	Anthracite	Total				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
For the year ended 28 February 2023									
Segmental revenue	1 865 230	560 099	1 906 687	573 668	2 480 355	25 215	436 198	–	5 367 097
Inter-segmental revenue	(55 897)	(6 210)	–	–	–	–	(396 752)	–	(458 859)
Revenue	1 809 333	553 889	1 906 687	573 668	2 480 355	25 215	39 446	–	4 908 238
Depreciation and amortisation	97 993	24 850	57 062	127 526	184 588	3 579	49 670	–	360 680
Impairment of property, plant and equipment	3 776	–	–	–	–	–	–	–	3 776
Repairs and maintenance	183 073	53 547	51 184	20 718	71 902	3 274	63 155	–	374 951
Cement	142 754	–	–	–	–	–	–	–	142 754
Fuel and diesel	183 162	31 593	122 604	54 764	177 368	4 839	36 981	–	433 943
External transport	273 963	103 281	85 631	14 274	99 905	1 216	45 231	–	523 596
Railage	–	–	170 486	–	170 486	–	–	–	170 486
Employee costs	423 387	103 017	121 329	66 137	187 466	8 598	218 150	–	940 618
Electricity	52 068	35 575	8 699	3 941	12 640	132	482	–	100 897
Lease charges	50 136	57 491	243 162	113 509	356 671	4 961	23 885	–	493 144
Operating profit/(loss)	129 603	49 387	767 899	19 754	787 653	(11 437)	6 355	–	961 561
Operating profit margin on external revenue	7,2%	8,9%	40,3%	3,4%	31,8%	(45,4%)	16,1%	–	19,6%

	Construction Materials^	Industrial Minerals	Bulk Commodities#			Future Materials and Metals	Services	Unallocated^	Total
			Iron ore	Anthracite	Total				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Assets*^	1 281 065	621 007	1 688 204	701 400	2 389 604	369 683	39 464	981 513	5 682 336
Liabilities**^	396 680	59 901	146 948	285 591	432 539	2 877	133 597	808 390	1 833 984
Capital expenditure***	108 969	41 851	203 726	451 040	654 766	123 244	25 521	8 742	963 093

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

^ *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

2. SEGMENT INFORMATION (continued)

	2024 R'000	2023 R'000^
* The following assets have not been allocated to segments:		
Goodwill^	**225 625**	243 417
Other financial assets^	**296 533**	130 648
Deferred tax	**197 910**	260 808
Current tax receivable	**11 388**	6 884
Cash and cash equivalents^	**504 678**	280 817
Other assets^	**112 582**	58 939
	1 348 716	981 513
** The following liabilities have not been allocated to segments:		
Provisions^	**279 939**	298 574
Deferred tax^	**363 330**	370 526
Current tax payable^	**14 665**	12 842
Bank overdraft^	**–**	1 578
Other liabilities^	**328 584**	124 870
	986 518	808 390

*** *Excludes property, plant and equipment acquired through business combination, refer note 12.1.*

^ *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

There is significant exposure and dependency on Kumba International Trading S.A.R.L, ArcelorMittal South Africa Limited and Glencore Operations South Africa Proprietary Limited, with revenues of approximately R1 300,0 million (2023: R1 307,3 million), R879,3 million (2023: R684,5 million) and R546,8 million (2023: R489,1 million), respectively, major customers of Afrimat Iron Ore Proprietary Limited, Nkomati Anthracite Proprietary Limited, within the Bulk Commodities segment. This risk has been mitigated by Afrimat's diversification strategy.

Segment revenue reflects both sales to external parties and inter-group transactions across segments.

Segment operating assets and liabilities are only those items that can be specifically identified within a particular segment.

The Group views the entire southern African region as a single geographical area.

3. REVENUE

Group financial statements

The Group recognises revenue from contracts with customers as defined in IFRS 15: *Revenue from contracts with customers* from the following major sources:

- Sale of Construction Materials: Comprises sand, gravel, crushed stone and concrete made from rock, sand, water and cement;
- Sale of Industrial Minerals: Comprises limestone, dolomite and industrial sand;
- Sale of Bulk Commodities: Comprises iron ore and anthracite;
- Sale of Future Materials and Metals: Comprises phosphate; and
- Rendering of Services: Includes mobile crushing, screening, drilling and blasting and external logistical and mining services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from the sale of Construction Materials, Industrial Minerals, Bulk Commodities and Future Materials and Metals are recognised when control of the products has transferred to the buyer, which occurs at a point in time. Control transfers when products are delivered to the buyer and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue is measured at the invoiced amount net of value added tax, trade discounts, returns, volume rebates and amounts collected on behalf of third parties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

3. REVENUE (continued)

In terms of the agreement with Kumba International Trading S.A.R.L, commodity prices used in the calculation of the bulk commodity debtor are based on the average daily prices with reference to the IODEX during the month prior to the relevant month of delivery. The amount of revenue recognised at the designated point of delivery ('FOB') is based on the best estimate of the amount expected to be received. Provisional pricing arrangements introduce an element of market variability into the sales contract. The final price is based on the average market price of the third month following revenue recognition (shipping date). These changes are out of the scope of IFRS 15: *Revenue from contracts with customers*. As a result, the changes in the commodity prices and foreign currency fluctuations are reflected as 'other revenue' within the revenue note to the annual financial statements and not revenue from contracts with customers.

Aggregates and Industrial Minerals are occasionally sold with retrospective volume discounts. Revenue from these sales are recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is recognised when it is highly probable that it will not be reversed, taking into account trade discounts and volume discounts.

Revenue arising from the rendering of services such as drilling, blasting and mining services are performed and recognised over time. This leads to the revenue being recognised (based on an output method) in the accounting period in which the services are rendered, because the customer receives and uses the benefits simultaneously. Whereas revenue arising from external logistical services are performed and recognised at a point in time. Revenue is recognised based on stand alone selling prices per type of service rendered. Revenue is measured at the fair value of the consideration received or receivable, which is represented by the invoiced amount net of value added tax, trade discounts and amounts collected on behalf of third parties.

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Finance income comprises interest revenue and dividend revenue. Interest revenue is recognised in profit or loss using the effective interest method. Dividend revenue is recognised when received or receivable.

Revenue arising from the rendering of services, i.e. management fee income earned are performed over time and, therefore, is recognised as the performance obligations identified are satisfied.

3. REVENUE (continued)

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Revenue from contracts with customers:				
Sale of Construction Materials	**1 843 369**	1 540 249	**–**	–
Sale of Industrial Minerals	**457 946**	443 489	**–**	–
Sale of Bulk Commodities	**3 024 588**	2 604 696	**–**	–
Sale of Future Materials and Metals	**29 999**	25 215	**–**	–
Rendering of Services	**794 150**	418 930	**43 422**	64 706
Revenue from contracts with customers	**6 150 052**	5 032 579	**43 422**	64 706
Timing of revenue recognition				
At a point in time	**6 077 491**	4 993 133	**–**	–
Over time^	**72 561**	39 446	**43 422**	64 706
	6 150 052	5 032 579	**43 422**	64 706
Revenue other than from contracts with customers:				
Group companies interest revenue	**–**	–	**53 812**	115 459
Group companies dividend revenue	**–**	–	**869 937**	718 566
Revenue other than from contracts with customers	**–**	–	**923 749**	834 025
Other revenue*	**(66 772)**	(124 341)	**–**	–
Total	**6 083 280**	4 908 238	**967 171**	898 731

* *Provisional pricing arrangements, within the Bulk Commodities segment, introduces an element of market variability into the sales contract. These changes are outside of the scope of IFRS 15 and as a result, the changes in the commodity prices are reflected as 'other revenue'.*

^ *The revenue in the prior year has been restated to include logistical revenue (R379,5 million) in revenue recognised 'At a point in time' as the performance obligation is satisfied at the point of delivery.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

4. OTHER INCOME AND EXPENSE ITEMS

4.1 Other income

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Recoveries	**4 681**	2 195	**–**	17
Rental income	**5 714**	4 690	**–**	–
Scrap sales	**2 924**	1 321	**–**	–
Other	**6 583**	7 782	**809**	2 106
Total	**19 902**	15 988	**809**	2 123

4.2 Other net gains and losses

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Gains – financial assets at fair value through profit or loss	**9 369**	2 500	**–**	–
Foreign exchange gains	**20 130**	46 455	**–**	–
Foreign exchange losses	**(3 338)**	(6 805)	**(1 115)**	–
Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary	**(32 654)**	–	**–**	–
Remeasurement gain on lease liabilities	**3 955**	–	**–**	–
Profit on disposal of property, plant and equipment	**4 262**	2 793	**–**	–
Total	**1 724**	44 943	**(1 115)**	–

4. OTHER INCOME AND EXPENSE ITEMS (continued)

4.3 Expenses by nature

Leases
Payments associated with short-term leases, low-value assets and variable payments are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Variable payments are determinable on a percentage of revenue recognised in profit or loss. It is the Group's policy to lease yellow equipment for certain projects as the need arises.

Some property leases contain variable payment terms that are linked to sales generated from the extract of certain minerals and aggregates from the quarries. The variable lease payments are determined on the basis of either a fixed rand/per tonne of stone extracted and sold from the quarry or as a fixed percentage of revenue generated from the sale of such product. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occur. A 100,0% increase in sales across all quarries in the Group with such variable lease contracts would increase total lease payments by approximately R81,4 thousand (2023: R55,8 thousand).

Short-term employee benefits
The cost of short-term employee benefits (those expected to be wholly settled within 12 months after the end of the period in which the employees render the related service, such as sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the related service is rendered and are not discounted.

Defined contribution plans
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Bonus plans
The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the operating profit after adjustments for non-operational activities, i.e. profit or loss on disposal of businesses, impairment of property, plant and equipment and impairment of goodwill, etc. The Group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

4. OTHER INCOME AND EXPENSE ITEMS (continued)

4.3 Expenses by nature (continued)

	Group						Company	
	2024			2023			2024	2023
	Cost of sales R'000	Operating expenses R'000	Total R'000	Cost of sales R'000	Operating expenses R'000	Total R'000	Operating expenses R'000	Operating expenses R'000
Lease charges (short-term, low-value and variable lease payments not included in lease liabilities)	538 078	7 278	545 356	484 865	8 279	493 144	–	–
Premises								
Short-term	15 721	1 803	17 524	10 371	3 541	13 912	–	–
Variable lease payments	–	814	814	–	558	558	–	–
Equipment								
Short-term	521 703	211	521 914	474 101	–	474 101	–	–
Lease rentals – other								
Short-term	462	2 582	3 044	173	2 184	2 357	–	–
Low-value	192	1 868	2 060	220	1 996	2 216	–	–
Amortisation of intangible assets	1 205	660	1 865	1 205	660	1 865	–	–
Depreciation of property, plant and equipment	313 767	53 797	367 564	308 346	50 469	358 815	–	–
Impairment of goodwill (refer note 6.2)	–	22 919	22 919	–	–	–	–	–
Impairment of property, plant and equipment (refer note 6.1)	9 360	–	9 360	3 776	–	3 776	–	–
(Reversal)/impairment of investment in subsidiary (refer note 13)	–	–	–	–	–	–	(14)	43 617
Increase in inventory provision for impairment	–	4 510	4 510	–	2 824	2 824	–	–
Inventory write-off to net realisable value	1 750	–	1 750	8 370	–	8 370	–	–
Repairs and maintenance	484 210	5 183	489 393	369 409	5 542	374 951	–	–
Royalties	62 483	–	62 483	57 414	–	57 414	–	–
Drilling and blasting	70 876	–	70 876	41 675	–	41 675	–	–
Cement	197 867	–	197 867	142 754	–	142 754	–	–
Fuel and diesel	488 340	971	489 311	432 845	1 098	433 943	–	–
External transport	743 484	–	743 484	523 596	–	523 596	–	–
Railage	177 431	–	177 431	170 486	–	170 486	–	–
Electricity	125 606	3 451	129 057	98 607	2 290	100 897	–	–
Audit fees	–	9 553	9 553	–	8 693	8 693	5 073	3 930
Audit	–	9 112	9 112	–	8 541	8 541	4 732	3 930
Other	–	441	441	–	152	152	341	–
Employee costs	624 830	460 299	1 085 129	530 408	410 210	940 618	53 616	41 603
Defined contribution plan contributions	37 329	30 915	68 244	34 132	28 084	62 216	2 081	1 968
Share-based payment expense	725	35 252	35 977	971	33 414	34 385	11 210	10 855
Short-term employee expenses	586 776	394 132	980 908	495 305	348 712	844 017	40 325	28 780
Consulting and legal fees	19 818	64 254	84 072	20 778	57 879	78 657	11 124	1 097
Access control	–	53 777	53 777	–	47 343	47 343	–	–
Insurance	2 323	21 100	23 423	2 355	21 771	24 126	218	–
Training	–	21 267	21 267	–	20 328	20 328	140	–
Rehabilitation expense	(35 651)	–	(35 651)	8	–	8	–	–
Travel and accommodation	–	46 241	46 241	–	36 131	36 131	1 462	1 421
Other costs	176 500	160 273	336 773	15 263	120 414	135 677	10 675	12 063
Total	4 002 277	935 533	4 937 810	3 212 160	793 931	4 006 091	82 294	103 731

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

4. OTHER INCOME AND EXPENSE ITEMS (continued)

4.4 Finance income

Finance income is recognised in profit or loss using the effective interest method.

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Bank	**33 309**	31 458	**26 252**	28 695
Other interest	**2 864**	2 352	**–**	46
Total	**36 173**	33 810	**26 252**	28 741

4.5 Finance costs

Finance costs are calculated using the effective interest method and included in profit or loss.

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Instalment sale agreements	**25 467**	14 859	**–**	–
Lease liabilities	**5 815**	3 667	**–**	–
Bank	**22 275**	20 869	**21 825**	19 316
South African Revenue Service	**1 222**	921	**–**	–
Group companies loans	**–**	–	**21 821**	106 809
Environmental rehabilitation and dismantling	**20 737**	18 804	**–**	–
Other interest paid	**1 443**	1 388	**–**	–
Total	**76 959**	60 508	**43 646**	126 125

5. INCOME TAX EXPENSE

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case it will also be recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Group operates and generates taxable income.

5. INCOME TAX EXPENSE (continued)

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Major components of the tax expense				
Current				
Local income tax				
Current year	**291 990**	274 247	**–**	–
Prior year over provision	**(1 942)**	(2 087)	**–**	(1 350)
	290 048	272 160	**–**	(1 350)
Deferred				
Deferred income tax				
Current year	**34 644**	(6 847)	**(2 205)**	12 875
Prior year under provision	**–**	4 069	**–**	–
	34 644	(2 778)	**(2 205)**	12 875
Total	**324 692**	269 382	**(2 205)**	11 525
Tax rate reconciliation				
Standard tax rate (%)	**27,0**	28,0	**27,0**	28,0
Permanent differences (%)	**2,2**	0,8	**(27,3)**	(26,1)
Non-deductible expenses (%)*	**3,3**	2,5	**7,4**	7,5
Share Appreciation Right Scheme expense realised (%)	**(1,1)**	(0,8)	**(0,7)**	(0,5)
Deferred tax not recognised in prior year utilised (%)	**(0,8)**	(1,7)	**–**	(0,2)
Exempt income (%)**	**(0,3)**	(0,3)	**(34,0)**	(33,0)
Effect of rate change (%)	**–**	(0,2)	**–**	0,1
Deferred tax on previously unrecognised tax losses (%)	**1,6**	1,3	**–**	–
Tax credit (%)***	**(0,3)**	–	**–**	–
Over provision of taxation expense (%)	**(0,2)**	–	**–**	–
Effective rate (%)	**29,2**	28,8	**(0,3)**	1,9

* *Includes legal fees, consulting fees, fines and penalties which are not in the production of income and thus non-deductible.*

** *Exempt income in the Company relates to dividends received from subsidiaries.*

*** *The tax credit relates to a reduction in the amount of tax owed as a result of tax incentives granted to Glen Douglas Dolomite Proprietary Limited in terms of section 12BA for energy efficiency savings and Afrimat Shared Services Proprietary Limited and Afrimat Phosphates Proprietary Limited in terms of S11D for approved research and development projects.*

For details on deferred tax, refer note 6.3.

Corporate income tax rate

The 2022 budget speech, delivered on 23 February 2022, announced that the corporate income tax rate will be reduced to 27% (from 28%) with effect for years of assessment ending on or after 31 March 2023. Therefore the new corporate income tax rate is applicable to the Group for the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES

6.1 Property, plant and equipment

Property, plant and equipment is initially recognised at cost. The cost of an item of property, plant and equipment includes the initial estimate of the cost of dismantling and removing the asset and restoring the site on which it is located. When this initial estimate of costs is included in the cost of the item of property, plant and equipment, a corresponding provision is created for the obligation. The initial estimate of the expenditure required to settle the present obligation is determined using a current market-based discount rate.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

At inception of the lease, that falls within the scope of IFRS 16: *Leases*, the right-of-use ('RoU') assets are initially measured at cost comprising the following: the amount of the initial measurement of the lease liability, any initial direct costs incurred by the Group, estimate of costs to be incurred upon the dismantling and removal of an asset and the cost of purchasing the asset at the end of the lease term if it is reasonably certain. RoU assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment and RoU assets will be tested for impairment when there is an indication of impairment, in terms of IAS 36: *Impairments of Assets*.

For new leases the RoU asset will be the sum of: the amount of the initial measurement of the liability, any initial direct costs incurred by the Group, estimate of costs to be incurred upon the dismantling and removal of an asset and the cost of purchasing the asset at the end of the lease term if it is reasonably certain.

Depreciation is provided on all property, plant and equipment other than freehold land, to write down the cost, less residual value, on the straight-line basis over their estimated useful lives or, in the case of RoU assets the lease term if shorter, as follows:

Land	Indefinite life
Buildings	10 to 20 years
Leasehold property	1 to 20 years
Plant and machinery	5 to 20 years
Motor vehicles	3 to 15 years
Office and computer equipment	3 to 5 years
Dismantling costs	2 to 30 years
Mining assets	7 to 30 years
Stripping assets	Units of production ('UoP')

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.1 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment, is included in profit or loss and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item at the date of derecognition.

The cost of an item of property, plant and equipment comprises any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. During the ramp-up phase, all costs that are directly attributable to developing the mine are capitalised up to the date when the commercial production indicators are met. The development of a mine to gain access to the resource as well as ramps, access roads and surface rights are components necessary for the mine to be capable of operating in the manner intended by management. Capitalisation of costs to the carrying amount of mining assets ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Mining assets:
Mining assets represent the future benefits in respect of acquiring mineral reserves and resources, and therefore classifies it as a tangible asset under property, plant and equipment. These are acquired through business combinations and are initially valued at the fair value of the resources obtained. When the Group is able to mine, the undeveloped mining resources are depreciated as above.

The useful life of the mining assets equals the estimated useful life of the mine. Depreciation of the capitalised costs of mining assets start at the time when the mining activities commence on the acquired mining assets.

Stripping assets:
Stripping assets are initially recognised at cost and subsequently measured at cost or its revalued amount less accumulated depreciation and impairment losses. These assets derive as a result of the removal of overburden or waste material which is required to obtain access to the ore body and therefore realise future economic benefit.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.1 Property, plant and equipment (continued)

Mining costs associated with the removal of overburden are deferred to the extent that the actual stripping ratio of a component is higher than the expected average reserve life stripping ratio for that component. These assets are depreciated using the units-of-production method over the expected run of mine ('ROM') that becomes more accessible as a result of the stripping activity and are charged to 'cost of sales' in profit or loss. The average reserve life stripping ratio is calculated as the total cubes of waste material expected to be removed over the reserve life per tonne of ore extracted. A component has been identified as a geographically distinct ore body within a pit to which the stripping activities being undertaken within that component could be allocated. Where the pit profile is such that the actual stripping ratio is below the average reserve life stripping ratio no deferral takes place as this would result in recognition of a liability for which there is no obligation. Instead, this position is monitored and when the cumulative calculation reflects a debit balance deferral commences. The stripping ratios for each component are reassessed annually at the end of each reporting period. Any changes in such accounting estimates are adjusted in the year of reassessment and applied prospectively.

Other:
When a transaction involving the acquisition of assets does not constitute a business as defined in IFRS 3, the Group shall account for the transaction as an asset acquisition within IAS 16: *Property, plant and equipment*. Therefore a mining asset relating to the mineral reserves and resources will be accounted for at cost.

Extension and termination options in determining the lease term
In determining the lease period, management considers all facts and circumstances pertaining to the lease such as: the non-cancellable period and any periods covered by an option to extend or terminate. Extension or termination options are only included in the lease period if the lease is reasonably certain to be extended or terminated.

The following factors are indicative that extension is most probable:

- Where mining rights and permits are awarded and the business is profitable, the Group is typically reasonably certain to extend the lease term; and
- Otherwise, the Group considers other factors including historical lease durations and business disruption required to replace the leased assets.

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.1 Property, plant and equipment (continued)

Impairment of property, plant and equipment
In management's assessment the following factors were considered in determining whether an indication of impairment exist:

- The current condition of the individual assets;
- Operational efficiencies;
- The operating relevance of the individual asset;
- Residual value of the individual assets; and
- Economic environment in which the assets operate in.

Useful lives of property, plant and equipment
Assessment of useful lives and residual values are performed annually, taking into account factors such as technological innovation, maintenance programmes, periodic studies of actual asset lives and intended use for those assets could result in the actual useful lives or residual values differing from initial estimates.

