AFRIMAT LIMITED

DIVERSIFICATION
DRIVING GROWTH

Audited summary consolidated financial statements

for the year ended 28 February 2021

Highlights

Operating profit up 47,5% to R886,3 million

Operating profit margin 24,0%

Headline earnings per share ('HEPS') up 27,0% to 441,7 cents

Group revenue up 11,8% to R3,7 billion

Final dividend per share of 112,0 cents

Return on net operating assets 34,0%

Net debt:equity ratio improved from 8,2% to 3,8%

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

COMMENTARY

Introduction

The Group delivered strong results despite the effect caused by the sudden and unexpected global Covid-19 pandemic and hard lockdown levels imposed during the first half of the financial year. This disruption was countered by the implementation of proactive measures to manage and minimise the impact of this pandemic. The Group's strategy of diversification enabled the Group to continue delivering growth.

Financial results

Operating profit increased by an impressive 47,5% from R601,0 million to R886,3 million. Headline earnings per share grew by 27,0% from 347,7 cents to 441,7 cents and revenue increased by 11,8% from R3,3 billion to R3,7 billion.

Net cash from operating activities increased by 13,4% to R767,6 million, which resulted in an improvement of the net debt:equity ratio from 8,2% in the prior year to 3,8% in the current year.

The effective tax rate of the Group increased from 18,9% to 30,5% in the current period, mainly due to the utilisation of previously unrecognised assessed losses of R288,3 million, in Afrimat Demaneng Proprietary Limited ('Demaneng iron ore mine'), in the prior year. No deferred tax assets were recognised on the start-up losses and assessed losses of Nkomati Anthracite Proprietary Limited ('Nkomati anthracite mine').

Operational review

Afrimat entered the national lockdown with a very strong balance sheet, positioning it strongly for the uncertainty that was lying ahead. The negative impact of the national lockdown on the Group was dampened by the partial reopening of the Demaneng iron ore mine and certain Industrial Minerals operations early during the lockdown period. The reopening was undertaken with utmost care to ensure the safety and well-being of all employees. From 20 April 2020, as gazetted by the government, industries in the mining and quarrying sector were granted permission to resume operations. Afrimat ramped up operations according to market demand and in line with government regulations. The Construction Materials and Industrial Minerals segments returned to profitability once the hard lockdown levels imposed during the first half of the financial year were lifted.

In the second half of the year, the Construction Materials segment achieved good growth compared to the corresponding period in the previous financial year, whilst the Industrial Minerals segment experienced satisfactory results. The Bulk Commodities segment benefited strongly from favourable iron ore pricing, which contributed to exceptional growth in profits during the year.

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

During the year under review, good labour and community relations continued with no labour action or community grievances having occurred. The Group remains 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.

The **Bulk Commodities** segment, consisting of the Demaneng iron ore mine and the Nkomati anthracite mine (included in the full year results for three months), delivered an exceptional contribution to the Group results comprising 42,9% of the total revenue. Operating profit increased by 128,4% from R321,7 million to R734,7 million, as a result of favourable iron ore pricing during the year. This translated into an increase in the operating margin from 31,0% to 46,4%. The Nkomati anthracite mine contributed start-up losses of R33,8 million for the three months, December 2020 to February 2021, included in these results.

The **Industrial Minerals** businesses, across all regions, delivered satisfactorily results. The segment was able to sell limited quantities of product into certain essential services markets during the national lockdown. It was, however, impacted by the lockdown and this caused a decrease in operating profit of 41,9% from R95,6 million to R55,5 million.

The **Construction Materials** segment was impacted considerably by the national lockdown, which resulted in no revenue for the month of April, as well as limited revenue during May and June 2020. The segment recovered post the hard lockdown levels to achieve good growth in the second half of the financial year compared to the corresponding period in the previous financial year. This resulted in a decrease in operating profit of 45,5% being recorded from R192,4 million to R104,9 million.

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.

Acquisition

In the prior year, the Group acquired 27,3% of Unicorn Capital Partners Limited ('UCP') share capital for an amount of R16,0 million. In the current year, the Group acquired the remaining UCP shares by way of a scheme of arrangement ('Scheme') in terms of section 114 of the Companies Act, No 71 of 2008 where UCP shareholders obtained one Afrimat Limited ordinary share for every 280 UCP ordinary shares disposed of, with no cash alternative.

