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AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2022

HIGHLIGHTS

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

Afrimat Limited
('Afrimat' or 'the Company' or 'the Group') (Incorporated in the Republic of South Africa)
(Registration number: 2006/022534/06) Share code: AFT ISIN code: ZAE000086302

Audited summary consolidated financial statements

COMMENTARY

Introduction

The Group continued to deliver strong results during the financial year on the back of favourable iron ore prices, the expeditious turnaround of Nkomati Anthracite Proprietary Limited ('Nkomati'), the establishment of Jenkins mining assets 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 Group's strong track record of augmenting acquisitions as part of its diversification strategy, cost management and efficiency improvement initiatives enabled it to continue delivering strong growth.

Furthermore, future growth, sustainability and access to exciting new products and markets are ensured by new long-life projects such as Glenover and Gravenhage. The latter is due to contribute to the 2024 financial year. Driehoekspan and Doornpan are iron ore reserves which will come online in the future to ensure the sustainability of Afrimat's iron ore export business.

Financial results

Revenue of the Group 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 translating into 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 as a result 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, whilst the net debt:equity ratio increased from 3,8% (as previously reported) to 12,1% as a result of the acquisition of Coza Mining Proprietary Limited, the Glenover transaction, and capital funding for the Nkomati and Jenkins mining assets. If the stockpiles purchased, as part of the Glenover transaction, of R215,1 million are excluded, the cash flow generated from operations for the year amounts to R1,3 billion, translating into an increase of 27,5% compared to the prior year.

Operational review

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).

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.

Additional information on each mine's contribution to the Bulk Commodities segment is available in note 2.

Industrial Minerals businesses delivered returns comparable to pre-Covid-19 volumes across all regions, delivering an increase in operating profit of 70,2% from R55,5 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.

Similarly the **Construction Materials** segment also 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.

Expansion projects

Although the acquisition of the Glenover Phosphate stockpiles are included in these results the rest of these projects are not included in this set of financial results and are in place to ensure future, seamless product diversification and sustainability.

The Glenover acquisition includes phosphate stockpiles, rare earths and a vermiculite mining right, which positions Afrimat to enter new commodities. Sales of raw phosphate have begun with these revenues being reported on in future periods. Good progress has been made on the follow up phases of this project, which positions Afrimat in specialised commodity extraction through the chemical processing of the resource.

With regard to Gravenhage, the manganese deposit, Afrimat still awaits the water use license approval which, once received, will trigger a ZAR payment equal to US$30,0 million. Shareholders are reminded that this project is only expected to contribute to financial results in the 2024 financial year. Refer note 16 for further details.

Business development

New business development remains a key component of the Group's growth strategy. The dedicated business development team continues to successfully identify and pursue opportunities in existing markets, as well as in anticipated new high growth areas in southern Africa. The success of this division has led to the establishment of a team to focus on future minerals where a pipeline of projects and commodities is being built.

Acquisitions

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.

On 27 June 2021, the mining right was granted for the Farm Morokwa 572 and Farm Jenkins (together 'Jenkins Mine') and the Group obtained effective management and control of the mining operations through its appointment as mining contractor in terms of the mining contractors agreement, effectively from 1 July 2021. On 14 September 2021, all conditions precedent were fulfilled and the Sale of Shares agreement became unconditional. Refer note 13.3 for further details.

B-BBEE

Existing BEE shareholders and the Afrimat BEE Trust in aggregate hold 32,6% of Afrimat's issued shares.

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

Dividend

The Group's dividend policy is maintained at a 2,75 times dividend cover. A final dividend of 146,0 cents per share (2021: 112,0 cents per share) for the year was declared on 18 May 2022. The net dividend payable to shareholders subject to dividend tax is 116,8 cents per share (2021: 89,6 cents per share). Total dividend for the year amounted to 186,0 cents per share (2021: 148,0 cents per share).

Employees and continued sustainability

During the financial year, good labour relations were maintained with no labour action or significant community action having occurred. The Group is committed to creating and sustaining harmonious relationships in the workplace and addressing issues proactively. Afrimat continues to prioritise staff development, training and education on the human capital agenda.

More than 500 jobs were created within Afrimat, taking total employees to over 2 500. With training and development being a critical part of the Group, a total of 10 000 training days for employees were undertaken during the financial year, supplemented by the issuance of 56 staff bursaries.

Afrimat has 45 mining rights in place and a dedicated team to liaise with the respective governing bodies including the Department of Mineral Resources and Energy, Department of Water and Sanitation and the Department of Environmental Affairs. Pleasingly three closure certificates have been received supporting the successful rehabilitation of 128 ha of land.

Work on the carbon neutrality strategy continues with extensive studies having been undertaken to determine the main detractors and once Afrimat is comfortable that carbon neutrality can be reached, it will update shareholders on the strategy and timing thereof.

