AFRIMAT®
LIMITED

CONSISTENTLY DELIVERING



INTEGRATED ANNUAL REPORT
2022

CONTENTS

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

Integrated report 2022

Notice of Annual General Meeting 2022

Commodities resource register

King IV application register

Afrimat is committed to applying ESG principles to create value for stakeholders

The following Sustainable Development Goals ('SDGs') are addressed in this report

Navigation toolkit

Read more

More info on website

PERFORMANCE FOR THE YEAR

FINANCIAL PERFORMANCE

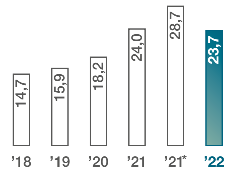
Balance sheet remains strong

Net debt:equity ratio **12,1%**

Operating profit margin **23,7%**

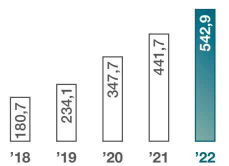
Return on net operating assets **33,0%**

Operating profit margin **23,7%**



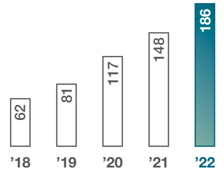
HEPS
542,9 cents

CAGR 31,7%



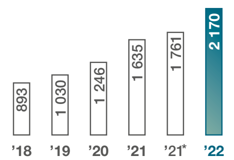
Total dividends per share (cents) **186 cents**

CAGR 31,6%



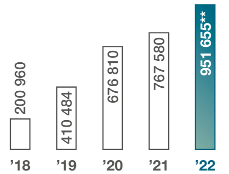
NAV per share
2 170 cents

CAGR 24,9%



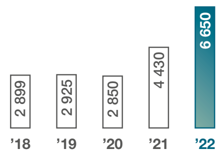
Net cash from operating activities **951 655** (R'000)

CAGR 47,5%



Share price at year-end
6 650 cents

CAGR 23,1%



* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination (Refer note 12.1).*

** *Includes the acquisition of stockpiles of Glenover's Sales of Asset Agreement.*

Since 2009, Afrimat's share price rose 3 293% and over the past five years it is up 129% – during the time when most other companies felt the pain of an economic deterioration.

Afrimat is hedged against economic volatility through wide diversification, which generates a balanced and consistent income stream.

Afrimat has a superb track record of acquiring, assimilating and then growing businesses. During the year Afrimat finalised the acquisition of Coza Mining Proprietary Limited.

SAFETY IS OUR TOP PRIORITY

No fatalities for **TEN** consecutive years

LTIFR of **0,58**

(Please refer to page 51 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 3** (level 3 in 2021)

Skills and socio-economic development spend **R38,0 million** (2021: R28,5 million)

Preferential procurement B-BBEE score of **63,4%** (2021: 76,2%) as verified by South African National Accreditation System ('SANAS') Accredited B-BBEE Rating Agency

Certain subsidiary companies achieved a B-BBEE status of **level 2**

ABOUT THIS REPORT

Afrimat is a leading black empowered group with its main business and core competence in mid-tier mining. The Group supplies industrial minerals and construction materials to a range of industries across southern Africa. It further supplies bulk commodities to local and international markets. It is listed in the 'Construction & Materials' sector of the JSE Main Board since 2006.

Corporate information

The Group's executive directors are Andries J van Heerden (CEO), Pieter GS de Wit (CFO), Collin Ramukhubathi and Marthinus G (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 2022 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 2022 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 2022 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 influence Afrimat's ability to create value for the year ended 28 February 2022. 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 76 to 143.

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 2022 contains forward-looking statements that, unless otherwise indicated, reflect the Company's expectations as at 28 February 2022. 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 and Risk and Social and Ethics 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 report and authorised its release on 24 June 2022.

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 2022. 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 and Compliance Committee.

Matie von Wielligh
Chairman

Andries van Heerden
CEO

24 June 2022

OUR BUSINESS

CONSTRUCTION MATERIALS

Hard rock and gravel quarries and sand mines

Afrimat owns and operates **30 commercial quarries** and sand mines strategically located throughout South Africa.

All quarries are mined and developed with precision while taking into consideration both geology and fluctuating market demand for product types.

Readymix Concrete

Successful implementation of vertical integration is a key contributor to value creation within Afrimat, and nearly 20% of all aggregates produced are consumed internally through either Afrimat-owned readymix concrete operations or precast manufacturing facilities.

Afrimat owns **26 commercial readymix concrete plants** in both metropolitan and rural areas.

Contributing to social and economic development, readymix concrete trucks are mostly owned by owner-drivers or sub-contractors.

Clinker

Established in 1989, Clinker Supplies is one of the largest **clinker ash processors** in South Africa and reclaims approximately **1,5 million tonnes** of discarded boiler ash product from power generating facilities into clean sellable aggregates annually.

When the reclaiming process is complete, the site is rehabilitated as per the approved environmental management plan and recreated or restored to its natural state.

Manufactured concrete products

Afrimat owns **11 precast facilities.**

While consuming more than half a million tonnes of Afrimat produced raw materials, these facilities manufacture approximately 250 million concrete bricks, blocks, and pavers annually, and are strategically positioned to provide a cost-effective solution to the affordable housing shortage in South Africa.

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.

The Group has extensive in-house industry experience, and a stable employee base.

BUSINESS OPERATIONS

- Construction Materials
- Industrial Minerals
- Bulk Commodities

Gauteng

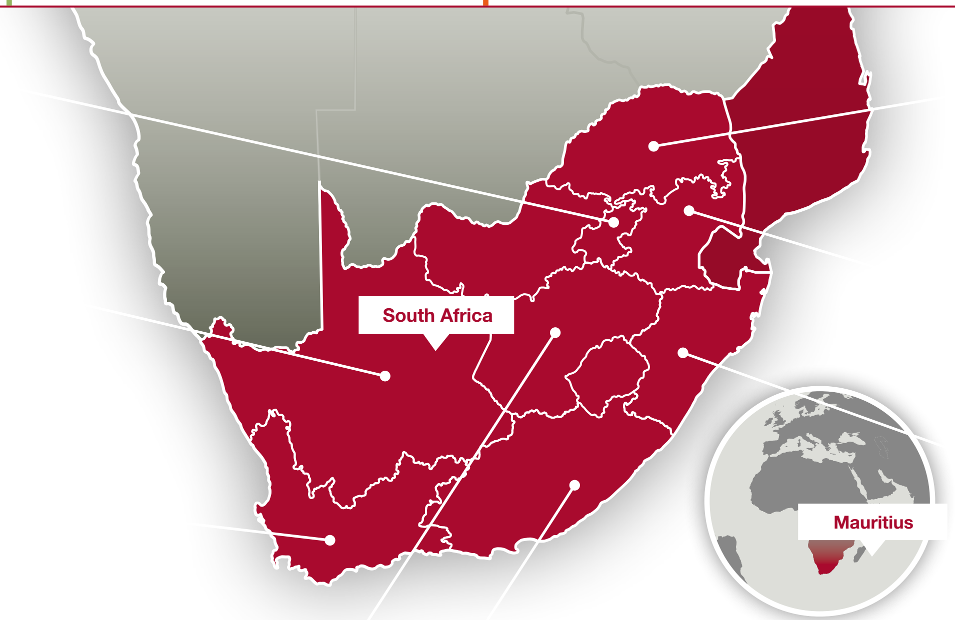
2	Dolomite mines
1	Brick and block factory
1	Clinker source
1	Silica mine

Northern Cape

4	Iron ore mines
1	Manganese mine
1	Quarry
1	Road-to-rail load-out facility

Western Cape

8	Quarries
9	Readymix batching plants
5	Sand mines
1	Brick and block factory
1	Limestone and dolomite source
1	Dolomite source



Free State

3	Quarries
1	Clinker source

Eastern Cape

1	Quarries
1	Readymix batching plants

Limpopo

1	Phosphate and Vermiculite
1	Quarries
2	Readymix batching plants
1	Limestone source
1	Agricultural limestone mine

Mpumalanga

3	Quarries
3	Readymix batching plants
1	Anthracite mine

KwaZulu-Natal

7	Quarries
7	Readymix batching plants
5	Brick and block factories

	Construction Materials	Industrial Minerals	Bulk Commodities
	Aggregates | Contract crushing, drilling and blasting | Concrete products | Readymix	Limestone | Dolomite | Silica	Iron ore | Anthracite | Phosphate | Vermiculite | Manganese
Core activities	**Open pit mining and processing of aggregates products** **Contract crushing, drilling and blasting** **Concrete brick and block manufacturing and readymix concrete batching**	**Open pit mining and processing of industrial minerals**	**Open pit iron ore and anthracite mining, as well as underground anthracite mining**
Revenue contribution	35%	14%	51%
Products	▪ Clinker ash ▪ Aggregates: roadstone, concrete stone, layer-works materials, ballast ▪ Manufactured and natural sand ▪ Stone dust ▪ Building blocks and bricks ▪ Pavers ▪ Lintels ▪ Readymix concrete	▪ 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	▪ Top-end quality iron ore from Hematite geology up to 65% Fe ▪ Lump and fine fraction product range ▪ Siliceous manganese ore ▪ Mixed metal manganese ore ▪ High quality nuts and duff anthracite product
Services	▪ Mobile crushing ▪ Mobile screening ▪ Drilling ▪ Blasting ▪ Readymix concrete batched on demand and transported to customers by concrete mixer trucks ▪ Readymix mortars	▪ Open cast mining services ▪ Limestone beneficiation	▪ Iron ore beneficiation ▪ Anthracite beneficiation ▪ Open cast mining services
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 to port logistics ▪ Domestic ferrochrome smelting market
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.	All 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.		In-house mining services provided: ▪ Mobile crushing, drilling and blasting performed by the Group's contracting segment. Furthermore, this segment is utilised to manage and operate a railway load out station with direct access to the Oryx Sishen-Saldanha rail link.

VALUE CREATION THROUGH THE USE OF CAPITALS

CAPITAL	Trade-off	Outlook	INPUT
FINANCIAL CAPITAL The money obtained from providers of capital and 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 **R9,7 billion** (2021: R6,5 billion). ▪ Net debt:equity of **12,1%** (2021: 4,0%) to execute growth. ▪ Funding facilities of **R1,1 billion** (2021: R1,3 billion) of which R440,7 million is utilised (2021: R902,5 million) (refer note 7.3.4).
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 minimise 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 46).	▪ Water used **810 000** cubic metre ('m³') (2021: 518 000 m³)* ▪ **44 570** tCO_2e (2021: 45 266 tCO_2e) electricity.* ▪ **16,7 million** litres (2021: 13,2 million litres) fuel.* * *Impacted by new operations of Jenkins and Nkomati.*
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, 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 **R1,1 billion** (2021: R922,6 million).
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. ▪ 2 511 (2021: 2 625) employees with relevant knowledge, skills and experience.
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 require 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**.
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

FINANCIAL CAPITAL

Page reference

- Revenue up 26,7% to R4,7 billion
- EBITDA up 10,8% to R1,4 billion (based on restated results) (up 28,3%, based on previously reported results)
- Net cash generated from operations: R736,6 million (2021: R767,6 million)
- HEPS 542,9 cents (2021: 441,7 cents)
- Total dividend per share declared: 186,0 cents (2021: 148,0 cents)
- Net debt:equity of 12,1% (2021: 4,0%)

16 CFO's report
76 Annual financial statements

NATURAL CAPITAL

- 179,3 tCO_2e (2021: 151,2 tCO_2e) emissions

46 Environmental responsibility
48 Managing climate change

MANUFACTURED CAPITAL

- Capital expenditure of R782,4 million (2021: R293,6 million)
- Depreciation and amortisation of R296,8 million (2021: R209,4 million)

45 Legal and mining right compliance
74 Technology and systems
76 Annual financial statements
46 Environmental responsibility

HUMAN CAPITAL

- Wages and salaries of R830,1 million (2021: R699,2 million)
- 13 (2021: 15) artisans successfully trained
- Board attendance of 100% (2021: 98%)

51 Safe and reliable operations
33 Governance structure
68 Remuneration report

SOCIAL AND RELATIONSHIP CAPITAL

- Spending on skills and socio-economic development of R38,0 million (2021: R28,5 million)
- B-BBEE Level 3 (2021: Level 3)
- Preferential procurement of B-BBEE score of 63,4% (2021: 76,2 %) as verified by SANAS Accredited B-BBEE Rating Agency

8 Stakeholders
42 Social, ethics and sustainability
57 Transformation

INTELLECTUAL CAPITAL

- Investment in quality assurance and research and development R10,7 million (2021: R6,4 million)

4 Business overview
76 Annual financial statements

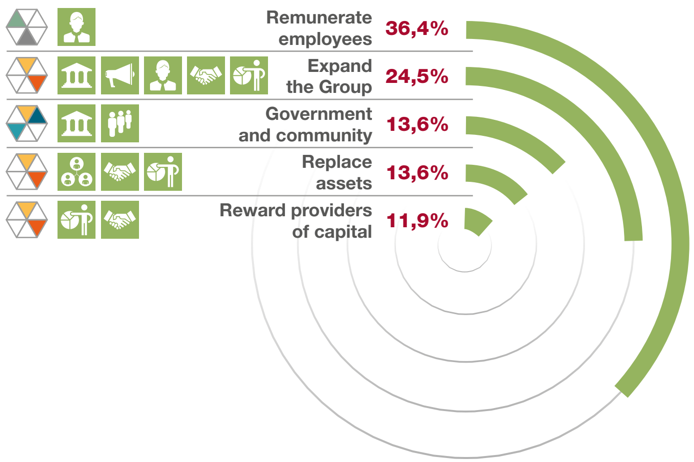
VALUE CREATION (R'000)

Total value added R2 277 929

Income from investment R12 430

Value added by operations R2 257 595

Profit on sale of property, plant and equipment R7 904



Stakeholders

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

Employees

What matters to them

- Job security
- Sustainability
- Personal growth and development
- Skills development
- Remuneration and incentives
- Safety
- Health and wellness
- Transformation
- Job satisfaction

Tools of engagement

- Annual culture climate survey
- Training sessions
- News updates
- Employment equity forums
- Regular reinforcement of Code of Conduct and policies/procedures
- Understanding 'The Afrimat Way'
- Annual performance reviews
- Union meetings as required
- 1:1 Discussions

Our response

- Investment in training and talent management
- Dedicated skills development division
- Skills Development and Employment Equity Consultative Committees established for each subsidiary
- Ongoing health and safety programme
- Weekly 'toolbox talks'

Responsibility Executive Head: HR & Sustainability and General Manager: HR assisted by all management

Customers

What matters to them

- Quality
- Service
- Value for money
- Product availability
- Credit facility levels

Tools of engagement

- Annual customer surveys conducted to determine service improvement opportunities
- Contractual engagement
- Personal interaction with main customers
- Product brochures
- Traditional and social media
- Product testing

Our response

- 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

What matters to them

- 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

Tools of engagement

- 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

Our response

- 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
- 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
- Shareholder engagement meetings
- Research coverage

Responsibility CEO assisted by the CFO and Executive Directors

Lenders/providers of capital

What matters to them

- 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

Tools of engagement

- Contractually required information flow
- Annual and interim results announcements
- Regular meetings

Our response

- 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

What matters to them

- Wage negotiations
- Bargaining council agreements
- Conditions of employment
- Engagement on safety issues
- Engagement on health and wellness issues

Tools of engagement

- Regular meetings at the relevant levels

Our response

- Ongoing focus on labour and employee relations
- Consistency in industrial relations
- Recognition agreements at industry level

Responsibility General Manager: HR assisted by all management

Major contractors, suppliers and business partners

What matters to them

- Consistent offtake
- Group payment record
- B-BBEE compliance and local economic development

Tools of engagement

- Contract and service agreements
- Whistle-blower's hotline
- Results presentations
- Supplier days

Our response

- Regular business updates to suppliers
- Vision and values
- Group strategy and financial performance
- Group policies and guidelines
- Transformation and employment equity
- Health and safety
- B-BBEE compliance

Responsibility CEO and MDs of subsidiaries

Government, local authorities and regulatory bodies

What matters to them

- 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

Tools of engagement

- Lobbying with government departments
- Regular communication
- Report our impact on communities and environment

Our response

- Developing DMRE required social and labour plans in conjunction with local municipalities
- Raising awareness of local economic, social and infrastructure conditions and gaining approval for government funded projects
- Focus on procurement from suppliers with B-BBEE shareholding
- Energy, water and waste reduction
- Education and job creation

Responsibility CEO, Executive Head: HR & Sustainability and MDs of subsidiaries

Local communities

What matters to them

- Environmental issues – dust, emission, water, traffic, noise, unsightly development
- Infrastructure development
- Economic upliftment
- Job creation
- Enterprise development
- Preferential procurement

Tools of engagement

- Dialogue with local community interest groups

Our response

- Supplementing labour force from surrounding communities
- Practicing a limited automation policy
- Prioritising environmental management of operations

Responsibility Executive Head: HR & Sustainability and MDs of subsidiaries and branch operational managers

OUTGOING CHAIRMAN'S REPORT

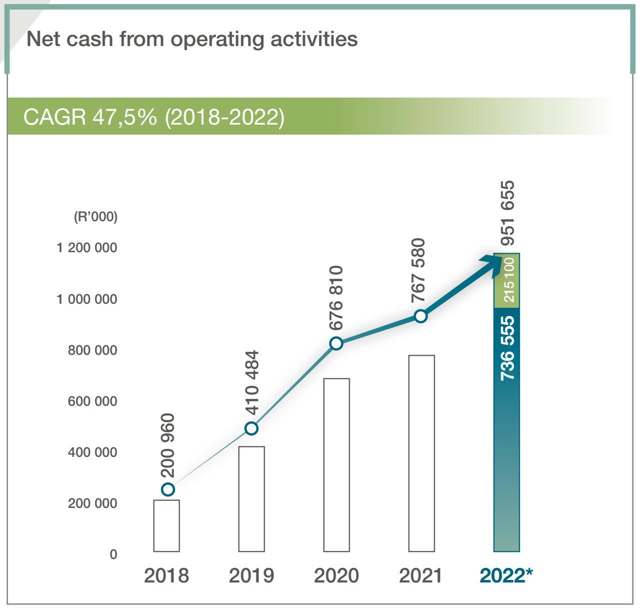
Matie von Wielligh

Diversification driving growth

Strong balance sheet and cash generation

Formidable execution ability

Likewise, the return on net operating assets has remained stable amounting to 33,0% in the current year compared to 34,0% in 2021. This supports Afrimat's continued ability to generate income from its net operating assets.



* *Includes the acquisition of stockpiles of Glenover's Sale of Asset Agreement.*

I have had the privilege of serving as the Chairman of Afrimat for 15 years, and so now it is time to hand the baton over. The journey has been a truly remarkable one, one that during which I have been exceptionally proud to watch the management team at Afrimat grow and mature, honing the ability to make highly strategic acquisitions that have supported the diversification drive and ensured long-term sustainability for the Group. My journey as Chairman also enabled me to transfer my experience and knowledge of the mining industry gained over a long career, to Afrimat. In many ways, influencing Afrimat's strategy and thus making my efforts worthwhile.

It has also been an honour to observe the considered way Afrimat operates, from caring for its people and the communities in which it operates, to managing its operations efficiently. The team are prudent capital allocators and skilled negotiators, checking and double-checking potential opportunities until the team is confident that the Group can execute the project, as well as the necessary market penetration to ensure ongoing success. Despite Afrimat's successes, along its journey it remained humble, agile, innovative and true to its values, demonstrating the strength of its culture.

Furthermore, I've had the opportunity to witness the Group progress steadily from being primarily an aggregates and quarrying business, where it honed its open pit mid-tier mining skills, to taking a step forward into more sophisticated industrial minerals, and then to adding several acquisitions to the Bulk Commodities segment. This has resulted in an impressive range of commodities and products that the Group now diligently sells both locally and abroad.

The year under review

Turning to the year under review, it has been encouraging to see a return to pre-Covid-19 levels, with the Group having an extraordinarily strong cash flow, which has been supported by an attractive iron ore price. As always, Afrimat has generated excellent cash from operating activities. On a compound annual growth rate ('CAGR') from 2018 to 2022 this equates to 47,5%, an impressive achievement.

Likewise, the return on net operating assets has remained stable amounting to 33,0% in the current year compared to 34,0% in 2021. This supports Afrimat's continued ability to generate income from its net operating assets.

The team has done extremely well in ensuring the complete turnaround of the Nkomati anthracite mine, and in bringing the Jenkins iron ore mine online.

The recovery in both the performance and margin from the Construction Materials and Industrial Minerals segments is extremely encouraging. This resurgence, supported by the efficiency programmes that Afrimat has put in place, should ensure strong future performances.

A future supported by diversification and mindful execution

As I've mentioned, over the past 15 years Afrimat has transitioned from a quarrying operation to a more sophisticated mid-tier miner able to ensure the beneficiation of materials and minerals in a mindful and skillful manner. The Group now stands on the cusp of the next step forward in its growth and diversification drive, not only adding products and new commodities, but also new processes.

Those of you who know Afrimat will know that each step the Group takes is done with great care, ensuring financial feasibility, excellent capital allocation and most importantly of all, thorough execution. The next growth phase includes metallurgical processes, some of which Afrimat has not done before, and so it will require time and careful consideration to ensure all the expertise is on board at the correct time for the successful execution thereof.

It's also worth noting that the pipeline is strong. We do, however, remain cognisant of (i) possible permitting and regulatory delays, (ii) unstable international markets, and (iii) commodity volatility. In the case of Glenover in particular, the beneficiation of the stockpiles is well within Afrimat's expertise. The second phase, consisting of more sophisticated metallurgical processes, is an area in which the Group is currently building capacity in order to ensure accurate execution. Afrimat already demonstrated its ability to deal with new technological processes such as dense medium separation and treating of lime in a furnace. In true Afrimat form, I am positive the team will approach this carefully and with due consideration.

Gravenhage, although a new commodity, is an open pit mining project with limited beneficiation needed and we look forward to a solid performance once necessary authorisation is in place. As a reminder, at the time of writing this report, the Group was still awaiting approval of the water use licence.

This journey that Afrimat has been on includes one where new projects or ventures have successfully bridged a gap created by markets. Two sterling examples are how iron ore helped Afrimat make it through the Covid-19 pandemic, and the current trajectory that anthracite is on. We fully expect this to increase in time. When the phosphate processing and manganese come online, this will be another step in the right direction.

Logistics is something the Group keeps a watchful eye on. Despite the iron ore rail line to Saldanha being in better shape than most other railway lines in South Africa, it recently buckled due to various operational issues. Iron ore is a bulk commodity which requires heavy haul rail transport over long distances. Given this, there is an additional advantage for Afrimat's entry via Glenover, into the rare earth and fertilizer space with it being suitable for other means of transport and typically sold in smaller quantities, thus reducing the logistics burden. This project provides a further opportunity for a greater Rand-hedge exposure for Afrimat.

Environment, Social and Governance ('ESG')

Afrimat, being a mindful organisation, remains consciously compliant across all three areas of ESG.

Environmentally, the Group is governed by the Department of Minerals Resources and Energy ('DMRE') and further engages heavily with the Department of Water and Sanitation and the Department of Environmental Affairs. Afrimat has an excellent relationship with all these departments and respects the work they do. In fact, the Group goes beyond simply adhering to the principles, as you can read in the Social, Ethics & Sustainability Committee Report, where the environmental responsibility section houses information on our carbon footprint, carbon emissions, electricity consumption, water usage, waste management, climate change and bio-diversity efforts. This information can be found on 46 to 50 of this integrated annual report.

Afrimat is further working towards a formal carbon neutral plan, having determined that the three main contributors to its carbon footprint include coal burnt to calcine lime, diesel used in earth moving equipment, and the carbon dioxide released during the calcination of lime. Furthermore, the Group has implemented a solar project and is also evaluating a hemp project.

On the social front Afrimat has once again made meaningful contributions during this financial year to developing social and labour plans and assisting in developing the communities in which the Group operates, with a continued focus on investment in education, youth employment and infrastructure.

From a governance perspective, Afrimat 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. Commitment to governance across the Group remains strong and unwavering, with a unitary Board in place, as well as all of the necessary sub-committees.

Afrimat also adheres to fair remuneration practices. All the ordinary and special resolutions as set out in the notice of the previous AGM were approved by the requisite majority of shareholders present at the meeting or represented by proxy.

Thanks and appreciation

I would firstly like to wish my successor Francois Louw all the very best in guiding the Group as its chairman. It has been a pleasure to serve alongside him, and his clear thinking, excellent articulation and wisdom will serve Afrimat and its shareholders and stakeholders well in the years to come.

To the executive and non-executive board members that served alongside me for the past 15 years, thank you for the incredible journey. I wish you and the Group all the success into the future under the leadership of Andries van Heerden and his executive and management team.

I would also specifically like to thank Andries van Heerden for being such a trustworthy, loyal and caring CEO of Afrimat. Our relationship across the years has been a constructive one, based on mutual respect for the qualities each of us has. Our personal strengths were applied synergistically and converted into outstanding performance over a long period.

Afrimat's conscious culture of care towards those that it touches has ensured that its people once again excelled, no matter the obstacles. Thank you to each and every one of you for your dedication and hard work this financial year.

To Afrimat's management and employees, thank you for being so friendly, supportive, transparent, and trustful in allowing us, as directors and governors of the Group, to play our role.

And last, but by no means least, thank you to all our customers, service provides and stakeholders – we continue to appreciate your ongoing support of Afrimat in acknowledgement that without this backing, Afrimat could not operate in the way that it does.

Matie von Wielligh
24 June 2022

INCOMING CHAIRMAN'S REPORT

Francois Louw

I very much look forward to being part of the strategic path that Afrimat has plotted for a sustainable future, ensuring growth across the current segments, as well as the Group's ambition of getting involved in other minerals, metals and materials that support global trends such as decarbonisation, technology advancements and food security amongst others.

It is a true honour for me to be taking over the reins from Matie von Wielligh, a seasoned and thoughtful leader with undeniable industry experience, who has diligently overseen the role of chair at Afrimat for many years.

Having been on the Afrimat Board since November 2017 as a member of the Remuneration & Nominations committees, Chairman of the Investment Committee, and later as a member of the Audit & Risk Committee and as the Lead Independent Director, I have built a solid foundation in the high standards of corporate governance and fiduciary care expected at Afrimat. I will, of course, be relinquishing these roles to other independent directors, and these appointments will be announced in due course.

In my role as Deputy Chairman of the Group since February 2021, I have been able to lead and guide the Board alongside Matie to ensure a seamless handover.

I very much look forward to being part of the strategic path that Afrimat has plotted for a sustainable future, ensuring growth across the current segments, as well as the Group's ambition of getting involved in other minerals, metals and materials that support global trends such as decarbonisation, technology advancements and food security amongst others.

Furthermore, I highly anticipate my continued involvement with Afrimat as the Group explores more sophisticated processes. This will be undertaken in the prudent and mindful way we have come to expect of the leadership team, who will ensure that all aspects of the projects undertaken are well considered and that execution will be done in the Afrimat way, with skill and dedication.

I view myself as very fortunate in being a part of the formidable Afrimat team and it goes without saying that while embarking on such an exciting future, we will at the same time continue to prioritise stakeholder and shareholder matters to ensure equitable returns for all.

Francois Louw
24 June 2022

CEO'S REPORT

Andries van Heerden

Conscious diversification supported overall profitability

Values-based entrepreneurial culture paying off

Pipeline of attractive potential acquisitions

The increased overall volumes and growing product portfolio will, in line with our strategy, support the Group's further diversification in the hope of flattening cyclicality and acting as a hedge against unexpected economic cycles.

How would you describe the 2022 financial year?

There's no doubt that the past two years were really tough given the challenging operating environment created by Covid-19 here and overseas. Actually, we remain proud of the fact that we were able to pay our staff throughout this period thanks to our strict balance sheet controls and supported by diversification. Fortunately, the Construction Materials and Industrial Minerals segments returned to pre-Covid metrics in terms of results and volumes during 2022, and we're pleased by that.

Our diversification strategy also demonstrated its worth again, with the Bulk Commodities segment returning excellent results primarily due to attractive iron ore prices. Even though these prices sometime dip as a result of global impacts, the average prices across the year proved to be extremely beneficial to Afrimat.

What was a defining point for you of the 2022 financial year?

There were several actually, a few of which relate directly to the diligent manner in which Afrimat does business. I am proud, for instance, of the fact that our continuous diligence with respect to capital allocation did not falter despite the tough circumstances, enabling us to weather market-related knocks once again. As you well know, many have not been as fortunate.

As mentioned, the return to pre-Covid levels is pleasing and supported by our efficiency drives, that led to solid results across all of our operations this year.

The increased overall volumes and growing product portfolio will, in line with our strategy, support the Group's further diversification in the hope of flattening cyclicality and acting as a hedge against unexpected economic cycles.

I am also pleased that by way of our conscious diversification drive, we have taken on more advanced processes, materials and commodities. This means that we are now in a space where new mines and new projects are coming online, which will extend the average life of mine of our projects closer to 20 years, rather than the average of five to 10 years we had previously. Once again, this ensures longer-term sustainability.

What is your view of the integration of the Jenkins iron ore mine and the Nkomati anthracite mine into the Bulk Commodities segment?

The extension of the overall life of mine is an important issue. Demaneng has been a truly phenomenal asset and came online at just the right time to steer us through the pandemic. As Demaneng's life of mine slowly starts to run down, we have already brought Jenkins online.

Post year-end, the first blast was undertaken at Driehoekspan, the iron ore asset that will replace Demaneng once it is mined out, which is expected to be in three years' time. Both Driehoekspan and Doornpan – part of the Coza acquisition – will be brought into production to maintain export volumes and have a combined life of mine in excess of 15 years.

Nkomati produces a high-quality product sold into the local market as a replacement for imported anthracite, and is already recognised as a consistent, dependable supplier. The long-term sustainable life of mine plan has been enhanced by opening two opencast pits and work has also begun on opening the underground operations.

While Nkomati was loss making for the first five months of the reporting period, it turned into a profitable business from August 2021 onwards, recovering the biggest part of these initial losses quickly.

CEO'S REPORT (CONTINUED)

What is the status of the Gravenhage manganese mining right and the Glenover project?

We classify both of these as 'new projects'. Our Business Development team is always assessing new projects that we can either keep in the wings, or action if our cash resources, execution ability and market penetration allow for it, so that we can continue showing growth through diversification.

Regarding Gravenhage, the manganese deposit, we are still waiting for approval of the water use licence which, once received, will trigger a ZAR payment equal to US$30,0 million. This project is only expected to contribute to the Group's financial results in the 2024 financial year.

The Glenover acquisition, which includes phosphate stockpiles, rare earths and a vermiculite mining right, positions Afrimat to enter new commodities. Sales of raw phosphate have begun, and these revenues are to be reported on in future periods.

We have also made substantial progress on the follow-up phases of this project, which positions the Group in specialised commodity extraction through the metallurgical processing of the resource.

The advantages of the Glenover acquisition include:

- Aligned with global trends (decarbonisation, technology advancements, food security, etc)
- Enhance the diversification strategy
- Commodity/product
- Processing (innovation)
- Foreign currency revenue
- Good long-term market dynamics
- Healthy margins
- Good inherent resource characteristics (quality)
- Scalability
- Downstream value-chain opportunities (including strategic partnerships)

Phase 1

- **Vermiculite** (Industrial, fire protection, horticulture, insulation)
- **High Grade Phosphate** (Agriculture)
- **Single Super Phosphate** (Agriculture)

Phase 2

- **Nitro-phosphate** (Agriculture)
- **Rare Earth Elements** (various including technological, magnets Evs, etc)

One of the things that sets Afrimat apart is this enviable position you have with regards to your corporate culture, social investment and ESG. Tell us more about how this is inculcated into the organisation.

The way in which Afrimat approaches staff relations, interactions with communities and relationships with authorities is based on an intentional strategy. What this means is that we take time and care to assess the needs of these strategic stakeholders and also the manner in which the Group is perceived by them.

We currently have around 2 500 employees, having created 500 jobs in the last financial year alone. Given the reduction in Covid-19 cases we have ramped up our training days to more than 10 000 training hours for employees across the Group and extended 56 bursaries to staff. I am pleased to say we have a very low absenteeism rate and had no labour unrest during the year.

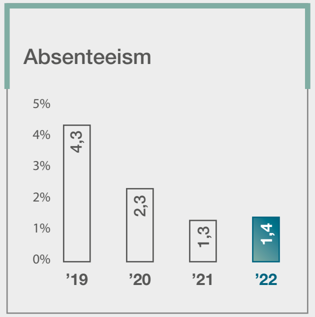
When it comes to our communities, active community relations go hand-in-hand with social investment and here our focus is on investment in education, youth employment and infrastructure.

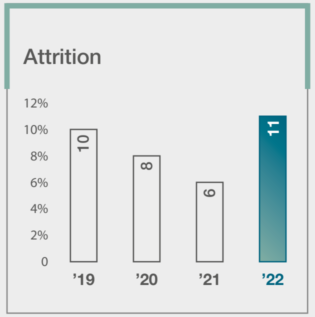
2 511 employees

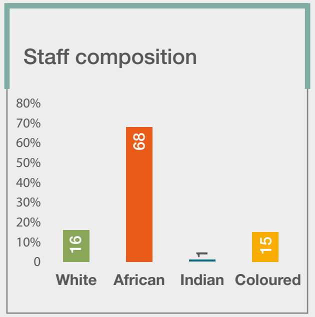
2 474 training days

512 jobs created

56 bursaries awarded to staff







Our mindful social investment approach extends to ensuring that we support communities with things they need and not with things we think they need. The Olifantshoek project (which you can read more about on page 62 of this integrated annual report) is a case in point, where water pumping equipment and purification dams were erected to provide fresh, clean water to the community. Another example is training unemployed youths as satellite dish installers to ensure they acquire skills that can actually be used in their communities. We believe these projects are good examples of corporate social investment on a sustainable scale.

What do you envisage for Afrimat for the future?

Afrimat is well positioned to capitalise on strategic initiatives and future opportunities. Our future growth will be driven by the successful execution of our proven diversification strategy, recent acquisitions and by bringing a wider product offering to the market, with several exciting opportunities being investigated.

Planning for future growth will continue to be supported by acquisitions that conform to a unique competitive advantage depending on geographic location, unique metallurgy, and structural cost advantage. Of course, operational efficiency initiatives aimed at expanding volumes, reducing costs and developing the required skill levels across all employees, remain a key focus in all operations.

The Group will continue to strive to ensure a healthy and sustainable strategic positioning, to execute well on the assets it adds, to diligently control capital allocation and to ensure optimal cash generation, all the while ensuring a strong commitment to our people and the communities we operate in.

Most important of all perhaps is our desire to uphold ESG fundamentals and consciously work on all stakeholder relationships. We do all this daily because it is entrenched in our culture to ensure returns that support long-term sustainability.

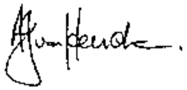
Appreciation and thank you

I am always mindful of the excellent management team we have at Afrimat and our people who diligently support them. I am eternally grateful for the energy, thoughtfulness and strategic thinking you apply to Afrimat, and for the dedication of all our employees.

Furthermore, we appreciate the ongoing support of our customers, shareholders, stakeholders and authorities as without this we would not be where we are today, or to function as seamlessly as we do.

This year marks the retirement of our long-standing Chairman, Matie von Wielligh and on behalf of myself and my fellow directors, I would like to thank him for his unwavering support of Afrimat as demonstrated by his commitment, guidance, thoughtfulness, participation and care over the many years. He has been a great mentor to me and one that I could rely on to help work through difficult decisions strategically, and I will certainly miss this personal touch.

Finally, welcome to our incoming Chairman, Francois Louw, who has worked closely alongside Matie for several months now – we know that his expertise and guidance will be seamlessly integrated into the Group's governance structures, in which he is already well entrenched. We look forward to the Board being led and guided by Francois, and to his valuable input and expertise, which will help steer Afrimat into an exciting future.



Andries van Heerden
CEO

24 June 2022

Achievements

- Exceptional results despite a stagnant economy
- Continuous improvement in Mining Charter scores
- Continued reduction of Section 54* and 55** notices
- 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
- Improvement in procurement spend towards black-owned suppliers, services and consumables
- Over 10 consecutive calendar years without a fatality

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 51 for safety initiatives)
- Onboarding of talent and retention of key employees

* *Occurrence, practice or condition endangering the health or safety of any person.*
** *Employer failed to comply with any provision of the Mine Health and Safety Act.*

CFO'S REPORT

Pieter GS de Wit

- Group revenue up 26,7% to R4,7 billion
- Operating profit margin of 23,7%
- HEPS up 22,9% to 542,9 cents
- Net debt:equity ratio of 12,1%
- Final dividend per share of 146,0 cents
- Return on net operating assets of 33,0%

The Group's dividend policy is maintained at a 2,75 times dividend cover, with a final dividend of 146,0 cents per share (2021: 112,0 cents per share) being declared.

Introduction and background to the results

It is a pleasure to report once again to shareholders on how the decisions made during the year impacted our financial scorecard. The Group continued to deliver robust results on the back of favourable iron ore prices, the expeditious turnaround of the Nkomati Anthracite mine, the establishment of the Jenkins mine, and the return to pre-Covid-19 volumes in the Construction Materials and Industrial Minerals segments, all of which translated into strong operating cash flows.

The strategic financial fundamentals that strong cash flows support

Entrenched diversification strategy supported by prudent capital allocation → Strong cash generation → Surplus cash supports acquisitions, capex and consistent dividends

Continuous measurement against decisions taken

Revenue increased by 26,7% to R4,7 billion (2021: R3,7 billion), primarily as a result of increases in volumes as well as attractive iron ore pricing – this resulted in an operating profit increase of 25,1% from the previously reported operating profit of R886,3 million to R1,11 billion.

The previously reported operating profit of R886,3 million was restated to R1,06 billion. The difference of R172,6 million was mainly because of a deferred tax asset raised in Nkomati, with the finalisation of the purchase price allocation. An overall operating profit margin of 23,7% was attained compared to 24,0% in the previous year.

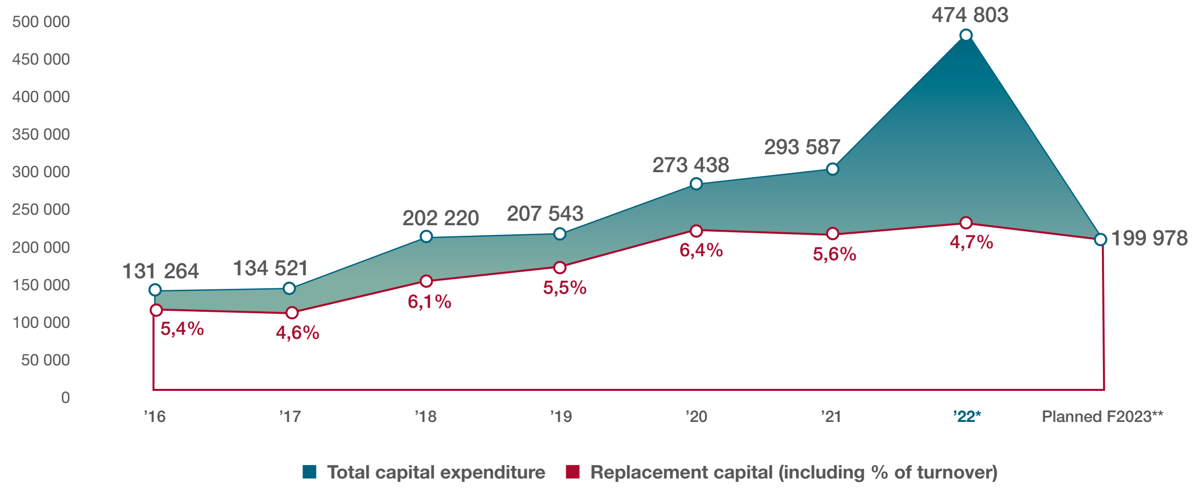
Headline earnings per share grew by 22,9% from 441,7 cents to 542,9 cents.

Net cash from operating activities remained strong at R736,6 million.

The Group's dividend policy is maintained at a 2,75 times dividend cover, with a final dividend of 146,0 cents per share (2021: 112,0 cents per share) being declared.

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.

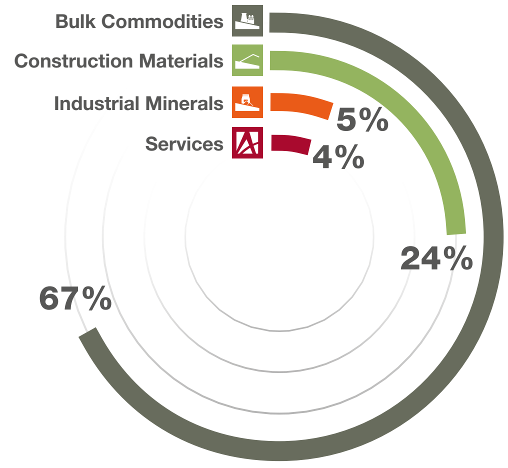
Capital expenditure 2016 – planned 2023 (R'000)



* *Excluding Coza mining asset of R307 million, including Jenkins (R93 million) and Nkomati (R53 million) expansion projects.*
** *Exclude expansion projects.*

Capital expenditure across the segments for 2022 shows the majority of spend taking place in the Bulk Commodities segment, which is currently undergoing rapid growth, so this is to be expected.

Capex by segment (FY2022)



Balance sheet strength is what Afrimat is known for, and this year was no exception. The net debt:equity ratio increased from 4,0% to 12,1%. At the half year in August, Afrimat was net cash positive, but since then R215,1 million was spent on the stockpiles at Glenover. Interim dividend payments were disbursed, and tax was settled.

The net asset value ('NAV') per share increased by 23,2% to 2 170 cents from 1 761 cents in 2021.

Numbers to consider when assessing Afrimat

We pay particular attention to the following metrics within Afrimat, ensuring that the strategic decisions we make result in attractive performance.

Return on capital	24,9%
Growth in profit after tax	22% compound annual growth rate from 2009 to 2022
Return on operating assets	33,0%
Net debt:equity	12,1%
Cash conversion	1,2*
Dividend	Consistent at 2,75 times dividend cover

** Excluding the Glenover stockpiles purchased of R215,1 million.*

In our C-suite reports we discuss the return to pre-Covid-19 levels, in particular in the Construction Materials and Industrial Minerals segments.

