INSIMBI
INDUSTRIAL HOLDINGS LIMITED

2021

INTEGRATED ANNUAL REPORT

TABLE OF CONTENTS

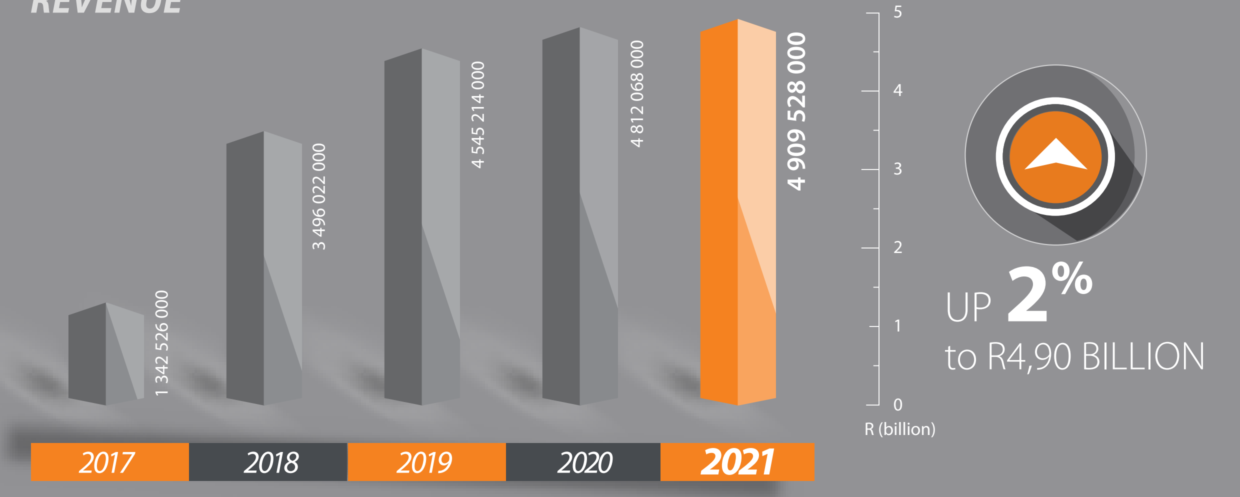
1 ABOUT INSIMBI

2 FINANCIAL STATEMENTS

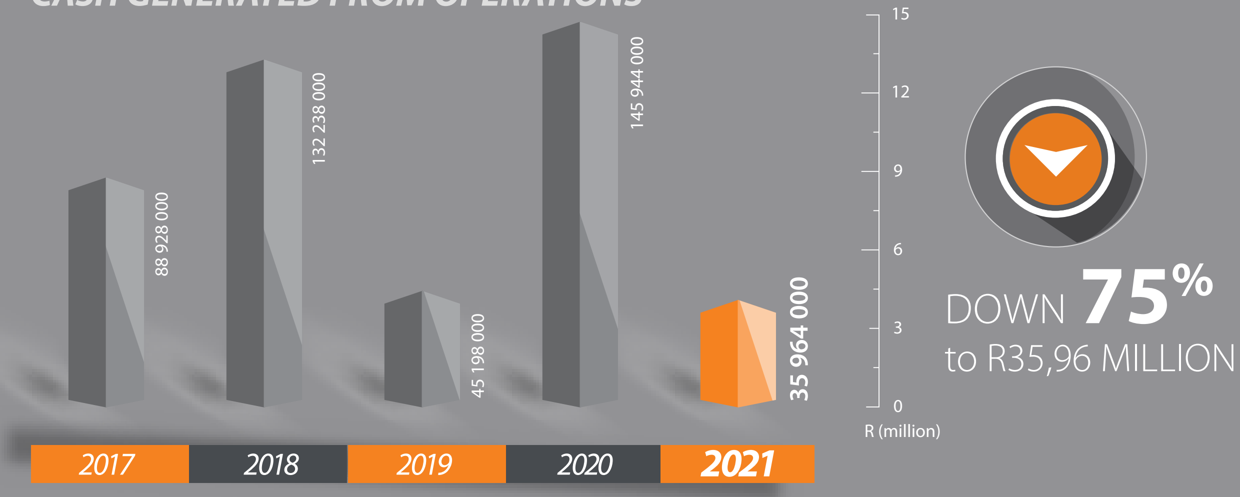
3 SHAREHOLDERS INFORMATION

FINANCIAL INDICATORS: 5-YEAR HISTORY

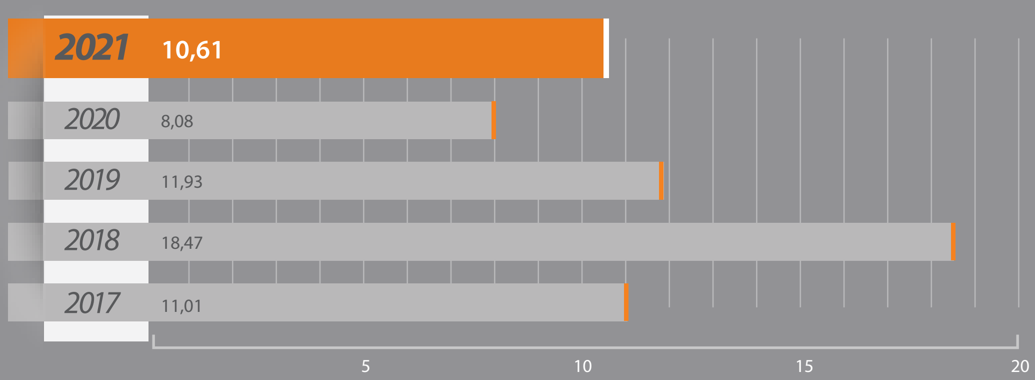
REVENUE



CASH GENERATED FROM OPERATIONS

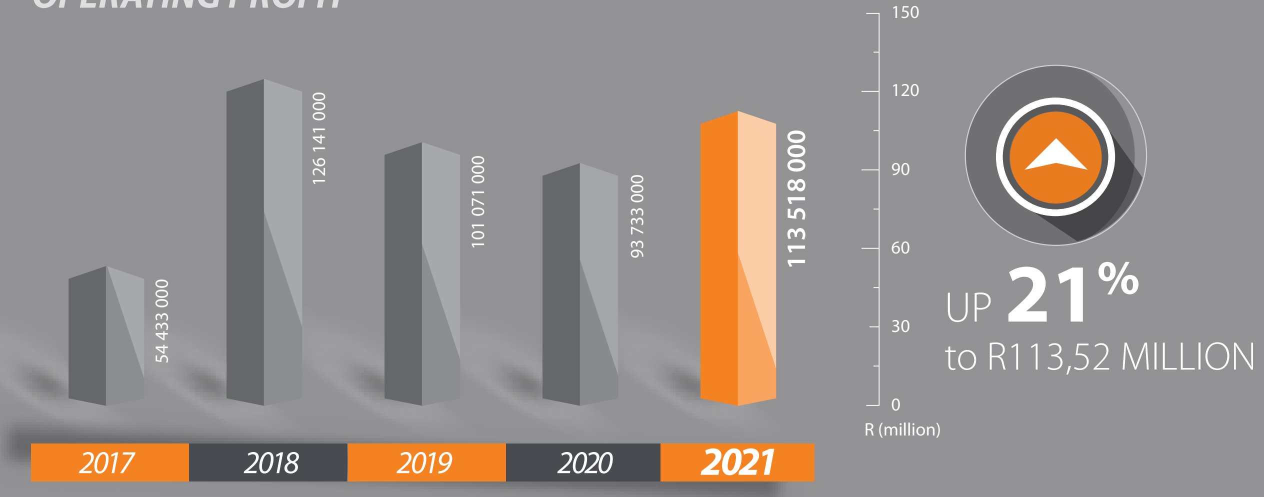


EPS

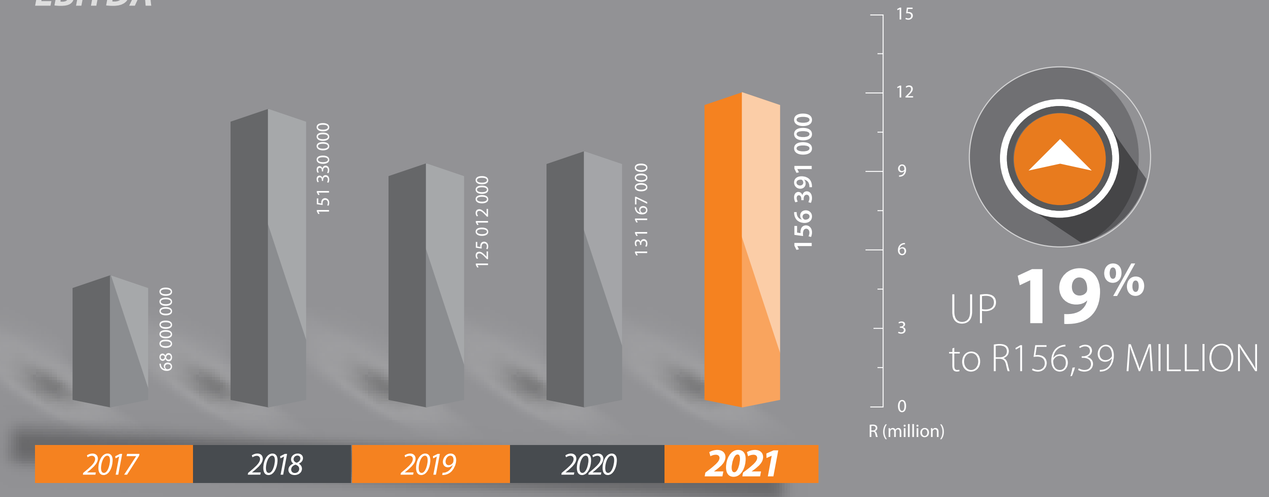


FINANCIAL INDICATORS: 5-YEAR HISTORY *continued*

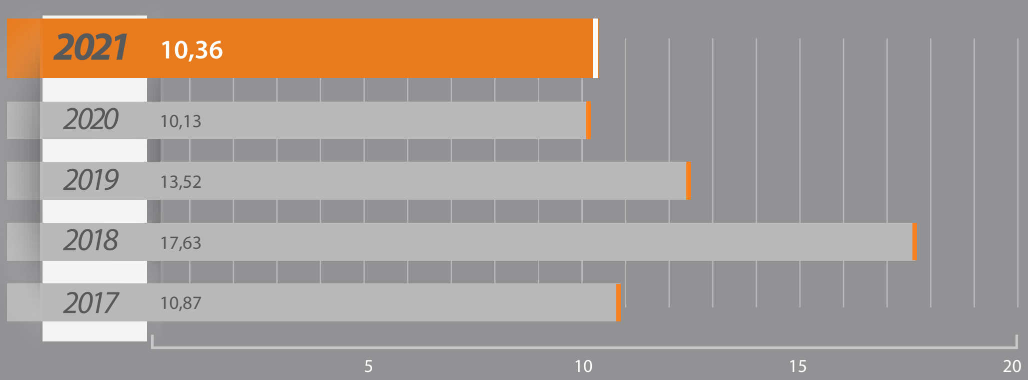
OPERATING PROFIT



EBITDA



HEPS



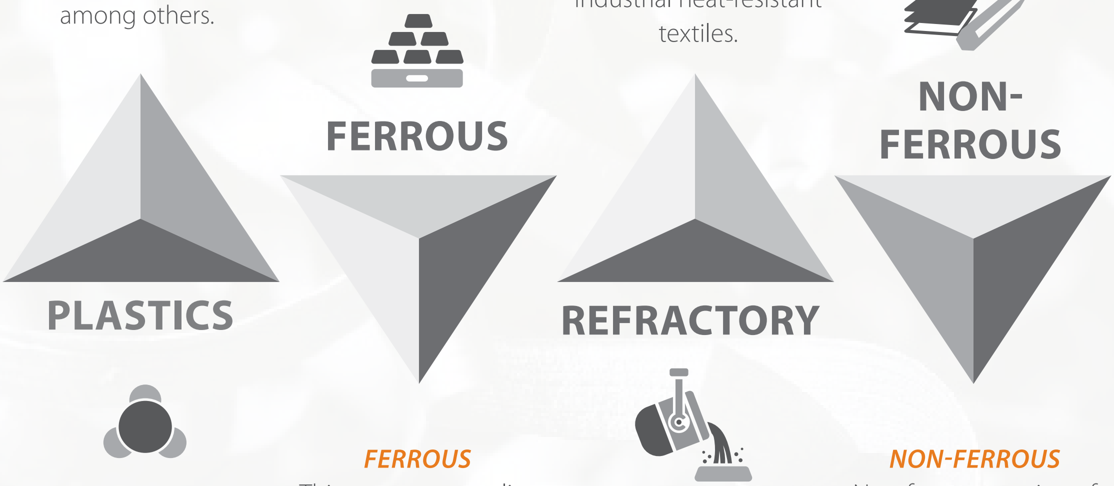
GROUP SEGMENTS

PLASTICS

Plastics manufactures containers for various industries including the chemical, agricultural and food industries, among others.

REFRACTORY

This segment consists of the divisions that service the steel, platinum, paper and pulp, and cement industry's refractory requirements as well as the supply of industrial heat-resistant textiles.



FERROUS

This segment supplies the steel, stainless steel and foundry industries with raw material requirements.
The segment includes the supply of various recycled ferrous metals through Amalgamated Metals Recycling, Treppo Group and Group Wreck.

NON-FERROUS

Non-ferrous consists of the divisions in the group that also service the steel, stainless steel, foundry and non-ferrous industry including the automotive and heavy aluminium industry and the powder coating industry, but with a specific focus on non-ferrous metals including copper, stainless steel and aluminium and a major focus on the export market.

THE INSIMBI VISION AND MISSION

To have a great brand and reputation in the market with all stakeholders, both locally and internationally.

Having an efficient and effective operating model, systems, processes and organisation architecture.

To have a B-BBEE score that is aspirational and provides us with a competitive advantage.

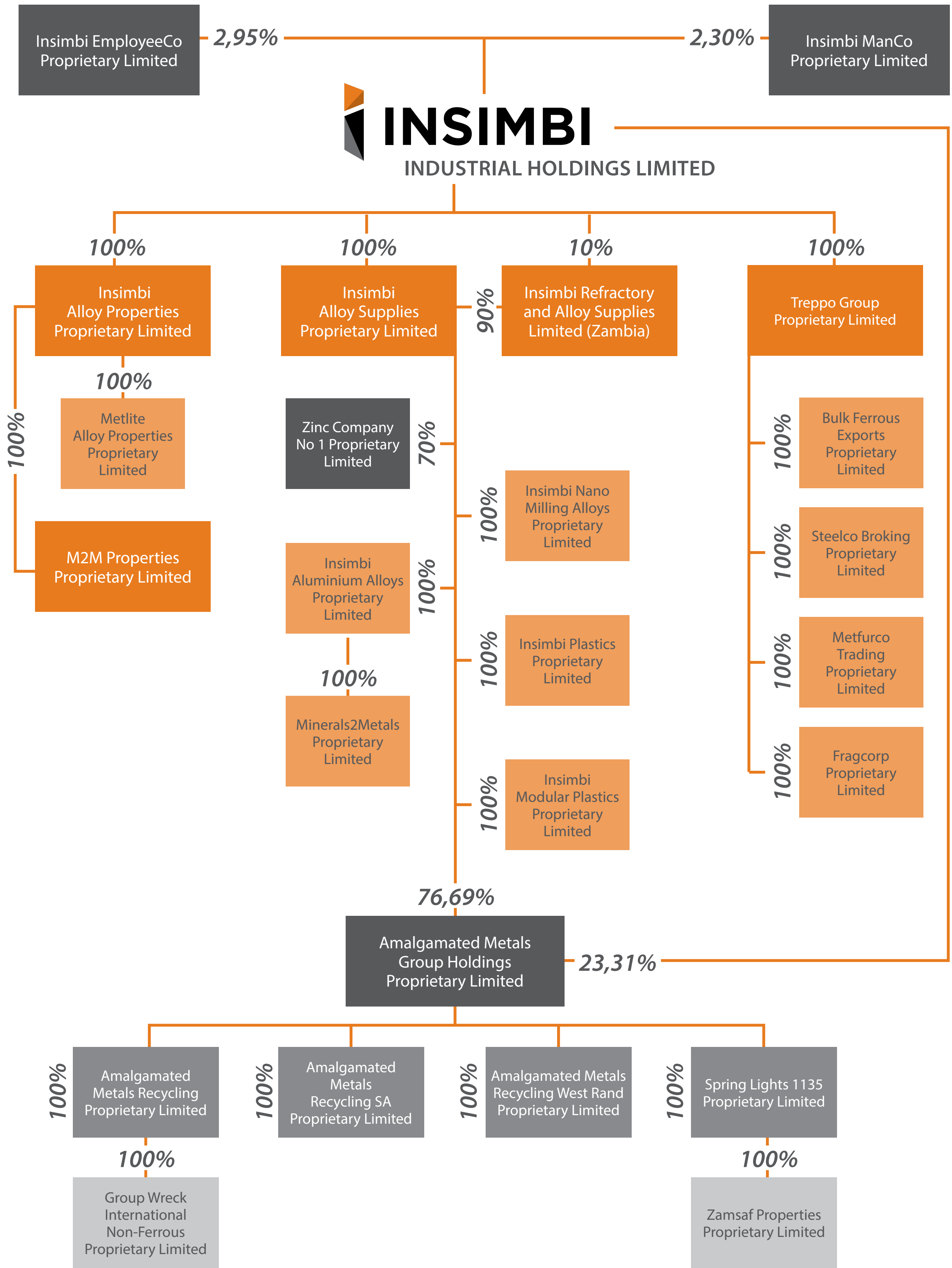
To be a diverse, customer-centric, competent and motivated leadership and workforce, supported by good people-management.

To continue sustainable growth, and remain cash-generative and profitable; to ensure we are an attractive investment.

To continue achieving growth and scale through a diversified and growing product base in new and existing markets through acquisitions and organic growth, and expanding our national and international footprint.

To be a socially and environmentally responsible organisation.