Prospects

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

Operational efficiency initiatives aimed at expanding volumes, reducing costs and developing the required skill levels across all employees, remains a key focus in all operations.

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

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.

Auditor's reports

These summary consolidated financial results for the year ended 28 February 2022 have been independently audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website at www.afrimat.co.za.

A copy of the unmodified audit report on the summary consolidated financial statements is attached on page 5.

On behalf of the Board

MW von Wielligh	**AJ van Heerden**
Chairman	*Chief Executive Officer*

18 May 2022

DIVIDEND DECLARATION

Notice is hereby given that a final gross dividend, No. 30 of 146,0 cents per share, in respect of the year ended 28 February 2022, was declared on Wednesday, 18 May 2022.

There are 146 346 264 shares in issue at the reporting date, of which 8 200 736 are held in treasury. The total dividend payable is R213,7 million (2021: R163,7 million).

The Board has confirmed by resolution that the solvency and liquidity test as contemplated by the Companies Act, No. 71 of 2008, has been duly considered, applied and satisfied. This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend tax rate is 20,0%. The net dividend payable to shareholders who are subject to dividend tax and shareholders who are exempt from dividend tax is 116,8 cents and 146,0 cents per share, respectively. The income tax number of the Company is 9568738158.

Relevant dates to the final dividend are as follows:

Last day to trade *cum* dividend	Tuesday, 7 June 2022
Commence trading *ex*-dividend	Wednesday, 8 June 2022
Record date	Friday, 10 June 2022
Dividend payable	Monday, 13 June 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 June 2022 and Friday, 10 June 2022, both dates inclusive.

INDEPENDENT AUDITOR'S REPORT

ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Afrimat Limited

Opinion

The summary consolidated financial statements of Afrimat Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 28 February 2022, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Afrimat Limited for the year ended 28 February 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 18 May 2022. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ('ISA') 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.

Director: FHS Weilbach
Registered Auditor

Stellenbosch, South Africa

18 May 2022

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited year ended 28 February 2022 R'000	Restated audited year ended 28 February 2021 R'000*	Change %
Revenue	**4 680 078**	3 693 759	26,7
Cost of sales	**(2 966 586)**	(2 234 563)	
Gross profit	**1 713 492**	1 459 196	17,4
Operating expenses	**(689 696)**	(570 875)	20,8
Other income	**12 741**	11 832	
Other net gains (refer note 3)*	**77 811**	158 373	
Profit on disposal of property, plant and equipment	**7 904**	375	
Impairments (refer note 4)*	**(13 341)**	–	
Operating profit	**1 108 911**	1 058 901	4,7
Finance income	**12 430**	21 022	
Finance costs	**(55 280)**	(38 291)	
Share of profit of equity-accounted investments	**257**	289	
Profit before tax	**1 066 318**	1 041 921	2,3
Income tax expense	**(291 150)**	(265 484)	
Profit for the year	**775 168**	776 437	(0,2)
Profit attributable to:			
Owners of the parent	**772 714**	773 864	
Non-controlling interests	**2 454**	2 573	
	775 168	776 437	
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	**(9 387)**	7 743	
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	(2,3)
Total comprehensive income attributable to:			
Owners of the parent	**763 635**	781 759	
Non-controlling interests	**2 454**	2 573	
	766 089	784 332	
Earnings per share:			
Earnings per ordinary share (cents) (refer note 7)*	**560,7**	571,6	(1,9)
Diluted earnings per ordinary share (cents) (refer note 7)*	**546,6**	559,4	(2,3)

* *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 13.1 for further disclosures.*

RECONCILIATION OF HEADLINE EARNINGS

	Audited year ended 28 February 2022 R'000	Restated audited year ended 28 February 2021 R'000*	Change %
Profit attributable to owners of the parent*	**772 714**	773 864	
Profit on disposal of plant and equipment attributable to owners of the parent	**(7 904)**	(375)	
Profit on sale of associate (refer note 3)	**(2 859)**	–	
Gain recognised as a result of remeasuring the equity interest of the associate to fair value (refer note 13.1)	**–**	(25 140)	
Gain on bargain purchase (refer note 13.1 and 13.2)*	**(25 628)**	(150 527)	
Impairments (refer note 4)*	**13 341**	–	
Total income tax effects of adjustments	**(1 522)**	105	
	748 142	597 927	25,1
Headline earnings per ordinary share ('HEPS') (cents)	**542,9**	441,7	22,9
Diluted HEPS (cents)	**529,2**	432,2	22,4