On 15 December 2020, all conditions precedent were fulfilled and the agreement became unconditional. Following the implementation of the Scheme and the subsequent delisting of UCP from the JSE Limited, Afrimat completed an internal restructure of the UCP group. Afrimat considered the restructured group not to be part of Afrimat's core diversification strategy and disposed of it in an accelerated disposal process. As a result, Afrimat holds 100,0% of Nkomati Anthracite Proprietary Limited ('Nkomati') (refer note 12 for further details).

B-BBEE

Existing BEE shareholders and the Afrimat BEE Trust in aggregate hold 33,1% 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 112,0 cents per share (2020: 81,0 cents) for the year was declared on 26 May 2021. The dividend payable to shareholders subject to dividend tax is 89,6 cents per share (2020: 64,8 cents per share). Total dividends for the year amount to 148,0 cents per share (2020: 117,0 cents per share).

Prospects

The Group is well positioned to capitalise on strategic initiatives and future opportunities. The Group's future growth will still 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.

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.

New appointments to Board Committees

The current lead independent director of the Group, Mr FM Louw, has been appointed as the deputy Chairman of the Board, as well as a member of the Audit and Risk Committee. Mr JF van der Merwe, Chairman of the Audit and Risk Committee, has been appointed as a member of the Investment Review Committee.

Auditor's reports

These summary consolidated financial results for the year ended 28 February 2021 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. A copy of the auditor's report on the summary consolidated financial statements are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports.

A copy of the unmodified audit report on the summary consolidated financial statements is attached on page 4.

On behalf of the Board

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

26 May 2021

DIVIDEND DECLARATION

Notice is hereby given that a final gross dividend, No 28 of 112,0 cents per share, in respect of the year ended 28 February 2021, was declared on Wednesday, 26 May 2021.

There are 146 144 764 shares in issue at reporting date, of which 8 545 257 are held in treasury. The total dividend payable is R163,7 million (2020: R116,0 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 dividend payable to shareholders who are subject to dividend tax and shareholders who are exempt from dividend tax is 89,6 cents and 112,0 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	Monday, 14 June 2021
Commence trading *ex* dividend	Tuesday, 15 June 2021
Record date	Friday, 18 June 2021
Dividend payable	Monday, 21 June 2021

Share certificates may not be dematerialised or rematerialised between Tuesday, 15 June 2021 and Friday, 18 June 2021, 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, set out on pages 5 to 21 of the provisional report, which comprise the summary consolidated statement of financial position as at 28 February 2021, 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 2021.

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 26 May 2021. 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

PricewaterhouseCoopers Inc.
Director: FHS Weilbach
Registered Auditor
Stellenbosch, South Africa

26 May 2021

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000	Change %
Revenue	**3 693 759**	3 304 376	11,8
Cost of sales	**(2 234 563)**	(2 239 352)	
Gross profit	**1 459 196**	1 065 024	37,0
Operating expenses	**(570 875)**	(478 400)	
Profit on disposal of property, plant and equipment	**375**	2 788	
Other income	**11 832**	13 035	
Other net gains and losses	**7 846**	8 657	
Impairments (refer note 3)	**(22 083)**	(10 152)	
Operating profit	**886 291**	600 952	47,5
Finance income	**21 022**	18 179	
Finance costs	**(38 291)**	(46 161)	
Share of profit of equity-accounted investments	**289**	300	
Profit before tax	**869 311**	573 270	51,6
Income tax expense (refer note 5)	**(265 484)**	(108 094)	
Profit for the year	**603 827**	465 176	29,8
Profit attributable to:			
Owners of the parent	**601 254**	462 512	
Non-controlling interests	**2 573**	2 664	
	603 827	465 176	
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	**7 743**	(3 586)	
Income tax effect relating to these items	**–**	–	
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments at fair value through other comprehensive income	**196**	88	
Income tax effect relating to these items	**(44)**	(17)	
Other comprehensive income (loss) for the year, net of tax	**7 895**	(3 515)	
Total comprehensive income for the year	**611 722**	461 661	32,5
Total comprehensive income attributable to:			
Owners of the parent	**609 149**	458 997	
Non-controlling interests	**2 573**	2 664	
	611 722	461 661	
Earnings per share:			
Earnings per ordinary share (cents) (refer note 7)	**444,1**	341,6	30,0
Diluted earnings per ordinary share (cents) (refer note 7)	**434,6**	337,7	28,7