GROUP STRUCTURE

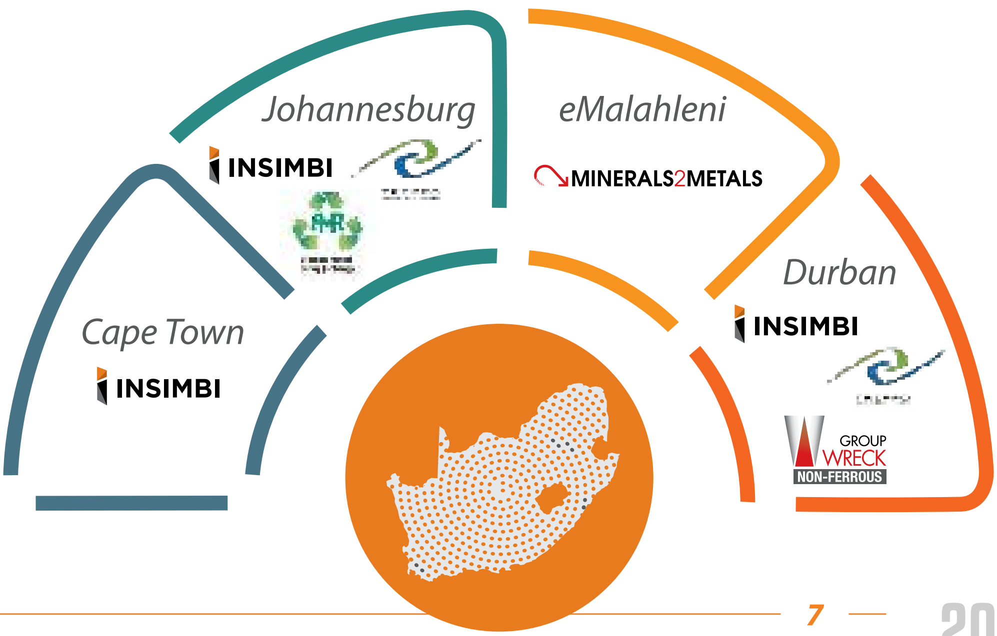


GEOGRAPHIC FOOTPRINT

- Angola
- Argentina
- Australia
- Bahrain
- Botswana
- Brazil
- China
- Democratic Republic of the Congo
- Germany
- Ghana
- Hong Kong
- India
- Israel
- Kenya
- Malawi
- Malaysia
- Mozambique
- Namibia
- Nigeria
- Republic of the Congo
- Rwanda
- Singapore
- Spain
- Swaziland
- Sweden
- Switzerland
- Taiwan
- Tanzania
- UAE
- Uganda
- USA
- Zambia
- Zimbabwe

Export market:

Operating from:



CHAIRMAN'S REPORT

"If you want to go fast, go alone. If you want to go far, go together." *(African Proverb)*

While business feels the disappointment of the slow implementation of the "economic recovery plan", not to mention the lack of clarity on the actual plan itself, the progress being made on the anti-corruption front does offer up some hope that South Africa's reputation will improve in the global arena where the Insimbi Group aims to compete.

The loss of revenue during the initial six-week hard lockdown period, as well as the subsequent limitations on permitted operating capacity in the first part of the 2021 financial year, looked set to impact on anticipated performance for the year.

However, our Chief Executive Officer, Executive and exceptional management team, have successfully navigated Insimbi through the extremely choppy waters of the Covid-19 pandemic, which at its height wreaked havoc on virtually every business on the planet.

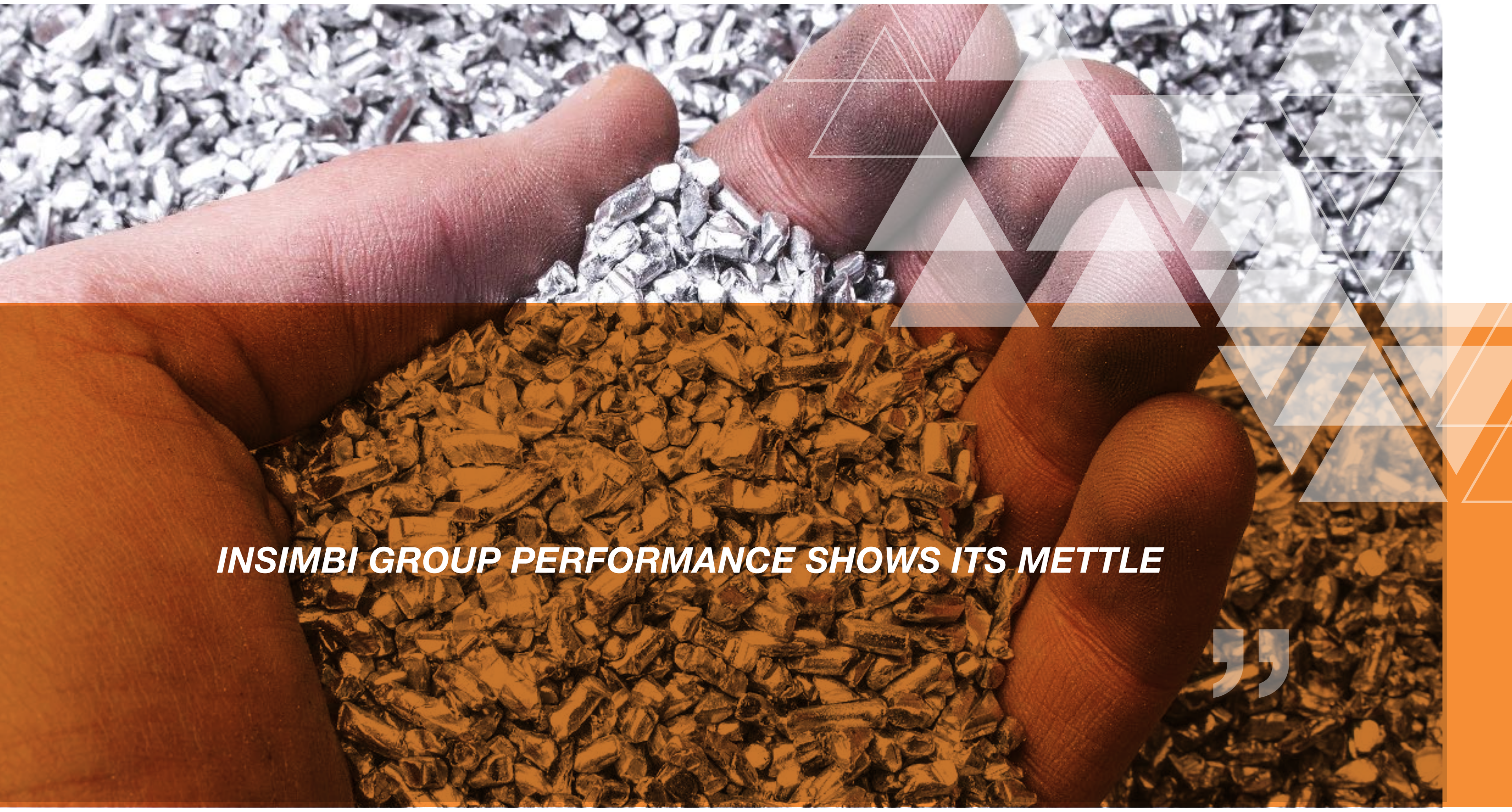
Our Insimbi team turned the Covid-19 crisis into a masterclass in adaptability, innovation and resilience, resulting in a significant recovery in the second half of the year.

I am pleased to report that Insimbi Group remains profitable and cashflow positive.

Looking forward, Insimbi Group is encouraged by the diverse opportunities and potential for growth of its global footprint presented by the anticipated growth in the electric vehicle ("EV") manufacturing industry.

The massive $3 trillion stimulus package proposed by newly elected American President, Joe Biden, aims to provide the solution for the dual challenges of job creation/ economic recovery and climate change. Biden is banking on the funding of upgrades to old infrastructure, funding of an active push toward electric vehicles (both private and commercial), and the creation of new infrastructure required to serve EVs, yielding the natural by-products of job creation and economic recovery.

The EU's stimulus package, approved in July 2020, allocates €500 billion to climate change, including EVs, renewable energy, and agriculture.



INSIMBI GROUP PERFORMANCE SHOWS ITS METTLE

China, the largest producer of motor vehicles in the world, has set a target for EVs to make up 20% of their vehicle sales by 2025. Currently EVs represent 5% of vehicle sales.

The demand for metals related to climate change solutions is a cause for excitement for our Insimbi Group.

Insimbi's strategy, both in product and in improving our access to ports, ensures that we are now well positioned to play our role in the climate change revolution that appears to be upon us.

Our employees are a valuable asset to the functioning and success of Insimbi and to ensure their commitment to the company we remain committed to our B-BBEE roadmap.

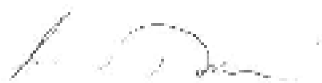
We are more determined than ever to fulfil our vision of a diversified, industrial company with a regional and global footprint.

I would like to thank the board, the Executive Management Team and most especially the employees of each company in the group, for their loyalty, effort and ongoing contributions to the success of our Insimbi Group.

I leave you with this: ***"Libunjwa liseva"***

The day is worked while it is still fresh. *(Zulu proverb)*

Meaning: Make good use of opportunities



Robert Dickerson
Chairman
25 June 2021

CHIEF EXECUTIVE OFFICER'S REPORT

A translation of the word "Insimbi" has a variety of metal-related inferences, including "forged" or "forging". Insimbi is a word that is commonly used in various African languages and dialects throughout the length and breadth of the African continent.

The 2021 financial year was for want of a better description – humbling. From the initial "innocuous" rumblings regarding the Covid-19 virus outbreak in China, to the full blown pandemic it developed into, resulting in a State of Disaster being declared within the first few weeks of commencing our new financial year and an unprecedented Level-5 lockdown for almost six weeks, it was destined to be an emotional and mental roller-coaster of a financial year and it did not disappoint in this regard.

By the end of the first financial quarter, the group was in loss-making territory for the first time in my nearly 19-year history with the group and certainly for the first time since our listing on the JSE in March 2008. Cost-cutting measures mitigated some of the impact of shutting down our various operational segments. By the end of the second financial quarter, after we had managed to re-open under reduced Level-4 lockdown, we had managed to claw our way back to profitability, albeit meagre BUT we were able to report positive earnings at our interim period ending 31st August 2020.

We entered the second half of the financial year with cautious optimism but with a sense of trepidation because we had no idea what lay ahead of us. There was much debate around further Covid-19 infection "waves", potentially increased and extended lockdown levels, and in a nutshell, the future was unpredictable and tenuous.

And so it is with a great sense of relief and satisfaction that I am writing my report in the new financial year, having not only survived the challenges of the unpredictable economic times we have lived through and continue to live in BUT having flourished despite them.

Historically we have had higher earnings in the first half of the year than the second half, some years significantly so. As a result of the lockdowns in the first half of the 2021 financial year, this was not the case and our earnings in the second half of the year were significantly higher. What is really pleasing about this is the fact that our earnings in the second half of the year are the highest we have ever achieved. This is a result of the acquisition of the Treppo Group late in the previous financial year (November 2019), contributing to the groups' overall performance and I expect much more consistent financial performance within reporting periods going forward and less "seasonality".

SEGMENTAL OVERVIEW:

Ferrous

This segment supplies raw material inputs to the steel and stainless steel industries. Considering the impact of the various levels of lockdown on these industries (conservatively 6 to 8 weeks of plant shutdowns) the growth in revenue and profitability in the current year is exceptionally pleasing and it is attributable to the inclusion for a full trading year of the Treppo Group which was acquired in November 2019. This acquisition has placed us amongst the leaders in our market for recycled ferrous metal and has contributed significantly to the groups' increasing local, regional and global footprint and diversification.

The ferrous segment was also stimulated by improved ferrous metal prices in the second half of the financial year during which iron ore prices increased by 40%.

This segment is geared towards export, but as a result of legislative amendments post lockdown, we have been unable to export any ferrous metal and are only able to supply into the local market which is at a significant discount to export parity. We remain hopeful that with the planned introduction of export tariffs mooted for later this financial year, that we will again be able to export some of our material.

Non-ferrous

Despite the advent of Covid-19 and the resultant effective 6 to 8-week shutdown during lockdown, this segment performed well in its target markets including the export, secondary aluminium, automotive, and foundry industries. Major contributors, including copper and aluminium based non-ferrous metals, recovered from 5 to 10-year price lows in the previous financial year to near record highs during the second half of the financial year. This provided some welcome stimulus to this segment.

This segment is definitely starting to benefit from the growing global trend to move to eco-friendly battery operated transportation and I do not expect this to reverse or slowdown in the short term.

Back to contents

Refractory

This segment felt the "brunt" of the pandemic the most within our portfolio, but still performed well under the circumstances. The rotary kiln offering of this segment in particular, had its best year ever. Unfortunately, this was tempered by a significant decline in supply of refractory linings and technical support to the PGM and steel industries.

Plastics

Plastics was fortunate enough to comply with "essential services" status and it literally flourished as a result of this. More importantly, it continues to do so. This business segment has over the past year gone through significant restructuring and streamlining and is finally turning a sustainable profit albeit small in the year under review. It is operating with a full order book and a new "lease on life" and I am optimistic about its future performance.

CONCLUSION

In conclusion and taking the extremely difficult and unprecedented challenges presented by the Covid-19 pandemic throughout the financial year under review, I am very satisfied with our group's performance across the board.

Insimbi:

- emerged leaner after a brutal cost-cutting exercise which was necessitated by circumstances BUT which now has become a core discipline and focus area;
- learned to adapt swiftly to changing circumstances and the economic environment;
- became accustomed to achieving more with less;
- trimmed our group's workforce by almost 150 people or nearly 20%;
- benefited from the reduction in interest rates;
- established ourselves as an industry leader in our target markets;
- generated conservatively between R800 million and R1 billion less revenue and between R75 million and R90 million less operating profit than anticipated as a result of Covid-19.

Last year was literally a case of survival of the fittest. I am proud to say that we are amongst the survivors and as our name "Insimbi" implies across the continent; we continue to forge ahead.

We continue our commitment as an upstanding corporate citizen of this country. This includes our commitment to good corporate and financial governance but equally to ongoing transformation, and we will continue to strive to improve our B-BBEE rating at each operating entity. Our goal, and it is a lofty one, is to achieve Level-4 across all these entities including our listed holding company.

As always, I would like to thank and recognise all our stakeholders including shareholders, customers and suppliers without whom we cannot exist. A special word of thanks to ALL our employees and non-executive directors who carried on their duties with such dignity and commitment throughout the financial year despite having to accept salary and/or fee reductions as a result of the pandemic, you are truly the backbone of our group.

I would also like to thank my executive committee and board members for their continued support and guidance through a uniquely challenging financial year ended 28 February 2021. I will not lie, I am very happy to see the end of it and am enthusiastic and optimistic about the new year that lies ahead.

Frederick Botha
Chief Executive Officer
Johannesburg
25 June 2021

CHIEF FINANCIAL OFFICER'S REPORT

"Insimbi performed exceptionally well in these challenging times and the outlook remains optimistic."

OVERVIEW

Since December 2019, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

When the president declared the national state of disaster, and the economic lockdown that followed late March 2020, the group temporarily closed most of its operations in light of social distancing efforts, quarantines, and border closures related to the spread of Covid-19. This has resulted in a significant loss of income for the 6 weeks that followed the announcement. Staff that could work from home were encouraged to do so, while others were placed on paid leave. Most of the group's operations resumed once the country moved to level 4 of lockdown, with a limited staff capacity at some of the operations, and increased back to full capacity as the country moved to more relaxed levels of lockdown.

REVENUE

Group revenue increased by 2% from R4,8 billion to R4,9 billion. This increase is attributable to accounting for a full year of the Treppo Group. The growth has however been offset by the significant loss of income as explained above. Gross profit however increased by 9% from R414 million to R453 million as a result of improved margins.

OPERATING PROFIT AND COSTS

Operating profit of R114 million was achieved, compared to R94 million in the previous year. The savings on variable costs in the lockdown period, along with significant cost-saving measures implemented by all operations, resulted in an increase in operating expenses of only R4 million, or 1%, this despite the inclusion of Treppo group for a full year. When the effect of Treppo's contribution to expenses (R72,5 million) is excluded, the group pre-acquisition actually achieved savings of R37,5 million, or 11%.

FINANCE COSTS

Finance costs increased from R50 million to R54 million, mainly as a result of debt funding raised for the acquisition of and overdraft facilities for the Treppo Group that was acquired in the 2020 financial year. The increase has however been offset by the decrease in the prime lending rate, which moved from 9.75% at the end of February 2020, to 7% at the end of February 2021. The group minimises interest paid externally by redistributing funds through a centralised treasury.

CHIEF FINANCIAL OFFICER'S REPORT continued

DISCONTINUED OPERATIONS

On 30 September 2020, the group entered into a sale agreement with a potential buyer of one of its non-material subsidiaries, Metlite Alloys Proprietary Limited. The decision to sell the business was an economic decision, and was as a result of the winding down of a major customer in the Western Cape. The subsidiary was sold on 7 October 2020.

PROPERTY, PLANT AND EQUIPMENT

Only R20 million (2020: R145 million) was added to property, plant and equipment, of which R5 million is attributable to the properties from which Minerals2Metals Proprietary Limited operate, which is located in eMalahleni.

INVENTORIES AND TRADE RECEIVABLES

Trade and other receivables at year end amounted to R680 million, compared to R490 million at the previous financial year-end. With the last working day of the year falling on a Sunday, it is not uncommon for debtors to delay payment to the following working day. Trade receivables remain well managed and an Expected Credit Loss of only 1% was provided for. The group has not experienced any major defaults as a result of the Covid-19 pandemic.

Inventories at year end amounted to R199 million (2020: R197 million).

SHARE CAPITAL

Shares in issue remained unchanged for the current financial year.

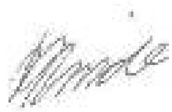
CASH FLOW AND GEARING

Cash generated from operations decreased from R146 million in 2020 to R42 million, largely due to the increased working capital cycle as a result of the financial year ending on a Sunday. To give some perspective, approximately R100 million was banked in the first 72 hours of the new financial year, which would have resulted in a net working capital similar to the 2020 financial year end. The net bank overdraft at year end was R260 million compared to R188 million for the comparative period.

The debt to equity ratio at year end was 126% (2020: 129%). Borrowings were increased to partially finance the Treppo Group acquisition in 2020, as well as to provide the Treppo Group with working capital facilities.

OUTLOOK

The effects of the Covid-19 pandemic and subsequent global and national lockdowns have put businesses in turmoil. Insimbi has, however, performed exceptionally well in these challenging times and the outlook remains optimistic.



Nadia Winde
Chief Financial Officer
Johannesburg
25 June 2021

DIRECTORATE: EXECUTIVE DIRECTORS

FREDERICK BOTHA (57)

Chief Executive Officer: Insimbi Group

Member of the Executive Committee, permanent invitee on the Remuneration and Nominations Committee and member of the Investment Committee

BCom (UCT), BCompt (Hons) (UNISA), Chartered Accountant (South Africa)

Fred completed his articles with Coopers & Lybrand (now PricewaterhouseCoopers). Fred's experience includes both financial and operational positions in South Africa, Malawi and Zambia. He joined Insimbi in 2002 as Commercial Director and was appointed Financial Director in April 2014. Fred was subsequently appointed the Chief Executive Officer of the group on 1 June 2017. He is also integrally involved in vetting of investment opportunities, due diligences and making proposals to the board regarding acquisitions which meet the company's investment strategy criteria.