** 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 notes 4 and 13.1 for further disclosures.*

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited year ended 28 February 2022 R'000	Restated audited year ended 28 February 2021 R'000*
Assets		
Non-current assets		
Property, plant and equipment (refer note 5)	**2 696 448**	2 247 493
Intangible assets*	**213 335**	209 785
Investment in associate	**–**	591
Other financial assets (refer note 9)	**91 986**	80 340
Deferred tax*	**360 839**	249 841
Total non-current assets	**3 362 608**	2 788 050
Current assets		
Inventories**	**568 266**	279 042
Other financial assets (refer note 9)	**1 732**	–
Current tax receivable	**9 665**	4 842
Trade and other receivables (refer note 11)	**793 343**	695 936
Cash and cash equivalents	**290 633**	871 060
Total current assets	**1 663 639**	1 850 880
Non-current assets held for sale	**20 050**	–
Total assets	**5 046 297**	4 638 930
Equity and liabilities		
Equity		
Stated capital	**315 886**	345 894
Treasury shares	**(109 030)**	(115 795)
Net issued stated capital	**206 856**	230 099
Other reserves	**(38 498)**	(62 980)
Retained earnings*	**2 829 609**	2 255 536
Attributable to equity holders of the parent	**2 997 967**	2 422 655
Non-controlling interests	**9 233**	8 362
Total equity	**3 007 200**	2 431 017
Liabilities		
Non-current liabilities		
Borrowings (refer note 10)	**149 377**	301 180
Provisions	**265 252**	239 142
Deferred tax	**450 044**	393 574
Total non-current liabilities	**864 673**	933 896
Current liabilities		
Other financial liabilities*	**7 488**	19 844
Borrowings (refer note 10)	**494 449**	212 721
Current tax payable	**6 953**	11 162
Trade and other payables	**663 729**	596 483
Bank overdraft	**1 805**	433 807
Total current liabilities	**1 174 424**	1 274 017
Total liabilities	**2 039 097**	2 207 913
Total equity and liabilities	**5 046 297**	4 638 930

* *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 13.1 for further disclosures.*

** *As per the SENS announcement on 9 December 2021, the increase in 'inventories' 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, refer note 16 for further disclosures.*

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
Cash flows from operating activities		
Cash generated from operations	**1 076 666**	1 013 381
Finance income received	**11 726**	20 979
Dividends received	**98**	98
Finance costs paid	**(40 015)**	(26 628)
Tax paid	**(311 920)**	(240 250)
Net cash inflow from operating activities	**736 555**	767 580
Cash flows from investing activities		
Acquisition of property, plant and equipment*	**(598 687)**	(189 010)
Proceeds on disposal of property, plant and equipment	**26 049**	9 344
Acquisition of businesses (refer note 13.1 and 13.2)	**(14 750)**	(1 003)
Acquisition of mining rights and surface rights	**(5 145)**	(1 357)
Loan advances to other financial assets	**–**	(283 493)
Purchase of other financial assets	**(12 582)**	(16 857)
Proceeds on disposal of investment in subsidiary	**–**	45 000
Repayments from other financial assets	**3 823**	–
Net cash outflow from investing activities	**(601 292)**	(437 376)
Cash flows from financing activities		
Repurchase of Afrimat shares	**(16 400)**	(13 118)
Proceeds from borrowings (refer note 10.2)	**880 998**	410 946
Repayment of borrowings (refer note 10.2)	**(918 120)**	(286 715)
Capital elements of lease payments (refer note 10.2)	**(13 750)**	(9 133)
Repayments of other financial liabilities	**(1 355)**	(788)
Acquisition of additional non-controlling interest	**(134)**	–
Dividends paid (refer note 15.2)	**(214 927)**	(161 656)
Net cash outflow from financing activities	**(283 688)**	(60 464)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**(148 425)**	269 740
Cash, cash equivalents and bank overdrafts at the beginning of the year	**437 253**	167 513
Cash, cash equivalents and bank overdrafts at the end of the year	**288 828**	437 253

** R307,6 million of the acquisition of property, plant and equipment relates to the acquisition of Coza Mining Proprietary Limited, refer note 13.3 for further disclosures.*

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	Total equity R'000
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	–	–	7895	–	–	7895
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
Total comprehensive income	–	–	7895	773 864	2 573	784 332
Transactions with owners of the parent						
Contributions and distributions						
Share-based payments	–	–	18 884	–	–	18 884
Deferred tax on share-based payments	–	–	8 074	–	–	8 074
Purchase of treasury shares	–	(13 118)	–	–	–	(13 118)
Issue of stated capital (refer note 13.1)	111 115	–	–	–	–	111 115
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax	(11 209)	5 688	(7 451)	7 451	–	(5 521)
Dividends paid (refer note 15.2)	–	–	–	(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 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 13.1 for further disclosures.*

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(continued)

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	Total equity R'000
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)
Total comprehensive (loss) income	–	–	(9 079)	772 714	2 454	766 089
Transactions with owners of the parent						
Contributions and distributions						
Share-based payments	–	–	29 664	–	–	29 664
Deferred tax on share-based payments	–	–	21 818	–	–	21 818
Purchase of treasury shares	–	(16 400)	–	–	–	(16 400)
Issue of stated capital (refer note 13.1)	11 000	–	–	–	–	11 000
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax	(41 008)	23 165	(17 921)	17 921	–	(17 843)
Dividends paid (refer note 15.2)	–	–	–	(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 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

NOTES

1. Basis of preparation

The summary consolidated financial statements ('financial statements') are prepared in accordance with the requirements of the JSE Limited ('JSE') Listings Requirements for provisional reports, and the requirements of the Companies Act. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ('IFRS') and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements for the year ended 28 February 2021.