RECONCILIATION OF HEADLINE EARNINGS

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000	Change %
Profit attributable to owners of the parent	**601 254**	462 512	
Profit on disposal of plant and equipment attributable to owners of the parent	**(375)**	(2 788)	
Fair value on investment of associate	**(25 140)**	–	
Impairments (refer note 3)	**22 083**	10 152	
Total income tax effects of adjustments	**105**	781	
	597 927	470 657	27,0
Headline earnings per ordinary share ('HEPS') (cents)	**441,7**	347,7	27,0
Diluted HEPS (cents)	**432,2**	343,6	25,8

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
Assets		
Non-current assets		
Property, plant and equipment*	**2 247 493**	1 571 519
Investment property**	**–**	3 040
Intangible assets	**216 085**	210 226
Investment in associate and joint venture	**591**	16 420
Other financial assets (refer note 9)	**80 340**	53 015
Deferred tax	**59 931**	31 870
Total non-current assets	**2 604 440**	1 886 090
Current assets		
Inventories	**279 042**	260 526
Current tax receivable	**4 842**	4 757
Trade and other receivables***	**695 936**	476 356
Cash and cash equivalents	**871 060**	167 533
Total current assets	**1 850 880**	909 172
Total assets	**4 455 320**	2 795 262
Equity and liabilities		
Equity		
Stated capital*	**345 894**	245 988
Treasury shares	**(115 795)**	(108 365)
Net issued stated capital	**230 099**	137 623
Other reserves	**(62 980)**	(90 382)
Retained earnings	**2 082 926**	1 634 537
Attributable to equity holders of the parent	**2 250 045**	1 681 778
Non-controlling interests	**8 362**	7 129
Total equity	**2 258 407**	1 688 907
Liabilities		
Non-current liabilities		
Borrowings (refer note 10)	**301 180**	138 761
Deferred tax*	**393 574**	215 943
Provisions	**239 142**	152 748
Total non-current liabilities	**933 896**	507 452
Current liabilities		
Borrowings (refer note 10)	**212 721**	157 071
Other financial liabilities	**8 844**	9 631
Current tax payable	**11 162**	11 109
Trade and other payables	**596 483**	421 072
Bank overdraft	**433 807**	20
Total current liabilities	**1 263 017**	598 903
Total liabilities	**2 196 913**	1 106 355
Total equity and liabilities	**4 455 320**	2 795 262

* *The increases in these items are mainly attributable to the acquisition of Nkomati (refer note 12.1 for further details).*

** *During the current year 'Investment property' was transferred to 'Property, plant and equipment' due to a change in use.*

*** *The increase in 'Trade and Other Receivables' is mainly attributable to the higher iron ore prices at year end.*

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
Cash flows from operating activities		
Cash generated from operations	**1 013 381**	781 573
Finance income received	**20 979**	17 829
Dividends received	**98**	64
Finance costs paid	**(26 628)**	(37 305)
Tax paid (refer note 5)	**(240 250)**	(85 351)
Net cash inflow from operating activities	**767 580**	676 810
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(189 010)**	(154 245)
Acquisition of mining rights	**(1 357)**	–
Proceeds on disposal of property, plant and equipment	**9 344**	34 320
Purchase of other financial assets	**(16 857)**	(369)
Loan advances to other financial assets	**(283 493)**	–
Acquisition of businesses and investments (refer note 12.1)	**(1 003)**	–
Proceeds on disposal of investment in subsidiary (refer note 12.2)	**45 000**	–
Acquisition of share in associate	**–**	(16 020)
Repayment from financial assets at amortised cost	**–**	6 390
Net cash outflow from investing activities	**(437 376)**	(129 924)
Cash flows from financing activities		
Repurchase of Afrimat shares	**(13 118)**	(28 815)
Acquisition of additional non-controlling interest	**–**	(10 855)
Proceeds from borrowings (refer note 10.2)	**410 946**	54 908
Repayment of borrowings (refer note 10.2)	**(286 715)**	(305 050)
Capital elements of lease payments	**(9 133)**	(8 191)
Repayments of other financial liabilities	**(788)**	(1 211)
Dividends paid (refer note 14.2)	**(161 656)**	(137 769)
Net cash outflow from financing activities	**(60 464)**	(436 983)
Net increase in cash, cash equivalents and bank overdrafts	**269 740**	109 903
Cash, cash equivalents and bank overdrafts at the beginning of the year	**167 513**	57 610
Cash, cash equivalents and bank overdrafts at the end of the year	**437 253**	167 513