Consideration is given to whether subsequent expenditure is to be treated as maintenance or to be capitalised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.1 Property, plant and equipment (continued)

	Cost 2024 R'000	Accumulated depreciation/ impairment 2024 R'000	Carrying value 2024 R'000	Cost 2023 R'000*	Accumulated depreciation/ impairment 2023 R'000*	Carrying value 2023 R'000*
Group						
Land and buildings	174 073	(46 134)	127 939	169 601	(43 159)	126 442
Leasehold property	34 163	(24 197)	9 966	32 596	(20 451)	12 145
Plant and machinery*	2 149 882	(902 211)	1 247 671	1 874 310	(785 906)	1 088 404
Motor vehicles*	1 214 314	(586 653)	627 661	1 110 131	(538 791)	571 340
Office and computer equipment*	83 370	(60 627)	22 743	66 228	(50 590)	15 638
Dismantling costs*	29 770	(17 429)	12 341	33 198	(18 095)	15 103
Mining assets*	1 935 722	(384 183)	1 551 539	1 746 109	(287 512)	1 458 597
Stripping assets	403 683	(149 166)	254 517	134 411	(119 283)	15 128
RoU assets*	78 735	(35 075)	43 660	79 558	(45 025)	34 533
Total	6 103 712	(2 205 675)	3 898 037	5 246 142	(1 908 812)	3 337 330

** Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

Analysis of movements in carrying value:

	Opening carrying value R'000	Additions R'000	Additions/(disposals) of subsidiaries (refer note 12) R'000*	Reclassification R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Closing carrying value R'000*
Group								
2024								
Land and buildings	126 442	7 132	–	–	(1 272)	(4 363)	–	127 939
Leasehold property	12 145	1 567	–	–	–	(3 746)	–	9 966
Plant and machinery	1 088 404	301 290	46	–	(15 548)	(126 521)	–	1 247 671
Motor vehicles	571 340	165 850	(24)	–	(11 254)	(98 251)	–	627 661
Office and computer equipment	15 638	17 528	–	–	(60)	(10 363)	–	22 743
Dismantling costs	15 103	4 656	–	–	(7 970)	552	–	12 341
Mining assets	1 458 597	141 513	48 100	–	–	(96 671)	–	1 551 539
Stripping assets	15 128	268 839	–	–	–	(20 090)	(9 360)	254 517
RoU assets	34 533	21 107	2 416	–	(6 285)	(8 111)	–	43 660
Total	3 337 330	929 482	50 538	–	(42 389)	(367 564)	(9 360)	3 898 037
Group								
2023								
Land and buildings	114 993	16 007	–	–	(260)	(4 298)	–	126 442
Leasehold property	13 280	2 625	–	–	–	(3 760)	–	12 145
Plant and machinery*	924 021	260 157	8 954	2 714	(1 873)	(105 569)	–	1 088 404
Motor vehicles*	507 108	163 208	8 747	(2 714)	(19 239)	(81 994)	(3 776)	571 340
Office and computer equipment*	13 092	10 807	89	–	(39)	(8 311)	–	15 638
Dismantling costs*	13 270	1 682	1 334	–	(52)	(1 131)	–	15 103
Mining assets*	997 471	485 488	35 444	–	–	(59 806)	–	1 458 597
Stripping assets	84 660	17 997	–	–	–	(87 529)	–	15 128
RoU assets*	28 553	5 122	8 238	–	(963)	(6 417)	–	34 533
Total	2 696 448	963 093	62 806	–	(22 426)	(358 815)	(3 776)	3 337 330

** Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.1 Property, plant and equipment (continued)

Certain property, plant and equipment has been encumbered as security for interest-bearing borrowings (refer note 7.3.4).

	Group	
	2024 R'000	2023 R'000
Carrying value of assets pledged as security:		
Plant and machinery	**86 467**	72 092
Motor vehicles	**271 222**	258 902
Total	**357 689**	330 994

Included in additions are plant, equipment and motor vehicles with a total cost of R205,4 million (2023: R145,7 million), which were financed and recognised as instalment sale agreements in borrowings (refer note 7.3.4).

Included in disposals are plant and equipment with a cost of R2,1 million (2023: R8,6 million) and accumulated depreciation of R1,4 million (2023: R8,6 million), which had no further economical value and have been removed from the register.

During the year, an impairment loss of R9,4 million was recognised for the stripping asset of the Nkomati mine. The updated LOM plan, as well as the expected average reserve life stripping ratio was reassessed which subsequently resulted in the impairment loss recorded.

During the F2022 financial reporting year an attack by non-state armed groups occurred in the Palma District, Cabo Delgado province, Mozambique. As a result, Afrimat immediately withdrew all expats, repatriated them to South Africa and declared force majeure. An impairment of R9,7 million was recognised in respect of property, plant and equipment, which could not be recovered and no longer had economic value. During the prior year a further impairment of R3,8 million was recognised.

Depreciation expense of R313,8 million (2023: R308,3 million) has been charged in 'cost of sales' and R53,8 million (2023: R50,5 million) in 'operating expenses'.

Leases:

	2024 R'000	2023 R'000*
Carrying value of RoU assets:		
Land and buildings*	**43 660**	34 261
Equipment	**–**	272
Total	**43 660**	34 533

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.1 Property, plant and equipment (continued)

	2024 R'000	2023 R'000
Depreciation charge of RoU assets:		
Land and buildings	**7 839**	6 246
Equipment	**272**	171
Total	**8 111**	6 417

	2024 R'000	2023 R'000
Additions/reassessment of RoU assets:		
Land and buildings	**17 238**	12 397
Total	**17 238**	12 397

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

For additional disclosures on the lease expense, interest expense and lease liability refer notes 4.3, 4.5 and 7.3.4, respectively.

6.2 Intangible assets

Goodwill is carried at cost less any accumulated impairment.

At the acquisition dates, goodwill is allocated to each of the CGUs expected to benefit from a business combination. An impairment is determined by assessing the recoverable amount of the CGU to which goodwill relates. The recoverable amount is either determined as the value-in-use of each CGU or fair value less cost to sell. Value-in-use is calculated by estimating the expected future cash flows in each unit and choosing a suitable discount rate in order to calculate the present value of those cash flows.

Where the recoverable amount of the CGU is less than the carrying amount of the unit, an impairment loss is recognised in profit or loss beginning with the write-off of the goodwill allocated to such CGU. Where the goodwill is insufficient to cover the amount of the impairment adjustment, the remaining assets in the CGU are impaired on a *pro rata* basis.

Irrespective of whether there is any indication of impairment, the Group also tests goodwill acquired in a business combination for impairment annually by comparing the CGUs carrying amount with its recoverable amount. This impairment test is performed annually at the end of the reporting period.

In assessing value-in-use the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or to the CGU.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.2 Intangible assets (continued)

Other intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

For mining rights, amortisation is provided to write down the cost of the mining rights, less their residual values, on the straight-line basis over their useful lives as follows:

Mining rights	20 to 30 years
Surface right	5 years

Purchasing rights relate to ash dumps to which the Group has exclusive rights to utilise and process until the dumps are exhausted.

The amortisation on the purchasing right has been depleted during F2021. The amortisation charge is recognised as an expense in profit or loss. The amortisation period and amortisation method applied to an intangible asset with a finite useful life is reviewed, and adjusted if necessary, on an annual basis. These charges are accounted for as a change in estimate.

Impairment of goodwill
Goodwill was allocated to CGUs. The carrying value of goodwill is assessed for impairment using a discounted cash flow methodology based on forecasts including assumptions on operating profit, depreciation, working capital movements and capital expenditure.

	Group					
	Cost 2024 R'000	**Accumulated amortisation/ impairment 2024 R'000**	**Carrying value 2024 R'000**	Cost 2023 R'000*	Accumulated amortisation/ impairment 2023 R'000	Carrying value 2023 R'000*
Goodwill*	**287 119**	**(61 494)**	**225 625**	281 992	(38 575)	243 417
Mining rights	**22 831**	**(16 810)**	**6 021**	24 188	(17 331)	6 857
Surface right	**5 226**	**(2 144)**	**3 082**	5 226	(1 115)	4 111
Total	**315 176**	**(80 448)**	**234 728**	311 406	(57 021)	254 385

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

Analysis of movements in carrying value:

	Group				
	Opening carrying value R'000	**Additions R'000***	**Disposals R'000**	**Amortisation/ impairments R'000**	**Closing carrying value R'000***
2024					
Goodwill	**243 417**	**22 310**	**(17 183)**	**(22 919)**	**225 625**
Mining rights	**6 857**	**–**	**–**	**(836)**	**6 021**
Surface right	**4 111**	**–**	**–**	**(1 029)**	**3 082**
Total	**254 385**	**22 310**	**(17 183)**	**(24 784)**	**234 728**
2023					
Goodwill*	200 502	42 915	–	–	243 417
Mining rights	7 693	–	–	(836)	6 857
Surface right	5 140	–	–	(1 029)	4 111
Total	213 335	42 915	–	(1 865)	254 385

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

None of the mining rights included in intangible assets have indefinite lives. Remaining amortisation periods vary between four and 14 years (2023: five and 15 years). An amortisation expense of R1,2 million (2023: R1,2 million) has been charged to 'cost of sales' and R0,7 million (2023: R0,7 million) has been charged to 'operating expenses'.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.2 Intangible assets (continued)

Goodwill acquired through business combinations has been allocated to CGUs as follows:

	Group	
	2024 R'000	2023 R'000*
Afrimat Aggregates (KZN) Proprietary Limited	**16 878**	16 878
Rodag Holdings Proprietary Limited	**1 058**	1 058
Afrimat Aggregates (Operations) Proprietary Limited	**10 955**	10 955
Afrimat Aggregates (Eastern Cape) Proprietary Limited	**39 267**	39 267
Clinker Supplies Proprietary Limited	**26 105**	26 105
Sunshine Crushers Proprietary Limited	**5 723**	5 723
Glen Douglas Dolomite Proprietary Limited	**801**	801
Afrimat Lyttelton Proprietary Limited	**1 787**	1 787
Cape Lime Proprietary Limited	**57 456**	57 456
Afrimat Iron Ore Proprietary Limited	**40 472**	40 472
Agri Lime Proprietary Limited	**–**	40 102
Eckraal Quarries Proprietary Limited*	**2 813**	2 813
Fincrete Proprietary Limited**	**22 310**	–
	225 625	243 417

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

** *The goodwill for Fincrete Proprietary Limited is provisional due to the accounting for the business combination not being finalised at year-end, refer note 12.1.*

During the current year, an amount of R17,2 million was disposed of with the Stony Lime Proprietary Limited disposal, which formed part of the Agri Lime Proprietary Limited ('Agri Lime') goodwill. Furthermore, during the process of performing the annual goodwill impairment test, it was identified that the carrying value of the Agri Lime CGU exceeded its recoverable amount. This was mainly due to the shortfall in the anticipated market share of the resource, which resulted in the company not meeting its budget. As a result of the forementioned a goodwill impairment of R22,9 million was recorded. Agri Lime is included in the Industrial Minerals segment.

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.2 Intangible assets (continued)

The recoverable amount was determined using value-in-use calculations using a discounted cash flow methodology. These cash flows were based on forecasts which included assumptions as disclosed in the table below.

Assumptions used in discounted cash flow methodology

Financial budgets approved by management are used to calculate the cash flow projections for a five-year period.

Assumption	Approach used to determine values
Sales volume	An annual average growth rate extended over the five-year forecast period is used; this is based on past performance and management's expectations of market development, which is between the range of 4,0% to 6,0% (2023: 4,0% to 6,0%).
Budgeted gross margin	Based on past performance and management's expectations for the future, which is between the range of 4,0% to 6,0% (2023: 4,0% to 6,0%).
Other operating costs	These costs are forecasted by management adjusted for inflationary increases, non-cash flow items and once-off isolated expenses. These costs will generally reflect the fixed costs which are not expected to vary significantly with sales volumes or prices, which is between the range of 4,0% to 6,0% (2023: 4,0% to 6,0%).
Annual capital expenditure	Expected capital expenditure approved by the Board of directors for planned refurbishment. This is determined based on historical experience and expectations set by management, which is between the range of 4,0% to 6,0% (2023: 4,0% to 6,0%).
Medium-term growth rate	This is the weighted average growth rate, used to extrapolate the cash flows over the budgeted period, of 4,6% (2023: 4,6%).
Long-term growth rate	This is the weighted average growth rate, used to extrapolate the cash flows over the budgeted period, of 4,6% (2023: 4,6%).
Pre-tax discount rate	This is a discount rate determined by the Group that best reflects the specific risks relating to the CGUs against an adjusted market estimate of the weighted average target cost of capital structure of the Group. A rate of 15,4% (2023: 15,8%) has been applied.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.2 Intangible assets (continued)

Based on management's assessment no impairments were identified during the current year.

Significant estimate: impact on possible changes in key assumptions

A sensitivity analysis on assumptions used in the discounted cash flow has been done. The recoverable amounts of the CGU, Afrimat Aggregates (Eastern Cape) Proprietary Limited, would equal its carrying value amount if the key assumptions were to change as follows:

	2024		2023	
	From	To	From	To
Afrimat Aggregates (Eastern Cape) Proprietary Limited				
Medium-term growth rate	**N/A**	**N/A**	N/A	N/A
Long-term growth rate	**N/A**	**N/A**	4,6%	0,0%
Pre-tax discount rate	**N/A**	**N/A**	N/A	N/A

In the prior year, the recoverable amount of the CGU, Afrimat Aggregates (Eastern Cape) Proprietary Limited was estimated to exceed its carrying amount at R96,4 million.

Management have considered and assessed possible changes for the other assumptions and have not identified any instances that could cause the carrying amount of the CGU, Afrimat Aggregates (Eastern Cape) Proprietary Limited, to exceed its recoverable amount, therefore no impairment has been recorded. Should changes in the medium-term growth, long-term growth and pre-tax discount rate be greater than the rates stated above, it may cause the carrying amount to exceed the recoverable amount and therefore result in an impairment to be recognised.

6.3 Deferred tax

Deferred income tax is recognised, using the liability method, for calculated income tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Management applies judgement to determine whether sufficient future taxable profit will be available after considering, amongst others, factors such as profit histories, forecasted cash flows and budgets.

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.3 Deferred tax (continued)

Deferred tax assets

Deferred tax assets are only recognised on tax losses which are expected to be offset against future taxable income in the foreseeable future.

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Accelerated capital allowances for tax purposes*	**(358 243)**	(280 302)	**–**	–
Accruals*	**54 734**	50 329	**3 122**	3 336
Provisions*	**75 531**	77 022	**–**	–
Tax losses available for set-off against future taxable income	**208 867**	182 695	**1 883**	515
Share-based payments	**17 948**	22 888	**2 737**	5 784
Fair value adjustments	**(5 173)**	(1 608)	**–**	–
Mining assets*	**(178 208)**	(162 995)	**–**	–
Other	**3 212**	(11 618)	**(1 350)**	(1 350)
Lease liabilities*	**15 912**	13 871	**–**	–
	(165 420)	(109 718)	**6 392**	8 285

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.3 Deferred tax (continued)

Analysis of movement in deferred tax balance:

	Group								
	February 2023						February 2024		
	Assets R'000	Liabilities R'000*	Total R'000*	Recognised in profit or loss R'000	Recognised directly in equity R'000	Business combinations (refer note 12.1) R'000	**Assets R'000**	**Liabilities R'000**	**Total R'000**
Accelerated capital allowances for tax purposes*	7 044	(287 346)	(280 302)	(64 964)	–	(12 977)	**(52 361)**	**(305 882)**	**(358 243)**
Accruals*	18 471	31 858	50 329	4 405	–	–	**21 295**	**33 439**	**54 734**
Provisions*	33 377	43 645	77 022	(1 491)	–	–	**29 115**	**46 416**	**75 531**
Tax losses available for set-off against future taxable income	174 258	8 437	182 695	26 172	–	–	**201 449**	**7 418**	**208 867**
Share-based payments	12 413	10 475	22 888	3 088	(8 028)	–	**7 961**	**9 987**	**17 948**
Fair value adjustments	8	(1 616)	(1 608)	(3 512)	(53)	–	**(2 014)**	**(3 159)**	**(5 173)**
Mining assets*	12 582	(175 577)	(162 995)	(15 213)	–	–	**(10 806)**	**(167 402)**	**(178 208)**
Other	(1 122)	(10 496)	(11 618)	14 830	–	–	**(2 047)**	**5 259**	**3 212**
Lease liabilities*	3 777	10 094	13 871	2 041	–	–	**5 318**	**10 594**	**15 912**
Total	260 808	(370 526)	(109 718)	(34 644)	(8 081)	(12 977)	**197 910**	**(363 330)**	**(165 420)**

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

	Company							
	February 2023					February 2024		
	Assets R'000	Liabilities R'000	Total R'000	Recognised in profit or loss R'000	Recognised directly in equity R'000	**Assets R'000**	**Liabilities R'000**	**Total R'000**
Accruals	3 336	–	3 336	(214)	–	**3 122**	–	**3 122**
Tax losses available for set-off against future taxable income	515	–	515	1 368	–	**1 883**	–	**1 883**
Other	(1 350)	–	(1 350)	–	–	**(1 350)**	–	**(1 350)**
Share-based payments	5 784	–	5 784	1 051	(4 098)	**2 737**	–	**2 737**
Total	8 285	–	8 285	2 205	(4 098)	**6 392**	–	**6 392**

The Group has estimated income tax losses and capital tax losses available of R1,0 billion (2023: R869,9 million) and R52,6 million (2023: R52,6 million), respectively. Included in the assessed tax losses were R242,9 million (2023: R186,4 million) and R52,6 million (2023: R52,6 million) relating to income and capital tax losses, respectively, which are available for set-off against future taxable income, but due to the improbability of the realisation of related tax benefits, these assets were not raised. Included in the income tax losses is an amount of R636,9 million (2023: R588,7 million) relating to the income tax losses of Nkomati Anthracite Proprietary Limited. The deferred tax asset includes an asset of R208,9 million (2023: R182,7 million) relating to assessed tax losses carried forward. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plan and budgets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.4 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of the inventories is assigned using the first-in, first-out ('FIFO') method, except for consumable stores the cost of which is determined on the weighted average basis.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Provision for stock obsolescence

The Group recognises a provision for stock obsolescence based on the determination of excess stock on hand as well as damaged and unusable items.

A provision for stock obsolescence is calculated as follows:

Aggregates, industrial minerals and clinker	100% if older than 24 months
Commodities	100% if older than 24 months
Concrete manufactured products	100% if older than 12 months
Production supplies	100% if older than 36 months
Raw materials	100% if older than 12 months

Measurement of stockpile quantities

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile. This is determined using assumptions such as densities and sizes which are based on studies, historical data and industry norms. Stockpile tonnages are verified by periodic surveys of which year-end surveys are performed by external service providers.

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Amounts attributable to the different categories are as follows:				
Raw materials, components	**245 200**	246 836	**–**	–
Finished goods*	**519 872**	364 409	**–**	–
Production supplies	**88 534**	79 911	**–**	–
Total	**853 606**	691 156	**–**	–

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.4 Inventories (continued)

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Allowance for inventory obsolescence:	**(24 163)**	(19 653)	**–**	–
Finished goods	**(20 642)**	(16 329)	**–**	–
Production supplies	**(3 521)**	(3 324)	**–**	–
Total	**829 443**	671 503	**–**	–
Non-current assets**	**215 254**	212 569	**–**	–
Current assets*	**614 189**	458 934	**–**	–
Total	**829 443**	671 503	**–**	–

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

** *Inventories classified as 'non-current assets' relate to the 'raw materials: phosphate stockpiles' purchased by Afrimat Phosphates Proprietary Limited from Glenover Phosphate Proprietary Limited. 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.*

Inventory write-off to net realisable value amounted to R1,8 million (2023: R8,4 million) and included in 'cost of sales' in the Statement of Profit or Loss and Other Comprehensive Income.

The total amount of inventory recognised as an expense is R680,4 million (2023: R636,5 million) and was recognised in 'cost of sales'.

6.5 Provisions

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Group policy is that environmental rehabilitation and dismantling estimates will be reviewed annually and be reassessed by independent consultants every three years.

Group companies are required to restore quarry and manufacturing sites at the end of their productive lives to a condition acceptable to the relevant authorities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.5 Provisions (continued)

Annual estimates are made in determining the present obligation of decommissioning and quarry rehabilitation provisions, which include the actual estimate, the discount rate used and the expected date of closure of mining activities in determining the present value of decommissioning and quarry rehabilitation provisions. Estimates are based on costs that are regularly reviewed, by internal and external experts, and adjusted as appropriate for new circumstances.

The expected increase or decrease in the cost of any rehabilitation programme, discounted to its net present value, is charged as an expense in the year in which the increase or decrease occur and is included in 'cost of sales'. The increase or decrease in the net present value of the expected cost is included in 'finance costs'.

Where a closure and environmental obligation arises from mine development activities, the costs are capitalised as part of the cost of the item of property, plant and equipment.

Key assumptions used by management in valuation of rehabilitation and dismantling provisions:

	2024	2023
Assumptions	LOM	LOM
Values	7 to 30 years	7 to 30 years
Medium-term growth	6,5%	7,2%
Pre-tax discount rate	7,3%	7,0%

Quantifying the future costs of these obligations is complex and requires various estimates to be made, as well as interpretations of and decisions regarding regulatory requirements, particularly with respect to the degree of rehabilitation required, with reference to the sensitivity of the environmental area surrounding the sites.