Operating profit margin	FY2022	FY2021*	FY2020
Construction Materials	**11,8%**	6,6%	11,2%
Bulk Commodities	**34,1%**	55,9%	31,0%
Industrial Minerals	**14,9%**	10,8%	17,3%
Overall	**23,7%**	28,7%	18,2%

** Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination. (Refer note 12.1)*

Acquisitions to bolster future growth

Gravenhage Manganese Mining Right

During May 2021, Afrimat entered into an agreement to acquire 100,0% of the Gravenhage manganese mining right and the associated assets for a ZAR amount equivalent to US$45,0 million and ZAR15,0 million respectively, to be settled in two tranches as follows:

i. A first tranche payment in ZAR equivalent to US$30,0 million plus a contribution amount of ZAR15,0 million relating to the purchase of the property;

ii. A second tranche payment, also in ZAR equivalent to US$15,0 million at the earlier of entry into one or more transactions with a third party, which will result in Afrimat holding, directly or indirectly, less than 50,0% interest in the mining right; and 12 months after the date on which manganese ore or iron ore (excluding any discard material pertaining to such ore) recovered from the mining area is delivered to the product stockpile containing such types of ore, a facility for processing or any location outside of the mining area.

The acquisition is subject to the granting of a water use licence.

Glenover

The market was notified via a SENS announcement on 9 December 2021 that Afrimat had made an offer to purchase Glenover Phosphate Proprietary Limited ('Glenover'). This includes the purchase of stockpiles containing phosphate, vermiculite, and rare earths as well as the option to purchase the phosphate mine at a later stage.

So far Afrimat has paid R250,0 million in cash for certain Glenover assets, including the right to mine the vermiculite deposit and certain deposits of phosphate rock located at the Glenover mine.

These two future projects represent even further growth and diversification options to Afrimat as well as offering potential future rand-hedged income.

To unpack the details of how the provisioning calculations are done, Afrimat provides the following information:

Provisioning for iron ore pricing

As stakeholders will be aware, there are several metrics that impact the iron ore price as shown:

The total iron ore pricing provision at year-end is included in 'trade and other receivables'. See breakdown below:

	Audited February 2022 R'000	Audited February 2021 R'000
Trade and other receivables		
Trade receivables – net	**427 387**	377 757
Trade receivables at fair value through profit or loss	**142 362**	212 432
Provision for final price adjustment	**122 967**	52 973
Other	**100 627**	52 774
Total trade and other receivables	**793 343**	695 936

The assumptions used in the calculations of the iron ore pricing provision are:

	February 2022 three-month spot	January 2022 two-month spot	December 2021 one-month spot
Average actual iron ore price invoiced FOB (US$)	120	90	72
Iron ore forward price at FOB (US$)	134	136	134
Sales volumes (tonnes)	56 864	68 140	68 281

Afrimat continues as a going concern

The Group's objectives when managing capital are to safeguard its 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, the directors consider the availability of funding within the Group to fund its capital requirements. The directors also consider 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 own shares, or reduce debt.

The impact of the Covid-19 pandemic has been considered up to 28 February 2022. The pandemic is considered to be an ongoing event and management continuously assesses and monitors developments with regard to the pandemic and its impact on the business. Subsequent to year-end there have been no significant changes to the Covid-19 restrictions impacting the Group and therefore no subsequent events related to the Covid-19 pandemic have occurred. There have also been no other further material events that occurred after the reporting date and up to date of this report.

Events after the reporting period

Russian invasion

The Russian invasion of Ukraine is likely to have a devastating impact on global growth if the war continues to escalate. These effects are already filtering into the South African economy. At this stage, management is of the opinion that it is too early to assess the potential impact on the Group given the extent of the uncertainties that exist. Again, management continuously assesses, and monitors developments related to the war.

KwaZulu-Natal ('KZN') flooding

During April 2022, days of heavy rain across KZN led to severe flooding in the region. The Group's Scottburgh operation was affected, which resulted in the pit being flooded. There has been no material damage to any of the plant, and insurance is in place for all assets. Operations are unaffected and continuing as normal.

Financial technology and our understanding of our people

Those who have followed Afrimat across the years will know that as a Group we ensure measurement of everything we are able to in order to use the results to create better efficiencies. This is done through the extensive use of technology to assist in decision making as well as to pick up, sooner rather than later, on potential areas that need proactive attention. This helps us to fix things timeously and limit the time lapse in doing so. This discipline has proven invaluable in the way in which Afrimat and its segments operate. An enhancement to the technology has resulted in a more detailed focus on our people, and how the value of soft skills contributes to Afrimat's success.

In my opinion, strategic financial analysis in today's world is much more than a simple analysis of the numbers. Covid-19 showed us how financial analysis, combined with input from our people, helped Afrimat to navigate the pandemic and anticipate the resultant loss of income in parts of the business. This has taken us forward and we know that we can succeed by being flexible, innovative and by moulding our strategy in order to evaluate different concepts to go to market with.

These strategic lessons learnt across the two years of lockdown will serve us well into the future, particularly as it pertains to the welfare of our employees.

We know that the progress of the business is directly linked to the progress of our people and the emotional support we provide to them. When this is combined with opportunities in which our people can learn, advance, and gain exposure to greater experience and new skills, the results are truly astounding. This is a foundation that we will continue to build on in earnest. The section dedicated to our human capital on page 54 to 56 contains additional information.

This integrated annual report includes a Technology and Systems Report contained on page 74, which I urge you to read to understand how technology helps to drive efficiency at Afrimat.

Conclusion

Having recovered from the difficult Covid-19 operating environment, the pandemic unfortunately appears not to be over yet, with resurgences continuing. We always place the health and safety of our employees at the top of our priority list and will continue to operate safely within the parameters of this pandemic.

Given a fair amount of global uncertainty, to which neither South Africa nor Afrimat are immune, we will continue to evaluate all opportunities that come our way to grow through diversification and through the application of efficiencies where they make sense.

Our mantra of strict capital allocation and cost control to preserve a strong balance sheet will remain steadfast and in place, especially as we head towards further uncertainty in the year to come.

Pieter GS de Wit

24 June 2022

BUSINESS STRATEGY

INDUSTRIAL MINERALS

Afrimat's Industrial Minerals division produces a diverse range of metallurgical, industrial, agricultural and specialised materials, including dolomite, limestone, agricultural lime, and feed lime products.

Afrimat's Langvlei operation boasts with the only pressure hydrator in South Africa and has a fully automated robotic pallet packing plant.

The Industrial Minerals division focuses on selling solutions rather than products and primary market segments include:

- Chemical, glass, paint, and tile manufacturers;
- Metallurgical, industrial and steel markets; and
- Agriculture and animal feed and animal hygiene industries.

GROUP'S TOP PRIORITIES FOR 2023

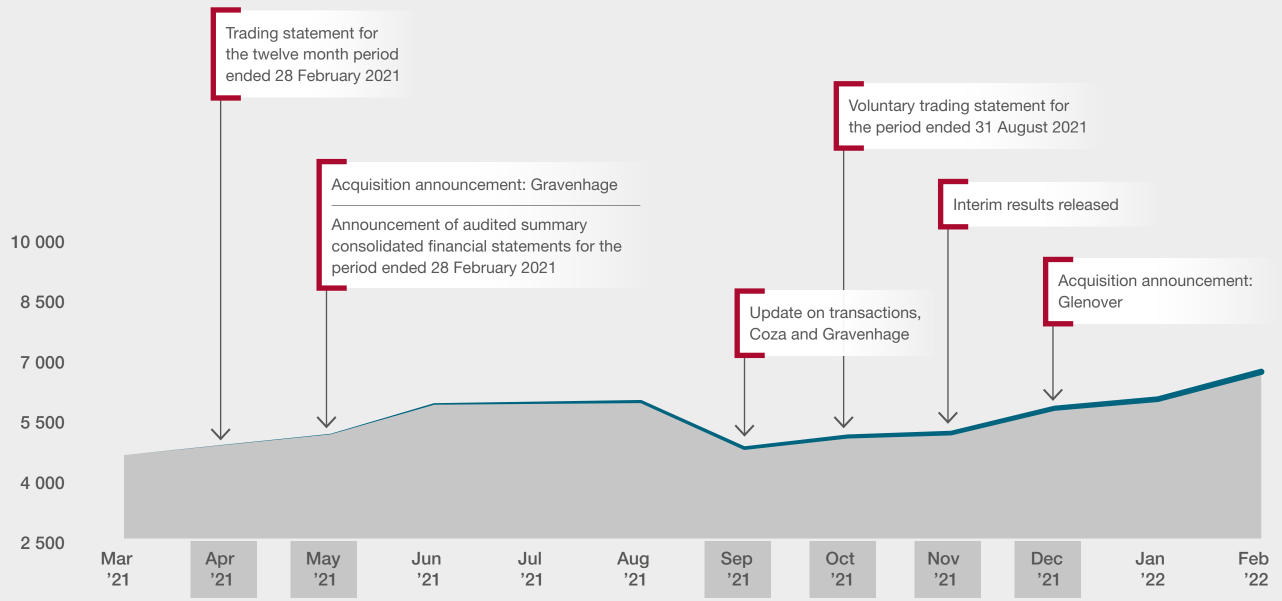
- Positioning towards longer life-of-mine assets
- Focus on optimisation of efficiency in existing businesses
- Enhance the diversification strategy
- Increased focus on ESG
- Successful implementation and execution of acquisitions

SHARE PERFORMANCE

AT YEAR-END

	F2022	F2021	F2020	F2019	F2018
Number of ordinary shares in issue ('000)	**146 346**	146 145	143 262	143 262	143 262
Less: Number of treasury shares ('000)	**8 201**	8 545	8 241	7 573	6 654
Net number of ordinary shares in issue ('000)	**138 145**	137 599	135 021	135 689	136 608
Weighted number of ordinary shares in issue ('000)	**137 803**	135 381	135 380	136 387	136 271
Headline earnings per share (cents)	**542,9**	441,7	347,7	234,1	180,7
Price:earnings ratio	**12,2**	10,0	8,2	12,5	16,0
Market price per share at year-end (cents)	**6 650**	4 430	2 850	2 925	2 899
Market capitalisation based on issued shares (R'000)	**9 732 009**	6 474 213	4 082 979	4 190 426	4 153 177
Market capitalisation based on issued shares less treasury shares ('000)	**9 186 643**	6 095 658	3 848 110	3 968 915	3 960 278

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:

Capital created

Refer to capital inputs for value creation reflected on page 6

Financial capital | Natural capital | Manufactured capital | Human capital | Social and relationship capital | Intellectual capital

Stakeholders

Refer to stakeholders list on page 8

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

Growth through diversification

Objectives	Capital created	Stakeholders	Performance against objective: Outputs FY2022	Performance against objective: Outcomes FY2022
Hedge against economic volatility			An efficient hedge against volatile local business conditions was created. The Bulk Commodities segment's operating profit increased by 11,6% from R734,6 million (as previously reported) to R820,2 million during the year under review. Turnaround of Nkomati, contributing positively to the segments results from August 2021. Establishment of Jenkins iron ore mining assets.	Reduced reliance on local economic business environment.
Continuous research of business environment			Further research into possible new markets is ongoing.	Reduced reliance on one key market via organic expansion, as well as acquisitions into new products.
Focus on value enhancing acquisitions* and successful execution thereof			Identification of value enhancing targets. Establishment of a Future Minerals and Metals segment, including the acquisition of Glenover, consisting of vermucilite, phosphate and rare earths.	The successful acquisition of Agri Lime has strengthened Afrimat's footprint in the agricultural lime market in support of deeper diversification within the Industrial Minerals segment. The acquisition of Glenover Phosphate stockpiles to ensure future, seamless product diversification and sustainability added to the Group's diversification.

* *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

- Positioning towards 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

Objectives	Capital created	Stakeholders	Performance against objective: Outputs FY2022	Performance against objective: Outcomes FY2022
Extensive geographic footprint			The establishment of the Jenkins iron ore mining assets, the purchase of the Glenover Phosphate stockpiles as well as the acquisition of Agri Lime within the Industrial Minerals segment.	The Bulk Commodities segment's operating profit contributes 74,0% of total operating profit. These acquisitions reduced Afrimat's reliance and vulnerability on one key market.
Structural cost advantage			Focus in placed on efficiency improvement and cost reduction initiatives in all business units.	The Group maintained an overall operating profit margin of 23,7% (2021: 24,0%). Improvement of operating profit margins for the Construction Materials segment from 6,6% to 11,8% and Industrial Minerals segments from 10,8% to 14,9%.
Sustainable logistic and distribution channel			Sustainable relationship with logistic suppliers to effective deliver products to customers.	The Group maintained an overall operating margin of 23,7%.
Unique metallurgies			The Group successfully entered the agricultural limestone and phosphate industry with the acquisition of Agri Lime and Glenover Phosphate stockpiles. Research into possible new markets is ongoing.	These acquisitions will enable Afrimat to retain further resilience to be profitable.
Flexible business model			Focus on efficiency improvement and cost reduction initiatives in all business units.	Enabled the Group to weather exceptional circumstances and deliver returns comparable to pre-Covid-19 volumes across all regions.
Company culture			Afrimat has a comprehensive drive to create a good and healthy Company culture.	Afrimat's company culture has become 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. Ensure proper control by means of weekly business performance review ('BPR') sessions.
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 Mine Industry initiatives to resolve the lack of availability.

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

Objectives	Capital created	Stakeholders	Performance against objective: Outputs FY2022	Performance against objective: Outcomes FY2022
Product innovation and entering new markets			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.	Entered new markets of phosphate, vermiculite and rare earths through Glenover, adding further to our diversification strategy and generally achieving higher operating margins. Developing products for the Hemp Market.
Strong operational efficiency			Continuously improve operational efficiencies through innovative approaches and cost management.	Operating profit increased with 25,1% from R886,3 million (as previously reported) to R1,11 billion.
Excellent maintenance and care			Afrimat prides itself in the excellent maintenance and care of its plant and machinery.	Excellent maintenance and care improve the life cycle of assets.

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 installation of PV Plant at Glen Douglas.
- Successful implementation of On Key maintenance system to further enhance maintenance and care.

GROUP STRATEGY, MATERIAL ISSUES AND KEY RISKS (CONTINUED)

People led company

Objectives	Capital created	Stakeholders	Performance against objective: Outputs FY2022	Performance against objective: Outcomes FY2022
Values-based entrepreneurial culture			Focus on maintaining entrepreneurial culture.	Afrimat's culture has become a competitive advantage.
Leveraging Afrimat's 'combined intellect' through synergistic teamwork			Focus is placed on deliberately building a teamwork culture. Continuous development of our employees maintain a high priority.	Enabling competent employees to develop their skills, knowledge and experience in a culture of great teamwork. Employee development of R30,1 million.
Appointing the right people in the right position			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.
Tangible leadership			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. The majority wage negotiations for the FY2023 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.
- Drive a strength-based culture programme.
- Maximising benefits of an integrated HR Management System.

Maintaining a leading position in our sustainability performance

Objectives	Capital created	Stakeholders	Performance against objective: Outputs FY2022	Performance against objective: Outcomes FY2022
Safe operations			Refer to page 51 for safety initiatives.	LTIFR of 0,58 (2021: 0,61) was achieved and no fatalities for ten consecutive years.
Environmental stewardship, social impact and governance as part of our sustainable development practices			Dedicated focus is placed on the improvement of Afrimat's ESG performance.	An improved performance on all aspects of ESG was achieved.

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 the 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 52).
- Committed to being part of the solution for climate change.

Outstanding customer service

Objectives	Capital created	Stakeholders	Performance against objective: Outputs FY2022	Performance against objective: Outcomes FY2022
Strategically positioned to deliver excellent service			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			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 are considered to improve market opportunity.
Customer advocacy through service, reliability and quality of supply			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

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

PERFORMANCE

BULK COMMODITIES

Iron Ore

In addition to being a strategic and operational fit, the acquisition of Demaneng Iron Ore Mine allows Afrimat to earn US Dollar-based revenue, providing a significant hedge against local currency devaluations.

Operated and managed by Afrimat Contracting International Proprietary Limited, a wagon loadout facility was constructed opposite the Demaneng mine and gives Afrimat direct access to the Transnet railway network.

Afrimat also acquired Coza Mining Proprietary Limited to increase its mining capacity and grow its customer base.

Anthracite

Nkomati is an anthracite mine located in Mpumalanga, consisting of the Mangweni underground and Madadeni opencast sections.

The mine can utilise return loads from Maputo facilities to reduce logistical costs and increase profit generation for the end-user.

The operation produces high quality anthracite in South Africa and the product is unique due to its low sulphur content.

All products are sold free on truck to the local market for use in their ferroalloy smelters as a high-carbon reductant.

Manganese

Afrimat's acquisition of the Gravenhage mining right in the Northern Cape allows the Group to add manganese to its diversification strategy.

Gravenhage is a long-life, near-development high-quality manganese resource situated in the northern part of the Kalahari Manganese field. The ressource will be managed as an opencast mine with future underground mining potential.

As at the publication date of this integrated annual report, Gravenhage was not operational and will likely only contribute financially in 2024 financial year.

FIVE-YEAR REVIEW

	2022 R'000	Restated 2021 R'000	2020 R'000	2019 R'000	2018 R'000
Financial results and status					
Revenue	**4 680 078**	3 693 759	3 304 376	2 966 399	2 380 994
Construction Materials	**1 626 221**	1 595 055	1 714 180	1 739 496	1 645 252
Industrial Minerals	**632 544**	514 291	552 683	544 705	559 757
Bulk Commodities	**2 408 710**	1 584 413	1 037 513	682 198	175 985
Services	**12 603**	–	–	–	–
Revenue split					
Construction Materials	**34,7%**	43,2%	51,9%	58,6%	69,1%
Industrial Minerals	**13,5%**	13,9%	16,7%	18,4%	23,5%
Bulk Commodities	**51,5%**	42,9%	31,4%	23,0%	7,4%
Services	**0,3%**	–	–	–	–
Operating profit	**1 108 911**	1 058 901	600 952	471 152	350 399
Construction Materials	**192 480**	104 906	192 438	190 182	274 580
Industrial Minerals	**94 427**	55 481	95 568	78 012	88 393
Bulk Commodities	**820 210**	885 202	321 665	201 329	(33 443)
Services	**1 794**	13 312	(8 719)	1 629	20 869
Profit after tax	**775 168**	776 437	465 176	304 215	245 378
Headline earnings	**748 142**	597 927	470 657	319 284	246 216
Net operating assets	**3 362 461**	2 597 222	1 943 532	1 856 983	1 758 415
Total assets	**5 046 297**	4 638 930	2 795 262	2 687 012	2 534 715
Total equity	**3 007 200**	2 431 017	1 688 907	1 409 517	1 229 320
Total liabilities	**2 039 097**	2 207 913	1 106 355	1 277 495	1 305 395
Net cash from operating activities	**736 555**	767 580	676 810	410 484	200 960
Number of ordinary shares in issue ('000)	**146 346**	146 145	143 262	143 262	143 262
Less: Number of treasury shares ('000)	**(8 201)**	(8 546)	(8 241)	(7 573)	(6 654)
Net number of ordinary shares in issue ('000)	**138 145**	137 599	135 021	135 689	136 608
Weighted number of ordinary shares in issue ('000)	**137 803**	135 381	135 380	136 387	136 271
Profitability ratios					
Operating profit margin					
Construction Materials	**11,8%**	6,6%	11,2%	10,9%	16,7%
Industrial Minerals	**14,9%**	10,8%	17,3%	14,3%	15,8%
Bulk Commodities	**34,1%**	55,9%	31,0%	29,5%	(19,0%)
Total	**23,7%**	28,7%	18,2%	15,9%	14,7%

	2022 R'000	Restated 2021 R'000	2020 R'000	2019 R'000	2018 R'000
Earnings per ordinary share (cents)	**560,7**	571,6	341,6	221,0	180,3
Headline earnings per share (cents)	**542,9**	441,7	347,7	234,1	180,7
Dividends declared (cents)					
Interim	**40,0**	32,0	36,0	19,0	20,0
Final	**146,0**	112,0	81,0	62,0	42,0
Total	**186,0**	148,0	117,0	81,0	62,0
PBIT return on net operating assets/liabilities	**33,0%**	40,8%	30,9%	25,4%	19,9%
Return on shareholders' funds	**24,9%**	24,6%	27,9%	22,7%	20,0%
Utilisation of assets ratios					
Revenue: fixed assets ratio	**1,7**	1,6	2,1	1,8	1,4
Revenue: net operating assets ratio	**1,4**	1,4	1,7	1,6	1,4
Net asset value per share (cents)	**2 170**	1 761	1 246	1 030	893
Tangible net asset value per share (cents)	**2 016**	1 608	1 090	867	714
Capital expenditures					
Construction Materials	**188 049**	158 885	170 123	110 643	114 080
Industrial Minerals	**41 045**	32 313	21 963	63 593	40 707
Bulk Commodities	**524 389**	87 307	58 391	25 975	41 633
Services	**28 963**	15 082	22 961	7 332	5 800
	782 446	293 597	273 438	207 543	202 220
Liquidity and solvency ratios					
Current assets: current liabilities	**1,4**	1,5	1,5	1,3	1,1
Debt/overdraft less cash: equity	**12,1%**	4,0%	8,2%	23,8%	35,5%
Total liabilities: shareholders' funds	**67,8%**	90,8%	65,5%	90,6%	106,2%
Dividend cover (based on headline earnings)	**2,75**	2,76	2,81	2,75	2,77
Interest cover	**25,9**	61,3	21,5	9,1	12,7
Productivity, efficiencies and consumption					
Number employees at year-end	**2 511**	2 625	2 289	2 258	2 451
Revenue per weighted number of employees	**1 864**	1 407	1 444	1 314	971
Depreciation	**295 147**	207 578	175 672	144 712	122 566
Amortisation of intangible assets	**1 676**	1 798	1 495	1 629	1 727
	296 823	209 376	177 167	146 341	124 293
Electricity usage (R'000)	**101 807**	84 540	77 433	77 804	73 386
Fuel usage (R'000)	**281 166**	163 862	208 206	181 155	136 339
– Average fuel price (Western Cape) (Rand/litre)	**16,44**	11,93	14,00	13,51	12,79
Cement usage (R'000)	**147 417**	180 347	137 878	188 867	165 003
Lost time injuries frequency rate	**0,58**	0,61	0,86	0,56	0,47

OPERATIONAL REVIEWS

All three segments, namely Construction Materials, Industrial Minerals and Bulk Commodities experienced strong growth compared to the previous financial year, considering the effects of the hard-lockdown levels imposed to limit the spread of Covid-19 in the first half of the prior year.

The Bulk Commodities segment benefited from favourable iron ore pricing and from contributions from the new mine, Jenkins (iron ore sold in the local market). These additional volumes contributed positively to the second half of the financial year. Nkomati (anthracite also sold in the local market) was loss making for the first five months of the reporting period, but turned into a profitable business from August 2021 onwards, recovering the biggest part of the losses of the first five months.

All operating units are strategically positioned to deliver outstanding service to the Group's customers, whilst acting as an efficient hedge against volatile local business conditions. The product range is diversified and is made up of Construction Materials (consisting of aggregates, concrete-based products and contracting operations), Industrial Minerals (consisting of limestone, dolomite and industrial sand), and Bulk Commodities (consisting of iron ore and anthracite).

Construction Materials

Highlights FY2022

- Traditional businesses return to profitability after the impact of Covid-19, with an operating profit increase of 83,5%
- Traditional business based in the Western Cape continued to deliver solid results
- Traditional business based in KwaZulu-Natal continued to improve because of cost reduction initiatives, despite a slowdown in activities
- Operational efficiency drives performing well and as a result, operating profit margin recuperated at 11,8%
- Completed the exit from Mozambique

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 2022

Financial performance

	Audited February 2022	Audited February 2021	% change
Revenue (R'000)	**1 626 221**	1 595 055	2,0
Operating profit (R'000)	**192 480**	104 906	83,5
Operating profit margin (%)	**11,8**	6,6	
Capital expenditure (R'000)	**188 049**	150 885	
Headcount	**1 560**	1 734	

The Construction Materials segment experienced a return to pre-Covid-19 volumes, resulting in a significant improvement in operating profit of 83,5% from R104,9 million to R192,5 million in the year under review. This is primarily a result of general volumes recuperating to 2019 levels, rather than a result of a rise in construction activity, as well as a strong focus on operational efficiencies.

Industrial Minerals

Highlights FY2022

- Successful cost management drives, with an increase in operating profit of 70,2%
- Solid results delivered comparable to pre-Covid-19 volumes across all regions, with a revenue increase of 23,0%
- Successful market penetration for new products
- Client base expansion
- New marketing initiatives under way
- Product development to access new markets
- Feed lime acquisition strengthened footprint in agricultural lime market

Key distinguishing features

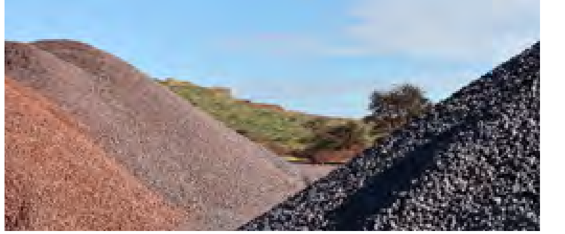
- High quality, metallurgic unique geological resources
- Wide product range
- Diverse customer base
- Well-maintained plant and equipment

Review of 2022

Financial performance

	Audited February 2022	Audited February 2021	% change
Revenue (R'000)	**632 544**	514 291	23,0
Operating profit (R'000)	**94 427**	55 481	70,2
Operating profit margin (%)	**14,9**	10,8	
Capital expenditure (R'000)	**41 045**	32 313	
Headcount	**334**	339	

Industrial Minerals businesses delivered returns comparable to pre-Covid-19 volumes across all regions, delivering an increase in operating profit of 70,2% from R5,55 million to R94,4 million. The acquisition of the feedlime business (Agri Lime) has strengthened Afrimat's footprint in the agricultural lime market in support of deeper diversification in this segment.



Bulk Commodities

Highlights FY2022

- The Nkomati anthracite mine started contributing positively to the segment's results from August 2021
- The long-term sustainable LOM plan has been enhanced through the opening of two opencast pits and work has begun on opening the underground operations at Nkomati
- Increased iron ore volumes from the establishment of Jenkins iron ore mining assets
- Acquisition of additional iron ore reserves to ensure the sustainability of Afrimat's iron ore export business
- Experienced favourable pricing during the financial year
- Concluded a suppliers agreement to serve as a hedge to the volatile Platts Index
- Wider commodity diversification in progress with the acquisition of future minerals

Key distinguishing features

- All iron 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

Review of 2022

Financial performance

	Audited February 2022	Restated audited February 2021	Previously reported audited February 2021	% change (based on restated)	% change (based on previously reported)
Revenue (R'000)	**2 408 710**	1 584 413	1 584 413	52,0	52,0
Operating profit (R'000)	**820 210**	885 202	734 675	(7,3)	11,6
Operating profit margin (%)	**34,1**	55,9	46,4		
Capital expenditure (R'000)	**524 389**	87 307	87 307		
Headcount	**492**	454	454		

The Bulk Commodities segment, consisting of the Demaneng and Jenkins iron ore mines, and the Nkomati anthracite mine, contributed 74,0% to the Group operating profit. The excellent performance was largely due to increased volumes from the Jenkins mine as well as favourable international iron ore pricing during the reporting year.

Post year-end, the first blast was undertaken at Driehoekspan, the iron ore asset that will replace Demaneng mine once it is mined out, which is expected to be in three years' time. Driehoekspan and Doornpan (as part of the Coza acquisition) are to be brought into production to maintain export volumes and have a combined life of mine in excess of 15 years.

With Jenkins iron ore mine successfully coming into production, the ramp up is in accordance with strategic plans and product is sold into the local market through a defined price and volume contract.

The Nkomati anthracite mine, which turned around from realising start-up losses to also contributing positively to the segment's results from August 2021, produces a high-quality product sold into the local market, as a replacement for imported anthracite, and is recognised as a consistent, reliable supplier of anthracite. The long-term sustainable life of mine plan has been enhanced through the opening of two opencast pits and work has begun on opening the underground operations.

Services

Highlights FY2022

- Group sustainability function ensured a high compliance standard and implementation of proactive measures to manage and minimise the impact of the Covid-19 pandemic
- 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
- Two dividend pay-outs were effected during the year for the employee benefit scheme through the Afrimat BEE Trust
- Significant investment in technology and infrastructure
- 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')

Review of 2022

Financial performance

	Audited February 2022	Restated audited February 2021	Previously reported audited February 2021	% change (based on restated)	% change (based on previously reported)
Revenue (R'000)*	**12 603**	–	–	100,0	100,0
Operating profit (R'000)	**1 794**	13 312	(8 771)	(86,5)	120,5
Capital expenditure (R'000)	**28 963**	15 082	–		
Headcount	**125**	98	15 082		

* *Includes external logistic revenue.*

GOVERNANCE STRUCTURES

CONTRACTING SERVICES

Afrimat Contracting International offers full pit-to-port solutions to the mining, construction, and quarry industry throughout southern Africa.

With more than 50 years of experience, a track record of delivering exceptional contracting services, and the utilisation of the latest technology and equipment ensures operational efficiency and downstream cost savings for our customers.

Our contract mining services division specialises in mine planning, bulk drilling and blasting, load and haul, crushing and screening, beneficiation of products, rehabilitation, rail loadout management, and logistics.

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 on pages 146 and 152 of the integrated annual report.

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 Francois M Louw, 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 FY2022 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)

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

Business strategy	100,0%
Financial	83,1%
Entrepreneurship	90,8%
Marketing and commercial	86,9%
Leadership	100,0%
Technical knowledge	92,8%
ESG**	81,2%
Stakeholder communication	93,1%
Business processes	93,9%

** *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 that of the 2013 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 have unfettered access to the external auditor and to management at all times. 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 are 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 FY2022, a rigorous review of independence and performance was performed on Marthinus W von Wielligh and Phuti RE Tsukudu. 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

Attendance of Board and Board Committee meetings are as follows:

Executive directors

BEng (Mech), MBA, Government Certificate of Competence, Advanced management programme (Insead Business School)

Andries J van Heerden
(56) CEO

Length of service: 15 years

4/4 | 4/4• | 3/3• | 2/2

BCompt (Hons), CA(SA), ACIS, Post Grad Cert in Tax, MBA (Cum Laude), Strategic financial leadership programme (Stanford University)

Pieter GS de Wit
(48) CFO

Length of service: 6 years

4/4 | 4/4• | 3/3• | 2/2

BTech (Mechanical Engineering), MBA, Executive Leadership Development Programme (Stanford University)

Collin Ramukhubathi
(48)

Length of service: 3 years

4/4 | 2/2

National Higher Diploma (T4) (Civil Engineering), C-Level Programme (Stanford University Graduate School of Business)

Marthinus (Gerhard) G Odendaal (57)

Length of service: 2 months

1/1 | 1/1

Non-executive directors

BSc BEng (Mech) (Industrial)

Gert J Coffee
(71)

Length of service: 12 years

4/4 | 2/2 | 4/4

BSc Civil Eng

Loyiso Dotwana
(58)◈

Length of service: 15 years

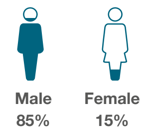
4/4 | 4/4 | 3/3 | 2/2 | 4/4

Meeting attendance	2022 (%)	2021 (%)
Board meetings	100	98
Audit & Risk Committee	100	100
Remuneration & Nominations Committee	100	100
Social, Ethics & Sustainability Committee	100	93
Non-executive meetings	100	100

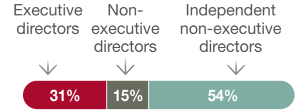
- • Invitee
- ■ Investment Review Committee Chairman
- ◇ Remuneration Committee Chairman
- ◆ Nominations Committee Chairman
- ◈ Social & Ethics Committee Chairman
- ○ Audit & Risk Committee Chairman
- ✚ LID and Deputy Chairman

Demographics

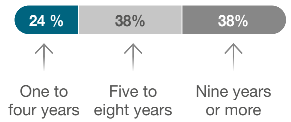
Gender



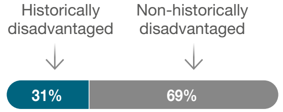
Mix



Tenure



Race



Independent non-executive directors

Francois M Louw
(61)■♦

BEng (Mech), MBA

Length of service: 5 years

4/4	4/4	3/3		4/4

Marthinus (Matie) W von Wielligh (70)♦ Chairman

BSc (Mech Eng), MBA,
Stanford Executive Programme

Length of service: 15 years

4/4	4/4	3/3	2/2	4/4

Sisanda Tuku
(43)

BCom Financial Accounting, CA(SA)

Length of service: 2 months

1/1	1/1			

Phuti RE Tsukudu
(68)◇

MEd, Postgraduate Diploma
in Adult Education BA (SW)

Length of service: 13 years

4/4		3/3	2/2	4/4

Johannes (Johan) HP van der Merwe (57)

CA(SA), Master in Income Tax, MPhil Finance, Advanced Management Programme (Harvard Business School), Challenge of Leadership (Insead Business School)

Length of service: 5 years

4/4				4/4

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, human resources and environmental management.

Jacobus (Derick) F van der Merwe (68)○

BCompt (Hons), CA(SA), Associate member of the Chartered Institute of Building

Length of service: 7 years

4/4	4/4			4/4

Helmut N Pool
(60)

BCom (Law)

Length of service: 5 years

4/4	4/4			4/4

BOARD AND EXECUTIVE COMMITTEE STRUCTURE

Statement of compliance

The Board is committed to uphold the fundamental tenets of governance, which include 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.

Board	The Board is responsible for determining the Company's strategic direction and exercising prudent control over the Company and its 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.				
	Executive directors		**Non-executive directors**	**Independent non-executive directors**	
	Andries van Heerden (CEO) Pieter de Wit (CFO)	Collin Ramukhubathi Gerhard Odendaal	Loyiso Dotwana Gert Coffee	Matie von Wielligh (Chairman) Francois Louw (Deputy Chairman and Lead Independent director) Phuti Tsukudu	Derick van der Merwe Sisanda Tuku Johan van der Merwe Helmut Pool
	The Board meets four times per year.				

	Audit & Risk Committee	Remuneration & Nominations Committee	Social, Ethics & Sustainability Committee*	Investment Review Committee	Executive Committee ('Exco')
Committees	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 (including 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 (appointed to the Committee on 1 May 2022) Loyiso Dotwana Francois Louw Helmut Pool Matie von Wielligh	Matie von Wielligh (Chairman – Nominations Committee) Phuti Tsukudu (Chairman – Remuneration Committee) Loyiso Dotwana Francois Louw	Loyiso Dotwana (Chairman) Gert Coffee Collin Ramukhubathi Phuti Tsukudu Andries van Heerden Gerhard Odendaal (appointed to the Committee 12 April 2022) Matie von Wielligh	Francois Louw (Chairman) Pieter de Wit Derick van der Merwe Johan van der Merwe Helmut Pool	Executive directors Cluster Heads
Number of independent director members	5	3	2	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 77	page 68	page 42		

* *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. Matie von Wielligh (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 Matie von Wielligh 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. 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

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 Company'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 process

- 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.

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 register → **Key control drivers** → **Adherence to key controls** → **Risk incidents reporting**

- 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.

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:

Assessment process	Categories	Mitigating factors
Exco and Board risk assessment, quarterly	MACROECONOMIC	Which are, to an extent, beyond the Group's control although the effects or this type of risk can be minimised.
Baseline risk assessment, quarterly Mini HIRA	OPERATIONAL	Which are managed proactively by implementing policies, guidelines and internal process controls.
Commodity risk assessment, periodically Project risk assessment, periodically	STRATEGIC	Which impact the Group's ability to implement its strategy.

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.

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 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.

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.

Carole Seddon, 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 (as above). 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.

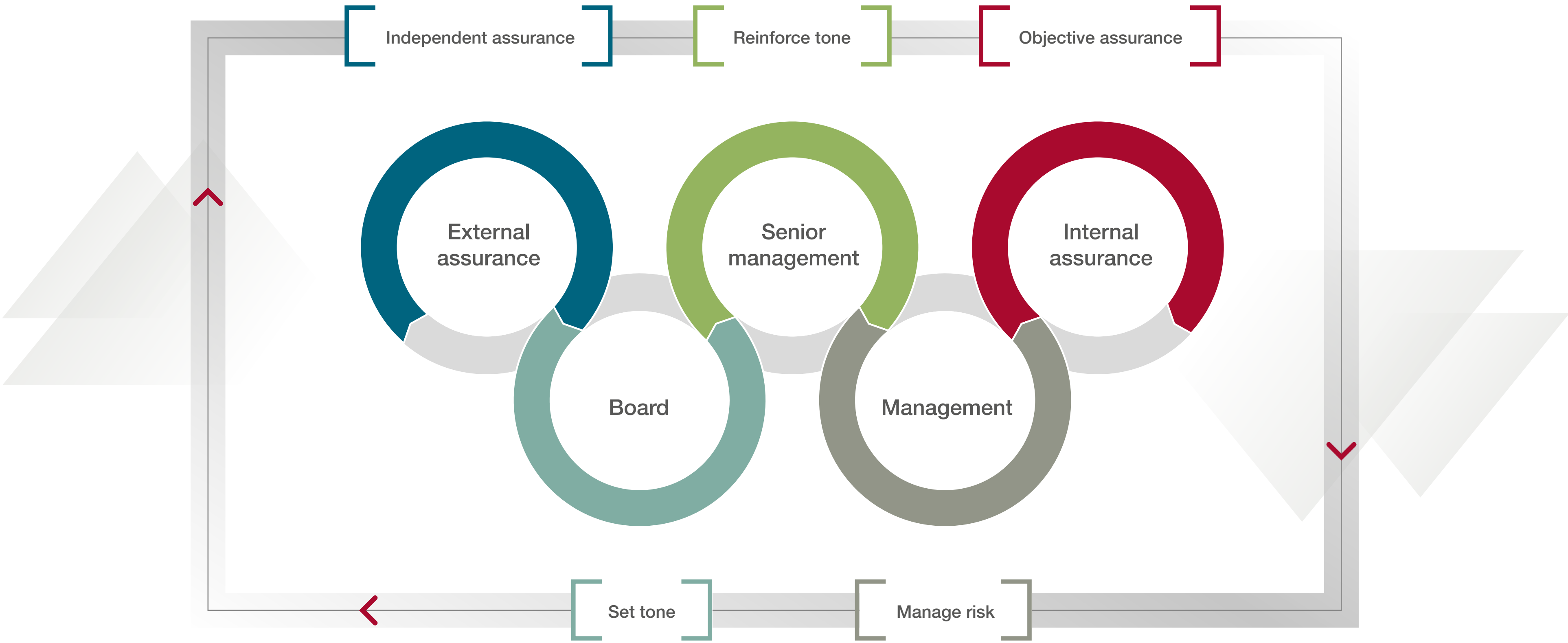
The system of internal control is primarily designed to safeguard and maintain accountability of the Group's assets. Further, these systems should identify and curtail significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations.

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 field work 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.

Combined assurance model



GOVERNANCE OVERVIEW

SOCIAL

Genuinely passionate about South Africa, Afrimat believes in creating value not only for its shareholders but also for people in the communities where it operates, and through various initiatives directly improves the socio-economic circumstance of more than 40 000 South Africans annually.

Afrimat cares for the well-being of all staff and recognises its workforce as a meaningful and important contributor towards its core business and is committed to empowering its employees by building their capacity and knowledge base.

Its skills development programme forms the cornerstone of its employee attraction and retention strategy.

Committed to integrating genuine transformation that permeates the organisation, more than 80% of its employees are historically disadvantaged individuals.

Gordon Uithaler is one of Afrimat's success stories.

Gordon started with the business working at the washing bay right after he finished school. His friendly demeanour and eagerness to learn made him fit right in with the Afrimat family.

During the course of the past 27 years, he acquired the necessary skills and training to qualify as an Earth Moving Mechanic at our workshop in Worcester.

Gordon is now investing his acquired experience in South Africa's future talent by training interns.

Afrimat cares for the well-being of all staff and recognises our workforce as a meaningful and important contributor towards our core business. We are committed to empowering our employees by building their capacity and knowledge base.

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.

The Committee continues to be committed to all stakeholders to ensure compliance through the unprecedented change and uncertainty caused by the Covid-19 pandemic, as top of mind concern.

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:

UN Global Compact

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

The Committee comprises executive and non-executive directors during the year under review. Details of the Committee composition and meeting attendance are on page 34.

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.

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 our 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 54 to 63.

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 development and supplier development ■ Socio-economic development	■ Maintain a Level 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.

Effectiveness against FY2022 KPIs and committee evaluation

FY2022 KPI	Evaluation score*
Continued visible felt leadership initiatives by senior management: formal and informal visits to business units as a result of Covid-19 travel restrictions implemented in FY2021	4,0
Launching of a safety culture beyond Afrimat's mining entities: Culture survey outcomes analysed to determine specific safety-related culture changes required at all operations, 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	4,8
Sharing best practice: individual directors actively sharing deemed appropriate and applicable best practice from other Committees with the Committee/Company	3,8

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

KPIs for FY2023

- Increase more detailed reporting on climate change related matters and measuring the carbon emissions and whether the reduction in such emissions have been accomplished;
- Launching of a safety culture beyond Afrimat's mining entities: Culture survey outcomes analysed to determine specific safety-related culture changes required at all operations, 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; 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 human resources 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 whistle-blower 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 whistle-blower'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. A revised procurement policy incorporating ethical standards for the selection of suppliers was rolled out during the current year. 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, ED's, 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 Head: HR and 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 human resource 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 (LUPO and SPLUMA).

Environmental responsibility

We operate in an industry (open pit mining) 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 readymix 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 resource; and
- Rehabilitation.

During the year, focus was renewed on responsible mine planning. 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 are 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. In order 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.

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. 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.

2030 reduce carbon emissions by **32%.**

2050 target carbon neutrality across operations.