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 2019	258 292	(85 822)	(94 391)	1 307 129	11 351	1 396 559
Total comprehensive income						
Profit for the year	–	–	–	462 512	2 664	465 176
Other comprehensive income for the year	–	–	(3 515)	–	–	(3 515)
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	88	–	–	88
Income tax effect	–	–	(17)	–	–	(17)
Exchange differences on translation of foreign operations	–	–	(3 586)	–	–	(3 586)
Total comprehensive income	–	–	(3 515)	462 512	2 664	461 661
Transactions with owners of the parent						
Contributions and distributions						
Share-based payments	–	–	15 074	–	–	15 074
Deferred tax on share-based payments	–	–	(917)	–	–	(917)
Purchase of treasury shares	–	(28 815)	–	–	–	(28 815)
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax	(12 304)	6 272	(6 633)	6 633	–	(6 032)
Dividends paid (refer note 14.2)	–	–	–	(136 051)	(1 718)	(137 769)
Total contributions and distributions	(12 304)	(22 543)	7 524	(129 418)	(1 718)	(158 459)
Changes in ownership interests						
Additional non-controlling interest acquired due to:						
– Afrimat Logistics Limitada	–	–	–	–	12	12
– Infrasors Holdings Proprietary Limited	–	–	–	(5 686)	(5 180)	(10 866)
Total changes in ownership interest	–	–	–	(5 686)	(5 168)	(10 854)
Total transactions with owners of parent	(12 304)	(22 543)	7 524	(135 104)	(6 886)	(169 313)
Balance at 29 February 2020	245 988	(108 365)	(90 382)	1 634 537	7 129	1 688 907

	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	–	–	–	601 254	2 573	603 827
Other comprehensive income for the year	–	–	7 895	–	–	7 895
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	196	–	–	196
Income tax effect	–	–	(44)	–	–	(44)
Exchange differences on translation of foreign operations	–	–	7 743	–	–	7 743
Total comprehensive income	–	–	7 895	601 254	2 573	611 722
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 12.1)	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 14.2)	–	–	–	(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)**	**2 082 926**	**8 362**	**2 258 407**

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 applicable to summary financial statements. 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.

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 %	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
Revenue			
External revenue			
Construction Materials	(6,9)	**1 595 055**	1 714 180
Industrial Minerals	(6,9)	**514 291**	552 683
Bulk Commodities	52,7	**1 584 413**	1 037 513
	11,8	**3 693 759**	3 304 376
Inter-segmental revenue			
Construction Materials		**146 360**	138 384
Industrial Minerals		**2 515**	15 585
Bulk Commodities		**–**	–
Services		**64 882**	23 714
		213 757	177 683
Total revenue			
Construction Materials		**1 741 415**	1 852 564
Industrial Minerals		**516 806**	568 268
Bulk Commodities		**1 584 413**	1 037 513
Services		**64 882**	23 714
		3 907 516	3 482 059
Operating profit			
Construction Materials	(45,5)	**104 906**	192 438
Industrial Minerals	(41,9)	**55 481**	95 568
Bulk Commodities	128,4	**734 675**	321 665
Services	0,6	**(8 771)**	(8 719)
	47,5	**886 291**	600 952

2. Segment information (continued)

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
Operating profit margin on external revenue (%)		
Construction Materials	**6,6**	11,2
Industrial Minerals	**10,8**	17,3
Bulk Commodities	**46,4**	31,0
Overall operating profit	**24,0**	18,2
Other information		
Assets		
Construction Materials	**1 264 653**	1 140 593
Industrial Minerals	**624 832**	591 289
Bulk Commodities*	**1 309 910**	498 630
Services	**1 255 925**	564 750
	4 455 320	2 795 262
Liabilities		
Construction Materials	**524 900**	400 257
Industrial Minerals	**83 794**	106 852
Bulk Commodities	**155 020**	97 182
Services	**1 433 199**	502 064
	2 196 913	1 106 355
Depreciation and amortisation		
Construction Materials	**118 227**	94 265
Industrial Minerals	**32 565**	31 382
Bulk Commodities	**48 427**	43 308
Services	**10 157**	8 212
	209 376	177 167
Capital expenditure (excluding acquisitions through business combinations)		
Construction Materials	**158 885**	170 123
Industrial Minerals	**32 313**	21 963
Bulk Commodities	**87 307**	58 391
Services	**15 082**	22 961
	293 587	273 438

