Financial Director's Report

"The Group has continued to successfully execute its strategic plan, creating value for all stakeholders in what has yet again been a year with many headwinds. I am pleased to share that we have achieved another strong performance for the year ended 28 February 2025."

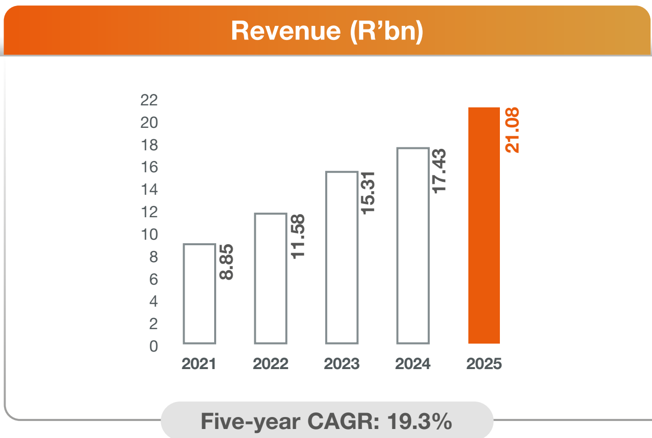
Sam Odendaal | **Financial Director**

Financial overview

Revenue and profitability

Revenue increased by 21.0% to R21.08 billion (2024: R17.43 billion), as a result of the strong performances across three of the four divisions. The challenges experienced by the Materials Handling and Mining Division during the year under review, had an adverse impact on Bauba, but was countered by the excellent performance of the other operations within this division.

Operating profit increased by 1.3% to R1.56 billion (2024: R1.54 billion) and the Group operating margin came under pressure, mainly due to Bauba's performance, and reduced to 7.4% (2024: 8.8%).



For the comprehensive financial overview and operational performance of each division, please refer to pages 50 to 69 of this report.

Profit before tax increased by 3.4% to R1.52 billion (2024: R1.47 billion).

Earnings per share was 27.5% higher at 601.7 cents (2024: 472.1 cents) and headline earnings per share increased by 25.9% to 599.8 cents (2024: 476.3 cents).

Net finance costs

Net finance costs decreased to R31.9 million (2024: R64.4 million), a pleasing 50.4% decrease – mainly due higher finance income earned on the Group's large cash reserves. Finance costs include R29.5 million (2024: R30.5 million) interest attributable to lease payments accounted for in terms of IFRS 16: *Leases*. Finance costs on bank borrowings for the year under review increased from R132.2 million (2024) to R164.9 million (2025), an increase of R32.7 million or 24.7%.

Taxation

The taxation charge for the year amounted to R453.1 million (2024: R398.8 million), which resulted in the effective tax rate increasing to 29.8% (2024: 27.1%).

Cash generated from operations, cash and cash equivalents as well as working capital movements

Cash generated from operations before finance charges and taxation increased by 31.8% to R2.51 billion (2024: R1.90 billion). Cash and cash equivalents ended the year at R2.12 billion (2024: R1.66 billion), an increase of 27.4%.

Trade and other receivables increased by 22.9% to R2.54 billion (2024: R2.07 billion) as a result of the increase in revenue for the year, while the average debt collection days remained stable at 38 days (2024: 38 days). Inventories were 9.0% higher at R1.65 billion (2024: R1.51 billion) owing mainly to the increase in ore levels at Bauba. Trade and other payables increased by 10.8% to R3.14 billion (2024: R2.84 billion).

Capital expenditure

Capital expenditure on property, plant and equipment decreased by 23.4% to R1.35 billion (2024: R1.76 billion). The decrease is due to reduced capital expenditure in the current period, as the prior period included significant costs related to the Bauba mine expansion and the Namdeb Diamond Corporation (Namdeb) operations.

Acquisitions

Acquisitions made during the current financial year.

ABI 2 Proprietary Limited (ABI 2)

During the 29 February 2020 financial year, the Group, acting through its wholly owned subsidiary Raubex Roads and Earthworks Holdings (Pty) Ltd (RRE), entered into an agreement of sale on 27 February 2020, with Acorn Black Investments (Pty) Ltd, acting through its wholly owned subsidiary, ABI 2, for the sale of 100% of the shares and loan claims RRE holds in Raubex Property Investments (Pty) Ltd (RPI).