Carbon neutral strategy

2030 – Reduce by 32%

- Opening total 2022
- 100% renewable energy
- 30% more efficient mobile engines
- 10% more efficient stationary
- 10% from coal replacement
- 5% hemp farming offset
- Closing total 2030

Key focus areas are summarised below:

Long-term goals

Key focus area

	Electricity consumed*	Water usage**	Carbon emissions***	Waste management***	Bio-diversity****
FY2023 goal – **Determine reduction % from baselines**	Measure electricity consumed per product tonne produced, compare usage at different operations and reduce usage in line with best practices.	Measure water usage per product tonne produced, compare usage at different operations and reduce usage in line with best practices.	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.	Compare waste generated between various operations, reduce, reuse and recycle the waste generated.	Set annual target percentage on rehabilitation of operations (in hectares).
FY2022 goal – **Effectiveness against FY2022**	Benchmark the use of electricity by all operations.	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.	Register of all relevant sites with SAGERS to enable the sites to report emissions accurately.	Measure all waste generated.	Quantify all hectares rehabilitated on the environmental performance assessment.
Evaluation	Electricity usage for FY2022 has been measured for all operations.	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 FY2022, based on a 90% measurement of all operations.	All operations have been registered with SAGERS, measured and compared.	A waste stream identification list has been compiled for all operations.	In FY2022, 100% of all operations were quantified in terms of hectares rehabilitated.
Benchmark comparison	1,5% decrease from 42,7 million kWh in FY2021 to 42,1 million kWh in FY2022	56,4% increase from 518 029 m^3 water used in FY2021 to 810 024 m^3 in FY2022	12,4% increase from 151 179 tCO_2e in FY2021 to 179 284 tCO_2e in FY2022	2,2% increase in waste from 148 tonnes in FY2021 to 154 tonnes in FY2022	Decrease from 99,7 ha in FY2021 to 17 ha in FY2022

* *New electricity consumption meters have been installed by Afrimat to accurately measure the consumption. This together with the usage of the diesel generators on site during unavailability of electricity supply has led to decrease in electricity consumed.*

** *Water usage increased as a result of the establishment of the Jenkins iron ore mine and also the Nkomati mine operations forming part of the Group for a full year.*

*** *The increase in carbon emissions and waste resulted from the new operations of Jenkins and Nkomati.*

**** *Rehabilitation of old quarries was prioritised and recorded in FY2021.*

Total greenhouse emissions per scope:

Scope	2022 tCO_2e	2021 tCO_2e	2019** tCO_2e	Increase/ (decrease) from base year
Total scope 1*	**125 619,9**	89 662,0	85 412,3	47,1%
Total scope 2	**44 569,8**	45 265,8	43 146,3	3,3%
Total scope 3	**9 095,0**	16 250,8	34 309,2	(73,5%)
Total carbon footprint	**179 284,7**	151 178,6	162 867,8	10,1%

* *Total scope 1 increased during FY2022 as a result of the inclusion of new operations, Jenkins and Nkomati, as well as increased lime production in Cape Lime Proprietary Limited.*

Intensity emissions:

Scope	Intensity 2022	Intensity 2021	Intensity 2019**	Decrease from base year
Scope 1 and 2 (tCO_2e/ employee)	**71,2**	67,8	73,1	(2,6%)
Scope 1 and 2 (tCO_2e/ tonnes)	**0,007**	0,008	0,016	(56,3%)

	2022	2021	2019**	Increase/ (decrease) from base year
Water consumption (m³)	**810 024,0**	518 029,0	1 636 295,0	(50,5%)
Electricity consumption (tCO_2e)	**44 569,8**	45 265,8	43 146,3	3,3%
Fuel consumption (diesel and petrol) (million litres)	**16,7**	13,2	8,6	94,2%
CO_2 emissions (tCO_2e)	**179,3**	151,2	162,9	10,1%
Rehabilitation (ha)	**17,0**	99,7	12,8	32,8%
Business travel (tCO_2e)	**7,1**	6,9	32,4	(78,1%)

** *Represents base year.*

Total emissions increased by 18,6% as compared to the previous year due to increase in lime production. The lime production has returned to pre-Covid-19 levels.

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 73,5% decrease from base year in scope 3 emissions was recorded.

Managing climate change

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 by acute, driven by weather events, such as drought/floods, or 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

Acute/Chronic

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.

- Change in global weather patterns.
- Extreme weather, e.g. floods, drought, heatwaves.
- Afrimat has proper disaster control measures and emergency plans in place and ensures that adequate insurance against disasters are available.

Transition risks

Policy and legal

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.

Measures put in place:

- 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.

Technology

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.

Measures put in place:

- These include the implementation of solar photovoltaic plants as well as other carbon dioxide capturing projects.

Market

Increased production costs as a result of increase input costs, e.g. water, energy and output requirements, e.g. waste treatment.

Measures put in place:

- The Group actively implements cost efficiencies and where possible measures its performance against benchmarks, refer page 47.

Reputation

Stakeholder relations such as the Government, local authorities, NGOs and regulatory bodies are important to the Group.

Measures put in place:

- Afrimat consistently engages and raises awareness within local economic, social and infrastructure spheres.

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

Grass, revegetated benches and trees planted at the Pietermaritzburg Quarry, in line with our environmental drive.

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 and Ethics 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 and 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 are a team that assess 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 48.
		(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.

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 46.
		(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 bio-diversity 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 have 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 46 for carbon footprint.
		(b) Scope 1, Scope 2 and, if appropriate, Scope 3 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 48 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 47 for the Group's key focus areas, indicating the long-term goals and the measure of effectiveness against the goals.

Safe and reliable operations

Afrimat is committed to providing a safe and healthy working environment for all employees which is in strict compliance with the South African Occupational Health and Safety Act, Mine Health and Safety Act and other relevant regulations and recognised standards and guidelines. Within the mining industry there are potential health and safety risks, to minimise the risk we, at Afrimat, proactively assess and manage the risk to prevent health and safety incidents.

The LTIFR reduced slightly from 0,61 to 0,58 at the end of the current financial year.

Responsibility for health and safety devolves down from the Executive Head: HR & Sustainability, GM-Sustainability and Group SHE manager to all levels of employees and radiates up again with the CEO taking ultimate responsibility.

Regional managers assume full accountability for SHE management throughout their respective regions. They are responsible and accountable for the proper resource utilisation and day-to-day management. Regional H&S officers have a functional reporting relationship to the regional managers and to the Group SHE manager.

The Group SHE manager, is responsible for devising new policies. These are communicated through Company notice boards, management meetings and each operation's monthly safety meeting. Responsibility for compliance rests at every level throughout the Group down to each individual employee. The Health & Safety, Fatigue and HIV/TB Policy was reviewed and approved by management during the year. (A copy of our policies is available at www.afrimat.co.za).

Staff at Glen Douglas celebrating five years LTIFR free

Health and safety risk process

As the Covid-19 pandemic continued throughout the year, Afrimat kept abreast of all the changes in legislation related to Covid-19 and the various variants. Each business unit manages its own vaccine drive and where there was slow uptake, the Department of Health assisted with awareness sessions. The effects of the Omicron variant had a larger impact within the business as opposed to the fourth wave.

The Covid-19 War Room consisting of the CEO, Exco members as well as the various divisional managers (HR, IT, Finance and SHE) and New Business Development employees continued to ensure quick decision-making is possible throughout the multiple changes and convened at predetermined intervals in line with the fluctuations in Covid-19 cases.

Afrimat monitored each Covid-19 case separately as well as any chronic illnesses to determine the impact within the Group. The chronic illness cases decreased from the previous years, the reduction is a result of increased monitoring programmes.

Afrimat had a total of eight Covid-19 fatalities from the beginning of the pandemic. An employee assistance programme was established throughout the Group and played a vital role in the support of employees. Through constant communication and check-ins by managers, Afrimat aims to assist its employees through the mental challenges experienced during such a traumatic time.

Afrimat continued to audit all operations throughout the lockdown period, through the mining industry body ASPASA. All operations achieved excellent scores, improving on the yearly average audit score by 1,87%.

The focus in the upcoming year will be on leading indicators, improvement on the excellent ASPASA scores (proactive steps in preventing injury) rather than lagging LTIFR indicators:

Our FY2023 leading indicator focus points will be on electrical, ergonomics, fall risk, traffic management, environmental: air quality, waste management, surface and ground water, and rehabilitation. We selected these leading indicators based on industry trends and Afrimat specific trends analysis of why our injuries occurred or our audit non-conformances. Audit non-conformances include internal, DMRE, Department of Labour, ASPASA SHE audits findings.

FY2021 compared to FY2022 and the targets set for FY2023

	FY2021	**FY2022**		Targets FY2023
LTIFR (12mr)*	0,61	**0,58**	↓	20% reduction
MTI (12mr)**	1,32	**1,07**	↓	20% reduction
FA (March – December)***	42	**31**	↓	Consistently reduce
TRIFR (12mr)****	1,86	**1,65**	↓	Achieve below 1,00
Near miss (12mr)	471	**351**	↓	Increase near miss reporting by 20%
Leading indicators*****	76,07%	**76%**	↔	

* *Lost time injury frequency rate (number of incidents x 200 000 man hour/ actual hours worked).*
** *Medical treatment.*
*** *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.*

Staff at Glen Douglas celebrating five years injury free

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****
FY2023 Goal				
85% compliance	20% improvement	80% of six focus points implemented	80% conducted	95% compliance testing
Long-term goal				
Consistently comply with 85%	Consistent improvement of 20%	Reduction of LTIFR		

Our FY2023 leading indicator focus will be on electrical, ergonomics, fall risk, traffic management, environmental, air quality, waste management, surface and ground water, and rehabilitation. We selected these leading indicators based on industry trends and Afrimat specific trends analysis of why our injuries occurred or our audit non-conformances. Audit non-conformances include internal, DMRE, Department of Labour, ASPASA SHE audits findings.

Effectiveness against FY2022 goals

Key focus area

Leading indicators*	Near miss reporting**	Identifying critical tasks***	Planned task observations	Procedure and guideline training****
FY2022 goal				
Standardisation of the SHE 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				
76% achieved on the overall leading indicator measuring tool	Proactive near misses reporting maintained	89% planned critical tasks identified	89% 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 it results 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 rule he/she can follow it and protect themselves.*

Health & Safety training

During the year a range of health and safety training was conducted:

- SHE induction for new employees (and annual refresher for all existing employees);
- Statutory training with an automated reminder process on SAGE;
- South African Qualifications Authority ('SAQA') requirements for the statutory training;
- Covid-19 and vaccination informative training;
- Virtual platform;
- Integration of SHE in the Afrilead Leadership management programme as part of the sustainability module; and
- Training evaluation done on SHE representative who trains suppliers in order to improve quality of training received.

Our employees' well-being

An occupational healthcare system for our employees is geared towards total wellness and incorporates annual medical assessments for all employees.

> We shall ensure a healthy and safe working environment to be our primary responsibility. We shall lead our Health & Safety effort by example. We furthermore believe that, in self-interest and for the collective good, every employee should participate in and contribute towards our Health & Safety effort.

Quoted from our Health and Safety policy, to highlight the fact that Afrimat operates in an integrated process and not only inter-departmental. Each employee is encouraged to manage and take control of their own health. Effective health and safety programmes were implemented at each of our sites, thereby entrenching a culture of safety and empowering employees to participate in these protocols to achieve a safe, healthy, and an accident-free environment. Our Medical Service Providers play a vital role in identifying the risk exposures through occupational hygiene measurements and occupational exposure reviews (Man Job Specifications) to identify potential risks. The HR department and Medical Service Providers worked closely together to ensure our employees returned safely to work and managed those instances where return to work was not possible due to incapacity. During lockdown, operations returned to work with dedicated areas and adherence to social distancing requirements within each area. Arrangement of transport at 50% capacity and stringent hygiene measures in the vehicles were implemented for all workers. Communication was done continuously during the lockdown period to all employees via SMSes as well as e-mails for those with access to a computer.

The Covid-19 pandemic was the focal point during the year under review. The health measuring and monitoring continued as soon as the lockdown levels were eased. All our Medical Service Providers ensured that their employees were protected from the virus through their own Covid-19 protocols and implementation.

The following medicals are conducted:

- Annual medical assessments: all employees exposed to occupational health risks at operational sites: mines, workshops, concrete product plants, readymix plants and administration employees who frequently visit the sites;
- Entry medicals: all employees before entering Afrimat's service in order to establish whether the individual is fit to perform the specific work and to establish a medical baseline;
- Exit medicals: all employees leaving Afrimat's service in order to establish an exit reference and baseline comparative;
- Follow-up medicals: identified during annual and/or entry medicals by the health professionals and Covid-19 cases; and
- Annual health checks for senior management.

Processes were developed to measure and monitor health statistics to determine the health status of the Group on a monthly basis. Occupational hygiene measurements are now linked to the health process to identify potential over-exposures and prevent illnesses. A dedicated Safety Committee is committed to researching new leading practices to enhance and maintain a superior safety standard throughout the Group's operations.

Afrimat did not lose momentum on the HIV and TB programmes at the various operations. Voluntary HIV/Aids counselling and testing are offered during annual medical assessments and on an ongoing basis at all of Afrimat's onsite clinics or are referred to off-site testing. Our response to the HIV/Aids epidemic is set out in a formal policy (available at www.afrimat.co.za). The policy strives to prevent discrimination against employees living with HIV/Aids and encourages early detection and treatment.

Awareness around HIV/Aids issues are highlighted through the following channels:

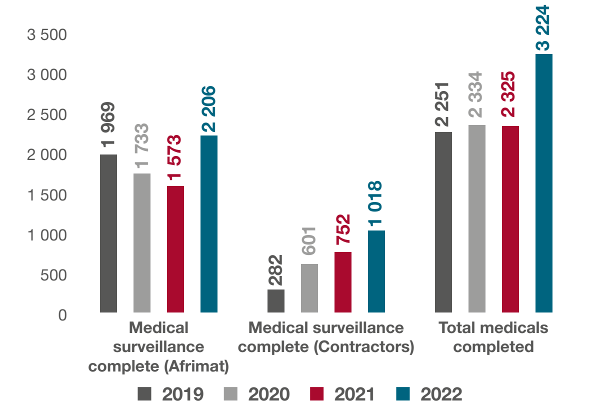
- Posters communicating information on HIV/Aids, STIs and TB symptoms and awareness;
- Employees newsletters;
- Information leaflets distributed prior to World Aids Day; and
- Counselling at annual medical assessments and each clinic visit.

The HR department and the Medical Service Providers worked hand in hand to manage the Covid-19 fatigue to ensure our employees' overall well-being was looked after.

Performance

Afrimat manages health through the applicable legislation in the Mine Health and Safety Act, Occupational Health and Safety Act and Code of Practices. The progress of medical surveillance is measured and monitored monthly to ensure the health of our employees and contractors. During FY2022 focus was placed on overall well-being of employees, the return to work during the Covid-19 pandemic and determining the negative impact of the pandemic. The proactive health monitoring of employees increased due to the pandemic and proactive actions taken to prevent the spread of the virus at work as well as at employees' homes through education and additional screening measures. The chronic illness numbers dropped compared to the previous financial year due to increased health monitoring and employees managing their life style diseases during the pandemic.

Medical surveillance



Public Health & Safety

We maintained responsibility for public safety during the past financial year and reinforced robust controls over access to our mines and the surrounding properties. Afrimat conducted a community risk matrix to ensure all community activities are managed on a risk-based approach.

Community forums were added to existing programmes, where further awareness of safety conditions and hazardous environments were discussed including processes (i.e. breathalyser tests, blasting practices, perimeter dust monitoring and the allocation of dedicated areas on entering premises).

Human capital management

Our employees are key to our success. We follow a modern approach to talent management by developing people holistically in order to establish an engaged workforce with competent people and sound leadership. We are sensitive to the personal strengths of our leadership and expose them to leadership development interventions. We track the engagement level of our staff in order to ensure that we optimise their contribution.

JOB CREATION

Afrimat contributes to job creation by employing 2 511 (2021: 2 625) employees across South Africa.

REMUNERATION

Salaries are fair, competitive and transparent. Salary increases are aligned with market conditions. A total of R830,1 million (2021: R699,2 million) was spent on remunerating our employees.

CORPORATE SOCIAL RESPONSIBILITY

Investment of R7,9 million (2021: R2,7 million) on CSI expenditure. Where possible, labour is sourced from local communities. Extensive Social & Labour Plans ('SLPs') are established wherever the Group has a mining operation.

GENDER EQUALITY

Afrimat is committed to achieve its objectives in placement of women in mining, gender representation and equality across the Group.

BEE AND EMPLOYMENT EQUITY

Afrimat is committed to develop and place South Africans from the human development index to establish a demographical balance of competent employees in employment.

EMPLOYEE RELATIONSHIPS

Afrimat has an engaging culture with a strong set of values to which employees hold each other accountable. Afrimat maintains sound relationships with representative trade unions as stakeholders in the different business units.

Our consistently low staff turnover, which for FY2022 was 11,2% and mostly in low skills categories, is resulting in a deepening skills pool in those employees that remain with the Group for longer. Special actions were taken to address the retention of highly skilled individuals. People development is dynamic and receives focused attention throughout our employees' terms of employment.

We also recognise the need for employment opportunities in the wider social context. Accordingly, we look to surrounding communities to supplement our labour force and, in this way, we create jobs. We practice a limited automation policy (particularly at our brick and block plants) aimed at preserving as many jobs as possible without sacrificing competitiveness and sustainability.

Our culture is an intangible asset that gives us a competitive advantage. Therefore, we embarked on a culture journey ensuring a unified culture, based on sound values and work ethic.

While industrial action is always a high risk in labour intensive businesses, we experienced no labour action related to 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 (see our stakeholders on page 8). The Skills Development and Employment Equity Consultative Committees of each subsidiary communicate 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:

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

Skills development and training

We prioritise training and upskilling of our employees, to ensure continuous leadership in key positions. We have created a culture of learning, inspiring employees to mentor, coach and learn continuously. To enable learning, we offer adult education and training ('AET'), study assistance, bursaries, learnerships, internships, as well as training programmes addressing operational skills, health and safety, supervisory and leadership development. Employees are encouraged to take every opportunity afforded to them by the Group to upskill themselves. In addition to relevant commercial training material obtained, we developed our own comprehensive supervisory and management development programmes as well as a leadership development programme, aiding us in the development of junior and middle management. In addition, we facilitate exposure to world-class leadership programmes to senior management and executives.

Skills development is divided into four main categories:

- **Learnerships and internships:** Financial support followed by a fixed term internship for students in professions such as engineers, technicians, accountants, HR officers, and trades such as boilermakers, diesel mechanics, fitters, electricians;
- **Core business skills:** Plant equipment, maintenance programmes, blasting practices (e.g. blasting practices, examine and make safe, blasting assistance), material testing, computer literacy, adult educational training, and sales training;
- **Statutory training:** Health and safety ('SHE'), firefighting, first aid, drivers' licences, operator licences, and mine regulations; and
- **Strategic training**: Leadership and management development programmes, supervisory development programmes, bursaries and study assistance to employees at tertiary institutions, i.e. diplomas, degrees and post-degree qualifications.

FY2022 review

R30,1 million (2021: R25,8 million) committed to skills development, bursaries, training, learnerships and internships for the year.

86,6% of this expenditure was in respect of historically disadvantaged employees.

Afrimat sponsored more than 2 474 training days.

Our skills development programme is a cornerstone of our talent attraction and retention strategy. We believe that a trained, informed, skilled and engaged workforce will be best equipped to make a positive impact on our business, leading to their job satisfaction and therefore optimum productivity and profitability. Satisfied and challenged employees are better retained, therefore deepens the talent pool. In the wider perspective, good skills development boosts the skills pool in our sector generally by equipping employees with new technical, administrative and management skills.

Human Resource Development Initiatives

Initiative	Detail	Target participants
Talent Management Programme	The programme is aimed at managing the retention of the Group's top skills through their structured development, exposure, recognition, reward, and motivation. We ensure that these employees receive high level development and exposure to remain abreast of new technology and that they are equipped with appropriate leadership skills and exposure for future specialist and leadership roles.	The Group's top employees are identified by the executive directors and business heads through an evaluation process.
Afrimat Supervisory Development Programme	An in-house, custom-designed programme, as part of our strategy to create professional supervision and a sustainable leadership team for the future. The programme focuses on the people skills needed in the world of supervision, arming supervisors with a broad understanding and professional skills, and enabling them to manage people effectively.	Junior management and supervisors.
Afrimat Management Development Programme	A three-year, eight-module, in-house programme, custom-designed as part of our strategy to create a sustainable leadership team for the future. The programme focuses on technical and leadership development in our industry.	Middle management, such as department heads, production managers and supervisors.
Afrimat Graduate Development Programme	A programme where Afrimat hosts externally qualified graduates in order to gain exposure to the world of work for a period of between six months and two years. This enables them to put the theory that they have learned into practice in a controlled environment. The graduates follow a structured programme that exposes them to different disciplines and business units of the Group (focusing on their respective fields of expertise). During the year, 52 graduates participated in the Afrimat Graduate Development Programme. Where suitable vacancies become available in the Group, these interns are considered for placement.	Engineering graduates and technicians (in mining, and mechanical engineering), as well as graduates in geology, environmental management, finance, and behavioural sciences.
Afrimat Learnerships Programme	This programme focuses on the recruitment of learners to be trained and developed as qualified artisans. These learnerships (previously known as 'apprenticeships') take two to three years to completion. During the year 48 artisan learnerships were in place. Once they completed their practical exposure, these learners become good candidates for placement.	Employees and external persons with the required aptitude in the various technical fields.
Afrimat Study Assistance	Afrimat assists selected employees with industry-related study assistance. During the year, 54 employees were assisted of which 37 were from the designated groups.	Employees whose contribution will increase by improving their qualifications.
Afrimat Leadership Development Programme ('AFRILEAD')	Afrimat developed and implemented this three-module programme, targeting middle management, and focusing on self-leadership, leadership of people and leadership in the business community. During the year, 45 employees completed the programme.	Middle management level employees and junior professionals nominated by their business unit leaders as potential leaders of the future.

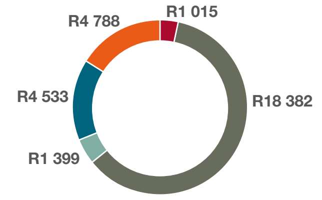
Human Resource Development Initiatives (continued)

Initiative	Detail	Target participants
Adult Education Training	Numeracy and communications skills improvement programmes for selected employees. During the year, 165 employees and 19 community members participated in the programme.	Assessed and selected employees with education levels lower than Grade 9.
Statutory Training	Compulsory and legislative training as prescribed by the industry and includes training such as firefighting, first aid, health and safety and operator licences. During the year, 1 082 legislative training interventions took place.	Employees in roles where statutory training is prescribed for the execution of their roles.
Core Business Skills	Training interventions required all employees to function effectively in their current positions. The Group had 4 679 training interventions related to core skills.	All employees.
Organisation Development ('OD') (Including Individual Development: Strengths finder)	This tool is an assessment, followed up by personal and team coaching, used for self and team alignment. This tool is based on positive psychology. It assists individuals and their teams to understand individual strengths, thereby enabling teams to balance talents of execution, influencing, relationship building and strategic thinking. The tool has been internalised in terms of the Afrimat culture and branding.	All employees from C-Upper and above.
The Afrimat Way	Afrimat has launched a Culture Journey since 2018. This Journey has gone from strength to strength in aligning the culture through the Group. Our culture refers to the way we do things in Afrimat, what we value and how these values determine our behaviours, also known as 'The Afrimat Way'.	All employees.
Culture Assessment Feedback and Planning	A critical element as part of the culture journey was assessing our current culture to identify development areas. Leaders facilitate feedback sessions on the outcomes in terms of the limiting and enabling beliefs in their business units.	All management teams across the Group.
Leadership Development Programmes	During the culture journey, different needs are identified and interventions are actioned to address specific leadership needs, and to develop leaders' leadership style. We also develop a growth mind-set vs fixed mind-set, address the emotional readiness of leaders, and promote leadership to assimilate the concepts of The Leadership Challenge (Kouzes & Posner), where leaders are taught to model the way, inspire a shared vision, challenge processes, enable others to act, encourage the hearts of their people. Other than the business unit specific interventions Afrimat is also focused on strategically enhancing and/or aligning practices in the following development areas across the Group: ▪ Mentorship Programmes ▪ Recognition Programmes ▪ Communication ▪ Diversity & Inclusion Programmes	All management teams across the Group.

Training and development initiatives

2022 R30,1 million

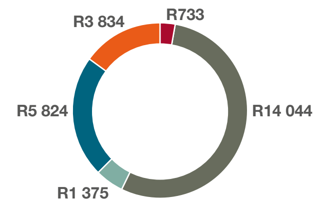
(R'000)



- **Bursary/study loans** 3,4%
- **Training costs** 61,04%
- **Skills development department cost** 4,6%
- **Learnerships** 15,1%
- **Internship remuneration** 15,9%

2021 R25,8 million

(R'000)



- **Bursary/study loans** 2,8%
- **Training costs** 54,4%
- **Skills development department cost** 5,3%
- **Learnerships** 22,6%
- **Internship remuneration** 14,9%

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 6,8%
- Mega Oils Proprietary Limited 2,8%
- ARC 11,7%
- Other smaller B-BBEE shareholders 0,7%
- Previously recognised interest 10,7%*

* *Shares previously held by ARC were sold during the year. 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.*

Black ownership in the Group totals 32,6% 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	**FY2022 B-BBEE rating level**	FY2021 B-BBEE rating level
Afrimat Limited (Consolidated)	**3**	3
Afrimat Readymix (Cape) Proprietary Limited	**4**	5
Afrimat Aggregates (KZN) Proprietary Limited	**3**	3
Afrimat Aggregates (Operations) Proprietary Limited	**2**	4
Afrimat Aggregates (Eastern Cape) Proprietary Limited	**3**	4
Afrimat Contracting International Proprietary Limited	**2**	3
Afrimat Concrete Products Proprietary Limited	**5**	7
Glen Douglas Dolomite Proprietary Limited	**4**	2
Clinker Supplies Proprietary Limited	**8**	8
Afrimat Logistics Proprietary Limited	**3**	3
Afrimat Mining Services Proprietary Limited	**8**	NA
Afrimat Silica Proprietary Limited	**5**	4
SA Block Proprietary Limited	**8**	8
Boublok Proprietary Limited	**4**	4
Cape Lime Proprietary Limited	**6**	6
Afrimat Iron Ore Proprietary Limited*	**2**	8
Afrimat Lyttelton Proprietary Limited**	**4**	2
Afrimat Marble Hall Proprietary Limited***	**4**	3

* *Previously known as Afrimat Demaneng Proprietary Limited.*
** *Previously known as Infrasors Holdings Proprietary Limited.*
*** *Previously known as Lyttelton Dolomite Proprietary Limited.*

Management control

Our Board includes four black directors, two of whom are female. All subsidiaries have at least 50,0% black directors on their respective boards of directors. We make effort to ensure participation of historically disadvantaged individuals at decision-making positions and core occupational categories through the 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 84,2% (2021: 84,7%) of the Group's 2 511 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 68)

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 2021.

Summary of reports:

	Male				Female				Foreign nationals		
2022	A	C	I	W	A	C	I	W	Male	Female	Total
Afrimat Limited	2	1	–	6	–	2	–	5	–	–	16
Afrimat Management Services Proprietary Limited	1	3	–	28	–	1	–	15	–	–	48
Afrimat Shared Services Proprietary Limited	5	2	–	24	4	2	–	6	–	–	43
Afrimat Aggregates (Operations) Proprietary Limited	118	126	–	34	13	32	–	13	–	–	336
Afrimat Aggregates (Eastern Cape) Proprietary Limited	28	17	–	9	5	2	–	4	–	–	65
Afrimat Readymix (Cape) Proprietary Limited	22	20	1	9	6	3	–	4	–	–	65
Afrimat Silica Proprietary Limited	17	–	–	1	2	–	–	–	–	–	20
Afrimat Contracting International Proprietary Limited	192	10	1	45	22	3	–	10	–	–	283
Afrimat Aggregates (KZN) Proprietary Limited	121	4	1	22	27	3	4	13	–	–	195
Afrimat Concrete Products Proprietary Limited	144	–	2	8	21	1	2	5	–	–	183
Cape Lime Proprietary Limited	23	75	–	18	4	17	–	7	–	–	144
Boublok Proprietary Limited	18	14	–	–	4	1	–	2	1	–	40
Clinker Supplies Proprietary Limited	37	–	–	6	3	–	1	–	–	–	47
Afrimat Iron Ore Proprietary Limited*	83	26	–	15	21	8	–	5	1	–	159
Glen Douglas Dolomite Proprietary Limited	72	2	–	15	14	–	1	8	–	–	112
Afrimat Marble Hall Proprietary Limited**	118	2	1	12	29	–	–	5	–	–	167
Afrimat Logistics Proprietary Limited	9	3	–	2	–	–	–	2	–	–	16
SA Block Proprietary Limited	87	–	–	14	120	1	–	6	1	–	229
Nkomati Anthracite Proprietary Limited	227	–	–	13	53	–	–	5	1	–	299
Total	1 324	305	6	281	348	76	8	115	4	0	2 467
	69,1%	15,9%	0,3%	14,7%	63,6%	13,9%	1,5%	21,0%	100,0%	0,0%	

* *Previously known as Afrimat Demaneng Proprietary Limited.*
** *Previously known as Lyttelton Dolomite Proprietary Limited.*

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 30 September 2021.

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 team work.

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 FY2022 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 a meaningful 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.

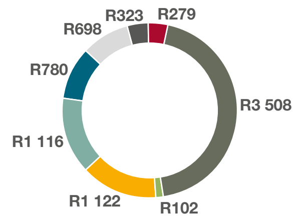
Communities and upliftment

We believe in being part of the socio-economic solution(s) and creating value in the communities we operate in. Our CSI focus is on the empowerment of the communities surrounding our mining operations and production plants. With 45 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. The projects and programmes are identified in consultation with communities, local and district municipalities, tribal authorities and all other relevant stakeholders. This is done to ensure projects are aligned to the needs of the communities. The Group targets a portion of its profit to contribute to these initiatives. We do not take a blanket approach in identifying projects across the country. All the projects and programmes are aimed at addressing the specific needs in the different communities. CSI expenditures during the year amounted to R7,9 million (2021: R2,7 million). Refer to value added statement on pages 6 and 7.

CSI spend: Categorisation

2022 R7,9 million

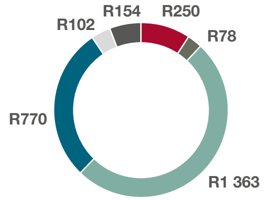
(R'000)



- **Art, sports and culture** 3,5%
- **Basic needs** 44,2%
- **Environmental Management** 1,3%
- **Infrastructure** 14,2%
- **Education projects** 14,1%
- **Uplifting community** 9,8%
- **Skills development** 8,8%
- **Small business development** 4,1%

2021 R2,7 million

(R'000)



- **Art, sports and culture** 9,2%
- **Basic needs** 2,9%
- **Education projects** 50,1%
- **Uplifting community** 28,3%
- **Skills development** 3,8%
- **Small business development** 5,7%



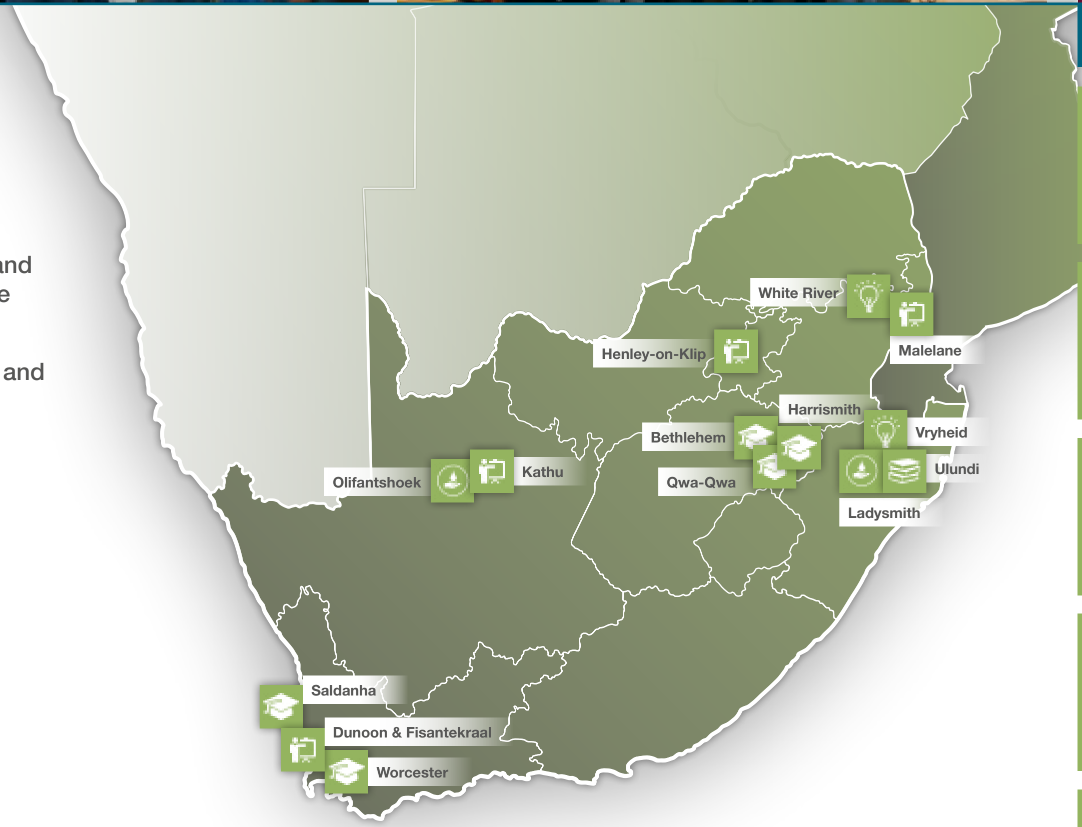
Education

Industry, Innovation, and Infrastructure

Clean Water and Sanitation

Library

Training



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

Curbing youth unemployment through learnerships, internships and bursaries

EDUCATION PROGRAMME

Worcester

Grade 10, 11 and 12 maths students and teachers at Vusisiswe High School.

This project has been running for over 10 years. The programme was introduced to assist learners with mathematics. The Company subsidises a maths teacher's salary and hosts annual maths awards for top students at Vusisiswe High School. Since its inception, over 300 students have benefited from the programme. Sixteen (16) of the top students went on to study further: BCom Accounting, BCom Finance, Statistics, Medicine, Computer Science, Environmental Science, LLB.

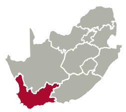
EDUCATION PROGRAMME

Saldanha

Grade 3 learners at Eden Primary School and Panorama Primary School.

Extra/remedial classes for Grade 3 learners.

UNEMPLOYED YOUTH TRAINING PROGRAMME



Dunoon and Fisantekraal

Unemployed youth in Dunoon and Fisantekraal.

The programme has been running over five years and aims to provide the youth with skills relevant to the labour market and empower them to be employable. The programme is run by Learn to Earn, a division of Fisantekraal Centre of Development.

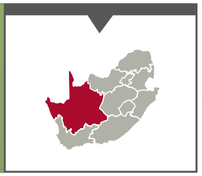
MINI-CHESS EDUCATION PROGRAMME

QwaQwa, Harrismith and Bethlehem

Mabade Primary School, Katleho Primary School and Loch Lamond Primary School learners.

Similar to the mathematics teacher programme, the mini-chess programme has been running for several years in partnership with the Department of Education to teach mathematics through chess. This programme targets grade 1, 2 and 3 learners.

WATER INFRASTRUCTURE: CONSTRUCTION OF A BULK LINK-LINE FROM THREE BOREHOLES TO A 7ML RESERVOIR IN OLIFANTSHOEK

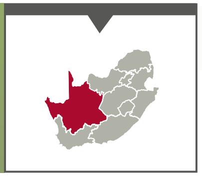


Olifantshoek (Kathu)

Olifantshoek community.

Olifantshoek, situated in the dry Gamagara Local Municipality in the Northern Cape, has limited water resources, with the community greatly dependent on ground water. Employees of Demaneng Mine, who reside in Olifantshoek, brought this matter to the attention of management. Demaneng Mine's management team opted to engage with the local municipality and the DMRE to find sustainable solutions to this issue. Demaneng Mine collaborated with Assmang's Khumani Mine for the construction of a bulk link-line from three boreholes to a 7ML reservoir in Olifantshoek.

UNEMPLOYED YOUTH TRAINING PROGRAMME: CODE 14 DRIVER'S LICENCE TRAINING

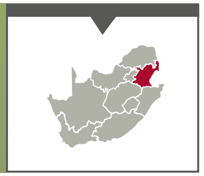


Kathu

Deben, Olifantshoek, Mapoteng and Siyathemba.

The programme provides code 14 driver's licence training to unemployed youth.

UNEMPLOYED YOUTH TRAINING PROGRAMME: ARTICULATED DUMP TRUCK ('ADT') TRAINING

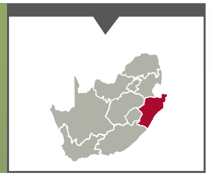


Malelane (Madadeni, Skhwahlane and Mangweni)

59 unemployed youth in Madadeni, Skhwahlane and Mangweni.

Nkomati Anthracite introduced the programme to create a pool of operators the mine can source from. The programme not only gives unemployed local youth a skill but creates an opportunity for the youth to be employed thereafter.

CONSTRUCTION OF A SCHOOL LIBRARY



Ulundi

Maqiyana Primary School.

The project was done in partnership with the Department of Education. The Group constructed the new school library, and the department provided the books.

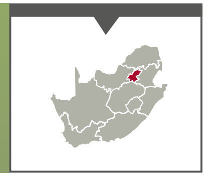
INFRASTRUCTURE: ELECTRIFICATION OF VILLAGE HOMES

Vryheid

8 homesteads in Kwa-Ward (farm).

The project was identified and requested by the community through the Integrated Development Programme ('IDP') consultation process. As part of its local economic development initiative, the quarry opted to step in and assist with the project. The project was handed over to the local municipality after completion.

UNEMPLOYED YOUTH TRAINING PROGRAMME: ARTICULATED DUMP TRUCK (ADT) TRAINING

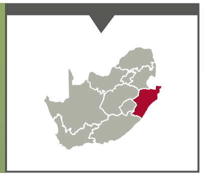


Henley-on-Klip/ Daleside

Unemployed youth in Henley-on-Klip and Daleside.

The programme has been running for several years and was introduced to train unemployed youth from the local community on trackless mobile machinery. The programme not only equips the unemployment youth with a skill but creates a pool which the mine can source from.

WATER INFRASTRUCTURE: TWO BOREHOLES

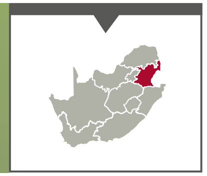


Ladysmith

Crimin community.

Drilling and equipping of two boreholes for use by the community.

INSTALLATION OF TWO HIGH MAST LIGHTS



White River

Matafeni and Msholozi community.

The high mast lights were requested by the community to improve visibility at night.

MINERAL RESOURCES REGISTER

The Group supplies a broad range of products ranging from Construction Materials (aggregates, contract crushing, drilling and blasting, concrete products and readymix), Industrial Minerals (limestone, dolomite and silica) and Bulk Commodities (iron ore and anthracite). For further information, refer to the business overview on page 4.

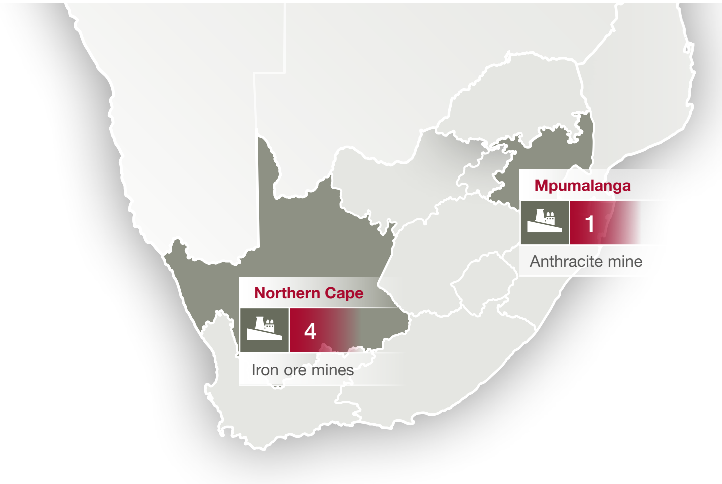
This Mineral Resources register specifically relates to the Bulk Commodities division of the Group, which consists of a diverse collection of ferrous metals and anthracite. Afrimat established this division in 2016, with the acquisition of an iron ore mine in the Northern Cape. The division was subsequently 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.

Property description:

Mineral	Iron Ore	Anthracite
Area	Northern Cape	Mpumalanga
Established mines	Demaneng and Jenkins iron ore mines	Nkomati anthracite mine
Projects	Driehoekspan and Doornpan iron ore projects	

This section of the integrated report provides a summary of the status of our mineral assets as at 28 February 2022.

This information is extracted from the report titled 'The Bulk Commodities Resource Register 2022' and the full report is available to view on our website www.afrimat.co.za.

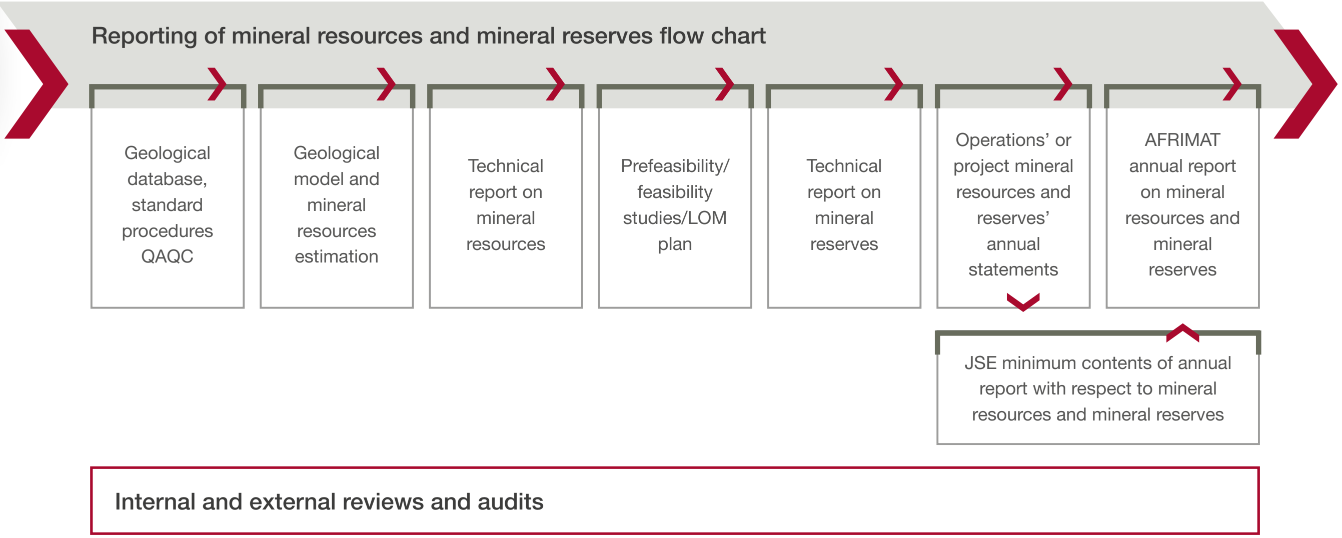


Compliance and reporting basis

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 of 2016'), the South African Code for reporting of Mineral Asset Valuation ('SAMVAL Code, 2016') 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 2020 Afrimat Mineral Resources and Mineral Reserves Report is based on the SAMREC Code of 2016.