The financial statements have been prepared under the supervision of the Chief Financial Officer ('CFO'), PGS de Wit CA(SA).

2. Segment information

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

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

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

- Construction Materials: Comprises aggregates, concrete-based products and contracting operations;
- Industrial Minerals: Comprises limestone, dolomite and industrial sand;
- Bulk Commodities: Comprises iron ore and anthracite; and
- Services: Comprises Group shared services including IT services, consulting services, etc.

	Change % (based on previously reported)	**Audited year ended 28 February 2022 R'000**	Previously reported audited year ended 28 February 2021 R'000	Measurement period adjustment 2021 R'000*	Restated audited year ended 28 February 2021 R'000*
Revenue					
External revenue					
Construction Materials	2,0	**1 626 221**	1 595 055	–	1 595 055
Industrial Minerals	23,0	**632 544**	514 291	–	514 291
Bulk Commodities	52,0	**2 408 710**	1 584 413	–	1 584 413
– *Demaneng Mine*		**1 487 559**	1 551 661	–	1 551 661
– *Nkomati Anthracite Mine*		**364 052**	32 752	–	32 752
– *Jenkins Mine*		**557 099**	–	–	–
Services		**12 603**	–	–	–
	26,7	**4 680 078**	3 693 759	–	3 693 759
Inter-segmental revenue					
Construction Materials		**232 561**	146 360	–	146 360
Industrial Minerals		**2 684**	2 515	–	2 515
Bulk Commodities		**–**	–	–	–
Services		**41 302**	64 882	–	64 882
		276 547	213 757	–	213 757
Total revenue					
Construction Materials		**1 858 782**	1 741 415	–	1 741 415
Industrial Minerals		**635 228**	516 806	–	516 806
Bulk Commodities		**2 408 710**	1 584 413	–	1 584 413
– *Demaneng Mine*		**1 487 559**	1 551 661	–	1 551 661
– *Nkomati Anthracite Mine*		**364 052**	32 752	–	32 752
– *Jenkins Mine*		**557 099**	–	–	–
Services		**53 905**	64 882	–	64 882
		4 956 625	3 907 516	–	3 907 516

	Change % (based on previously reported)	**Audited year ended 28 February 2022 R'000**	Previously reported audited year ended 28 February 2021 R'000	Measurement period adjustment 2021 R'000*	Restated audited year ended 28 February 2021 R'000*
2. Segment information (continued)					
Operating profit					
Construction Materials	83,5	**192 480**	104 906	–	104 906
Industrial Minerals	70,2	**94 427**	55 481	–	55 481
Bulk Commodities*	11,6	**820 210**	734 675	150 527	885 202
– Demaneng Mine		**604 821**	751 539	–	751 539
*– Nkomati Anthracite Mine***		**(49 431)**	(16 864)	150 527	133 663
– Jenkins Mine		**264 820**	–	–	–
Services*	120,5	**1 794**	(8 771)	22 083	13 312
	25,1	**1 108 911**	886 291	172 610	1 058 901
Operating profit margin on external revenue (%)					
Construction Materials		**11,8**	6,6		6,6
Industrial Minerals		**14,9**	10,8		10,8
Bulk Commodities*		**34,1**	46,4		55,9
Overall contribution		**23,7**	24,0		28,7
Other information					
Assets					
Construction Materials		**1 216 578**	1 264 653	–	1 264 653
Industrial Minerals		**879 919**	624 832	–	624 832
Bulk Commodities		**1 926 294**	1 309 910	–	1 309 910
Services*		**1 023 506**	1 255 925	183 610	1 439 535
		5 046 297	4 455 320	183 610	4 638 930
Liabilities					
Construction Materials		**486 852**	524 900	–	524 900
Industrial Minerals		**92 343**	83 794	–	83 794
Bulk Commodities*		**258 315**	155 020	11 000	166 020
Services		**1 201 587**	1 433 199	–	1 433 199
		2 039 097	2 196 913	11 000	2 207 913
Depreciation and amortisation					
Construction Materials		**120 766**	118 227	–	118 227
Industrial Minerals		**32 406**	32 565	–	32 565
Bulk Commodities		**130 617**	48 427	–	48 427
Services		**13 034**	10 157	–	10 157
		296 823	209 376	–	209 376
Capital expenditure (excluding acquisitions through business combinations)					
Construction Materials		**188 049**	158 885	–	158 885
Industrial Minerals		**41 045**	32 313	–	32 313
Bulk Commodities***		**524 389**	87 307	–	87 307
Services		**28 963**	15 082	–	15 082
		782 446	293 587	–	293 587