The carrying value of the rehabilitation and dismantling provision is sensitive to assumptions and estimates used in its calculation. If the discount rate of 7,3% (2023: 7,0%) had been 0,8% higher than management's estimate, the Group would have decreased the provisions by R23,4 million (2023: R19,7 million). However, if the discount rate had been 0,8% lower than management's estimate, the Group would have increased the provisions by R27,0 million (2023: R22,7 million).

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.5 Provisions (continued)

	Group		
	Environmental rehabilitation R'000*	Dismantling R'000*	Total provisions R'000*
Balance at 1 March 2022	235 131	30 121	265 252
Acquired through business combination (refer note 12.1)*	11 547	1 334	12 881
Discount unwinding	18 804	–	18 804
Reversed during year	(13 412)	(53)	(13 465)
Additions	13 420	1 682	15 102
Total changes	30 359	2 963	33 322
Restated balance at 1 March 2023	**265 490**	**33 084**	**298 574**
Acquired through business combination (refer note 12.1)	**193**	**–**	**193**
Discount unwinding	**20 737**	**–**	**20 737**
Reversed during year	**(54 857)**	**(8 570)**	**(63 427)**
Additions	**19 206**	**4 656**	**23 862**
Total changes	**(14 721)**	**(3 914)**	**(18 635)**
Balance at 29 February 2024	**250 769**	**29 170**	**279 939**

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

The Group appointed Site Plan Consulting Proprietary Limited ('SPC') as their independent expert for determining closure cost. SPC has applied an 'individual disturbance, unit-based' calculation, based on measurement of actual ('ground-truthed') disturbances, as an alternative quantum calculation to the DMRE Guideline for Evaluation of the Quantum of Closure-related Financial Provision Provided by a Mine (2005) for IFRS reporting purposes. The DMRE guideline is used when calculating the liability for submission to the DMRE.

Key assumptions used by SPC:

Rehabilitation of access roads	R8,41/m² (2023: R7,14/m²)
Buttress blasting	R1 170/linear metre (2023: R1 000/linear metre)
Rehabilitation of overburden and spoils	R154 400/hectare ('ha') (2023: R130 760/ha)
General surface rehabilitation	R86 676/ha (2023: R63 746/ha)
Two to three years of maintenance and aftercare	R7 474/ha (2023: R6 342/ha)
Discount rate	8,0% (2023: 8,0%)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

6. NON-FINANCIAL ASSETS AND LIABILITIES (continued)

6.5 Provisions (continued)

The Financial Provisioning Regulations, 2015 as amended by Government Notice No. 1314, Government Gazette No. 40371 of 26 October 2016, Government Notice No. R452, Government Gazette No. 41584 of 20 April 2018, Government Notice No. 991, Government Gazette No. 42956 of 17 January 2020 and Government Notice No. 495, Government Gazette No. 44698 of 11 June 2021 have been repealed and replaced with the Proposed Financial Provisioning Regulations, 2022.

All environmental rehabilitation and dismantling provisions at year-end have been reviewed by management and adjusted as appropriate for changes in legislation, technology and other circumstances. The expected timing of any outflows of these provisions will be on the closure of the respective mines. Estimates are based on costs that are reviewed regularly and adjusted as appropriate for new circumstances. Future cash flows are appropriately discounted. A discount rate of 7,3% (2023: 7,0%) was used. The Company appointed SPC to conduct an Independent Specialist Update of the quarry and mining site rehabilitation quantum's during the current year.

The decommissioning and rehabilitation provisions are secured by guarantees issued to the DMRE to the amount of R429,6 million (2023: R414,2 million) (refer note 17). Funds to the amount of R92,8 million (2023: R81,0 million) have been invested in environmental insurance policies, R3,9 million (2023: R3,6 million) in a Green Horizons Environmental Rehabilitation Trust Fund, R4,4 million (2023: R4,0 million) in a Momentum Rehabilitation Trust Fund and R1,9 million (2023: R1,4 million) in an Old Mutual Rehabilitation Trust Fund (refer note 7.1).

7. FINANCIAL ASSETS AND LIABILITIES

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Other financial assets				
Non-current assets				
Financial assets at fair value through other comprehensive income (refer note 7.1)*	**10 212**	9 010	**–**	–
Financial assets at fair value through profit or loss (refer note 7.2)*	**93 438**	81 618	**–**	–
Financial assets at amortised cost (refer note 7.3.1)	**42 883**	31 120	**4 593**	–
	146 533	121 748	**4 593**	–
Current assets				
Financial assets at amortised cost (refer note 7.3.1)*	**150 000**	8 900	**150 000**	3 609
	150 000	8 900	**150 000**	3 609
Total other financial assets	**296 533**	130 648	**154 593**	3 609

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

The Group classifies its financial assets in categories dependent on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.1 Financial assets at fair value through other comprehensive income

Investments in equity instruments measured at fair value through other comprehensive income ('FVOCI') are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured at initial recognition at fair value. Transaction costs are added to the initial carrying amount for those investments. Investments in equity instruments are subsequently measured at FVOCI.

The gains or losses which accumulated in equity in the 'fair value reserve' for equity investments at FVOCI are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

Financial assets at FVOCI comprise equity securities not held for trading and which the Group irrevocably elected on initial recognition, to designate as at fair value through other comprehensive income.

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Non-current assets				
Listed shares at fair value				
Old Mutual PLC shares	**69**	67	**–**	–
Environmental funds at fair value				
Green Horizons Environmental Rehabilitation Trust Fund	**3 869**	3 567	**–**	–
Old Mutual Rehabilitation Trust Fund*	**1 924**	1 379	**–**	–
Momentum Rehabilitation Trust Fund*	**4 350**	3 997	**–**	–
Total financial assets at fair value through other comprehensive income	**10 212**	9 010	**–**	–

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

Environmental funds were established to fund the cost of rehabilitation on closure of certain of the Group's mines.

The Momentum and Old Mutual policies relate to investment funds for the purpose of the rehabilitation of the Eckraal quarry, these investments were acquired as part of the Eckraal acquisition (refer note 12.1). The contributions to these policies are paid by Eckraal Quarries Proprietary Limited on behalf of Eckraal Rehabilitation Trust.

Refer note 21 for details of fair value estimation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ('FVPL') comprise:
- Equity investments held for trading; and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

Investments in equity instruments measured at FVPL are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured at initial recognition at fair value. Transaction costs are recognised through profit or loss. Investments in equity instruments are subsequently measured at FVPL.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss and presented net within 'other net gains and losses'.

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Non-current assets				
Cadiz Asset Management Proprietary Limited Enterprise Development Investment	**607**	609	**–**	–
Centriq Insurance Company Limited Mining Rehabilitation Guarantee Insurance Policy	**92 831**	55 858	**–**	–
Guardrisk Insurance Company Limited	**–**	25 151	**–**	–
Total financial assets at fair value through profit or loss	**93 438**	81 618	**–**	–

The Group invested an amount in a Centriq Mining Rehabilitation Guarantee Insurance Policy to rehabilitate the environment after mining operations are completed at various mining sites throughout the Group (refer note 6.5).

The Cadiz Enterprise Development Investment is an upfront investment which counts towards the Group's enterprise development score. This investment was acquired as part of the Cape Lime acquisition.

The Guardrisk investment was acquired as part of the Nkomati acquisition for the environmental rehabilitation costs of the Nkomati mine. During the year this fund was cancelled and the funds were moved to Centriq.

The fair value of all equity securities is based on their current bid prices in an active market. A change in fair value of R9,4 million (2023: R2,5 million) was allocated to 'other net gains and losses' in profit or loss, refer note 4.2.

Refer note 21 for details of fair value estimation and note 10 for disclosures on financial risk management.

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost

7.3.1 Other financial assets at amortised costs

Financial assets at amortised cost comprise assets held for collection of contractual cash flow comprising solely payments of principal and interest.

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus direct transaction costs, if any.

Interest on these financial assets is calculated using the effective interest method and recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of 'finance income'.

The Group recognises a loss allowance for expected credit losses ('ECL') on all loans receivable measured at amortised cost. The amount of ECL is updated at each reporting date to reflect the changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses ('lifetime ECL') when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, the loss allowance for that loan is measured at 12-month expected credit losses ('12-month ECL').

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Non-current assets				
Enterprise and supplier development loans	**38 290**	31 120	**–**	–
Other	**4 593**	–	**4 593**	–
Current assets				
Enterprise and supplier development loans	**–**	5 411	**–**	3 609
Glenover Phosphates Proprietary Limited**	**150 000**	–	**150 000**	–
Other*	**–**	3 489	**–**	–
Total other financial assets at amortised cost	**192 883**	40 020	**154 593**	3 609

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

** *This relates to the purchase of the sale claims from Glenover Phosphates Proprietary Limited ('Glenover') of R150,0 million, refer note 8.1.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.1 Other financial assets at amortised costs (continued)

As part of Afrimat's commitment to achieve sustainable growth and having an impact on the communities we operate in, the Group provides local enterprise and supplier development loans to local qualifying enterprises. The majority of these loans have been provided by Afrimat Iron Ore Proprietary Limited to local qualifying enterprises. These loans bear no interest and are repayable between 10 and 48 monthly instalments.

It is management's view that these counterparties have a low risk of default as there are no amounts past due. For supplier development loans sufficient security is provided. The expected credit loss has been determined over a 12-month period, resulting in expected credit loss identified being immaterial.

The fair values of other financial assets at amortised cost are considered to be approximate to the carrying value due to their short-term nature.

7.3.2 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. They are subsequently measured at amortised costs using the effective interest method, because their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

The Group applies the IFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The Group makes use of a provision matrix as a practical expedient to the determination of ECL on trade and other receivables. Trade receivables have been grouped with relation to the credit quality of the customers. The expected loss rate is based on the historical payment of sales, as well as credit losses experienced during a 12-month period before reporting date. The historical loss rate is adjusted to reflect current and forward-looking information on macroeconomic factors that may affect the ability of customers to settle the debt outstanding. The Group has identified the gross domestic product ('GDP') of South Africa to be the most relevant factor and accordingly adjusted the historical loss rate based on expected changes in the GDP. When there is no expectation to recover additional cash, the receivable is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other income' in the Statement of Profit or Loss and Other Comprehensive Income.

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.2 Trade and other receivables (continued)

A significant increase in credit risk is indicated when:
(1) the debtor has missed at least one payment (i.e. 30/60 days past due); and
(2) any other economic indicators (i.e. national/global occurrences).

The quantitative criterion of credit impairment is when receivables are more than 90 days past due on their contractual payments which is a rebuttable presumption in IFRS 9.

ECL allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The ECL is included in 'other operating expenses' in profit or loss as a movement in credit loss allowance.

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Provisionally priced receivables included within the trade receivables of Afrimat Iron Ore Proprietary Limited are exposed to future IODEX price movements. A financial asset host that is within the scope of IFRS 9 is not assessed for embedded derivatives, because the solely payments of principal and interest ('SPPI') criterion is applied to the entire hybrid contract to determine the appropriate measurement category. The exposure of provisionally priced trade receivables to future IODEX price fluctuations will fail the SPPI criteria and are therefore measured at fair value through profit or loss from the date of recognition up until date of settlement.

When assessing the loss allowance for inter-group loans, other financial assets and net investment in leases, the Group applies the General Model by firstly assessing which stage of the three-stage model the financial asset falls into and secondly calculating this loss taking into account the exposure, probability and expected loss accordingly. The stages applied are:
(1) A performing asset – a 12-month expected credit loss is calculated;
(2) Increased credit risk – lifetime expected credit loss is calculated; or
(3) Credit impaired – lifetime expected credit loss is calculated.

Trade and other receivables
ECL of trade and other receivables requires the consideration of historical default rates and forward-looking information. The Group applies the practical expedient in using the provision matrix and a forward-looking factor.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.2 Trade and other receivables (continued)

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Trade receivables at amortised cost*	**632 842**	443 971	**9 856**	24 814
Less: Allowances for credit losses*	**(11 604)**	(17 572)	**–**	–
Trade and other receivables at fair value through profit or loss**	**77 191**	196 345	**–**	–
Trade receivables – net	**698 429**	622 744	**9 856**	24 814
Loans to related parties	**412**	–	**–**	–
Other receivables	**20 808**	50 345	**416**	424
Trade and other receivables – financial assets (refer note 10)	**719 649**	673 089	**10 272**	25 238
Prepayments and value-added taxation*	**54 324**	66 872	**6 732**	5 000
Total trade and other receivables	**773 973**	739 961	**17 004**	30 238

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

** *Trade receivables at fair value through profit or loss relates to the customer, Kumba International Trading S.A.R.L, refer note 21, for further details on fair value methodology.*

The other receivables comprising deposits, are assessed on an individual basis and considered to be low risk of default, with no amount past due as well as the parties having sufficient access to high liquid assets at year-end. The ECL has been determined over a 12-month period, resulting in an ECL identified being immaterial.

Loans to related parties and other trade receivables are assessed on an individual basis and considered to be low risk of default, due to parties having sufficient access to high liquid assets at year-end. The expected credit loss has been determined over a 12-month period, and the identified credit loss was immaterial.

Trade receivables for the Company relates to inter-company balances. These balances have been assessed for ECL over a 12-month period, resulting in an ECL identified being immaterial, due to the balances not being past due.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the Group only deals with reputable customers with consistent payment histories. The collateral in place includes an insurance policy covering credit losses greater than R5,0 million. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.2 Trade and other receivables (continued)

Three of the Group's largest customers, Kumba International Trading S.A.R.L, ArcelorMittal South Africa Limited and Glencore Operations South Africa Proprietary Limited accounted for approximately 21,4%, 19,7% and 9,2% of net sales (2023: 26,6%, 13,9% and 10,0%) which represents 17,3%, 30,0% and 3,3% of the trade and other receivables balance outstanding (2023: 25,7%, 24,0% and 1,7%), respectively. There are no other significant concentration of customer credit risk.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	Group			
	Estimated gross carrying amount at default 2024 R'000	**Loss allowance (lifetime expected credit loss) 2024 R'000**	Estimated gross carrying amount at default 2023 R'000*	Loss allowance (lifetime expected credit loss) 2023 R'000*
Expected credit loss rate:				
Not past due: 0,4% (2023: 1,5%)*	**587 911**	**(2 271)**	251 820	(3 829)
Less than 30 days past due: 10,7% (2023: 1,7%)	**13 792**	**(1 472)**	122 736	(2 044)
31 – 60 days past due: 13,8% (2023: 0,1%)	**5 523**	**(760)**	35 401	(34)
61 – 90 days past due: 10,0% (2023: 5,8%)	**1 759**	**(176)**	14 738	(862)
91 – 120 days past due: 47,7% (2023: 8,1%)	**3 644**	**(1 739)**	9 215	(742)
More than 120 days past due: 25,7% (2023: 100,0%)	**20 213**	**(5 186)**	10 061	(10 061)
Total	**632 842**	**(11 604)**	443 971	(17 572)

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.2 Trade and other receivables (continued)

The following table shows the movement in the loss allowance (lifetime ECL) for trade and other receivables:

	Group	
	2024 R'000	2023 R'000*
Opening balance	**17 572**	8 961
Acquired through business combination*	**–**	7 094
Disposal of subsidiary	**(3 309)**	–
Amounts recovered	**(16)**	(547)
Provision raised on new trade receivables	**7 027**	9 324
Provisions reversed on settled trade receivables	**(9 670)**	(7 260)
Closing balance	**11 604**	17 572

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Rand*	**644 579**	513 743	**17 004**	30 238
Meticais	**–**	27 601	**–**	–
Zambian Kwacha	**42**	–	**–**	–
US Dollar	**129 352**	198 617	**–**	–
	773 973	739 961	**17 004**	30 238

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

The fair values of 'trade and other receivables at amortised cost' are considered to be equal to the carrying value due to their short-term nature. Refer note 21 for details of fair value estimation on 'trade and other receivables at fair value through profit or loss'.

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.3 Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value; these are classified as financial assets measured at amortised cost.

For purposes of the cash flow statements, cash and cash equivalents comprise cash and cash equivalents defined above, net of outstanding bank overdrafts.

Bank overdrafts are classified as financial liabilities at amortised cost.

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Cash and cash equivalents consist of:				
Cash on hand*	**483**	203	**–**	–
Bank balances*	**377 764**	199 143	**56 934**	74 170
Short-term bank deposits	**126 431**	81 471	**–**	–
Bank overdraft*	**–**	(1 578)	**–**	–
	504 678	279 239	**56 934**	74 170
Current assets*	**504 678**	280 817	**56 934**	74 170
Current liabilities*	**–**	(1 578)	**–**	–
	504 678	279 239	**56 934**	74 170

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

Unlimited and R700 thousand omnibus securityships between Group companies were provided to Standard Bank of South Africa Limited ('SBSA') and FirstRand Bank Limited, respectively, for the Group banking facilities.

The overdraft bears interest on a negotiated rate based on prime and payable on demand. Refer note 7.3.4 for the Group's undrawn facilities.

The cash and cash equivalents disclosed above and in the Statement of Cash Flows include RNil million (2023: R2,7 million) which was held by Afrimat Logistics Limitada, which related to deposits that were subject to regulatory restrictions and therefore was not available for general use by the other entities within the Group. During the current year, this subsidiary was disposed of, refer note 12.2 for further disclosure.

Refer note 10 for details on the credit quality of cash and cash equivalents.

The fair values of cash and cash equivalents are considered to be equal to the carrying value due to their short-term nature.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 Borrowings

Borrowings are classified as financial liabilities subsequently measured at amortised cost. The liabilities are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Leases are recognised as a RoU asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The Group leases various land and buildings, equipment and vehicles. Rental contracts are typically made for fixed periods of one year to 10 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

Lease liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable;
- exclude variable lease payments;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the RoU asset in a similar economic environment with similar terms, security and conditions.

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 Borrowings (continued)

The Group remeasures the lease liability, when applicable, in accordance with the following table:

Lease liability remeasurement scenario	Lease liability remeasurement methodology
Change to the lease term.	▪ discounting the revised lease payments using a revised discount rate.
Change in the assessment of whether the Group will exercise a purchase, termination or extension option.	▪ discounting the revised lease payments using a revised discount rate.
Change to the lease payments as a result of a change in an index or a rate.	▪ discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
Change in expected payment under a residual value guarantee.	▪ discounting the revised lease payments using the initial discount rate.
Lease contract has been modified and the lease modification is not accounted for as a separate lease.	▪ discounting the revised lease payments using a revised discount rate.

Identifying a lease

The Group assesses whether a contract is, or contains a lease, at inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determines whether the asset under consideration is 'identified', which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group as the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 Borrowings (continued)

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Non-current liabilities				
Medium-term loans	**–**	–	**–**	–
Instalment sale agreements*	**157 104**	130 978	**–**	–
Lease liabilities*	**52 926**	43 933	**–**	–
	210 030	174 911	**–**	–
Current liabilities				
Medium-term loans	**200 000**	20 266	**200 000**	–
Instalment sale agreements	**140 823**	118 541	**–**	–
Lease liabilities	**6 272**	7 441	**–**	–
	347 095	146 248	**200 000**	–
Total borrowings	**557 125**	321 159	**200 000**	–
Medium-term loans				
Capital reconciliation of medium-term loans was as follows:				
Opening balance	**20 266**	375 748	**–**	350 000
Borrowings raised	**200 000**	80 325	**200 000**	–
Repayments	**(20 266)**	(435 807)	**–**	(350 000)
Closing balance	**200 000**	20 266	**200 000**	–
Instalment sale agreements				
Capital reconciliation of instalment sale agreements was as follows:				
Opening balance	**249 519**	222 453	**–**	–
Additions through business combinations (refer note 12.1)*	**–**	6 088	**–**	–
Borrowings raised	**205 393**	145 679	**–**	–
Repayments	**(156 985)**	(124 701)	**–**	–
Closing balance	**297 927**	249 519	**–**	–

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 Borrowings (continued)

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Lease liabilities				
Capital reconciliation of lease liabilities was as follows:				
Opening balance	**51 374**	45 625	**–**	–
Additions through business combinations (refer note 12.1)*	**2 451**	8 851	**–**	–
Additions	**10 878**	3 916	**–**	–
Finance cost	**5 815**	3 667	**–**	–
Lease payments (refer note 9.7)	**(11 320)**	(10 685)	**–**	–
Closing balance	**59 198**	51 374	**–**	–
Total borrowings	**557 125**	321 159	**200 000**	–
Minimum payments due on instalment sale agreements and lease liabilities are as follows:				
Within one year	**175 196**	146 579	**–**	–
In second to fifth year inclusive*	**215 279**	171 864	**–**	–
More than five years*	**33 583**	35 617	**–**	–
	424 058	354 060	**–**	–
Future finance charges*	**(66 933)**	(53 167)	**–**	–
Present value of minimum payments	**357 125**	300 893	**–**	–
Analysis of present value of minimum payments due:				
Within one year	**147 095**	125 982	**–**	–
In second to fifth year inclusive*	**184 949**	149 510	**–**	–
More than five years*	**25 081**	25 401	**–**	–
	357 125	300 893	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 Borrowings (continued)

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Analysis as per Statement of Cash Flows:				
Total opening balance borrowings	**321 159**	643 826	**–**	350 000
Borrowings raised	**200 000**	75 453	**200 000**	–
Borrowings raised – non-cash*	**218 722**	169 406	**–**	–
Medium-term loans	**–**	4 872	**–**	–
Instalment sale agreements (refer note 6.1)	**205 393**	145 679	**–**	–
Additions through business combinations (refer note 12.1)*	**2 451**	14 939	**–**	–
Lease liabilities	**10 878**	3 916	**–**	–
Repayments	**(182 756)**	(567 526)	**–**	(350 000)
Instalment sale agreements and medium-term loans	**(177 251)**	(560 508)	**–**	(350 000)
Capital elements of lease payments	**(5 505)**	(7 018)	**–**	–
Total closing balance borrowings	**557 125**	321 159	**200 000**	–

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

The following covenants are applicable to the general banking facilities

The Group shall ensure that the following financial covenants will be met:

	Targets	Achieved
– Net debt to earnings before interest, taxation, depreciation and amortisation ('EBITDA') ratio shall not exceed target;	2,25	0,03
– EBITDA to finance charges ratio shall at all times exceed target;	3,5	31,4
– Debt service cover ratio shall at all times exceed target;	1,2	3,7
– Guarantor EBITDA ratio shall at all times exceed target; and	90,0%	93,6%
– Guarantor total assets ratio shall at all times exceed target.	90,0%	92,6%

During the current year, the revolving credit facility ('RCF') with SBSA and ABSA Group Limited ('ABSA') of R500,0 million, which bore interest at the three-month Jibar overnight deposit rate plus 1,7%, payable quarterly in arrears, was cancelled. Subsequently, the Group acquired a R900,0 million RCF with SBSA. The utilised portion was R200,0 million as at 29 February 2024. The facility bears interest at the three-month Jibar overnight deposit rate plus 1,6%, payable quarterly in arrears.