The reporting of Mineral Resources and Mineral Reserves is done annually according to the following flow chart:



The convention adopted in this report is that the Measured and Indicated Mineral Resources estimates are reported inclusive of that portion converted to Mineral Reserves. Inferred Mineral Resources have not been included in feasibility studies or life-of-mine plans.

Salient points regarding Mineral Resources and Mineral Reserves

Underground Mineral Resources are in situ tonnages at the postulated mining width, after deductions for geological losses that have reasonable prospects for eventual economic extraction ('RPEEE')	Open Pit Mineral Resources are quoted as in situ tonnages that have RPEEE	Classification into Measured, Indicated and Inferred Mineral Resources is done by consideration of geostatistical parameters, spacing of boreholes, geological structures and continuity of the mineralisation	Rounding of figures may result in minor computational discrepancies on the Mineral Resources and Mineral Reserves tabulations

Competent Persons Report

This report was compiled from information obtained from various Competent Persons reports.

- Anthracite Resources: Information for the anthracite properties was obtained from a report titled 'Nkomati Anthracite Mine Coal Resources and Coal Reserves ('CCR') as at 30 June 2020'. This CRR statement was compiled under the supervision of Mrs Catherine Telfer, as Lead Competent Person ('CP'). Mrs Telfer is a qualified Geologist, a long-term member in good standing with the AusIMM, a Fellow of the Geological Society of South Africa ('GSSA') and registered with the South African Council for Natural Scientific Professionals ('SACNASP') as a Professional Natural Scientist (Reg. No. 400049/02).

- Iron Ore Resources: Geological modelling, QAQC and open pit design work was undertaken by Al Pretorius of Sphynx Consulting CC. Geostatistical analyses and Resource estimation was done by P van der Merwe, an independent geostatistical consultant.

  Paul van der Merwe, BSc Hons (Geology) graduated from the Free State University ('UOVS') in 1975. He is a registered Professional Natural Scientist with the SACNASP (Reg. No. 400498/83). He had worked as a Geologist/Geo-statistician for a total of 48 years since his graduation. His professional experience includes geological and resource modelling of mineral properties in South Africa (Uranium, Gold, Phosphate, Manganese, Iron Ore, Chrome, Andalusite, Platinum, Nickel), Namibia (Gold, Copper), Tanzania (Gold), Botswana (Copper), Zambia (Copper, Cobalt), and the Democratic Republic of Congo (Copper). After 40 years in the mining industry, he is now a private geostatistical consultant, domicilium: 361 Long Avenue, Ferndale, Randburg, South Africa.

Abraham Izak (Awie) Pretorius, MSc (Geology) graduated from the Rand Afrikaans University ('RAU') in 1983. He is the owner of Sphynx Consulting CC, P.O. Box 19904, Noordbrug, South Africa, 2522. Awie Pretorius is a registered Professional Natural Scientist with the SACNASP (Reg. No. 400060/91). Furthermore, he had worked as a Geologist/Geoscientist for a total of 39 years since his graduation. His professional experience includes geological and resource modelling of mineral properties in South Africa (Manganese, Iron Ore and Chrome), Namibia (Gold), Tanzania (Gold), Zimbabwe (Gold), Botswana (Copper), Zambia (Copper), and the Democratic Republic of Congo (Copper).

Information for the Demaneng Iron Ore Resources was provided by JJ Pretorius. Johannes Jacobus Pretorius (Johan), MSc (Geology), graduated from Free State University in 1986. He has been appointed as Head Geology and Grade Control at the Demaneng mine since April 2017 to present and Head Geology and Grade Control at Jenkins mine since October 2021 to the present. Johan Pretorius is a registered Professional Natural Scientist with the SACNASP (Reg. No. 400100/00).

Legal, Environmental and Social considerations

The Group is the holder of five mining rights granted by the DMRE, there are no known impediments to these rights. There are no legal proceedings or other material conditions that may impact the Group's ability to continue mining or exploration activities. For further details on mining right compliance, refer to page 45.

Summary of the mining rights held:

Mineral tenure

Demaneng iron ore	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 iron ore	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 iron ore	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 iron ore	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 is valid until 3 December 2023.
Nkomati anthracite	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.

The Group strives to mine its natural capital responsibly, efficiently and cost effectively, with the aim of creating value for all its stakeholders. In accordance with the requirements of the MPRDA, the various mines are subject to regular audits on their performance with regards to their EMP, SLP and WUL. For further detailed information on the Group's environmental responsibility, refer to page 46.

Financial provision for the environmental rehabilitation, mine closure and its associated mining operations, forms an integral part of the MPRDA under sections 41(1), 41(3) and 45. A mine is required to annually assess the total quantum of its environment liability and ensure that its financial provision is sufficient to cover the current liability (in the event of premature closure) as well as the end-of-mine closure liability. The Group's mines are fully funded for their environmental liability, refer to note 17 of the annual financial statements for the Group's guarantees.

MINERAL RESOURCES REGISTER (CONTINUED)

Risk factors

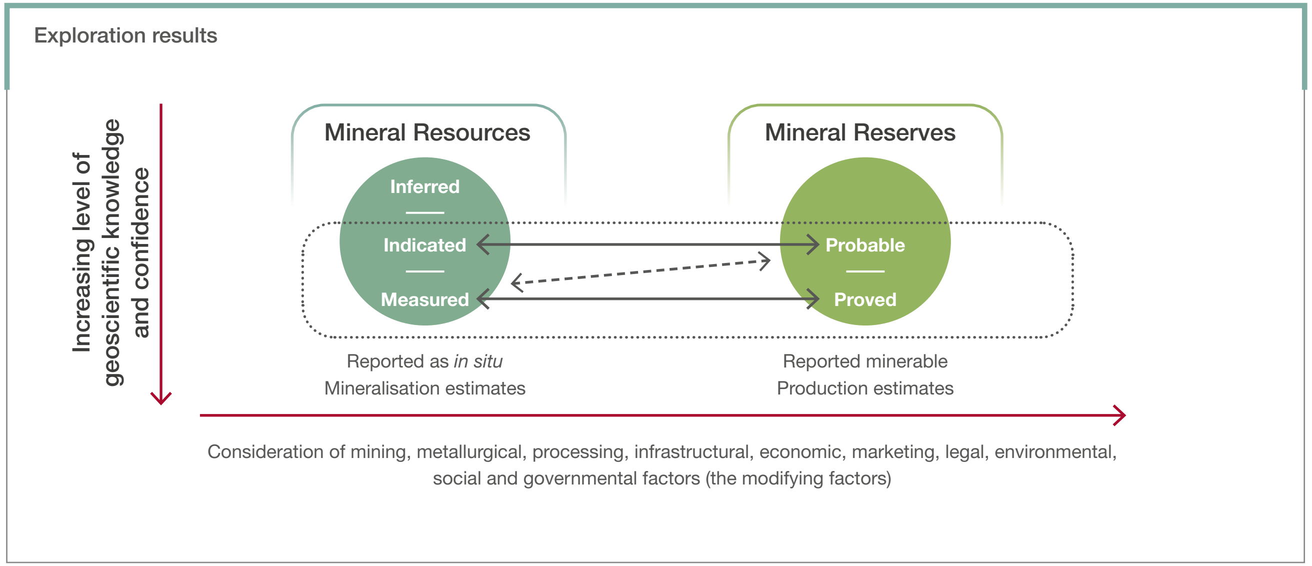
The businesses of mineral exploration, mining development and production by nature contain significant operational risks. The businesses depend on, amongst other things, successful prospecting programmes and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues.

Summary of risks to which the mining operations are exposed to:

- Commodity supply and demand fundamentals have a significant impact on future prices. Management closely monitors market conditions and identify current trends that may pose threats or opportunities within the mining operations;
- With reference to the anthracite coal resource, the intrusive dolerites have caused the formation of the anthracite. However, the large number of dykes, sills and faults within the coalfield create local loss of coal and difficult roof conditions for mining. 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;
- Surrounding community settlements may cause a disruption to the operations due to the general poverty of the settlements. We believe in creating value in the communities. Projects and programmes are identified in consultation with communities, local and district municipalities, tribal authorities, NGOs and relevant government departments. For further information on the upliftment of communities, refer to page 57;
- Regulatory licensing issues which may result in Section 54 closures. Afrimat is committed to providing a safe and healthy environment and proactively assesses and manages the risk to prevent health and safety incidents. Refer to page 51 for further details on safe and reliable operations.

The classification of Mineral/Coal Resources into Inferred, Indicated and Measured categories is a function of increasing geological confidence in the estimate based on the density of points of observation, the physical continuity of the coal seams, the distribution and the reliability of the coal sampling data, the coal quality continuity, the reliability of the geological model, and the evaluation method. Factors that contribute to the uncertainty in Coal Resource estimation include the key constraints used to construct the geological model, seam thickness variations and coal quality distribution within the geological model.

Relationship between Exploration Results, Mineral Resources and Mineral Reserves:



Mineral resource estimates

Iron ore mineral resources:

The following tables give an estimate of the in situ Mineral Resources.

Demaneng iron ore mine

PIT	MTonnes	Fe %	K_2O %	SiO_2 %	Al_2O_3 %	P_2O_5 %	Mn %
Demaneng West	0,026	60,27	0,040	7,54	2,340	0,030	0,010
Rust & Vrede	1,418	57,12	0,480	5,21	1,775	0,019	1,422
PIT F	0,147	55,82	0,164	13,6	1,149	0,045	0,069
PIT G	0,018	54,99	0,269	13,31	1,384	0,010	0,007
PIT H	0,970	61,78	0,159	8,16	1,408	0,054	0,010
Rust & Vrede South	0,456	55,66	0,383	3,85	2,239	0,012	1,921
Bobejaangat	0,037	52,19	0,315	4,01	0,948	0,011	6,852
JC Orebody	0,563	55,45	0,404	8,81	1,420	0,018	0,598
Total	3,638	57,83	0,352	6,77	1,649	0,028	0,963

Jenkins iron ore mine

Category	Mt	Fe %	K_2O %	SiO_2 %	Al_2O_3 %	P_2O_5 %	S %	Mn %
Measured	21,5	62,66	0,38	3,5	2,2	0,08	0,02	1,8
Indicated	2,3	60,73	0,48	4,5	3,3	0,12	0,02	1,9
Total	23,8	62,47	0,39	3,6	2,31	0,08	0,02	1,81
Inferred	2,5	62,3	0,39	3,6	2,2	0,07	0,02	2,1

Driehoekspan iron ore project

Category	Mt	Fe %	K_2O %	SiO_2 %	Al_2O_3 %	P_2O_5 %	S %	Mn %
Measured	15,1	60,1	0,31	4,9	3,6	0,07	0,01	1,73
Indicated	4,9	59,8	0,28	4,6	3,9	0,09	0,02	1,74
Total	20,0	60,03	0,3	4,8	3,7	0,07	0,01	1,73
Inferred	1,96	58,2	0,35	4,5	3,9	0,08	0,02	2,37

Doornpan iron ore project

Category	Mt	Fe %	K_2O %	SiO_2 %	Al_2O_3 %	P_2O_5 %	S %	Mn %
Measured	1,3	60,92	0,24	7,73	1,9	0,05	0,01	0,02
Indicated	0,27	61,12	0,19	7,45	2,2	0,05	0,013	0,02
Total	1,6	60,95	0,23	7,68	1,95	0,05	0,01	0,02
Inferred	0,11	59,8	0,12	8,2	3,5	0,05	0,014	0,02

Anthracite mineral resources

The Coal Resource is reported on an air dried and *in situ* moisture basis. The Coal Resources are reported inclusive of Coal Reserves.

Deposit and seam	MTIS Mt	Yield %	CV MJ/kg	Ash %	Vol %	Fixed Carbon %	Sulph %	Phos %
Mangweni Measured 2L	7,1	70,1	26,3	17,9	6,6	72,0	0,38	0,04
Mangweni Indicated 2L	0,37	51,7	26,9	18,0	7,2	71,7	0,96	0,05
Mangweni Inferred 2L	16,06	76,2	26,4	18,0	6,1	72,1	0,33	0,33
Total Mangweni Measured+indicated	7,5	69,2	26,3	17,9	6,6	71,9	0,41	0,04
Madadeni Measured 1, 2L, 2U	18,9	68,5	26,7	17,8	6,6	72,6	0,33	0,019
Madadeni Indicated 1, 2L, 2U	3,96	79,8	26,4	18,0	5,6	73,4	0,2	0,02
Madadeni Inferred 1, 2L, 2U	4,78	48,3	26,1	18,0	5,8	73,4	0,36	0,02
Total Madadeni Measured+indicated	22,9	70,5	26,7	17,8	6,4	72,7	0,31	0,02
Total Afrimat Measured+indicated	30,4	70,2	26,6	17,8	6,5	72,5	0,33	0,02
Total Afrimat Inferred	20,8	69,8	26,3	18,0	6,1	72,1	0,34	0,26

REMUNERATION REPORT

Letter from the Chairmen of the Remuneration & Nomination Committee

Dear shareholders

On behalf of the Committees, we present the FY2022 remuneration report. This report highlights Afrimat's remuneration philosophy and policy and illustrates how the policy has been implemented, disclosing payments made to non-executive and executive directors during the year.

In line with King IV Code on Corporate Governance for South Africa, and our commitment to fair and responsible remuneration, our policies are reviewed annually to ensure that Group remuneration and recruitment is aligned with the overall business strategy, with the aim of enabling Afrimat to attract and retain personnel who will create long-term value for all stakeholders.

The Company is committed to shareholder engagement on its remuneration policy and its consistent implementation in order to maintain a strong relationship with our shareholders. 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.

Both the Company's remuneration policy and its implementation report thereon will again be presented to shareholders for separate non-binding advisory votes at Afrimat's 2022 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 with due regard to meeting the Company's stated business objectives while being fair and responsible toward both the employees and shareholders.

Focus areas for FY2023

- **Employee development remains a critical item and we will continue to enhance our communication and focus on fair pay principles across the Group**
- **Sound shareholder engagement to ensure a balanced and healthy relationship**
- **Attract and retain personnel who will create long-term value**
- **Continued focus on a healthy culture**

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. It 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 manner in which the Committee is structured and its responsibility demonstrates 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.

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 are deemed to be prescribed officers of the Company. Their remuneration is disclosed in the integrated annual report on page 73.

Voting at the AGM held on 4 August 2021

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 4 August 2021, the remuneration policy and the implementation report were passed by the requisite majorities. As such, no further engagement with shareholders was required. The 2021 and 2020 AGM voting results are set out below.

Advisory vote	2021	2020
Remuneration policy	88,7%	88,9%
Implementation report	90,6%	95,9%
Special resolution		
Future non-executive directors' remuneration	99,9%	99,9%
Non-executive director's award of ex gratia bonus	N/A	87,2%

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

Independent external advisors

The Committee contracted the services of Deloitte Touché Tohmatsu Limited during FY2022 for independent external advice. The Committee continues to use PE Corporate Services SA Proprietary Limited ('PE Corporate Services') 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 a 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 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 70 and 71 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

Afrimat BEE Trust holds (indirectly through AEI) on an unencumbered basis, 6,7 million shares representing 4,6% of the issued share capital of the Company (6,8% with the exclusion of all mandated investments). The Company established a revised scheme in FY2017 to facilitate the participation of qualifying employees who may otherwise not have been able to become beneficiaries under the previous scheme. 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.

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 R5,0 million (2021: R4,1 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. 92,3%.

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 45,2% (2021: 64,7%) of the total workforce.

Remuneration mix

Refer page 69 for remuneration framework of executives.

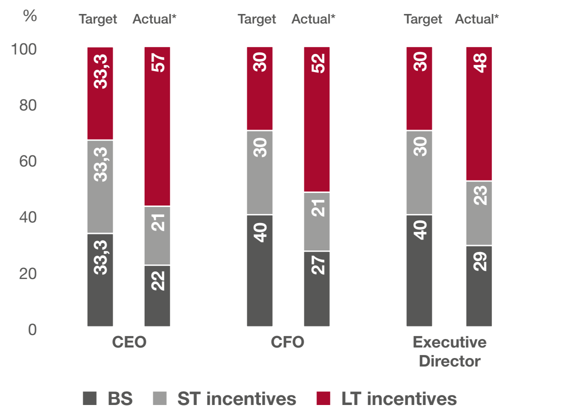
The Company ensures that remuneration for the salaries of executives constitutes a mix of fixed and variable elements (both elements as well as short-term and long-term variable compensation). In terms of the Group's remuneration policy, philosophy and strategy for executives (as opposed to general employees), 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 PE Corporate Services' 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 PE Corporate Services' 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 135 of the annual financial statements for further information. Share appreciation rights are not issued to non-executive directors 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:

On-target policy pay mix vs actual policy pay mix



* *Actual pay mix excludes the value of shares allocated under FSP to the executive directors and will only be included on 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 the 25th percentile 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 138 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. Every qualifying position will be capped in terms of the maximum total SARs. 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 10 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 71.

All awards in terms of the SAR scheme were subject to financial performance conditions and it is the Company's intention to continue with the award policy of making SAR awards subject to financial performance conditions rather than 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.

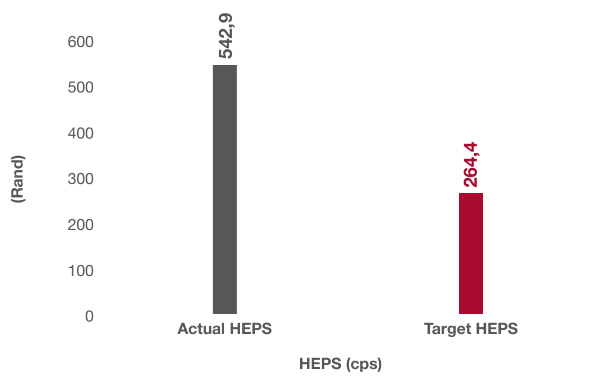
The achievement of the performance conditions for the SAR vesting during the year is as follows:

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 14 SAR allocation:
The performance conditions for the Grant 14 SAR allocation vesting on 21 May 2022 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 2019 SAR, against actual HEPS. Actual HEPS achieved was 542,9 cps, 105,3% above the target HEPS of 264,4 cps. Based on the outcome, the May 2019 allocations have vested and was exercisable as from 21 May 2022, subsequent to approval by the Remuneration & Nominations Committee.

HEPS performance – SARs



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 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 (2021: nine) participants. 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). Participants become beneficial owners of the forfeitable shares on the date of the award. Beneficial ownership affords the employee full shareholder voting rights and full rights to any dividends declared.

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:

Grades (typical Paterson Band)	Category	Bonus cap	Performance rating
F U	Group CEO	On-target 77% Stretch 23%	100% 100%
F L	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 FY2022.

Pledged Securities

In compliance with 3.64(h) the following is being disclosed to shareholders. A number of 4,1 million Afrimat ordinary shares held by directors were pledged as a guarantee for a medium-term loan of R3,5 million.

Implementation and remuneration disclosure of the CEO, CFO and ED

The implementation report details the outcomes of implementing the remuneration policy and detailed on page 73.

2022 STIBS performance

A component to the CFO and executive director's performance scorecard specifically relate to their respective responsibility, i.e. financial metrics, 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, CFO and executive director's performance scorecard is as follows:

	Performance	
Key performance areas	**Target**	Actual
Financial returns	HEPS, operating profit margin, RONA, working capital management and ROE	Increase in all relevant metrics mainly due to the contribution of the Bulk Commodities segment.
Safety, health and environment	LTIFR lower than 1, no reported environmental compliance incidence and clean audit result with health legislation compliance	0,58 LTIFR, no reported incidence and clean audit result.
People management	Performance management, develop organisational culture, succession planning and drive leadership development program	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 focus 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 Construction Materials and Industrial Minerals segments	Measured on PBIT	Both segments have improved and recovered to pre-Covid-19 levels. Operating profit levels for Construction Materials improved by 83,5% from R104,9 million to R192,5 million and Industrial Minerals improved by 70,2% from R55,5 million to R94,4 million.
Successful conclusion and implementation of acquisitions	Quantified strategic plan, for the implementation of successful acquisitions as well as turnaround strategy for these businesses	Jenkins iron ore mining assets were acquired successfully and brought into production during the year and contributed positively to the Group results. The Nkomati anthracite mine, which turned around from realising start-up losses to also contributing positively to the Group results from August 2021.
Develop an Afrimat growth plan	Quantified plan to grow HEPS sustainably by 10% per annum for the next three years	Investigation of new markets within all three segments. A HEPS growth CAGR over the last five years of 31,7% was achieved.
Minimise impact of Mozambique disaster	Develop a strategy for the recovery/extraction of assets where possible from Mozambique	A significant amount of assets has been recovered to South Africa, being 16 items of heavy machinery and equipment, this process is still in motion. Some low value assets have been sold in Mozambique as well as some offers on other items.

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 practice 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 J van Heerden (CEO)

	2022	2021	% increase
BS	6 112	5 554	10,0%
STIBS	5 890	5 480	7,5%
SAR*	8 594	2 204	289,9%
FSP**	6 982	–	N/A
Dividends	493	269	83,3%
Total (Pre-tax)	28 071	13 507	107,8%

Pieter GS de Wit (CFO)

	2022	2021	% increase
BS	3 717	3 366	10,4%
STIBS	2 870	2 700	6,3%
SAR*	3 612	960	276,3%
FSP**	3 331	–	N/A
Dividends	297	156	90,4%
Total (Pre-tax)	13 827	7 181	92,5%

Collin Ramukhubathi (ED)

	2022	2021	% increase
BS	3 379	3 039	11,2%
STIBS	2 620	2 460	6,5%
SAR*	1 993	356	459,8%
FSP**	3 331	–	N/A
Dividends	297	156	90,4%
Total (Pre-tax)	11 620	6 011	93,3%

* *The increase in the SAR amount in FY2022 resulted from the increased Afrimat share price.*

** *The FSP vested during FY2022 for the first time.*

Non-executive directors' remuneration

The Remunerations Committee is of the opinion that the existing annual fee to Board members is below market benchmarks is applicable to the size of Afrimat. The proposed annual fee to Board members has therefore been increased in line with market rates applicable to the size of Afrimat.

The proposed annual fee to Board members has been increased with 10,0% to be more in line with market rates to the size of Afrimat.

The remuneration of non-executive directors are 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 2022/23 R	Existing annual fee 2021/2022 R
Board		
Chairman	952 000	865 000
Deputy Chairman	550 000	500 000
Board member	334 000	303 000
Audit & Risk Committee		
Chairman	201 000	182 000
Member	110 000	100 000
Remuneration & Nominations Committee		
Chairman – Remuneration	79 000	71 200
Chairman – Nominations	79 000	71 200
Member	62 000	56 000
Social, Ethics & Sustainability Committee		
Chairman	95 000	86 000
Member	62 000	56 000
Investment Review Committee		
Chairman	95 000	86 000
Member	62 000	56 000

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

Describing Afrimat during the past year, three words come to mind: resilience, agility and flexibility. Truly a period that tested these three properties within Afrimat on all levels. Digital transformation is old news, digital innovation is what needs to be focused on.

In Afrimat there's no time for: testing of digital readiness, network security, stability and availability; resilience of our Disaster Recovery ('DR') strategy; or 'can we as employees cope with this constant changing workplace'; but rather to be adaptable, ready for the next innovation and excited to embrace change.

With our Technology and Systems strategy, Afrimat positioned itself in such a way that it was able to take advantage of any useable digital 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, we continue to strengthen the Group's Technology 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 forward, we must embrace change, remain on the front end of innovation and take advantage of the latest developments, secure ourselves against cyber criminals and invest in the upskilling of our people.

Our strategy

Technology (digital innovation) will play an increasingly important role for the future of Afrimat. Afrimat has combined the Information Technology & Business Systems ('ITBS') and the Engineering teams, to unlock synergies between the two disciplines. The main purpose of ITBS is to provide infrastructure 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 profitability for all stakeholders. Engineering on the other hand, which involves driving projects, Reliability Centered Maintenance ('RCM') for equipment availability and a continuous improvement culture for operational excellence. The synergy lies in the combined effort and focus to use Technology 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 data. The main goal is to build a normalised, structured dataset and relevant Business Intelligence ('BI') tools to support and make informed decisions.

To achieve this, one needs to make sure that all new technology selections are driven by principle, sustainable technologies and supported by good thought-through policies and guidelines as enforced by law and supported by international IT and engineering governance guidelines, tested to the questions of:

- is it aligned with the company strategy and goals?
- is it meaningful – fit for purpose?
- is it a shared vision – do we all agree?
- do we locate the root cause of failures?

To make sure that our support structures and information networks are not at risk but reliable and sustainable, we will evaluate all our service providers to a set criteria that include: Service Level Agreements ('SLA'), Company profile, product composition and technology.

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 reliability on a daily basis. Secondly, to ensure that all systems are replicated to an offsite location or second data centre from where it's accessible by the users if the main server 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 a cyber-attack, without the loss of any transactional data.

Short and medium-term goals include:

- to stay on the latest workable technology for our network infrastructure;
- ensure that our network access security (cyber security) and intellectual property ('IP') protection are in place and up to date;
- standardised use of the Sage ERP software to all Afrimat subsidiaries;
- use of our systems in all business units to ensure data integrity;
- provide financial reporting directly out of Sage ERP without manual intervention or Excel exports;
- make financial and operational reports available daily, incorporating near real time information; and
- create a centralised and computerised RCM system that supports operational excellence and is fit for purpose to Afrimat.

The ultimate goal is to provide an integrated system that supports the entire business data flow chain, where all data is contained in one place, on one database supported by world class BI, data mining and robotics software with the ability to incorporate Artificial Intelligence ('AI') and Machine Learning ('ML').

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 and services 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.

Our weekly Business Plan Review ('BPR') meeting oversees 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.

The future

Data and the science thereof, take centre stage to unlock the full potential of the Afrimat pool of information available. Robotic Process Automation ('RPA'), AI and ML will be used to drive this process.

Our cyber security strategy proved to be a huge success, with the user awareness program on cyber security, drastically reducing the 'harmful click' or 'Just click YES' attitude. This led to the discovery of potential future enhancements to our network and cyber security strategy. We will deploy Multi Factor Authentication ('MFA') and mobile device encryption to further secure access to our network and data.

Our internal clients increasingly expect information in a near to real time manner and to be connected to operating systems 24/7. 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 integration with engineering 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, BI that is built on world standards and a DR strategy that support business continuity.

ANNUAL FINANCIAL STATEMENTS

ENVIRONMENT

While operating in an industry that has a significant impact on the environment, the Group is committed to the continuous improvement of its operations by using its resources responsibly with the aim of reducing its environmental impact.

DIRECTORS' RESPONSIBILITY STATEMENT

The annual financial statements set out on pages 84 to 144 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, the South African Institute of Chartered Accountants ('SAICA') financial reporting guides as issued by the Accounting Practices Committee, International Financial Reporting Standards ('IFRS'), 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 Group's 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 and that any additional information included in this integrated annual report is accurate and consistent with the annual financial statements.

Chief Executive Officer and Chief Financial Officer responsibility statement:

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS;
- 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; and
- 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 within the combined assurance model pursuant to principle 15 of the King IV™ Report. Where we are not satisfied, we will disclose to the Audit & Risk Committee and the external auditors the deficiencies identified in the design and operational effectiveness of the internal financial controls and any fraud that involves directors, and will take the necessary remedial action.

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

18 May 2022

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 28 February 2022 and that all such returns and notices are true, correct and up to date.

Catharine Burger
Company Secretary

Cape Town

18 May 2022

AUDIT & RISK COMMITTEE REPORT

The Audit & Risk Committee ('the Committee') is pleased to present its report for the financial year ended 28 February 2022 to the shareholders of Afrimat Limited.

Composition

The Committee is chaired by independent non-executive director Jacobus (Derick) F van der Merwe and further comprises independent non-executive Board Chairman Marthinus (Matie) W von Wielligh, non-executive director Loyiso Dotwana, independent non-executive directors Helmut N Pool, Sisanda Tuku and Francois M Louw. The Board of directors is satisfied that these directors act independently for the purposes of the Committee. A brief summary of qualifications of the Committee members appear on pages 34 and 35 of the integated annual report.

Afrimat acknowledges that in accordance with the King IV™ Report all members of the Committee should be independent non-executive directors, which will be borne in mind when considering future 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 and attendance is set out in the table on pages 34 and 35. 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 AGM of shareholders to answer any questions that may arise concerning the activities of the Committee.

The CEO, CFO, CAE, 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 interim and integrated annual reports

The Committee reviewed the interim and integrated annual reports, 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 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 considered the need for assurance of the integrated annual report and decided not to obtain independent assurance at this time. 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 28 February 2022, 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 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.

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 by the Board (note 4.5 on page 96).

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, as well as agreed upon procedures regarding the transfer of properties.

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 22.15(h) of the JSE Listings Requirements the Committee requested the required information in its assessment 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 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 2023 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 2023 financial year at the AGM on 3 August 2022.

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. No impairments have been identified.

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* 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 concurs 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 concurs 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 4.2, 6.1, 6.2 and 12.1)

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

The Committee considered the key judgements made by management in accounting for this business combinations and the fair value of assets and liabilities used for the calculation of the mining asset and gain on bargain purchase 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 GS de Wit as CFO. 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.

Sustainability

The Committee reviewed the disclosure of sustainability issues in the integrated annual report and is satisfied that it does not conflict with the financial information.

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 M Louw
- Mr Helmut N Pool
- Mr Jacobus (Derick) F van der Merwe (Chairman)
- Ms Sisanda Tuku

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

18 May 2022

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 it's subsidiaries (together the Group) as at 28 February 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting 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 86 to 143 comprise:

- the consolidated and separate statements of financial position as at 28 February 2022;
- 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, which include a summary of significant accounting policies.

Basis for opinion

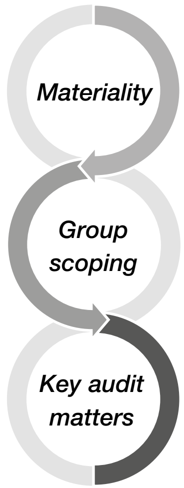
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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: R48,0 million, which represent 4,5% of consolidated profit before tax.

Group audit scope

- Full scope audits were performed for all significant components;
- Full scope audits or independent reviews were performed for components that are financially significant in aggregate with other components; and
- Analytical procedures were performed over the remaining insignificant components.

Key audit matters

Consolidated financial statements

- Environmental rehabilitation provisions;
- Goodwill impairment assessments; and
- Business combination and fair value measurement in relation to acquisition of Nkomati Anthracite.

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.

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	R48,0 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 accepted benchmark. We chose 4.5%, 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.

Our scoping included 47 components, which were either a financially significant component, a component of which an identified financial statement line item or items were considered significant or an area of higher risk, or components which were financially significant in aggregate with other components. Full scope audits were performed on components which are financially significant or of which an identified financial statement line item or items were considered significant or an area of higher risk. These are defined as significant components. In addition, full scope audits or independent reviews were performed for components that are not individually significant, but significant in aggregate with other components. The remainder of the components were considered non-significant, individually and in aggregate. We performed high-level analytical procedures on these remaining non-significant components.

In addition, audit procedures were performed on the consolidation, financial statement disclosures and a number of complex items. These included goodwill impairment testing, share-based payments and critical accounting positions.

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 28 February 2022, the consolidated statement of financial position includes environmental rehabilitation provisions of R235 million as per note 6.5 to 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 International Financial Reporting Standards ('IFRS') 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 most 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 external environmental experts to the Group's policy. We found it to be in line with the Group's policy; ▪ We obtained explanations from management for differences between their policy and the DMR guidelines. 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 costs per hectare, by comparing to industry benchmarks. No material differences were noted; ▪ We assessed the increase rate in respect of rehabilitation costs applied by management with reference to industry benchmarks and noted no material differences; ▪ We performed an independent life of mines assessment through physical site inspection, and compared this to management's life of mines assessment. 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 qualifications 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.

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 R200,5 million 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 International Financial Reporting Standards. The recoverable amount of the CGUs to which goodwill has been allocated was based on value-in-use calculations, using discounted cash flows. Management concluded that no impairment losses are required. Management performed a sensitivity analysis to ascertain the impact of possible changes to key assumptions (growth rates 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 the impairment assessment performed by the Group required the 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 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
Business combination and fair value measurement in relation to the acquisition of Nkomati Anthracite	
This key audit matter relates to the consolidated financial statements only On 15 December 2020 the Group acquired Unicorn Capital Limited Group including Nkomati Anthracite Proprietary Limited. As disclosed in note 12 to the consolidated financial statements, the consideration of R185 million was settled in shares and the deemed disposal of the previously held interest in Unicorn Capital Limited. Management determined that the acquisition date of the transaction was 15 December 2020 given that this was the date that all conditions precedent were fulfilled and the agreement became unconditional. During the year, the information pertaining to the fair value of the deferred tax assets and liabilities and mining assets were finalised and measurement period adjustments were recorded. The major part of the adjustment relates to the deferred tax asset raised of R189,9 million, after SARS recognised the assessed loss carried forward on the Income Tax Statement of Account for the year of assessment F2021. In order to determine the fair value of the mining reserves, management performed a discounted cash flow over the LOM. The assessment performed by management required judgement in the determination of key assumptions and future market conditions, particular in relation to: ▪ the discount rate; ▪ reserves and resources (in determination of ('LOM'); and ▪ future cash flow forecasts taking into account capital expenditure, working capital requirements, and operating costs. Based on the results of the assessment performed by management, a gain on bargain purchase of R150,5 million was recognised. The fair value measurement for the identifiable mining reserves at their acquisition-date fair values required judgement and resulted in this being an area of most significance to our audit.	We tested the accuracy of the consideration determined by management by performing an independent calculation of non-cash components based on the information contained in the agreements. No exceptions were noted. We assessed management's determination of the acquisition date of the transaction by inspecting the relevant agreements and evidence of statutory approvals pertaining to the transaction, and agreed these dates to management's assessment. No exceptions were noted. We utilised our valuation expertise to assess the accuracy of the LOM model and the discount rate used by management. No material differences were noted. The significant assumptions used by management in their purchase price allocation were subjected to the following audit procedures: ▪ Prices of anthracite were agreed to the contracts; ▪ Production volumes as per the draft LOM plan were compared to reserves and resources signed off by an independent competent person and to existing production volumes and approved business plans; ▪ Costs per the LOM were compared to the 2019 actual costs incurred. In addition, mining contractor costs were compared to contractually agreed costs for the future; and ▪ Long-term real discount rates were tested for reasonability, making use of our valuation expertise, by independently calculating the discount rates, taking into account independently obtained market and company-specific data. In addition we performed stress tests on the discount rates used by management to assess the impact on the value of the mining right. The discount rate adopted by management fell within an acceptable range compared to our independent calculation. In order to assess the accuracy of management's recognised deferred tax asset and gain on bargain purchase, we independently calculated the deferred tax asset and gain on bargain purchase on the assumptions described above and compared it to management's recognised deferred tax asset and gain on bargain purchase. No exceptions were noted.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of investments 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 427,4 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 Bulk Commodities Proprietary Limited ▪ Afrimat Concrete Products Proprietary Limited ▪ Afrimat Contracting International Proprietary Limited ▪ Afrimat Mining Services Proprietary Limited (previously known as JEF Drill & Blast Proprietary Limited) ▪ Afrimat Silica Proprietary Limited ▪ Cape Lime Proprietary Limited ▪ Capmat Proprietary Limited ▪ Delf Sand Proprietary Limited ▪ Delf Silica Coastal Proprietary Limited ▪ Meepo Ya Mmu Resources Proprietary Limited ▪ Phakamani Academy Proprietary Limited Management concluded that no impairment losses were required to impair the investments in subsidiaries. Further disclosure with regards to this matter has been made in note 6.2 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 ▪ Through reperformance we evaluated management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions on the level of impairment required and noted that any impairment loss would be immaterial.

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 2022', which includes the Directors' Report, the Audit & Risk Committee Report and the Company Secretary's Certificate 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 2022 Integrated Annual Report', 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

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting 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 five years.

PricewaterhouseCoopers Inc.
Director: FHS Weilbach
Registered Auditor

Stellenbosch, South Africa

18 May 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors of Afrimat present their report for the Group for the year ended 28 February 2 022.

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. It operates in the Western Cape, KwaZulu-Natal, Free State, Northern Cape, Gauteng, Limpopo and Mpumalanga.

Financial results

The annual financial statements and accompanying notes presented on pages 86 to 143 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 22,9% from 441,7 cents to 542,9 cents per share.

Operational review

Impact on the operations are reviewed in detail in the CEO's report and operational reviews, on pages 13 and 30 which form part of this integrated annual report.

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, as well as limited information in this integrated annual report. 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 146,0 cents per share (2021: 112,0 cents per share), was declared for the year on 18 May 2022. This equates to 116,8 cents per share (2021: 89,6 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 186,0 cents per share (2021: 148,0 cents per share).

Taxation

The latest tax assessment of the Company relates to the year ended 28 February 2021. All tax submissions up to and including February 2021 have been submitted. Tax returns for 28 February 2022 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 (2021: 1 000 000 000) no par value ordinary shares of which 146 346 264 (2021: 146 144 764) 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 J Coffee (non-executive director)
- Mr Pieter GS de Wit (CFO)
- Mr Loyiso Dotwana (non-executive director)
- Mr Francois M Louw (Deputy Chairman and LID)
- Mr Helmut N Pool (independent non-executive director)
- Mr Collin Ramukhubathi (executive director)
- Mrs Phuti RE Tsukudu (independent non-executive director)
- Mr Jacobus (Derick) F van der Merwe (independent non-executive director)
- Mr Johannes (Johan) HP van der Merwe (independent non-executive director)
- Mr Andries J van Heerden (CEO)
- Mr Marthinus (Matie) W von Wielligh (independent non-executive Chairman)
- Ms Sisanda Tuku (independent non-executive director)
- Mr Marthinus G Odendaal (executive director)

Mr HN Pool, Mr GJ Coffee and Mr MW von Wielligh will retire by rotation at the upcoming AGM, and Mr HN Pool and Mr GJ Coffee, being eligible, will stand for re-election.

Changes to Board and Board Committees

Mr MG (Gerhard) Odendaal has been appointed as the Chief Operating Officer (mining), as well as an executive director of the Board and member of the Social, Ethics and Sustainability Committee, effective from 12 April 2022.

Ms S (Sisanda) Tuku has been appointed as a non-executive director of the Board as well as a member of the Audit and Risk Committee, effective from 1 May 2022.

Mr MW (Matie) von Wielligh, the current Chairman of the Board and a member of its Audit & Risk, Remuneration & Nominations, and Social, Ethics & Sustainability Committees, will be retiring by rotation at Afrimat's next Annual General Meeting ('AGM') and will not be making himself available for re-election. Deputy Chairman, Mr FM (Francois) Louw, who currently also serves as the Company's Lead Independent Director, will be appointed in his stead.

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 at 28 February 2022, is set out on page 144.

Directors' shareholding at 28 February 2022*

	Number of securities held				
	Direct beneficial	Indirect beneficial	Through associates	Total	% held
Director					
2022					
Gert J Coffee	680 084	–	–	680 084	0,46
Loyiso Dotwana	–	2 586 829	–	2 586 829	1,77
Phuti RE Tsukudu	–	–	–	–	–
Andries J van Heerden	4 178 973	853 564	1 198 543	6 231 080	4,26
Derick van der Merwe	25 000	–	–	25 000	0,02
Pieter GS de Wit	283 501	–	–	283 501	0,19
Matie von Wielligh	200 000	60 000	–	260 000	0,18
Johan van der Merwe	–	–	–	–	–
Helmut N Pool	–	397 661	–	397 661	0,27
Francois M Louw	215 714	–	–	215 714	0,15
Collin Ramukhubathi	192 865	–	–	192 865	0,13
	5 776 137	3 898 054	1 198 543	10 872 734	7,43
2021					
Gert J Coffee	680 084	–	–	680 084	0,47
Loyiso Dotwana	–	2 886 829	–	2 886 829	1,98
Phuti RE Tsukudu	–	–	–	–	–
Andries J van Heerden	4 087 548	853 564	1 203 449	6 144 560	4,21
Hennie van Wyk	–	100 000	–	100 000	0,07
Derick van der Merwe	22 500	–	–	22 500	0,01
Pieter GS de Wit	209 326	–	–	209 326	0,14
Matie von Wielligh	400 000	60 000	–	460 000	0,31
Johan van der Merwe	–	–	–	–	–
Helmut N Pool	–	397 662	–	397 662	0,27
Francois M Louw	285 714	–	–	285 714	0,20
Collin Ramukhubathi	5 415	–	–	5 415	–
	5 690 587	4 298 055	1 203 449	11 192 090	7,66

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

There has been no change in directors' interests since year-end to the date of this report.

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 in assessing the going concern considered the impact of the Covid-19 pandemic on the Group and Company. The directors have reviewed the Group's cash flow forecast for the year to 28 February 2023 and after having considered the implications of the Covid-19 pandemic as well as 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.

At 28 February 2022, the Company's current liabilities exceed the current assets. The Company has access to additional cash resources within the Group to meet its cash obligations as they fall due within the next 12 months.

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 this integrated annual report.

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 4 August 2021), and where necessary have been registered by the Companies and Intellectual Property Commission:

- special resolution providing general authority to repurchase shares;
- special resolution providing approval for fees payable to non-executive directors for the year ended 28 February 2022;
- 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.