* *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 13.1 for further disclosures.*

** *As a result of the measurement period adjustment, a gain on bargain purchase amounting to R150,5 million was included in the Nkomati Anthracite Mine February 2021 results.*

*** *The increase in capital expenditure of 'Bulk Commodities' 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.*

	Audited year ended 28 February 2022 R'000	Restated audited year ended 28 February 2021 R'000*
3. Other net gains		
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 13.1)	**–**	25 140
Gain 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 (refer note 13.1 and 13.2)*	**25 628**	150 527
Profit on sale of associate	**2 859**	–
	77 811	158 373

** 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 13.1 for further disclosures.*

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 13.1 and 13.2 for further disclosures.

During the year, Ikapa Quarries Proprietary Limited, previously an associate of Afrimat Limited, entered into a share-buy back transaction whereby all the shares held by Afrimat Limited were bought back. A profit of R2,9 million was recognised on the disposal of the associate.

	Audited year ended 28 February 2022 R'000	Restated audited year ended 28 February 2021 R'000*
4. Impairments		
Impairment of property, plant and equipment	**13 341**	–

** 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 13.1 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 13.1 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).

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
5. Property, plant and equipment		
Land and buildings	**114 993**	104 677
Leasehold property	**13 280**	16 347
Plant and machinery	**924 021**	801 581
Motor vehicles	**507 108**	475 374
Office and computer equipment	**13 092**	9 851
Dismantling costs	**13 270**	15 766
Mining assets	**997 471**	727 308
Stripping assets	**84 660**	61 738
Right-of-use assets	**28 553**	34 851
	2 696 448	2 247 493

The increase in 'Stripping assets' and 'Mining assets' is mainly attributable to the acquisition of Nkomati and Coza, refer note 13.1 and 13.3 for further disclosure, respectively.

	2022 R'000	2021 R'000
Depreciation	**295 147**	207 578
Amortisation	**1 676**	1 798
	296 823	209 376

	Number of shares 28 February 2022	Number of shares 28 February 2021
6. Movement in number of treasury shares		
Opening balance	**8 545 257**	8 239 965
Utilised for Share Appreciation Rights exercised	**(421 276)**	(196 031)
Utilised for settlement of employee Forfeitable Share Plan shares vested	**(292 500)**	–
Purchased during the year	**369 255**	501 323
Closing balance	**8 200 736**	8 545 257

The Afrimat BEE Trust (indirectly through Afrimat Empowerment Investments Proprietary Limited) holds, on an unencumbered basis, 6 725 244 shares representing 4,6% of the issued share capital of the Company.

Afrimat Management Services Proprietary Limited ('AMS') holds 1 066 850 shares, as nominee for the absolute benefit of the participants of the Company's Forfeitable Share Plan ('FSP').

The remaining 408 642 shares held in AMS are held for the purposes of the Company's Share Appreciation Rights scheme ('SAR').

	Audited year ended 28 February 2022	Restated audited year ended 28 February 2021
7. Earnings per share		
Number of shares in issue		
Total shares in issue	**146 346 264**	146 144 764
Treasury shares (refer note 6)	**(8 200 736)**	(8 545 257)
Net shares in issue	**138 145 528**	137 599 507
Weighted average number of net shares in issue	**137 803 118**	135 380 623
Diluted weighted average number of shares	**141 358 819**	138 344 547
Profit attributable to ordinary shareholders (R'000) as previously reported	**772 714**	601 254
Earnings per ordinary share (cents) as previously reported	**560,7**	444,1
Diluted earnings per ordinary share (cents) as previously reported	**546,6**	434,6
Profit attributable to ordinary shareholders (R'000) restated*	**772 714**	773 864
Earnings per ordinary share (cents) restated*	**560,7**	571,6
Diluted earnings per ordinary share (cents) restated*	**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 13.1 for further disclosures.*

During the year 196 429 shares were issued to Mpumalanga Economic Growth Agency ('MEGA'), previously a minority shareholder of Nkomati, refer note 13.1 for further disclosures.

In the prior year 2 882 352 shares were issued when Afrimat acquired all of the UCP group's shares. Refer note 13.1 for further disclosures.