In the prior year, the Group repaid its US$4,0 million RCF with Standard Bank (Mauritius) Limited. The facility bore interest at Libor plus 2,6%, payable quarterly and was available until February 2023. Consequently, the Group acquired a US$5,0 million RCF with ABSA Bank (Mauritius) Limited on 16 January 2023. The utilised portion of the facility was US$Nil as at 29 February 2024 (28 February 2023: US$1,1 million). The facility bears interest at the daily Secured Overnight Financing Rate ('SOFR'), compounded monthly, plus a margin of 2,5%.

The lease liabilities are measured at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 March 2019. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on 1 March 2019 was 9,7%.

Total cash outflow for leases during the year was R556,7 million (2023: R503,8 million).

The Group is required, by means of covenants provided to financiers, to maintain certain solvency and profitability ratios which are monitored monthly via management accounts and cash flow forecasts. None of the covenants were breached during the year ended 29 February 2024, neither in the preceding year.

It is Group policy to purchase certain property, plant and equipment under instalment sale agreements. The instalment sale agreements and lease liabilities are repayable in monthly instalments of R16,6 million (2023: R15,1 million) including interest and capital. Interest rates are linked to the prime overdraft rate and varied between 6,4% and 13,0% (2023: 6,0% and 12,0%) during the year. The instalment sale agreements are secured by various items of property, plant and equipment as indicated in note 6.1.

The exposure of the Group's borrowings to interest rate changes and to contractual repricing dates at the reporting dates are as follows:

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
At floating rates based on prime overdraft rate	**557 125**	321 159	**200 000**	–

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 Borrowings (continued)

The Group has the following undrawn borrowing facilities with First National Bank of South Africa ('FNB'), SBSA and ABSA:

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Floating rate:				
– Expiring within one year	**1 242 794**	589 194	**835 828**	269 851

The fair value of borrowings equals their carrying amount. The carrying amounts of the Group's borrowings are all denominated in South African Rand, except for the medium-term loan in Afrimat Offshore, which amounted to $1,1 million on 28 February 2023. This loan was paid in full during the current year.

The MOI of Afrimat Limited and its subsidiary companies provides no limitation on the borrowing powers of the directors, accordingly the borrowings set out above comply with the MOI of the respective companies

7.3.5 Other financial liabilities

Other financial liabilities are initially recognised at fair value, net of transaction costs incurred. Other financial liabilities are subsequently measured at amortised cost.

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Glencore Operations South Africa Proprietary Limited	**–**	120 000	**–**	–
Net capital proceeds owing to Afrimat BEE Trust participants	**6 301**	6 960	**–**	–
Other financial liabilities	**1 987**	4 752	**–**	–
Acquired through business combination (refer note 12.1)*	**1 383**	1 433	**–**	–
Total other financial liabilities	**9 671**	133 145	**–**	–

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

In the prior year, 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 year 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 FNB, refer note 17.

7. FINANCIAL ASSETS AND LIABILITIES (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.6 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost.

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Trade payables*	**547 404**	403 624	**11 442**	195
Accrued expenses*	**138 878**	110 791	**279**	255
Other payables*[#]	**69 323**	19 500	**–**	–
Trade and other payables – financial liabilities (refer note 10)	**755 605**	533 915	**11 721**	450
Taxes and other statutory liabilities*	**57 275**	47 157	**–**	2 845
Employee-related accruals*^	**127 897**	109 994	**15 879**	13 019
Total trade and other payables	**940 777**	691 066	**27 600**	16 314

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*
^ *Included in 'Employee-related accruals' are accruals for bonuses, leave pay, provident fund and medical aid contributions.*
[#] *Included in 'Other payables' is a contingent consideration payable of R48,8 million in relation to the Fincrete Proprietary Limited acquisition, refer note 12.1.*

Trade and other payables consist of purchases from suppliers at normal trade terms. Interest is paid on overdue accounts at an interest rate linked to the prime bank rate.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Rand*	**940 023**	675 925	**24 983**	16 314
Meticais	**–**	14 917	**–**	–
Zambian Kwacha	**147**	–	**–**	–
US Dollar	**607**	224	**2 617**	–
	940 777	691 066	**27 600**	16 314

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

The fair values of trade and other payables are considered to be equal to the carrying value due to their short-term nature.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

8. EQUITY – INCLUDING EARNINGS PER SHARE

8.1 Stated capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Authorised				
1 000 000 000 (2023: 1 000 000 000) ordinary shares with no par value	**–**	–	**–**	–
Issued				
159 690 957 (2023: 159 718 929) ordinary shares with no par value				
Opening balance	**939 435**	315 886	**851 264**	228 638
2 800 818 (2023: 13 372 665) shares issued during the year	**154 546**	680 000	**154 546**	680 000
2 828 790 (2023: Nil) shares repurchased during the year	**(137 770)**	–	**(150 000)**	–
Net effect of settlement of employee share options	**(55 129)**	(56 451)	**(62 663)**	(57 374)
Stated capital	**901 082**	939 435	**793 147**	851 264

During the current year, the Company repurchased 2 828 790 ordinary shares for a price of R53,03 per repurchase share. 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, refer note 18.

On or about 9 November 2020, Afrimat acquired the issued share capital of Unicorn Capital Partners Proprietary Limited ('UCP') by way of a scheme of arrangement in terms of section 114 of the Companies Act, which was implemented on 14 December 2020 ('scheme'). In terms of the scheme, scheme participants were entitled to receive 1 Afrimat share for every 280 CP shares held on the record date of the scheme. Pursuant to the scheme, certain dissenting UCP shareholders ('Dissenting Shareholders') exercised their appraisal rights in terms of section 164 of the Companies Act and accordingly their right to participate in the scheme was suspended pending the outcome of the appraisal rights process. During the current year, the Dissenting Shareholders have withdrawn their demand in terms of section 164 of the Companies Act and have now become scheme participants and are entitled to receive the scheme consideration shares. The Company therefore issued 117 934 shares at a price of R38,55, equating to R4,5 million.

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.

8. EQUITY – INCLUDING EARNINGS PER SHARE (continued)

8.1 Stated capital (continued)

The net effect of settlement of employee share options refer to the total shares issued to employees in terms of the Share Appreciation Rights Scheme including the shares 'surrendered' by employees in order to raise cash to pay the taxation owing.

All shares issued by the Company were fully paid.

8.2 Treasury shares

Shares in Afrimat Limited held by wholly owned subsidiaries are classified as treasury shares. Where any Group company purchases the Company's ordinary shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders under 'treasury shares' until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders under 'treasury shares'. Dividends received on treasury shares are eliminated on consolidation. No gains or losses are recognised in the Group profit or loss on the purchase, sale, issue or cancellation of treasury shares.

	Group	
	2024 R'000	2023 R'000
Opening balance	**(289 348)**	(109 030)
Utilised for settlement of employee Share Appreciation Rights exercised	**28 001**	18 542
Utilised for settlement of employee Forfeitable Share Plan shares vested	**11 670**	15 674
Purchased during the year	**(31 578)**	(214 534)
AEI	**(1 876)**	(5 372)
Afrimat Management Services Proprietary Limited ('AMS')	**(29 702)**	(209 162)
Repurchase of shares*	**137 770**	–
	(143 485)	(289 348)

* *During the current year, the Group repurchased 2 828 790 ordinary shares for a price of R53,03 per repurchase share. 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, refer note 18.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

8. EQUITY – INCLUDING EARNINGS PER SHARE (continued)

8.2 Treasury shares (continued)

	Group 2024 '000	Group 2023 '000
Analysis of movement in number of treasury shares:		
Opening balance	11 670	8 201
Utilised for settlement of employee Share Appreciation Rights exercised	(574)	(431)
Utilised for settlement of employee Forfeitable Share Plan shares vested/forfeited	(320)	(482)
Purchased during the year	562	4 382
AEI	32	106
AMS	530	4 276
Repurchase of shares*	(2 829)	–
Closing balance	8 509	11 670

* *During the current year, the Group repurchased 2 828 790 ordinary shares for a price of R53,03 per repurchase share. 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, refer note 18.*

The Group acquired 530 210 and 32 300 (2023: 4 276 406 and 105 650) of its own shares, by way of general authority to repurchase shares, through purchases on the JSE Limited via AMS and AEI, respectively. The total amount paid to acquire the shares was R31,6 million (2023: R214,5 million) and has been deducted from shareholders' equity. The related weighted average share price at the time of purchase was R55,80 (2023: R48,52). During the year, 574 181 (2023: 430 850) shares were utilised in terms of the Share Appreciation Rights ('SAR') Scheme, for an amount of R28,0 million (2023: R18,5 million). The related weighted average share price at the time of exercise was R53,70 (2023: R63,06). During the year, 124 350 shares (2023: 482 400 shares) vested under the Forfeitable Share Plan ('FSP'). The related weighted average share price at the time of exercise was R56,00 (2023: R51,45).

The Afrimat BEE Trust (indirectly through AEI) holds, on an unencumbered basis, 6 863 194 (2023: 6 830 894) shares amounting to R70,0 million (2023: R68,1 million) representing 4,3% (2023: 4,3%) of the issued share capital of the Company.

AMS shareholding is as follows:

- 1 035 939 (2023: 911 650) shares, as nominee for the absolute benefit of the participants of the Company's FSP amounting to R18,6 million (2023: R30,3 million);
- 610 387 (2023: 826 998) shares held in AMS are held for the purposes of the Company's SAR amounting to R54,9 million (2023: R42,4 million); and
- Nil (2023: 3 100 000) shares for the partial settlement for the Glenover acquisition amounting to RNil (2023: R148,5 million) (refer note 18).

8. EQUITY – INCLUDING EARNINGS PER SHARE (continued)

8.3 Other reserves

Other reserves comprise mainly of accumulated amounts related to equity-settled share-based payment schemes, and also accumulated amounts related to remeasurements of financial assets at FVOCI and currency translation differences. The Group transfers amounts from the fair value reserve to retained earnings when relevant equity securities are derecognised.

	Fair value reserve R'000	Share-based payment reserve R'000	Translation reserve R'000	Reverse acquisition reserve R'000	Total other reserves R'000
Group					
Balance at 1 March 2022	1 321	79 236	(13 267)	(105 788)	(38 498)
Share-based payment expense for the year	–	29 291	–	–	29 291
Settlement of employee SAR exercised, FSP vested, net of tax	–	(25 109)	–	–	(25 109)
Deferred taxation on share-based payments	–	(14 465)	–	–	(14 465)
Net change in fair value of equity instruments at fair value through other comprehensive income, net of tax	175	–	–	–	175
Exchange differences on translation of foreign operations	–	–	(16 005)	–	(16 005)
Total changes	175	(10 283)	(16 005)	–	(26 113)
Balance at 28 February 2023	1 496	68 953	(29 272)	(105 788)	(64 611)
Share-based payment expense for the year	–	21 091	–	–	21 091
Settlement of employee SAR exercised, FSP vested, net of tax	–	(15 120)	–	–	(15 120)
Deferred taxation on share-based payments	–	(8 028)	–	–	(8 028)
Net change in fair value of equity instruments at fair value through other comprehensive income, net of tax	251	–	–	–	251
Exchange differences on translation of foreign operations	–	–	1 413	–	1 413
Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary	–	–	32 654	–	32 654
Total changes	251	(2 057)	34 067	–	32 261
Balance at 29 February 2024	1 747	66 896	4 795	(105 788)	(32 350)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

8. EQUITY – INCLUDING EARNINGS PER SHARE (continued)

8.3 Other reserves (continued)

	Fair value reserve R'000	Share-based payment reserve R'000	Translation reserve R'000	Reverse acquisition reserve R'000	Total other reserves R'000
Company					
Balance at 1 March 2022	–	25 885	–	–	25 885
Share-based payment expense for the year	–	9 059	–	–	9 059
Deferred taxation on share-based payments	–	(4 541)	–	–	(4 541)
Settlement of employee SAR exercised, FSP vested, net of tax	–	19 674	–	–	19 674
Total changes	–	24 192	–	–	24 192
Balance at 28 February 2023	**–**	**50 077**	**–**	**–**	**50 077**
Share-based payment expense for the year	**–**	**5 947**	**–**	**–**	**5 947**
Deferred taxation on share-based payments	**–**	**(4 098)**	**–**	**–**	**(4 098)**
Settlement of employee SAR exercised, FSP vested, net of tax	**–**	**(3 250)**	**–**	**–**	**(3 250)**
Total changes	**–**	**(1 401)**	**–**	**–**	**(1 401)**
Balance at 29 February 2024	**–**	**48 676**	**–**	**–**	**48 676**

Nature and purpose of reserves

(a) *Fair value reserve*

This reserve records the changes in fair value of equity instruments at FVOCI.

(b) *Share-based payment reserve*

This reserve records the fair value of the vested and unvested portion of share options (determined at grant date) granted in terms of the Group's share-based payment schemes.

Refer note 19 for further details on the relevant schemes.

(c) *Translation reserve*

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(d) *Reverse acquisition reserve*

The Group financial statements are issued in the name of Afrimat Limited but are, in fact, prepared as a continuation of the Group financial statements of Prima Klipbrekers Proprietary Limited as a result of a reverse acquisition in 2007. This has resulted in a reverse acquisition reserve in the Group of R105,8 million in terms of IFRS 3.

8. EQUITY – INCLUDING EARNINGS PER SHARE (continued)

8.4 Non-controlling interest

	Other individually immaterial subsidiaries	
	2024 R'000	2023 R'000*
Carrying amount of non-controlling interest*	**21 992**	13 105
Total non-controlling interest	**21 992**	13 105
Summarised financial information:		
Non-current assets*	**62 986**	103 780
Current assets*	**153 798**	97 702
Non-current liabilities*	**(32 850)**	(47 710)
Current liabilities*	**(171 385)**	(251 518)
Net assets/(liabilities)	**12 549**	(97 746)
Revenue	**633 103**	257 680
Profit after taxation included in results:		
Reported by subsidiaries	**78 652**	27 152
Other comprehensive income	**–**	–
Total comprehensive income	**78 652**	27 152
Profit after taxation, allocated to non-controlling interest	**6 940**	4 161
Other comprehensive income, allocated to non-controlling interest	**–**	–

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

8.5 Earnings per share

(a) Basic and headline earnings per share

Basic earnings and headline earnings per share is calculated by dividing the net profit attributable to owners of the Group and headline earnings, respectively, by the weighted average number of ordinary shares in issue during the year, excluding the ordinary shares held by the Group as treasury shares. Headline earnings are calculated in accordance with Circular 1/2023 issued by SAICA as required by the JSE Listings Requirements.

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all ordinary shares with dilutive potential. For this purpose the share options are assumed to have been converted into ordinary shares. The share options have no effect on net profit and therefore no adjustment is made in this respect.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

8. EQUITY – INCLUDING EARNINGS PER SHARE (continued)

8.5 Earnings per share (continued)

	Group	
	2024 ’000	2023 ’000
Number of shares in issue		
Total shares in issue	**159 691**	159 719
Treasury shares	**(8 509)**	(11 670)
Net shares in issue	**151 182**	148 049
Weighted average number of net shares in issue	**150 243**	144 687
Adjusted for effect of future share-based compensation payments	**1 746**	2 262
Diluted weighted average number of shares	**151 989**	146 949
Profit attributable to ordinary shareholders (rand)	**781 776**	661 320
Earnings per ordinary share (cents)	**520,3**	457,1
Diluted earnings per ordinary share (cents)	**514,4**	450,0

	Group			
	Gross 2024 R’000	**Net of tax 2024 R’000**	Gross 2023 R’000	Net of tax 2023 R’000
Reconciliation of headline earnings				
Profit attributable to ordinary shareholders	**–**	**781 776**	–	661 320
Profit on disposal of property, plant and equipment attributable to owners of the parent	**(4 262)**	**(3 111)**	(2 793)	(2 011)
Loss on disposal of subsidiaries*	**11 200**	**11 200**	–	–
Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary	**32 654**	**32 654**	–	–
Impairments	**32 279**	**29 752**	3 776	2 719
Headline earnings		**852 271**		662 028
Headline earnings per share (‘HEPS’) (cents)		**567,3**		457,6
Diluted HEPS (cents)		**560,7**		450,5

* *Loss on disposal of subsidiaries cumulatively consists of a loss on the sale of Afrimat Mozambique Limitada and Afrimat Logistics Limitada amounting to R30,4 million and R405 thousand, respectively, and a profit on the sale of Stony Lime Proprietary Limited amounting to R19,6 million, refer note 12.2.*

8. EQUITY – INCLUDING EARNINGS PER SHARE (continued)

8.6 Net asset value (‘NAV’) per share

	Group	
	2024 ’000	2023 ’000*
Number of shares in issue		
Total shares in issue	**159 691**	159 719
Treasury shares	**(8 509)**	(11 670)
Net shares in issue	**151 182**	148 049
Shareholders’ funds attributable to owners of the parent (rand)	**4 541 049**	3 835 247
Total NAV per share (cents)	**3 004**	2 591
Tangible net asset value (‘TNAV’) per share		
Shareholders’ funds attributable to owners of the parent (rand)	**4 541 049**	3 835 247
Intangible assets and goodwill*	**(234 728)**	(254 385)
TNAV (rand)	**4 306 321**	3 580 862
Total TNAV per share (cents)	**2 848**	2 419

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

8.7 Dividends paid

Dividends declared to the Group’s shareholders are recognised in the Group’s financial statements in the period in which dividends are approved by the Group’s directors.

	Group		Company	
	2024 R’000	2023 R’000	**2024 R’000**	2023 R’000
Current year interim dividend paid	**63 876**	63 888	**63 876**	63 888
Previous year final dividend paid	**175 691**	213 666	**175 821**	213 666
Dividends received on treasury shares	**(12 231)**	(11 287)	**–**	–
Dividends paid by subsidiaries to non-controlling interest shareholders	**1 925**	1 650	**–**	–
	229 261	267 917	**239 697**	277 554
The Company has declared the following cash distributions to shareholders:				
Interim dividend paid (cents)			**40,0**	40,0
Final dividend declared/paid (cents)			**154,0**	110,0
Distributions declared/paid (cents)			**194,0**	150,0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

9. CASH FLOW INFORMATION

9.1 Cash generated from operations

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Profit before tax	1 113 408	934 863	718 019	609 225
Adjustments for:				
Depreciation and amortisation	369 429	360 680	–	–
Impairment of property, plant and equipment	9 360	3 776	–	–
Remeasurement gain on lease liabilities	(3 955)	–	–	–
Impairment of goodwill	22 919	–	–	–
Expected credit losses from related parties	–	–	48 518	90 514
Expected credit losses from other financial assets	6 189	–	3 609	–
(Reversal)/impairment of investment in subsidiary	–	–	(14)	43 617
Loss on disposal of subsidiaries	11 200	–	97 031	–
Share of profit of associate	(1 829)	–	–	–
Profit on sale of property, plant and equipment	(4 262)	(2 793)	–	–
Inventory write-off to net realisable value	1 750	8 370	–	–
(Gains)/loss – financial assets at fair value through profit or loss	(12 131)	(2 016)	1 115	–
Foreign exchange differences	1 420	(11 133)	–	–
Dividend revenue	(21)	–	(869 937)	(718 566)
Interest revenue	(36 173)	(33 810)	(26 252)	(28 741)
Finance costs	76 959	60 508	43 646	126 125
Net effect of settlement of employee SAR exercised, FSP vested	(15 458)	(22 235)	(28 447)	(29 595)
Movements in provisions	(35 651)	8	–	–
Share-based payment expense	35 977	34 385	11 210	10 855
Items subsequently reclassified to profit or loss	32 654	–	–	–
Changes in working capital:				
Increase in inventories	(175 613)	(110 646)	–	–
(Increase)/decrease in trade and other receivables	(54 580)	65 956	22 408	(18 329)
Increase/(decrease) in trade and other payables	209 791	(23 727)	8 265	(6 755)
	1 551 383	1 262 186	29 171	78 350

9. CASH FLOW INFORMATION (continued)

	Group		Company	
	2024 R'000	2023 R'000*	2024 R'000	2023 R'000
9.2 Finance income received				
Finance income (refer note 4.4)	36 173	33 810	26 252	28 741
Adjustments for:				
Other financial assets interest	(1 472)	(1 200)	–	–
	34 701	32 610	26 252	28 741
9.3 Finance costs paid				
Finance costs (refer note 4.5)	76 959	60 508	43 646	126 125
Adjustments for:				
Environmental rehabilitation and dismantling (refer note 4.5)	(20 737)	(18 804)	–	–
	56 222	41 704	43 646	126 125
9.4 Tax paid				
Opening balance as per Statement of Financial Position	(5 958)	2 712	–	2 458
Current tax for the year recognised in Statement of Profit or Loss and Other Comprehensive Income (refer note 5)	(290 048)	(272 160)	–	1 350
Additions/disposals of subsidiaries (refer note 12)*	(149)	(2 283)	–	–
Closing balance as per Statement of Financial Position*	3 277	5 958	–	–
	(292 878)	(265 773)	–	3 808
9.5 Proceeds on disposal of property, plant and equipment				
Disposals (refer note 6.1)	42 389	22 426	–	–
Adjustments for:				
Disposal of dismantling costs (refer note 6.1)	(7 970)	(52)	–	–
Profit on sale of property, plant and equipment (refer note 4.2)	4 262	(497)	–	–
Disposal of RoU assets (refer note 6.1)	(6 285)	(1 207)	–	–
	32 396	20 670	–	–

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

9. CASH FLOW INFORMATION (continued)

		Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000
9.6	**Acquisition of property, plant and equipment**				
	Additions (refer note 6.1)	**929 482**	963 093	**–**	–
	Adjustments for:				
	Acquisition of property, plant and equipment by means of instalment sale agreements (refer note 7.3.4)	**(205 393)**	(145 679)	**–**	–
	Additions of dismantling costs (refer note 6.1)	**(4 656)**	(1 682)	**–**	–
	Additions of RoU assets (refer note 6.1)	**(21 107)**	(5 122)	**–**	–
	Reclassification from other financial assets	**(3 489)**	–	**–**	–
		694 837	810 610	**–**	–
9.7	**Capital elements of lease payments**				
	Repayment of lease liability (refer note 7.3.4)	**11 320**	10 685	**–**	–
	Interest expense on lease liability (refer note 7.3.4)	**(5 815)**	(3 667)	**–**	–
		5 505	7 018	**–**	–
9.8	**Dividend revenue**				
	Dividend revenue	**21**	–	**869 937**	718 566
	Adjustments for:				
	Dividend received in specie	**–**	–	**(64 604)**	–
		21	–	**805 333**	718 566

Risk

10. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board. Group treasury identifies and evaluates financial risks, when beneficial, with prior approval from the Board. The Board provides guidance on overall risk management, as well as on written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The Audit & Risk Committee oversees how management monitors compliance with these risks and control policies.