Impact of Covid-19

The impact of Covid-19 has been considered up to 28 February 2022. The pandemic is considered to be an ongoing event and there is no immediate concern around going concern. Management is continually assessing and monitoring developments with regard to the pandemic and its impact on the business.

The directors are not aware of any other circumstances arising between the reporting date and the date of the integrated annual report.

Compliance with laws and regulations

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 TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	Group 2022 R'000	Group Restated 2021 R'000*	Company 2022 R'000	Company 2021 R'000
Revenue	3	**4 680 078**	3 693 759	**355 902**	769 853
Cost of sales	4.5	**(2 966 586)**	(2 234 563)	**–**	–
Gross profit		**1 713 492**	1 459 196	**355 902**	769 853
Operating expenses	4.5	**(689 696)**	(570 875)	**(59 532)**	(84 144)
Other income	4.1	**12 741**	11 832	**1 873**	696
Other net gains and losses*	4.2	**77 811**	158 373	**3 609**	(53 735)
Profit on disposal of property, plant and equipment	4.3	**7 904**	375	**–**	–
Impairments*	4.4	**(13 341)**	–	**–**	(59 026)
Operating profit		**1 108 911**	1 058 901	**301 852**	573 644
Finance income	4.6	**12 430**	21 022	**10 138**	19 149
Finance costs	4.7	**(55 280)**	(38 291)	**(84 155)**	(38 571)
Share of profit of equity-accounted investments	14	**257**	289	**–**	–
Profit before tax		**1 066 318**	1 041 921	**227 835**	554 222
Income tax expense	5	**(291 150)**	(265 484)	**1 933**	9 400
Profit for the year		**775 168**	776 437	**229 768**	563 622

	Note	Group 2022 R'000	Group Restated 2021 R'000*	Company 2022 R'000	Company 2021 R'000
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		**(9 387)**	7 743	**–**	–
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		**393**	196	**–**	–
Income tax effect relating to these items		**(85)**	(44)	**–**	–
Other comprehensive (loss) income for the year, net of tax		**(9 079)**	7 895	**–**	–
Total comprehensive income for the year		**766 089**	784 332	**229 768**	563 622
Profit attributable to:					
Owners of the parent		**772 714**	773 864	**229 768**	563 622
Non-controlling interests	8.4	**2 454**	2 573	**–**	–
		775 168	776 437	**229 768**	563 622
Total comprehensive income attributable to:					
Owners of the parent		**763 635**	781 759	**229 768**	563 622
Non-controlling interests	8.4	**2 454**	2 573	**–**	–
		766 089	784 332	**229 768**	563 622
Earnings per ordinary share (cents)*	8.5	**560,7**	571,6	**–**	–
Diluted earnings per ordinary share (cents)*	8.5	**546,6**	559,4	**–**	–

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

STATEMENTS OF FINANCIAL POSITION

AT 28 FEBRUARY 2022

		Group		Company	
	Note	2022 R'000	Restated 2021 R'000*	2022 R'000	2021 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	6.1	**2 696 448**	2 247 493	**–**	–
Intangible assets*	6.2	**213 335**	209 785	**–**	–
Loans to subsidiaries	13	**–**	–	**1 204 280**	938 544
Investments in subsidiaries	13	**–**	–	**1 427 423**	1 346 420
Investment in associate and joint venture	14	**–**	591	**–**	–
Other financial assets	7.1 – 7.3.1	**91 986**	80 340	**–**	–
Deferred tax*	6.3	**360 839**	249 841	**25 701**	17 751
Total non-current assets		**3 362 608**	2 788 050	**2 657 404**	2 302 715
Current assets					
Inventories	6.4	**568 266**	279 042	**–**	–
Other financial assets	7.1 – 7.3.1	**1 732**	–	**–**	–
Current tax receivable		**9 665**	4 842	**2 458**	794
Trade and other receivables	7.3.2	**793 343**	695 936	**11 909**	10 197
Cash and cash equivalents	7.3.3	**290 633**	871 060	**19 927**	186 437
Loans to subsidiaries	13	**–**	–	**418 981**	–
Total current assets		**1 663 639**	1 850 880	**453 275**	197 428
Non-current assets held-for-sale	6.1	**20 050**	–	**–**	–
Total assets		**5 046 297**	4 638 930	**3 110 679**	2 500 143
EQUITY AND LIABILITIES					
Equity					
Stated capital	8.1	**315 886**	345 894	**228 638**	272 472
Treasury shares	8.2	**(109 030)**	(115 795)	**–**	–
Net issued stated capital		**206 856**	230 099	**228 638**	272 472
Other reserves	8.3	**(38 498)**	(62 980)	**25 885**	14 861
Retained earnings*		**2 829 609**	2 255 536	**1 339 483**	1 315 119
Attributable to equity holders of the parent		**2 997 967**	2 422 655	**1 594 006**	1 602 452
Non-controlling interests	8.4	**9 233**	8 362	**–**	–
Total equity		**3 007 200**	2 431 017	**1 594 006**	1 602 452

		Group		Company	
	Note	2022 R'000	Restated 2021 R'000*	2022 R'000	2021 R'000
Liabilities					
Non-current liabilities					
Borrowings	7.3.4	**149 377**	301 180	**–**	176 000
Provisions	6.5	**265 252**	239 142	**–**	–
Deferred tax	6.3	**450 044**	393 574	**–**	–
Total non-current liabilities		**864 673**	933 896	**–**	176 000
Current liabilities					
Loans from subsidiaries	13	**–**	–	**1 143 606**	532 125
Other financial liabilities*		**7 488**	19 844	**–**	–
Borrowings	7.3.4	**494 449**	212 721	**350 000**	44 000
Current tax payable		**6 953**	11 162	**–**	–
Trade and other payables	7.3.5	**663 729**	596 483	**23 067**	20 376
Bank overdraft	7.3.3	**1 805**	433 807	**–**	125 190
Total current liabilities		**1 174 424**	1 274 017	**1 516 673**	721 691
Total liabilities		**2 039 097**	2 207 913	**1 516 673**	897 691
Total equity and liabilities		**5 046 297**	4 638 930	**3 110 679**	2 500 143

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

	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 2020	245 988	(108 365)	(90 382)	1 634 537	7 129	1 688 907
Total comprehensive income						
Profit for the year*	–	–	–	773 864	2 573	776 437
Other comprehensive income for the year	–	–	7 895	–	–	7 895
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	196	–	–	196
Income tax effect	–	–	(44)	–	–	(44)
Exchange differences on translation of foreign operations	–	–	7 743	–	–	7 743
Income tax effect	–	–	–	–	–	–
Total comprehensive income	–	–	7 895	773 864	2 573	784 332
Transactions with owners of the parent						
Contributions and distributions						
Share-based payment expense for the year (refer note 8.3)	–	–	18 884	–	–	18 884
Deferred taxation on share-based payments (refer note 8.3)	–	–	8 074	–	–	8 074
Purchase of treasury shares (refer note 8.2)	–	(13 118)	–	–	–	(13 118)
Issue of stated capital (refer note 8.1)	111 115	–	–	–	–	111 115
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax (refer notes 8.1, 8.2 and 8.3)	(11 209)	5 688	(7 451)	7 451	–	(5 521)
Dividends paid (refer note 8.7)	–	–	–	(160 316)	(1 340)	(161 656)
Total contributions and distributions	99 906	(7 430)	19 507	(152 865)	(1 340)	(42 222)
Total transactions with owners of the parent	99 906	(7 430)	19 507	(152 865)	(1 340)	(42 222)
Balance at 28 February 2021	345 894	(115 795)	(62 980)	2 255 536	8 362	2 431 017

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

	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 2021	345 894	(115 795)	(62 980)	2 255 536	8 362	2 431 017
Total comprehensive income						
Profit for the year	–	–	–	772 714	2 454	775 168
Other comprehensive loss for the year	–	–	(9 079)	–	–	(9 079)
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	393	–	–	393
Income tax effect	–	–	(85)	–	–	(85)
Exchange differences on translation of foreign operations	–	–	(9 387)	–	–	(9 387)
Income tax effect	–	–	–	–	–	–
Total comprehensive (loss) income	–	–	(9 079)	772 714	2 454	766 089
Transactions with owners of the parent						
Contributions and distributions						
Share-based payment expense for the year (refer note 8.3)	–	–	29 664	–	–	29 664
Deferred taxation on share-based payments (refer note 8.3)	–	–	21 818	–	–	21 818
Purchase of treasury shares (refer note 8.2)	–	(16 400)	–	–	–	(16 400)
Issue of stated capital (refer note 8.1)	11 000	–	–	–	–	11 000
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)	(41 008)	23 165	(17 921)	17 921	–	(17 843)
Dividends paid (refer note 8.7)	–	–	–	(213 539)	(1 388)	(214 927)
Total contributions and distributions	(30 008)	6 765	33 561	(195 618)	(1 388)	(186 688)
Additional non-controlling interest acquired due to:						
Capmat Proprietary Limited	–	–	–	(3 023)	(195)	(3 218)
Total changes in ownership interests	–	–	–	(3 023)	(195)	(3 218)
Total transactions with owners of the parent	(30 008)	6 765	33 561	(198 641)	(1 583)	(189 906)
Balance at 28 February 2022	315 886	(109 030)	(38 498)	2 829 609	9 233	3 007 200
Note	8.1	8.2	8.3		8.4	

	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 2020	173 789	–	8 532	915 764	–	1 098 085
Total comprehensive income						
Profit for the year	–	–	–	563 622	–	563 622
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income	–	–	–	563 622	–	563 622
Transactions with Company						
Contributions and distributions						
Issue of stated capital (refer note 8.1)	111 115	–	–	–	–	111 115
Share-based payment expense for the year (refer note 8.3)	–	–	7 082	–	–	7 082
Deferred taxation on share-based payments (refer note 8.3)	–	–	2 597	–	–	2 597
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax (refer notes 8.1 and 8.3)	(12 432)	–	(3 350)	3 350	–	(12 432)
Dividends paid (refer note 8.7)	–	–	–	(167 617)	–	(167 617)
Total contributions and distributions	98 683	–	6 329	(164 267)	–	(59 255)
Total changes	98 683	–	6 329	399 355	–	504 367
Balance at 28 February 2021	272 472	–	14 861	1 315 119	–	1 602 452
Total comprehensive income						
Profit for the year	**–**	**–**	**–**	**229 768**	**–**	**229 768**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**229 768**	**–**	**229 768**
Transactions with Company						
Contributions and distributions						
Issue of stated capital (refer note 8.1)	**11 000**	**–**	**–**	**–**	**–**	**11 000**
Share-based payment expense for the year (refer note 8.3)	**–**	**–**	**11 867**	**–**	**–**	**11 867**
Deferred taxation on share-based payments (refer note 8.3)	**–**	**–**	**5 990**	**–**	**–**	**5 990**
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)	**(54 834)**	**–**	**(6 833)**	**16 815**	**–**	**(44 852)**
Dividends paid (refer note 8.7)	**–**	**–**	**–**	**(222 219)**	**–**	**(222 219)**
Total contributions and distributions	**(43 834)**	**–**	**11 024**	**(205 404)**	**–**	**(238 214)**
Total changes	**(43 834)**	**–**	**11 024**	**24 364**	**–**	**(8 446)**
Balance at 28 February 2022	**228 638**	**–**	**25 885**	**1 339 483**	**–**	**1 594 006**
Note	8.1		8.3			

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

		Group		Company	
	Note	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Cash flows from operating activities					
Cash generated from/(used in) operations	9.1	**1 076 666**	1 013 381	**40 517**	(5 487)
Finance income received	9.2	**11 726**	20 979	**10 138**	19 149
Dividends received		**98**	98	**225 721**	5 388
Finance costs paid	9.3	**(40 015)**	(26 628)	**(84 155)**	(38 571)
Tax paid	9.4	**(311 920)**	(240 250)	**(1 691)**	(3 191)
Net cash inflow/(outflow) from operating activities		**736 555**	767 580	**190 530**	(22 712)
Cash flows from investing activities					
Acquisition of property, plant and equipment	9.6	**(598 687)**	(189 010)	**–**	–
Proceeds on disposal of property, plant and equipment	9.5	**26 049**	9 344	**–**	–
Acquisition of businesses	12.1	**(14 750)**	(1 003)	**(14 750)**	–
Acquisition of mining rights and surface rights	6.2	**(5 145)**	(1 357)	**–**	–
Advances of loans to subsidiaries	13	**–**	–	**(1 263 325)**	(529 720)
Proceeds of loans to subsidiaries	13	**–**	–	**610 305**	148 319
Loan advances to other financial assets*		**–**	(283 493)	**–**	–
Purchase of other financial assets		**(12 582)**	(16 857)	**–**	–
Proceeds on disposal of investment in subsidiaries		**–**	45 000	**–**	45 000
Repayments from other financial assets		**3 823**	–	**–**	–
Net cash outflow from investing activities		**(601 292)**	(437 376)	**(667 770)**	(336 401)
Cash flows from financing activities					
Repurchase of Afrimat shares	8.2	**(16 400)**	(13 118)	**–**	–
Issue of Afrimat shares		**–**	–	**–**	6
Proceeds from borrowings	7.3.4	**880 998**	410 946	**877 000**	220 000
Repayment of borrowings	7.3.4	**(918 120)**	(286 715)	**(747 000)**	–
Capital elements of lease payments	9.7	**(13 750)**	(9 133)	**–**	–
Repayments from other financial liabilities		**(1 355)**	(788)	**–**	–
Acquisition of additional non-controlling interest		**(134)**	–	**–**	–
Repayments of loans from subsidiaries	13	**–**	–	**(1 449 096)**	(526 943)
Proceeds of loans from subsidiaries	13	**–**	–	**1 977 235**	883 824
Dividends paid	8.7	**(214 927)**	(161 656)	**(222 219)**	(167 617)
Net cash (outflow)/inflow from financing activities		**(283 688)**	(60 464)	**435 920**	409 270
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(148 425)**	269 740	**(41 320)**	50 157
Cash, cash equivalents and bank overdrafts at the beginning of the year	7.3.3	**437 253**	167 513	**61 247**	11 090
Cash, cash equivalents and bank overdrafts at the end of the year	7.3.3	**288 828**	437 253	**19 927**	61 247

* *The decrease in this item is mainly attributable to the loan advanced to Unicorn Capital Partners Limited ('UCP') and Nkomati Anthracite Proprietary Limited ('Nkomati'), prior to the acquisition, recognised in the prior year.*

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 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. Significant 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. These policies have been consistently applied with the previous year, except for the implementation of new accounting standards, refer note 22.

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, International Financial Reporting Standards ('IFRS'), 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 adopted the following standards and interpretations:

- IFRS 3: *Reference to the Conceptual Framework*
- IAS 16: *Proceeds before intended use*
- IAS 37: *Onerous Contract – Cost of fulfilling a contract*

Refer note 22 for further disclosure in the implementation of these standards.

Refer note 23 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. Significant accounting policies (continued)

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.

(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 cash-generating unit ('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. Significant accounting policies (continued)

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 impact of the Covid-19 pandemic on both the Group and Company has been considered in all judgements exercised and estimates made by management and are provided below, as well as in the commentary that accompanies the annual financial statements. The Group has taken all necessary and responsible steps to manage the impact of the Covid-19 pandemic by focusing on and prioritising the health and safety of all employees, ensuring the continuation and maintaining the financial health of the business.

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.

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 Afrimat Share Incentive Trust, 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 three main segments, based on the market use of products.

Construction Materials comprises aggregates, concrete-based products and contracting operations. Aggregates consist mainly out of the sales 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 are also similar and increases/decreases during the same period as customers use both aggregates and concrete-based products during construction.

Industrial Minerals consist mainly out of the sale of limestone, dolomite and industrial sand. The Industrial Minerals business has become an integral contributor to the Group. 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 has minimal manufacturing time and are sold in high volumes. Iron ore products are manufactured in terms of the Platts Iron Ore Index ('IODEX') 62% grade of export. High quality hematite origin of iron ore is beneficiated up to 65% Fe. High quality nuts and duff of anthracite product is produced.

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.

Services consists of Group shared services including IT services, consulting services, etc.

2. Segment information (continued)

	Construction Materials	Industrial Minerals	Bulk Commodities				Services	Total
			Iron Ore[#]		Anthracite	Total		
			Demaneng Mine	Jenkins Mine	Nkomati Anthracite Mine			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
For the year ended 28 February 2022								
Segmental revenue	1 858 782	635 228	1 487 559	557 099	364 052	2 408 710	53 905	4 956 625
Inter-segmental revenue	(232 561)	(2 684)	–	–	–	–	(41 302)	(276 547)
Revenue	1 626 221	632 544	1 487 559	557 099	364 052	2 408 710	12 603	4 680 078
Depreciation and amortisation	120 766	32 406	54 251	11 368	64 998	130 617	13 034	296 823
Impairment of property, plant and equipment	9 715	3 176	450	–	–	450	–	13 341
Operating profit/(loss)	192 480	94 427	604 821	264 820	(49 431)	820 210	1 794	1 108 911
Operating profit margin on external revenue	11,8%	14,9%	40,7%	47,5%	(13,6%)	34,1%	–	23,7%

	Construction Materials	Industrial Minerals	Bulk Commodities			Services	Total
			Iron Ore[#]	Anthracite	Total		
Assets*	1 216 578	879 919	1 192 743	733 551	1 926 294	1 023 506	5 046 297
Liabilities**	486 852	92 343	167 649	90 666	258 315	1 201 587	2 039 097
Capital expenditure***	188 049	41 045	420 939	103 450	524 389	28 963	782 446

	Construction Materials	Industrial Minerals	Bulk Commodities				Services	Total
			Iron Ore		Anthracite	Total		
			Demaneng Mine	Jenkins Mine	Nkomati Anthracite Mine			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
For the year ended 28 February 2021								
Segmental revenue	1 741 415	516 806	1 551 661	–	32 752	1 584 413	64 882	3 907 516
Inter-segmental revenue	(146 360)	(2 515)	–	–	–	–	(64 882)	(213 757)
Revenue	1 595 055	514 291	1 551 661	–	32 752	1 584 413	–	3 693 759
Depreciation and amortisation	118 227	32 565	48 427	–	–	48 427	10 157	209 376
Operating profit/(loss)****	104 906	55 481	751 539	–	133 663	885 202	13 312	1 058 901
Operating profit margin on external revenue*****	6,6%	10,8%	48,4%	–	408,1%	55,9%	–	28,7%

	Construction Materials	Industrial Minerals	Bulk Commodities			Services	Total
			Iron Ore	Anthracite	Total		
Assets*	1 264 653	624 832	664 137	645 773	1 309 910	1 439 535	4 638 930
Liabilities**	524 900	83 794	115 772	50 248	166 020	1 433 199	2 207 913
Capital expenditure***	158 885	32 313	51 509	35 798	87 307	15 082	293 587

[#] *Jenkins Mine acquired as part of Coza Mining Proprietary Limited, has come into production during the current year as part of the strategic plans for the sustained iron ore supply within the Bulk commodities segment. This has been presented separately to enhance disclosures.*

2. Segment information (continued)

	2022 R'000	2021 R'000
* The following assets have not been allocated to segments:		
Goodwill****	**200 502**	200 502
Other financial assets	**91 986**	80 340
Deferred tax****	**360 839**	249 841
Current tax receivable	**9 665**	4 842
Cash and cash equivalents*****	**290 633**	871 060
Other assets	**69 881**	32 950
	1 023 506	1 439 535
** The following liabilities have not been allocated to segments:		
Provisions	**265 252**	239 142
Deferred tax	**450 044**	393 574
Current tax payable	**6 953**	11 162
Bank overdraft*****	**1 805**	433 807
Other liabilities****	**477 533**	355 514
	1 201 587	1 433 199

*** *Excludes property, plant and equipment acquired through business combination, refer note 12.1. Within the Bulk Commodities segment, the increase consists of R307,6 million for the Coza Mining Proprietary Limited acquisition; R55,5 million for the start-up capital of the Jenkins mine; and R47,9 million and R40,6 million for the capitalisation of the stripping asset and mine development, respectively, within Nkomati Anthracite Proprietary Limited.*

**** *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

***** *Net balance of R288,8 million (2021: R437,3 million). Refer note 7.3.3 for further details.*

There is significant exposure and dependency on Kumba International Trading S.A.R.L and Glencore Operations South Africa Proprietary Limited, with revenues of approximately R1 435,2 million (2021: R1 471,7 million) and R317,9 million (2021: RNil), respectively, a major customer of Afrimat Iron Ore Proprietary Limited (previously known as Afrimat Demaneng Proprietary Limited) and Nkomati Anthracite Proprietary Limited, respectively, within the Bulk Commodities segment. This risk has been mitigated by Afrimat's diversification strategy by expanding in the market through new acquisitions that have and are to take place within the Bulk Commodities segment.

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 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; and
- Rendering of Services: Includes mobile crushing, screening, drilling and blasting.

3. Revenue (continued)

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, Bulk Commodities and Industrial Minerals are recognised when control of the products has transferred to the buyer. 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. Shipping and handling is included in sale of goods as one component of revenue due to risks and rewards over goods only passing to the customer on delivery to site.

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*. 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, i.e. drilling, blasting and erection costs are performed over time and therefore are 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. The performance obligations identified are satisfied by transferring control of the service to a customer. 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.

Company financial statements

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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Revenue from contracts with customers:				
Sale of Construction Materials	**1 608 096**	1 584 473	**–**	–
Sale of Industrial Minerals	**632 623**	514 291	**–**	–
Sale of Bulk Commodities	**2 529 122**	1 288 567	**–**	–
Rendering of Services	**29 495**	10 582	**50 655**	33 687
Revenue from contracts with customers	**4 799 336**	3 397 913	**50 655**	33 687
Timing of revenue recognition				
At a point of time	**4 769 841**	3 387 331	**–**	–
Over time*	**29 495**	10 582	**50 655**	33 687
	4 799 336	3 397 913	**50 655**	33 687
Revenue other than from contracts with customers:				
Group companies interest revenue	**–**	–	**79 526**	46 468
Group companies dividend revenue	**–**	–	**225 721**	689 698
Revenue other than from contracts with customers	**–**	–	**305 247**	736 166
Other revenue**	**(119 258)**	295 846	**–**	–
Total	**4 680 078**	3 693 759	**355 902**	769 853

* *Group revenue recognised over time relates to the Construction Materials segment. Company revenue recognised over time relates to all segments within the Group.*

** *Provisional pricing arrangements, within the Bulk Commodities segment, introduce an element of market variability into the sales contract. These changes are out of the scope of IFRS 15 and as a result, the changes in the commodity prices are reflected as 'other revenue'.*

4. Other income and expense items

4.1 Other income

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Recoveries	**2 738**	1 856	**–**	–
Rental income	**4 942**	4 431	**–**	–
Scrap sales	**2 369**	1 560	**–**	–
Other	**2 692**	3 985	**1 873**	696
Total	**12 741**	11 832	**1 873**	696

4.2 Other net gains and losses

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Gains – financial assets at fair value through profit or loss	**2 031**	704	**–**	–
Gain recognised as a result of remeasuring the equity interest of the associate to fair value (refer note 12.1)	**–**	25 140	**–**	–
Gains on financial instruments	**12 349**	–	**–**	
Compensation for loss of income	**18 564**	–	**–**	–
Foreign exchange gains	**32 067**	–	**–**	–
Foreign exchange losses	**(15 687)**	(17 998)		
Gain on bargain purchase*	**25 628**	150 527	**–**	–
Profit/(loss) on sale of associate/ investments**	**2 859**	–	**3 609**	(53 735)
Total	**77 811**	158 373	**3 609**	(53 735)

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

** *In the prior year, loss on sale of investments relates to the sale and purchase agreement between Afrimat Limited and Afrimat Bulk Commodities Proprietary Limited, relating to the internal restructuring of the UCP group.*

In the current year, a gain on bargain purchase of R25,6 million (2021: R150,5 million) arose on the acquisition of Afrimat Mining Services Proprietary Limited, previously known as JEF Drill and Blast Proprietary Limited (2021: Nkomati Anthracite Proprietary Limited), refer note 12.1 for further disclosures.

4. Other income and expense items (continued)

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
4.3 Profit on disposal of property, plant and equipment				
Profit on disposal of property, plant and equipment	**7 904**	375	**–**	–
Total	**7 904**	375	**–**	–
4.4 Impairments				
Impairment of property, plant and equipment (refer note 6.1)	**13 341**	–	**–**	–
Impairment of loan payable by subsidiary*	**–**	–	**–**	22 083
Impairment of other financial assets (refer note 7.3.1)	**–**	–	**–**	8 685
Impairment of investment in subsidiary (refer note 13)	**–**	–	**–**	28 258
Total	**13 341**	–	**–**	59 026

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

In the prior year, an impairment of R22,1 million was recognised, this has been reversed as a result of the measurement period adjustments, refer note 12.1 for further disclosures.

During the 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.

An impairment loss of R3,6 million was recognised, relating to property, plant and equipment which had no further economic value and has been removed from the register. R3,2 million relates to items written off at Afrimat Marble Hall Proprietary Limited (previously known as Lyttelton Dolomite Proprietary Limited).

4. Other income and expense items (continued)

4.5 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 R51,6 thousand (2021: R41,1 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.

4. Other income and expense items (continued)

4.5 Expenses by nature (continued)

	Group						Company	
	2022			2021			2022	2021
	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)	**376 764**	**6 203**	**382 967**	143 414	4 241	147 655	**–**	–
Premises								
Short-term	**10 387**	**1 284**	**11 671**	8 196	1 514	9 710	**–**	–
Variable lease payments	**–**	**516**	**516**	–	411	411	**–**	–
Equipment								
Short-term	**366 123**	**–**	**366 123**	135 057	–	135 057	**–**	–
Lease rentals – other								
Short-term	**43**	**2 680**	**2 723**	71	1 163	1 234	**–**	–
Low value	**211**	**1 723**	**1 934**	90	1 153	1 243	**–**	–
Amortisation of intangible assets	**1 016**	**660**	**1 676**	861	937	1 798	**–**	–
Depreciation of property, plant and equipment	**256 381**	**38 766**	**295 147**	179 991	27 587	207 578	**–**	–
Expected credit losses from related parties (refer note 7.3.2)	**–**	**–**	**–**	–	2 058	2 058	**–**	–
Expected credit losses from subsidiaries	**–**	**–**	**–**	–	–	–	**–**	35 060
Increase/(decrease) in provision for impairment of receivables	**–**	**1 705**	**1 705**	–	(8 599)	(8 599)	**–**	–
Increase in inventory provision for impairment	**–**	**149**	**149**	–	5 353	5 353	**–**	–
Inventory write-off to net realisable value	**26 970**	**–**	**26 970**	7 170	–	7 170	**–**	–
Repairs and maintenance	**343 257**	**7 052**	**350 309**	305 465	2 329	307 794	**–**	–
Royalties	**74 095**	**6 897**	**80 992**	83 585	415	84 000	**–**	–
Drilling and blasting	**113 318**	**–**	**113 318**	28 969	–	28 969	**–**	–
Cement	**147 417**	**–**	**147 417**	180 347	–	180 347	**–**	–
Fuel and diesel	**280 775**	**391**	**281 166**	163 543	319	163 862	**–**	–
External transport	**373 853**	**–**	**373 853**	308 147	–	308 147	**–**	–
Railage	**193 715**	**–**	**193 715**	177 703	–	177 703	**–**	–
Electricity	**99 464**	**2 343**	**101 807**	83 016	1 524	84 540	**–**	–
Audit fees	**–**	**7 475**	**7 475**	–	7 102	7 102	**3 854**	2 761
Audit	**–**	**7 395**	**7 395**	–	6 885	6 885	**3 854**	2 761
Other	**–**	**80**	**80**	–	217	217	**–**	–
Employee costs	**471 729**	**358 329**	**830 058**	397 556	301 623	699 179	**42 059**	29 405
Defined contribution plan contributions	**29 826**	**23 095**	**52 921**	25 956	21 462	47 418	**1 240**	908
Share-based payment expense	**–**	**29 664**	**29 664**	–	18 884	18 884	**11 867**	7 082
Short-term employee expenses	**441 903**	**305 570**	**747 473**	371 600	261 277	632 877	**28 952**	21 415
Consulting and legal fees	**17 944**	**45 615**	**63 559**	8 151	20 171	28 322	**1 094**	4 180
Access control	**–**	**41 500**	**41 500**	–	34 367	34 367	**–**	–
Insurance	**1 740**	**19 392**	**21 132**	2 695	18 855	21 550	**–**	329
Training	**–**	**20 104**	**20 104**	–	11 687	11 687	**6**	7
Other costs	**188 148**	**133 115**	**321 263**	163 950	140 906	304 856	**12 519**	12 402
Total	**2 966 586**	**689 696**	**3 656 282**	2 234 563	570 875	2 805 438	**59 532**	84 144

4. Other income and expense items (continued)

4.6 Finance income

Finance income is recognised in profit or loss using the effective interest method.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Bank	**11 116**	10 994	**10 108**	9 689
Other interest*	**1 314**	10 028	**30**	9 460
Total	**12 430**	21 022	**10 138**	19 149

* *The decrease in this item is mainly attributable to the interest received from Unicorn Capital Partners Limited ('UCP') R3,9 million and Nkomati Anthracite Proprietary Limited ('Nkomati') R5,5 million, prior to the acquisition, recognised in the prior year.*

4.7 Finance costs

Finance costs are calculated using the effective interest method and included in profit or loss.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Instalment sale agreements	**10 680**	10 331	**–**	–
Lease liabilities	**(1 179)**	3 787	**–**	–
Bank	**27 623**	11 842	**22 110**	5 533
SARS	**168**	12	**–**	–
Group companies loans	**–**	–	**62 045**	33 027
Environmental rehabilitation and dismantling	**16 444**	11 663	**–**	–
Other interest paid	**1 544**	656	**–**	11
Total	**55 280**	38 291	**84 155**	38 571

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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Major components of the tax expense				
Current				
Local income tax				
Current year	**302 840**	247 151	**27**	2 782
Prior year	**48**	(6 933)	**–**	–
	302 888	240 218	**27**	2 782
Deferred				
Deferred income tax				
Current year	**(11 738)**	25 266	**(1 960)**	(12 182)
	(11 738)	25 266	**(1 960)**	(12 182)
Total	**291 150**	265 484	**(1 933)**	(9 400)
Tax rate reconciliation				
Standard tax rate (%)	**28,0**	28,0	**28,0**	28,0
Permanent differences (%)	**(0,7)**	(2,5)	**(28,8)**	(29,7)
Non-deductible expenses (%)*	**0,7**	1,3	**(0,3)**	6,9
Share Appreciation Right Scheme expense realised (%)	**(0,6)**	(0,6)	**(1,5)**	(0,4)
Deferred tax not recognised in prior year utilised (%)	**(1,0)**	(5,1)	**–**	–
Deferred tax recognised in prior year – derecognised in current year (%)	**–**	0,1	**0,7**	–
Exempt income (%)**	**(0,2)**	(0,4)	**(27,7)**	(36,2)
Increase in unrecognised tax losses recognised in current year (%)	**0,4**	2,2	**–**	–
Effective rate (%)	**27,3**	25,5	**(0,8)**	(1,7)

* *Includes legal 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.*

5. Income tax expense (continued)

The effective tax rate of the Group, previously reported of 30,5% was restated to 25,5%, due to the recognition of the measurement period adjustment, a gain on bargain purchase of R150,5 million, refer note 12.1 for further disclosures.

For details on deferred tax, refer note 6.3.

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.

The Right-of-use ('RoU') assets are 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: *Impairment 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.

6. Non-financial assets and liabilities (continued)

6.1 Property, plant and equipment (continued)

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	Run of mine ('ROM')

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.

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. These assets are tested annually for impairment. When the Group is able to mine, the undeveloped mining resources are depreciated as above.

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.* The Group has accounted for the acquisition of Coza Mining Proprietary Limited as an asset acquisition as it has been determined that the transaction is not a business in terms of IFRS 3. Therefore a mining asset relating to the mineral reserves and resources was accounted for at cost.

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.

6. Non-financial assets and liabilities (continued)

6.1 Property, plant and equipment (continued)

Stripping assets are initially measured at cost and subsequently carried 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. This reflects the fact that waste removal is necessary to gain access to the ore body and therefore realise future economic benefit. 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 ROM that becomes more accessible as a result of the stripping activity and are charged to 'operating costs' 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.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A non-current asset is not depreciated while it is classified as held for sale, or while it is part of a disposal group classified as such.

6. Non-financial assets and liabilities (continued)

6.1 Property, plant and equipment (continued)

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, 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.

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; and
- Residual value of the individual assets.

6. Non-financial assets and liabilities (continued)

6.1 Property, plant and equipment (continued)

	Cost 2022 R'000	Accumulated depreciation/ impairment 2022 R'000	Carrying value 2022 R'000	Cost 2021 R'000	Accumulated depreciation/ impairment 2021 R'000	Carrying value 2021 R'000
Group						
Land and buildings	156 130	(41 137)	114 993	143 868	(39 191)	104 677
Leasehold property	29 971	(16 691)	13 280	29 317	(12 970)	16 347
Plant and machinery	1 577 861	(653 840)	924 021	1 365 162	(563 581)	801 581
Motor vehicles	1 008 369	(501 261)	507 108	934 942	(459 568)	475 374
Office and computer equipment	55 061	(41 969)	13 092	46 231	(36 380)	9 851
Dismantling costs	30 121	(16 851)	13 270	32 696	(16 930)	15 766
Mining assets	1 226 219	(228 748)	997 471	882 162	(154 854)	727 308
Stripping assets	116 414	(31 754)	84 660	68 496	(6 758)	61 738
RoU assets	74 143	(45 590)	28 553	75 754	(40 903)	34 851
Total	4 274 289	(1 577 841)	2 696 448	3 578 628	(1 331 135)	2 247 493

Analysis of movements in carrying value:

	Opening carrying value R'000	Additions R'000	Additions through business combinations (refer note 12.1) R'000	Reclassi-fication R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Closing carrying value R'000
Group								
2022								
Land and buildings*	104 677	20 559	–	(2 500)	(4 513)	(3 296)	66	114 993
Leasehold property	16 347	670	–	–	(16)	(3 721)	–	13 280
Plant and machinery	801 581	226 563	–	87	(3 949)	(91 541)	(8 720)	924 021
Motor vehicles	475 374	123 713	–	(87)	(9 350)	(77 855)	(4 687)	507 108
Office and computer equipment	9 851	9 751	–	–	(302)	(6 208)	–	13 092
Dismantling costs	15 766	1 783	–	–	(4 358)	79	–	13 270
Mining assets	727 308	343 015	–	–	–	(72 852)	–	997 471
Stripping assets	61 738	47 919	–	–	–	(24 997)	–	84 660
RoU assets	34 851	8 473	–	–	(15)	(14 756)	–	28 553
Total	2 247 493	782 446	–	(2 500)	(22 503)	(295 147)	(13 341)	2 696 448
Group								
2021								
Land and buildings**	98 903	4 342	1 494	3 040	–	(3 102)	–	104 677
Leasehold property	16 619	2 953	–	–	–	(3 225)	–	16 347
Plant and machinery	652 216	100 225	124 739	–	(5 964)	(69 635)	–	801 581
Motor vehicles	407 619	134 883	1 401	–	(2 998)	(65 531)	–	475 374
Office and computer equipment	10 108	5 999	489	–	(7)	(6 738)	–	9 851
Dismantling costs	15 014	4 408	4 495	–	(8 612)	461	–	15 766
Mining assets	334 907	–	435 612	–	–	(43 211)	–	727 308
Stripping assets	–	32 268	36 227	–	–	(6 757)	–	61 738
RoU assets	36 133	8 509	49	–	–	(9 840)	–	34 851
Total	1 571 519	293 587	604 506	3 040	(17 581)	(207 578)	–	2 247 493

* *During the current year the Group reclassified land to 'Non-current assets held for sale' as result of a sale transaction which the Group entered into.*

** *In the prior year 'Investment property' was reclassified to 'Property, plant and equipment' due to a change in use.*

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	
	2022 R'000	2021 R'000
Carrying value of assets pledged as security:		
Plant and machinery	**98 836**	94 655
Motor vehicles	**215 479**	194 967
Office and computer equipment	**11**	25
Total	**314 326**	289 647

Included in additions are plant, equipment and motor vehicles with a total cost of R173,5 million (2021: R91,7 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 R87,1 thousand (2021: R13,8 million) and accumulated depreciation of R60,4 thousand (2021: R11,7 million), which had no further economical value and have been removed from the register.

During the 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.

An impairment loss of R3,6 million was recognised, relating to property, plant and equipment which had no further economic value and has been removed from the register. R3,2 million relates to items written off at Afrimat Marble Hall Proprietary Limited (previously known as Lyttelton Dolomite Proprietary Limited).

Depreciation expense of R256,3 million (2021: R180,0 million) has been charged in 'cost of sales' and R38,8 million (2021: R27,6 million) in 'operating expenses'.

Leases:

	Group	
	2022 R'000	2021 R'000
Carrying value of RoU assets:		
Land and buildings	**28 044**	26 539
Equipment	**509**	3 380
Motor vehicles	**–**	4 932
Total	**28 553**	34 851

6. Non-financial assets and liabilities (continued)

6.1 Property, plant and equipment (continued)

	Group	
	2022 R'000	2021 R'000
Depreciation charge of RoU assets:		
Land and buildings	**6 968**	6 419
Equipment	**1 700**	662
Motor vehicles	**6 088**	2 759
Total	**14 756**	9 840
Additions of RoU assets:		
Land and buildings	**8 473**	5 225
Motor vehicles	**–**	3 284
Total	**8 473**	8 509

For additional disclosures on the lease expense, interest expense and lease liability refer notes 4.5, 4.7 and 7.3.4, respectively.

Covid-19 related rent concessions:
The Group did not have any rent concessions, and therefore did not apply the practical expedient made available by the amendment to IFRS 16 in May 2020, to all rent concessions that meet the conditions in paragraph 46B of IFRS 16. This would have allowed amounts by which lease payments were reduced to be recognised in profit and loss in the period the concession was granted.

Non-current assets held for sale:

	Group	
	2022 R'000	2021 R'000
Land and buildings	**20 050**	–

During the year, the Group made the decision to sell a vacant land and office building. These assets form part of the acquisition of Afrimat Mining Services Proprietary Limited, refer note 12.1. A sale agreement was entered into between Afrimat Mining Services Proprietary Limited and Baughan Proprietary Limited, was and concluded on 8 October 2021 and is expected to be finalised by 30 August 2022. The land and building has been measured at its fair value less costs to sell of R17,5 million.

Furthermore, another sale agreement between Rodag Holdings Proprietary Limited and Grain Carriers Proprietary Limited was concluded on 28 February 2022, to sell a land. The land was originally purchased for use within the KwaZulu-Natal operations. This sale is expected to be finalised by 31 May 2022. The carrying value of the land is R2,5 million.

Both these assets are included within the total assets of the Construction Materials segment.

6. Non-financial assets and liabilities (continued)

6.1 Property, plant and equipment (continued)

Fair value measurement:

Land and buildings classified as held for sale have been measured at the lower of its carrying value and fair value less costs to sell at the time of reclassification. No impairment arose on the reclassification of these assets. The fair value of the assets were determined using prices and other relevant information available by market transactions involving identical or comparable assets. This is a level 3 measurement in terms of the fair value hierarchy.

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 its 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.

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	2 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 the prior year. 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.

6. Non-financial assets and liabilities (continued)

6.2 Intangible assets (continued)

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 2022 R'000	**Accumulated amortisation/ impairment 2022 R'000**	**Carrying value 2022 R'000**	Cost 2021 R'000*	Accumulated amortisation/ impairment 2021 R'000	Carrying value 2021 R'000*
Goodwill*	**239 077**	**(38 575)**	**200 502**	239 077	(38 575)	200 502
Mining rights	**24 188**	**(16 495)**	**7 693**	24 188	(14 905)	9 283
Surface right	**5 226**	**(86)**	**5 140**	–	–	–
Purchasing right	**9 983**	**(9 983)**	**–**	9 983	(9 983)	–
Total	**278 474**	**(65 139)**	**213 335**	273 248	(63 463)	209 785

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

Analysis of movements in carrying value:

	Group			
	Opening carrying value R'000	**Additions R'000**	**Amorti-sation R'000**	**Closing carrying value R'000**
2022				
Goodwill	200 502	–	–	200 502
Mining rights	9 283	–	(1 590)	7 693
Surface right	–	5 226	(86)	5 140
Total	209 785	5 226	(1 676)	213 335

6. Non-financial assets and liabilities (continued)

6.2 Intangible assets (continued)

	Group			
	Opening carrying value R'000	Additions R'000	Amorti-sation R'000	Closing carrying value R'000
2021				
Goodwill*	200 502	–	–	200 502
Mining rights	9 447	1 357	(1 521)	9 283
Purchasing right	277	–	(277)	–
Total	210 226	1 357	(1 798)	209 785

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

None of the mining rights included in intangible assets have indefinite lives. Remaining amortisation periods varies between six and 16 years (2021: seven and 17 years). An amortisation expense of R1,0 million (2021: R0,9 million) has been charged to 'cost of sales' and R0,7 million (2021: R0,9 million) has been charged to 'operating expenses'.

During the current year, the Group acquired a surface right at its Nkomati Anthracite mine with a definite life of two years.

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	
	2022 R'000	2021 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
	200 502	200 502

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*
** *Previously known as Infrasors Holdings Proprietary Limited.*
*** *Previously known as Afrimat Demaneng Proprietary Limited.*

The recoverable amount has been 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, considering the impact of Covid-19.

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% (2021: 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% (2021: 4,0% to 6,0%).

6. Non-financial assets and liabilities (continued)

6.2 Intangible assets (continued)

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% (2021: 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% (2021: 4,0% to 6,0%).
Medium-term growth	This is the weighted average growth rate, used to extrapolate the cash flows over the budgeted period, of 4,6% (2021: 5,3%).
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 12,6% (2021: 13,3%) has been applied.