	Audited year ended 28 February 2022	Restated audited year ended 28 February 2021
8. Financial position ratios		
8.1 Net asset value ('NAV') per share		
Number of shares in issue		
Total shares in issue	**146 346 264**	146 144 764
Treasury shares (refer note 6)	**(8 200 736)**	(8 545 257)
Net shares in issue	**138 145 528**	137 599 507
Shareholders' funds attributable to owners of the parent (R'000)*	**2 997 967**	2 422 655
Total NAV per share (cents)*	**2 170**	1 761
8.2 Tangible net asset value ('TNAV') per share		
Shareholders' funds attributable to owners of the parent (R'000)*	**2 997 967**	2 422 655
Intangible assets and goodwill (R'000)*	**(213 335)**	(209 785)
Total tangible net asset value	**2 784 632**	2 212 870
Total TNAV per share (cents)*	**2 016**	1 608
8.3 Net debt:equity		
Total borrowings and other financial liabilities (R'000)*	**651 314**	533 745
Net cash (R'000)	**(288 828)**	(437 253)
Net debt (R'000)*	**362 486**	96 492
Net debt:equity ratio (%)*	**12,1**	4,0

* *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 13.1 for further disclosures.*

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
9. Other financial assets		
Financial assets at fair value through other comprehensive income	**3 439**	3 046
Financial assets at fair value through profit or loss	**70 329**	63 103
Financial assets at amortised cost	**19 950**	14 191
	93 718	80 340
Non-current other financial assets	**91 986**	80 340
Current other financial assets	**1 732**	–
	93 718	80 340

Refer note 14 for fair value disclosure of other financial assets.

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
10. Borrowings		
10.1 Capital net movement		
Opening balance	**513 901**	295 832
New borrowings	**1 282 974**	513 917
Finance cost	**(1 179)**	3 787
Repayments	**(1 151 870)**	(299 635)
Closing balance	**643 826**	513 901
Analysis as per Statement of Financial Position:		
Borrowings non-current	**149 377**	301 180
Borrowings current	**494 449**	212 721
	643 826	513 901
10.2 Analysis as per Statement of Cash Flows		
Total opening balance borrowings	**513 901**	295 832
Borrowings raised	**880 998**	410 946
Borrowings raised – non-cash	**401 976**	102 971
Medium-term loans	**220 000**	–
Instalment sale agreements	**173 503**	91 660
Additions through business combinations (refer note 13.1)	**–**	2 802
Lease liabilities	**8 473**	8 509
Repayments	**(931 870)**	(295 848)
Instalment sale agreements and medium-term loan	**(918 120)**	(286 715)
Lease liabilities	**(13 750)**	(9 133)
Repayments – non-cash	**(221 179)**	–
Medium-term loans	**(220 000)**	–
Lease liabilities	**(1 179)**	–
Total closing balance borrowings	**643 826**	513 901

In December 2021, the Group acquired a R500,0 million revolving credit facility with Standard Bank of South Africa ('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.

10. Borrowings (continued)

10.2 Analysis as per Statement of Cash Flows (continued)

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.

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
11. 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 increase relates to value-added taxation balance of R44 million receivable by the Group.*

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

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

Extract of forward looking variables applicable on 28 February 2022:

	February 2022 Three-month/ spot	January 2022 Two-month/ spot	December 2021 One-month/ spot
Average actual iron ore price invoiced at FOB (US$)	**120**	90	72
Iron ore forward price at FOB (US$)	**134**	136	134
Sales volume (tonnes)	**56 864**	68 140	68 281

Refer note 14 for further details on fair value methodology.

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
12. 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.

13. Business combinations

Acquisition of businesses

13.1 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
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
Pro forma revenue assuming the business combination for the full year	111 813	–	–	–	111 813
Pro forma 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 on 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.*

13. Business combinations (continued)

Acquisition of businesses (continued)

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

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.

Property, plant and equipment

An external valuator was used in obtaining the fair value of property, plant and equipment. Comparable factors was 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 are not verified, further exploration and drilling are required to be performed.	21,5%

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.

Analysis as per Statement of Cash Flows:

	Total 2021 R'000
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)

13. Business combinations (continued)

Acquisition of businesses (continued)

13.2 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
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.

13. Business combinations (continued)

Acquisition of assets

13.3 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 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.

	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**

14. Fair value estimation

Fair value determination

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

	Level 1 R'000	Level 2 R'000	Level 3 R'000
At 28 February 2022			
Assets			
At fair value through other comprehensive income			
Equity securities*	**74**	**–**	**–**
Environmental funds**	**–**	**3 365**	**–**
At fair value through profit or loss			
Unit trusts**	**–**	**70 329**	**–**
Trade receivables***	**–**	**265 329**	**–**
Total assets	**74**	**339 023**	**–**
At 28 February 2021			
Assets			
At fair value through other comprehensive income			
Equity securities*	41	–	–
Environmental funds**	–	3 005	–
At fair value through profit or loss			
Unit trusts**	–	63 103	–
Trade receivables***	–	265 405	–
Total assets	41	331 513	–

* *This fair value is based on quoted market prices at the end of the reporting period.*

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

*** *Trade receivables measured at fair value relates to Afrimat Iron Ore Proprietary Limited, 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.*