* *The increase in assets allocated to the Bulk Commodities segment relates mainly to the Nkomati acquisition (refer note 12 for further details).*

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
3. Impairments		
Impairment of goodwill	–	10 152
Impairment of loan payable by associate/subsidiary	**22 083**	–

During the year Afrimat purchased the remaining ordinary shares of UCP, Afrimat completed an internal restructure process and subsequently disposed of the restructured UCP group. Upon disposal, the loan amounting to R22,1 million was impaired in full. This loan was advanced in the prior year to fund working capital requirements for the UCP group.

In the prior year, during the process of performing the annual goodwill impairment test, it was identified that the carrying value of the SA Block Proprietary Limited cash-generating unit ('CGU'), exceeded its recoverable amount. This was mainly due to the reduction in sales volumes resulting from a slowdown in the market and a decline in demand for construction materials in the Gauteng area. This resulted in the Company not achieving its budget and placed significant pressure on the margins. As a result of the aforementioned a goodwill impairment of R10,2 million was recorded. SA Block Proprietary Limited is included in the Construction Materials segment.

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
4. Depreciation and amortisation		
Depreciation	**207 578**	175 672
Amortisation	**1 798**	1 495
	209 376	177 167

5. Income tax expense

The effective tax rate of the Group increased from 18,9% to 30,5% in the current year mainly due to the utilisation of previously unrecognised assessed tax losses of R288,3 million in Afrimat Demaneng Proprietary Limited in the prior year. No deferred tax assets were recognised on the start-up losses and assessed losses of Nkomati Anthracite Proprietary Limited.

	Number of shares	
	28 February 2021	29 February 2020
6. Movement in number of treasury shares		
Opening balance	**8 239 965**	7 572 503
Utilised for Share Appreciation Rights Scheme	**(196 031)**	(213 340)
Purchased during the year	**501 323**	880 802
Closing balance	**8 545 257**	8 239 965

The Afrimat BEE Trust (indirectly through Afrimat Empowerment Investments Proprietary Limited) holds, on an unencumbered basis, 6 699 614 shares representing 4,58% of the issued share capital of the Company.

Afrimat Management Services Proprietary Limited ('AMS') holds 1 359 350 shares, as nominee for the absolute benefit of the participants of the Company's Forfeitable Share Plan ('FSP').

The remaining 486 293 shares held in AMS are held for the purposes of the Company's Share Appreciation Rights scheme ('SAR').

	Audited year ended 28 February 2021	Audited year ended 29 February 2020
7. Earnings per share		
Number of shares in issue		
Total shares in issue	**146 144 764**	143 262 412
Treasury shares (refer note 6)	**(8 545 257)**	(8 239 965)
Net shares in issue	**137 599 507**	135 022 447
Weighted average number of net shares in issue	**135 380 623**	135 379 713
Diluted weighted average number of shares	**138 344 547**	136 965 803
Profit attributable to ordinary shareholders (R'000)	**601 254**	462 512
Earnings per ordinary share (cents)	**444,1**	341,6
Diluted earnings per ordinary share (cents)	**434,6**	337,7

During the year, 2 882 352 shares were issued when Afrimat acquired of all of the UCP group's shares. Refer to note 12.1 for further details regarding this transaction.

	Audited year ended 28 February 2021	Audited year ended 29 February 2020
8. Financial position ratios		
8.1 Net asset value ('NAV') per share		
Number of shares in issue		
Total shares in issue	**146 144 764**	143 262 412
Treasury shares (refer note 6)	**(8 545 257)**	(8 239 965)
Net shares in issue	**137 599 507**	135 022 447
Shareholders' funds attributable to owners of the parent (R'000)	**2 250 045**	1 681 778
Total NAV per share (cents)	**1 635**	1 246
8.2 Tangible net asset value ('TNAV') per share		
Shareholders' funds attributable to owners of the parent (R'000)	**2 250 045**	1 681 778
Intangible assets and goodwill (R'000)	**(216 085)**	(210 226)
	2 033 960	1 471 552
Total TNAV per share (cents)	**1 478**	1 090
8.3 Net debt:equity		
Total borrowings and other financial liabilities (R'000)	**522 745**	305 463
Net cash (R'000)	**(437 253)**	(167 513)
Net debt (R'000)	**85 492**	137 950
Net debt:equity ratio (%)	**3,8**	8,2