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 CGUs, Afrimat Aggregates (Eastern Cape) Proprietary Limited and Afrimat Aggregates (Operations) Proprietary Limited, would equal its carrying value amount if the key assumptions were to change as follows:

	2022		2021	
	From	**To**	From	To
Afrimat Aggregates (Eastern Cape) Proprietary Limited				
Medium-term growth	**4,6%**	**3,6%**	5,3%	3,5%
Pre-tax discount rate	**12,6%**	**17,8%**	13,3%	17,6%
Afrimat Aggregates (Operations) Proprietary Limited				
Medium-term growth	**4,6%**	**3,6%**	N/A	N/A
Pre-tax discount rate	**12,6%**	**14,7%**	N/A	N/A

The recoverable amount of the CGUs, Afrimat Aggregates (Eastern Cape) Proprietary Limited and Afrimat Aggregates (Operations) Proprietary Limited, is estimated to exceed its carrying amount at 28 February 2022 by R36,2 million and R131,8 million (2021: R251,7 million and RNil), respectively.

6. Non-financial assets and liabilities (continued)

6.2 Intangible assets (continued)

Management has considered and assessed possible changes for the other assumptions and has not identified any instances that could cause the carrying amount of the CGUs, Afrimat Aggregates (Eastern Cape) Proprietary Limited and Afrimat Aggregates (Operations) Proprietary Limited, to exceed its recoverable amount, therefore no impairment has been recorded. Should changes in the medium-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.

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	
	2022 R'000	2021 R'000*	**2022 R'000**	2021 R'000
Accelerated capital allowances for tax purposes*	**(189 130)**	(251 619)	**–**	–
Accruals*	**40 396**	15 669	**14 501**	13 080
Provisions*	**74 263**	67 983	**–**	–
Tax losses available for set-off against future taxable income*	**212 162**	176 048	**–**	–
Share-based payments	**37 007**	14 837	**11 200**	4 678
Fair value adjustments	**(98 820)**	(6 702)	**–**	–
Mining assets*	**(140 163)**	(159 332)	**–**	–
Other	**(37 414)**	(12 011)	**–**	(7)
Lease liabilities*	**12 494**	11 394	**–**	–
	(89 205)	(143 733)	**25 701**	17 751

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

6. Non-financial assets and liabilities (continued)

6.3 Deferred tax (continued)

Analysis of movement in deferred tax balance:

	Group								
	February 2021			Recognised in profit or loss	Recognised directly in equity	Business combinations (refer note 12.1)	February 2022		
	Assets R'000*	Liabilities R'000	Total R'000*	R'000	R'000	R'000	Assets R'000	Liabilities R'000	Total R'000
Accelerated capital allowances for tax purposes*	(24 274)	(227 345)	(251 619)	62 489	–	–	**76 769**	**(265 899)**	**(189 130)**
Accruals*	50 022	(34 353)	15 669	24 727	–	–	**45 239**	**(4 843)**	**40 396**
Provisions*	28 055	39 928	67 983	6 280	–	–	**34 183**	**40 080**	**74 263**
Tax losses available for set-off against future taxable income*	168 378	7 670	176 048	15 057	–	21 057	**202 324**	**9 838**	**212 162**
Share-based payments	11 744	3 093	14 837	352	21 818	–	**21 793**	**15 214**	**37 007**
Fair value adjustments	–	(6 702)	(6 702)	(92 033)	(85)	–	**(309)**	**(98 511)**	**(98 820)**
Mining assets*	13 001	(172 333)	(159 332)	19 169	–	–	**(19 344)**	**(120 819)**	**(140 163)**
Other	(252)	(11 759)	(12 011)	(25 403)	–	–	**(2 811)**	**(34 603)**	**(37 414)**
Lease liabilities*	3 167	8 227	11 394	1 100	–	–	**2 995**	**9 499**	**12 494**
Total	249 841	(393 574)	(143 733)	11 738	21 733	21 057	**360 839**	**(450 044)**	**(89 205)**

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

	Company							
	February 2021			Recognised in profit or loss	Recognised directly in equity	February 2022		
	Assets R'000	Liabilities R'000	Total R'000	R'000	R'000	Assets R'000	Liabilities R'000	Total R'000
Accruals	13 080	–	13 080	1 421	–	**14 501**	**–**	**14 501**
Other	(7)	–	(7)	7	–	**–**	**–**	**–**
Share-based payments	4 678	–	4 678	532	5 990	**11 200**	**–**	**11 200**
Total	17 751	–	17 751	1 960	5 990	**25 701**	**–**	**25 701**

The Group has estimated income tax losses and capital tax losses available of R932,3 million (2021: R935,9 million) and R52,6 million (2021: R52,6 million), respectively. Included in the assessed tax losses were R174,6 million (2021: R874,3 million) and R52,6 million (2021: 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 R653,1 million relating to the income tax losses of Nkomati Anthracite Proprietary Limited. The deferred tax asset includes an asset of R212,0 million (2021: R17,2 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. The impact of Covid-19 on estimated future taxable income had no impact on the recoverability of the deferred tax asset.

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 will be applicable to the Group for the year ended F2024.

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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
The amounts attributable to the different categories are as follows:				
Raw materials, components	**253 985**	42 920	**–**	–
Finished goods	**260 663**	199 129	**–**	–
Production supplies	**70 447**	53 673	**–**	–
Total	**585 095**	295 722	**–**	–
Allowance for inventory obsolescence:	**(16 829)**	(16 680)	**–**	–
Finished goods	**(11 979)**	(13 948)	**–**	–
Production supplies	**(4 850)**	(2 732)	**–**	–
Total	**568 266**	279 042	**–**	–

6. Non-financial assets and liabilities (continued)

6.4 Inventories (continued)

Inventory write-off to net realisable value amounted to R26,9 million (2021: R7,2 million) and was 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 R721,8 million (2021: R600,9 million) and was recognised in 'cost of sales'.

As per the SENS announcement on 9 December 2021, the increase in raw materials relates to phosphate stockpiles acquired by the Group, R215,1 million, from Glenover. This was purchased as part of a sale of asset agreement with Glenover, separate from the sale of shares agreement. Refer note 18 for further details.

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.

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:

	2022	**2021**
Assumptions	Life-of-Mine	Life-of-Mine
Values	7 to 30 years	7 to 30 years
Medium-term growth	5,70%	5,30%
Pre-tax discount rate	7,10%	8,00%

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. Consequently, the guidelines issued for quantifying the future rehabilitation cost of a site, as issued by the DMRE, have been used to estimate future rehabilitation costs.

6. Non-financial assets and liabilities (continued)

6.5 Provisions (continued)

The carrying value of the rehabilitation and dismantling provision is sensitive to assumptions and estimates used in its calculation. If the discount rate of 7,1% (2021: 8,0%) had been 0,8% higher than management's estimate, the Group would have decreased the provisions by R23,7 million. However, if the discount rate had been 0,8% lower than management's estimate, the Group would have increased the provisions by R28,1 million.

	Group		
	Environmental rehabilitation R'000	Dismantling R'000	Total provisions R'000
Balance at 1 March 2020	120 343	32 405	152 748
Acquired through business combination (refer note 12.1)	74 180	4 495	78 675
Discount unwinding	11 663	–	11 663
Reversed during year	(10 533)	(8 612)	(19 145)
Additions	10 793	4 408	15 201
Total changes	86 103	291	86 394
Balance at 1 March 2021	**206 446**	**32 696**	**239 142**
Discount unwinding	**16 444**	**–**	**16 444**
Reversed during year	**(20 749)**	**(4 358)**	**(25 107)**
Additions	**32 990**	**1 783**	**34 773**
Total changes	**28 685**	**(2 575)**	**26 110**
Balance at 28 February 2022	**235 131**	**30 121**	**265 252**

The Group appointed Site Plan Consulting Proprietary Limited ('SPC') as its 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	R7,14/m^2
Buttress blasting	R1 000/linear metre
Rehabilitation of overburden and spoils	R130 760/hectare ('ha')
General surface rehabilitation	R63 746/ha
Two to three years of maintenance and aftercare	R6 342/ha
Discount rate	8,0%

These assumptions were unchanged and are consistent with that which were used in the prior year.

6. Non-financial assets and liabilities (continued)

6.5 Provisions (continued)

On 20 November 2015, the Financial Provisioning Regulations ('FPR'), (GNR1147) were promulgated by the Minister of Environmental Affairs for South Africa as replacement of financial provisioning and rehabilitation legislation contained in the MPRDA and the National Environmental Management Act, 1998 ('NEMA'). After promulgation of the FPR, the Department of Environmental Affairs ('DEA') met with various stakeholders who sought clarification on a number of issues. This resulted in revised draft regulations pertaining to the financial provision for prospecting, exploration, mining or production operations which were issued on 10 November 2017 (GNR1228). The FPR (GNR1147) are currently valid and in force and the final implementation date is 19 June 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 7,1% (2021: 8,0%) was used. The Company appointed SPC to conduct an Independent Specialist Update of the Quarry Site Rehabilitation Quantums during the prior year.

The decommissioning and rehabilitation provisions are secured by guarantees issued to the DMRE to the amount of R412,2 million (2021: R254,8 million) (refer note 17). Funds to the amount of R69,7 million (2021: R62,5 million) have been invested in environmental insurance policies and R3,4 million (2021: R3,0 million) in a Green Horizons Environmental Rehabilitation Trust Fund (refer note 7.1 and 7.2).

7. Financial assets and liabilities

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Other financial assets				
Non-current assets				
Financial assets at fair value through other comprehensive income (refer note 7.1)	**3 439**	3 046	**–**	–
Financial assets at fair value through profit or loss (refer note 7.2)	**70 329**	63 103	**–**	–
Financial assets at amortised cost (refer note 7.3.1)	**18 218**	14 191	**–**	–
	91 986	80 340	**–**	–
Current assets				
Financial assets at amortised cost (refer note 7.3.1)	**1 732**	–	**–**	–
	1 732	–	**–**	–
Total other financial assets	**93 718**	80 340	**–**	–

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 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 fair value through other comprehensive income ('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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Non-current assets				
Listed shares at fair value				
Old Mutual PLC shares	**74**	41	**–**	–
Environmental funds at fair value				
Green Horizons Environmental Rehabilitation Trust Fund	**3 365**	3 005	**–**	–
Total financial assets at fair value through other comprehensive income	**3 439**	3 046	**–**	–

Environmental funds were established to fund the cost of rehabilitation on closure of certain of the Group's mines.

Refer note 21 for details of fair value estimation.

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'.

7. Financial assets and liabilities (continued)

7.2 Financial assets at fair value through profit or loss (continued)

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Non-current assets				
Cadiz Asset Management Proprietary Limited Enterprise Development Investment	**610**	614	**–**	–
Centriq Insurance Company Limited Mining Rehabilitation Guarantee Insurance Policy	**50 979**	49 210	**–**	–
Liberty Life New Growth Rehabilitation Plan Trust	**18 740**	13 279	**–**	–
Total financial assets at fair value through profit or loss	**70 329**	63 103	**–**	–

The Group invested an amount in a Centriq Mining Rehabilitation Guarantee Insurance Policy to rehabilitate the environment after mining operations are completed at the Lyttelton, Marble Hall, Demaneng and Delf mining sites (refer note 6.5).

The Liberty Life New Growth Rehabilitation investments were established to fund the cost of rehabilitation on closure of the Group's iron ore mine.

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 fair value of all equity securities is based on their current bid prices in an active market. A change in fair value of R2,0 million (2021: R0,7 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.

7.3 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.

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)

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 expected credit losses 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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Non-current assets				
Enterprise and supplier development loans	**18 218**	14 191	**–**	–
Current assets				
Enterprise and supplier development loans	**1 732**	–	**–**	–
Total other financial assets at amortised cost	**19 950**	14 191	**–**	–

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. Majority of these loans have been provided by Afrimat Iron Ore Proprietary Limited (previously known as Afrimat Demaneng Proprietary Limited) to local qualifying enterprises. These loans bears no interest and are payable between 10 and 48 monthly instalments.

The counterparties have a low risk of default with no amount past due. 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 equal to the carrying value due to their short-term nature.

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

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.

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.

Expected credit loss 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 (previously known as Afrimat Demaneng 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.

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.2 *Trade and other receivables*

When assessing the loss allowance for inter-group loans, other financial assets and net investment in lease, 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.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Trade receivables at amortised cost	**436 348**	385 013	**10 369**	9 049
Less: Allowances for credit losses	**(8 961)**	(7 256)	**–**	–
Trade and other receivables at fair value through profit or loss*	**265 329**	265 405	**–**	–
Trade receivables – net	**692 716**	643 162	**10 369**	9 049
Loans to related parties	**–**	8 608	**–**	–
Other receivables	**24 086**	18 658	**460**	858
Trade and other receivables – financial assets (refer note 10)	**716 802**	670 428	**10 829**	9 907
Prepayments and value-added taxation**	**76 541**	25 508	**1 080**	290
Total trade and other receivables	**793 343**	695 936	**11 909**	10 197

* *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 increase relates to value-added taxation balance of R44 million receivable by the Group.*

In the prior year, the loans to related parties include loans made by the Group to the Group's joint venture and the Group's associate, Pemba Aggregates Limitada and Ikapa Quarries Proprietary Limited, respectively. The Pemba Aggregates Limitada receivables bore interest at Libor +1,5% in the prior year, no interest has been charged on these receivables during the current year, and have no fixed repayment terms. Ikapa Quarries Proprietary Limited receivables had no fixed repayment terms and bore interest at prime, these loans have been transferred to 'other financial assets' as a result of the sale of associate which occurred during the current year. Refer note 14 for further details.

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.2 *Trade and other receivables* (continued)

In FY2020, the Pemba Aggregates Limitada loan was considered to be in Stage 2 (in terms of credit risk classification) and a loss equivalent to a lifetime ECL is required to be held under IFRS 9. This was due to a significant increase in credit risk as a result of a decline in sales in the prior financial year. In calculating the expected credit loss rates, the Group considered a 100,0% (2021: 100,0%) probability of default in terms of the Global Corporate Average Cumulative Default Rates with a CCC/C investment grade as appropriate in the prior year. A loss given default rate of 100,0% (2021: 100,0%) was deemed appropriate in calculating the respective ECL. An ECL of RNil (2021: R2,1 million) was recognised in profit or loss.

The other receivables comprising deposits have a low risk of default, with no amount past due. The ECL has been determined over a 12-month period, resulting in a ECL identified being immaterial.

Trade receivables to the amount R653,1 million (2021: R525,6 million) served as security for the Group security special purpose vehicle ('SPV'), Shelfcor 08 Security SPV (RF) Proprietary Limited, refer note 7.3.4. At the date of this report, the Group initiated the process of dissolving the SPV.

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.

Two of the Group's largest customers, Kumba International Trading S.A.R.L and Glencore Operations South Africa Proprietary Limited, accounted for approximately 30,8% and 6,8% of net sales (2021: 41,0% and Nil%) which represents 35,2% and 4,2% of the trade and other receivables balance outstanding (2021: 40,0% and Nil%), 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.

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 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 2022 R'000	**Loss allowance (lifetime expected credit loss) 2022 R'000**	Estimated gross carrying amount at default 2021 R'000	Loss allowance (lifetime expected credit loss) 2021 R'000
Expected credit loss rate:				
Not past due: 0,1% (2021: Nil%)	**248 156**	**(244)**	169 059	(45)
Less than 30 days past due: 5,1% (2021: Nil%)	**60 479**	**(3 065)**	93 937	(7)
31 – 60 days past due: 0,6% (2021: 1,0%)	**119 699**	**(661)**	80 337	(785)
61 – 90 days past due: 100,0% (2021: 0,3%)	**824**	**(824)**	22 175	(75)
91 – 120 days past due: 37,4% (2021: 3,9%)	**4 826**	**(1 803)**	9 936	(391)
More than 120 days past due: 100,0% (2021: 62,2%)	**2 364**	**(2 364)**	9 569	(5 953)
Total	**436 348**	**(8 961)**	385 013	(7 256)

The following table shows the movement in the loss allowance (lifetime ECL) for trade and other receivables:

	Group	
	2022 R'000	2021 R'000
Opening balance	**7 256**	15 855
Amounts recovered	**(211)**	(2 237)
Provision raised on new trade receivables	**4 997**	5 501
Provisions reversed on settled trade receivables	**(3 081)**	(11 863)
Closing balance	**8 961**	7 256

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.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Rand	**479 450**	309 387	**11 909**	10 197
Meticais	**21 959**	106 941	**–**	–
US Dollar	**291 934**	279 608	**–**	–
	793 343	695 936	**11 909**	10 197

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'.

7.3.3 *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.

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.3 *Cash and cash equivalents* (continued)

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Cash and cash equivalents consist of:				
Cash on hand	**246**	212	**–**	–
Bank balances	**274 650**	856 731	**19 927**	186 437
Short-term bank deposits	**15 737**	14 117	**–**	–
Bank overdraft	**(1 805)**	(433 807)	**–**	(125 190)
	288 828	437 253	**19 927**	61 247
Current assets	**290 633**	871 060	**19 927**	186 437
Current liabilities	**(1 805)**	(433 807)	**–**	(125 190)
	288 828	437 253	**19 927**	61 247

An unlimited omnibus security ship between Group companies was provided to The Standard Bank of South Africa Limited ('SBSA') for the Group overdraft facility.

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 R15,8 million and R13,0 thousand (2021: R49,0 million and R25,0 thousand) which are held by Afrimat Mozambique Limitada and Afrimat Logistic Limitada, respectively. These deposits are subject to regulatory restrictions and are therefore not available for general use by the other entities within the Group.

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.

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.

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 *Borrowings* (continued)

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.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Non-current liabilities				
Medium-term loans	**–**	176 000	**–**	176 000
Instalment sale agreements	**110 785**	82 092	**–**	–
Lease liabilities	**38 592**	43 088	**–**	–
	149 377	301 180	**–**	176 000
Current liabilities				
Medium-term loans	**375 748**	106 080	**350 000**	44 000
Instalment sale agreements	**111 668**	97 648	**–**	–
Lease liabilities	**7 033**	8 993	**–**	–
	494 449	212 721	**350 000**	44 000
Total borrowings	**643 826**	513 901	**350 000**	220 000

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 *Borrowings* (continued)

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Medium-term loans				
Capital reconciliation of medium-term loans was as follows:				
Opening balance	**282 080**	44 401	**220 000**	–
Borrowings raised	**1 100 998**	410 946	**1 097 000**	220 000
Repayments	**(1 007 330)**	(173 267)	**(967 000)**	–
Closing balance	**375 748**	282 080	**350 000**	220 000
Instalment sale agreements				
Capital reconciliation of instalment sale agreements was as follows:				
Opening balance	**179 740**	198 726	**–**	–
Additions through business combinations (refer note 12.1)	**–**	2 802	**–**	–
Borrowings raised	**173 503**	91 660	**–**	–
Repayments	**(130 790)**	(113 448)	**–**	–
Closing balance	**222 453**	179 740	**–**	–
Lease liabilities				
Capital reconciliation of lease liabilities was as follows:				
Opening balance	**52 081**	52 705	**–**	–
Additions	**8 473**	8 509	**–**	–
Finance cost	**(1 179)**	3 787	**–**	–
Lease payments	**(13 750)**	(12 920)	**–**	–
Closing balance	**45 625**	52 081	**–**	–
Total borrowings	**643 826**	513 901	**350 000**	220 000

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 *Borrowings* (continued)

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Minimum payments due on instalment sale agreements and lease liabilities are as follows:				
Within one year	**131 960**	118 280	**–**	–
In second to fifth year inclusive	**145 969**	124 945	**–**	–
More than five years	**23 980**	20 415	**–**	–
	301 909	263 640	**–**	–
Future finance charges	**(33 831)**	(31 819)	**–**	–
Present value of minimum payments	**268 078**	231 821	**–**	–
Analysis of present value of minimum payments due:				
Within one year	**118 701**	106 641	**–**	–
In second to fifth year inclusive	**131 069**	110 770	**–**	–
More than five years	**18 308**	14 410	**–**	–
	268 078	231 821	**–**	–
Analysis as per Statement of Cash Flows:				
Total opening balance borrowings	**513 901**	295 832	**220 000**	–
Borrowings raised	**880 998**	410 946	**877 000**	220 000
Borrowings raised – non-cash	**401 976**	102 971	**220 000**	–
Medium-term loans	**220 000**	–	**220 000**	–
Instalment sale agreements (refer to note 6.1)	**173 503**	91 660	**–**	–
Additions through business combinations (refer note 12.1)	**–**	2 802	**–**	–
Lease liabilities (refer to note 6.1)	**8 473**	8 509	**–**	–
Repayments	**(931 870)**	(295 848)	**(747 000)**	–
Instalment sale agreements and medium-term loans	**(918 120)**	(286 715)	**(747 000)**	–
Lease liabilities	**(13 750)**	(9 133)	**–**	–
Repayments – non-cash	**(221 179)**	–	**(220 000)**	–
Medium-term loans	**(220 000)**	–	**(220 000)**	–
Lease liabilities	**(1 179)**	–	**–**	–
Total closing balance borrowings	**643 826**	513 901	**350 000**	220 000

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 *Borrowings* (continued)

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	0,3
– EBITDA to finance charges ratio shall at all times exceed target;	3,5	25,5
– Debt service cover ratio shall at all times exceed target;	1,2	3,0
– Guarantor EBITDA ratio shall at all times exceed target; and	90,0%	94,3%
– Guarantor total assets ratio shall at all times exceed target.	90,0%	90,1%

In December 2021, the Group acquired a R500,0 million revolving credit facility with SBSA and ABSA Group Limited ('ABSA'). An amount of R350,0 million was utilised as at 28 February 2022. The loan bears interest linked to the three-month Jibar overnight deposit rate plus 1,7% payable within three months from date of utilisation of the facility.

In the prior year, the Group acquired a R300,0 million five-year term facility with SBSA and Rand Merchant Bank ('RMB'). An amount of R220,0 million was utilised on 19 February 2021. The loan bore interest linked to the three-month Jibar overnight deposit rate plus 2,25%. The loan has been repaid.

In the current year, the Group renewed its $4,0 million revolving credit facility for a further 18 months, of which $1,7 million (2021: $3,9 million) was drawn, with Standard Bank (Mauritius) Limited. The facility bears interest at Libor plus 2,6% (2021: Libor plus 2,6%) payable quarterly and is available until February 2023.

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 R396,7 million (2021: R156,8 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 28 February 2022 as well as 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 R12,1 million (2021: R12,0 million) including interest and capital. Interest rates are linked to prime overdraft rate and varied between 5,2% and 12,0% (2021: 5,4% and 14,0%) during the year. The instalment sale agreements are secured by various items of property, plant and equipment as indicated in note 6.1.

Trade receivables and stated capital of major subsidiaries were provided as security for the general banking facilities (refer notes 7.3.2 and 13).

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.4 *Borrowings* (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
At floating rates based on prime overdraft rate	**643 826**	513 901	**350 000**	220 000

The Group has the following undrawn borrowing facilities with First National Bank of South Africa ('FNB'), SBSA and ABSA:

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Floating rate:				
– Expiring within one year	**609 653**	409 031	**222 901**	230 411

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 amounting to $1,7 million (2021: $3,9 million).

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 *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.

7. Financial assets and liabilities (continued)

7.3 Financial assets and liabilities at amortised cost (continued)

7.3.5 Trade and other payables (continued)

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Trade payables	**381 612**	263 954	**1 110**	7 761
Accrued expenses	**117 509**	120 392	**917**	–
Other payables*	**18 545**	75 422	**–**	–
Trade and other payables – financial liabilities (refer note 10)	**517 666**	459 768	**2 027**	7 761
Taxes and other statutory liabilities	**43 680**	40 448	**4 056**	842
Employee-related accruals	**102 383**	96 267	**16 984**	11 773
Total trade and other payables	**663 729**	596 483	**23 067**	20 376

* *In the prior year, a provision of R47,2 million was raised in Afrimat Mozambique Limitada for income received in advanced.*

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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Rand	**589 084**	442 580	**23 067**	20 376
Meticais	**74 195**	153 078	**–**	–
US Dollar	**450**	825	**–**	–
	663 729	596 483	**23 067**	20 376

The fair values of trade and other payables are considered to be equal to the carrying value due to their short-term nature.

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.

8. Equity – including earnings per share (continued)

8.1 Stated capital (continued)

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Authorised				
1 000 000 000 (2021: 1 000 000 000) ordinary shares with no par value	**–**	–	**–**	–
Issued				
146 346 264 (2021: 146 144 764) ordinary shares with no par value				
Opening balance	**345 894**	245 988	**272 472**	173 789
196 429 (2021: 2 882 352) shares issued during the year	**11 000**	111 115	**11 000**	111 115
Net effect of settlement of employee share options	**(41 008)**	(11 209)	**(54 834)**	(12 432)
Stated capital	**315 886**	345 894	**228 638**	272 472

During the year 196 429 shares were issued to Mpumalanga Economic Growth Agency ('MEGA'), previously a minority shareholder of Nkomati, refer note 12.1 for further disclosures.

During the prior year, 2 882 352 shares were issued when Afrimat acquired all of the UCP Group's shares from the shareholders pursuant to a scheme of arrangement ('Scheme'). Afrimat issued one ordinary share for each 280 UCP shares to the UCP shareholders as consideration. Refer note 12.1 for further details regarding this transaction.

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.

8. Equity – including earnings per share (continued)

8.2 Treasury shares (continued)

	Group 2022 R'000	Group 2021 R'000
1 475 492 (2021: 1 845 643) shares held by Afrimat Management Services Proprietary Limited ('AMS'), a subsidiary	**(46 296)**	(54 501)
6 725 244 (2021: 6 699 614) shares held by AEI, a subsidiary of Afrimat BEE Trust	**(62 734)**	(61 294)
	(109 030)	(115 795)
Analysis of movement in number of treasury shares:		
Opening balance	**8 546**	8 241
Utilised for settlement of employee Share Appreciation Rights exercised	**(422)**	(196)
Utilised for settlement of employee Forfeitable Share Plan shares vested	**(293)**	–
Purchased during the year	**370**	501
AEI	**26**	26
AMS	**344**	475
Closing balance	**8 201**	8 546

The Group acquired 343 625 and 25 630 (2021: 475 163 and 26 160) 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 R16,4 million (2021: R13,1 million) and has been deducted from shareholders' equity. The related weighted average share price at the time of purchase was R44,41 (2021: R27,17). During the year, 421 276 (2021: 196 031) shares were utilised in terms of the Share Appreciation Rights ('SAR') Scheme, for an amount of R14,5 million (2021: R5,7 million). The related weighted average share price at the time of exercise was R34,42 (2021: R35,99). During the year, 292 500 shares vested under the Forfeitable Share Plan ('FSP'). The related weighted average share price at the time of exercise was R51,25.

The Afrimat BEE Trust (indirectly through AEI) holds, on an unencumbered basis, 6 725 244 (2021: 6 699 614) shares representing 4,6% (2021: 4,58%) of the issued stated capital of the Company.

AMS holds 1 066 850 (2021: 1 359 350) shares as nominee for the absolute benefit of the participants of the Group's FSP. The remaining 408 642 (2021: 486 293) shares held in AMS are held for the purposes of the Group's SAR scheme.

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 re-measurements 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 2020	861	26 168	(11 623)	(105 788)	(90 382)
Share-based payment expense for the year	–	18 884	–	–	18 884
Settlement of employee SAR exercised, net of tax	–	(7 451)	–	–	(7 451)
Deferred taxation on share-based payments	–	8 074	–	–	8 074
Net change in fair value of equity instruments at fair value through other comprehensive income, net of tax	152	–	–	–	152
Exchange differences on translation of foreign operations	–	–	7 743	–	7 743
Total changes	152	19 507	7 743	–	27 402
Balance at 28 February 2021	**1 013**	**45 675**	**(3 880)**	**(105 788)**	**(62 980)**
Share-based payment expense for the year	**–**	**29 664**	**–**	**–**	**29 664**
Settlement of employee SAR exercised, FSP vested, net of tax	**–**	**(17 921)**	**–**	**–**	**(17 921)**
Deferred taxation on share-based payments	**–**	**21 818**	**–**	**–**	**21 818**
Net change in fair value of equity instruments at fair value through other comprehensive income, net of tax	**308**	**–**	**–**	**–**	**308**
Exchange differences on translation of foreign operations	**–**	**–**	**(9 387)**	**–**	**(9 387)**
Total changes	**308**	**33 561**	**(9 387)**	**–**	**24 482**
Balance at 28 February 2022	**1 321**	**79 236**	**(13 267)**	**(105 788)**	**(38 498)**

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 2020	–	8 532	–	–	8 532
Share-based payment expense for the year	–	7 082	–	–	7 082
Deferred taxation on share-based payments	–	2 597	–	–	2 597
Settlement of employee SAR exercised, net of tax	–	(3 350)	–	–	(3 350)
Total changes	–	6 329	–	–	6 329
Balance at 28 February 2021	**–**	**14 861**	**–**	**–**	**14 861**
Share-based payment expense for the year	**–**	**11 867**	**–**	**–**	**11 867**
Deferred taxation on share-based payments	**–**	**5 990**	**–**	**–**	**5 990**
Settlement of employee SAR exercised, FSP vested, net of tax	**–**	**(6 833)**	**–**	**–**	**(6 833)**
Total changes	**–**	**11 024**	**–**	**–**	**11 024**
Balance at 28 February 2022	**–**	**25 885**	**–**	**–**	**25 885**

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 acquisition in 2007. This has resulted in 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	
	2022 R'000	2021 R'000
Carrying amount of non-controlling interest	**9 233**	8 362
Total non-controlling interest	**9 233**	8 362
Summarised financial information:		
Non-current assets	**86 385**	83 598
Current assets	**146 038**	302 550
Non-current liabilities	**(16 055)**	(2 684)
Current liabilities	**(279 127)**	(427 197)
Net liabilities	**(62 759)**	(43 733)
Revenue	**148 677**	363 954
(Loss)/profit after taxation included in results		
Reported by subsidiaries	**(2 123)**	1 432
Other comprehensive income	**–**	–
Total comprehensive (loss)/income	**(2 123)**	1 432
Profit after taxation, allocated to non-controlling interest	**2 454**	2 573
Other comprehensive income, allocated to non-controlling interest	**–**	–

During the year, Capmat Proprietary Limited entered into a share buy-back with the minority shareholder, Joe Kalo Investments Proprietary Limited, whereby all shares held by Joe Kalo Investments Proprietary Limited were bought back, resulting in 100,0% shareholding held by Afrimat Limited.

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 1/2021 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.

8. Equity – including earnings per share (continued)

8.5 Earnings per share (continued)

	Group 2022 '000	Group 2021 '000
Number of shares in issue		
Total shares in issue	146 346	146 145
Treasury shares	(8 201)	(8 546)
Net shares in issue	138 145	137 599
Weighted average number of net shares in issue	137 803	135 381
Adjusted for effect of future share-based compensation payments	3 556	2 964
Diluted weighted average number of shares	141 359	138 345
Profit attributable to ordinary shareholders (rand)*	772 714	773 864
Earnings per ordinary share (cents)*	560,7	571,6
Diluted earnings per ordinary share (cents)*	546,6	559,4

	Group Gross 2022 R'000	Net of tax 2022 R'000	Gross 2021 R'000	Net of tax 2021 R'000
Reconciliation of headline earnings				
Profit attributable to ordinary shareholders*	–	772 714	–	773 864
Profit on disposal of property, plant and equipment attributable to owners of the parent	(7 904)	(5 691)	(375)	(270)
Profit on sale of associate	(2 859)	(2 859)	–	–
Gain recognised as a result of remeasuring the equity interest of associate to fair value (refer note 12.1)	–	–	(25 140)	(25 140)
Gain on bargain purchase (refer note 12.1)*	(25 628)	(25 628)	(150 527)	(150 527)
Impairments (refer note 4.4)*	13 341	9 606	–	–
Headline earnings		748 142		597 927
Headline earnings per share ('HEPS') (cents)		542,9		441,7
Diluted HEPS (cents)		529,2		432,2

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 4.4 and 12.1 for further disclosures.*

8. Equity – including earnings per share (continued)

8.6 Net asset value ('NAV') per share

	Group 2022 '000	Group 2021 '000
Number of shares in issue		
Total shares in issue	146 346	146 145
Treasury shares	(8 201)	(8 546)
Net shares in issue	138 145	137 599
Shareholders' funds attributable to owners of the parent (rand)*	2 997 967	2 422 655
Total NAV per share (cents)*	2 170	1 761
Tangible net asset value ('TNAV') per share		
Shareholders' funds attributable to owners of the parent (rand)*	2 997 967	2 422 655
Intangible assets and goodwill*	(213 335)	(209 785)
	2 784 632	2 212 870
Total TNAV per share (cents)*	2 016	1 608

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

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 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Current year interim dividend paid	58 537	51 574	58 537	51 574
Previous year final dividend paid	163 682	116 043	163 682	116 043
Dividends received on treasury shares	(8 680)	(7 301)	–	–
Dividends paid by subsidiaries to non-controlling interest shareholders	1 388	1 340	–	–
	214 927	161 656	222 219	167 617
The Company has declared the following cash distributions to shareholders:				
Interim dividend paid (cents)			40,0	36,0
Final dividend declared/paid (cents)			146,0	112,0
Distributions declared/paid (cents)			186,0	148,0

9. Cash flow information

9.1 Cash generated from/(used in) operations

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Profit before tax*	**1 066 318**	1 041 921	**227 835**	554 222
Adjustments for:				
Depreciation and amortisation	**296 823**	209 376	**–**	–
Impairment of property, plant and equipment	**13 341**	–	**–**	–
Gain on bargain purchase*	**(25 628)**	(150 527)	**–**	–
Expected credit losses from related parties	**–**	2 058	**–**	35 060
Impairment of investment in subsidiary	**–**	–	**–**	28 258
Impairment of loan in associate/ subsidiary*	**–**	–	**–**	22 083
Share of profit of associate	**(257)**	(289)	**–**	–
Profit on sale of property, plant and equipment	**(7 904)**	(375)	**–**	–
(Profit)/loss on sale of associate/ investments	**(2 859)**	–	**(3 609)**	53 735
Deregistration of subsidiaries	**526**	–	**–**	–
Inventory write-off to net realisable value	**26 970**	7 170	**–**	–
Impairment of other financial assets	**–**	–	**–**	8 685
Gains – financial assets at fair value through profit or loss	**(1 788)**	(25 760)	**–**	–
Foreign exchange differences	**(9 387)**	7 743	**–**	–
Dividend revenue	**–**	–	**(225 721)**	(689 698)
Interest revenue	**(12 430)**	(21 022)	**(10 138)**	(19 149)
Finance costs	**55 280**	38 291	**84 155**	38 571
Net effect of settlement of employee share options	**(17 843)**	(5 521)	**(44 852)**	(12 432)
Movements in provisions	**12 241**	(2 104)	**–**	–
Share-based payment expense	**29 664**	18 884	**11 867**	7 082
Changes in working capital:				
Increase in inventories	**(316 192)**	(20 410)	**–**	–
Increase in trade and other receivables	**(97 368)**	(222 687)	**(1 712)**	(2 270)
Increase/(decrease) in trade and other payables	**67 159**	136 633	**2 692**	(29 634)
	1 076 666	1 013 381	**40 517**	(5 487)

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

9. Cash flow information (continued)

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
9.2 Finance income received				
Finance income (refer note 4.6)	**12 430**	21 022	**10 138**	19 149
Adjustments for:				
Other financial assets interest	**(704)**	(43)	**–**	–
	11 726	20 979	**10 138**	19 149
9.3 Finance costs paid				
Finance costs (refer note 4.7)	**55 280**	38 291	**84 155**	38 571
Adjustments for:				
Environmental rehabilitation and dismantling (refer note 4.7)	**(16 444)**	(11 663)	**–**	–
Lease liabilities (refer note 4.7)	**1 179**	–	**–**	–
	40 015	26 628	**84 155**	38 571
9.4 Tax paid				
Opening balance as per Statement of Financial Position	**(6 320)**	(6 352)	**794**	385
Current tax for the year recognised in Statement of Profit or Loss and Other Comprehensive Income (refer note 5)	**(302 888)**	(240 218)	**(27)**	(2 782)
Closing balance as per Statement of Financial Position	**(2 712)**	6 320	**(2 458)**	(794)
	(311 920)	(240 250)	**(1 691)**	(3 191)
9.5 Proceeds on disposal of property, plant and equipment				
Net book amount (refer note 6.1)	**22 503**	17 581	**–**	–
Disposal of dismantling costs (refer note 6.1)	**(4 358)**	(8 612)	**–**	–
Profit on sale of property, plant and equipment (refer note 4.3)	**7 904**	375	**–**	–
	26 049	9 344	**–**	–

9. Cash flow information (continued)

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
9.6 Non-cash investing and financing activities				
Acquisition of property, plant and equipment (refer note 6.1)	**782 446**	293 587	**–**	–
Acquisition of property, plant and equipment by means of instalment sale agreements (refer note 7.3.4)	**(173 503)**	(91 660)	**–**	–
Acquisitions of dismantling costs (refer note 6.1)	**(1 783)**	(4 408)	**–**	–
RoU assets (refer note 6.1)	**(8 473)**	(8 509)	**–**	–
	598 687	189 010	**–**	–
9.7 Capital elements of lease payments				
Repayment of lease liability (refer note 7.3.4)	**14 929**	12 920	**–**	–
Interest expense on lease liability (refer note 7.3.4)	**(1 179)**	(3 787)	**–**	–
	13 750	9 133	**–**	–

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.

There has been no change in the Group's objectives, policies and processes for managing its financial risks or the methods to measure them.

10. Financial risk management (continued)

Financial instruments by category

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Assets as per Statement of Financial Position:				
Financial assets at fair value through other comprehensive income ('FVOCI') (refer note 7.1)	**3 439**	3 046	**–**	–
Financial assets at fair value through profit or loss ('FVPL') (refer note 7.2)	**70 329**	63 103	**–**	–
Trade and other receivables at fair value through profit or loss (refer note 7.3.2)	**265 329**	265 405	**–**	–
Financial assets at amortised cost:				
Other financial assets (refer note 7.3.1)	**19 950**	14 191	**–**	–
Trade and other receivables (refer note 7.3.2)	**451 473**	405 023	**10 829**	9 907
Cash and cash equivalents (refer note 7.3.3)	**290 633**	871 060	**19 927**	186 437
Loans to subsidiaries (refer note 13)	**–**	–	**1 623 261**	938 544
Total financial assets	**1 101 153**	1 621 828	**1 654 017**	1 134 888
Liabilities as per Statement of Financial Position:				
Financial liabilities at amortised cost:				
Medium-term loans (refer note 7.3.4)	**375 748**	282 080	**350 000**	220 000
Instalment sale agreements (refer note 7.3.4)	**222 453**	179 740	**–**	–
Lease liabilities (refer note 7.3.4)	**45 625**	52 081	**–**	–
Other financial liabilities*	**7 488**	19 844	**–**	–
Loans from subsidiaries (refer note 13)	**–**	–	**1 143 606**	532 125
Trade and other payables (refer note 7.3.5)	**517 666**	459 768	**2 027**	7 761
Bank overdraft (refer note 7.3.3)	**1 805**	433 807	**–**	125 190
Total financial liabilities	**1 170 785**	1 427 320	**1 495 633**	885 076

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

10. Financial risk management (continued)

Financial instruments by category (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 note 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 (2021: 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			
2022			
Financial assets at fair value through other comprehensive income (refer note 7.1)	3 439	+500 -500	99 (99)
Total		+500 -500	99 (99)
Group			
2021			
Financial assets at fair value through other comprehensive income (refer note 7.1)	3 046	+500 -500	88 (88)
Total		+500 -500	88 (88)

10. Financial risk management (continued)

Financial instruments by category (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 profit after tax R'000
Group			
2022			
Financial assets at fair value through profit or loss (refer note 7.2)	70 329	+500 -500	2 532 (2 532)
Total		+500 -500	2 532 (2 532)
Group			
2021			
Financial assets at fair value through profit or loss (refer note 7.2)	63 103	+500 -500	2 272 (2 272)
Total		+500 -500	2 272 (2 272)

(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.

10. Financial risk management (continued)

Financial instruments by category (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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 (2021: 200 basis points) change in the SARB repo rate 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 profit after tax R'000
Group			
2022			
Other financial assets	19 950	+200	287
		-200	(287)
Cash and cash equivalents	290 387	+200	4 182
		-200	(4 182)
Borrowings	(643 826)	+200	(9 271)
		-200	9 271
Bank overdraft	(1 805)	+200	(26)
		-200	26
Total		+200	(4 828)
		-200	4 828
Company			
2022			
Cash and cash equivalents	19 927	+200	287
		-200	(287)
Borrowings	(350 000)	+200	(5 040)
		-200	5 040
Loans to subsidiaries	1 623 261	+200	23 375
		-200	(23 375)
Loans from subsidiaries	(1 143 606)	+200	(16 468)
		-200	16 468
Total		+200	2 154
		-200	(2 154)

10. Financial risk management (continued)

Financial instruments by category (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 profit after tax R'000
Group			
2021			
Other financial assets	14 191	+200	204
		-200	(204)
Cash and cash equivalents	870 848	+200	12 540
		-200	(12 540)
Borrowings	(513 901)	+200	(7 400)
		-200	7 400
Bank overdraft	(433 807)	+200	(6 247)
		-200	6 247
Total		+200	(903)
		-200	903
Company			
2021			
Cash and cash equivalents	186 437	+200	2 685
		-200	(2 685)
Borrowings	(220 000)	+200	(3 168)
		-200	3 168
Loans to subsidiaries	938 544	+200	13 515
		-200	(13 515)
Loans from subsidiaries	(532 125)	+200	(7 663)
		-200	7 663
Bank overdraft	(125 190)	+200	(1 803)
		-200	1 803
Total		+200	3 566
		-200	(3 566)

10. Financial risk management (continued)

Financial instruments by category (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 (previously known as Afrimat Demaneng Proprietary Limited) 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 Demaneng. 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.

Sensitivity analysis

A movement in exchange rate of 10,0% (2021: 10,0%), with all other variables held constant, against the US Dollar would have increased/(decreased) profit or loss 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).

	Movement in basis points	Effect on profit after tax R'000
Group		
2022		
Profit or loss	+1 000	103 334
	-1 000	(103 334)
Total	+1 000	103 334
	-1 000	(103 334)
Group		
2021		
Profit or loss	+1 000	110 325
	-1 000	(110 325)
Total	+1 000	110 325
	-1 000	(110 325)

10. Financial risk management (continued)

Financial instruments by category (continued)

(a) Market risk (continued)

(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 28 February 2022, R265,3 million (2021: R265,4 million) of the trade receivables balance are subject to price movements.