CHRISTIAAN COOMBS (47)

Chief Executive Officer: Amalgamated Metals Recycling group

Member of the Executive Committee

Over the past 21 years, Chris has gained experience in the scrap metal trading industry with a focus on international commodity trading. He is a co-founder of the Amalgamated Metals Recycling group ("AMR"), which was established in 2002. He also serves on the board of the industry body, Metal Recyclers Association of South Africa.

Chris was appointed to the board of Insimbi on 16 January 2017.

NADIA WINDE (33)

Chief Financial Officer

Member of the Executive Committee, Member of the Investment and Social, Ethics and Transformation Committees

BCom (University of Johannesburg), BComp (Hons) (University of Johannesburg), Chartered Accountant (South Africa)

Nadia completed her articles with KPMG Inc. and has been with the group since 2014, during which time she has been in charge of Group finance including the compilation of interim financial results and the Integrated Annual Report and the related SENS announcements.

She was appointed to this position on 1 October 2020.

DIRECTORATE: NON-EXECUTIVE DIRECTORS

ROBERT IAN DICKERSON (68)

Chairman of the board, Independent Non-executive Director

Chairman of the Nominations and the Investment Committees,
Member of the Audit and Risk Committee

BCom (UNISA)

Robert is a seasoned businessman with experience of over 40 years. He is the founder of Dickerson Investments Proprietary Limited and is the former Chief Executive Officer and Group Chairman of the Fidelity Services Group. He has previously held senior financial, sales and marketing, and chief executive officer positions at the Chubb group of companies. He is currently a non-executive director of the Fidelity Security Group as well as a non-executive director of a number of other non-listed companies, including New Seasons Investment Holdings.

Robert joined the Insimbi board on 16 January 2017 and was appointed as Chairman of the board in December 2017.

INGIPHILE PAMELA MOGOTLANE (53)

Non-executive Director

Chairperson of the Social, Ethics and Transformation Committee,
Member of the Audit and Risk Committee

BCom (University of Johannesburg)

Pamela has experience in the financial industry of over 15 years. She began her career as a junior accountant at Fabcos Investment Holdings before moving on to a leading travel agency as Finance Manager. Pamela is the Finance Director for New Seasons Investment Holdings, a black-owned investment company, and serves on the boards and committees of numerous companies within the New Seasons portfolio of investments.

She joined the board of Insimbi on 9 June 2016.

NELSON MWALE (60)

Non-executive Director

Chairman of Remuneration Committee,
Member of the Nominations and Investment Committees

HDip (Mech Eng) (Technikon Witwatersrand), Diploma in Management (Henley), Management Advancement Programme (Wits Business School), MBA (Brunel, UK)

Nelson's experience of more than 30 years' spans over manufacturing and, more recently, general management positions. He was a project engineer at Barlows Earthmoving Equipment Company, a technical engineer at Dorbyl Structures and a packaging manager (and general project manager) at South African Breweries.

Nelson is the former operations director and a shareholder of Namitech, the secure technology and solutions provider to key market focus areas. Nelson has vast experience in the West and East African markets and was instrumental in setting up the Namitech West Africa operation in Nigeria. He is currently the Chief Operating Officer of New Seasons Investment Holdings and serves on the boards and committees of numerous companies within the New Seasons investment portfolio. He was appointed to the board of Insimbi on 9 June 2016.

DIRECTORATE: NON-EXECUTIVE DIRECTORS *continued*

CLEOPATRA SALAPHI NTSHINGILA (56)

Independent Non-executive Director

Chairperson of the Audit and Risk Committee, member of the Social and Ethics and Remuneration and Nominations committees

BA (Law) LLB (University of Swaziland), H Dip Tax (Wits)

Cleopatra studied Intermodal Logistics, brokering and chartering, as well as port and terminal operations at the Global Maritime school in New York and has completed a number of leadership development courses, including Advanced Strategic Management (IMD, Switzerland), Advanced Project Finance (Institute of Euromoney, London) and Advanced Leadership Development Programme (GIBS).

Cleopatra formerly held the position of the General Manager to the Office of the Chief Executive of Transnet Freight Rail. She has served on several legal committees, as well as acting as General Counsel on the Executive Board of the Union of African Railways and as the African Region representative that advised the Executive Board of the International Association of Railways in Paris. Her experience includes positions as non-executive director and/or chairperson of various listed and unlisted companies and board committees. She was appointed to the board of Insimbi on 7 July 2015.

MATSELISO MADHLOPHE (35)

Group Company Secretary

Governance Practitioner: Chartered Governance Institute of Southern Africa

Matseliso has 6 years' experience in corporate governance, she started her career in Public Sector and joined Insimbi in April 2019 as Group Assistant Company Secretary.

Matseliso was appointed as the Company Secretary of Insimbi Group on 1 August 2020.

CORPORATE GOVERNANCE

The board is committed to ensure that requirements set out in the Companies Act 71 of 2008, JSE Listing and King IV report on Corporate Governance are adhered to, and reviewed on an ongoing basis to remain updated with the legislative and regulatory updates and changes. The board is accountable for Insimbi's strategy, financial results, corporate governance, human resource development and also oversight of the company and stakeholder relationships.

ETHICAL CODES AND VALUES

Insimbi Code of Conduct defines ethical behaviour which requires employees to display integrity, fairness, mutual respect and openness at all times. The board holds management to account for ensuring the group adheres to these standards.

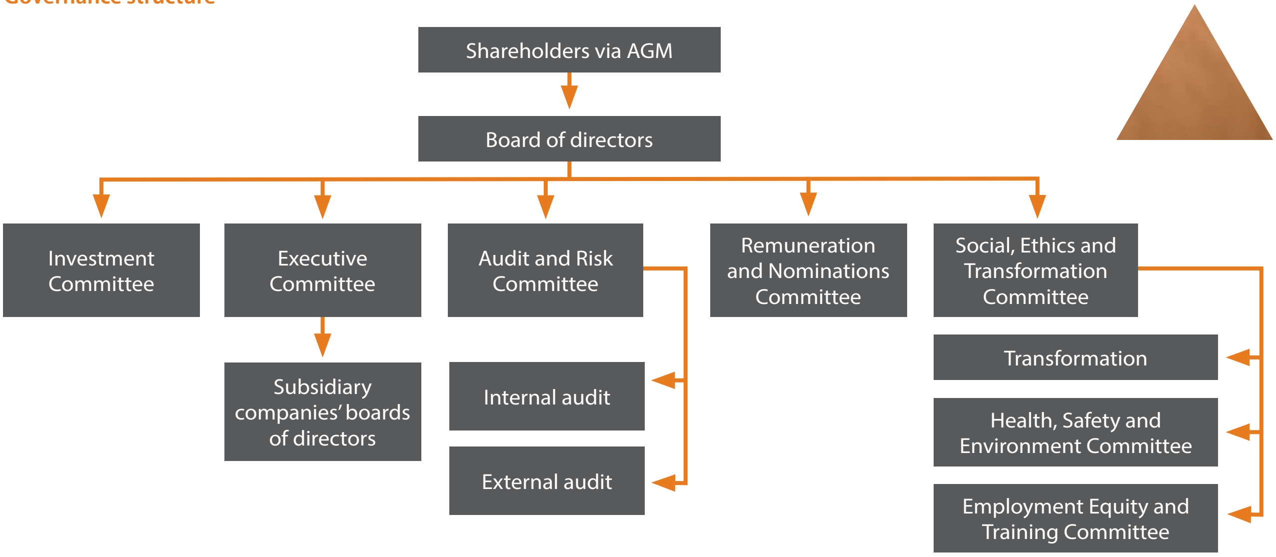
GOVERNANCE STRUCTURE

Insimbi maintains a unitary board structure with both executive and non-executive directors serving on one board. The non-executive directors bring independent judgement and experience to the board. The board set and drive the strategic direction of the company, and monitors the implementation of the strategies by management. Please refer to the diagram below.

Delegation of Authority and operational governance

While the board remains accountable and responsible for the performance and the affairs of the company and the need to provide ethical and effective leadership, the board delegated authority to the Group Chief Executive Officer and the chief executive officers of the operations for the implementation of the strategy and ongoing management of the business. The board receives regular feedback on the implementation and execution of the group strategy.

Governance structure



BOARD OF DIRECTORS

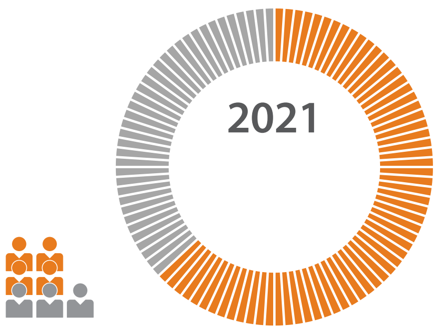
Board composition

The board comprises of four non-executive directors, two of whom are regarded as independent in terms of King IV's requirements, and three executive directors. Details of the directors with brief *curricula vitae* can be found from page 15 to page 17.

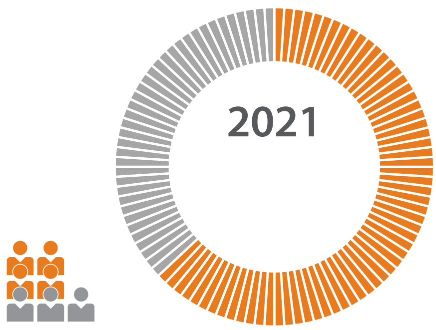
Diversity

The board recognises that, having a blend of attributes across all facets of diversity, will lead to more thorough and robust decision-making processes and direction, and therefore strives to ensure its diverse composition. (The Board Diversity Policy is monitored by Nominations committee.) At the time of reporting, the board comprises seven members: two black females, one white female, one black male and three white males.

Board transformation



Board gender diversity



Information Technology governance

The board acknowledges its responsibilities for the governance of information technology ("IT") and has delegated the responsibility for the implementation and execution of an effective information and technology governance programme to the IT Steering Committee. The Audit and Risk committee provides input and maintains oversight role regarding the IT governance.

Chairperson of the board

The Chairperson provides leadership to the board and ensure that the board focuses on its key tasks.

In line with best practice, the roles of Chairperson and Chief Executive Officer are separated and delineated, each with clearly defined responsibilities. Mr Dickerson has been the Chairperson person since December 2017. Mr RI Dickerson is an independent non-executive director. There is a clear distinction of responsibilities, duties, authority and balance of power at board level.

Independence and performance

The board reviews the independence of directors on an ongoing basis and remains satisfied that they all demonstrate sound, independent judgement and mind. The categorisation of the independent directors as independent is done applying the King IV independence indicators and recommended practices, as related to non-executive directors that have held long tenure as board members. The board is satisfied that, other than as disclosed, there are no relationships or circumstances likely to affect their independence or judgement. The board maintains its independence in discharging its governance role and responsibilities.

Board evaluation

The board and board committees assess their effectiveness by performing a self-evaluation by means of an evaluation questionnaire; to review the mix of skills, performance during the year, contribution and independence of individual directors and the effectiveness of the committees. Results of the evaluations demonstrate that the board and the board committees have fulfilled their responsibilities and provide the basis for improvement for the following year.

Appointments to the board

The board is responsible for the appointment of new directors, and through the Nominations Committee is able to implement this responsibility effectively ensuring the appointment of suitable members. The Nominations Committee evaluates potential candidates and submits nominations to the board. The committee also assists the board in reviewing succession planning annually and includes the identification, mentorship and development of future candidates. For the year under review, Andre de Wet retired from the board as executive director and Nadia Winde was appointed to the board as an executive director.

Board responsibilities

The board is responsible for the oversight of the group performance and affairs, which includes protecting and enhancing the group wealth and resources and creation of value for stakeholders, timely and transparent reporting, and acting at all times in the best interest of the company, bearing in mind its responsibilities to its stakeholders. In fulfilling this responsibility, the board sets strategic direction and priorities and oversees the strategy, acquisitions and investment policy, risk management, financing and corporate governance policies of the company.

To uphold good governance and avoid conflicts of interest, the board considers the extent, if any, of the director's interest in the business in terms of direct or indirect shareholding and/or any interests in contracts with the company. Where practicable to do so, the board assesses the materiality of the director's interest, but considers holdings of less than 5% as immaterial.

To ensure that the group's core purpose, its risks and opportunities, strategy and business model, performance and sustainable development are inseparable elements of the value creation process, the board seeks to identify the group's key risk areas and key performance indicators and updates and reviews them regularly. Full and timely information is supplied to the board and committee members and they have unrestricted access to all company information, records, documents and property.

The board's oversight role is ensured through quarterly board and committee meetings held in line with the terms of reference and annual plans.

Attendance at board and committee meetings:

	Board	Audit and Risk	Rem Com#	Social and Ethics	Invest-ment
CF Botha	2*	n/a	n/a	n/a	n/a
F Botha	5	5*	2*	1*	1
C Coombs	5	n/a	n/a	n/a	0
RI Dickerson	5	5	2	n/a	1
A de Wet	2	1*	n/a	2	1
EP Liechti	4*	n/a	n/a	2*	n/a
IP Mogotlane	5	5	n/a	2	n/a
N Mwale	5	n/a	2	n/a	1
CS Ntshingila	5	5	2	2	n/a
N Winde	5	5*	n/a	0	0
Total number of meetings	**5**	**5**	**2**	**2**	**1**

Remuneration and Nominations
* *attended by invitation*

BOARD COMMITTEES

The board has established a number of committees in which the non-executive directors play an active role and which operate within defined terms of reference laid down by the board.

The committees support the board by providing oversight in their areas of responsibility, while enhancing corporate governance within the group. The committees report to the board through their Chairperson. All the committees have met their responsibilities during the year in compliance with their terms of reference and King IV.

The Audit and Risk Committee

Terms of reference and functions

The Audit and Risk Committee consists of three non-executive directors, all of whom comply with the requirements of section 94 of the Companies Act, and was established as a statutory committee with additional functions allocated to it by the board of directors.

The Audit and Risk Committee provides the board with additional assurance regarding the quality and reliability of financial information, assist the board in discharging its duties relating to safeguarding of assets, reviewing the operating systems and control processes and the oversight of risk and IT governance. The committee operates in terms of the mandate from the board to oversee and recommend to the board, the nomination and appointment of the external auditor, nature and scope of the audit and audit fee, evaluate the independence of the external auditor, determine the effectiveness of the combined assurance model and approve the internal audit plan.

Membership

The Audit and Risk Committee during the year under review was chaired by Ms CS Ntshingila, with Mr RI Dickerson and Ms IP Mogotlane as members.

Meetings

The Committee held five meetings during the year under review, two of which were special meetings, on 21 July 2020, 13 October 2020, 22 October 2020, 3 December 2020 and 23 February 2021.

Auditors

The group independent external auditors are Moore Cape Town Inc. The company has a policy to regulate the use of non-audit services by the independent external auditors.

The Remuneration Committee

The Remuneration Committee determines the remuneration policy of the group and more specifically, the remuneration of the executive directors. The committee also approves proposals in respect of certain incentive arrangements. The committee recommends to the board the remuneration of non-executive directors for consideration and the board recommends for approval by shareholders at the annual general meeting of the company.

The Nomination Committee

The Nomination Committee is responsible for the assessment and nomination of potential new directors and recommends to the board for appointments.

Membership

The Remuneration and Nominations Committees consisted of three members who are non-executive directors, and the Group Chief Executive Officer as permanent invitee. The committee met once during the year under review.

The Chairperson of the committee in respect of the Nominations and Remuneration Committees' responsibilities continued to be split. Mr N Mwale is responsible for the Remuneration Committee, while Mr RI Dickerson is responsible for the Nominations Committee. Ms CS Ntshingila is a member of both the Remuneration and Nominations Committees.

The report of the Remuneration and Nominations Committee, which contains a summary of the group's remuneration policy, is set out on page 27.

Meetings

The committee held one meeting during the year under review on 18 June 2020.

Social, Ethics and Transformation Committee

The Social, Ethics and Transformation Committee ("SETC") is a statutory organ of the company and has an independent role with accountability directly to the board.

The board aims to promote ethical business practices and conduct across all its operations and recognise the benefits of being a good corporate citizen. The SETC operates in terms of mandate from the board in promoting and monitoring the group activities with regard to good corporate citizenship, social and ethics related matters, sustainable development, skill development and managing environmental impacts.

The committee provides a forum for discussing social and ethical matters and for developing relevant recommendations for consideration by the board.

The committee reports to the shareholders at Insimbi's annual general meeting on the matters within its mandate.

Membership

The members of the committee are Ms IP Mogotlane as the Chairperson, Ms CS Ntshingila and the Group Chief Financial Officer as members. All other directors, the Human Resources Manager, Health and Safety Manager, and B-BBEE and Transformation Manager attend by invitation.

Meetings

The committee held meetings two times during the year under review on 3 March 2020 and 8 September 2020.

CORPORATE GOVERNANCE *continued*

Investment Committee

The Investment Committee forms a critical part of the corporate governance of the group. Its role is to ensure that the strategic capital investments made by the group (using both debt and equity instruments) represent good value for money for shareholders and that clear systems exist to take strategic financial decisions on the basis of the performance of these investments and their strategic value for the group.

Membership

The members of the committee are Mr RI Dickerson as the Chairperson, Mr N Mwale, Mr C Coombs, the Group Chief Executive Officer and the Chief Financial Officer.

Meetings

The committee held one meeting during the year under review on 19 August 2020.

ACCOUNTING AND AUDITING

The board is responsible for ensuring that the group maintains adequate records and reports accurately and reliably on the financial position of the group and the results of its business activities. The external auditors are responsible for independently auditing and reporting on the financial statements in accordance with International Financial Reporting Standards ("IFRS").

The annual financial statements were prepared under supervision of Ms N Winde CA(SA), Chief Financial Officer, and audited by Moore Cape Town Inc. in terms of the Companies Act, IFRS and the Listings Requirements.

INSIDER TRADING AND PRICE-SENSITIVE INFORMATION

The group has a written policy on insider trading, adopted by the board, which requires that no trading in shares by directors or senior executive management may take place without clearance first having been obtained from the Chairperson or the Group Chief Executive Officer, as the case may be. The Group Company Secretary retains records of such dealings and approvals.

Furthermore, no employee who comes into possession of potentially price-sensitive information may deal, directly or indirectly, in Insimbi's shares during any closed period or prohibited period. As required by the Listings Requirements, Insimbi observes at least two closed periods in each financial year (from the half-year until publication of its half-year results, and from the year-end until publication of its full-year results). Further prohibited periods may be declared as and when the situation arises.

DIRECTORS' DEALINGS

The company continues to enforce closed periods prohibiting trading in shares by directors, senior executives and employees in terms of the group share dealing and insider-trading policies. The closed periods are effective from the end of the interim and annual reporting periods until the financial results are disclosed on SENS. All directors trading in shares require the prior approval of the Chairperson of the board.

