Chief Executive Officer's Report

Felicia Msiza **Chief Executive Officer**

> **"The Raubex Group continued to report solid results this financial year, amidst local and global uncertainty, a testament to our innate strength and focus."**

I am proud to present this year's report to shareholders, reflecting on our achievements during the financial year, not only in terms of our economic performance but also regarding our sustainability efforts.

Despite ongoing geopolitical tensions across the globe, and the many local challenges we are all so familiar with, Raubex prevailed to deliver another robust set of results for the year ended 28 February 2025. This was cemented by a strong balance sheet, a healthy cash balance throughout the year as well as a robust order book that increased by 10.3% to R28.18 billion (2024: R25.55 billion).

There is no doubt that our diversification strategy has been a cornerstone in propelling the Group's exceptional performance over the past five decades. By broadening our horizons and creating a resilient business model, we have strengthened our position across various sectors and unlocked opportunities for sustained growth. This success is deeply rooted in the unwavering dedication of our workforce, whose passion and commitment continue to inspire excellence, and the steadfast guidance of our leadership team, whose vision and strategic acumen have steered the Group towards achieving remarkable milestones.

Financial review

Turning to our operational performance, three of our four divisions reported improved results this financial year. The focus on executing major projects was certainly one of the foundations of success in the Roads and Earthworks Division, with the division focused on delivering major pipeline projects and finishing the year with a strong order book of R13.61 billion. It is pleasing that the concessionaires, namely N3TC, Bakwena, and TRAC, have made good progress with the awarding of tenders, with the Group securing and executing a good portion of these awards during the latter part of the year.

The Construction Materials Division increased volumes across most operations, with the performance of the restructured asphalt business in particular exceeding expectations. Asphalt volumes reached over a million tonnes for the first time since 2018. Pleasingly, our South African commercial quarry operations benefited from more positive market sentiment following the National Elections last year, and we are also encouraged by improvements at Transnet, which positively affected volumes.

The focus on privately owned renewable energy projects in the Infrastructure Division has started to bear fruit, with two major projects, the R2.4 billion private wind farm project in the Western Cape and the R500 million wind tower manufacturing project in the Eastern Cape, contributing positively to our results among others. Our affordable housing projects are also developing well as a result of the housing sector benefiting from interest rate cuts.

Our operations in Western Australia delivered a strong performance during the year, underscored by a robust order book amounting to R1.74 billion, an increase of 9.9% on the previous year. We have made significant progress in establishing a strong reputation within the wind and solar energy sector. This year, we proudly secured our fourth and fifth wind farm contracts, further solidifying our position as one of the industry leaders in Western Australia.

Chief Executive Officer's Report (continued)

Within the Materials Handling and Mining Division, Bauba's results unfortunately did not meet earnings expectations, mainly due to the deterioration of the chrome price in the second half of the year. Encouragingly, other operations in this division performed well, including B&E International, OMV, and SPH Kundalila.

Divisional reviews

The detailed divisional reviews for the Materials Handling and Mining; Construction Materials; Roads and Earthworks; and Infrastructure Divisions are set out on pages 50 to 67 of this Integrated Report. Further information on our international operations in the rest of Africa and Western Australia is detailed on pages 68 and 69 of this report.

Sustainability

Our Board-approved ESG strategy now enables us to properly identify, monitor, measure, and perhaps most importantly, mitigate our material ESG risks and impacts through sustainable interventions. Comprehensive details about our sustainability initiatives are presented in our 2025 Sustainability Report, reflecting our commitment to transparency. This ensures stakeholders are confident that sustainable business practices remain a central priority, shaping our strategies and decision-making processes. However, it is for the benefit of the Group and that of our environment and society at large that we record our performance, ensuring that we track our efforts, with robust, ongoing improvement being the ultimate goal.

We are just as passionate about improving lives and well-being in our communities by providing employment opportunities, community training programmes, and supporting SMME development, all of which are fundamental to societal welfare. This is particularly true in South Africa where access to education and the lack of quality education, as well as unemployment, have reached frightening proportions.

Another topic that is close to my heart is CSI. This year we invested R30.1 million (2024: R22.1 million – restated), an increase of 36.2%, to build on our projects in education, health, community development, sport, and arts and culture as outlined in our Sustainability Report. We remain committed to making a positive impact across these initiatives, which are aimed at making a real difference in the lives of people living in disadvantaged communities.

Recognising that our people are our backbone, we invest comprehensively across our organisation in learning programmes, bursaries, and training for current and potential employees, ensuring a skilled, diverse, and experienced workforce. This year, we employed 9 239 people (2024: 8 276) and offered jobs to 963 new employees. Raubex is a major source of employment for the communities in which it operates, offering indirect employment through full and part-time jobs across the spectrum of its activities. Indirectly, Raubex provided 9 980 (2024: 9 320) jobs on various projects. We also trained 6 812 employees (2024: 5 563), with 80% being HDSAs and 9% being women. Our employment equity plan continues to ensure that everyone has access to opportunities for development and can reach their potential without barriers. Addressing gender-based violence remains a critical priority for our organisation, as we strive to foster a culture of equality, respect, and safety within our workplaces and communities.

To ensure a fuller picture of the Group this year we have included information from our Western Australian operations relating to community efforts, employee training, and diversity and inclusion, particularly of indigenous people. The case study can be found on page 40 of the Sustainability Report. I am proud to see that even across the oceans we are having a tangible and positive impact.