Sensitivity analysis

A movement in commodity prices of 10,0% (2021: 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.

	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			
2022			
Trade receivables subject to price fluctuations	265 329	+1 000	19 104
		-1 000	(19 104)
Total		+1 000	19 104
		-1 000	(19 104)
Group			
2021			
Trade receivables subject to price fluctuations	265 405	+1 000	19 109
		-1 000	(19 109)
Total		+1 000	19 109
		-1 000	(19 109)

10. Financial risk management (continued)

Financial instruments by category (continued)

(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 note 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.

The maximum exposure to credit risk is presented in the table below:

	Gross carrying amount 2022 R'000	Credit loss allowance 2022 R'000	Amortised cost/fair value 2022 R'000	Gross carrying amount 2021 R'000	Credit loss allowance 2021 R'000	Amortised cost/fair value 2021 R'000
Group						
Other financial assets at amortised cost	19 950	–	19 950	14 191	–	14 191
Trade and other receivables	725 763	(8 961)	716 802	677 684	(7 256)	670 428
Cash and cash equivalents	290 387	–	290 387	870 848	–	870 848
Total	1 036 100	(8 961)	1 027 139	1 562 723	(7 256)	1 555 467

The Group's concentration of credit risk is limited to South Africa and Mozambique.

	Gross carrying amount 2022 R'000	Credit loss allowance 2022 R'000	Amortised cost/fair value 2022 R'000	Gross carrying amount 2021 R'000	Credit loss allowance 2021 R'000	Amortised cost/fair value 2021 R'000
Company						
Loans to subsidiaries	1 769 943	(146 682)	1 623 261	1 085 226	(146 682)	938 544
Trade and other receivables	10 829	–	10 829	9 907	–	9 907
Cash and cash equivalents	19 927	–	19 927	186 437	–	186 437
Total	1 800 699	(146 682)	1 654 017	1 281 570	(146 682)	1 134 888

10. Financial risk management (continued)

Financial instruments by category (continued)

(b) Credit risk (continued)

(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.

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	
	2022	2021	2022	2021
Financial institution:				
ABSA	NP	NP	20 778	7 964
FNB	NP	NP	4 435	680 855
SBSA	NP	NP	264 061	178 256
Other	N/A	N/A	1 113	3 773
			290 387	870 848

(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.

At 28 February 2022, the Company's current liabilities exceed the current assets. The Company has access to additional cash resources within the Group to meet its cash obligations as they fall due within the next 12 months.

10. Financial risk management (continued)

Financial instruments by category (continued)

(c) Liquidity risk (continued)

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 R15,7 million (2021: R14,1 million) that are expected to readily assist in generating cash inflows for managing liquidity risks.

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:

	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 28 February 2022					
Medium-term loans	**375 748**	**375 748**	**375 748**	**–**	**–**
Other financial liabilities	**7 488**	**7 488**	**7 488**	**–**	**–**
Lease liabilities	**45 625**	**64 915**	**10 891**	**30 044**	**23 980**
Instalment sale agreements	**222 453**	**236 994**	**121 069**	**115 925**	**–**
Trade and other payables	**517 666**	**517 666**	**517 666**	**–**	**–**
Bank overdraft	**1 805**	**1 805**	**1 805**	**–**	**–**
	1 170 785	**1 204 616**	**1 034 667**	**145 969**	**23 980**
At 28 February 2021					
Medium-term loans	282 080	303 313	106 080	197 233	–
Other financial liabilities*	19 844	19 844	19 844	–	–
Lease liabilities	52 081	73 517	13 495	39 607	20 415
Instalment sale agreements	179 740	190 123	104 785	85 338	–
Trade and other payables	459 768	459 768	459 768	–	–
Bank overdraft	433 807	433 807	433 807	–	–
	1 427 320	1 480 372	1 137 779	322 178	20 415

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

10. Financial risk management (continued)

Financial instruments by category (continued)

(c) Liquidity risk (continued)

	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 28 February 2022					
Medium-term loans	**350 000**	**350 000**	**350 000**	**–**	**–**
Loans from subsidiaries	**1 143 606**	**1 143 606**	**1 143 606**	**–**	**–**
Trade and other payables	**2 027**	**2 027**	**2 027**	**–**	**–**
	1 495 633	**1 495 633**	**1 495 633**		**–**
At 28 February 2021					
Medium-term loans	220 000	241 233	44 000	197 233	–
Loans from subsidiaries	532 125	532 125	532 125	–	–
Trade and other payables	7 761	7 761	7 761	–	–
Bank overdraft	125 190	125 190	125 190	–	–
	885 076	906 309	709 076	197 233	–

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.

11. Capital risk management (continued)

The Group's strategy is to maintain the net debt:equity ratio to below 25%. The net debt:equity ratios at reporting date were as follows:

	Group		Company	
	2022 R'000	2021 R'000*	**2022 R'000**	2021 R'000
Total borrowings and loans from subsidiaries*	**651 314**	533 745	**1 493 606**	752 125
Overdraft less cash and cash equivalents/(surplus cash)	**(288 828)**	(437 253)	**(19 927)**	(61 247)
Net debt	**362 486**	96 492	**1 473 679**	690 878
Total equity*	**3 007 200**	2 431 017	**1 594 006**	1 602 452
Total capital*	**3 369 686**	2 527 509	**3 067 685**	2 293 330
Net debt:equity ratio (%)	**12,1**	4,0	**92,5**	43,1

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

The strategy to maintain a net debt:equity ratio in the Company has been influenced by the inclusion of the loans from subsidiaries. Should this have been excluded the Company would have met the Group's targets at 20,7% (2021: (9,9%)). Solvency and liquidity ratios are monitored on a Group basis and therefore capital adequacy requirements have continued to remain satisfied.

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.

12. Business combinations (continued)

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.

12.1 Acquisition of businesses

Unicorn Capital Partners Limited ('UCP')/Nkomati Anthracite Proprietary Limited ('Nkomati')

In F2020, the Group acquired 27,3% of UCP's share capital for an amount of R16,0 million. In F2021, the Group advised the market of the intention to acquire the remaining UCP shares by way of a scheme of arrangement ('Scheme') in terms of section 114 of the Companies Act, where UCP shareholders obtained one Afrimat Limited ordinary share for every 280 UCP ordinary shares disposed of, with no cash alternative. This resulted in 2 882 352 Afrimat Limited shares being issued to the value of R111,1 million.

On 15 December 2020, all conditions precedent were fulfilled and the agreement became unconditional.

During the year, the information pertaining to the fair value of the deferred tax assets and liabilities and mining assets were finalised and the following measurement period adjustments were recorded. The major part of the adjustment relates to the deferred tax asset raised of R189,9 million, after which SARS recognised the assessed loss carried forward on the Income Tax Statement of Account for the year of assessment F2021.

Details of the acquisition are as follows:

		Measurement period adjustments*			
	Total 2021 R'000 As originally presented	Total 2021 R'000 Finalisation of deferred tax[1]	Total 2021 R'000 MEGA purchase consideration[2]	Total 2021 R'000 UCP loan receivable[3]	Total 2021 R'000 Adjusted
Carrying amount/fair value of net assets acquired – Nkomati					
Property, plant and equipment	604 506	–	–	–	604 506
Other financial assets	8 994	–	–	–	8 994
Inventories	5 276	–	–	–	5 276
Deferred tax asset*	–	57 576	–	–	57 576
Trade and other receivables	21 651	–	–	–	21 651
Borrowings	(2 802)	–	–	–	(2 802)
Provisions	(81 040)	–	–	–	(81 040)
Deferred tax liability*	(132 334)	132 334	–	–	–
Other financial liability (Afrimat Limited)	(283 492)	–	–	–	(283 492)
Trade and other payables	(38 781)	–	–	–	(38 781)
Cash and cash equivalents	(1 003)	–	–	–	(1 003)
Net assets – Nkomati	100 975	189 910	–	–	290 885

12. Business combinations (continued)

12.1 Acquisition of businesses (continued)

Unicorn Capital Partners Limited ('UCP')/Nkomati Anthracite Proprietary Limited ('Nkomati') (continued)

		Measurement period adjustments*			
	Total 2021 R'000 As originally presented	Total 2021 R'000 Finalisation of deferred tax[1]	Total 2021 R'000 MEGA purchase consideration[2]	Total 2021 R'000 UCP loan receivable[3]	Total 2021 R'000 Adjusted
Fair value of UCP	45 000	–	–	–	45 000
Goodwill/(Gain on bargain purchase)*	6 300	(189 910)	11 000	22 083	(150 527)
Total purchase consideration	**152 275**	**–**	**11 000**	**22 083**	**185 358**
Proforma revenue assuming the business combination for the full year	111 813	–	–	–	111 813
Proforma loss after tax assuming the business combination for the full year	282 944	–	–	–	282 944
Revenue included in results	32 752	–	–	–	32 752
Loss after tax included in results	33 751	–	–	–	33 751
Acquisition cost (including business rescue cost) included in 'operating expenses' for the year	2 231	–	–	–	2 231

* *Measurement period adjustment – during the current year, the comparative information for February 2021 was retrospectively adjusted to recognise:*

[1] *A deferred tax asset on assessed losses finalised, which resulted in a decrease in goodwill and an increase in gain on bargain purchase of R189,9 million in the process of finalising the accounting for this business combination;*

[2] *The issued share capital, a total of 196 429 shares to Mpumalanga Economic Growth Agency ('MEGA') previously a minority shareholder of Nkomati which decreased the gain of bargain purchase by R11,0 million; and*

[3] *During the measurement period, the loan receivable from UCP at acquisition date, was recognised as part of the purchase consideration.*

The gain on bargain purchase realised in Nkomati is due to the business being bought out of business rescue and the fact that the entity was loss making at the time the acquisition occurred. The transaction is in line with the Group's diversification strategy to capitalise on new revenue opportunities for Afrimat in the Bulk Commodities space.

12. Business combinations (continued)

12.1 Acquisition of businesses (continued)

Unicorn Capital Partners Limited ('UCP')/Nkomati Anthracite Proprietary Limited ('Nkomati') (continued)

Property, plant and equipment

An external valuator was used in obtaining the fair value of property, plant and equipment. Comparable factors were used in the valuation methodology used by the valuator.

Mining reserves included/excluded life-of-mine ('LOM') plan

The value of all reserves (included and excluded in LOM) was valued using a discounted cash flow per LOM plan.

The long-term anthracite price used in the valuation was as follows:

Reserve:	Long-term price (R/tonne)
Anthracite low ash nuts	2 067
Anthracite low ash duff	1 653
Anthracite high ash nuts	820
Anthracite high ash duff	550

The following discounted rates were used:

Class		Real discount rate
Category 1:	Resources with a high level of confidence of economical extraction that had been proven through historical mining of such area or adequate drilling.	15,5%
Category 2:	High risk measured and indicated resources, due to complex geological setting. Further feasibility studies are required.	18,5%
Category 3:	Inferred resources and resources without regulatory approvals in place, including environmental authorisation and water use. Resources not verified, further exploration and drilling are required to be performed.	21,5%

12. Business combinations (continued)

12.1 Acquisition of businesses (continued)

Unicorn Capital Partners Limited ('UCP')/Nkomati Anthracite Proprietary Limited ('Nkomati') (continued)

At acquisition, the fair value of trade and other receivables was R19,9 million and includes trade receivables of R8,2 million. An amount of R5,6 million is reflected as neither impaired nor past due.

	Total 2021 R'000
Analysis as per Statement of Cash Flows:	
Total consideration (fair value)	(185 358)
Cash and cash equivalents	(1 003)
Fair value of associate	41 160
Cost of associate acquired	16 020
Gain recognised as a result of remeasuring the equity interest of the associate to fair value	25 140
Issue of shares	122 115
UCP loan receivable	22 083
Cash outflow	(1 003)

JEF Drill and Blast Proprietary Limited ('JEF')

In the current year, the Group acquired 100,0% of the issued shares of JEF Drill and Blast Proprietary Limited, which was subsequently renamed to Afrimat Mining Services Proprietary Limited ('Afrimat Mining Services'). The transaction was done by way of a Sale of Shares agreement for a consideration of R1, as well as a cession agreement with the creditors of the company to purchase the remaining balance owing, for an additional consideration of R14,8 million.

The company was placed in business rescue effective 1 February 2021. As part of the business rescue process a business rescue plan ('Plan') was developed to which Afrimat provided the business rescue practitioner ('BRP') with its proposal to rescue the company. The Plan was approved by the requisite creditors and shareholders on 14 June 2021.

On 23 June 2021, all conditions precedent were fulfilled and the agreement became unconditional.

Details of the acquisition are as follows:

	Total 2022 R'000
Carrying amount/fair value of net assets acquired – Afrimat Mining Services	
Non-current assets held for sale	**17 550**
Deferred tax asset	**21 057**
Trade and other receivables	**1 771**
Trade and other payables	**(14 750)**
Net assets – Afrimat Mining Services	**25 628**

12. Business combinations (continued)

12.1 Acquisition of businesses (continued)

JEF Drill and Blast Proprietary Limited ('JEF') (continued)

	Total 2022 R'000
Total consideration (fair value)	**–**
Gain on bargain purchase	**(25 628)**
Total net assets acquired	**–**
Pro forma revenue assuming the business combination for the full year	**34 771**
Pro forma loss after tax assuming the business combination for the full year	**(8 063)**
Revenue included in results	**34 771**
Loss after tax included in results	**(404)**
Acquisition cost (including business rescue cost) included in 'operating expenses' for the year	**–**
Analysis as per Statement of Cash Flows:	
Total consideration (fair value)	**–**
Trade and other payables	**(14 750)**
Cash outflow	**(14 750)**

The gain on bargain purchase realised in Afrimat Mining Services is due to the business being bought out of business rescue and the fact that the entity was loss making at the time the acquisition occurred. The Group identified an opportunity to expand its contracting operations through this acquisition within the Construction Materials segment.

A deferred tax asset of R21,0 million has been raised on this acquisition. During the current year Afrimat Mining Services generated taxable income and therefore started utilising the assessed loss carried forward. The Group has concluded that the deferred tax asset will be recoverable.

12.2 Acquisition of assets

Coza Mining Proprietary Limited ('Coza')

As per the SENS announcement published on 17 August 2020, the Company entered into a Sale of Shares agreement ('Coza Agreement'), in terms of which the Company agreed to purchase 100,0% of the issued ordinary shares of Coza Mining Proprietary Limited ('Coza') ('Assets'), with operations in South Africa, for a purchase consideration of R307,6 million, subject to adjustment ('Coza Transaction').

The Group entered into a mining contractor's agreement with Coza, allowing the Group to undertake mining operations at the mine, pursuant to the grant of the mining right for Farm Morokwa 572 and Farm Jenkins (together 'Jenkins Mine'). On 27 June 2021, the mining right was granted for the Jenkins Mine. Effective management and control of the mining operations through its appointment as mining contractor in terms of the mining contractor's agreement was obtained by the Group effectively from 1 July 2021. On 14 September 2021, all conditions precedent were fulfilled and the agreement became unconditional.

The purchase consideration of R307,6 million, including interest to the amount of R7,6 million, has been settled.

12. Business combinations (continued)

12.2 Acquisition of assets (continued)

Coza Mining Proprietary Limited ('Coza') (continued)

	Total 2022 R'000
Carrying amount/fair value of net assets acquired – Coza	
Property, plant and equipment	307 643
Net assets/total consideration (fair value)	307 643
Analysis as per Statement of Cash Flows:	
Total consideration (fair value)	307 643
Cash outflow	307 643

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.

Company financial statements

Investments in subsidiaries are initially recognised at cost.

Investments in subsidiaries are subsequently measured at cost less any accumulated impairment.

(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 are also recorded in retained earnings within equity.

13. Investment in subsidiaries (continued)

(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

The Afrimat Share Incentive Trust and Afrimat BEE Trust are structured entities that are 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.

Consolidation of Afrimat BEE Trust and its subsidiary AEI

Afrimat BEE Trust and its subsidiary AEI was 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 Afrimat Share Incentive Trust and Infrasors Environmental Rehabilitation Trust

The Group consolidated the Afrimat Share Incentive Trust and Infrasors Environmental Rehabilitation Trust due to the Group having rights to variable returns from its involvement with the trusts and has the ability to affect those returns through its control over the trusts.

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.

Share capital of major subsidiaries served as security for the Group security special purpose vehicle ('SPV'), Shelfcor 08 Security SPV (RF) Proprietary Limited, refer note 7.3.4.

13. Investment in subsidiaries (continued)

Name of entity	Nature of business	Principal place of business	% holding 2022	% holding 2021
Afrimat Aggregates (Eastern Cape) Proprietary Limited#	Aggregates	Eastern Cape	**100,0**	100,0
Afrimat Aggregates (Operations) Proprietary Limited	Aggregates	Western Cape	**100,0**	100,0
Afrimat Aggregates (KZN) Proprietary Limited	Aggregates	KwaZulu-Natal	**100,0**	100,0
Afrimat Aggregates (Trading) Proprietary Limited#	Aggregates	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#	Contracting	Western Cape	**100,0**	100,0
Afrimat Empowerment Investments Proprietary Limited	Investment	Western Cape	**–**	–
Afrimat Hemp Proprietary Limited (previously known as Delf Silica Proprietary Limited)	Industrial minerals	Western Cape	**55,0**	–
Afrimat Management Services Proprietary Limited	Services	Western Cape	**100,0**	100,0
Afrimat Marble Hall Proprietary Limited (previously known as Lyttelton Dolomite Proprietary Limited)	Industrial minerals	Gauteng	**100,0**	–
Afrimat Mining Services Proprietary Limited (previously known as JEF Drill & Blast Proprietary Limited)#	Contracting	Western Cape	**100,0**	–
Afrimat Mozambique Limitada	Aggregates	Mozambique	**99,0**	99,0
Afrimat Lime Company Proprietary Limited	Industrial minerals	Gauteng	**100,0**	–
Afrimat Logistics Proprietary Limited	Services	Gauteng	**51,0**	51,0
Afrimat Offshore**	Investment	Mauritius	**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 Share Incentive Trust	Investment	Western Cape	**–**	–
Afrimat Silica Proprietary Limited#	Industrial minerals	Gauteng	**100,0**	–
Boublok Proprietary Limited	Concrete-based products	Western Cape	**100,0**	100,0
Cape Lime Proprietary Limited#	Industrial minerals	Western Cape	**100,0**	100,0
Capmat Proprietary Limited#	Aggregates	Western Cape	**100,0**	87,5
Clinker Supplies Proprietary Limited	Aggregates	Gauteng	**100,0**	100,0
Community Quarries Proprietary Limited	Aggregates	Western Cape	**100,0**	100,0
Delf Sand Proprietary Limited#	Industrial minerals	Gauteng	**100,0**	–
Delf Silica Coastal Proprietary Limited#	Industrial minerals	Gauteng	**100,0**	–
Glen Douglas Dolomite Proprietary Limited	Aggregates	Gauteng	**100,0**	100,0
Labonte 3 Proprietary Limited	Property	Eastern Cape	**50,0**	50,0
Infrasors Environmental Rehabilitation Trust	Investment	Gauteng	**–**	–
Infrasors Empowerment Trust	Investment	Gauteng	**–**	–
Afrimat Lyttelton Proprietary Limited (previously known as Infrasors Holdings Proprietary Limited)***	Industrial minerals	Gauteng	**100,0**	100,0
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**	–
Phakamani Academy Proprietary Limited#	Services	Western Cape	**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
SA Block Proprietary Limited	Concrete-based products	Gauteng	**100,0**	100,0
Scottburgh Quarries Proprietary Limited	Aggregates	KwaZulu-Natal	**100,0**	100,0
Sunshine Crushers Proprietary Limited	Aggregates	KwaZulu-Natal	**100,0**	100,0

* *Indirectly held subsidiaries include Afrimat Iron Ore Proprietary Limited (previously known as Afrimat Demaneng Proprietary Limited), Afrimat Manganese Proprietary Limited (previously known as Diro Iron Ore Proprietary Limited), Nkomati Anthracite Proprietary Limited and Benicon Coal Proprietary Limited*

** *Indirectly held subsidiary includes Afrimat Logistics Limitada.*

*** *In the prior year, indirectly held subsidiaries include Delf Sand Proprietary Limited, Pienaarspoort Ontwikkeling Proprietary Limited, Delf Silica Coastal Proprietary Limited, Afrimat Silica Proprietary Limited, Afrimat Hemp Proprietary Limited (previously known as Delf Silica Proprietary Limited), Afrimat Marble Hall Proprietary Limited (previously known as Lyttelton Dolomite Proprietary Limited), Infrasors Environmental Rehabilitation Trust, Afrimat Lime Company Proprietary Limited, Infrasors Management Services Proprietary Limited and Infrasors Empowerment Trust.*

\# *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.*

13. Investment in subsidiaries (continued)

	Carrying amount shares 2022 R'000	Carrying amount shares 2021 R'000	Carrying amount indebtedness 2022 R'000	Carrying amount indebtedness 2021 R'000
Analysis of non-current assets and current liabilities:				
Non-current assets				
Loans to subsidiaries	**–**	–	**1 350 962**	1 085 226
Less: Allowances for credit losses	**–**	–	**(146 682)**	(146 682)
Investments in subsidiaries	**1 427 423**	1 346 420	**–**	–
Current assets				
Loans to subsidiaries	**–**	–	**418 981**	–
Current liabilities				
Loans from subsidiaries	**–**	–	**(1 143 606)**	(532 125)
	1 427 423	1 346 420	**479 655**	406 419

During the year the Group performed an internal restructure by way of an unbundling transaction in terms of S46 of the Income Tax Act. This resulted in Afrimat Limited obtaining a direct interest in the entities which was previously directly held by Afrimat Lyttelton Proprietary Limited, previously known as Infrasors Holdings Proprietary Limited, ultimately there was no change in common control.

The loans have no fixed terms of repayment and the majority bear interest at prime (2021: prime). The subsidiaries are incorporated in the Republic of South Africa except for Prima Quarries Namibia Proprietary Limited, Afrimat Offshore, Afrimat Logistics Limitada and Afrimat Mozambique Limitada that are incorporated in Namibia, Mauritius and Mozambique, respectively.

The Group has no contractual, other commitments or intentions to provide financial assistance to, or to buy assets from the Afrimat Share Incentive Trust, Afrimat BEE Trust and its subsidiary AEI, Infrasors Environmental Rehabilitation Trust and Infrasors Empowerment Trust.

The investment in subsidiaries were assessed for impairment. The Covid-19 pandemic was considered as part of this assessment. 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. In the prior year, management concluded that an impairment loss of R23,8 million, R14,3 thousand and R4,5 million was required to the investments in Afrimat Concrete Products Proprietary Limited, Afrimat Mozambique Limitada and SA Block Proprietary Limited, respectively.

The ECL calculated on loans to subsidiaries is a function of the loss given default, which is calculated based on the exposure at default and the probability of 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 the amount outstanding is 30 days past due and/or if there is existing or forecast deterioration in the counterparty's ability to meet its debt obligations.

13. Investment in subsidiaries (continued)

The majority of the ECL recognised on loans to subsidiaries relates to the loan to Nkomati.

During the year, Capmat Proprietary Limited entered into a share-buy back with the minority shareholder, Joe Kalo Investments Proprietary Limited, whereby all shares held by Joe Kalo Investments Proprietary Limited were bought back, resulting in 100,0% shareholding held by Afrimat Limited.

In the current year, the Group acquired 100,0% of the issued shares of JEF Drill and Blast Proprietary Limited, which was subsequently renamed to Afrimat Mining Services Proprietary Limited ('Afrimat Mining Services'), refer note 12.1 for further disclosures.

14. Investment in associate and joint venture

Group financial statements

The Group's associate and joint venture 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.

When the Group's share of losses in the joint venture equals or exceeds its interests in joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Company holds 49,0% of the share capital and 50,0% of the voting rights of Pemba Aggregates Limitada. The Company has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The Company also entered into a deed of usufruct and pledge of shares of 1,0% of Pemba Aggregates Limitada, resulting in 50,0% of the entity being equity accounted.

Company financial statements

Investments in associates and joint ventures are initially recognised at cost.

Investments in associates and joint ventures are subsequently measured at cost less any accumulated impairment.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Ikapa Quarries Proprietary Limited (Nil%) (2021: 49,0%)	**–**	591	**–**	–
Pemba Aggregates Limitada (49,0%)	**–**	–	**–**	–
Total	**–**	591	**–**	–

14. Investment in associate and joint venture (continued)

Ikapa Quarries Proprietary Limited

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:

	Group 2022 R'000	Group 2021 R'000
Assets	–	5 180
Liabilities	–	(4 663)
Revenues	6 501	2 558
Profit	257	289

During the year, Ikapa Quarries Proprietary Limited entered into a share buy-back, with Afrimat Limited, whereby all the shares held by Afrimat Limited were bought back.

Pemba Aggregates Limitada

In F2020, the investment in Pembo Aggregate Limited was fully impaired due to it being loss making and is in the process of being deregistered.

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, related trusts, associates and joint ventures, refer notes 13 and 14, respectively.

		Group 2022 R'000	Group 2021 R'000
Loan balances owing by	Associate	–	8 608
Interest received from	Associate	94	4 786

15. Related parties (continued)

Subsidiaries, associates and related trusts (continued)

		Company 2022 R'000	Company 2021 R'000
Net loan balances	Subsidiaries	479 655	406 419
Loan balances owing (to)	Subsidiaries	(1 143 606)	(532 125)
Loan balances owing by	Subsidiaries	1 623 261	938 544
Loan balances owing by	Associate	–	–
Trade and other payables	Subsidiaries	(129)	(129)
Trade and other receivables	Subsidiaries	10 369	9 049
Share of net profit after tax	Associate	257	289
Sales of goods to – gross values	Subsidiaries	50 655	33 687
Dividends received from	Subsidiaries	225 623	689 600
Dividends received from	Associate	98	98
Interest paid to	Subsidiaries	(62 045)	(33 027)
Interest received from	Subsidiaries	79 526	46 468

The Company has provided an unlimited omnibus securityship to SBSA in respect of funding provided by the bank to its subsidiaries.

Directors

Remuneration

Details relating to executive and non-executive directors' remuneration are disclosed in note 20. The only key employees identified are the directors of Afrimat Limited.

Share options

Share options have been granted to certain executive directors of Afrimat Limited and employees of its subsidiaries. These are fully disclosed in note 19.

Shareholding

Refer to the analysis of shareholders on page 144 for a list of shareholders with a beneficial interest of 3,0% or more in the Company.

Associate

Details regarding the Group's associate are set out in note 14. Transactions with the associate were entered into at the prevailing market rates.

Joint venture

During F2020 the Group impaired the investment in the joint venture. Details are set out in note 14. No transactions, was entered into the joint venture during the year under review.

Treasury shares

The Group acquired 369 255 (2021: 501 323) of its own shares through purchases on the JSE Limited. Refer to note 8.2 for further disclosure. Furthermore, Afrimat BEE Trust holds (indirectly through AEI) on an unencumbered basis, 6 725 244 (2021: 6 699 614) shares representing 4,6% (2021: 4,58%) of the issued share capital of the Company.

Unrecognised items

16. Commitments

	Group	
	2022 R'000	2021 R'000
Authorised capital expenditure		
Contracted after year-end, but not provided for		
Property, plant and equipment	**46 961**	36 137
Not yet contracted for		
Property, plant and equipment	**153 017**	185 484
Total authorised capital expenditure	**199 978**	221 621

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

17. Contingencies

Guarantees

Guarantees to the value of R65,5 million (2021: R69,7 million) were supplied by SBSA to various parties, including the DMRE and Eskom.

Guarantees to the value of R39,0 million (2021: R220,1 million) were supplied by FNB to various parties, including the DMRE and Eskom. The decrease in the amount mainly relates to the guarantee of R181,1 million previously obtained for the Coza acquisition, which has been released during the current year.

Guarantees to the value of R0,9 million (2021: R0,9 million) by ABSA, R249,4 million (2021: R181,5 million) by Centriq Insurance Innovation and R2,7 million (2021: 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 acquisitions of Coza Mining Proprietary Limited and Nkomati Anthracite Proprietary Limited.

Guarantees to the value of R94,8 million were supplied by Guardrisk to the DMRE. These guarantees relates to the environmental rehabilitation costs for Nkomati Anthracite Proprietary Limited.

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.

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 R14,4 million (2021: R15,1 million). An accrual has been raised in respect of commitments made up to the end of the year.

17. Contingencies (continued)

Other (continued)

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.

18. Events after the reporting period

Gravenhage Manganese Mining Right

On 20 May 2021, the Company entered into an agreement with Aquila Steel (S Africa) Proprietary Limited and Rakana Consolidated Mines Proprietary Limited, in terms of which the Company will purchase 100,0% of the Gravenhage manganese mining right and associated assets for a purchase consideration of a ZAR payment equivalent to USD45,0 million and ZAR15,0 million respectively and will be paid as follows:

- A first tranche payment in ZAR equivalent to USD30,0 million plus a contribution amount of ZAR15,0 million relating to the purchase of the property payable on the 10th business day following fulfilment or wavier of the conditions precedent.
- A second tranche payment in ZAR equivalent to USD15,0 million at the earlier of entry into one or more transactions with a third party which will result in Afrimat holding, directly or indirectly, less than 50,0% interest in the mining right; and 12 months after the date on which manganese ore or iron ore (excluding any discard material pertaining to such ore) recovered from the mining area is delivered to the product stockpile containing such types of ore, a facility for processing or any location outside of the mining area.

The acquisition is subject to the fulfilment of the following outstanding condition precedent ('Condition Precedent'):

- Grant of Water Use Licence application.

The Condition Precedent must be fulfilled by no later than 15 calendar months after the signature date, being 20 August 2022. At the date of publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

Glenover

As per the SENS announcement on 9 December 2021, the Company entered into:

(a) A Sale of Assets agreement ('Sale of Assets Agreement') with Glenover Phosphate Proprietary Limited ('Glenover'). In terms of which the Company agreed to acquire (either itself or via a nominated subsidiary) from Glenover certain assets including principally the right to mine the vermiculite deposit ('Vermiculite Mining Right') and certain deposits of phosphate rock located at the Glenover Mine ('Inventory Deposits'), owned by Glenover (the 'Sale Assets'), for a purchase consideration of R250,0 million settled as follows:
   - R215,1 million shall be settled in cash; and
   - R34,9 million shall, at the election of Glenover, be settled in cash or issuing of shares in the issued share capital of Afrimat ('Afrimat Shares') to Glenover, which, in the case of the latter, shall be settled based on the 30-day volume weighted average price at which Afrimat Shares traded on the JSE on the Vermiculite Mining Right Effective Date.

18. Events after the reporting period (continued)

Glenover (continued)

At year-end there were no outstanding suspensive conditions in respect of the sale of the Inventory Deposits which have already been included in the F2022 results. Subsequently, the Vermiculite Mining Right outstanding Conditions have been fulfilled and the R34,9 million was settled in cash in March 2022.

(b) A Sale of Shares agreement ('Sale of Shares Agreement') with Ferminore Proprietary Limited, Galileo Resources South Africa Proprietary Limited, Galagen Proprietary Limited (collectively, the 'Shareholders') and Glenover, in terms of which Afrimat has the option ('Option'), in its discretion, to purchase 100,0% of the issued ordinary shares in Glenover ('Sale Shares') from the Shareholders together with all claims that the Shareholders may have against the Company ('Sale Claims'), for a purchase consideration of R300,0 million settled as follows:

- 50% of the Sale Shares Purchase Consideration shall, at the election of Afrimat, be split between a cash payment and the issuing of Afrimat Shares to the Shareholders; and
- 50% of the Sale Shares Purchase Consideration shall, at the election of the Shareholders, be split between a cash payment and the issuing of Afrimat Shares to the Shareholders.

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

- Approval in terms of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002; and
- Afrimat has, in its sole discretion, exercised the Option by 15 June 2022 or, if an extension has been granted, by 10 November 2022.

Agri Lime

On 12 November 2021, Afrimat entered into an agreement to acquired 100,0% of the shares in Agri Lime Proprietary Limited; 74,0% of the shares in Stony Lime Proprietary Limited and the Kalaka mining right from Kalaka Mining Proprietary Limited (collectively 'Agri Lime') for a purchase consideration of R68,0 million. The opencast mine and plant is located close to the town of Northam in Limpopo.

All conditions precedent have been met subsequent to year-end and the acquisition will be effective from 13 May 2022.

Provisional details of the acquisition are as follows:

	Unaudited Total 2023 R'000
Carrying amount/fair value of net assets acquired – Agri Lime	
Property, plant and equipment	64 580
Current tax receivable	2 814
Trade and other receivables	9 650
Borrowings	(6 273)
Deferred tax liability	(2 677)
Trade and other payables	(15 016)
Cash and cash equivalents	9 253
Net assets – Agri Lime	**62 331**

18. Events after the reporting period (continued)

Agri Lime (continued)

	Unaudited Total 2023 R'000
Less: Non-controlling interests	(964)
Goodwill	6 633
Total net assets acquired	**68 000**
Cash paid	63 000
Contingent consideration	5 000
Total purchase consideration	**68 000**

The goodwill acquired in Agri Lime is attributable to the feedlime and agrilime resources, 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 Industrial Minerals segment.

Contingent consideration

A contingent consideration of R5,0 million is payable to the former owners of the Kalaka mining right, Kalaka Mining Proprietary Limited on condition that:

- the Section 102 Application is granted within three years from the date of the execution of the Notarial Deed of Cession; and
- the proof of the Reserve is provided by the Group to the former owners no later than 1 year from date on which the Section 102 Application is granted.

Acquisition-related costs

Acquisition-related costs of R1,0 million has been included in 'operating expenses' in the Statement of Profit or Loss in the reporting period ending 28 February 2022.

Non-controlling interest

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

Information not disclosed as not yet available

At the time the annual financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Agri Lime as the conditions precedent were not yet met. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally and have not yet been accounted for in the 2022 financial year.

18. Events after the reporting period (continued)

Russian invasion

The Russian invasion into Ukraine, is likely to have a devastating impact on global growth, if the war continues to escalate. It is highly likely to filtrate into the South African economy too. At this stage, management are of the opinion that it is too early to assess the potential impact on the Group and Company, due to the extent of the uncertainties that exist. Management is continuously assessing and monitoring developments of the war.

KwaZulu-Natal ('KZN') flooding

During April 2022, days of heavy rain across KZN has led to severe flooding in the region. The Group's Scottburgh operation was affected, which resulted in the pit being flooded. At this stage, there has been no material damage to any of the plants and insurance is in place for all assets. Operations are unaffected and continuing as normal.

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.

19. Share-based payments (continued)

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.

During F2019 the Group introduced an Afrimat Forfeitable Share Plan approved by the shareholders at the F2018 AGM. The plan allows certain senior employees to earn a long-term incentive to assist with the retention and award of selected employees. Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date. Awards are 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.

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 2022	**Number of options 2022 '000**	Average grant price in cents per share 2021	Number of options 2021 '000
Opening balance	**2 684**	**6 068**	2 730	4 843
Granted	**4 000**	**1 690**	2 501	2 465
Exercised	**2 616**	**(1 480)**	2 503	(1 240)
Forfeited	**2 622**	**(170)**	–	–
Closing balance	**3 066**	**6 108**	2 684	6 068

19. Share-based payments (continued)

19.1 Share Appreciation Rights Scheme ('SAR') (continued)

Out of the 6 108 000 outstanding options (2021: 6 068 000), 410 000 options (2021: 590 000) were exercisable. Options exercised, resulted in 60 000, 140 000, 130 000 and 1 150 000 shares (2021: 80 000, 105 000, 120 000, 70 000 and 865 000) being issued at a weighted price of R17,26, R22,20, R29,00 and R26,79 each, respectively (2021: R8,50, R15,65, R17,26, R22,20 and R29,00 each, respectively). The related weighted average share price at the time of exercise was R54,61 (2021: R35,99) per share.

Share options outstanding at the end of the year have the following expiry dates and grant prices:

		Number of options	
	Grant price cents	**2022 '000**	2021 '000
2022	1 726	**–**	60
2023	2 220	**70**	210
2024	2 900	**140**	320
2025	2 679	**200**	1 410
2026	3 021	**1 543**	1 603
2027	2 501	**2 465**	2 465
2028	4 800	**1 690**	–
		6 108	6 068

The remaining number of shares, as at year-end, that may be utilised for the purpose of share options are:

	Number of shares	
	2022 '000	2021 '000
Opening balance	**20 978**	22 203
Exercised	**1 480**	1 240
Forfeited	**170**	–
Utilised	**(1 690)**	(2 465)
Closing balance	**20 938**	20 978

19. Share-based payments (continued)

19.1 Share Appreciation Rights Scheme ('SAR') (continued)

Number of share options held by directors:

	Opening balance '000	Granted/ transferred in '000	Average grant price in cents per share	Expiry dates	Exercised/ expired '000	Closing balance '000
2022						
Andries J van Heerden	**1 170**	**260**	**4 800**	**2028**	**(345)**	**1 085**
Pieter GS de Wit	**500**	**110**	**4 800**	**2028**	**(145)**	**465**
Collin Ramukhubathi	**333**	**100**	**4 800**	**2028**	**(80)**	**353**
	2 003	**470**			**(570)**	**1 903**
2021						
Andries J van Heerden	1 010	470	2 501	2027	(310)	1 170
Pieter GS de Wit	433	202	2 501	2027	(135)	500
Collin Ramukhubathi	210	173	2 501	2027	(50)	333
	1 653	845			(495)	2 003

The fair value of options granted during the year using the Black Scholes valuation model, was R26,0 million (2021: R16,1 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 R17,5 million (2021: R11,2 million), of which R5,8 million (2021: R4,3 million) is attributed to the executive directors.

19. Share-based payments (continued)

19.1 Share Appreciation Rights Scheme ('SAR') (continued)

Analysis of movement in remaining options:

Grant date	20 May 2015 '000	18 May 2016 '000	17 May 2017 '000	5 November 2018 '000	22 May 2019 '000	20 May 2020 '000	26 May 2021 '000	**Total '000**
Originally granted	1 105	1 015	1 455	1 520	1 603	2 465	1 690	**10 853**
Forfeited	(25)	(70)	(170)	(170)	(60)	–	–	**(495)**
Exercised	(1 080)	(875)	(1 145)	(1 150)	–	–	–	**(4 250)**
Net outstanding	–	70	140	200	1 543	2 465	1 690	**6 108**
Grant price (cents)	1 726	2 220	2 900	2 679	3 021	2 501	4 800	
Fair value of option (cents)	406	711	852	676	853	655	1 541	

The assumptions used in determining the fair value, which reflect the conditions as at the reporting date, were as follows:

Grant date	20 May 2015	18 May 2016	17 May 2017	5 November 2018	22 May 2019	20 May 2020	26 May 2021
Grant price (cents)	1 726	2 220	2 900	2 679	3 021	2 501	4 800
Expected option life	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Expected volatility	28,76%	40,77%	37,57%	30,90%	37,59%	41,22%	40,32%
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	7,58%	9,01%	7,64%	7,08%	7,07%	6,75%	9,23%
Expected dividend yields	2,90%	2,57%	2,41%	2,31%	2,68%	4,68%	3,01%

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.

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. 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 on issue.

	Number of shares	
	2022 '000	2021 '000
Opening balance	1 359	899
Issued to participating employees	–	460
Vested	(293)	–
Closing balance	**1 066**	1 359

Nil (2021: 406 100) shares were issued to participants at an average market value of RNil (2021: R43,90).

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 292 500 shares vested, the related weighted average share price at the time of exercise was R55,25 (2021: RNil) per share.

The share-based payment expense for the year, in respect of current and previous years' shares granted, was R12,2 million (2021: R7,7 million), of which R6,4 million (2021: R4,2 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
2022						
Andries J van Heerden	324	–	–	–	–	324
Pieter GS de Wit	196	–	–	–	–	196
Collin Ramukhubathi	196	–	–	–	–	196
	716	–	–	–	–	716

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
2021						
Andries J van Heerden	229	95	4 390	2023	–	324
Pieter GS de Wit	133	63	4 390	2023	–	196
Collin Ramukhubathi	133	63	4 390	2023	–	196
	495	221	–	–	–	716

The assumptions used in determining the fair value, which reflect the conditions as at the reporting date, were as follows:

Grant date	30 November 2018	25 February 2019	30 October 2019	19 February 2020	22 February 2021
Grant price (cents)	2 766	2 850	3 200	2 930	4 390
Fair value of grants (cents)	2 545	2 607	2 644	2 413	3 443
Expected volatility	33,07%	33,07%	36,61%	34,31%	42,67%
Expected risk free rates	7,58%	7,58%	6,64%	6,26%	6,75%
Expected dividend yields	2,05%	2,05%	2,66%	2,76%	4,68%

20. Directors' emoluments

Directors' 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
2022						
Paid by Company						
Executive						
Andries J van Heerden	5 886	184	42	–	–	6 112
Pieter GS de Wit	3 228	97	77	315	–	3 717
Collin Ramukhubathi	2 880	145	73	281	–	3 379
	11 994	426	192	596	–	13 208

20. Directors' emoluments (continued)

Directors' 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
Non-executive						
Marthinus W von Wielligh*	1 256	–	–	–	–	1 256
Loyiso Dotwana	545	–	–	–	–	545
Hendrik JE van Wyk	168	–	–	–	20[1]	188
Jacobus F van der Merwe	541	–	–	–	–	541
Phuti RE Tsukudu	430	–	–	–	–	430
Helmut N Pool	459	–	–	–	–	459
Johannes HP van der Merwe	359	–	–	–	–	359
Francois M Louw	742	–	–	–	40[2]	782
Gert J Coffee	359	–	–	–	–	359
	4 859	–	–	–	60	4 919
Total	16 853	426	192	596	60	18 127
2021						
Paid by Company						
Executive						
Andries J van Heerden	5 339	186	29	–	–	5 554
Pieter GS de Wit	2 902	97	69	298	–	3 366
Collin Ramukhubathi	2 569	145	61	264	–	3 039
	10 810	428	159	562	–	11 959

20. Directors' emoluments (continued)

Directors' 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
Non-executive						
Marthinus W von Wielligh*	1 186	–	–	–	5 423[3]	6 609
Loyiso Dotwana	496	–	–	–	–	496
Hendrik JE van Wyk	367	–	–	–	20[1]	387
Jacobus F van der Merwe	441	–	–	–	–	441
Phuti RE Tsukudu	391	–	–	–	–	391
Helmut N Pool	367	–	–	–	–	367
Johannes HP van der Merwe	276	–	–	–	–	276
Francois M Louw	405	–	–	–	–	405
Gert J Coffee	327	–	–	–	–	327
	4 256	–	–	–	5 443	9 699
Total	15 066	428	159	562	5 443	21 658

* *Included in Marthinus W von Wielligh's fee is a portion of VAT not claimable due to VAT apportionment ruling.*

Notes

1. Other fees paid to Hendrik JE van Wyk include trustee fees paid in terms of the Afrimat Share Incentive Trust.
2. Other fees paid to Francois M Louw relate to extraordinary duties performed on the Glenover transaction.
3. A once-off ex gratia bonus of R5,0 million was granted to Marthinus W von Wielligh in the prior year. Marthinus W von Wielligh played a significant role in developing the Group and initiating certain key aspects of Afrimat's success formula.