CONFLICTS OF INTEREST

Guidelines are in place to assist directors in identifying situations that could present potential conflicts of interest and provide procedures to follow in the event of such conflicts arising. These guidelines comply with the procedures prescribed in the Companies Act. In addition, there is a standing agenda item for all boards and board committee meetings within Insimbi requiring directors to disclose any direct or indirect interests which could lead to a potential conflict.

The board and employees are given guidance on how conflicts of interests may arise and how they should be addressed in its Code of Business Conduct and Conflicts of Interest policy. All material and potential conflicts of interests between a director and the company are declared and recorded at every board and committee meeting. Where a material or potential conflict arises, the matter is addressed according to the provisions of the Companies Act and the Code of Business Conduct and Conflict of Interest policy. These matters are also reported to the shareholders at the annual general meeting. For the period under review, there were no declaration of interest declared.

COMPANY SECRETARY

The Group Company Secretary is responsible for director training. The Group Company Secretary and Group Chief Executive Officer induct new directors, which includes briefings on their fiduciary and statutory responsibilities, as well as on the group's operations as required.

The Group Company Secretary is accountable to the board on all governance and statutory matters, ensuring the proceedings and affairs of the board are properly administered in accordance with all applicable laws, advising directors on their duties and responsibilities and in this respect all directors have access to the services of the Group Company Secretary. The appointment and removal of the Group Company Secretary is a matter for the board as a whole.

CORPORATE GOVERNANCE *continued*

Ms N Winde resigned as Company Secretary in July 2020 and Ms M Madhlophe was appointed in this position on 1 August 2020. The board considered and satisfied itself on the competence, qualifications and experience of the company secretary.

GOVERNING STAKEHOLDER RELATIONSHIPS

Stakeholder engagement is actively managed at various levels within the group including at shareholder, board and executive management levels. Insimbi places stakeholder inclusivity as a fundamental tenet within business. Stakeholder relationship and engagement is regularly reviewed to ensure that concerns of our stakeholders are effectively addressed. The board strives to present a balanced and understandable assessment of the group's position, addressing material matters of significant interest and concern to stakeholders. The board is responsible for formalising strategies to enhance stakeholder relations with the company. Shareholders are encouraged to attend the annual general meeting, to be held on 1 July 2021 at 10:00 at Insimbi's offices in Wadeville. Details of the annual general meeting are included in the notice of the meeting on pages 106 to 112.

INTEGRATED REPORTING AND CONTINUOUS DISCLOSURE

The company has a policy of continuous disclosure in place for directors to ensure that timely and accurate information is provided to all stakeholders.

The Company Secretary is responsible for liaising with the board to ensure that the company complies with its legal obligations. No requests for information were lodged with the company in terms of the Promotion of Access to Information Act, 2000, during the year under review.

The board acknowledges its responsibility to ensure the integrity of the integrated report, and its responsibility statement authorising the release of the integrated report appears on page 34 of this report.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

The Social, Ethics and Transformation Committee ("SETC") was established in accordance with the provisions of section 72(4) of the Companies Act 71 of 2008 ("Companies Act"), and operates under board-approved terms of reference which includes holding a minimum of two meetings per financial year and reporting to the board on its activities. The committee assists the board in monitoring the group's performance against transformation objectives and as a good and responsible corporate citizen conducting a sustainable business. This report is prepared in accordance with the requirements of the Companies Act.

COMPOSITION

The members of the committee are Ms IP Mogotlane (Chairperson), Ms CS Ntshingila and Ms N Winde. All directors, the Human Resources Manager, Health and Safety Manager and B-BBEE and Transformation Manager may attend by invitation in terms of the committee charter. To that end, Ms V Burness (Group Human Resources Manager), Mr EP Liechti (Chief Executive Officer IAS and Health, Safety and Environment Representative), Ms L Kungoane (B-BBEE and Transformation Manager), Ms T Kletz (Treppo division Human Resources/Legal) and Ms M Burger (AMGH division Human Resources Manager) are invited to attend the meetings.

FUNCTIONING

Ethics and code of conduct

The committee monitors ethical issues and reputational risks by conducting an ethic survey every two years, as well as regulatory and general developments. It also monitors transformation initiatives and its progress against the Amended Generic Code on 11 October 2013.

The group is committed to continuous improvement of ethical conduct, including reduced risk through environment-related risk management and transformation initiatives.

Socio-economic development

The group demonstrates its commitment to making a contribution to socio-economic development by investing in appropriate programmes within its operational communities. The group expects to maintain its overall contributors level as the result of a significant investment and spend on skills development and preferential procurement. The group continues to provide supplier and enterprise development and substantially increased its spend on black-owned businesses.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT *continued*

The group regularly measures the emissions of all its aluminium operations in line with legislation, and have adopted a strategy to reduce emissions in order to maintain compliance with the reduced levels requirements. The group will continue to encourage a culture of safe workplace at all its operations in harmony with its unwavering commitment to the safety of its valuable human capital and the precious environment.

Empowerment, transformation and skills development

The group is committed to the promotion of employment equity and transformation in all of its operations and has seen great improvement since the 2019 rating in terms of the revised B-BBEE Codes. The committee has focused efforts on Enterprise and Supplier Development, and have identified suitable enterprises to support and assist in making them sustainable. To instil skill development and empower its employees, six Generic Management learnerships initiatives were implemented in the 2019/2020 period, but unfortunately due to Covid-19, the completion of these learnerships were delayed and are due to be completed in 2021. To maintain skills development across the entire Group in 2021, the skills development initiatives will be extended to the branches located in KwaZulu-Natal and the Western Cape. Several mandatory and skills development training programmes were implemented and the group will continuously implement bursaries and training strategies to upskill staff.

The group is committed to developing the skills, knowledge and capabilities of its employees to achieve sustainable business growth and to enable employees to realise their full potential. In the beginning of the year 2020, 14 academic bursaries were awarded to staff to pursue their studies with different institutions of higher education across South Africa.

Environment, health and safety

The Health, Safety and Environment Committee reports to the Social, Ethics and Transformation Committee. The group upholds a safe working environment since it underpins its sustainability, with the group placing its people and their safety first. This was proven during Covid-19 pandemic. Safety measures were put in place and the were no record of new infections that originated at the workplace. Further, the group recorded no fatalities as a result of Covid-19, and the amount of employees that were hospitalised were minimal. Regular inspections are performed to assess safety conduct and to test the effective implementation of safety controls. Measures have been established to ensure a lower total injury frequency rate and the reduced lost time due to injuries. Risks have been identified and effective controls have been implemented.

For the year under review, the committee has reviewed the current initiatives and their effectiveness and made appropriate recommendations. The committee continues to monitor progress of the roadmap to address equity, B-BBEE shortfalls, transformation on B-BBEE in general, and the group and subsidiary B-BBEE ratings, as well as the impact of the revised and clarified Department of Trade and industry ("DTI") codes of good practice.

EMPLOYEE SHARE OWNERSHIP PROGRAMMES ("ESOP")

The successful implementation of the group employees empowering strategy through two ESOPs in 2016, has resulted in a greater black ownership status and is in line with the group's commitment to transformation. A dividend was paid to the shareholder employees for the first time in 2019.

LABOUR AND EMPLOYMENT

Employment Equity and Training Committee

The Employment Equity and Training Committee consists of employees representing all subsidiary companies and divisions within the group and is chaired by B-BBEE and Transformation manager. The committee met three times during the year under review.

The Employment Equity and Training Committee reports to the Social, Ethics and Transformation Committee, and the Chairperson of the Employment Equity and Training Committee provides feedback to the SETC.

Wellness

Insimbi provides its lower-income earners with basic quality health care at no cost to employees.

OWNERSHIP

The group black shareholding ownership for the year under-review is 22,83%.

STAKEHOLDER ENGAGEMENT

Insimbi strives to be a transparent corporate citizen. Insimbi's website contains a range of stakeholder-related information and presentations.

CORPORATE CITIZENSHIP

The group acknowledges its social commitment through community inclusion, and uplifting and developing communities. It has been involved in various corporate social investment projects, including monitoring the spend on the projects, sponsorship and donations.

COMMITMENT

Transparent and credible reporting is upheld if indicators are identified, measured, monitored and recorded. Within Insimbi' s sustainability performance, a major focus is to identify and monitor the performance of the group against the determined targets for sustainability performance and with this, meeting the legislative requirements. This commitment is maintained and will be maintained as such in the future.

APPROVAL

This Social, Ethics and Transformation Committee report has been approved by the board of directors of Insimbi.

IP Mogotlane
Chair: Social, Ethics and Transformation Committee
25 June 2021

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

The responsibilities of nomination and remuneration committees are nomination of the new directors and senior management and establishing appropriate remuneration policies for non-executive directors, executive directors, and senior management.

REMUNERATION PHILOSOPHY

The group believes in investing in its employees as they are essential to achieving its goal and strategy. The group's remuneration philosophy is to attract, motivate and reward employees in a fair and responsible way to encourage a culture of high performance within the company through employees who are motivated and engaged, committed to executing business strategy, and vision, and conforming with the best practices in a sustainable manner, while having appropriate regard to shareholder interests.

GOVERNANCE

The purpose of the committee is to provide an independent and objective governance body that will:

- ensure that the company upholds its entrenched remuneration policy;
- align performance with the strategic direction and specific value drivers of the business and the interest of stakeholders in a manner that does not encourage excessive risk-taking;
- ensure competitive reward to facilitate the recruitment, motivation and retention of high performing employees at all levels in support of corporate objectives and to safeguard stakeholder interests;
- monitor human resource strategies and policies of the group;
- make recommendations on the remuneration policies and practices for the non-executive directors, executive directors, senior management and the group in general;
- review and recommend to the board the relevant performance measures for executives; and
- make recommendations on the composition of the board and board committees.

POLICY

The remuneration policy is monitored by the Remuneration Committee. The remuneration of executive directors and senior management is determined on a total cost-to-company basis and is reviewed annually.

The variable pay element provided by the incentive bonus scheme is intended to enhance total earning opportunities, should that be merited by corporate and individual performance as the company maintains a performance-based culture. The performance of executive directors and senior management is closely aligned with performance by the setting of key performance indicators ("KPIs") and measurement of performance against such KPIs. This is intended to align the interests of senior management with that of the shareholders in achieving group and subsidiary financial targets.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT *continued*

The policy regarding levels of emoluments payable to executive directors was reviewed by the Remuneration Committee. Emoluments paid to executive directors and prescribed officers appear on page 42 of the integrated annual report.

FIXED REMUNERATION

Insimbi applies discretion in all remuneration reviews and there is no guaranteed or minimum across-the-board increase to all employees. Gross remuneration adjustments for the 2021 financial year represent an increase of 4,5% over that of the prior year.

LONG-TERM INCENTIVE

Insimbi's long-term incentive, in the form of share allocation, encourages ownership and loyalty, and supports our objective to retain valued employees and drives sustainable longer-term performance and creation of wealth.

NON-EXECUTIVE REMUNERATION

Insimbi non-executive directors' fees are paid on an annual retainer basis to account for the responsibilities borne by the directors throughout the year. The NEDs receive fees for their services on the board and board committees, dependent on their attendance of meetings.

The group non-executive directors do not receive any short-term incentives, nor do they participate in the Employee Share Scheme, qualify for share options, or participate in any variable pay incentive schemes.

SHAREHOLDERS' NON-BINDING ADVISORY VOTE

In line with the King IV Report on Corporate Governance and principles of best practice, the remuneration policy as contained herein will be put to a non-binding advisory vote by shareholders at the annual general meeting scheduled for 1 July 2021.

IMPLEMENTATION REPORT

The annual financial statements of the group contain:

- the remuneration paid to the executive directors and prescribed officers of the company and its subsidiaries, while in office;
- bonuses paid to the executive directors and senior management of certain subsidiaries as authorised by the board and in accordance with the bonus policy;
- the remuneration paid to the non-executive directors of the company;
- the remuneration and bonuses paid during the reporting period were in line with the remuneration policy of the group.

At the annual general meeting held on 7 October 2020, the remuneration policy and the implementation report received support at 100% votes.

PERFORMANCE AND RE-ELECTION

In terms of the memorandum of incorporation, one-third of the non-executive directors should retire by rotation. Ms CS Ntshingila will retire by rotation at the annual general meeting scheduled for 1 July 2021 and will be eligible and has made herself available for re-election. The committee recommends her re-election to the board.

AUDIT AND RISK COMMITTEE

The committee is satisfied that the current members of the Audit and Risk Committee, individually and collectively, satisfy the requirements of section 94 of the Companies Act 71 of 2008 and King IV. The Nominations Committee recommends the appointment of Ms CS Ntshingila, Ms IP Mogotlane and Mr RI Dickerson as members of the Audit and Risk Committee, to serve for a one-year term, until the 2022 annual general meeting.

APPROVAL

This Remuneration and Nominations report has been approved by the board of directors of Insimbi.

RI Dickerson	**N Mwale**
Chair:	Chair:
Nominations Committee	Remuneration Committee
25 June 2021	25 June 2021

Environmental sustainability is an issue that affects us all. With increasing evidence of climate change, and a growing global awareness of the waste generated by human beings, it is vital that business operates in a manner that safeguards and protects our natural capital, the environment. By the nature of our business, we consider ourselves not only to be custodians of our planet, but significant role-players in not merely reducing waste, but actively clearing it. This is primarily achieved through our recycling business.

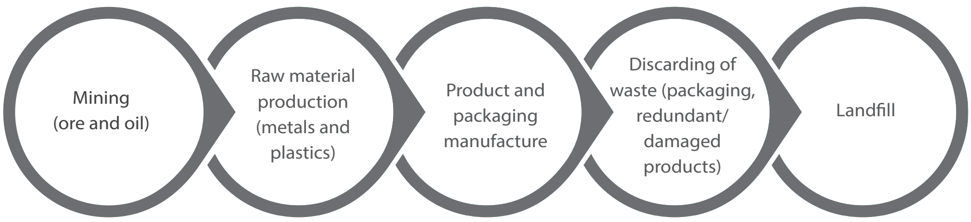
We believe our "aboveground mining" operations – the sourcing of recyclable waste materials, processing of these, and production of usable materials to provide to industry – are critical to helping South African manufacturing businesses achieve improved sustainability. These operations also form an important part of the clean-ecosystem chain, by removing waste products from landfills and our water supply, and transforming them into usable materials.

Recycling is critical to both our business, and to the environmental wellbeing of our country. One of the sources of recyclable materials employed by Insimbi Group is collecting from waste pickers, also known as trolley-pushers – a common sight on South African city streets. This vital service also provides a valuable source of employment and significantly reduces the burden on the country's waste management infrastructure.

THE CLEAN-ECOSYSTEM CHAIN

Old-fashioned business practices followed the "waste chain" method, where modern business must follow the "clean-ecosystem chain" to be sustainable and reduce environmental damage.

The waste chain



Materials sourcing

As demonstrated in the diagrams above, there is a significant divergence between the "waste chain" method of business and the "clean-ecosystem chain" method. In the former chain, all materials – whether they are recyclable or not – end up in a landfill, thereby taking up valuable, potential arable land, or in our oceans and rivers, causing damage to the water supply and marine and riverine life. In the latter chain, all recyclable materials are removed from the landfill-bound chain, processed into usable "raw" materials, and put back into manufacture.

The clean-ecosystem chain also reduces our dependency on mining to provide the raw materials needed for metals and plastics manufacturing. There is a global concern about dwindling oil supplies; by reducing the need for oil as a raw material for plastics, this will ensure that reasonable reserves are maintained. Metals mining and ore processing also has a significant environmental impact, using high levels of energy and chemical processes to extract the metal from the ore. By recycling metals, we reduce these levels of energy use and other environmental damage, while still enjoying the benefits of quality metals for manufacture.

OUR POLICIES

Insimbi Group is committed to sustainable practices. This includes caring for the environment, the prevention of pollution, and the management of waste. We demonstrate our responsibility by ensuring that; all our operations are conducted with a minimum negative environmental impact, and in compliance with all applicable requirements. To that effect, we established two policies that govern our approach to the environment and to waste management, and we monitor the implementation of the policies.

Our environmental policy

Our environmental policy outlines the framework that we follow to periodically set and review our objectives and targets in line with our commitment to continuous improvement of our environmental performance.

It is therefore our policy to:

- assess our activities, products and services with respect to their environmental aspects and impacts and incorporate all practicable procedures and controls to prevent environmental damage and pollution;
- promote environmental awareness among our employees and encourage them to work in an environmentally responsible manner;
- promote efficient use of materials and resources throughout our facilities - including water, electricity, raw materials and other resources - and reducing, reusing or recycling waste materials;
- avoid unnecessary use of hazardous materials and products, seek substitutions when feasible and take all reasonable steps to protect human health and the environment when such materials must be used, stored and disposed of;
- promote environmental awareness among our employees and encourage them to use resources sparingly;
- minimise control and, as far as possible, prevent the release of pollutants or other substances into the air, water or land; and
- promote water conservation in our facilities through rainwater harvesting, low-flow taps in wash basins, low-flow/energy-efficient shower heads and low-flush toilets, reuse of grey water, and repairing leaks immediately.

This policy is communicated to all employees through noticeboards, appropriate training, and awareness-raising activities. The policy is also publicly available on request.

Our waste management policy

We minimise our waste production through the principles of Reduction, Re-use and Recycling throughout our operations, and ensuring that all operations and activities are fully compliant with all current waste management legislation.

The aims of our waste management policy are to:

- minimise waste production throughout the group; and
- operate within full compliance of environmental legislation.

The policy's objectives are to:

- identify areas of waste production;
- identify the most efficient methods of reducing waste production and maximising the reuse or recycling of waste material;
- manage the process to ensure compliance with best practice;
- through training and support, ensure that all staff are aware of their responsibilities under environmental law and how compliance can be achieved and maintained.

THE SIX CAPITALS

Capitals model

A brief outline of the capitals model (natural, human, social, manufactured, financial and intellectual capital) is included below. The sustainability of all aspects of the model has been considered.

Natural capital

Natural capital includes the natural resources and processes needed by Insimbi to produce its products. This includes renewable (such as water) and non-renewable (fossil

Occupational level	Group/Gender		Group/Gender		Group/Gender		Group/Gender		
	White		African		Indian		Coloured		Total
Level	Male	Female	Male	Female	Male	Female	Male	Female	
Top management	7	3	0	0	0	0	1	0	**11**
Senior management	10	5	2	1	0	1	1	0	**20**
Middle management	15	15	6	3	2	1	1	0	**43**
Junior management	17	13	23	21	2	4	0	3	**83**
Semi-skilled	38	13	234	15	3	5	2	3	**313**
Unskilled	2	0	159	14	0	0	0	0	**175**
Grand total	**89**	**49**	**424**	**54**	**7**	**11**	**5**	**6**	**645**

fuels, minerals and metals) resources, and processes such as energy consumption, waste creation, emissions, etc. Without access to natural capital, Insimbi could not operate.