10. FINANCIAL RISK MANAGEMENT (continued)

There has been no change in the Group's objectives, policies and processes for managing its financial risks or the methods to measure them.

Financial instruments by category

	Group 2024 R'000	Group 2023 R'000*	Company 2024 R'000	Company 2023 R'000
Assets as per Statement of Financial Position:				
Financial assets at fair value through other comprehensive income ('FVOCI') (refer note 7.1)*	**10 212**	9 010	**–**	–
Financial assets at fair value through profit or loss ('FVPL') (refer note 7.2)*	**93 438**	81 618	**–**	–
Trade and other receivables at fair value through profit or loss (refer note 7.3.2)	**77 191**	196 345	**–**	–
Financial assets at amortised cost:				
Other financial assets (refer note 7.3.1)*	**192 883**	40 020	**154 593**	3 609
Trade and other receivables (refer note 7.3.2)*	**642 458**	476 744	**10 272**	25 238
Cash and cash equivalents (refer note 7.3.3)*	**504 678**	280 817	**56 934**	74 170
Loans to subsidiaries (refer note 13)	**–**	–	**1 670 458**	1 469 810
Total financial assets	**1 520 860**	1 084 554	**1 892 257**	1 572 827
Liabilities as per Statement of Financial Position:				
Financial liabilities at fair value through profit or loss:				
Other liability	**19 979**	5 094	**7 058**	1 795
Financial liabilities at amortised cost:				
Medium-term loans (refer note 7.3.4)	**200 000**	20 266	**200 000**	–
Instalment sale agreements (refer note 7.3.4)*	**297 927**	249 519	**–**	–
Lease liabilities (refer note 7.3.4)*	**59 198**	51 374	**–**	–
Other financial liabilities (refer note 7.3.5)*	**9 671**	133 145	**–**	–
Loans from subsidiaries (refer note 13)	**–**	–	**115 461**	429 487
Trade and other payables (refer note 7.3.6)*	**755 605**	533 915	**11 721**	450
Bank overdraft (refer note 7.3.3)*	**–**	1 578	**–**	–
Total financial liabilities	**1 342 380**	994 891	**334 240**	431 732

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market prices. Market risk comprises equity price risk, interest rate risk, foreign exchange risk and commodity price risk. Financial instruments affected by market risk include other financial assets, trade and other receivables, cash and cash equivalents and borrowings.

Hedging is conducted in very limited circumstances.

(i) Equity price risk

The Group is exposed to equity price risk in respect of the investments held in the environmental rehabilitation trusts and Old Mutual PLC shares. Refer notes 7.1 and 7.2.

Sensitivity analysis

The Group measures sensitivity of the equity price risk as the effect of a change in the JSE shareholder weighted Top 40 Index performance for the year. The Group regards a 500 basis points (2023: 500 basis points) change in the aforementioned index as being reasonably possible at the end of the reporting periods.

	Statements of Financial Position	Statement of Profit or Loss and Other Comprehensive Income	
	R'000*	Movement in basis points	Effect on other comprehensive income after tax R'000
Group			
2024			
Financial assets at fair value through other comprehensive income (refer note 7.1)	**10 212**	**+500**	**298**
		-500	**(298)**
Total		**+500**	**298**
		-500	**(298)**
Group			
2023			
Financial assets at fair value through other comprehensive income (refer note 7.1)	9 010	+500	259
		-500	(259)
Total		+500	259
		-500	(259)

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Equity price risk (continued)

	Statements of Financial Position	Statement of Profit or Loss and Other Comprehensive Income	
	R'000*	Movement in basis points	Effect on other comprehensive income after tax R'000
Group			
2024			
Financial assets at fair value through profit or loss (refer note 7.2)	**93 438**	**+500**	**3 410**
		-500	**(3 410)**
Total		**+500**	**3 410**
		-500	**(3 410)**
Group			
2023			
Financial assets at fair value through profit or loss (refer note 7.2)*	81 618	+500	2 938
		-500	(2 938)
Total		+500	2 938
		-500	(2 938)

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

(ii) Interest rate risk

The Group's interest rate risk arises from other financial assets, cash and cash equivalents and borrowings as set out in notes 7.3.1, 7.3.3 and 7.3.4. Cash and cash equivalents invested and borrowings obtained at variable interest rates expose the Group to cash flow interest rate risk. The Group's policy is to invest cash and cash equivalents and to obtain borrowings at variable interest rates and not to make use of any interest rate derivatives, which expose the Group to cash flow interest rate risk.

Sensitivity analysis

Interest rate risks are presented by way of sensitivity analysis in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if appropriate, shareholders' equity.

The Group measures sensitivity to interest rates as the effect of a change in the South African Reserve Bank ('SARB') repo rate on the profit after tax based on the Group's exposure at reporting date. The Group regards a 200 basis points (2023: 200 basis points) change in the SARB repo rate as being reasonably possible at the end of the reporting periods.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	Statements of Financial Position	Statement of Profit or Loss and Other Comprehensive Income	
	R'000	Movement in basis points	Effect on other comprehensive income after tax R'000
Group			
2024			
Other financial assets	192 883	+200	2 816
		-200	(2 816)
Cash and cash equivalents	504 195	+200	7 361
		-200	(7 361)
Borrowings	(557 125)	+200	(8 134)
		-200	8 134
Other financial liabilities	(3 370)	+200	(49)
		-200	49
Total		+200	1 994
		-200	(1 994)

	Statements of Financial Position	Statement of Profit or Loss and Other Comprehensive Income	
	R'000	Movement in basis points	Effect on other comprehensive income after tax R'000
Company			
2024			
Other financial assets	154 593	+200	2 257
		-200	(2 257)
Cash and cash equivalents	56 934	+200	831
		-200	(831)
Borrowings	(200 000)	+200	(2 920)
		-200	2 920
Loans to subsidiaries	1 670 458	+200	24 389
		-200	(24 389)
Loans from subsidiaries	(115 461)	+200	(1 686)
		-200	1 686
Total		+200	22 871
		-200	(22 871)

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	Statements of Financial Position	Statement of Profit or Loss and Other Comprehensive Income	
	R'000*	Movement in basis points	Effect on other comprehensive income after tax R'000
Group			
2023			
Other financial assets*	40 020	+200	576
		-200	(576)
Cash and cash equivalents*	280 614	+200	4 041
		-200	(4 041)
Borrowings*	(321 159)	+200	(4 625)
		-200	4 625
Other financial liabilities*	(6 185)	+200	(89)
		-200	89
Bank overdraft*	(1 578)	+200	(22)
		-200	22
Total		+200	(119)
		-200	119
Company			
2023			
Other financial assets	3 609	+200	52
		-200	(52)
Cash and cash equivalents	74 170	+200	1 068
		-200	(1 068)
Loans to subsidiaries	1 469 810	+200	21 165
		-200	(21 165)
Loans from subsidiaries	(429 487)	+200	(6 184)
		-200	6 184
Total		+200	16 101
		-200	(16 101)

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk

The Group's earnings are exposed to movements in exchange rates. Afrimat Iron Ore Proprietary Limited ('AIO') export prices are determined in US Dollars and the company negotiates iron ore prices in that currency with customers. Currency movements of the US Dollars against the Rand therefore could have a significant effect on the financial position and results of AIO. The Group's functional currency for the preparation of financial accounts is South African Rand and is therefore exposed to foreign exchange risk in respect of non-Rand cash flows for revenues. Hedging may only take place in exceptional circumstances which would require approval by the Iron Ore Executive Committee. It is the Group's policy to be fully exposed to revenue currency risk, i.e. not to hedge foreign currency revenues.

The Group's foreign exchange risk arises from certain trade and other receivables, cash and cash equivalents and trade and other payables as set out in notes 7.3.2, 7.3.3 and 7.3.6. Currency movements of the US Dollars and Zambian Kwacha against the Rand therefore could have an effect on the financial position. The Group's functional currency for the preparation of financial accounts is South African Rand and is therefore exposed to foreign exchange risk in respect of non-Rand cash flows for these balances and transactions. The US Dollar:Rand and Zambian Kwacha:Rand exchange rate as at 29 February 2024 was R19,25 and R0,83.

Sensitivity analysis

A movement in exchange rate of 10,0% (2023: 10,0%), with all other variables held constant, against the US Dollar would have increased/(decreased) profit or loss and financial position by the amounts shown below. This analysis considers the impact of changes in foreign exchange rates on profit or loss, excluding foreign exchange translation differences resulting from the translation of Group entities that have a functional currency different from the presentation currency, into the Group's presentation currency (and recognised in the foreign currency translation reserve).

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk (continued)

	Statements of Profit or Loss and Other Comprehensive Income/Statements of Financial Position	Statement of Profit or Loss and Other Comprehensive Income	
	R'000	Movement in basis points	Effect on profit after tax R'000
Group			
2024			
Revenue subject to exchange rate fluctuations	1 480 506	+1 000	108 077
		-1 000	(108 077)
Trade receivables subject to exchange rate fluctuations	129 394	+1 000	9 446
		-1 000	(9 446)
Cash and cash equivalents subject to exchange rate fluctuations	4 960	+1 000	362
		-1 000	(362)
Trade payables subject to exchange rate fluctuations	(754)	+1 000	(55)
		-1 000	55
Total		+1 000	117 830
		-1 000	(117 830)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk (continued)

	Statements of Profit or Loss and Other Comprehensive Income/Statements of Financial Position	Statement of Profit or Loss and Other Comprehensive Income	
	R'000	Movement in basis points	Effect on profit after tax R'000
Group			
2023			
Revenue subject to exchange rate fluctuations	1 307 280	+1 000	94 124
		-1 000	(94 124)
Trade receivables subject to exchange rate fluctuations	226 218	+1 000	16 288
		-1 000	(16 288)
Cash and cash equivalents subject to exchange rate fluctuations	3 567	+1 000	257
		-1 000	(257)
Trade payables subject to exchange rate fluctuations	(15 141)	+1 000	(1 090)
		-1 000	1 090
Total		+1 000	109 579
		-1 000	(109 579)

(iv) Commodity price risk

The Group's earnings are exposed to movements in the prices of iron ore that it produces. As a commodity producer the Group wishes to remain exposed to individual commodity prices for the ultimate benefit of its shareholders. It is the Group's policy not to hedge commodity price risks. Certain of the Group's sales are provisionally priced, meaning that the selling price is determined normally 30 to 90 days after delivery to the customer, based on quoted market prices stipulated in the contract, and as a result are susceptible to future price movements. As at 29 February 2024, R77,2 million (2023: R196,3 million) of the trade receivables balance are subject to price movements.

Sensitivity analysis

A movement in commodity prices of 10,0% (2023: 10,0%), with all other variables held constant, on the Group's sales exposed to this risk would have increased/(decreased) profit or loss by the amounts shown below.

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iv) Commodity price risk (continued)

	Statements of Financial Position	Statement of Profit or Loss and Other Comprehensive Income	
	R'000	**Movement in basis points**	**Effect on profit after tax R'000**
Group			
2024			
Trade receivables subject to price fluctuations	77 191	+1 000	5 635
		-1 000	(5 635)
Total		+1 000	5 635
		-1 000	(5 635)
Group			
2023			
Trade receivables subject to price fluctuations	196 345	+1 000	14 137
		-1 000	(14 137)
Total		+1 000	14 137
		-1 000	(14 137)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risks from its operating activities. Credit risk arises principally from accounts receivable and, to a lesser extent, from other third-party contractual financial obligations such as other financial assets and short-term bank deposits in notes 7.3.1 to 7.3.3.

The Group did not consider there to be any significant credit risk exposure which has not been adequately provided for.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk is presented in the table below:

	Gross carrying amount 2024 R'000	Credit loss allowance 2024 R'000	Amortised cost/fair value 2024 R'000	Gross carrying amount 2023 R'000*	Credit loss allowance 2023 R'000*	Amortised cost/fair value 2023 R'000*
Group						
Other financial assets at amortised cost*	**199 072**	**(6 189)**	**192 883**	40 020	–	40 020
Trade and other receivables*	**731 253**	**(11 604)**	**719 649**	690 661	(17 572)	673 089
Cash and cash equivalents*	**504 195**	**–**	**504 195**	280 614	–	280 614
Total	**1 434 520**	**(17 793)**	**1 416 727**	1 011 295	(17 572)	993 723

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

The Group's concentration of credit risk is limited to South Africa, Mozambique and Zambia.

	Gross carrying amount 2024 R'000	Credit loss allowance 2024 R'000	Amortised cost/fair value 2024 R'000	Gross carrying amount 2023 R'000	Credit loss allowance 2023 R'000	Amortised cost/fair value 2023 R'000
Company						
Other financial assets at amortised cost	**158 202**	**(3 609)**	**154 593**	3 609	–	3 609
Loans to subsidiaries	**1 971 336**	**(300 878)**	**1 670 458**	1 707 006	(237 196)	1 469 810
Trade and other receivables	**10 272**	**–**	**10 272**	25 238	–	25 238
Cash and cash equivalents	**56 934**	**–**	**56 934**	74 170	–	74 170
Total	**2 196 744**	**(304 487)**	**1 892 257**	1 810 023	(237 196)	1 572 827

(i) Trade receivables

For exposure to credit risk identified by the Group, refer note 7.3.2 for further details disclosed.

(ii) Cash and cash equivalents

The Group limits its counterparty exposure arising from bank accounts/call deposits by only dealing with well-established financial institutions of high credit standing. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually.

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Cash and cash equivalents (continued)

Credit quality of cash in the bank and short-term deposits, excluding cash on hand (according to Moody's short-term ratings):

	Credit rating		Amount	
	2024	2023	**2024 R'000**	2023 R'000*
Group				
Financial institution:				
ABSA	**NP**	NP	**21 086**	14 275
FNB	**NP**	NP	**4 419**	3 390
SBSA	**NP**	NP	**417 279**	196 001
Other	**N/A**	N/A	**61 411**	66 948
			504 195	280 614

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

(iii) Financial guarantees

Credit risk arises in relation to financial guarantees given to certain parties.

Refer note 17 for details of guarantees provided.

(iv) Other financial assets

Refer note 7.3.1 for details.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its cash flow requirements through monthly cash forecasts which includes the servicing of financial obligations, but excludes the potential impact of extreme circumstances that cannot reasonably be predicted. To assist, strict credit control and debt monitoring processes are applied.

Surplus cash over and above the balance required for working capital management is transferred to the Group treasury. Group treasury invests surplus cash in interest-bearing current accounts and call deposits to provide sufficient headroom as determined by the above mentioned forecasts. At the reporting period, the Group held call deposits of R126,4 million (2023: R81,5 million) that are expected to readily assist in generating cash inflows for managing liquidity risks.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

10. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The following table details the Group's undiscounted contractual maturities for its financial liabilities:

	Group				
	Carrying values R'000*	Total cash flows R'000*	Less than 1 year R'000*	Between 2 and 5 years R'000*	More than 5 years R'000*
Group					
At 29 February 2024					
Other liability	**19 979**	**19 979**	**–**	**19 979**	**–**
Medium-term loans	**200 000**	**200 000**	**200 000**	**–**	**–**
Other financial liabilities	**9 671**	**9 671**	**9 671**	**–**	**–**
Lease liabilities	**59 198**	**81 769**	**6 272**	**41 914**	**33 583**
Instalment sale agreements	**297 927**	**314 188**	**140 823**	**173 365**	**–**
Trade and other payables	**755 605**	**755 605**	**755 605**	**–**	**–**
	1 342 380	**1 381 212**	**1 112 371**	**235 258**	**33 583**
At 28 February 2023					
Other liability	5 094	5 094	–	5 094	–
Medium-term loans	20 266	20 266	20 266	–	–
Other financial liabilities*	133 145	133 145	133 145	–	–
Lease liabilities*	51 374	74 618	7 441	31 560	35 617
Instalment sale agreements*	249 519	258 845	118 541	140 304	–
Trade and other payables*	533 915	533 915	533 915	–	–
Bank overdraft*	1 578	1 578	1 578	–	–
	994 891	1 027 461	814 886	176 958	35 617

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

10. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Company				
	Carrying values R'000	Total cash flows R'000	Less than 1 year R'000	Between 2 and 5 years R'000	More than 5 years R'000
Company					
At 29 February 2024					
Medium-term loans	**200 000**	**200 000**	**200 000**	**–**	**–**
Other liability	**7 058**	**7 058**	**–**	**7 058**	**–**
Loans from subsidiaries	**115 461**	**115 461**	**115 461**	**–**	**–**
Trade and other payables	**11 721**	**11 721**	**11 721**	**–**	**–**
	334 240	**334 240**	**327 182**	**7 058**	**–**
At 28 February 2023					
Other liability	1 795	1 795	–	1 795	–
Loans from subsidiaries	429 487	429 487	429 487	–	–
Trade and other payables	450	450	450	–	–
	431 732	431 732	429 937	1 795	–

11. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding within the Group to fund the Group's capital requirements. The directors also consider the cost of capital and the risks associated with each class of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back its own shares or reduce debt.

The Group is required, by means of covenants provided to financiers, to maintain certain solvency and profitability ratios which are monitored monthly via management accounts and cash flow forecasts. The Group monitors capital on the basis of the net debt:equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings, other financial liabilities and loans from subsidiaries less cash and cash equivalents, net of bank overdraft as shown in the Statement of Financial Position.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

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11. CAPITAL RISK MANAGEMENT (continued)

The Group's strategy is to maintain the net debt:equity ratio to below 25% in the long term. The net debt:equity ratios at reporting date were as follows:

	Group		Company	
	2024 R'000	2023 R'000*	**2024 R'000**	2023 R'000
Total borrowings, other financial liabilities and loans from subsidiaries*	**566 796**	454 304	**315 461**	429 487
Overdraft less cash and cash equivalents/ (surplus cash)*	**(504 678)**	(279 239)	**(56 934)**	(74 170)
Net debt	**62 118**	175 065	**258 527**	355 317
Total equity*	**4 563 041**	3 848 352	**2 998 501**	2 570 003
Total capital*	**4 625 159**	4 023 417	**3 257 028**	2 925 320
Net debt:equity ratio (%)*	**1,4**	4,5	**8,6**	13,8

* *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

There were no changes in the Group's approach to capital maintenance during the year.

Group structure

12. BUSINESS COMBINATIONS

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs the Group reports provisional amounts for the item for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

12. BUSINESS COMBINATIONS (continued)

12.1 Acquisition of businesses

Fincrete Proprietary Limited and Rondawel Kaolien Proprietary Limited

Afrimat entered into a sale of shares agreement ('Agreement') to acquire 100,0% 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 entered into an Agreement to acquire 100,0% of Rondawel Kaolien Proprietary Limited ('Rondawel') for R4,0 million. Rondawel owns the mining right to mine the kaolin.