It is with great regret that I report that the Group suffered two fatalities this year. On behalf of executive management, I offer my deepest condolences to the families, colleagues, and friends of the departed. Each incident was thoroughly investigated to ensure we both understood the causes and put in place measures to prevent the same circumstances from being repeated. Any loss of life is incredibly tragic. We remain committed to entrenching our safety and awareness campaigns and continue to promote the "I am a Safety Leader" campaign to strengthen our safety culture to ensure a "zero harm" approach is firmly embedded throughout our organisation. This is a "non-negotiable" approach as far as I am concerned.

To illustrate the profound impact our operations are making across both the environmental and social spectrum, we have once again featured several compelling case studies in this year's Sustainability Report. I strongly encourage you to explore these stories, as they highlight the tangible outcomes of our commitment to sustainable practices.

Prospects

The Group holds a more positive outlook for FY2026, driven by the encouraging opportunities within each division. The secured order book of R28.18 billion serves as a strong indicator of the Group's future potential.

Materials Handling and Mining Division: The Group is still positive about the outlook of Bauba's operations for FY2026 and beyond. The recent recovery of the chrome price to more sustainable levels bodes well for the Group. Operations are also expected to be running closer to full capacity and measures put in place to lower the cost base should yield better returns for FY2026. The new PGM plant at Kookfontein, to be commissioned early in the new financial year, will also increase the profitability of operations.

The Naboom chrome resource should start contributing to Bauba's earnings from FY2026 and will increase the life of mine of the chrome and PGM operations.

Effective 1 March 2025, the OMV business is reporting to the Construction Materials Division due to their market position weighing heavier on construction materials and industrial minerals.

The **Construction Materials Division's** Raumix Aggregates operations undertook several plant upgrades, with Rossway Sand being commissioned in May 2025. The new plant at Rossway will upgrade this site to what we call "Mega Quarry" status. This and other upgrades throughout the business should bear fruit within the next 12 months.

Although the Government is committed to infrastructure spend, the delays in awarding large tenders remain a challenge for planning purposes. The outlook for this division remains positive.

The OMV business, currently reported under the Materials Handling and Mining Division, will report to this division effective 1 March 2025.

The division will continue to strategically acquire commercial quarries to expand its footprint across South Africa and replace those nearing the end of their operational life. Additionally, we are investing in innovative technologies for bituminous and asphalt products to strengthen the division's competitive edge.

The **Roads and Earthworks Division** continues to be optimistic regarding the outlook for FY2026 given the various infrastructure programmes announced by the GNU, SANRAL's commitment to upgrade South Africa's road infrastructure as well as the concessionaires' contractual obligation to maintain the existing SANRAL roads.

The outlook for the **Infrastructure Division** remains positive, with numerous opportunities emerging in the Private Public Partnership (PPP) space. These partnerships enable the Government to leverage private sector expertise to enhance and build infrastructure. Raubex has submitted several solid PPP proposals and remains optimistic about their outcomes. Additionally, the development of affordable housing and private renewable energy projects continues to show strong potential. The Government's commitment to infrastructure investment further bolsters this positive outlook.

We have secured a R2.3 billion contract to repair and upgrade sections of the Parliament buildings in Cape Town damaged by the 2022 fire. Over 20 months, the project will involve demolishing outdated structures, enhancing the 18 000m^2 facility, and upgrading ICT, security, and fire suppression systems. This project not only reinforces the strength of our commercial building division but also reflects our enthusiasm and commitment to contributing to such a significant undertaking.

The outlook for **Western Australia** remains positive with solid opportunities in the renewable energy sector. For the year ending 28 February 2026, Western Australia will be reported as a separate division named Australia.

Our growth strategy is underpinned by our diversified business model, committed workforce, strength in leadership, and healthy balance sheet. Raubex continues to be well positioned to take advantage of the various opportunities, both organically and through acquisitions, across the sectors it services to build on its positive performance.

We are confident that our business model ensures that Raubex has a solid foundation in place to continue growing our business into a leading construction infrastructure organisation. Our growth strategy is underpinned by our diversified operations, committed workforce, strength in leadership, and healthy balance sheet. The vertical integration of the Group ensures that there is good collaboration between the various businesses. This ensures a multifaceted approach and coordinated approach to our implementation of large tenders – as demonstrated on the Beitbridge Border Post Project. Raubex continues to be well-positioned to take advantage of the various opportunities across the sectors it services and build on its positive performance. Our strategic intent is growth, sustainability and value creation for all stakeholders.

Appreciation

As we conclude another successful year, I want to extend my deepest gratitude to our remarkable team. Your dedication, unwavering loyalty, and steadfast commitment to excellence have been extraordinary. Our collective expertise, operational brilliance, and spirit of collaboration have been the bedrock of our success, consistently driving our growth and achievements over five decades. The strength and unity within our organisation remain unmatched, propelling the Group forward even in the face of challenges and distinguishing us in our markets.

To our Board of Directors, I sincerely appreciate your invaluable support and insightful guidance during the year under review. I want to give special acknowledgment to the Exco team, whose relentless efforts have been crucial in solidifying Raubex's position as an industry leader in our respective sectors. Your leadership and direction are deeply valued.

Finally, a heartfelt thank you to our clients, partners, suppliers, service providers, and shareholders. Your continued faith in Raubex has been instrumental in achieving the significant milestones that we, as a Group, have accomplished and continue to build upon.

Felicia Msiza
Chief Executive Officer

17 June 2025