Our intrinsic business model is built around the preservation of the natural environment, and on reducing the country's dependence on newly-mined raw materials. Our "aboveground mining" approach directly and indirectly benefits the natural environment, making this capital vitally important to our business.

Insimbi maintains and enhances natural capital by:

- focusing our business operations on the collection and processing of recyclable materials;
- eliminating waste by reusing or recycling wherever possible;
- reducing our dependence on fossil fuel;
- protecting biodiversity and ecosystems;
- wherever possible using renewable resources for well managed and restorative ecosystems; and
- managing resources and reserves efficiently.

Human capital

Human capital includes health, safety knowledge, skills, intellectual outputs, motivation and the capacity for relationships of individuals.

To maintain sustainable performance, the company acknowledges the important role played by its employees. Organisations depend on individuals to function. A healthy, motivated and skilled workforce is imperative to continuously improving and ensuring sustainable company performance. Intellectual capital and knowledge management is also recognised as a key intangible creator of wealth. Abuse of human rights or labour rights, or compromising health and safety, has direct negative impact on our human capital, as well as reputational costs.

Training and development

Development of our people is important to our business' sustainability and succession planning. Six Generic Management learnership initiatives were implemented in the 2019/2020 period, but unfortunately due to Covid-19, the completion of these learnerships were delayed and are due to be completed in 2021. In 2020, a total of 14 Academic Bursaries were awarded to staff to pursue their studies with different higher education institutions across South Africa.

B-BBEE and transformation

Our current employee breakdown by race and gender is as above.

Employee Share Option Schemes ("ESOPs")

Management is committed to transformation, succession planning and employee retention. To this end, Insimbi Group established two ESOPs.

Social and relationship capital

Social capital is any value added to the activities and economic outputs of an organisation by human relationships, partnerships and cooperation. Organisations rely on social relationships and interactions to achieve their objectives. Organisations also rely on wider sociopolitical structures to create a stable society in which to operate, e.g. government and public services, effective legal systems, trade unions and other organisations.

To enhance social capital, we:

- contribute to open, transparent and fair governance;
- source material ethically, treat suppliers, customers and citizens fairly;
- respect and comply with all governing legislation;
- invest in social infrastructure;
- provide communication; and
- minimise any negative social impacts of our operations and maximise the positive impacts.

SUSTAINABILITY REPORT *continued*

Socioeconomic development

The Insimbi Group is committed to contributing to corporate social investments that uplift the communities in which we operate. We also assist staff via bursaries with funding their children's and dependant's education.

Enterprise and supplier development

The Insimbi Group funded Exempted Micro Enterprises ("EMEs") and Qualifying Small Enterprises ("QSEs") that are 100% Black Owned, through the Supplier Development Programme. The identified enterprises required assistance with purchasing of machinery and equipment to be able to sustain their businesses and create employment opportunities. The funding provided to these beneficiaries was based on their individual needs.

Under Enterprise Development, the group funded a 100% Black Female Owned EME company by purchasing Online Business Tools Software Systems for day-to-day accounting, payroll, HR and Office Assistant solutions through the Lean Enterprise Acceleration Programme ("LEAP") Enterprise Development Solution company.

Manufactured capital

Manufactured capital in the trading context relates to the trading process and how it is conducted and the commodities which are being sourced and delivered to local and international customers.

Manufactured capital is important to an organisation's sustainability because its efficient application allows an organisation to be flexible and innovative, and increases the speed at which it delivers.

We enhance our manufactured capital by:

- employing our infrastructure, technologies and processes to use our resources most efficiently; and
- devising technology and management systems that reduce our waste emissions.

Financial capital

Financial capital makes it possible for the other types of capital to be owned and traded and is representative of how successful the company has been at achieving the sustainable development of its natural, human, social or manufactured capital.

Sustainable organisations need a clear understanding of how financial value is created, in particular the dependence on other forms of capital. We enhance our financial capital through:

- effective management of risk;
- corporate governance structures;
- assessing the wider economic impacts of our activities on society; and
- continuously reviewing our processes and procedures to identify areas for possible improvement.

Intellectual capital

Insimbi's intellectual property is protected through employment contracts and confidentiality agreements and/or licence agreements with external parties. These agreements establish ownership of and rights to: trademarks, copyright, trade secrets, innovations, and inventions resulting from any dealings with the company. Where the company has identified potential infringements, it will not hesitate to take steps (including instituting legal proceedings) to protect its interests.

Why the capitals matter to our sustainability

Commitment to the six capitals is more than a simple commitment to following guidelines and good business practice. It is a clearly defined path for us to follow towards creating a business that will be economically, environmentally and socially sustainable for the long term.

By making a clear, detailed understanding of not only how each of the capitals affects our business, but how they interact with one another, we gain a deeper insight into our own motivations, methodologies and values. In turn, this allows us to build our business on a foundation that is strong and lasting.

FINANCIAL STATEMENTS AND SHAREHOLDERS' INFORMATION

1 FINANCIAL STATEMENTS

2 SHAREHOLDERS INFORMATION

DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The group complies with the provisions of the Companies Act and operates in conformity with its Memorandum of Incorporation ("MOI").

The directors have reviewed the group's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditor and their report is presented on pages 44 to 47.

The annual financial statements set out on pages 48 to 105 have been prepared on a going concern basis, under supervision of the Chief Executive Officer, Mr F Botha CA(SA) and the Chief Financial Officer, Ms N Winde CA(SA). The annual financial statements have been audited in compliance with the Companies Act 71 of 2008, and were approved by the board on 25 June 2021 and signed on its behalf by:

F Botha
Chief Executive Officer
Johannesburg
25 June 2021

N Winde
Chief Financial Officer
Johannesburg
25 June 2021

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88 of the Companies Act, I certify and confirm that the company has filed all such returns and notices as are required of a public company in terms of the Companies Act to be lodged with the Companies and Intellectual Property Commission, for the year ended 28 February 2021, and that all such returns and notices are true, correct and up to date.

M Madhlophe
Company Secretary
Johannesburg
25 June 2021

CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

"The directors, whose names are stated below, hereby confirm that -

(a) the annual financial statements set out on pages 48 to 105, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code.

Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action".

F Botha
Chief Executive Officer
Johannesburg
25 June 2021

N Winde
Chief Financial Officer
Johannesburg
25 June 2021

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 28 February 2021. The committee is an independent statutory committee established in terms of section 94 of the Companies Act 71 of 2008 ("the Act") and appointed by the shareholders of the company. The report covers responsibilities of the committee, including duties delegated by the board to the committee. The committee adopted a formal charter which has been approved by the board and sets out the committee's functions and responsibilities.

INTERNAL CONTROLS

The Audit and Risk Committee acknowledges the King IV recommendation that the board should ensure that an effective risk-based internal audit function is in place. The internal audit function completed internal audits of all operating entities and provided written reports to the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee has satisfied itself that the company's internal controls are designed to provide reasonable assurance as to the reliability and integrity of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. In carrying out its tasks, the Audit and Risk Committee has a wide range of powers to consult both internally and externally in order to acquire the necessary resources and information to complete its duties and make an assessment in this regard.

RISK MANAGEMENT

Emphasis is placed on the board to govern risk in a manner that supports the company in setting and achieving its strategic goals. During the year under review the board delegated the task of overseeing the risk management processes to the Audit and Risk Committee.

The committee's responsibilities include providing oversight on all material non-financial issues influencing strategy and the long-term viability of the company, namely sustainability (including safety, health and environmental matters), as well as risk management and compliance methodologies, processes and performance. The Audit and Risk Committee remains accountable for financial risk and compliance.

Management is committed to maintaining and monitoring the best possible strategies to minimise the risks and to ensure the growth of the company in the interest of all stakeholders. The company is committed to creating safe and healthy working environments to minimise the risk of injury or disease to its employees, to prevent the loss of property and to conserve the environment. The Health, Safety and Environmental Committee is responsible for ensuring that employees' working conditions are safe and healthy.

Insimbi has not taken any undue, unexpected or unusual risks in the pursuit of reward and there is no current, imminent or envisaged risk that may threaten the long-term sustainability of the company. The company has put measures in place to minimise Covid-19 pandemic risk, and the committee is pleased to report that there were no fatalities within the group.

The Audit and Risk Committee's terms of reference provide that the Chief Financial Officer and the Head of Internal Audit and other members of the executive management be invited to attend meetings of the Audit and Risk Committee, and provide for members of the Audit and Risk Committee to meet with the external auditors without members of the executive management being present. The terms of reference provide further that at least two meetings be held each year. The committee met four times during the year.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

In line with the JSE Listing Requirements the Audit and Risk committee assessed the expertise and experience of the Chief Financial Officer, the audit firm as well as the individual audit partner. Mr Andre De Wet retired in September 2020 and Ms N Winde was appointed as Chief Financial Officer effective 1 October 2020. Details of Ms N Winde with brief *curricula vitae* can be found on page 15. The committee considered and satisfied itself on the expertise and experience of the Financial Officer.

INFORMATION TECHNOLOGY GOVERNANCE ("IT")

To ensure that the board fulfil its duty to govern technology and information and that IT supports the company's strategic objectives, an information policy, supported by the electronic communications policy are in place to govern the use and safeguarding of information systems and networks throughout the company.

During the year under review, the Audit and Risk Committee was responsible for assisting the board to assess and evaluate the company's overall exposure to information technology risks. The risks regarding the security, back-up, conversion and update of the Information Technology systems are continually addressed. Disaster recovery plans are regularly reviewed as disruptions to critical management information would have a detrimental effect on continuing operations.

AUDIT AND RISK COMMITTEE RESPONSIBILITIES

The committee has discharged all its responsibilities and carried out all its functions as contained in its terms of reference and as required by the Act. In particular, the following:

- Monitored risk management and the compliance environment throughout the group to ensure that management maintains effective internal controls and that management demonstrates and stimulates the necessary respect for these disciplines and structures;
- Monitored the risk management framework and assessed the risks that impact on the group's ability to achieve its strategic objectives;
- Ensured that appropriate financial reporting procedures exist and are working. This includes the consideration of all entities included in the consolidated group financial statements, to ensure that the group has access to all the financial information to allow the group to effectively prepare and report on the consolidated financial statements;
- Reviewed the interim and annual financial statements and recommended them for adoption by the board, focusing on:
  - The going concern statement;
  - Major judgement areas; and
  - Compliance with accounting standards, stock exchange and statutory requirements;
- Received and reviewed the report from the external auditors, which included commentary on the effectiveness of the internal control environment, systems and processes and, where appropriate, made recommendations to the board.
- Overseeing the internal audit function and internal financial control process. The committee confirm that it has not identified anything that indicates that the internal financial controls were not operating effectively during the financial year;
- Reviewed the independence of the external auditors, Moore Cape Town Inc, that was newly appointed for the 2021 financial year, with Mr Pierre Conradie as designated auditor;
- Monitored the compliance of the group with legal requirements, statutes, regulations and the group's approach to ethics;
- Monitored the adequacy and efficiency of information systems and effectiveness of information security;
- Determined the fees to be paid to the external auditors and the terms of their engagement and oversaw the external audit process;
- Determined the nature and extent, if any, of non-audit services which may be provided by the external auditors to avoid material conflicts of interest and pre-approved the contract terms for the provision of such non-audit services;
- Monitored compliance activities.
- Received and dealt appropriately with any complaints, from inside or outside the group, relating to the accounting practices and internal controls of the group, the content or auditing of its financial statements, the internal financial controls or any related matter;
- Ensured that the internal audit function is sufficient and appropriate, and that there are no material gaps in audit assurance; and
- In accordance with King IV, has ensured that the information technology governance forms part of the overall company governance structure, policies and procedures with IT integrated into the group's strategic and business processes and was well managed.

It is noted that the committee is a combined Audit and Risk Committee. In its capacity as the Risk Committee, the committee identifies areas of risk within the group, and monitors steps taken to mitigate those risks and the outcome of such processes.

The committee members are all non-executive directors and satisfy the requirements of independence of the Act. Details of membership of the committee can be found on page 21 in the corporate governance report. The committee has proposed that the following non-executive directors be appointed as committee members by the shareholders at the annual general meeting to be held on 1 July 2021: Ms CS Ntshingila (Chair), Mr RI Dickerson and Ms IP Mogotlane. At the annual general meeting, the inclusion of the Chairman of the board as a member of the Audit Committee will specifically be brought to the attention of shareholders.

The committee meets at the minimum twice every year, as required by its charter. Meetings are attended by the external auditors and the Chief Executive Officer, Chief Financial Officer, as well as other board members, members of management, internal auditors and invitees as considered appropriate by the committee's chair. Details of the number of meetings held and attendance by committee members can be found on page 20.

The committee considered the appropriateness and expertise of the finance function in accordance with the JSE Listings Requirements and governance best practice.

AUDIT AND RISK COMMITTEE REPORT continued

The Audit Committee charter provides for confidential meetings between committee members and the external auditors without executive management being present. The external auditors have unrestricted access to the committee.

Following the review and evaluation of the integrated annual report 2021, the committee is satisfied that it complies in all material respects with its legal, regulatory and other responsibilities as per its terms of reference and with the requirements of the Act and International Financial Reporting Standards ("IFRSs") and recommended it to the board for approval.

On behalf of the Audit and Risk Committee

CS Ntshingila
Chair: Audit and Risk Committee
25 June 2021

DIRECTORS' REPORT

The directors are pleased to present their report on the activities of the company and the group for the year ended 28 February 2021. The consolidated financial statements for the year ended 28 February 2021 were approved by the directors at a meeting held on 25 June 2021.

Insimbi Industrial Holdings Limited ("Insimbi") is a public company incorporated in South Africa and listed on the JSE. Insimbi provides the steel, aluminium, cement, foundry, plastics, paper and pulp industries with resource-based commodities like ferrous and non-ferrous alloys, as well as refractory materials, by integrating the supply, logistics and technical support function.

GENERAL REVIEW

Insimbi continues to operate from premises in Johannesburg, Durban and Cape Town, including the AMR group active from sites in Devland, Booysens and Roodepoort on the West Rand and Group Wreck in Phoenix and Queensburgh in KwaZulu-Natal. In November 2019 Insimbi acquired the Treppo group which operates in Johannesburg and KwaZulu-Natal. Insimbi has exported goods and materials across the world, including South America (Argentina and Brazil), Australia, Middle East (Bahrain, Israel and UAE), China and Asia (Hong Kong, India, Malaysia, Singapore and Taiwan), elsewhere in Africa (Angola, Botswana, Democratic Republic of Congo, Ghana, Kenya, Malawi, Mozambique, Namibia, Nigeria, Republic of the Congo, Rwanda, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe), Europe (Germany, Spain, Sweden and Switzerland) and the USA.

The financial results of the group and the company for the year ended 28 February 2021 are set out herein with commentary in the Chairman's, CEO's and CFO's reports.

SHARE CAPITAL

The issued share capital is 440 000 000 shares.

DIVIDEND

No interim dividend (2020: 2,0 cents per share amounting to R8 516 806) was declared. Given the uncertainty that prevails in the current local and global markets as a result of the Covid-19 pandemic, the board has elected not to declare a final dividend (2020: 0 cents).

EVENTS AFTER THE REPORTING PERIOD

At 28 February 2021 there have been defaults on some of the external covenants imposed by the main lender for the February 2021 measurement period. Management has obtained a waiver for the breach and is in process of restructuring their facilities as part of their annual review process. Please refer to note 40 – Going concern for further details.

No other material events occurred after the reporting date.

COMPLIANCE WITH KING IV

The Insimbi Group is committed to the principles of effective corporate governance and complies substantially with the principles of King IV. During the forthcoming year, Insimbi will be updating its analysis of compliance with King IV and developing a project to address any areas identified for improvement.

SPECIAL RESOLUTIONS ADOPTED BY THE COMPANY

At the annual general meeting held on 7 October 2020, the following special resolutions were passed. It was resolved that:

- The non-executive directors' fees be increased by 4,5%.
- The directors be authorised to re-purchase up to 3% of the company shares subject to certain conditions.
- The directors are authorised to provide direct or indirect financial assistance to a related or inter-related company or corporation, or to a member of a related or inter-related company or corporation, subject to subsections (3) and (4) of the Act and the Listings Requirements.

INTERESTS IN SUBSIDIARIES

As at 28 February 2021, Insimbi held the following interests in the subsidiaries listed below:

Name of subsidiary	Par value of issued shares	Percentage holding 2021 %	Percentage holding 2020 %	Indebted-ness 2021 R'000	Indebted-ness 2020 R'000
Insimbi Alloy Supplies Proprietary Limited	100 ordinary shares of R1 each	**100,00**	100,00	**164 598**	215 134
Insimbi Alloy Properties Proprietary Limited	100 ordinary shares of R1 each	**100,00**	100,00	**7 811**	7 918
Insimbi Refractory and Alloy Supplies Limited, incorporated in Zambia*	10 ordinary shares of K1 000 each	**10,00**	10,00	**–**	–
Insimbi EmployeeCo Proprietary Limited^	1 000 ordinary shares of R0,01 each	**0,01**	0,01	**2**	2
Insimbi Manco Proprietary Limited^	1 000 ordinary shares of no par value	**0,02**	0,02	**2**	2
Amalgamated Metal Group Holdings Proprietary Limited*	20 000 ordinary shares of no par value	**23,31**	23,31	**–**	–
Treppo Group Proprietary Limited	283 ordinary shares of R1 each	**100,00**	100,00	**193 866**	181 233
Interest in subsidiaries through Insimbi Alloy Supplies Proprietary Limited					
Insimbi Aluminium Alloys Proprietary Limited	100 ordinary shares of R1 each	**100,00**	100,00	**45 679**	43 907
Insimbi Modular Plastics Proprietary Limited	120 ordinary shares of R1 each	**100,00**	100,00	**–**	118
Insimbi Nano Milling Proprietary Limited	100 ordinary shares of no par value	**100,00**	100,00	**1 312**	1 999
Insimbi Refractory and Alloy Supplies Limited, incorporated in Zambia*	90 ordinary shares of K1 000 each	**90,00**	90,00	**–**	–
Metlite Alloys Proprietary Limited§	52 ordinary shares of R1 each	**–**	100,00	**–**	(5 255)
Insimbi Plastics Proprietary Limited	200 ordinary shares of R1 each	**100,00**	87,50	**29 155**	30 491
Amalgamated Metals Group Holdings Proprietary Limited*	65 808 ordinary shares of no par value	**76,69**	76,69	**2 227**	2 227

* *Effectively 100% holding within the group* ^ *Special purpose entities under control of the group*

§ *The company was sold in the current year, therefore the shareholding is 0%*

INTERESTS IN SUBSIDIARIES CONTINUED

Name of subsidiary	Par value of issued shares	**Percentage holding 2021 %**	Percentage holding 2020 %	**Indebtedness 2021 R'000**	Indebtedness 2020 R'000
Interest in subsidiaries through Insimbi Alloy Properties Proprietary Limited					
Metlite Alloy Properties Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**(775)**	228
M2M Properties Proprietary Limited	100 ordinary shares of no par value	**100**	100	**–**	–
Interest in subsidiaries through Insimbi Aluminium Alloys Proprietary Limited					
Minerals 2 Metals Proprietary Limited	1 000 ordinary shares of R1 each	**100**	100	**–**	–
Interests in subsidiaries through Amalgamated Metals Group Holdings Proprietary Limited*					
Group Wreck International Non-ferrous Proprietary Limited	3 060 B Class shares with no par value	**100**	100	**–**	–
Amalgamated Metals Recycling Proprietary Limited	100 ordinary shares of no par value	**100**	100	**37 394**	8 623
Amalgamated Metals Recycling West Rand Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**–**	–
Amalgamated Metals Recycling SA Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**–**	–
Spring Lights 1135 Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**–**	–
Zamsaf Properties Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**–**	–
Interest in subsidiaries through Treppo Group Proprietary Limited					
Bulk Ferrous Exports Proprietary Limited	100 ordinary shares of R1 each	**100**	–	**–**	–
Fragcorp Proprietary Limited	100 ordinary shares of R1 each	**100**	–	**12 000**	12 233
Metfurco Trading Proprietary Limited	100 ordinary shares of R1 each	**100**	–	**–**	–
Steelco Broking Proprietary Limited	200 ordinary shares of R1 each	**100**	–	**–**	–

DIRECTORATE

Mr A de Wet retired from the position of CFO and as Executive director at the end of September 2020 and Ms N Winde was appointed as CFO and to serve as an Executive director to the board.