The acquisition 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	**7 514**
Other financial liabilities assumed*	**1 700**
Contingent consideration**	**48 786**
Total purchase consideration	**58 000**

* *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 5,0% and a loan at Capitec Business Bank of R850 000, repayable monthly over a three-year period with an interest rate of prime plus 1,0%.*

** *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.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

12. BUSINESS COMBINATIONS (continued)

12.1 Acquisition of businesses (continued)

Fincrete Proprietary Limited and Rondawel Kaolien Proprietary Limited (continued)

Provisional details of the acquisition are as follows:

	Total 2024 R'000
Carrying amount/fair value of net assets acquired – Fincrete/Rondawel	
Property, plant and equipment	50 562
Inventories	221
Trade and other receivables	426
Cash and cash equivalents	200
Borrowings	(2 451)
Provisions	(193)
Trade and other payables	(98)
Deferred tax liability	(12 977)
Net assets – Fincrete/Rondawel	**35 690**
Goodwill	22 310
Total purchase consideration	**58 000**
Total revenue assuming the business combination for the full year	2 826
Total profit after tax assuming the business combination for the full year	(249)
Revenue included in results	1 703
Loss after tax included in results	(455)
Acquisition cost included in 'operating expenses' for the year	–
Analysis as per Statement of Cash Flows:	
Total consideration (fair value)	(58 000)
Other financial liabilities assumed	1 700
Contingent consideration	48 786
Cash and cash equivalents	200
Cash outflow	**(7 314)**

The goodwill acquired in Fincrete and Rondawel is attributable to the quality of the mining resource, which produces a high quality product with a wide range of potential uses once beneficiated. The transaction will expand the Group's current product portfolio within the Industrial Minerals segment.

12. BUSINESS COMBINATIONS (continued)

12.1 Acquisition of businesses (continued)

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 conditions precedent had not been met at the reporting date:
- on or before 31 August 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:

As per the agreement, it was recorded that the purchase consideration was agreed on condition that a working capital target amount be available in Eckraal Quarries as at the interim operations commencement date. Should the purchaser determine that the amount of working capital available in Eckraal Quarries is less than the working capital target, the purchase consideration will be reduced by such shortfall. In addition to this, the purchase consideration is subject to adjustment to the extent that all trade payable obligations are not up to date as at the interim operations commencement date. During the measurement period this determination was made by Afrimat and the purchase consideration was adjusted to RNil.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

12. BUSINESS COMBINATIONS (continued)

12.1 Acquisition of businesses (continued)

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

Details of the acquisition are as follows:

	As originally presented total 2023 R'000	Measurement period adjustments* 2023 R'000	Adjusted total 2023 R'000
Carrying amount/fair value of net assets acquired (liabilities assumed) – Eckraal Quarries			
Property, plant and equipment	42 768	11 271	54 039
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)	3 445	(164)
Provisions	(5 267)	(7 614)	(12 881)
Current tax payable	(5 072)	3 039	(2 033)
Trade and other payables	(18 795)	(8 196)	(26 991)
Deferred tax liability	(5 976)	(3 379)	(9 355)
Net assets (liabilities) – Eckraal Quarries	13 865	(15 795)	(1 930)
Less: Non-controlling interests	(1 545)	662	(883)
Goodwill	8 680	(5 867)	2 813
Total purchase consideration	21 000	(21 000)	–
Total revenue assuming the business combination for the full year	64 117	19 936	84 053
Total loss after tax assuming the business combination for the full year	(10 552)	(4 999)	(15 551)
Revenue included in results	–	–	–
Loss after tax included in results	–	–	–
Acquisition cost included in 'operating expenses' for the year	–	–	–
Analysis as per Statement of Cash Flows:			
Total consideration (fair value)**	(21 000)	21 000	–
Consideration payable	21 000	(21 000)	–
Cash and cash equivalents	450	(1 798)	(1 348)
Cash inflow/(outflow)	450	(1 798)	(1 348)

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

** *The settlement of the purchase consideration of R21,0 million forms part of the net changes in working capital of trade and other payables as disclosed in note 9.1. This is as a result of the adjustment made to the purchase consideration as detailed above.*

12. BUSINESS COMBINATIONS (continued)

12.1 Acquisition of businesses (continued)

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

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.

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 and 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 Limited is subject to the fulfilment of the following outstanding conditions precedent ('CP'):

- Ministerial consent is obtained, in writing, either unconditionally or 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
Total purchase consideration	38 000

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

12. BUSINESS COMBINATIONS (continued)

12.1 Acquisition of businesses (continued)

Agri Lime Proprietary Limited (continued)

Details of the acquisition are as follows:

	Total 2023 R'000
Carrying amount/fair value of net liabilities acquired – Agri Lime	
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
Net liabilities – Agri Lime	(1 624)
Less: Non-controlling interests	(478)
Goodwill	40 102
Total purchase consideration	38 000
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
Loss after tax included in results	(3 778)
Acquisition cost included in 'operating expenses' for the year	1 000
Analysis as per Statement of Cash Flows:	
Total consideration (fair value)	(38 000)
Consideration payable	4 500
Cash and cash equivalents	4 400
Cash outflow	(29 100)

The goodwill acquired in Agri Lime is attributable to the feedlime and Agri Lime 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.

12. BUSINESS COMBINATIONS (continued)

12.2 Disposal of businesses

Afrimat Mozambique Limitada

During the current year, the Group entered into an agreement to dispose of its total shareholding in Afrimat Mozambique Limitada ('AML'), consisting of 99,0% to ELM Mauritius Limited for a total purchase consideration of R18,6 million. The Group subsequently lost effective control over AML on 1 June 2023. The company was previously included in the Construction Materials segment.

Details of the disposal are as follows:

	Total 2024 R'000
Carrying amount/fair value of net assets over which control was lost	
Inventories	**16 143**
Trade and other receivables	**32 424**
Trade and other payables	**(192)**
Non-controlling interest	**585**
Net assets disposed of	**48 960**
Loss on disposal of subsidiary	
Consideration	
– Cash	**15 854**
– Receivable	**2 721**
Net assets disposed of	**(48 960)**
Loss on disposal	**(30 385)**
Analysis as per Statement of Cash Flows:	
Total cash flow on disposal of subsidiary	**15 854**
Less: Cash received in F2022	**(12 821)**
Less: Cash and cash equivalents disposed of	**–**
Cash inflow	**3 033**

Afrimat Logistics Limitada

During the current year, the Group entered into an agreement to dispose of its total shareholding in Afrimat Logistics Limitada ('ALL'), consisting of 51,0% to an external third party for a total purchase consideration of USD 1. The Group subsequently lost effective control over ALL on 1 November 2023. The company was previously included in the Construction Materials segment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

12. BUSINESS COMBINATIONS (continued)

12.2 Disposal of businesses (continued)

Afrimat Logistics Limitada (continued)

Details of the disposal are as follows:

	Total 2024 R'000
Carrying amount/fair value of net assets over which control was lost	
Trade and other receivables	169
Non-controlling interest	236
Net assets disposed of	405
Loss on disposal of subsidiary	
Consideration*	–
Net assets disposed of	(405)
Loss on disposal	(405)
Analysis as per Statement of Cash Flows:	
Total cash flow on disposal of subsidiary	–
Less: Cash and cash equivalents disposed of	–
Cash inflow	–

* *The purchase price payable by the purchaser for the sale of shares shall be a nominal consideration of USD 1, on the basis that the assets and liabilities of the company have a net zero value. For the purposes of the agreement, the seller waives the right to receive payment of the nominal purchase price.*

Stony Lime Proprietary Limited

On 12 November 2021, Afrimat entered into an agreement to acquire 100,0% of the shares in Agri Lime Proprietary Limited and 74,0% of the shares in Stony Lime Proprietary Limited (collectively 'Agri Lime') for a purchase consideration of R38,0 million. In addition, 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 (refer note 12.1).

During the current year, the Group terminated the contract mining agreement with Kalaka Mining Proprietary Limited which resulted in the Group losing effective control over Stony on 30 November 2023. Furthermore, due to the non-fulfilment of the outstanding CP, being, ministerial consent obtained in writing (refer note 12.1 of the Agri Lime acquisition), the Group will no longer purchase 74,0% of the shares in Stony. Therefore, the consideration previously paid into an escrow account of R33,5 million was transferred back to the Company. The company was previously included in the Industrial Minerals segment.

12. BUSINESS COMBINATIONS (continued)

12.2 Disposal of businesses (continued)

Stony Lime Proprietary Limited (continued)

Details of the disposal are as follows:

	Total 2024 R'000
Carrying amount/fair value of net assets over which control was lost	
Property, plant and equipment	24
Trade and other receivables	103
Cash and cash equivalents	84
Trade and other payables	(320)
Other financial liabilities	(2 686)
Non-controlling interest	(478)
Goodwill	17 183
Net assets disposed of	13 910
Profit on disposal of subsidiary	
Consideration	
– Cash	33 500
Net assets disposed of	(13 910)
Profit on disposal	19 590
Analysis as per Statement of Cash Flows:	
Total cash flow on disposal of subsidiary	33 500
Less: Cash and cash equivalents disposed of	(84)
Cash inflow	33 416

13. INVESTMENT IN SUBSIDIARIES

(a) Basis of consolidation

Group financial statements

Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group recognises that control is the single basis for consolidation for all types of entities in accordance with IFRS 10: *Consolidated Financial Statements*. The consolidated financial information includes the financial statements of the Company, its subsidiaries, interest in joint ventures and structured entities. Where the Group has no control over an entity, that entity is not consolidated.

The Group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the investee. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the activities of the entity.

Company financial statements

Investments in subsidiaries are initially recognised at cost.

Investments in subsidiaries are subsequently measured at cost less any accumulated impairment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

13. INVESTMENT IN SUBSIDIARIES (continued)

(b) Changes in ownership interests in subsidiaries without change of control

IFRS 3: *Business Combinations* excludes from its scope business combinations between entities under common control. Depending on the specific facts and circumstances surrounding a particular business combination under common control, management selects an appropriate accounting policy, and it applies that policy consistently from period to period to all business combinations under common control that are considered similar in nature. The Group accounted for the common control transaction by applying the predecessor method, that is the assets and liabilities of the acquired entities are stated at their predecessor carrying amounts, being the net book value of these assets and liabilities in the financial statements.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions at cost. The difference between the share acquired of the carrying value of net assets of the subsidiary and the purchase consideration is recorded in retained earnings within equity.

Gains or losses on disposals of ownership interests to non-controlling interests, whilst still holding a controlling interest after the disposal, are also recorded in retained earnings within equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Share trusts

Afrimat BEE Trust is a structured entity that is consolidated by the Group.

(e) Loans to/from subsidiaries

Loans to/from subsidiaries are classified as financial assets/liabilities subsequently measured at amortised cost.

Loans receivable/payable are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

The loans are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

13. INVESTMENT IN SUBSIDIARIES (continued)

Consolidation of Afrimat BEE Trust and its subsidiary AEI

Afrimat BEE Trust and its subsidiary AEI were established with the objective of holding and funding shares on behalf of qualifying employees. The Group is exposed to variable returns from the trust in the form of staff performance and incentives associated with BEE and the DTI Codes of Good Practice. Furthermore, the Group is also exposed to changes in the trust's net asset value. Management therefore concluded that the Group controls the trust and its subsidiary.

Consolidation of Infrasors Environmental Rehabilitation Trust

The Group consolidated the Infrasors Environmental Rehabilitation Trust due to the Group having rights to variable returns from its involvement with the trust and has the ability to affect those returns through its control over the trust.

Consolidation of Infrasors Empowerment Trust

Due to the Group having the right to appoint the trustees, providing all loan funding and the fact that the Group is exposed to variable returns from the trust, management has concluded that the Group controls the trust.

Consolidation of Labonte 3 Proprietary Limited ('Labonte')

The Group owns 50,0% of the shareholding in Labonte. Due to the effective management in place, the Group has the power to direct the relevant activities, are exposed to variable returns from its involvement and has the ability to use its power to affect those returns, of Labonte. Therefore, the Group consolidates Labonte.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

13. INVESTMENT IN SUBSIDIARIES (continued)

Name of entity	Nature of business	Principal place of business	% holding 2024	% holding 2023
Afrimat Aggregates (Eastern Cape) Proprietary Limited[#]	Aggregates	Eastern Cape	**100,0**	100,0
Afrimat Aggregates (KZN) Proprietary Limited	Aggregates	KwaZulu-Natal	**100,0**	100,0
Afrimat Aggregates (Operations) Proprietary Limited[#]	Aggregates	Western Cape	**100,0**	100,0
Afrimat Aggregates (Trading) Proprietary Limited[#]	Aggregates	Western Cape	**100,0**	100,0
Afrimat Aggregates East Proprietary Limited (previously known as Boublok Proprietary Limited)[#]	Concrete-based products	Western Cape	**100,0**	100,0
Afrimat BEE Trust	Investment	Western Cape	**–**	–
Afrimat Bulk Commodities Proprietary Limited[*#]	Bulk commodities	Northern Cape	**100,0**	100,0
Afrimat Concrete Products Proprietary Limited[#]	Concrete-based products	KwaZulu-Natal	**100,0**	100,0
Afrimat Contracting International Proprietary Limited	Aggregates	Gauteng	**100,0**	100,0
Afrimat Empowerment Investments Proprietary Limited	Investment	Western Cape	**–**	–
Afrimat Group Services Proprietary Limited[#]	Services	Western Cape	**100,0**	100,0
Afrimat Hemp Proprietary Limited[#]	Future materials and metals	Western Cape	**55,0**	55,0
Afrimat Lime Company Proprietary Limited	Industrial minerals	Gauteng	**100,0**	100,0
Afrimat Logistics Proprietary Limited	Services	Gauteng	**51,0**	51,0
Afrimat Lyttelton Proprietary Limited	Aggregates	Gauteng	**100,0**	100,0
Afrimat Management Services Proprietary Limited	Services	Western Cape	**100,0**	100,0
Afrimat Marble Hall Proprietary Limited[#]	Industrial minerals	Gauteng	**100,0**	100,0
Afrimat Mining Services Proprietary Limited[#]	Contracting	Gauteng	**100,0**	100,0
Afrimat Mozambique Limitada	Aggregates	Mozambique	**–**	99,0
Afrimat Offshore[**]	Investment	Mauritius	**100,0**	100,0
Afrimat Phosphates Proprietary Limited[#]	Future materials and metals	Limpopo	**100,0**	100,0
Afrimat Readymix (Cape) Proprietary Limited	Concrete-based products	Western Cape	**100,0**	100,0
Afrimat Readymix Inland Proprietary Limited	Concrete-based products	Mpumalanga	**75,0**	75,0
Afrimat Shared Services Proprietary Limited	Services	Western Cape	**100,0**	100,0
Afrimat Silica Proprietary Limited[#]	Aggregates	Gauteng	**100,0**	100,0
Agri Lime Proprietary Limited[#]	Industrial minerals	Limpopo	**100,0**	100,0
Cape Lime Proprietary Limited[#]	Industrial minerals	Western Cape	**100,0**	100,0
Capmat Proprietary Limited[#]	Aggregates	Western Cape	**100,0**	100,0
Clinker Supplies Proprietary Limited[#]	Aggregates	Gauteng	**100,0**	100,0
Community Quarries Proprietary Limited[#]	Aggregates	Western Cape	**100,0**	100,0
Delf Silica Coastal Proprietary Limited[#]	Industrial minerals	Gauteng	**100,0**	100,0
Eckraal Quarries Proprietary Limited[***]	Aggregates	Gauteng	**–**	–
Fincrete Proprietary Limited[#]	Industrial minerals	Western Cape	**100,0**	–
Glen Douglas Dolomite Proprietary Limited	Aggregates	Gauteng	**100,0**	100,0
Infrasors Empowerment Trust	Investment	Gauteng	**–**	–
Infrasors Environmental Rehabilitation Trust	Investment	Gauteng	**–**	–
Labonte 3 Proprietary Limited	Property	Eastern Cape	**50,0**	50,0
Maritzburg Quarries Proprietary Limited	Aggregates	KwaZulu-Natal	**100,0**	100,0
Meepo Ya Mmu Resources Proprietary Limited[#]	Aggregates	Mpumalanga	**54,0**	54,0
Olympic Sand Proprietary Limited[#]	Aggregates	Western Cape	**100,0**	100,0
Pienaarspoort Ontwikkeling Proprietary Limited	Industrial minerals	Gauteng	**100,0**	100,0
Prima Quarries Namibia Proprietary Limited	Aggregates	Namibia	**100,0**	100,0
Rodag Holdings Proprietary Limited	Property	KwaZulu-Natal	**100,0**	100,0
Rondawel Kaolien Proprietary Limited	Industrial minerals	Western Cape	**–**	–
SA Block Proprietary Limited	Concrete-based products	Gauteng	**100,0**	100,0
Scottburgh Quarries Proprietary Limited	Aggregates	KwaZulu-Natal	**100,0**	100,0
Stony Lime Proprietary Limited	Industrial minerals	Limpopo	**–**	–
Sunshine Crushers Proprietary Limited	Aggregates	KwaZulu-Natal	**100,0**	100,0

* *Indirectly held subsidiaries include Afrimat Iron Ore Proprietary Limited, Afrimat Manganese Proprietary Limited, Nkomati Anthracite Proprietary Limited, Coza Mining Proprietary Limited and Benicon Coal Proprietary Limited.*

** *Indirectly held subsidiaries include Afrimat Mining & Aggregates Zambia Limited.*

*** *Indirectly held subsidiary include Eckraal Bricks and Ready-Mix Proprietary Limited.*

\# *Management performed further impairment assessments on the Company's investments in subsidiaries where the net asset value of the Company did not exceed its cost of investment.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

13. INVESTMENT IN SUBSIDIARIES (continued)

	Carrying amount shares 2024 R'000	Carrying amount shares 2023 R'000	**Carrying amount indebtedness 2024 R'000**	Carrying amount indebtedness 2023 R'000
Analysis of assets and liabilities:				
Non-current assets				
Loans to subsidiaries	**–**	–	**850 241**	1 006 998
Less: Allowances for credit losses	**–**	–	**(300 878)**	(237 196)
Investments in subsidiaries	**1 443 239**	1 431 487	**–**	–
Current assets				
Loans to subsidiaries	**–**	–	**1 121 095**	700 008
Current liabilities				
Loans from subsidiaries	**–**	–	**(115 461)**	(429 487)
	1 443 239	1 431 487	**1 554 997**	1 040 323

The loans have no fixed terms of repayment and the majority bear interest at prime (2023: prime). The subsidiaries are incorporated in the Republic of South Africa except for Prima Quarries Namibia Proprietary Limited, Afrimat Offshore and Afrimat Mining & Aggregates Zambia Limited that are incorporated in Namibia, Mauritius and Zambia, respectively.

The Group has no contractual, other commitments or intentions to provide financial assistance to, or to buy assets from the Afrimat BEE Trust and its subsidiary AEI, Infrasors Environmental Rehabilitation Trust and Infrasors Empowerment Trust.

The investment in subsidiaries was assessed for impairment. The recoverable amount was determined by means of value-in-use calculations using a discounted cash flow methodology with the same assumptions as disclosed in note 6.2. During the prior year, management concluded to fully impair the investment in Afrimat Concrete Products Proprietary Limited recognising an impairment loss of R43,6 million. This was mainly due to the reduction in sales volumes, inflationary cost pressures and electricity supply interruptions which affected the operations.

The ECL calculated on loans to subsidiaries is based on the probability of default, the loss given default and the exposure at the default. The Group considers the probability of default upon initial recognition of these loans and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers this to be when there is existing or forecast deterioration, i.e. insufficient cash balances or highly liquid assets available, in the counterparty's ability to meet its debt obligations.

13. INVESTMENT IN SUBSIDIARIES (continued)

The ECLs recognised on loans to subsidiaries are made up as follows: Nkomati Anthracite Proprietary Limited R128,1 million (2023: R128,1 million); Afrimat Mozambique Limitada RNil million (2023: R9,2 million); Afrimat Contracting International Proprietary Limited RNil million (2023: R54,3 million); Afrimat Management Services Proprietary Limited R2,4 million (2023: R2,4 million); Afrimat Concrete Products Proprietary Limited R24,0 million (2023: R16,3 million); Afrimat Silica Proprietary Limited RNil million (2023: R2,6 million); Afrimat Manganese Proprietary Limited R30,2 million (2023: R11,9 million); Stony Lime Proprietary Limited RNil million (2023: R12,4 million); Agri Lime Proprietary Limited R33,1 million; Afrimat Phosphates Proprietary Limited R51,9 million; Afrimat Hemp Proprietary Limited R8,6 million; Eckraal Quarries Proprietary Limited R19,6 million and Fincrete Proprietary Limited R2,9 million.

During the current year, the Group disposed of the following subsidiaries: Afrimat Mozambique Limitada, Afrimat Logistics Limitada and Stony Lime Proprietary Limited, refer note 12.2 for further disclosures.

The Group acquired 100,0% of the issued shares of Fincrete Proprietary Limited (2023: Agri Lime Proprietary Limited), refer note 12.1 for further disclosures.

14. INVESTMENT IN ASSOCIATE

Group financial statements

The Group's associate is accounted for using the equity method, after initially being recognised at cost in the consolidated Statement of Financial Position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss.

During the current year, Afrimat Offshore acquired 50,0% of the share capital of Hislop International ('Hislop'). The primary role of Hislop is to both identify and pursue market opportunities for the Group. These services provided constitute its core function and therefore profits earned from this associate is included in the Services segment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

14. INVESTMENT IN ASSOCIATE (continued)

	Group		Company	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Hislop International (50,0%)	**1 837**	–	**–**	–
Total	**1 837**	–	**–**	–
Hislop International The Group's share of the results of its associate, which is unlisted, and the Group's share of its aggregated assets and liabilities, are as follows:				
At 29 February 2024				
Assets	**6 287**	–	**–**	–
Liabilities	**(4 409)**	–	**–**	–
Revenues	**18 746**	–	**–**	–
Profit	**1 829**	–	**–**	–

15. RELATED PARTIES

Subsidiaries, associates and related trusts

During the year under review, the Company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with related parties. For a list of the Group's subsidiaries and related trusts, refer note 13.