RPI owns a property portfolio (the Properties) which includes both commercial properties and residential units which were independently valued at R383.0 million at the time of sale.

The Purchase Price payable for the Sale Shares and Loan Claims was R383.0 million which consists of the following:

- R187.0 million was payable on the closing date, once all the necessary security was in place, including registration of first covering mortgage bonds over the properties in the portfolio;
- R81.4 million consists of a vendor loan which is repayable within five years bearing interest at 9.82% per annum; and
- R114.6 million consists of an equity preference share investment in ABI 2 at zero coupon and redeemable at the election of ABI 2 within ten years through the payment of a preference share dividend of R114.6 million (114.6 million shares).

Kookfontein

Financial Director's Report (continued)

The Properties were leased back to the Group on a market-related triple-net lease basis with a twelve-year lease term, effective 29 February 2020. This transaction was accounted for as a sale and leaseback under IFRS 16. This resulted in a right-of-use asset of R283.5 million and a lease liability of R357.9 million being recognised on 29 February 2020. In terms of IFRS 16, the sale and leaseback transaction reduced the profit and related right-of-use asset recognised in the Group based on the benefit retained in the underlying assets being leased back which resulted in a loss of R68.5 million in the 2020 financial year.

Effective 28 February 2025, the Group effectively reacquired RPI by purchasing 100% of the issued share capital of ABI 2. The total cash consideration for the acquisition amounted to R20.0 million. The Group made a strategic decision to reacquire RPI to regain full control of the underlying properties going forward. This will allow for better flexibility in terms of occupation and improvements where required. The acquisition of ABI 2 results in the following:

- Termination of the sale and leaseback transaction recognised in the 2020 financial year. The Group derecognised the right-of-use assets amounting to R166.3 million and corresponding lease liabilities of R252.5 million. The derecognition of the right-of-use asset and lease liability resulted in a net gain on termination of the lease of R86.2 million. The gain has been recognised in profit or loss under other gains and losses.
- The outstanding purchase price receivables, being the preference share with a carrying amount of R67.7 million and outstanding vendor loan with a carrying value of R129.2 million, were effectively settled on date of acquisition as these became inter group payables and receivables.

Empa Structures (Pty) Ltd (Empa Structures)

Effective 1 March 2024, the Group acquired the remaining 30% of Empa Structures from non-controlling shareholders for R35.0 million, increasing the Group's effective ownership to 100%.

Borrowings and gearing

Borrowings increased by 32.2% to R2.27 billion (2024: R1.72 billion), largely due to an increase of R218.8 million in the Nedbank mortgage bond held by Raubex Property Investments (Pty) Ltd, and R185.9 million utilised to finance building developments. The debt:equity ratio increased to 31.7% (2024: 26.0%) at 28 February 2025.

Financial facilities and covenants

The Group's current banking facilities are subject to the Group maintaining a bank defined gearing ratio of not more than 1.25 as well as a total debt to EBITDA ratio of below 2.5, which ratios and calculations have been set out in further detail in note 9 on page 134 of the Annual Financial Statements. The Group's strong balance sheet and cash generation have enabled it to operate well within these covenants, leaving sufficient headroom to capitalise on opportunities that may present themselves in the year ahead.

Dividends

The directors have declared a gross final cash dividend from income reserves of 104 cents per share on 2 June 2025 for the year ended 28 February 2025.

The total dividend per share for the year amounted to 198 cents (2024: 155 cents). This dividend consists of the final dividend of 104 cents per share and the interim dividend of 94 cents per share. The Group has maintained its three times cover policy.

Contingencies

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R5.15 billion (2024: R3.50 billion). The directors do not believe that any exposure to loss is likely. Total available facilities in this regard amount to R7.86 billion (2024: R7.15 billion).

Appreciation

I extend my heartfelt gratitude to the finance teams across our Group subsidiaries, along with the Head Office support functions, namely Finance, Information Technology, Human Resources, and Company Secretarial, for their dedication and hard work in delivering the Integrated Report with precision and punctuality once again. Your contributions are immensely valued, and your efforts are recognised and deeply appreciated.

Sam Odendaal
Financial Director

17 June 2025