In accordance with the company's memorandum of incorporation Ms CS Ntshingila retires by rotation at the forthcoming annual general meeting but, being eligible, offers herself for re-election. A brief biographical note on Ms CS Ntshingila may be found on page 17 of this report.

DIRECTORS' AND PRESCRIBED OFFICERS' INTERESTS

As at 28 February 2021, the directors' and prescribed officers' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the company amounted to 45,60% (2019: 59,81%) in aggregate. The interests of the directors and prescribed officers are as follows:

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2021	2020	2021	2020	2021	2020	2021	2020
Directors								
F Botha	36 847 300	36 847 300	–	–	–	–	288 376	288 376
C Coombs	–	–	21 950 200	21 950 200	–	–	–	–
N Mwale	–	–	–	–	–	–	82 000 000*	82 000 000*
IP Mogotlane	–	–	–	–	–	–	82 000 000*	82 000 000*
RI Dickerson	–	–	–	–	–	–	82 000 000*	82 000 000*
Prescribed officers								
CF Botha	27 404 955	29 049 436	–	–	–	–	250 000	250 000
EP Liechti	26 983 527	30 009 477	–	–	–	–	250 000	250 000
Total	91 235 782	95 906 213	21 950 200	21 950 200	–	–	82 788 376	82 788 376

** 82 000 000 shares held by New Seasons Investment Holdings Proprietary Limited; not by individual directors (now K2017289277 (South Africa) Proprietary Limited – NS InvestCo)*

As at the date of preparation of this report, EP Liechti has disposed of 116 194 shares held at 28 February 2021 and Mr CF Botha has disposed of 11 500 shares held as at 28 February 2021. None of the other directors or prescribed officers have disposed of any of the shares held by them as at 28 February 2021.

The current EmployeeCo and ManCo share ownership schemes do not involve direct ownership in Insimbi by management or employees as none of the shares have vested.

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Emoluments paid to directors and prescribed officers of the group are set out below:

	Fees 2021 R'000	Salary 2021 R'000	Expense allow-ances* 2021 R'000	Pension fund contri-butions 2021 R'000	Incentive bonus 2021 R'000	Share-based payments 2021 R'000	Total 2021 R'000	Total 2020 R'000
Executive								
F Botha	–	3 001	1 223	–	754	–	4 978	4 868
C Coombs	–	3 295	281	–	1 835	–	5 411	6 080
A de Wet [1]	–	1 299	70	–	–	–	1 369	2 490
N Winde [2]	–	1 568	–	156	–	61	1 785	–
Total executive	–	9 163	1 574	156	2 589	61	13 543	13 438
Non-executive								
RI Dickerson	624	–	–	–	–	–	624	679
IP Mogotlane	374	–	–	–	–	–	374	379
N Mwale	358	–	–	–	–	–	358	351
CS Ntshingila	424	–	–	–	–	–	424	475
Total non-executive	1 780	–	–	–	–	–	1 780	1 884

DIRECTORS' REPORT *continued*

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS CONTINUED

	Fees 2021 R'000	Salary 2021 R'000	Expense allow-ances* 2021 R'000	Pension fund contri-butions 2021 R'000	Incentive bonus 2021 R'000	Share-based payments 2021 R'000	Total 2021 R'000	Total 2020 R'000
Prescribed officers								
EP Liechti	–	2 538	267	–	–	–	2 805	2 991
CF Botha	–	2 061	519	–	–	–	2 580	2 770
D de Beer	–	1 975	83	204	–	121	2 383	2 579
B Fetting [3]	–	–	–	–	–	–	–	221
S Green	–	1 592	218	173	–	158	2 141	2 288
N Winde [2]	–	–	–	–	–	–	–	1 529
A Solimene [4]	–	–	–	–	–	–	–	2 394
CM Lindeque	–	910	237	96	918	–	2 161	2 466
M Oppert [5]	–	3 003	8	–	–	–	3 011	750
A Oppert [5]	–	1 602	–	–	–	–	1 602	383
Total prescribed officers [6]	–	13 681	1 332	473	918	279	16 683	18 371
Total	1 780	22 844	2 906	629	3 507	340	32 006	33 693

* *Includes medical aid and travel allowances.*
[1] *Resigned 30 September 2020.*
[2] *Became members of executive management committee on 1 October 2020.*
[3] *Resigned 31 May 2019.*
[4] *Resigned 30 November 2020.*
[5] *Became members of management committee on 30 November 2019.*
[6] *Paid by the relevant subsidiary.*

AUDITOR

PricewaterhouseCoopers Inc. resigned as auditor on 19 November 2020. Moore Cape Town Incorporated has been appointed on 23 December 2020 as the new auditor for the 2021 financial year end.

GOING CONCERN

The directors have reviewed the group's cash flow forecast for the year to 30 June 2022 and, in light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors are of the view that Insimbi is a going concern.

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Insimbi Industrial Holdings Limited and its subsidiaries

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

We have audited the consolidated and separate financial statements of Insimbi Industrial Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 48 to 105, which comprise the consolidated and separate statements of financial position as at 28 February 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Insimbi Industrial Holdings Limited and its subsidiaries as at 28 February 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter (Group)	How our audit addressed the key audit matter

Annual impairment assessment of goodwill – Refer to Accounting Policy Note 1.4, and Note 4.
 	
Goodwill with an indefinite useful life comprises 10.7% of total assets of the Group in the consolidated statement of financial position.
 	
As required by IAS 36 - Impairment of Assets, the directors conduct annual impairment assessments to test the recoverability of carrying amounts of goodwill, which are allocated to cash-generating units for the purpose of assessing impairment.
 	
Impairment assessments of goodwill is performed using a discounted cash flow model. There are a number of key judgements made in determining the inputs into the discounted cash flow model which include:
• Revenue growth (including forecast profits of the cash-generating units and forecast sales);
• Forecast profit and profit growth;
• Perpetuity growth rates; and
• The discount rates applied to the projected future cash flows.
 	
Given the significance of the goodwill to the consolidated financial statements and of the judgements involved in assessing any potential impairment, the impairment assessment of goodwill was considered to be a key audit matter.
	We focused our testing of the directors' annual assessment of the impairment of goodwill on the model used and the key assumptions applied.
	
	Our audit procedures included:
	• Critically evaluating whether the discounted cash flow model used by the directors to calculate the value in use of the individual cash-generating units complies with the requirements of IAS 36, noting no aspects requiring further consideration.
	
	• Challenging the assumptions used by the directors in the calculations for each cash generating unit by:
	  • involving our internal valuation specialists, as part of our audit team, to evaluate and re-calculate the discount rates and evaluate the perpetuity growth rates in relation to external market data, and
	  • assessing the reasonableness of assumptions relating to revenue growth and profit growth in relation to our knowledge of the Group and the industries in which it operates, and through performing the procedures on the projected cash flows as described below.
	
	• Analysing the future projected cash flows for the individual cash-generating units to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of each cash generating unit.
	
	• Comparing the projected cash flows, including the assumptions relating to revenue growth rates, profit growth and perpetuity growth rates, against historical performance to test the accuracy of the directors' projections.
	
	• Subjecting the key assumptions to sensitivity analyses.
	
	• Evaluating the adequacy of the financial statement disclosures, including the disclosure of key assumptions made by the directors.
	
	Based on our work performed we noted no material differences and accepted management's forecasts.

We have determined that there are no key audit matters to communicate in our report for the company.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Insimbi Industrial Holdings Limited 2021 Integrated Annual Report", which includes the Directors' Report, Certificate by the Company Secretary and the Audit and Risk Committee Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT continued

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONTINUED

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Moore Cape Town Inc. has been the auditor of Insimbi Industrial Holdings Limited for 1 year.

Moore Cape Town

Moore Cape Town Inc.
Chartered Accountants (SA)
Registered Auditor

Per: Pierre Johannes Conradie
Director
Chartered Accountant (SA)
Registered Auditor

25 June 2021

2nd Floor Block 2
Northgate Park
Paarden Eiland
7406

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2021

		GROUP		COMPANY	
	Note	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Revenue	23	**4 909 528**	4 812 068	**67 371**	51 980
Cost of sales	24	**(4 455 906)**	(4 397 947)	**(447)**	–
Gross profit		**453 622**	414 121	**66 924**	51 980
Other operating income	25	**11 267**	15 333	**–**	–
Other operating gains/(losses)	26	**(3 848)**	5 323	**–**	–
Other operating expenses	27	**(347 523)**	(341 044)	**(32 801)**	(24 451)
Operating profit		**113 518**	93 733	**34 123**	27 529
Investment income	28	**2 227**	577	**425**	5
Finance costs	29	**(53 736)**	(49 692)	**(30 883)**	(22 314)
Income from equity-accounted investments		**2 621**	3 157	**–**	–
Profit before taxation		**64 630**	47 775	**3 665**	5 220
Taxation	30	**(20 750)**	(18 409)	**(2 433)**	(1 679)
Profit for the year		**43 880**	29 366	**1 232**	3 541
Total comprehensive income for the year		**43 880**	29 366	**1 232**	3 541
Profit attributable to:					
Owners of the parent		**43 880**	32 789	**1 232**	3 541
Non-controlling interest		**–**	(3 423)	**–**	–
		43 880	29 366	**1 232**	3 541
Earnings per share for profit attributable to equity holders					
Per share information					
Basic earnings per share (c)	31	**10,61**	8,08	**–**	–
Diluted earnings per share (c)	31	**10,02**	7,79	**–**	–

The accounting policies on pages 52 to 66 and the notes on pages 67 to 105 form an integral part of the annual financial statements.

STATEMENTS OF FINANCIAL POSITION

for the year ended 28 February 2021

	Note	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Non-current assets					
Property, plant and equipment	3	**436 017**	458 628	**5 536**	5 534
Goodwill	4	**170 484**	170 484	**–**	–
Intangible assets	5	**7 611**	10 582	**–**	–
Investments in subsidiaries	6	**–**	–	**137 371**	137 371
Investments in joint ventures	7	**1 609**	1 169	**–**	–
Lease receivable	9	**2 846**	3 490	**–**	–
Deferred tax	11	**14 457**	7 299	**1 119**	316
		633 024	651 652	**144 026**	143 221
Current assets					
Inventories	12	**198 418**	197 068	**–**	–
Loans to group companies	8	**–**	–	**494 046**	504 205
Trade and other receivables	13	**719 962**	489 508	**10 929**	3 523
Derivatives	14	**–**	1 909	**–**	–
Lease receivable	9	**191**	113	**–**	–
Current tax receivable		**4 104**	4 381	**–**	–
Cash and cash equivalents	15	**68 451**	92 994	**37**	1 432
		991 126	785 973	**505 012**	509 160
Total assets		**1 624 150**	1 437 625	**649 038**	652 381
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of parent					
Share capital	16	**208 502**	208 850	**230 627**	230 628
Reserves		**50 737**	49 726	**5 918**	4 907
Retained income/(accumulated loss)		**253 186**	210 317	**(63 828)**	(64 049)
		512 425	468 893	**172 717**	171 485
Non-controlling interest		**–**	–	**–**	–
		512 425	468 893	**172 717**	171 485
Liabilities					
Non-current liabilities					
Financial liabilities at amortised cost	20	**292 589**	367 385	**157 846**	185 209
Lease liabilities	21	**10 181**	15 239	**–**	–
Deferred tax	11	**44 306**	38 022	**–**	–
Contingent consideration		**870**	870	**–**	–
		347 946	421 516	**157 846**	185 209
Current liabilities					
Trade and other payables	22	**330 840**	214 829	**8 759**	2 815
Loans from group companies	19	**–**	–	**775**	5 255
Financial liabilities at amortised cost	20	**419 677**	329 535	**307 127**	286 163
Derivatives	14	**723**	–	**–**	–
Lease liabilities	21	**848**	1 227	**–**	–
Current tax payable		**11 691**	1 625	**1 814**	1 454
		763 779	547 216	**318 475**	295 687
Total liabilities		**1 111 725**	968 732	**476 321**	480 896
Total equity and liabilities		**1 624 150**	1 437 625	**649 038**	652 381

The accounting policies on pages 52 to 66 and the notes on pages 67 to 105 form an integral part of the annual financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2021

	Share capital and premium R'000	Treasury shares R'000	Total share capital R'000	Revaluation reserve R'000	Share-based payment reserve R'000	Retained income/ (accumulated loss) R'000	Non-controlling interest R'000	Total equity R'000
GROUP								
Balance at 28 February 2019	217 935	(20 064)	197 871	44 819	3 598	199 638	(1 268)	444 658
Profit for the year	–	–	–	–	1 309	31 480	(3 423)	29 366
Transactions with non-controlling interests	–	–	–	–	–	(4 691)	4 691	–
Shares issued	12 692	–	12 692	–	–	–	–	12 692
Purchase of own/ treasury shares	–	(1 713)	(1 713)	–	–	–	–	(1 713)
Dividends	–	–	–	–	–	(16 110)	–	(16 110)
Total changes	12 692	(1 713)	10 979	–	1 309	10 679	1 268	24 235
Balance at 29 February 2020	230 627	(21 777)	208 850	44 819	4 907	210 317	–	468 893
Profit for the year	–	–	–	–	–	**43 880**	–	**43 880**
Transfer between reserves	–	–	–	–	**1 011**	**(1 011)**	–	–
Purchase of own/treasury shares	–	**(348)**	**(348)**	–	–	–	–	**(348)**
Total changes	–	**(348)**	**(348)**	–	**1 011**	**42 869**	–	**43 532**
Balance at 28 February 2021	**230 627**	**(22 125)**	**208 502**	**44 819**	**5 918**	**253 186**	–	**512 425**
COMPANY								
Balance at 28 February 2019	217 935	–	217 935	–	3 598	(49 101)	–	172 432
Profit for the year	–	–	–	–	1 309	2 232	–	3 541
Shares issued	12 692	–	12 692	–	–	–	–	12 692
Dividends	–	–	–	–	–	(17 180)	–	(17 180)
Total changes	12 692	–	12 692	–	1 309	(14 948)	–	(947)
Balance at 29 February 2020	230 627	–	230 627	–	4 907	(64 049)	–	171 485
Profit for the year	–	–	–	–	–	**1 232**	–	**1 232**
Transfer between reserves	–	–	–	–	**1 011**	**(1 011)**	–	–
Total changes	–	–	–	–	**1 011**	**221**	–	**1 232**
Balance at 28 February 2021	**230 627**	–	**230 627**	–	**5 918**	**(63 828)**	–	**172 717**
Notes	16	16	16	18	17			

The accounting policies on pages 52 to 66 and the notes on pages 67 to 105 form an integral part of the annual financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 28 February 2021

	Note	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Cash flow from operating activities					
Cash generated from operations	32	**35 964**	145 944	**(33 827)**	24 917
Interest income	28	**1 833**	196	**425**	5
Tax paid	33	**(10 347)**	(12 019)	**(2 876)**	677
Net cash from/(used in) operating activities		**27 450**	134 121	**(36 287)**	25 599
Cash flow from investing activities					
Purchase of property, plant and equipment	3	**(16 560)**	(24 335)	**(422)**	–
Proceeds on disposal of property, plant and equipment	3	**2 972**	2 407	**–**	–
Expenditure on intangible assets under development	5	**–**	(495)	**–**	–
Business combinations (net of cash acquired)	36	**–**	(55 226)	**–**	(25 958)
Dividend from investment in joint venture		**2 181**	2 851	**–**	–
Loans advanced to group companies		**–**	–	**(1 192 051)**	(258 431)
Loans advanced to group companies repaid		**–**	–	**1 264 341**	59 457
Net cash (used in)/from investing activities		**(11 407)**	(74 798)	**71 868**	(224 932)
Cash flow from financing activities					
Purchase of treasury shares	17	**(348)**	(1 713)	**–**	–
Proceeds from financial liabilities	34	**40 000**	194 233	**21 365**	256 478
Repayment of financial liabilities	34	**(27 034)**	(129 399)	**(28 463)**	(17 054)
Repayment of shareholder's loan*	34	**–**	(7 297)	**–**	–
Proceeds from shareholder's loan*	34	**–**	9 686	**–**	–
Proceeds from loans from group companies		**–**	–	**2 098**	5 255
Repayment of loans from group companies		**–**	–	**(1 102)**	(4 535)
Dividends paid	35	**–**	(16 110)	**–**	(17 180)
Finance costs	29	**(52 014)**	(47 004)	**(30 883)**	(22 314)
Principal elements of lease payments	34	**(1 190)**	(2 302)	**–**	–
Net cash (used in)/from financing activities		**(40 586)**	93	**(36 985)**	200 650
Total cash movement for the year		**(24 543)**	59 415	**(1 395)**	1 316
Cash at the beginning of the year		**92 994**	33 579	**1 432**	116
Total cash at the end of the year	15	**68 451**	92 994	**37**	1 432

** The prior year numbers have been reclassified to improve disclosure. In the 2020 Annual Results, the amount was disclosed on a net basis, as R2 389 million.*

The accounting policies on pages 52 to 66 and the notes on pages 67 to 105 form an integral part of the annual financial statements.