		Group	
		2024 R'000	2023 R'000
Share of net profit after tax	Associate	**1 829**	–

		Company	
		2024 R'000	2023 R'000
Net loan balances	Subsidiaries	**1 554 997**	1 040 323
Loan balances owing (to)	Subsidiaries	**(115 461)**	(429 487)
Loan balances owing by	Subsidiaries	**1 670 458**	1 469 810
Trade and other payables	Subsidiaries	**(10 191)**	(19)
Trade and other receivables	Subsidiaries	**9 856**	24 814
Rendering of services	Subsidiaries	**43 422**	64 706
Dividends received from	Subsidiaries	**869 937**	718 566
Interest paid to	Subsidiaries	**(21 821)**	(106 809)
Interest received from	Subsidiaries	**53 812**	115 459

15. RELATED PARTIES (continued)

The Company has provided unlimited and R700 thousand omnibus securityships to SBSA and FirstRand Bank Limited, respectively, in respect of funding provided by the bank to its subsidiaries.

Directors

Remuneration

Details relating to executive, prescribed officer and non-executive directors' remuneration are disclosed in note 20. The only key employees identified are the executive directors and prescribed officer of Afrimat Limited.

Share options

Share options have been granted to certain executive directors and prescribed officer of Afrimat Limited and employees of its subsidiaries. These are fully disclosed in note 19.

Shareholding

Refer to the analysis of shareholders on page 153 for a list of shareholders with a beneficial interest of 3,0% or more in the Company.

Associate

Details regarding the Group's associates are set out in note 14. Transactions with the associate is entered into at the prevailing market rates. Refer note 7.3.2 for loan terms and conditions.

Joint venture

During F2020, the Group impaired the investment in the joint venture. No transactions were entered into with the joint venture during the year under review.

Treasury shares

The Group acquired 562 510 (2023: 4 382 056) of its own shares through purchases on the JSE Limited, refer note 8.2 for further disclosure. Furthermore, Afrimat BEE Trust holds (indirectly through AEI) on an unencumbered basis, 6 863 194 (2023: 6 830 894) shares representing 4,3% (2023: 4,3%) of the issued share capital of the Company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

Unrecognised items

16. COMMITMENTS

	Group	
	2024 R'000	2023 R'000
Authorised capital expenditure		
Contracted after year-end, but not provided for		
Property, plant and equipment	**1 427**	18 511
Not yet contracted for		
Property, plant and equipment	**299 275**	237 339
Total authorised capital expenditure	**300 702**	255 850

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

17. CONTINGENCIES

Guarantees

Guarantees to the value of R60,2 million (2023: R63,0 million) were supplied by SBSA to various parties, including the DMRE and Eskom.

Guarantees to the value of R68,8 million (2023: R139,7 million) were supplied by FNB to various parties, including the DMRE and Eskom. 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 loan has subsequently been repaid during the current year (refer note 7.3.5).

Guarantees to the value of R0,9 million (2023: R0,9 million) by ABSA, R368,3 million (2023: R253,1 million) by Centriq Insurance Innovation and R2,7 million (2023: 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.

During the prior year, 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. During the current year, a guarantee amounting to R96,9 million was issued to the DMRE by Centriq and the Guardrisk guarantee was subsequently cancelled.

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

17. CONTINGENCIES (continued)

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 R16,3 million (2023: R10,4 million). An accrual has been raised in respect of commitments made up to the end of the year.

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.

During 20 to 24 February 2023, Labour Court Proceedings took place in terms of which the Association of Mineworkers and Construction Union ('AMCU') claims unfair dismissal of a number of Nkomati employees. Legal arguments were heard and the parties are still awaiting judgment, which has not been forthcoming for more than 12 months. If an award is made in favour of AMCU, the financial implication will depend on the relief awarded. Management estimates that the total legal fees and disbursements will be in the order of R1,0 million, which could increase if the matter is taken on review or appeal. The estimate of the pay-out to AMCU is R7,0 million.

18. EVENTS AFTER THE REPORTING PERIOD

Glenover

As per the SENS announcement on 9 December 2021, in terms of which Afrimat announced that it had purchased certain assets and rights to mine select deposits at the Glenover mine (the 'Sale Assets'), as well as the option to acquire 100,0% of the shares (the 'Sale Shares') in Glenover Phosphate Proprietary Limited ('Glenover') from the current shareholders, for a total purchase consideration of R550,0 million ('Glenover Acquisition'). The Group exercised this option to acquire the shares in Glenover on 19 October 2022. Refer to SENS announcement released on 20 October 2022.

The purchase consideration of R550,0 million is allocated as follows:

- Sale Assets: R250,0 million; and
- Sale of Shares: R300,0 million.

The purchase consideration of Sale Shares of R300,0 million was settled as follows:

- A first tranche payment of R150,0 million in respect of the 'Sale Claims' payable through an issue of Afrimat Limited shares equivalent to R150,0 million, calculated on a 30-day volume weighted average price ('VWAP') on the first tranche payment date being 15 business days after signature of the Addendum (refer notes 7.3.1 and 8.1);
- A second tranche payment of R147,0 million in respect of the 'Sale Claims' payable in cash on 30 April 2024; and
- A cash consideration of R3,0 million payable in respect of the 'Sale Shares', on fulfilment of the suspensive conditions.

On 30 April 2024, all conditions precedent were fulfilled and the purchase consideration in respect of the 'Sale of Shares' of R300,0 million was settled in full.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

18. EVENTS AFTER THE REPORTING PERIOD (continued)

Lafarge South Africa Holdings Proprietary Limited ('Lafarge')

The Competition Authorities in South Africa ('Competition Tribunal') approved the Lafarge acquisition on 10 April 2024. The Company acquired 100,0% of the issued share capital of Lafarge and all of Lafarge's subsidiaries from Holcim group subsidiary, Caricement B.V. for a purchase consideration of $6,0 million (R133,0 million). Additionally, the Company has agreed to repay or procure the loan amounts owing by Lafarge to Holcim Group subsidiary, Caricement B.V. equating to R900,0 million. The effective date for the acquisition is the 23 April 2024.

The acquisition has been structured as a locked box transaction with effect from 31 December 2022 and the purchase consideration payable in respect of the acquisition is an amount of $6,0 million less any amounts categorised as leakage under the Share Purchase Agreement.

In terms of IFRS 3: *Business Combinations* the purchase price of the Lafarge business will be allocated to the intangible assets (mainly patents associated with the cement business as well as the additional market share that will expand the footprint of the business), mining assets (attributable to the quality of the mining resource and mining rights acquired) and other net assets, of which the balance will be allocated to goodwill or a bargain purchase income. At the date of the publication of the audited consolidated results, the acquisition date fair values of the acquired net assets have not yet been determined.

Dividend declared

A final gross dividend, No. 34 of 154,0 cents per share, in respect of year ended 29 February 2024, was declared on 15 May 2024. There are 159 690 957 shares in issue at the reporting date, of which 8 509 520 are held in treasury. The total dividend payable is R245,9 million. The Board has confirmed by resolution that the solvency and liquidity test as contemplated by the Companies Act, No. 71 of 2008, has been duly considered, applied and satisfied. The net dividend payable to shareholders who are subject to dividend tax and shareholders who are exempt from dividend tax is 123,2 cents and 154,0 cents per share, respectively. 7 June 2024 and 10 June 2024 being the record and payable date, respectively.

Employee benefits and costs

19. SHARE-BASED PAYMENTS

The Group operates an equity-settled Share Appreciation Rights scheme and Forfeitable Share Plan, under which the Group receives services from employees as consideration for ordinary shares of Afrimat Limited.

The employee services received is recognised at the fair value of the shares granted and is expensed over the vesting period. The corresponding credit entry is recognised as an increase in equity in 'other reserves'.

When the reward is vested, the Group utilises treasury shares. The market value of rewards exercised, net of any directly attributable transaction costs, is debited to 'stated capital'. The share-based payment reserve related to rewards previously provided is transferred directly to 'retained earnings' as the rewards expire or are exercised.

Refer note 21 for details of fair value estimation and note 10 for disclosures on financial risk management.

19. SHARE-BASED PAYMENTS (continued)

New grants issued under the Forfeitable Share Plan are recognised as cash-settled, as a result of an amendment to the plan approved by shareholders in F2022. At initial recognition, the employee services received is recognised at the fair value of the shares granted and is expensed over the vesting period. The corresponding credit entry is recognised in the balance sheet as an 'other liability'. The 'other liability' is subsequently remeasured at the fair value of the shares granted at each reporting period. The fair value remeasured is allocated to 'employee costs' in profit or loss.

Share-based payment expense calculation

The Group uses the Black Scholes valuation model to determine the fair value of the options/shares granted.

Share options are granted to executive directors and to selected employees in the form of a Share Appreciation Rights Scheme. The exercise price of the granted options is equal to the 30-day average volume weighted average price for the Afrimat Limited shares on the date when the option is exercised. Options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date, subject to the Group achieving its target growth in headline earnings per share over the period; the options have a contractual option term of four years after vesting. The Group has no legal or constructive obligation to repurchase or settle the options in cash. When the options are exercised the participants will receive shares equal in value to the number of options exercised multiplied by the difference between the exercise price and the grant price.

Additionally the Group has an Afrimat Forfeitable Share Plan ('FSP'). The plan allows certain senior employees to earn a long-term incentive to assist with the retention and reward of selected employees. Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date. Awards are based on their performance conditional on the employee completing three years' service (the vesting period). The shares are recognised at the closing share price on the grant date as an issue of treasury shares. The Group has no legal or constructive obligation to repurchase or settle the shares in cash, therefore these shares are equity-settled share-based payments.

During F2022 an amendment to the FSP was approved by shareholders, whereby shares allocated to FSP participant may be settled in cash or shares at the discretion of the Board. This modification is only applicable on future FSP allocations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

19. SHARE-BASED PAYMENTS (continued)

19.1 Share Appreciation Rights Scheme ('SAR')

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average grant price in cents per share 2024	Number of options '000 2024	Average grant price in cents per share 2023	Number of options '000 2023
Opening balance	**3 946**	**6 070**	3 066	6 108
Granted	**5 196**	**1 955**	6 514	1 570
Exercised	**2 519**	**(1 860)**	2 976	(1 473)
Forfeited	**2 674**	**(150)**	4 569	(135)
Closing balance	**4 825**	**6 015**	3 946	6 070

Out of the 6 015 000 outstanding options (2023: 6 070 000), 885 000 options (2023: 480 000) were exercisable. Options exercised, resulted in 50 000, 80 000 and 1 730 000 shares (2023: 70 000, 90 000 and 1 313 000) being issued at a weighted price of R29,00, R26,79 and R25,01 each, respectively (2023: R22,20, R29,00 and R30,21 each, respectively). The related weighted average share price at the time of exercise was R53,19 (2023: R63,06) per share.

Share options outstanding at the end of the year have the following expiry dates and grant prices:

	Grant price Cents	Number of options 2024 '000	Number of options 2023 '000
2024	2 900	**–**	50
2025	2 679	**120**	200
2026	3 021	**180**	230
2027	2 501	**585**	2 415
2028	4 800	**1 650**	1 650
2029	6 514	**1 525**	1 525
2030	5 196	**1 955**	–
		6 015	6 070

19. SHARE-BASED PAYMENTS (continued)

19.1 Share Appreciation Rights Scheme ('SAR') (continued)

The remaining number of shares, as at year-end, that may be utilised for the purpose of share options are:

	Number of shares 2024 '000	Number of shares 2023 '000
Opening balance	**20 976**	20 938
Exercised	**1 860**	1 473
Forfeited	**150**	135
Utilised	**(1 955)**	(1 570)
Closing balance	**21 031**	20 976

Number of share options held by executive directors and prescribed officer:

	Opening balance '000	Granted/ transferred in '000	Average grant price in cents per share	Expiry dates	Exercised/ expired '000	Closing balance '000
2024						
Andries J van Heerden	**940**	**295**	**5 196**	**2030**	**(470)**	**765**
Pieter GS de Wit	**402**	**125**	**5 196**	**2030**	**(202)**	**325**
Collin Ramukhubathi	**363**	**125**	**5 196**	**2030**	**(173)**	**315**
Marthinus G Odendaal	**430**	**125**	**5 196**	**2030**	**(80)**	**475**
André Smith*	**–**	**105**	**4 755**	**2030**	**(25)**	**80**
	2 135	**775**			**(950)**	**1 960**
2023						
Andries J van Heerden	1 085	210	6 514	2029	(355)	940
Pieter GS de Wit	465	90	6 514	2029	(153)	402
Collin Ramukhubathi	353	90	6 514	2029	(80)	363
Marthinus G Odendaal**	–	590	3 654	2029	(160)	430
	1 903	980			(748)	2 135

* *André Smith was appointed as prescribed officer effective 31 August 2023.*

** *Marthinus G Odendaal was appointed as executive director effective 12 April 2022.*

The fair value of options granted during the year using the Black Scholes valuation model, was R25,8 million (2023: R29,5 million), and will be expensed over a three-year vesting period. The option expense for the year, in respect of current year and previous years' options granted, was R16,0 million (2023: R21,0 million), of which R5,6 million (2023: R6,4 million) is attributed to the executive directors and the prescribed officer.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

19. SHARE-BASED PAYMENTS (continued)

19.1 Share Appreciation Rights Scheme ('SAR') (continued)

Analysis of movement in remaining options:

Grant date	17 May 2017 '000	5 Nov 2018 '000	22 May 2019 '000	20 May 2020 '000	26 May 2021 '000	18 May 2022 '000	17 May 2023 '000	**Total '000**
Originally granted	1 455	1 520	1 603	2 465	1 690	1 570	1 955	**12 258**
Forfeited	(170)	(170)	(110)	(150)	(40)	(45)	–	**(685)**
Exercised	(1 285)	(1 230)	(1 313)	(1 730)	–	–	–	**(5 558)**
Net outstanding	–	120	180	585	1 650	1 525	1 955	**6 015**
Grant price (cents)	2 900	2 679	3 021	2 501	4 800	6 514	5 196	
Fair value of option (cents)	852	676	853	655	1 541	1 879	1 322	

The assumptions used in determining the fair value, which reflect the conditions as at the reporting date, were as follows:

Grant date	17 May 2017	5 Nov 2018	22 May 2019	20 May 2020	26 May 2021	18 May 2022	17 May 2023
Grant price (cents)	2 900	2 679	3 021	2 501	4 800	6 514	5 196
Expected option life	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Expected volatility	37,57%	30,90%	37,59%	41,22%	40,32%	36,71%	29,22%
Expected likelihood	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
Expected employee attrition	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%
Expected risk free rates	7,64%	7,08%	7,07%	6,75%	9,23%	8,37%	8,93%
Expected dividend yields	2,41%	2,31%	2,68%	4,68%	3,01%	2,86%	2,89%

The share price volatility is measured at the standard deviation of expected share price returns based on the statistical analysis of monthly share prices over the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

19. SHARE-BASED PAYMENTS (continued)

19.2 Forfeitable Share Plan ('FSP')

Shares issued under the plan are at the discretion of the Board, and no offer may be made unless employment conditions were met. The FSP is considered a long-term retention plan and shares are only awarded to certain key individuals based on their performance. Shares issued under the plan may not be sold, ceded, transferred, encumbered, pledged or otherwise alienated until the award has vested. In all other respects the shares rank equally with other fully-paid ordinary shares in issue.

	Number of shares	
	2024 '000	2023 '000
Opening balance	**912**	1 066
Issued to participating employees	**444**	350
Forfeited	**–**	(23)
Vested	**(125)**	(481)
Closing balance	**1 231**	912

During the year, 443 850 (2023: 350 350) shares were issued to participants at an average market value of R51,96 (2023: R65,14).

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to the dividends from grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date.

During the year 124 350 shares (2023: 105 200, 10 000 and 367 200 shares) vested, the related weighted average share price at the time of exercise was R56,00 (2023: R66,37, R58,12 and R47,00) per share.

The share-based payment expense for the year, in respect of current and previous years' shares granted, was R15,7 million (2023: R12,9 million), of which R9,9 million (2023: R8,3 million) is attributed to the executive directors.

Number of forfeitable shares held by directors:

	Opening balance '000	Issued '000	Average grant price in cents per share	Vesting dates	Vested '000	Closing balance '000
2024						
Andries J van Heerden	**292**	**95**	**5 196**	**2026**	**(125)**	**262**
Pieter GS de Wit	**110**	**63**	**5 196**	**2026**	**–**	**173**
Collin Ramukhubathi	**110**	**63**	**5 196**	**2026**	**–**	**173**
Marthinus G Odendaal	**110**	**63**	**5 196**	**2026**	**–**	**173**
	622	**284**			**(125)**	**781**

19. SHARE-BASED PAYMENTS (continued)

19.2 Forfeitable Share Plan ('FSP') (continued)

	Opening balance '000	Issued '000	Average grant price in cents per share	Vesting dates	Vested '000	Closing balance '000
2023						
Andries J van Heerden	324	73	6 514	2025	(105)	292
Pieter GS de Wit	131	47	6 514	2025	(68)	110
Collin Ramukhubathi	131	47	6 514	2025	(68)	110
Marthinus G Odendaal*	–	178	3 588	2025	(68)	110
	586	345			(309)	622

* *Marthinus G Odendaal was appointed as executive director effective 12 April 2022.*

The assumptions used in determining the fair value, which reflect the conditions as at the reporting date, were as follows:

Grant date	25 February 2019	30 October 2019	19 February 2020	22 February 2021	18 May 2022	17 May 2023
Grant price (cents)	2 850	3 200	2 930	4 390	6 514	5 196
Fair value of grants (cents)	2 607	2 644	2 413	3 443	5 455	4 027
Expected volatility	33,07%	36,61%	34,31%	42,67%	36,71%	29,22%
Expected risk free rates	7,58%	6,64%	6,26%	6,75%	8,37%	8,93%
Expected dividend yields	2,05%	2,66%	2,76%	4,68%	2,86%	2,89%
Vesting dates	25 February 2022	30 October 2022	19 February 2023	22 February 2024	18 May 2025	17 May 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

20. DIRECTORS AND PRESCRIBED OFFICER EMOLUMENTS

Directors and prescribed officer basic salary and allowances

	Short-term benefits			Post-employment benefits	Other	
	Basic salary R'000	Travel allowance R'000	Medical aid R'000	Pension R'000	Other allowances R'000	Total R'000
2024						
Paid by Company						
Executive directors and prescribed officer						
Andries J van Heerden	7 044	171	51	–	–	7 266
Pieter GS de Wit	3 779	102	99	370	–	4 350
Collin Ramukhubathi	3 647	169	90	358	–	4 264
Marthinus G Odendaal	3 481	162	102	524	–	4 269
André Smith*	1 813	19	55	218	207	2 312
	19 764	623	397	1 470	207	22 461
Non-executive directors						
Loyiso Dotwana	662	–	–	–	–	662
Jacobus F van der Merwe	751	–	–	–	–	751
Phuti RE Tsukudu	523	–	–	–	–	523
Johannes HP van der Merwe	504	–	–	–	–	504
Francois M Louw	1 428	–	–	–	–	1 428
Sisanda Tuku	557	–	–	–	–	557
Gert J Coffee	436	–	–	–	–	436
Nicolaas AS Kruger	675	–	–	–	–	675
	5 536	–	–	–	–	5 536
Total	25 300	623	397	1 470	207	27 997

** André Smith was appointed as prescribed officer effective 31 August 2023.*

20. DIRECTORS AND PRESCRIBED OFFICER EMOLUMENTS (continued)

Directors and prescribed officer basic salary and allowances (continued)

	Short-term benefits			Post-employment benefits	Other	
	Basic salary R'000	Travel allowance R'000	Medical aid R'000	Pension R'000	Other allowances R'000	Total R'000
2023						
Paid by Company						
Executive directors						
Andries J van Heerden	6 268	165	47	–	–	6 480
Pieter GS de Wit	3 418	99	84	346	–	3 947
Collin Ramukhubathi	3 063	144	79	310	–	3 596
Marthinus G Odendaal*	3 176	163	106	438	–	3 883
	15 925	571	316	1 094	–	17 906
Non-executive directors						
Marthinus W von Wielligh	628	–	–	–	–	628
Loyiso Dotwana	601	–	–	–	–	601
Jacobus F van der Merwe	653	–	–	–	–	653
Phuti RE Tsukudu	475	–	–	–	–	475
Helmut N Pool	211	–	–	–	–	211
Johannes HP van der Merwe	432	–	–	–	–	432
Francois M Louw	1 078	–	–	–	–	1 078
Sisanda Tuku*	370	–	–	–	–	370
Gert J Coffee	396	–	–	–	–	396
Nicolaas AS Kruger*	28	–	–	–	–	28
	4 872	–	–	–	–	4 872
Total	20 797	571	316	1 094	–	22 778

** During F2023, the following appointments were made:*
- *Marthinus G Odendaal was appointed as executive director effective 12 April 2022;*
- *Sisanda Tuku was appointed as non-executive director effective 1 May 2022; and*
- *Nicolaas AS Kruger was appointed as non-executive director effective 1 February 2023.*

Executive directors and prescribed officer contracts

No executive director and prescribed officer has a notice period of more than three months. No executive director and prescribed officer's service contract includes predetermined compensation as a result of termination exceeding one year's salary and benefits.