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
15. Dividends		
15.1 Afrimat Limited dividends paid/declared in respect of the current year profits		
Interim dividend paid	**58 537**	51 574
Final dividend declared/paid	**213 666**	163 682
	272 203	215 256
15.2 Dividends cash flow		
Current year interim dividend paid	**58 537**	51 574
Previous year final dividend paid	**163 682**	116 043
Dividends received on treasury shares	**(8 680)**	(7 301)
	213 539	160 316
Dividends paid by subsidiaries to non-controlling shareholders	**1 388**	1 340
	214 927	161 656

16. Events after reporting date

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 US$45,0 million and ZAR15,0 million respectively and will be paid as follows:

- 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 payable on the 10th business day following fulfilment or waiver of the conditions precedent.
- A second tranche payment 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 fulfilment of the following outstanding conditions precedent ('**Conditions Precedent**'):

- Grant of Water Use Licence application.

The Conditions 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 Phoshate 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.

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 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.

16. Events after reporting date (continued)

Agri Lime

On 12 November 2021, Afrimat entered into an agreement to acquire 100,0% of the shares in Agri Lime Proprietary Limited; 74,0% of the shares in Stony Lime Proprietary Limited 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
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 the 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 3 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 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.

16. Events after reporting date (continued)

Russian invasion

The Russian invasion into Ukraine is likely to have a devastating impact on the 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, 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.

17. 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.

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.

18. Contingencies

Guarantees to the value of R65,5 million (2021: R69,7 million) were supplied by SBSA to various parties, including the Department of Mineral Resources and Energy ('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 Bank Limited, 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 acquisition of Coza Mining Proprietary Limited.

A guarantee to the value of R94,8 million was supplied by Guardrisk to the DMRE. This guarantee relates to the environmental rehabilitation costs for Nkomati 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.

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.

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.

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
19. Related parties		
Loan balance owing by associate	–	8 608
Interest received from associate	94	4 786
Interest received from joint venture	–	–

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

20. Changes in accounting policies

The Group has adopted the following standards and interpretations:

- IFRS 3 (effective 1 January 2022): Reference to the Conceptual Framework
- IAS 16 (effective 1 January 2022): Proceeds before intended use
- IAS 37 (effective 1 January 2022): Onerous Contract – Cost of fulfilling a contract

21. 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 new standards and amendments

- IAS 1 (effective 1 January 2023): Presentation of Financial Statements – Classification of liabilities as current and non-current
- IAS 8 (effective 1 January 2023): Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 12 (effective 1 January 2023): Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

ANNEXURE A

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 this Annexure A on page 36.

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 32 and 33 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 29 for remuneration framework of executives.

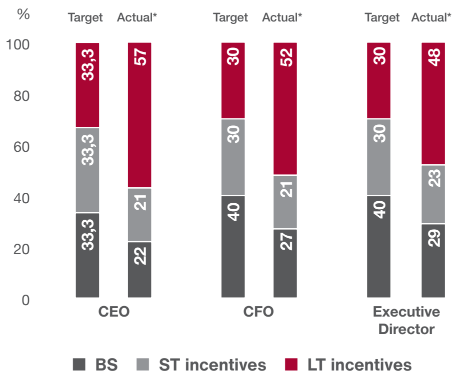
The Company ensures that remuneration for the salaries of executives constitutes a mix of fixed and variable elements (both elements as well as short-term and long-term variable compensation). In terms of the Group's remuneration policy, philosophy and strategy for executives (as opposed to general employees), 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 33.

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.

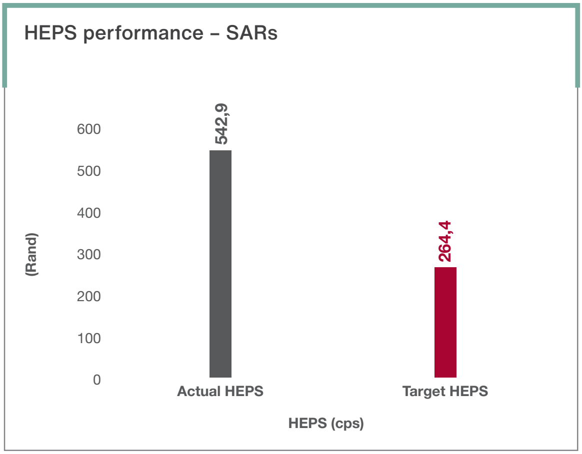
The achievement of the performance conditions for the SAR vesting during the year is as follows:

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.



Forfeitable share plan

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 36.

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.

ANNEXURE A (continued)

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 mining assets were successfully acquired 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 the 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 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.