ACCOUNTING POLICIES

for the year ended 28 February 2021

CORPORATE INFORMATION

Insimbi Industrial Holdings Limited is a public company incorporated and domiciled in South Africa.

The consolidated and separate financial statements for the year ended 28 February 2021 were authorised for issue in accordance with a resolution of the directors on 25 June 2021.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements and the Companies Act, 71 of 2008 of South Africa, as amended.

The financial statements have been prepared on a historical cost basis, except for items specifically stated otherwise as per the accounting policies below.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statements of Changes in Equity.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts; whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.2 Consolidation continued

Business combinations continued

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments before aggregation.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is impaired, that impairment is not subsequently reversed.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRSs. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity

1.3 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint ventures

An interest in a joint venture is accounted for using the equity method. Under the equity method, interests in joint ventures are carried in the statement of financial position at cost adjusted for post-acquisition changes in the company's share of net assets of the joint venture, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in a joint venture in excess of the group's interest in that joint venture, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the joint venture.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and

ACCOUNTING POLICIES *continued*

for the year ended 28 February 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.4 Significant judgements and sources of estimation uncertainty continued

underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease term as lessee

With the adoption of IFRS 16, judgement was applied in determining whether or not it was reasonably certain that the renewal options on the leases would be exercised (Refer to note 3).

Factors considered included:

- Contractual terms and conditions for renewal periods are not at a discount when compared with market rates;
- No significant leasehold improvements have been (or are expected to be) undertaken on the properties; and
- Cost of relocation and/or renegotiation are not significant.

It was concluded that reasonable certainty on exercising the renewal options did not exist at commencement of the lease. For further details please refer to note 3 – Property plant and equipment, 9 – Lease receivable and 21– Lease liabilities.

Realisation of deferred tax assets

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted (Refer to note 11 – Deferred taxation).

Intangible assets with indefinite useful lives

Key factors taken into consideration in determining that the regulatory permit has an indefinite useful life are as follows:

- The products manufactured will continue as long as steel is manufactured. The majority of the products are used as deoxidants into the steel industry. The steel industry is well established in South Africa and production methods in the steel industry are consistent and use our products on an ongoing basis;
- No significant capital expenditure is required for the plant. We expect the plant to be maintained through regular ongoing maintenance;
- The asset is well controlled as the group owns both the site to which the asset refers as well as all of the manufacturing equipment;
- The asset is site specific and the group owns the property to which the asset has been allocated;
- There are no technological barriers for the group but there are significant cost barriers for competitors to enter the market, such as the cost of environmental and regulatory permits and the cost of establishing the plant;
- The group has considerable expertise and management skills related specifically to the aluminium industry; and
- The asset is the only secondary aluminium smelter in the Western Cape.

The useful life of the regulatory permit is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group. The permit endures in perpetuity provided that the group complies with changes in legislation as they occur (Refer to note 5).

Timing of revenue recognition from contracts with customers – Sale of goods:

In applying IFRS 15, the group makes significant judgements regarding the timing of revenue recognition. The group recognises revenue for the sale of goods at the point in time which the performance obligation in the sales contract has been met. This is the point in time when control passes from the group. The following main factors are considered to determine the point in time at which control passes:

- The group's right to receive payment, or receipt of payment
- The transfer of legal title of the goods, such as the bill of lading
- Risks and rewards of ownership. This includes insurance on the goods and the ability to on sell the goods.

ACCOUNTING POLICIES *continued*

for the year ended 28 February 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.4 Significant judgements and sources of estimation uncertainty continued

Timing of revenue recognition from contracts with customers – Sale of goods: *continued*

- Acceptance of the product by the customer, based on the specifications of the goods supplied.
- Whether or not the goods are separately identified and allocated to the customer, ready to be delivered to the customer, and whether or not the group can sell the product to another customer.

Key sources of estimation uncertainty

Impairment of financial assets

In applying IFRS 9 Financial Instruments, management makes judgements and assumptions in determining the impairment losses to be recognised in relation to financial assets. The expected credit loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group and company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's and company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Forward-looking information, such as external credit providers view on debtors, and possible worsening market conditions have been incorporated in the probability of default. Refer notes 8, 9, 13 and 15 for further details.

Allowance for slow moving, damaged and obsolete inventory

An allowance for inventory is made to write inventory down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write-down is included in the costs of sales. Inventory items do not have short shelf-lives and therefore slow moving inventory is generally provided after 365 days (Refer note 12 for further details).

Impairment of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. For further details, please refer to note 4 – Goodwill and note 5 – Intangible assets.

1.5 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

When land and buildings are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

Increases as a result of revaluation are accumulated in the revaluation surplus in equity until the asset is sold, after which the revaluation surplus is transferred to retained earnings.

Land is not depreciated.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

ACCOUNTING POLICIES *continued*

for the year ended 28 February 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.5 Property, plant and equipment continued

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Useful life
Land	Unlimited
Buildings	25 years
Plant and machinery	3 – 20 years
Furniture and fixtures	20 years
Motor vehicles	10 years
IT equipment	5 years
Right-of-use buildings	5 – 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation is straight lined, and the charge for each year is recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 Intangible assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- There is an intention to complete and use or sell it.
- There is an ability to use or sell it.
- It will generate probable future economic benefits.
- There are available technical, financial and other resources to complete the development and to use or sell the asset.
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The group reviews and tests the carrying value of intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment has occurred, the impairment is recognised in profit and loss. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Intangible assets under development are only depreciated once the development stage is completed and the asset is capitalised.

Item	Useful life
Intangible assets - Nano Milling Technology	20 years
Regulatory permits	Indefinite

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.7 Investments in subsidiaries

Group financial statements

The group financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are consolidated from the date on which control is transferred to the group up until the date that control ceases.

Subsidiaries are all entities (including structured entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

Company financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary; plus
- changes in consideration arising from contingent consideration amendments.

1.8 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets

- Amortised cost; or
- Fair value through profit and loss

Financial liabilities

- Amortised cost; or
- Fair value through profit and loss

Financial assets

Classification

Financial assets which are held for trading (derivatives) are classified as financial assets mandatorily at fair value through profit or loss (refer to note 14).

All other financial assets are measured at amortised cost, because the contractual terms give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and it is the group's business model to collect the contractual cash flows on these assets.

Financial assets at amortised cost

The following financial assets are classified as financial assets at amortised cost:

- Loans to group companies
- Trade and other receivables
- Cash and cash equivalents (refer to accounting policy 1.9)

These financial assets are initially recognised at their transaction price. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable, minus principal repayments, plus cumulative amortisation (interest) using the effective interest rate method, of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Interest income is calculated using the effective interest rate method, and is included in profit or loss in investment income (refer to note 28).

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Financial instruments continued

Financial assets at amortised cost continued

The application of the effective interest method to calculate interest income on the receivable is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the financial asset, provided it is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a financial asset was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the financial asset in the determination of interest. If, in subsequent periods, the financial asset is no longer credit-impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

When a financial asset is denominated in a foreign currency, the carrying amount of the financial asset is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains/(losses) (refer to note 26).

Impairment

The group and company assesses on a forward-looking basis the Expected Credit Losses ("ECLs") associated with its financial assets carried at amortised cost.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group and company expects to receive).

Expected credit loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For trade receivables, the group applies the simplified approach prescribed by IFRS 9, which requires lifetime ECLs to be recognised from initial recognition of the receivables. To measure the ECLs, trade receivables are grouped based on shared credit risk characteristics (refer to table below) and the days past due to identify non-performing receivables. In addition, forward-looking macro-economic conditions and factors are considered when determining the ECLs for trade receivables, namely trading conditions in the international metal markets, as well as economic growth and inflationary outlook in the short-term. The probabilities of default have been adjusted to account for the possible implications of these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 90 days past due. Customers are classified as "non-performing customers" when the receivable is more than 30 days past due.

Category	Definition
Large corporate entities	This category of customers is generally represented by large companies with annual revenue of more than R1 billion. These entities are mostly industrial entities who are exposed to the international metals markets. Internal credit ratings assigned to these entities are equivalent to B+, B or B-. Probabilities of default for entities in this category range between 4% and 6%. Loss given default rates for entities within this category generally range between 35% and 45%.
Foreign entities	This category of customers is generally represented by companies outside of South Africa. The main countries represented are Brazil, Hong Kong, Singapore, USA, UAE and and countries in Africa. Different internal credit risk ratings are assigned to different countries and range between equivalent AA and CC. Probabilities of default for entities in this category range between 0,1% and 30%. Loss given default rates for entities within this category generally range between 25% and 35%.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Financial instruments continued

Impairment continued

Small and medium entities	This category of customers is generally represented by small and medium enterprises with annual revenue of less than R1 billion. These entities are mostly exposed to the international metals markets. Internal credit ratings assigned to these entities range between equivalent B+ and CCC. Probabilities of default for entities in this category range between 4% and 8%. Loss given default rates for entities within this category generally range between 70% and 80%.
Large retail entities	This category of customers is generally represented by large retail companies with annual revenues in excess of R1 billion. These entities are diversified and are exposed to a variety of industries. Internal credit ratings assigned to entities in this category range between B+ and B-. Probabilities of default range between 4% and 6%. Loss given default rates for entities within this category generally range between 25% and 35%.
Government entities	This category of customers is generally represented by State Owned Entities within South Africa. Internal credit ratings assigned to entities in this category range between BB+ and CCC. Probabilities of default range between 2% and 8%. Loss given default rates for entities within this category generally range between 25% and 35%.

For other financial assets measured at amortised cost, the group and company based the ECL on the 12-month expected credit loss allowance or a lifetime expected credit loss allowance. The 12-month expected credit loss allowance is the expected credit loss allowances that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the ECL will be based on the lifetime expected credit loss allowances. The group and company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The group and company considers a financial asset to be in default when contractual payment term has lapsed. However, in certain cases, the group and company may also consider a financial asset to be in default when internal or external information indicates that the group and company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group and company.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Financial liabilities

Classification

Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss (refer to note 14). When a financial liability is contingent consideration in a business combination, the group classifies it as a financial liability at fair value through profit or loss (refer to note 36).

All other financial liabilities are measured at amortised cost.

Financial liabilities at amortised cost

The following financial liabilities are classified as financial liabilities at amortised cost:

- Term loans
- Loans from shareholders
- Trade and other payables
- Loans from group companies
- Bank overdraft
- Redeemable preference shares

ACCOUNTING POLICIES *continued*

for the year ended 28 February 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Financial instruments continued

Measurement

Liabilities at amortised cost are recognised when the group or company becomes a party to the contractual provisions of the liability. The liabilities are initially measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (refer to note 29).

Financial liabilities at amortised cost expose the group to liquidity risk and interest rate risk. Refer to note 39 for details of risk exposure and management thereof.

When financial liabilities are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains/(losses) (refer to note 26).

Details of foreign currency risk exposure and the management thereof are provided in note 39.

Derecognition

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Modification of financial liabilities

A substantial modification of the terms of an existing debt instrument or part of it, is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument.

Financial liabilities at fair value through profit or loss

The following financial liabilities are classified as liabilities at fair value through profit and loss:

- Derivatives
- Contingent consideration in a business combination.

Measurement

Financial liabilities at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss. If any portion of the movement in fair value relates to the unwinding of discounted liabilities, this portion is included in profit or loss as part of finance cost.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and deposits held. These assets are readily convertible to a known amount of cash and are subject to insignificant risk of change in value. These are accounted for at amortised cost.

1.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/assets for the current and prior periods are measured at the amount expected to be paid to/recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.10 Tax continued

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.11 Leases

At inception of a contract, the group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control an identified asset, the group assesses whether:

- the contract involves the use of an identified asset;
- the group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the group has the right to direct the use of the asset. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component, on the basis of their relevant stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the group has elected not to separate non-lease components and account for all as a single lease component.

Finance leases – lessor

The group recognises a lease receivable in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the lease.

When the group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. In such instances a portion of the right-of-use asset relating to the sub-lease is derecognised, and a lease receivable is recognised. The rentals are apportioned between a reduction in the

ACCOUNTING POLICIES *continued*

for the year ended 28 February 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.11 Leases continued

Finance leases – lessor continued

net investment in the lease, and finance income over the lease term. The finance income portion is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Lease receivables are subject to IFRS 9 expected credit loss assessments (refer to note 9).

Lease accounting – lessee

Leases are recognised as right-of-use assets and lease liabilities in the statement of financial position at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The corresponding lease liability is included in the statement of financial position as a lease liability, and is measured at the present value of the lease payments that are not paid at the commencement date. The discount rate used in calculating the present value of the lease payments is the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Lease payments included in the measurement of the lease liability, are the fixed lease payments.

The lease payment liability is remeasured when there is a change in future lease payments, or if the group changes its assessment on whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The group discloses right-of-use assets in "property, plant and equipment" and presents lease liabilities in "lease liabilities" in the statement of financial position.

Short-term leases and leases of low-value assets:
The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (12 months or less) or leases of low-value assets, including IT equipment such as printers. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.12 Inventories

Inventories are measured at the lower of cost and net realisable value at the weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.13 Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired.

If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

ACCOUNTING POLICIES *continued*

for the year ended 28 February 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.13 Impairment of non-financial assets continued

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.14 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

1.15 Share-based payments

Services received or acquired in a share-based payment transaction are recognised as the services are received. A corresponding increase in equity is recognised if the services were received in an equity-settled share-based payment transaction, or a liability if the services were acquired in a cash-settled share-based payment transaction.

For equity-settled share-based payment transactions the services received and the corresponding increase in equity are measured directly at the fair value of the equity instrument.

Vesting conditions which are not market related and are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. There are no market related vesting conditions.

The share-based payments granted do not vest until the employee completes a specified period of service, therefore the group accounts for those services as they are rendered on a straight-line basis over the vesting period.

If the share-based payments vest immediately the services received are recognised in full.

1.16 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

ACCOUNTING POLICIES *continued*

for the year ended 28 February 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.16 Employee benefits continued

Short-term employee benefits continued

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Please refer to note 10 for further details.

1.17 Revenue from contracts with customers

The group provides the steel, aluminium, cement, foundry, plastics, paper and pulp industries with resource-based commodities like ferrous and non-ferrous alloys, as well as refractory materials. The group does not offer significant payment terms or financing, does not have a variable component in the consideration and does not offer any warranties. If product is returned, the item is replaced, or a credit note is issued.

The group and company has applied the practical expedient permitted by IFRS 15 on partially unsatisfied performance obligations, as none of the contracts with customers have durations for more than one year.

Revenue is derived from contracts with customers for the supply of goods and rendering of services.

Revenue is measured based on the consideration specified in a contract with a customer.

The group recognises revenue from the following major sources:

- Sale of goods – local
- Sale of goods – exports
- Rendering of services – transport and insurance revenue

Sale of goods – local

Local sale of goods is recognised at the point in time that control passes to the customer, which is generally indicated as follows:

- Product has been delivered to the customer, or the customer has collected the product.
- The customer has accepted the control associated with the product.
- A present right to payment is established.
- Collectability of the related receivables is reasonably assured.

Sale of goods – exports

Sale of exported goods are recognised at the point in time that control passes to the customer, which is generally indicated as follows:

- The group no longer has the ability to direct the use of the product
- The customer has accepted the control associated with the product.
- A present right to payment is established.
- Collectability of the related receivables is reasonably assured.

Rendering of services – transport and insurance revenue

Where transport and insurance are distinct (a separate performance obligation), the revenue from these services are recognised separately over time, as the service is rendered using the output method to measure progression.

The customer receives and consumes the benefits provided by the group as the group provides the service. There are no unsatisfied performance obligations at the end of the financial period.

ACCOUNTING POLICIES *continued*

for the year ended 28 February 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.17 Revenue from contracts with customers continued

Rendering of services – sample analysis

The company has developed a laboratory which provides analysis of samples to entities within the group, as well as external parties. The revenue earned from these services are recognised once the analysis certificate is issued to the relevant customers, as this is when the customer receives the benefits. There were no material partially satisfied performance obligations at year-end.

Management fees

The holding company provides management services to other companies within the group. The fees earned from these services are recognised over the period which the services are provided, using the output method. The fees are re-assessed on an annual basis. The other companies within the group receive and consume the benefits provided by the company as it provides the service. There are no unsatisfied performance obligations at the end of the financial period.

1.18 Revenue other than from contracts with customers

Dividend received

Dividends are recognised in profit and loss when the company's right to receive payment has been established.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.20 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Rand which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount to the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.22 Investment income

Interest is recognised, in profit and loss, using the effective interest rate.

ACCOUNTING POLICIES continued

for the year ended 28 February 2021

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective for the first time for 28 February 2021 year-end

The following standards became effective for annual periods beginning on or after 1 January 2020. The group adopted these standards in the current period and they did not have a material impact on its consolidated or separate financial statements:

- ***Amendment to IAS 1 – 'Presentation of annual financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material***
  These amendments use a consistent definition of materiality through IFRSs, clarifies the definition of material and incorporates guidance on immaterial information.

2.2 Standards and interpretations issued but not effective for the first time for 28 February 2021 year-end

Management has assessed the potential impact of the following standards and interpretations on the consolidated and separate financial statements, and have determined that they will not have a material impact on adoption.

- ***Amendment to IFRS 16 – 'Leases' - Covid-19 – Related Rent Concessions***
  The amendment providing lessees with an exemption from assessing whether a Covid-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.

- ***Amendment to IFRS 16 – Covid-19 – Related Rent Concessions beyond 30 June 2021***
  The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

- ***Amendment to IAS 1 – 'Presentation of annual financial statements' - Classification of Liabilities as Current or Non-current and Disclosure of accounting policies***
  Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current and further amendments, requiring companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

- ***IAS 8 – 'Accounting policies, changes in accounting estimates and errors' - Definition of accounting estimates***
  Amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates.