Executive directors' contracts

No executive director has a notice period of more than three months. No executive director'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 and Collin Ramukhubathi have indefinite employment contracts. There are no other service contracts between the Company and executive directors.

20. Directors' emoluments (continued)

Executive directors' participation in share schemes

Share options are granted to executive directors 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** R'000
2022									
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	1565	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	12 883
	470 000	20 May 2020	2 501	–	–	–	–	470 000	19 500
	260 000	26 May 2021	4 800	–	–	–	–	260 000	4 810
				3 850 000	450 000		43 674	1 085 000	37 193
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	5 552
	202 000	20 May 2020	2 501	–	–	–	–	202 000	8 381
	110 000	26 May 2021	4 800	–	–	–	–	110 000	2 035
				930 000	90 000		12 798	465 000	15 968

* *The cash realisation value depicts the number of SARs exercised multiplied by the growth in share price (i.e. share price on exercise date less strike price).*

** *Number of SARs not redeemed at financial year-end (outstanding) multiplied by the applicable year-end Afrimat Limited share price (R66,50), less the strike price of these instruments.*

20. Directors' emoluments (continued)

Executive directors' 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** R'000
2022									
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	2 903
	173 000	20 May 2020	2 501	–	–	–	–	173 000	7 178
	100 000	26 May 2021	4 800	–	–	–	–	100 000	1 850
				230 000	–		3 520	353 000	11 931

* *The cash realisation value depicts the number of SARs exercised multiplied by the growth in share price (i.e. share price on exercise date less strike price).*
** *Number of SARs not redeemed at financial year-end (outstanding) multiplied by the applicable year-end Afrimat Limited share price (R66,50), less the strike price of these instruments.*

In terms of the SAR Scheme: Grant 13 (2021: Grant 12), 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 prior year, in the format of a FSP (refer note 19.2).

	Number of shares initially allocated	Date awarded	Market value on grant date
2021			
Andries J van Heerden	95 000	22 February 2021	4390
Pieter GS de Wit	62 500	22 February 2021	4390
Collin Ramukhubathi	62 500	22 February 2021	4390

20. Directors' emoluments (continued)

Incentive bonuses paid to executive directors

	Group	
	2022 R'000	2021 R'000
Executive		
Andries J van Heerden	5 890	5 480
Pieter GS de Wit	2 870	2 700
Collin Ramukhubathi	2 620	2 460
	11 380	10 640

Incentive bonuses include those earned in the current year but only received in the following year.

Directors' shareholding

Please refer to page 84 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).

21. Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value:

	Group R'000			
	Level 1	Level 2	Level 3	Total balance
At 28 February 2022				
Assets				
At fair value through other comprehensive income				
Equity securities*	74	–	–	74
Environmental funds**	–	3 365	–	3 365
At fair value through profit or loss				
Unit trusts**	–	70 329	–	70 329
Trade receivables***	–	265 329	–	265 329
Total assets	74	339 023	–	339 097
At 28 February 2021				
Assets				
At fair value through other comprehensive income				
Equity securities*	41	–	–	41
Environmental funds**	–	3 005	–	3 005
At fair value through profit or loss				
Unit trusts**	–	63 103	–	63 103
Trade receivables***	–	265 405	–	265 405
Total assets	41	331 513	–	331 554

* *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 relate to Afrimat Iron Ore Proprietary Limited (previously Afrimat Demaneng 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.*

21. Fair value estimation (continued)

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 the Lyttelton, Marble Hall and Delf mining sites (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 iron ore 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 28 February 2022 or the prior year.

22. Changes in accounting policies

The Group has adopted the following standards and interpretations:

Standard	**Subject**	Impact
IFRS 3 (effective 1 January 2022)	**Reference to the Conceptual Framework**	Impact of the amendment was not material
IAS 16 (effective 1 January 2022)	**Proceeds before intended use**	Impact of the amendment was not material
IAS 37 (effective 1 January 2022)	**Onerous Contract – cost of fulfilling a contract**	Impact of the amendment was not material

23. 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 2023)	**Presentation of Financial Statements – Classification of liabilities as current and non-current**	Impact of the amendment was not material
IAS 8 (effective 1 January 2023)	**Accounting Policies, Changes in Accounting Estimates and Errors**	The impact of the amendment will be assessed and applied in the future
IAS 12 (effective 1 January 2023)	**Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**	The disclosure of deferred tax is already aligned to the amendment; as a result, there is no impact on the Group's annual financial statements arising from the amendment

24. Going-concern

Covid-19

The impact of the Covid-19 pandemic has been considered up to 28 February 2022. The pandemic is considered to be an ongoing event and management is continuously assessing and monitoring developments with regard to the pandemic and its impact on the business.

Subsequent to year-end there have been no significant changes in the Covid-19 restrictions impacting the Group and therefore no subsequent events related to the Covid-19 pandemic have occurred. Furthermore, no other material events which occurred after the reporting date and up to date of this report.

At 28 February 2022, the Company's current liabilities exceed the current assets. The Company has access to additional cash resources within the Group to meet its cash obligations as they fall due within the next 12 months.

KwaZulu-Natal ('KZN') riots

In July 2021, dramatic and violent scenes of unrest and looting unfolded in KZN and Gauteng. The KZN and Gauteng operations of the Group experienced minimal impact from these riots.

ANALYSIS OF SHAREHOLDERS

AS AT 28 FEBRUARY 2022

	Number of shareholders	%	Number of shares	%
Shareholding				
1 – 1 000 shares	11 193	78,88	1 779 857	1,22
1 001 – 10 000 shares	2 335	16,46	7 795 833	5,33
10 001 – 100 000 shares	517	3,64	16 681 206	11,40
100 001 – 1 000 000 shares	131	0,92	35 918 589	24,54
1 000 000 shares and over	14	0,10	84 170 779	57,51
	14 190	100,00	146 346 264	100,00
Analysis of holdings				
Non-public shareholding				
Directors and their associates	9	0,06	10 872 734	7,43
Treasury shares – Afrimat Management Services Proprietary Limited	1	0,01	1 475 492	1,01
Treasury shares – Afrimat Empowerment Investments Proprietary Limited/Afrimat BEE Trust	1	0,01	6 725 244	4,60
	11	0,08	19 073 470	13,04
Public shareholding	14 179	99,92	127 272 794	86,96
	14 190	100,00	146 346 264	100,00

	Number of shares	%	Number of BEE shares	%
Major, founder and BEE shareholders				
Founder shareholders – related parties				
Andries J van Heerden (CEO)	4 178 973	2,86	–	–
Maryke E van Heerden	1 198 543	0,82	–	–
Amala Familie Trust (CEO)	853 564	0,58	–	–
Founder shareholders – not related parties				
Korum Trust (TCB Jordaan)	9 010 000	6,16	–	–
Forecast Investments Proprietary Limited (Laurie P Korsten)	400 000	0,27	–	–
Frans du Toit Trust	17 642 000	12,05	–	–
Other major shareholders				
Government Employees Pension Fund	22 654 900	15,48	–	–
BEE shareholders*				
ARC	10 632 754	7,27	10 632 754	11,65
Mega Oils Proprietary Limited (Loyiso Dotwana, non-executive director)	2 586 829	1,77	2 586 829	2,83
Afrimat Empowerment Investments Proprietary Limited/ Afrimat BEE Trust	6 725 244	4,60	6 171 756	6,76
Collin Ramukhubathi	192 865	0,13	192 865	0,21
Joe Kalo Investments Proprietary Limited	90 000	0,06	90 000	0,10
Johannes M Kalo	60 090	0,04	60 090	0,07
Goolam Ballim	227 009	0,16	227 009	0,25
Previously recognised interest**	–	–	–	10,73
	76 452 771	52,25	19 961 303	32,60
Other	69 893 493	47,75	–	–
	146 346 264	100,00	19 961 303	32,60

Total shareholding for BEE purposes:	
Total shareholding	146 346 264
Mandated investments	(55 045 554)
Total shareholding for BEE purposes:	91 300 710

* *Afrimat applied the exclusion principle, as required in terms of Statement 100 of the Code, therefore BEE shareholding is calculated by using the total shareholding for BEE purposes.*

** *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.*

GOVERNANCE

SHAREHOLDER INFORMATION

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.

NOTICE OF AGM

Afrimat Limited
(Registration number: 2006/022534/06)
Share code: AFT
ISIN: ZAE000086302
(‘**Afrimat**’ or ‘**the Company**’)

Notice is hereby given that the annual general meeting of shareholders of Afrimat will be held at the Protea Hotel, Durbanville, 99 Jip De Jager Drive, Vineyards Office Estate, Tyger Valley, 7530 on Wednesday, 3 August 2022 at 14:00 (‘AGM’).

PURPOSE

The purpose of the AGM is to transact the business set out in the agenda below.

AGENDA

Presentation of the audited annual financial statements of the Company, including the reports of the directors and the Audit & Risk Committee for the year ended 28 February 2022. The integrated annual report, of which this notice forms part, contains the consolidated annual financial statements and the aforementioned reports. The consolidated annual financial statements, including the unmodified audit opinion, are also available on Afrimat’s website at www.afrimat.co.za or may be requested and obtained in person, at no charge, at the registered office of the Company during office hours. In addition, electronic copies of the consolidated annual financial statements may be requested and obtained, at no charge, from the Company at secretary@afrimat.co.za.

To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

Note:
For ordinary resolutions numbers 1 to 13 (inclusive) to be adopted, more than 50% of the voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof. For ordinary resolutions numbers 14, 15 and 16 to be adopted, at least 75% of the voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof.

1. ADOPTION OF ANNUAL FINANCIAL STATEMENTS

1.1 Ordinary resolution number 1

‘Resolved that the annual financial statements of the Company and its subsidiaries for the year ended 28 February 2022 be and are hereby received and adopted.’

2. RETIREMENT AND RE-ELECTION OF DIRECTORS

2.1 Ordinary resolution number 2

‘Resolved that Mr Gert J Coffee, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as director.’

Summary *curriculum vitae* of Mr Gert J Coffee (Gert)
Gert, a registered professional engineer, has spent the past 39 years in the civil construction and materials supply industries in various executive management capacities. He joined Afrimat in January 2010 and served on the Board of the Company as an executive director from November 2010. During his tenure, he made a significant contribution to the Company in his role as Chief Operations Officer and thereafter as executive director responsible for Continuous Improvement. He retired as executive director with effect from 31 December 2018.

The reason for ordinary resolution number 2 is that the memorandum of incorporation of the Company, the JSE Listings Requirements and, to the extent applicable, the Companies Act, require that at least one-third of the non-executive directors of the Board rotate at the annual general meeting of the Company and being eligible, may offer themselves for re-election as directors. Mr Helmut N Pool, Mr Marthinus W von Wielligh and Mr Gert J Coffee retires at the upcoming annual general meeting of the Company and being eligible, Mr Gert J Coffee offers himself for re-election as a director.

3. Election of Directors

3.1 Ordinary resolution number 3

‘Resolved that Ms Sisanda Tuku, be elected as director of the Company.’

Summary *curriculum vitae* of Ms Sisanda Tuku (Sisanda)
BCom Financial Accounting (Honours), CA(SA)

Sisanda has over 18 years’ experience in the financial services sector, with extensive experience in structured finance, capital raising, corporate finance, infrastructure and public private partnerships financial advisory. She is currently the Chief Executive Officer of THEZA Capital Proprietary Limited, a financial advisory services company with a 14-year track record of ground-breaking transactions. She is passionate about elevating people, the businesses she is involved in as well as developing her leadership skills. In 2016, she was selected to be part of the International Women’s Forum Leadership Foundation Fellows Programme for emerging global leaders in conjunction with the Harvard and INSEAD Business Schools.

Prior to this, Sisanda was part of Investec Bank’s structured finance team where she was responsible for funding transactions in the mid-market space, including mergers and acquisitions, leveraged buyouts as well as black economic empowerment deals.

3.2 Ordinary resolution number 4

‘Resolved that Mr Marthinus G Odendaal, be elected as director of the Company.’

Summary *curriculum vitae* of Mr Marthinus G Odendaal (Gerhard)
National Higher Diploma (T4) (Civil Engineering)

Gerhard holds a National Higher Diploma (T4) (Civil Engineering) and attended a C-Level programme at Stanford University Graduate School of Business. Gerhard is highly experienced with a demonstrated history of working in the construction, materials supply and mining and metals industry. In his 17-year career at Afrimat, he honed skills in project risk assessment, contract management, project management, strategic planning, and change management. He has a track record of excellent execution and more recently played a key role in the turnaround of distressed mining assets.

4. RE-APPOINTMENT OF THE MEMBERS OF THE AUDIT & RISK COMMITTEE OF THE COMPANY

Note:
For avoidance of doubt, each reference to the Audit & Risk Committee of the Company is a reference to the audit committee as contemplated in the Companies Act.

4.1 Ordinary resolution number 5

'Resolved that Mr Loyiso Dotwana, being eligible, be and is hereby appointed as a member of the Audit & Risk Committee of the Company, as recommended by the Board, until the next annual general meeting of the Company.'

Summary *curriculum vitae* of Mr Loyiso Dotwana (Loyiso)
BSc Civil Engineering (University of Cape Town)

Loyiso worked as a civil engineer in design and project management for more than 20 years. He specialised in design and contract administration of township services and rural, urban and national roads. He was involved in the conceptual and detailed design of bulk services for the Coega Industrial Development Zone in Gqeberha. Loyiso founded Illiso Consulting Proprietary Limited, one of South Africa's largest black owned consulting engineering companies, of which he is currently a director and the major shareholder. Loyiso was appointed to the Afrimat Board since its listing in 2006.

4.2 Ordinary resolution number 6

'Resolved that Mr Francois M Louw, being eligible, be and is hereby re-appointed as a member of the Audit & Risk Committee of the Company, as recommended by the Board, until the next annual general meeting of the Company.'

Summary *curriculum vitae* of Mr Francois M Louw (Francois)
BEng (Mechanical), MBA

Francois holds a BEng (Mechanical) and MBA degree and has 34 years' experience in the mining industry. He has extensive experience in company strategy, major capital projects, commercial negotiations, business development and engineering. He was a member of the inaugural executive committee when Kumba Iron Ore Limited, a subsidiary of the Anglo American PLC group, was listed on the JSE in November 2006 and served on the executive committee and the board of Sishen Iron Ore Proprietary Limited, a Kumba Iron Ore Limited subsidiary up until April 2015. Prior to this, Francois served in various operations and project positions in the iron ore, heavy minerals and coal sectors.

4.3 Ordinary resolution number 7

'Resolved that Mr Jacobus F van der Merwe (Derick), being eligible, be and is hereby re-appointed as a member of the Audit & Risk Committee of the Company, as recommended by the Board, until the next annual general meeting of the Company.'

Summary *curriculum vitae* of Mr Jacobus F van der Merwe (Derick)
BCompt (Hons), CA(SA)

Derick, a chartered accountant, was the Managing Director and CEO of the highly successful Victoria & Alfred Waterfront Proprietary Limited, in Cape Town when he left to start his own company, DVDM Properties Proprietary Limited (that also operated in the People Spaces group until 2014) both offering international property development management and consulting services. Prior to that, he was an executive director within various companies in the Stocks & Stocks construction group of companies. Derick is also a non-executive director of PNA Stationers Proprietary Limited and served as non-executive director on a few other boards and trusts. Derick was appointed to Afrimat's Board in August 2014. Derick was appointed as Chairman of the Audit & Risk Committee in May 2019.

4.4 Ordinary resolution number 8

'Resolved that, subject to the approval of ordinary resolution number 3, Ms Sisanda Tuku, being eligible, be and is hereby appointed as a member of the Audit & Risk Committee of the Company, as recommended by the Board, until the next annual general meeting of the Company.'

A summary *curriculum vitae* of Ms Sisanda Tuku has been included in paragraph 3.1 above.

5. RE-APPOINTMENT OF AUDITOR

5.1 Ordinary resolution number 9

'Resolved that PricewaterhouseCoopers Inc. be and is hereby re-appointed as auditor of the Company for the ensuing financial year or until the next annual general meeting of the Company, whichever is the later, with the designated auditor being Mr David de Jager, a registered auditor and partner in the firm, on the recommendation of the Audit & Risk Committee of the Company.'

The reason for ordinary resolution number 9 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the Company as required by the Companies Act and the JSE Listings Requirements.

6. NON-BINDING ENDORSEMENT OF AFRIMAT'S REMUNERATION POLICY

6.1 Ordinary resolution number 10

'Resolved that the Company's remuneration policy, as set out on pages 68 to 73 of the integrated annual report of which this notice forms part, be and is hereby endorsed by way of a non-binding advisory vote.'

The reason for ordinary resolution number 10 is that the King IV Report on Corporate Governance™ for South Africa, 2016 ('King IV™') recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting of such company. This enables shareholders to express their views on the remuneration policy adopted by the Remuneration Committee of the Company. The effect of ordinary resolution number 10, if passed, will be to endorse the Company's remuneration policy. Ordinary resolution number 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

7. NON-BINDING ENDORSEMENT OF AFRIMAT'S IMPLEMENTATION REPORT ON THE REMUNERATION POLICY

7.1 Ordinary resolution number 11

'Resolved that the Company's implementation report in respect of its remuneration policy, as set out on pages 68 to 73 of the integrated annual report of which this notice forms part, be and is hereby endorsed by way of a non-binding advisory vote.'

The reason for ordinary resolution number 11 is that King IV™ recommends, and the JSE Listings Requirements require, that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting of such company. This enables shareholders to express their views on the implementation of the Company's remuneration policy. The effect of ordinary resolution number 11, if passed, will be to endorse the Company's implementation report in relation to the remuneration policy. Ordinary resolution number 11 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to implementation of the Company's remuneration policy.

Note:
Should 25% or more of the votes exercised in respect of ordinary resolution number 10 and/or ordinary resolution number 11 be against either resolution, the Company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the Company.

8. SIGNATURE OF DOCUMENTATION

8.1 Ordinary resolution number 12

'Resolved that a director of the Company or the Company Secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of the ordinary and special resolutions which are passed by the shareholders at the annual general meeting.'

9. ISSUE OF SHARES

9.1 Ordinary resolution number 13: Unissued ordinary shares

'Resolved that all the authorised but unissued ordinary shares of the Company, be and are hereby placed at the disposal and under the control of the directors, and that the directors be and are hereby authorised to allot, issue and otherwise to dispose of all or any of such shares at their discretion, in terms of and subject to the provisions of the Companies Act and the JSE Listings Requirements'.

9.2 Ordinary resolution number 14: General authority to issue ordinary shares for cash

'Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's memorandum of incorporation, the Companies Act and the JSE Listings Requirements, provided that:

- the approval shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond 15 (fifteen) months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in aggregate, 30% of the Company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, shares issued in connection with the FSP or options granted by the SAR in accordance with the JSE Listings Requirements shall not diminish the number of ordinary shares that comprise the 30% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 30% of the issued ordinary shares (net of treasury shares) of the company amounts to 41 469 485 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE Limited will be consulted for a ruling if the securities have not traded in such 30-business-day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties, save therefore that related parties may participate in a general issue for cash through a bookbuild process provided that (i) related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be 'out of the book' and not be allocated shares; and (ii) equity securities must be allocated equitably 'in the book' through the bookbuild process and the measures to be applied must be disclosed in the Stock Exchange News Service ('SENS') announcement launching the bookbuild;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the SENS.

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or in connection with duly approved share incentive schemes), it is necessary for the Board of the Company to obtain the prior authority of the shareholders in accordance with the JSE Listings Requirements and the memorandum of incorporation of the Company. Accordingly, the reason for ordinary resolution number 14 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the memorandum of incorporation of the Company.

Note:
For this resolution to be adopted, at least 75% of the voting rights exercised on it, whether in person or by proxy, must be exercised in favour of this resolution.

10. AMENDMENT OF THE AFRIMAT LIMITED FORFEITABLE SHARE PLAN

10.1 Ordinary resolution number 15

'Resolved, as an ordinary resolution, that the Board be and are hereby authorised, to adopt and/or authorise the adoption of the amendment to the Afrimat Limited Forfeitable Share Plan ('FSP') by adding in clause 13 of the FSP to read as follows':

MALUS AND CLAWBACK

13.1 The Forfeitable Shares (Performance Shares and/or Retention Shares, as the case may be) will be subject to such adjustments and deductions (malus) or recovery (clawback) as may be required to be made upon reasonable evidence, but in sole discretion of the Remuneration Committee acting reasonably, that the Participant contributed to, or was materially responsible for:

13.1.1 the need for restatement of the Company's or any member of the Group's financial results because of fraud, dishonesty or other misconduct;
13.1.2 misstating or misreporting or fraudulent or dishonest concealment of any clinical or trial data;
13.1.3 personally acting fraudulently or dishonestly in a manner that adversely affects the Company's reputation or which is characterised as gross misconduct;
13.1.4 directing an employee, contractor, or advisor to act fraudulently, dishonestly, or to undertake other misconduct; and
13.1.5 breaching their material obligations to the Company through error, omission, or negligence.
13.2 The Company will make any determination for adjustment, deduction, clawback, recovery, or non-payment of amounts in its sole discretion and in accordance with any applicable law or regulation.

Copies of the FSP are available for inspection from the date of this notice of AGM until the conclusion of the AGM convened in terms thereof at the registered office of the Company and at the offices of the Company's JSE sponsor, PSG Capital Proprietary Limited, at 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, 7600 and at 2nd Floor, Building 3, 11 Alice Lane, Sandhurst, Sandton, 2196, during office hours.

Note:
The above ordinary resolution must be approved by 75% of the votes cast by shareholders present in person or represented by proxy at this AGM in terms of Schedule 14 of the JSE Listing Requirements. In determining whether the requisite number of votes have been achieved to adopt this resolution, the votes attaching to any ordinary shares acquired in terms of the FSP and owned or controlled by persons who are existing participants in the FSP, and which may be impacted by the above-mentioned resolution, shall not be considered.

11. AMENDMENT OF THE AFRIMAT LIMITED SHARE APPRECIATION RIGHT PLAN

11.1. Ordinary resolution number 16

'Resolved, as an ordinary resolution, that the Board be and are hereby authorised, to adopt and/or authorise the adoption of the amendment to the Afrimat Limited Share Appreciation Right Plan ('SAR') by adding in clause 12 of the SAR to read as follows':

MALUS AND CLAWBACK

12.1 The SARs, and/or Shares, as the case may be, will be subject to such adjustments and deductions (malus) or recovery (clawback) as may be required to be made upon reasonable evidence, but in the sole discretion of the Remuneration Committee acting reasonably, that the Participant contributed to, or was materially responsible for:
12.1.1 the need for restatement of the Company's or any member of the Group's financial results because of fraud, dishonesty or other misconduct;
12.1.2 misstating or misreporting or fraudulent or dishonest concealment of any clinical or trial data;
12.1.3 personally acting fraudulently or dishonestly in a manner that adversely affects the Company's reputation or which is characterised as gross misconduct;
12.1.4 directing an employee, contractor, or advisor to act fraudulently, dishonestly, or to undertake other misconduct; and
12.1.5 breaching their material obligations to the Company through error, omission, or negligence.
12.2 The Company will make any determination for adjustment, deduction, clawback, recovery, or non-payment of amounts in its sole discretion and in accordance with any applicable law or regulation.

Copies of the SAR rules are available for inspection from the date of this notice of AGM until the conclusion of the AGM convened in terms thereof at the registered office of the Company and at the offices of the Company's JSE sponsor, PSG Capital Proprietary Limited, at 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, 7600 and at 2nd Floor, Building 3, 11 Alice Lane, Sandhurst, Sandton, 2196, during office hours.

Note:
The above ordinary resolution must be approved by 75% of the votes cast by shareholders present in person or represented by proxy at this AGM in terms of Schedule 14 of the JSE Listing Requirements. In determining whether the requisite number of votes have been achieved to adopt this resolution, the votes attaching to any ordinary shares acquired in terms of the SAR and owned or controlled by persons who are existing participants in the SAR, and which may be impacted by the above-mentioned resolution, shall not be considered.

To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

Note:
For any of the special resolutions numbers 1 to 13 (inclusive) to be adopted, at least 75% of the voting rights exercised on the applicable special resolution must be exercised in favour thereof.

12. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Special resolutions numbers 1 to 13

'Resolved, in terms of section 66(9) of the Companies Act, that the Company be and is hereby authorised to remunerate its directors for their services as directors on the basis set out below, which includes serving on various sub-committees, provided that this authority will be valid until the next annual general meeting of the Company:

12.1 Special resolution number 1
Resolved that the Chairman of the Board be paid an annual fee of R952 000 (excluding value added tax ('VAT')).

12.2 Special resolution number 2
Resolved that the Deputy Chairman of the Board be paid an annual fee of R550 000 (excluding VAT).

12.3 Special resolution number 3
Resolved that the non-executive directors be paid an annual fee of R334 000 (excluding VAT).

12.4 Special resolution number 4
Resolved that the Chairman of the Audit & Risk Committee be paid an annual fee of R201 000 (excluding VAT).

12.5 Special resolution number 5
Resolved that the Audit & Risk Committee members be paid an annual fee of R110 000 (excluding VAT).

12.6 Special resolution number 6

Resolved that the Chairman of the Remuneration Committee be paid an annual fee of R79 000 (excluding VAT).

12.7 Special resolution number 7

Resolved that the Chairman of the Nominations Committee be paid an annual fee of R79 000 (excluding VAT).

12.8 Special resolution number 8

Resolved that the Remuneration & Nominations Committee members be paid an annual fee of R62 000 (excluding VAT).

12.9 Special resolution number 9

Resolved that the Chairman of the Social, Ethics and Sustainability Committee be paid an annual fee of R95 000 (excluding VAT).

12.10 Special resolution number 10

Resolved that the Social, Ethics and Sustainability Committee members be paid an annual fee of R62 000 (excluding VAT).

12.11 Special resolution number 11

Resolved that the Chairman of the Investment Review Committee be paid an annual fee of R95 000 (excluding VAT).

12.12 Special resolution number 12

Resolved that the Investment Review Committee members be paid an annual fee of R62 000 (excluding VAT).

12.13 Special resolution number 13

Resolved that the non-executive directors receive a daily rate of R22 000 (excluding VAT) in respect of rare circumstances falling outside the ambit of scheduled annual commitments.

All approved fixed annual fee payments will be updated and paid on 31 August 2022 and backdated as from 1 March 2022.

The reason for special resolutions numbers 1 to 13 (inclusive) is to allow the Company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolutions numbers 1 to 13 (inclusive), if passed, is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next annual general meeting of the Company.

13. INTER-COMPANY FINANCIAL ASSISTANCE

13.1 Special resolution number 14: Inter-company financial assistance

'Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in section 45(1) of the Companies Act), that the Board may deem fit to any company or corporation that is related or inter-related ('related' and 'inter-related' will herein have the meanings attributed to them in section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the Board may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.'

The reason for and effect, if passed, of special resolution number 14 is to grant the directors of the Company the authority, until the next annual general meeting of the Company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is, *inter alia*, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

13.2 Special resolution number 15: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company

'Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the Board be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act), that the Board may deem fit to any person, including any company or corporation that is related or inter-related to the Company ('related' and 'inter-related' will herein have the meanings attributed to such terms in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company, on the terms and conditions and for amounts that the Board may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or of a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.'

The reason for and effect, if passed, of special resolution number 15 is to grant the directors the authority, until the next annual general meeting of the Company, to provide financial assistance to any person, including any company or corporation which is related or inter-related to the Company and/or any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, *inter alia*, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a wholly-owned subsidiary raises funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its wholly-owned subsidiary to the third-party funder arising from the issue of the preference shares.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the Company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 14 and 15 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company); and
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, prior to providing any financial assistance under special resolutions numbers 14 and 15, the Board will satisfy itself that:

- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's memorandum of incorporation have been met.

14. SHARE REPURCHASES BY THE COMPANY AND ITS SUBSIDIARIES

14.1 Special resolution number 16

'Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase or purchase, as the case may be, any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the Company and the JSE Listings Requirements, including, *inter alia*, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20%, in aggregate, in any one financial year of the Company's issued share capital of that class at the time the authority is granted;
- a resolution has been passed by the Board of directors approving the repurchase, that the Company and its subsidiaries ('the Group') has satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Group;
- the general repurchase is authorised by the Company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five-business-day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf; and
- the Company may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements.'

The reason for and effect, if passed, of special resolution number 16 is to grant the directors a general authority in terms of the Company's memorandum of incorporation and the JSE Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 16. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, (i) a *pro rata* repurchase by the Company from all its shareholders and (ii) Intra-group repurchases by the Company of its shares from wholly-owned subsidiaries, share incentive schemes pursuant to Schedule 14 of the JSE Listings Requirements and/or non-dilutive share incentive schemes controlled by the Company, where such repurchased shares are to be cancelled, will not require shareholder approval, save as may be required by the Companies Act.

1. Pursuant to, and in terms of, the JSE Listings Requirements, the Board hereby states that the intention of the directors of the Company is to utilise the general authority to repurchase ordinary shares in the Company if, at some future date, the cash resources of the Company are in excess of its requirements or there are other good reasons for doing so. In this regard, the directors will take account of, *inter alia*, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and the interests of the Company.

2. The directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number 16 to the extent that the directors, after considering the maximum number of shares to be repurchased, are of the opinion that the position of the Group would not be compromised as to the following:
   - the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the repurchase;
   - the consolidated assets of the Group (fairly valued) will be in excess of the consolidated liabilities of the Group (fairly valued) for a period of 12 months after the date of this AGM and for a period of 12 months following the repurchase. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Group;
   - the ordinary capital and reserves of the Group after the repurchase will remain adequate for the purpose of the business of the Group for a period of 12 months after the AGM and after the date of the share repurchase; and
   - the working capital available to the Group after the repurchase will be sufficient for the Group's ordinary business purposes for a period of 12 months after the date of the notice of the AGM.

General information in respect of major shareholders, material changes since the 2022 financial year-end and the share capital of the Company are contained in the integrated annual report of which this notice forms part, as well as the full set of annual financial statements, which is also available on Afrimat's website at www.afrimat.co.za or which may be requested and obtained in person, at no charge, at the registered office of Afrimat during office hours. Electronic copies of the consolidated annual financial statements may be requested and obtained, at no charge, from the Company at secretary@afrimat.co.za.

15. OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the Company.

Information relating to the special resolutions

1. The directors, whose names appear on page 34 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by law and the JSE Listings Requirements.
2. Other than the facts and developments reported on in this integrated annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

VOTING

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company ('the share register') for purposes of being entitled to receive this notice is Friday, 17 June 2022.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to participate and vote at the AGM is Friday, 29 July 2022, with the last day to trade being Tuesday, 26 July 2022.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the Chairman of the AGM and must accordingly submit a copy of their valid identity document, passport or driver's licence to the transfer secretaries via email at proxy@computershare.co.za. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Shareholders entitled to participate and vote at the AGM may appoint one or more proxies to participate, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from participating and voting (in preference to that shareholder's proxy) at the AGM.
5. Proxy forms, together with proof of identification and authority to do so (when acting in a representative capacity), should be lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to the transfer secretaries at Private Bag X9000, Saxonwold, 2132, South Africa (please note that postal delivery by the due date is at the risk of the shareholder), or emailed to proxy@computershare.co.za to be received, by no later than 14:00 on Monday, 1 August 2022, provided that any form of proxy not delivered to the transfer secretaries by this time may be submitted to the transfer secretaries via email at proxy@computershare.co.za at any time before the appointed proxy exercises any shareholder rights at the AGM, subject to the transfer secretaries verifying the form of proxy and proof of identification before any shareholder rights are exercised.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to participate in the AGM, will need to request their Central Securities Depository Participant ('CSDP') or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to participate in the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

QUESTIONS

Shareholders are encouraged to submit, via email, any questions in advance of the AGM to the Company Secretary at secretary@afrimat.co.za. These questions will be addressed at the AGM and will be responded to via email thereafter.

By order of the Board

Catharine Burger
Company Secretary

24 June 2022

Registered office
Tyger Valley Office Park No 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley
7530
(PO Box 5278, Tyger Valley, 7536)
Telephone: +27 21 917 8840
Facsimile: +27 21 914 1174

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/00364/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)
Telephone: +27 11 370 5000
Facsimile: +27 11 688 5200

FORM OF PROXY

Afrimat Limited
(Registration number: 2006/022534/06)
Share code: AFT
ISIN: ZAE000086302
('**Afrimat**' or 'the **Company**')

For use at the annual general meeting of shareholders of Afrimat to be held at the Protea Hotel, Durbanville, 99 Jip De Jager, Vineyards Office Estate on Wednesday, 3 August 2022 at 14:00 ('AGM').

For use by the holders of the Company's certificated ordinary shares ('certificated shareholder') and/or dematerialised ordinary shares held through a Central Securities Depository Participant ('CSDP') or broker who have selected own-name registration ('own-name dematerialised shareholders'). Additional forms of proxy are available from the transfer secretaries of the Company.

Not for the use by holders of the Company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the AGM and request that they be issued with the necessary authorisation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the AGM in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (full name in block letters)

of (address)

being the registered holder of ordinary shares in the Company hereby appoint:

1. of or failing him/her,

2. of or failing him/her,

3. the Chairman of the AGM,

as my/our proxy to attend, speak and vote on my/our behalf at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions and special resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

		Number of shares		
		For*	Against*	Abstain*
1.1	Ordinary resolution number 1: To adopt the 2022 annual financial statements			
2.1	Ordinary resolution number 2: To re-elect Mr Gert J Coffee as a director			
3.1	Ordinary resolution number 3: To elect Ms Sisanda Tuku as a director			
3.2	Ordinary resolution number 4: To elect Mr Marthinus G Odendaal as a director			
4.1	Ordinary resolution number 5: To re-appoint Mr Loyiso Dotwana as a member of the Audit & Risk Committee			
4.2	Ordinary resolution number 6: To re-appoint Mr Francois M Louw as a member of the Audit & Risk Committee			
4.3	Ordinary resolution number 7: To re-appoint Mr Jacobus F van der Merwe as a member of the Audit & Risk Committee			
4.4	Ordinary resolution number 8: To appoint Ms Sisanda Tuku as a member of the Audit & Risk Committee			
5.1	Ordinary resolution number 9: To appoint PricewaterhouseCoopers Inc. as auditor			
6.1	Ordinary resolution number 10: Non-binding endorsement of Afrimat's remuneration policy			
7.1	Ordinary resolution number 11: Non-binding endorsement of Afrimat's implementation report on the remuneration policy			
8.1	Ordinary resolution number 12: To authorise the directors or the Company Secretary to sign documentation			
9.1	Ordinary resolution number 13: To place unissued shares under the directors' control			
9.2	Ordinary resolution number 14: General authority to issue ordinary shares for cash			
10.1	Ordinary resolution number 15: Approval of the amendment of the Afrimat Limited Forfeitable Share Plan			
11.1	Ordinary resolution number 16: Approval of the amendment of the Afrimat Limited Share Appreciation Right Plan			
12.1	Special resolution number 1: Remuneration of Chairman of the Board			
12.2	Special resolution number 2: Remuneration of Deputy Chairman of the Board			
12.3	Special resolution number 3: Remuneration of non-executive directors			
12.4	Special resolution number 4: Remuneration of Chairman of the Audit & Risk Committee			
12.5	Special resolution number 5: Remuneration of Audit & Risk Committee members			
12.6	Special resolution number 6: Remuneration of Chairman of the Remuneration Committee			
12.7	Special resolution number 7: Remuneration of Chairman of the Nominations Committee			
12.8	Special resolution number 8: Remuneration of Remuneration & Nominations Committee members			
12.9	Special resolution number 9: Remuneration of Chairman of the Social, Ethics and Sustainability Committee			
12.10	Special resolution number 10: Remuneration of Social, Ethics and Sustainability Committee members			
12.11	Special resolution number 11: Remuneration of Chairman of the Investment Review Committee			
12.12	Special resolution number 12: Remuneration of Investment Review Committee members			
12.13	Special resolution number 13: Ad hoc remuneration of members of the Board under rare circumstances			
13.1	Special resolution number 14: Inter-company financial assistance			
13.2	Special resolution number 15: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company			
14.1	Special resolution number 16: Share repurchases by Afrimat and its subsidiaries			

* *Please indicate your voting instruction by inserting the number of shares (or a cross should you wish to vote all of your shares) in the space provided.*

Signed at (place) on date 2022

Shareholder's signature assisted by (if applicable) (state capacity and full name)

NOTES TO FORM OF PROXY

1. An Afrimat shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting 'the Chairman of the AGM'. The person whose name appears first on the form of proxy and who is participating in the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. An Afrimat shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the Chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Proxy forms, together with proof of identification and authority to do so (when acting in a representative capacity), should be lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to the transfer secretaries at Private Bag X9000, Saxonwold, 2132, South Africa (please note that postal delivery by the due date is at the risk of the shareholder), or emailed to proxy@computershare.co.za to be received, by them not later than Monday, 1 August 2022 at 14:00, provided that any form of proxy not delivered to the transfer secretaries by this time may be submitted to the transfer secretaries via email at proxy@computershare.co.za any time before the appointed proxy exercises any shareholder rights at the AGM, subject to the transfer secretaries verifying the form of proxy and proof of identification before any shareholder rights are exercised.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from participating in the AGM and speaking and voting thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
8. The Chairman of the AGM may reject or accept a form of proxy which is completed and/or received, otherwise than in accordance with these notes, if the Chairman is satisfied as to the manner in which the shareholder wishes to vote.
9. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company's transfer secretaries.

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 'Construction & Building Materials' sector
'AGM'	Annual general meeting
'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
'CEO'	Chief Executive Officer of Afrimat, Andries J van Heerden
'CFO'	Chief Financial Officer of Afrimat, Pieter GS de Wit
'COO'	Chief Operating Officer of Afrimat, Marthinus G Odendaal
'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
'Covid-19'	The Covid-19 pandemic
'CSI'	Corporate Social Investment
'DMRE'	Department of Mineral Resources and Energy
'ED'	Executive Director
'EMP'	Environmental Management Plan
'ESG'	Environmental, Social and Governance
'Exco'	Executive Committee, as set out on page 36
'FSP'	Forfeitable Share Plan
'the Group'	Afrimat Limited, its subsidiaries, joint venture and associate companies
'GRI'	Global Reporting Initiative, a best practice benchmark in reporting
'GHG'	Greenhouse gas
'HRD'	Human Resource Development
'HRIS'	Human Resource Information Systems
'H&S'	Health and Safety
'HIRA'	Hazard Identification and Risk Assessment
'IRBA'	Independent Regulatory Board of Auditors
'IRC South Africa'	The Integrated Reporting Committee of South Africa
'IRMSA'	The Institute of Risk Management South Africa
'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
'LOM'	Life of mine
'LUPO'	Land Use Planning Ordinance
'LTIFR'	Lost Time Injury Frequency Rate
'MD'	Managing Director
'MQA'	Mining Qualification Authority
'NEMA'	National Environmental Management Act, 1998
'NOSA'	National Occupational Safety Association (South Africa)
'previous/prior year' or 'FY2021'	Year ended 28 February 2021
'QAQC'	Quality assurance/Quality control
'SAR'	Share Appreciation Right
'SARS'	South African Revenue Service
'SARMA'	South African Readymix Association
'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
'TCFD'	Task Force on Climate-Related Financial Disclosures
'year' or 'year under review' or 'FY2022'	Year ended 28 February 2022
'WUL'	Water use license

Financial definitions

'CAGR'	Compound annual growth rate
'FY'	Financial year ending February
'IFRS'	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

SHAREHOLDERS' DIARY

Financial year-end	28 February
Trading update	12 April 2022
Announcement of annual results	19 May 2022
Integrated annual report posted	24 June 2022
AGM	3 August 2022
Trading update	November 2022
Announcement of interim results and interim dividend	November 2022
Interim dividend payment	December 2022

CONTACT DETAILS

Registered office
Tyger Valley Office Park No 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)
Telephone: +27 21 917 8840
Facsimile: +27 21 914 1174
Email: info@afrimat.co.za
Website: www.afrimat.co.za

Company Secretary
Catharine Burger
Tyger Valley Office Park No 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)
Email: secretary@afrimat.co.za
Telephone: +27 21 917 8840
Facsimile: +27 21 914 1174

Attorneys
Webber Wentzel
10 Fricker Road
Illovo, 2196
(PO Box 61771, Marshalltown, 2107)
Telephone: +27 11 530 5000
Facsimile: + 27 11 530 5111

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)
Telephone: +27 11 370 5000
Facsimile: +27 11 688 5200

Sponsor
PSG Capital Proprietary Limited
1st floor, Ou Kollege Building, 35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)
Telephone: +27 21 887 9602
Facsimile: +27 21 887 9624
and
2nd Floor, Building 3, 11 Alice Lane, Sandhurst
Sandton, 2196
(PO Box 650957, Benmore 2010)

Auditor
PricewaterhouseCoopers Inc.
PWC Building – Capital Place
15 – 21 Neutron Avenue, Technopark
Stellenbosch, 7600
(PO Box 57, Stellenbosch, 7599)

Commercial bankers
The Standard Bank of South Africa Limited
Corporate and Investment Banking
20th Floor, Main Tower, Standard Bank Centre
Heerengracht, Cape Town, 8001
(PO Box 40, Cape Town, 8000)
Telephone: +27 11 401 2574

maxx

Afrimat Limited
Tyger Valley Office Park No 2
Corner Willie van Schoor Avenue
and Old Oak Road, Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Telephone +27 21 917 8840
E-mail info@afrimat.co.za
Website www.afrimat.co.za