ANNEXURE B

	2022				2021			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Shareholding								
1 – 1 000 shares	**11 193**	**78,88**	**1 779 857**	**1,22**	6 335	70,36	1 329 319	0,91
1 001 – 10 000 shares	**2 335**	**16,46**	**7 795 833**	**5,33**	2 037	22,63	6 829 460	4,67
10 001 – 100 000 shares	**517**	**3,64**	**16 681 206**	**11,40**	483	5,36	15 029 090	10,28
100 001 – 1 000 000 shares	**131**	**0,92**	**35 918 589**	**24,54**	133	1,48	36 937 391	25,27
1 000 000 shares and over	**14**	**0,10**	**84 170 779**	**57,51**	15	0,17	86 019 504	58,87
	14 190	**100,00**	**146 346 264**	**100,00**	9 003	100,00	146 144 764	100,00
Analysis of holdings								
Non-public shareholding								
Directors and their associates	**9**	**0,06**	**10 872 734**	**7,43**	9	0,10	11 192 090	7,66
ARC	**–**	**–**	**–**	**–**	1	0,01	26 300 000	18,00
Treasury shares – Afrimat Management Services Proprietary Limited	**1**	**0,01**	**1 475 492**	**1,01**	1	0,01	486 293	0,33
Treasury shares – Afrimat Empowerment Investments Proprietary Limited/Afrimat BEE Trust	**1**	**0,01**	**6 725 244**	**4,60**	1	0,01	6 699 614	4,58
	11	**0,08**	**19 073 470**	**13,04**	12	0,13	44 677 997	30,57
Public shareholding	**14 179**	**99,92**	**127 272 794**	**86,96**	8991	99,87	101 466 767	69,43
	14 190	**100,00**	**146 346 264**	**100,00**	9 003	100,00	146 144 764	100,00

ANNEXURE B (continued)

	2022				2021			
	Number of shares	**%**	**Number of BEE shares**	**%**	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**	**–**	**–**	4 087 548	2,80	–	–
Maryke E van Heerden	**1 198 543**	**0,82**	**–**	**–**	1 198 543	0,82	–	–
Amala Familie Trust (CEO)	**853 564**	**0,58**	**–**	**–**	853 564	0,58	–	–
Founder shareholders – not related parties								
Korum Trust (TCB Jordaan)	**9 010 000**	**6,16**	**–**	**–**	9 010 000	6,17	–	–
Forecast Investments Proprietary Limited (Laurie P Korsten)	**400 000**	**0,27**	**–**	**–**	400 000	0,27	–	–
Frans du Toit Trust	**17 642 000**	**12,05**	**–**	**–**	17 642 000	12,07	–	–
Other major shareholders								
Government Employees Pension Fund	**22 654 900**	**15,48**	**–**	**–**	6 019 699	4,12	–	–
BEE shareholders*								
ARC	**10 632 754**	**7,27**	**10 632 754**	**11,65**	26 300 000	18,00	26 300 000	24,38
Mega Oils Proprietary Limited (Loyiso Dotwana, non-executive director)	**2 586 829**	**1,77**	**2 586 829**	**2,83**	2 886 829	1,98	2 886 829	2,68
Afrimat Empowerment Investments Proprietary Limited/Afrimat BEE Trust	**6 725 244**	**4,60**	**6 171 756**	**6,76**	6 699 614	4,58	6 148 236	5,70
Collin Ramukhubathi	**192 865**	**0,13**	**192 865**	**0,21**	200 915	0,14	200 915	0,19
Joe Kalo Investments Proprietary Limited	**90 000**	**0,06**	**90 000**	**0,10**	90 000	0,06	90 000	0,08
Johannes M Kalo	**60 090**	**0,04**	**60 090**	**0,07**	70 090	0,05	70 090	0,06
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**	75 458 802	51,64	35 696 070	33,09
Other	**69 893 493**	**47,75**	**–**	**–**	70 685 962	48,36	–	–
	146 346 264	**100,00**	**19 961 303**	**32,60**	146 144 764	100,00	35 696 070	33,09

	2022	2021
Total shareholding for BEE purposes:		
Total shareholding	**146 346 264**	146 144 764
Mandated investments	**(55 045 554)**	38 279 690
Total shareholding for BEE purposes:	**91 300 710**	107 865 074

* *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.*

Directors
MW von Wielligh*# (Chairman)
FM Louw*# (Deputy Chairman)
AJ van Heerden (CEO)
PGS de Wit (CFO)
C Ramukhubathi^
MG Odendaal^
GJ Coffee*
L Dotwana*
HN Pool*#
PRE Tsukudu*#
JF van der Merwe*#
JHP van der Merwe*#
S Tuku*#
* *Non-executive director*
\# *Independent*
^ *Executive director*

Registered office
Tyger Valley Office Park No. 2
Cnr. Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Sponsor
PSG Capital Proprietary Limited
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Auditor
PricewaterhouseCoopers Inc.
1st Floor, Trumali Forum Building, Trumali Park
Cnr. Trumali Street and R44
Stellenbosch, 7600
(PO Box 57, Stellenbosch, 7599)

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

Company secretary
C Burger
Tyger Valley Office Park No. 2
Cnr. Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Announcement date
19 May 2022

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