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
9. Other financial assets		
Financial assets at fair value through other comprehensive income	**3 046**	2 851
Financial assets at fair value through profit or loss*	**63 103**	49 475
Financial assets at amortised cost	**14 191**	689
Non-current other financial assets	**80 340**	53 015

* *The increase in the current year was mainly attributable by the acquisition of Nkomati (refer note 12 for further details).*

Financial assets at amortised cost

As part of Afrimat's commitment to achieve sustainable growth and having an impact in the communities we operate, Demaneng assisted local qualifying enterprises by providing working capital funding of R13,3 million.

Refer note 13 for fair value disclosure of other financial assets.

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
10. Borrowings		
10.1 Capital net movement		
Opening balance	**295 832**	436 993
New borrowings	**513 917**	172 080
Finance cost	**3 787**	2 686
Repayments	**(299 635)**	(315 927)
Closing balance	**513 901**	295 832
Analysis as per Statement of Financial Position:		
Borrowings non-current	**301 180**	138 761
Borrowings current	**212 721**	157 071
	513 901	295 832
10.2 Analysis as per Statement of Cash Flows		
Total opening balance borrowings	**295 832**	436 993
Borrowings raised	**410 946**	54 908
Borrowings raised – non-cash	**102 971**	117 172
Instalment sale agreements	**91 660**	109 723
Additions through business combinations (refer note 12.1)	**2 802**	–
Lease liabilities	**8 509**	7 449
Repayments	**(295 848)**	(313 241)
Instalment sale agreements and medium term loan	**(286 715)**	(305 050)
Lease liabilities	**(9 133)**	(8 191)
Total closing balance borrowings	**513 901**	295 832

In February 2021, the Group acquired a R300,0 million five-year term facility with The Standard Bank of South Africa Limited ('SBSA'). An amount of R220,0 million was utilised on 19 February 2021. The loan bears interest linked to the three-month Jibar rate and is payable in quarterly instalments of R11,0 million plus interest, with the first instalment commencing on 31 May 2021.

10. Borrowings (continued)

10.2 Analysis as per Statement of Cash Flows (continued)

The Group acquired another R300,0 million three-year term facility with RMB, bearing interest linked to the three-month Jibar rate and payable in quarterly instalments. This loan was unutilised as at 28 February 2021.

In the prior year, the Group acquired a US$4,0 million revolving credit facility, of which US$3,85 million (2020: US$2,7 million) was drawn, with Standard Bank (Mauritius) Limited. The facility bears interest at Libor plus 2,6% payable quarterly and is available until August 2021.

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
11. Authorised capital expenditure		
Contracted after year-end, but not provided for		
Property, plant and equipment	**36 137**	7 500
Not yet contracted for		
Property, plant and equipment	**185 484**	189 702
Total authorised capital expenditure	**221 621**	197 202

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

12. Acquisition of businesses

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

In the prior year, the Group acquired 27,3% of UCP's share capital for an amount of R16,0 million. In the current year, 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 shares issued to the value of R111,1 million.

UCP indirectly held 60% of the issued shares of Nkomati, which operates an anthracite mine focused on both opencast and underground mining. Nkomati's debt levels were high, its liquidity was constrained and it faced operational challenges. These challenges were exacerbated by the shut down for the initial Covid-19 lockdown period followed by an extended illegal strike, both of which resulted in significant losses.

Afrimat provided working capital to Nkomati as from January 2020 but was unwilling to contribute any further funding to Nkomati on an unsecured basis. Afrimat had the interests of Nkomati's employees and community at heart and wished to keep Nkomati's business operational. In order to achieve this whilst protecting the interests of Afrimat's shareholders, the decision was taken to launch a business rescue application on 5 October 2020, which was granted on 13 October 2020.

In order to address the cash flow shortage, a post-commencement financing agreement was entered into between Nkomati and Afrimat for a total amount of R110,0 million. 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 and to provide a better return for the company's creditors and shareholders than what would result from an immediate liquidation of the company. The Plan was approved by the requisite creditors and shareholders at the meeting held on 30 November 2020 and was implemented by the BRP, whereby Afrimat gained control over Nkomati. Mpumulanga Economic Growth Agency ('MEGA'), previously a minority shareholder of Nkomati, instituted legal proceedings against the business rescue practitioner. For further details refer note 16.