Andries J van Heerden, Pieter GS de Wit, Collin Ramukhubathi, Marthinus G Odendaal and André Smith have indefinite employment contracts. There are no other service contracts between the Company, executive directors and the prescribed officer.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

20. DIRECTORS AND PRESCRIBED OFFICER EMOLUMENTS (continued)

Executive directors' and prescribed officer's participation in share schemes

Share options are granted to executive directors and prescribed officer in the format of a SAR scheme (refer note 19.1):

	Number of SARs initially allocated	Date awarded	Strike price (cents)	Number of SARs exercised	Number of SARs terminated	Share price at date of redemption (cents)	Value increase from strike price to price at redemption* R'000	Number of SARs not redeemed (outstanding)	Indicative expected value of number of SARs not redeemed**
2024									
Andries J van Heerden	150 000	13 December 2007	850	–	150 000	–	–	–	–
	300 000	9 May 2008	650	–	300 000	–	–	–	–
	500 000	13 May 2009	200	500 000	–	874	3 370	–	–
	750 000	12 May 2010	325	750 000	–	901	4 320	–	–
	575 000	11 May 2011	340	575 000	–	1 652	7 544	–	–
	460 000	9 May 2012	572	460 000	–	1 873	5 985	–	–
	330 000	8 May 2013	850	330 000	–	2 223	4 531	–	–
	200 000	14 May 2014	1 565	200 000	–	2 956	2 782	–	–
	200 000	20 May 2015	1 726	200 000	–	2 820	2 188	–	–
	180 000	18 May 2016	2 220	180 000	–	3 504	2 311	–	–
	310 000	17 May 2017	2 900	310 000	–	3 611	2 204	–	–
	345 000	5 November 2018	2 679	345 000	–	5 125	8 439	–	–
	355 000	21 May 2019	3 021	355 000	–	6 441	12 141	–	–
	470 000	20 May 2020	2 501	470 000	–	5 230	12 826	–	–
	260 000	26 May 2021	4 800	–	–	–	–	260 000	3 806
	210 000	18 May 2022	6 514	–	–	–	–	210 000	–
	295 000	17 May 2023	5 196	–	–	–	–	295 000	3 151
				4 675 000	450 000		68 641	765 000	6 957
Pieter GS de Wit	40 000	9 May 2008	850	–	40 000	–	–	–	–
	50 000	9 May 2008	650	–	50 000	–	–	–	–
	50 000	13 May 2009	200	50 000	–	584	192	–	–
	60 000	12 May 2010	325	60 000	–	901	346	–	–
	100 000	11 May 2011	340	100 000	–	1 652	1 312	–	–
	120 000	9 May 2012	572	120 000	–	1 862	1 548	–	–
	80 000	8 May 2013	850	80 000	–	2 899	1 639	–	–
	60 000	14 May 2014	1 565	60 000	–	3 012	868	–	–
	60 000	20 May 2015	1 726	60 000	–	3 381	993	–	–
	120 000	18 May 2016	2 220	120 000	–	3 381	1 393	–	–
	135 000	17 May 2017	2 900	135 000	–	3 611	960	–	–
	145 000	5 November 2018	2 679	145 000	–	5 125	3 547	–	–
	153 000	21 May 2019	3 021	153 000	–	6 441	5 233	–	–
	202 000	20 May 2020	2 501	202 000	–	5 230	5 513	–	–
	110 000	26 May 2021	4 800	–	–	–	–	110 000	1 610
	90 000	18 May 2022	6 514	–	–	–	–	90 000	–
	125 000	17 May 2023	5 196	–	–	–	–	125 000	1 335
				1 285 000	90 000		23 544	325 000	2 945

* *The cash realisation value depicts the number of SARs exercised multiplied by the growth in share price (i.e. share price on exercise less strike price).*

** *Number of SARs not redeemed at financial year-end (outstanding) multiplied by the applicable year-end Afrimat Limited share price (R62,64), less the strike price of these instruments.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

20. DIRECTORS AND PRESCRIBED OFFICER EMOLUMENTS (continued)

Executive directors' and prescribed officer's participation in share schemes (continued)

	Number of SARs initially allocated	Date awarded	Strike price (cents)	Number of SARs exercised	Number of SARs terminated	Share price at date of redemption (cents)	Value increase from strike price to price at redemption* R'000	Number of SARs not redeemed (outstanding)	Indicative expected value of number of SARs not redeemed**
Collin Ramukhubathi	25 000	14 May 2014	1 565	25 000	–	2 943	345	–	–
	25 000	20 May 2015	1 726	25 000	–	2 851	281	–	–
	50 000	18 May 2016	2 220	50 000	–	3 381	581	–	–
	50 000	17 May 2017	2 900	50 000	–	3 611	356	–	–
	80 000	5 November 2018	2 679	80 000	–	5 125	1 957	–	–
	80 000	21 May 2019	3 021	80 000	–	6 441	2 736	–	–
	173 000	20 May 2020	2 501	173 000	–	5 230	4 721	–	–
	100 000	26 May 2021	4 800	–	–	–	–	100 000	1 464
	90 000	18 May 2022	6 514	–	–	–	–	90 000	–
	125 000	17 May 2023	5 196	–	–	–	–	125 000	1 335
				483 000	–		10 977	315 000	2 799
Marthinus G Odendaal	40 000	13 December 2007	850	–	40 000	–	–	–	–
	40 000	9 May 2008	650	–	40 000	–	–	–	–
	50 000	13 May 2009	200	50 000	–	584	192	–	–
	200 000	12 May 2010	325	200 000	–	1 325	2 000	–	–
	100 000	11 May 2011	340	100 000	–	1 652	1 312	–	–
	120 000	9 May 2012	572	120 000	–	1 873	1 561	–	–
	80 000	8 May 2013	850	80 000	–	2 970	1 696	–	–
	60 000	14 May 2014	1 565	60 000	–	3 504	1 163	–	–
	60 000	20 May 2015	1 726	60 000	–	3 611	1 131	–	–
	60 000	18 May 2016	2 220	60 000	–	5 802	2 149	–	–
	70 000	17 May 2017	2 900	70 000	–	5 647	1 923	–	–
	80 000	5 November 2018	2 679	80 000	–	6 265	2 869	–	–
	90 000	21 May 2019	3 021	90 000	–	6 441	3 078	–	–
	160 000	20 May 2020	2 501	–	–	–	–	160 000	6 021
	100 000	26 May 2021	4 800	–	–	–	–	100 000	1 464
	90 000	18 May 2022	6 514	–	–	–	–	90 000	–
	125 000	17 May 2023	5 196	–	–	–	–	125 000	1 335
				970 000	80 000		19 074	475 000	8 820
André Smith	60 000	12 May 2010	325	60 000	–	901	346	–	–
	50 000	9 May 2012	572	50 000	–	1 873	651	–	–
	40 000	8 May 2013	850	40 000	–	2 849	800	–	–
	25 000	14 May 2014	1 565	25 000	–	3 012	362	–	–
	25 000	20 May 2015	1 726	25 000	–	3 381	414	–	–
	20 000	18 May 2016	2 220	20 000	–	3 381	232	–	–
	25 000	17 May 2017	2 900	25 000	–	3 611	178	–	–
	25 000	5 November 2018	2 679	25 000	–	5 160	620	–	–
	25 000	21 May 2019	3 021	25 000	–	6 388	842	–	–
	25 000	20 May 2020	2 501	25 000	–	5 230	682	–	–
	30 000	26 May 2021	4 800	–	–	–	–	30 000	439
	25 000	18 May 2022	6 514	–	–	–	–	25 000	–
	25 000	17 May 2023	5 196	–	–	–	–	25 000	267
				320 000	–		5 127	80 000	706

* *The cash realisation value depicts the number of SARs exercised multiplied by the growth in share price (i.e. share price on exercise less strike price).*

** *Number of SARs not redeemed at financial year-end (outstanding) multiplied by the applicable year-end Afrimat Limited share price (R62,64), less the strike price of these instruments.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

20. DIRECTORS AND PRESCRIBED OFFICER EMOLUMENTS (continued)

Executive directors' and prescribed officer's participation in share schemes (continued)

In terms of the SAR Scheme: Grant 15 (2023: Grant 14), the rights have vested after the three-year vesting period, as the performance criteria have been met.

Forfeitable shares awarded to executive directors, in the format of a FSP (refer note 19.2):

	Number of shares initially allocated	Date awarded	Market value on grant date
2024			
Andries J van Heerden	95 000	17 May 2023	51,96
Pieter GS de Wit	62 500	17 May 2023	51,96
Collin Ramukhubathi	62 500	17 May 2023	51,96
Marthinus G Odendaal	62 500	17 May 2023	51,96
2023			
Andries J van Heerden	72 350	18 May 2022	65,14
Pieter GS de Wit	47 600	18 May 2022	65,14
Collin Ramukhubathi	47 600	18 May 2022	65,14
Marthinus G Odendaal	47 600	18 May 2022	65,14

Incentive bonuses paid to executive directors and prescribed officer:

	Group	
	2024 R'000	2023 R'000
Executive directors and prescribed officer		
Andries J van Heerden	6 925	5 835
Pieter GS de Wit	3 375	2 945
Collin Ramukhubathi	3 320	2 685
Marthinus G Odendaal	3 310	2 885
André Smith*	750	–
	17 680	14 350

* *André Smith was appointed as prescribed officer effective 31 August 2023.*

Incentive bonuses include those earned in the current year but only received in the following year.

Directors' shareholding

Please refer to page 87 for further disclosure regarding the directors' respective shareholding in the Company.

Other

21. FAIR VALUE ESTIMATION

Items measured at fair value on the Statement of Financial Position are classified according to a fair value hierarchy. The fair value hierarchy is identified in levels as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

	Group			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
At 29 February 2024				
Assets				
At fair value through other comprehensive income				
Equity securities*	69	–	–	69
Environmental funds**	–	10 143	–	10 143
At fair value through profit or loss				
Unit trusts**	–	93 438	–	93 438
Trade receivables***	–	77 191	–	77 191
Total assets	69	180 772	–	180 841
Liabilities				
Other liability*#	(19 979)	–	–	(19 979)
Total liabilities	(19 979)	–	–	(19 979)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

21. FAIR VALUE ESTIMATION (continued)

	Company			
	Level 1 R'000	**Level 2 R'000**	**Level 3 R'000**	**Total balance R'000**
At 29 February 2024				
Liabilities				
Other liability*#	**(7 058)**	**–**	**–**	**(7 058)**
Total liabilities	**(7 058)**	**–**	**–**	**(7 058)**

	Group			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
At 28 February 2023				
Assets				
At fair value through other comprehensive income				
Equity securities*	67	–	–	67
Environmental funds**^	–	8 943	–	8 943
At fair value through profit or loss				
Unit trusts**^	–	81 618	–	81 618
Trade receivables***	–	196 345	–	196 345
Total assets	67	286 906	–	286 973
Liabilities				
Other liability*#	(5 094)	–	–	(5 094)
Total liabilities	(5 094)	–	–	(5 094)

21. FAIR VALUE ESTIMATION (continued)

	Company			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
At 28 February 2023				
Liabilities				
Other liability*#	(1 795)	–	–	(1 795)
Total liabilities	(1 795)	–	–	(1 795)

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

* *This fair value is 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 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.*

^ *Measurement period adjustment – during the current year, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosure.*

The Group's equity securities are traded in active markets. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Environmental funds and environmental insurance policies consist of equity investments quoted in an active market. Their fair values are indirectly derived from prices quoted in Level 1, and therefore included in Level 2.

Unit trusts are investments held in trust to be used to rehabilitate the environment after mining operations are completed at various mining sites throughout the Group (refer note 6.5). The significant inputs to the adjusted net asset method are the fair values of the individual assets and liabilities whose fair value is derived from quoted market prices in active markets. The fair values are indirectly derived from prices quoted in Level 1, and therefore included in Level 2 of the fair value hierarchy.

Provisionally priced receivables related to the sale of bulk commodities were measured at FVPL from the date of recognition up until date of settlement, as it fails the amortised cost requirement of cash flows representing solely payment of principal and interest.

(a) Transfers

The Group recognises transfers between level of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. There were no transfers within the fair value hierarchy during the period ended 29 February 2024 or the prior year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2024

22. NEW AND AMENDED STANDARDS

New standards and interpretations not yet effective

There are no standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The Group has not early adopted the following new standards and amendments:

Standard	Subject	Impact
IAS 1 (effective 1 January 2024)	**Presentation of Financial Statements — Non-current liabilities with covenants**	Impact of the amendment was not material.
IFRS 16 (effective 1 January 2024)	**Lease liability in a Sale and Leaseback**	No impact expected.
IAS 7 and IFRS 7 (effective 1 January 2024)	**Supplier Finance Arrangements**	No impact expected.
IAS 21 (effective 1 January 2025)	**Lack of Exchangeability for foreign operations/transactions**	Impact of the amendment was not material.

23. GOING CONCERN

The directors have reviewed the Group's cash flow forecast for the year to 28 February 2025 and in light of this review and the current financial position, they are satisfied that the Group and Company has or had access to adequate resources to continue in operational existence for the foreseeable future. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The following impacts, outside of the control of management have been considered:

Loadshedding

The frequent power outages, known as loadshedding, continues to exert a significant and ongoing impact on the South African economy. The Group has effectively managed and addressed these interruptions in order to mitigate losses, resulting in successful outcomes.

Transnet

The poor and deteriorating performance from the national rail carrier Transnet is not only impacting Afrimat, but all mining operations across South Africa. To counter this impact, Afrimat executives dedicate time in forums to assist as part of a public/private collaborative effort.

ANALYSIS OF SHAREHOLDERS

as at 29 February 2024

	Number of shareholders	%	Number of shares	%
Shareholding				
1 – 1 000 shares	11 243	76,06	2 013 726	1,27
1 001 – 10 000 shares	2 814	19,04	9 280 269	5,81
10 001 – 100 000 shares	548	3,71	17 477 199	10,94
100 001 – 1 000 000 shares	157	1,06	45 513 129	28,50
1 000 001 shares and over	19	0,13	85 406 634	53,48
	14 781	100,00	159 690 957	100,00
Analysis of holdings				
Non-public shareholding				
Directors and their associates	10	0,05	10 177 950	6,37
Treasury shares – Afrimat Management Services Proprietary Limited	1	0,01	1 646 326	1,03
Treasury shares – Afrimat Empowerment Investments Proprietary Limited/Afrimat BEE Trust	1	0,01	6 863 194	4,30
	12	0,07	18 687 470	11,70
Public shareholding	14 769	99,93	141 003 487	88,30
	14 781	100,00	159 690 957	100,00

	Number of shares	%	Number of BEE shares	%
Major, founder and BEE shareholders				
Founder shareholders – related parties				
Andries J van Heerden (CEO)	4 543 784	2,85	–	–
Maryke E van Heerden	1 198 543	0,75	–	–
Amala Familie Trust (CEO)	853 564	0,54	–	–
Founder shareholders – not related parties				
Korum Trust (TCB Jordaan)	9 010 000	5,64	–	–
Forecast Investments Proprietary Limited (Laurie P Korsten)	400 000	0,25	–	–
Frans du Toit Trust	17 642 000	11,05	–	–
Other major shareholders				
Government Employees Pension Fund	20 910 194	13,09	–	–
BEE shareholders*				
Mega Oils Proprietary Limited (Loyiso Dotwana, non-executive director)	1 747 475	1,09	1 747 475	1,09
Afrimat Empowerment Investments Proprietary Limited/Afrimat BEE Trust	6 863 194	4,30	6 863 194	4,30
Collin Ramukhubathi	335 377	0,21	335 377	0,21
Joe Kalo Investments Proprietary Limited	75 000	0,05	75 000	0,05
Johannes M Kalo	45 090	0,03	45 090	0,03
Goolam Ballim	227 009	0,14	227 009	0,14
Mandated investments	68 211 268	42,71	6 323 185	3,96
Previously recognised interest**	–	–	–	19,84
	132 062 498	82,70	15 616 330	29,62
Other	27 628 459	17,30	–	–
	159 690 957	100,00	15 616 330	29,62

* *During the current year the Flow Through Principal method was used to calculate the BEE ownership of the Group.*

** *Shares sold previously held by ARC, the shares qualify to be recognised in terms of paragraph 3.8 Recognition of ownership after the sale or loss of shares by black participants, of the B-BBEE COGP, therefore we are able to include these shares into our BEE ownership.*

SHAREHOLDERS' DIARY

Financial year-end	29 February
Trading update	16 April 2024
Announcement of annual results	16 May 2024
Integrated annual report posted	7 June 2024
AGM	6 August 2024
Trading update	October 2024
Announcement of interim results and interim dividend	October 2024
Interim dividend payment	November 2024

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DEFINITIONS

‘AEI’	Afrimat Empowerment Investments Proprietary Limited
‘Afrimat’ or ‘Company’	Afrimat Limited (Registration number 2006/022534/06), listed on the Main Board of the JSE Limited in the ‘General Mining’ sector
‘AGM’	Annual general meeting
‘AMSA’	ArcelorMittal South Africa Limited
‘ARC’	African Rainbow Capital Proprietary Limited
‘ASPASA’	Aggregate and Sand Producers Association of South Africa
‘B-BBEE’	Broad-Based Black Economic Empowerment
‘BEE’	Black Economic Empowerment
‘Board’	The Board of Directors of Afrimat, as set out on page 36
‘CAE’	Chief Audit Executive of Afrimat, Piet van Zyl
‘CEO’	Chief Executive Officer of Afrimat, Andries J van Heerden
‘CFO’	Chief Financial Officer of Afrimat, Pieter GS de Wit
‘CGU’	Cash-generating unit
‘COBIT’	Control objectives for information and related technologies
‘Codes’	Department of Trade and Industry’s B-BBEE Codes of Good Practice
‘COLTO’	Committee of Land Transport Officials
‘Companies Act’	Companies Act No. 71 of 2008, as amended of South Africa
‘COO’	Chief Operating Officer of Afrimat (Mining), Marthinus G Odendaal
‘CSI’	Corporate Social Investment
‘DMRE’	Department of Mineral Resources and Energy
‘EMP’	Environmental Management Plan
‘ERP’	Enterprise Resource Planning
‘ESG’	Environmental, Social and Governance
‘Executive Director: People & Sustainability’	Executive Director, Collin Ramukhubathi
‘Exco’	Executive Committee, as set out on page 36
‘the Group’	Afrimat Limited, its subsidiaries, joint venture and associate companies
‘GHG’	Greenhouse gas
‘Glenover’	Glenover Phosphate Proprietary Limited, refer note 18, page 142
‘GRI’	Global Reporting Initiative, a best practice benchmark in reporting
‘HDSA’	Historically disadvantaged South African
‘HRD’	Human Resource Development
‘HIRA’	Hazard Identification and Risk Assessment
‘HRIS’	Human Resource Information Systems
‘H&S’	Health and Safety
‘IAR’	Integrated Annual Report
‘IEEE’	Institute of Electrical and Electronics Engineers
‘IoT’	Internet of Things
‘IRBA’	Independent Regulatory Board of Auditors
‘IRC South Africa’	The Integrated Reporting Committee of South Africa
‘IRMSA’	The Institute of Risk Management South Africa
‘ISHE’	Integrated Safety, Health and Environmental Management
‘ISO’	International Organisation for Standardisation
‘IT’	Information Technology
‘ITBS’	Information Technology Business Systems
‘JSE’	JSE Limited incorporating the JSE Securities Exchange, the main board in South Africa
‘King IV™ Report’	King Report on Governance for South Africa 2016
‘KPA’	Key Performance Area
‘Lafarge’	Lafarge South Africa Holdings Proprietary Limited
‘LOM’	Life of mine
‘LTIFR’	Lost Time Injury Frequency Rate
‘LUPO’	Land Use Planning Ordinance
‘MD’	Managing Director
‘NEMA’	National Environmental Management Act, 1998
‘Nkomati’	Nkomati Anthracite Proprietary Limited or Nkomati Anthracite Mine
‘NOSA’	National Occupational Safety Association (South Africa)
‘previous/prior year’ or ‘FY2023’	Year ended 28 February 2023
‘PV plant’	Photovoltaic plant
‘QAQC’	Quality assurance/Quality control
‘SABS’	South African Bureau of Standards
‘SAR’	Share Appreciation Right
‘SARMA’	South African Readymix Association
‘SARS’	South African Revenue Service
‘SENS’	Securities Exchange News Service, the regulatory information dissemination platform for the JSE
‘SHE’	Safety, Health and Environment
‘SHEQ’	Safety, Health, Environment and Quality
‘SLP’	Social and Labour Plan
‘SPLUMA’	Spatial Planning and Land Use Management Act
‘TCFD’	Task Force on Climate-Related Financial Disclosures
‘year’ or ‘year under review’ or ‘FY2024’	Year ended 29 February 2024
‘WUL’	Water use licence

Financial definitions

‘CAGR’	Compound annual growth rate
‘EBITDA’	Earnings before interest, taxation, depreciation and amortisation
‘FY’	Financial year ending February
‘IFRS® Accounting Standards’	International Financial Reporting Standards
‘HEPS’	Headline earnings per share
‘NAV’	Net asset value
‘PAT’	Profit after tax
‘PBIT’	Profit before interest and tax
‘ROE’	Return on equity
‘ROI’	Return on investment
‘RONA’	Return on net operating assets
‘TNAV’	Tangible net asset value

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