The business rescue application did not impact the Scheme, which was presented and approved by the UCP shareholders at a general meeting on 9 October 2020.

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

The accounting treatment for this business combination is still within the measurement period and information pertaining to the fair value of the current and deferred tax assets and liabilities, as well as mining assets have not yet been finalised.

12. Acquisition of businesses (continued)

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

Provisional details of the acquisition are as follows:

	Total 2021 R'000
Carrying amount/fair value of net assets acquired – Nkomati	
Property, plant and equipment	604 506
Other financial assets	8 994
Inventories	5 276
Trade and other receivables	21 651
Borrowings	(2 802)
Provisions	(81 040)
Deferred tax liability	(132 334)
Other financial liability (Afrimat Limited)	(283 492)
Trade and other payables	(38 781)
Cash and cash equivalents	(1 003)
Net assets – Nkomati	100 975
Fair value of UCP	45 000
Goodwill	6 300
Total net assets acquired	152 275
Proforma revenue assuming the business combination for the full year	111 813
Proforma loss after tax assuming the business combination for the full year	282 944
Revenue included in results	32 752
Loss after tax included in results	33 751
Acquisition cost (including business rescue cost) included in 'operating expenses' for the year	2 231

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%

12. Acquisition of businesses (continued)

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

The goodwill acquired in Nkomati is attributable to the anthracite resources, the access to infrastructure and expected synergies to arrive subsequent to the acquisition. The transaction is in line with the Group's diversification strategy to capitalise on new revenue opportunities for Afrimat in the Bulk Commodities space.

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)	(152 275)
Cash and cash equivalents	(1 003)
Fair value of associate	41 160
Cost of associate acquired in prior year	16 020
Gain recognised as a result of remeasuring the associate to fair value the equity interest	25 140
Issue of shares	111 115
Cash outflow	**(1 003)**

12.2 Disposal of businesses

Unicorn Capital Partners Limited ('UCP')

Following implementation of the Scheme and the subsequent delisting of UCP from the JSE Limited, Afrimat completed an internal restructure of the UCP subsidiaries with direct interest in the Nkomati ('the Restructure'). The Restructure resulted in UCP having no direct interest in Nkomati. The Company considered the restructured UCP to not be part of Afrimat's core diversification strategy. On 27 January 2021 the Group announced its decision to dispose of the whole of the restructured UCP in an accelerated disposal process for 100,0% of the share capital of UCP.

Details of the disposal are as follows:

	UCP – Restructured Total 2021 R'000
Cost of associate acquired in prior year	16 020
Gain recognised as a result of remeasuring the associate to fair value the equity interest	25 140
Fair value of associate	**41 160**
Carrying amount/fair value of net assets disposed	41 160
Profit on disposal of net assets disposed	3 840
Proceeds received on disposal of businesses	**45 000**

13. 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 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	–
At 29 February 2020			
Assets			
Investment property****	–	–	3 040
At fair value through other comprehensive income			
Equity securities*	81	–	–
Environmental funds**	–	2 770	–
At fair value through profit or loss			
Unit trusts**	–	49 475	–
Trade receivables***	–	125 312	–
Total assets	81	177 557	3 040

* *This fair value was 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 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.*

**** *The fair value was determined based on the price per square metre for similar properties derived from observable market data.*

14. Dividends

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
14.1 Afrimat Limited dividends paid/declared in respect of the current year profits		
Interim dividend paid	51 574	51 574
Final dividend declared/paid	163 682	116 043
	215 256	167 617
14.2 Dividends cash flow		
Current year interim dividend paid	51 574	51 574
Previous year final dividend paid	116 043	88 823
Dividends received on treasury shares	(7 301)	(4 346)
	160 316	136 051
Dividends paid by subsidiaries to non-controlling shareholders	1 340	1 718
	161 656	137 769
The Company has declared the following cash distributions to shareholders:		
Interim dividend paid (cents)	36,0	36,0
Final dividend declared/paid (cents)	112,0	81,0
Distributions declared/paid (cents)	148,0	117,0

15. Events after reporting date

Coza Mining Proprietary Limited ('Coza')

As per the SENS announcement published on 17 August 2020, the Company entered into a Sale of Shares 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 R300,0 million, payable upon the fulfilment of certain conditions.

The following condition precedent had not been met at the reporting date:

- Written acknowledgement of receipt of the section 11 approval from the DMRE.

Covid-19

The impact of the Covid-19 pandemic has been considered up to 28 February 2021. The pandemic is considered to be an ongoing event and management is continuously assessing and monitoring developments with regards to the pandemic and its impact on the business.

Subsequent to year-end there were no significant changes in the Covid-19 pandemic restrictions impacting the Group and therefore no subsequent events related to the Covid-19 pandemic have occurred or any other further material events which occurred after the reporting date and up to date of this report.

Afrimat Mozambique Limitada

On 24 March 2021, an attack by non-state armed groups occurred in the Palma District, Cabo Delgado Province, Mozambique. Afrimat immediately withdrew all expats, repatriated them to South Africa and declared force majeure. The Group is in the process to determine the full extent of the losses and is in continuous discussions with contractors and insurance providers to understand the full impact of this event. Afrimat Mozambique Limitada's results is included in the Construction Materials segment.

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% of the Gravenhage manganese mining right and associated assets for a purchase consideration of USD45,0 million and ZAR15,0 million, respectively.

The Acquisition 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;
- Competition Commission approval;
- Grant of Water Use License application; and
- Approval of the Chinese State-owned Assets Supervision and Administration Commission of the State Council for the sale of the Assets and the assumption of the assumed liabilities as contemplated in the Agreement having been obtained by Aquila Steel (S Africa) Proprietary Limited.

16. Contingencies

Guarantees to the value of R69,7 million (2020: R69,6 million) were supplied by SBSA to various parties, including the DMRE and Eskom.

Guarantees to the value of R220,1 million (2020: R13,6 million) were supplied by FNB to various parties, including the DMRE and Eskom. The increase in amount relates to the additional guarantee of R189,2 million obtained for the Coza acquisition.

Guarantees to the value of RNil (2020: R1,6 million) by Lombard's Insurance Group, R0,9 million (2020: R0,9 million) by ABSA Bank Limited, R181,5 million (2020: R131,2 million) by Centriq Insurance Innovation and R2,7 million (2020: R2,7 million) by SIG Guarantee Acceptances Proprietary Limited were supplied to various parties, including the DMRE, Eskom and Chevron South Africa Proprietary Limited. The value of Centriq guarantees has increased due to the proportionate increase in quantum calculations affected by National Environmental Management Act ('NEMA') requirements.

The majority of these guarantees are in respect of environmental rehabilitation 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 R15,1 million (2020: R11,1 million). An accrual has been raised in respect of commitments made up to the end of the year.

16. Contingencies (continued)

The UCP acquisition became effective in December 2020 after all the conditions precedent were met. Approximately 5,0% (34,0 million shares) of UCP's shareholders were dissenting shareholders that did not accept the offer of 14,0 cents per share and filed a case in terms of the Companies Act with the High Court. Management will oppose the case which is currently ongoing.

Subsequent to the approval of the Plan of Nkomati by a majority of creditors and shareholders, Mpumalanga Economic Growth Agency ('MEGA') instituted legal proceedings against Nkomati and the BRP, i.e. Daniel Terblanche. The allegations in terms of the application deals with the apparent defects of the business rescue process followed, including the valuation obtained by the BRP. The intention is to review and set aside the adoption of the approved Plan, or alternatively to set aside the votes in favour of the adoption of the plan. The case is still ongoing.

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000
17. Related parties		
Loan balance owing by associate	**8 608**	27 451
Interest received from associate	**4 786**	626
Interest received from joint venture	**–**	1 457

18. Changes in accounting policies

The Group has chosen to early adopt the following standards and interpretations:

- Amendment to IFRS 16: *Covid-19 Related Rent Concession*

The Group has adopted the following standards and interpretations:

- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform*
- Amendments to IFRS 3: *Definition of a Business*
- Disclosure initiative: Presentation of Financial Statements
- Disclosure initiative: Accounting policies, Changes in Accounting Estimates and Errors

19. 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.

Directors
MW von Wielligh*# (Chairman)
FM Louw*# (Deputy Chairman)
AJ van Heerden (CEO)
PGS de Wit (CFO)
C Ramukhubathi^
GJ Coffee*
L Dotwana*
HN Pool*#
PRE Tsukudu*#
JF van der Merwe*#
HJE van Wyk*#
JH van der Merwe*#

* *Non-executive director*
\# *Independent*
^ *Executive director*

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Announcement date
27 May 2021