- ***IAS 16 – 'Property, Plant and Equipment' - Proceeds before Intended Use***
  The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

3. PROPERTY, PLANT AND EQUIPMENT

	2021 Cost or revaluation R'000	2021 Accumulated depreciation R'000	2021 Carrying value R'000	2020 Cost or revaluation R'000	2020 Accumulated depreciation R'000	2020 Carrying value R'000
GROUP						
Land	36 130	–	36 130	36 130	–	36 130
Buildings	157 826	(18 253)	139 573	151 324	(11 023)	140 301
Plant and machinery	307 852	(113 168)	194 684	301 068	(97 260)	203 808
Furniture and fixtures	24 511	(10 080)	14 431	24 015	(8 184)	15 831
Motor vehicles	94 157	(56 075)	38 082	92 125	(45 716)	46 409
IT equipment	13 219	(9 572)	3 647	13 369	(8 504)	4 865
Right-of-use asset – buildings	15 785	(7 337)	8 448	12 889	(1 605)	11 284
Capital work in progress	1 022	–	1 022	–	–	–
Total	650 502	(214 485)	436 017	630 920	(172 292)	458 628
COMPANY						
Plant and machinery	5 577	(394)	5 183	5 216	(106)	5 110
Furniture and fixtures	399	(113)	286	365	(36)	329
IT equipment	164	(97)	67	138	(43)	95
Total	6 140	(604)	5 536	5 719	(185)	5 534

Reconciliation of property, plant and equipment

	Opening balance R'000	Additions R'000	Disposals R'000	Modification of lease R'000	Depreciation R'000	Total R'000
GROUP						
2021						
Land	36 130	–	–	–	–	36 130
Buildings	140 301	6 501	–	–	(7 229)	139 573
Plant and machinery	203 808	11 598	(1 449)	–	(19 273)	194 684
Furniture and fixtures	15 831	209	(62)	–	(1 547)	14 431
Motor vehicles	46 409	421	(5)	–	(8 743)	38 082
IT equipment	4 865	489	(23)	–	(1 684)	3 647
Right-of-use asset – buildings	11 284	–	–	(1 060)	(1 776)	8 448
Capital work in progress	–	1 022	–	–	–	1 022
	458 628	20 240	(1 539)	(1 060)	(40 252)	436 017

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Modification of lease R'000	Depreciation R'000	Total R'000
2020							
Land	36 130	–	–	–	–	–	36 130
Buildings	111 443	33 643	639	–	–	(5 424)	140 301
Plant and machinery	139 395	39 270	40 859	(2 279)	–	(13 437)	203 808
Furniture and fixtures	10 563	5 954	573	–	–	(1 259)	15 831
Motor vehicles	41 460	9 635	3 962	(38)	–	(8 610)	46 409
IT equipment	4 636	1 261	370	(4)	–	(1 398)	4 865
Right-of-use asset – buildings	19 215	6 604	2 131	–	(12 989)	(3 677)	11 284
	362 842	96 367	48 534	(2 321)	(12 989)	(33 805)	458 628

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of property, plant and equipment

	Opening balance R'000	Additions R'000	Depre-ciation R'000	Total R'000
COMPANY				
2021				
Plant and machinery	**5 110**	**361**	**(288)**	**5 183**
Furniture and fixtures	**329**	**34**	**(77)**	**286**
IT equipment	**95**	**27**	**(55)**	**67**
	5 534	**422**	**(420)**	**5 536**
2020				
Plant and machinery	–	5 216	(106)	5 110
Furniture and fixtures	–	365	(36)	329
IT equipment	18	113	(36)	95
	18	5 694	(178)	5 534

A register containing the information required by Regulation 25(3) of the Company Regulations 2011, is available for inspection at the registered office of the company and its respective subsidiaries. The property, plant and equipment is pledged as security for banking facilities (refer to note 20).

Group additions include plant and machinery through instalment sales of R3,68 million (2020: R54,13 million) and cash additions of R16,56 million (2020: R24,3 million).

Modification of lease – warehouse and office building

On 1 March 2019, the group entered into a property lease with a five-year lease term and a five-year renewal option. The escalation rate was fixed at 5%. Upon recognition, management had reasonable certainty that the renewal option would be exercised.

In the current financial year, one of the leases were modified to a lower monthly rental, due to the fact that a portion of the plant is not being utilised. The rent will only cover fixed costs, and will be renegotiated once production in that specific section of the plant re-commences. This has resulted in a decrease in the right-of-use asset of R1 060 334 and a gain on lease modification of R2 967 292. The gain on lease modification has been included in other operating income (refer to note 25).

For other disclosures relating to leases, please refer to note 9 - Lease receivables, note 21 - Lease liabilities, note 28 - Investment income and note 29 – Finance costs.

Revaluations

The effective date of the last revaluations was Wednesday, 28 February 2018. Revaluations were performed by independent valuer, Mr Michael Gibbons, MRCIS, MIV (SA), of MillsFitchet, who are not connected to the group. The valuer is a professional valuer registered without restriction in terms of section 19 of the Property Valuers Professional Act 47 of 2000.

Land and buildings are revalued independently every five years. The next revaluation will be performed on 28 February 2023. The carrying amount of the land and buildings under the cost model would have been R46,083 million (2020: R53,31 million).

Since the valuation to the date of the reporting period end, there have been changes in the market conditions, however based on the most recent assessments performed by management, the valuation would not be significantly different.

4. GOODWILL

	2021 Cost R'000	2021 Accumulated impairment R'000	2021 Carrying value R'000	2020 Cost R'000	2020 Accumulated impairment R'000	2020 Carrying value R'000
GROUP						
Goodwill	**189 452**	**(18 968)**	**170 484**	189 452	(18 968)	170 484

Reconciliation of goodwill

	Opening balance R'000	Additions through business combinations R'000	Impairment loss R'000	Total R'000
GROUP				
2021				
Goodwill	**170 484**	**–**	**–**	**170 484**
2020				
Goodwill	165 048	11 166	(5 730)	170 484

Impairment test for goodwill

The impairment test for goodwill identifies the recoverable amount of a cash-generating unit and is determined based on value-in-use calculations.

Management reviews business performance based on the market segments in which the group operates. The following is a summary of the goodwill allocation to each operating segment:

	2021 Opening balance R'000	2021 Additions/ (impairments) R'000	2021 Closing balance R'000	2020 Opening balance R'000	2020 Additions/ (impairments) R'000	2020 Closing balance R'000
Allocation of goodwill by segment						
Non-ferrous	**127 974**	**–**	**127 974**	128 699	(725)	127 974
Ferrous	**38 086**	**–**	**38 086**	31 925	6 161	38 086
Refractory	**4 424**	**–**	**4 424**	4 424	–	4 424
	170 484	**–**	**170 484**	165 048	5 436	170 484

Value-in-use calculations use cash flow projections based on financial budgets approved by management and cover a five-year period. The estimated growth rates applied are in line with that of the industry in which the company operates and are materially similar to assumptions of external market sources. The cash-generating unit's recoverable amount is most sensitive to the assumptions detailed below. The discount rates used are based on a Weighted Average Cost of Capital ("WACC"), calculated using the Capital Asset Pricing Model "CAPM"). The risks specific to each segment have been accounted for in the equity market risk premium, and the betas used are based on comparable companies and industry averages.

The key assumptions used for the value-in-use calculations are as follows:

	2021 Non-ferrous %	2021 Ferrous %	2021 Refractory %	2020 Non-ferrous %	2020 Ferrous %	2020 Refractory %
Gross margin – budgeted	**5,9 - 13,0**	**5,9 - 12,4**	**11,8 - 12,6**	5,5 - 17,0	5,5 - 12,37	12,2 - 13,5
Growth rate – nominal	**4,8**	**4,8**	**4,8**	4,8	4,8	4,8
Discount rate – nominal	**18,48 - 21,09**	**18,79 - 20,19**	**21,20 - 22,60**	18,42 - 19,23	18,41 - 19,22	20,78 - 21,59

4. GOODWILL CONTINUED

Gross margin – budgeted gross margin as per 2021/2022 budget.

Growth rate – minimum growth rate used to extrapolate cash flows beyond the budget period.

Discount rate – This represents the post-tax WACC for each CGU. The pre-tax discount rate applied to the pre-tax cash flow projections were as follows:

- Non-ferrous 25,11% – 30,41%
- Ferrous 26,09% – 28,04%
- Refractory 29,44% – 31,39%

Management has determined the budgeted gross margin based on past performance and its expectations of the market development. The minimum growth rates used are consistent with the forecasts included in industry reports. The discount rates used reflect specific risks relating to the relevant operating segments.

Sensitivity analysis

Non-ferrous:

If the budgeted gross margin used in the calculations described above had been 1% lower than management's estimate at year-end, the group would recognise an impairment of R241 million against the goodwill and assets allocated to this segment. If the growth rate applied to forecast terminal growth had been 1% lower, with all other assumptions remaining constant, an impairment of R23 million would be raised against the goodwill allocated to this segment. If the discount rate applied to cash flow projections of this segment had been 1% higher than management's estimates, the group would have to recognise an impairment amounting to R41 million against the goodwill allocated to the segment.

Ferrous:

If the budgeted gross margin used in the calculations described above had been 1% lower than management's estimate at year-end, the group would recognise an impairment of R109 million against the goodwill and assets allocated to this segment. If the growth rate applied to forecast terminal growth had been 1% lower, with all other assumptions remaining constant, an impairment of R11 million would be raised against the goodwill. If the discount rate applied to cash flow projections of this segment had been 1% higher than management's estimates, the group would have to recognise an impairment amounting to R19 million against the goodwill allocated to the segment.

Refractory:

If the budgeted gross margin used in the calculations described above had been 1% lower than management's estimate at year-end, the group would recognise an impairment of R5 million against the goodwill and assets allocated to this segment. If the growth rate applied to forecast terminal growth had been 1% lower, with all other assumptions remaining constant, an impairment of R0,6 million would be raised against the goodwill. If the discount rate applied to cash flow projections of this segment had been 1% higher than management's estimates, the group would have to recognise an impairment amounting to R1 million against the goodwill allocated to the segment.

5. INTANGIBLE ASSETS

	2021			2020		
	Cost R'000	**Accumulated amortisation/ R'000**	**Carrying value R'000**	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
GROUP						
Regulatory permit	**–**	**–**	**–**	2 500	–	2 500
Intangible assets under development	**–**	**–**	**–**	2 661	(2 661)	–
Other intangible assets – Nano Milling Technology	**9 336**	**(1 725)**	**7 611**	9 336	(1 254)	8 082
Total	**9 336**	**(1 725)**	**7 611**	14 497	(3 915)	10 582

Back to contents

5. INTANGIBLE ASSETS CONTINUED

Reconciliation of intangible assets

	Opening balance R'000	Additions R'000	Amor-tisation R'000	Disposals R'000	Impairment loss R'000	Total R'000
GROUP						
2021						
Regulatory permit	**2 500**	**–**	**–**	**(2 500)**	**–**	**–**
Other intangible assets	**8 082**	**–**	**(471)**	**–**	**–**	**7 611**
	10 582	**–**	**(471)**	**(2 500)**	**–**	**7 611**
2020						
Regulatory permit	2 500	–	–	–	–	2 500
Intangible assets under development	2 166	495	–	–	(2 661)	–
Other intangible assets	8 554	–	(472)	–	–	8 082
	13 220	495	(472)	–	(2 661)	10 582

Other information

The useful life of the regulatory permit is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group. The permit endures in perpetuity provided that the group complies with changes in legislation as they occur. This is included within the non-ferrous operating segment value-in-use calculation (refer to note 4 for additional information regarding impairment assessment).

The regulatory permit was disposed of in the current year.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Allocation of intangible assets with indefinite lives to cash-generating units				
Non-ferrous	**–**	2 500	**–**	–
	–	2 500	**–**	–
Intangible assets:				
Insimbi Nano Milling Technology	**7 611**	8 082	**–**	–

The investment in Nano Milling Technology was conceived to introduce the concept of nano-sizing of a range of products to the South African industry. Nano-sizing is the reduction of particle size with sophisticated equipment to extremely fine submicron size.

The intangible asset under development related to a development project, whereby the group intended to extract the zinc metal from furnace dust, and plate it into plates. The project was not successful and was impaired in the previous year. The impairment is reflected in other operating expenses in the statement of profit and loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2021

6. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

COMPANY

Name of company	Held by	**Holding 2021 %**	Holding 2020 %	**Carrying amount 2021 R'000**	Carrying amount 2020 R'000
Insimbi Alloy Properties Proprietary Limited	Insimbi Industrial Holdings Limited	**100,00**	100,00	**–**	–
Insimbi Alloy Supplies Proprietary Limited	Insimbi Industrial Holdings Limited	**100,00**	100,00	**23 574**	23 574
Insimbi Refractory and Alloy Supplies Proprietary Limited Zambia[#]	Insimbi Alloy Supplies Proprietary Limited	**90,00**	90,00	**–**	–
Insimbi Refractory and Alloy Supplies Proprietary Limited Zambia[#]	Insimbi Industrial Holdings Limited	**10,00**	10,00	**–**	–
Insimbi Modular Plastics Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Insimbi Aluminium Alloys Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Metlite Alloys Proprietary Limited[§]	Insimbi Alloy Supplies Proprietary Limited	**–**	100,00	**–**	–
Insimbi Alloy Supplies Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Metlite Alloy Properties Proprietary Limited	Insimbi Alloy Properties Proprietary Limited	**100,00**	100,00	**–**	–
Insimbi Nano Milling Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Insimbi Plastics Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Insimbi Employeeco Proprietary Limited*	Insimbi Industrial Holdings Limited	**0,01**	0,01	**11 522**	11 522
Insimbi Manco Proprietary Limited*	Insimbi Industrial Holdings Limited	**0,02**	0,02	**7 624**	7 624
Amalgamated Metals Group Holdings Proprietary Limited[#]	Insimbi Industrial Holdings Limited	**23,31**	23,31	**56 000**	56 000
Amalgamated Metals Group Holdings Proprietary Limited[#]	Insimbi Alloy Supplies Proprietary Limited	**76,69**	76,69	**–**	–
Minerals 2 Metals Proprietary Limited	Insimbi Aluminium Alloys Proprietary Limited	**100,00**	100,00	**–**	–
Group Wreck International Non-Ferrous Proprietary Limited	Amalgamated Metals Group Holdings Proprietary Limited	**100,00**	100,00	**–**	–
Treppo Group Non-Ferrous Proprietary Limited	Insimbi Industrial Holdings Limited	**100,00**	100,00	**38 651**	38 651
				137 371	137 371

** Structured entities under the control of the group (The company has the ability to restrict and control the relevant activities of these structured entities, and is able to affect variable returns to the company).*
[#] Effectively owned 100% by the group, through investments held by subsidiaries.
[§] The company was sold in the current year, therefore the shareholding is 0%.

7. JOINT ARRANGEMENTS

Joint ventures

The following table lists all of the joint ventures in the group:

Name of company	Held by	**Ownership interest 2021 %**	Ownership interest 2020 %	**Carrying amount 2021 R'000**	Carrying amount 2020 R'000
GROUP					
Cronimet Two Joint Venture	Amalgamated Group Holdings Proprietary Limited	**8,11**	8,11	**1 609**	1 169

The joint venture is incorporated in South Africa and the other parties are entities in the metal recycling industry. The joint venture was started to encourage recyclers to offer stainless steel to local markets, before offering the product to export markets.

In accordance with the terms of the contractual agreement in place, the group is entitled to 8,11% of the net assets of Cronimet Two Joint Venture and has 20% of the voting rights in the joint venture. The total net assets of Cronimet Two Joint Venture as at 28 February 2021 amounted to R19 837 608 (2020: R14 414 303).

	GROUP		**COMPANY**	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
8. LOANS TO GROUP COMPANIES				
Subsidiaries				
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**164 598**	215 134
Amalgamated Metals Recycling Proprietary Limited	**–**	–	**37 394**	8 623
Insimbi Plastics Proprietary Limited	**–**	–	**29 155**	30 491
Insimbi Aluminium Alloys Proprietary Limited	**–**	–	**45 679**	43 907
Insimbi Nano Milling Proprietary Limited	**–**	–	**1 312**	1 999
Amalgamated Metals Group Holdings Proprietary Limited	**–**	–	**2 227**	2 227
Insimbi Alloy Properties Proprietary Limited	**–**	–	**7 811**	7 918
Insimbi Modular Plastics Proprietary Limited	**–**	–	**–**	118
Insimbi EmployeeCo Proprietary Limited	**–**	–	**2**	2
Insimbi Manco Proprietary Limited	**–**	–	**2**	2
Treppo Group Proprietary Limited	**–**	–	**193 866**	181 233
Fragcorp Proprietary Limited	**–**	–	**12 000**	12 323
Metlite Alloy Properties Proprietary Limited	**–**	–	**–**	228
	–	–	**494 046**	504 205

The loans are unsecured, interest free, and have no fixed terms of repayment.

The company has agreed to subordinate its claims against the subsidiaries in favour of and for the benefit of other creditors of the subsidiaries.

The maximum exposure to credit risk at the reporting date, is the fair value of each class of loan mentioned above.

The company does not hold any collateral as security.

The expected credit loss in relation to the loans to group companies was considered and concluded not to be material due to the existence of sufficient underlying net assets which can be realised to settle the loans. The subsidiaries have sufficient liquid assets (net working capital) that can be realised in the short term to settle their obligations.

Split between non-current and current portions				
Current assets	**–**	–	**494 046**	504 205

Fair value of group loans receivable

The fair value of group loans receivable approximates their carrying amounts due to their short-term nature.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
9. LEASE RECEIVABLE				
Gross investment in the lease due				
– within one year	**494**	533	–	–
– in second to fifth year inclusive	**2 402**	2 594	–	–
– later than five years	**1 508**	2 543	–	–
	4 404	5 670	–	–
Less: Unearned finance income	**(1 367)**	(2 067)	–	–
	3 037	3 603	–	–
Non-current assets	**2 846**	3 490	–	–
Current assets	**191**	113	–	–
	3 037	3 603	–	–

In 2019, the group entered into a finance leasing arrangement for a portion of their property.

The lease term is 10 years and the incremental borrowing rate used to discount the receivable was 10,25% (2020: 10,25%).

For other disclosures relating to leases, please refer to note 3 – property, plant and equipment, note 21 – lease liabilities, note 28 – investment income and note 29 – finance costs.

Exposure to credit risk

Lease receivables inherently exposes the group to credit risk, the risk being that the group will incur financial loss if counterparties fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable counterparties with consistent payment histories. Credit risk is mitigated by holding the leased assets as collateral. The collateral held is equal in value to the lease receivable.

The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Lease receivables are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for lease receivables is calculated based on 12-month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either 12-month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a lease is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a lease is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of expected credit losses, the group has taken into account the probability of default and loss given default. The loss given default was reduced by the collateral held and resulted in no material impairment.

The maximum exposure to credit risk is the carrying amount of the leases as presented above.

10. RETIREMENT BENEFITS

Defined contribution plan

The employees of the group are members of a defined contribution plan, which is administered by Alexander Forbes Retirement Fund. The fund is governed by the Pension Fund Act of 1956.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity.

The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as and expensed when they are due. The expense recognised during the year was R5 145 756 (2020: R8 091 197). The reason for the large decrease, is due to the number of retrenchments that took place during the current financial year.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
11. DEFERRED TAXATION				
Deferred tax liability				
Accelerated tax depreciation	**(15 017)**	(10 149)	**(421)**	(118)
Revaluation of property, plant and equipment	**(15 242)**	(15 242)	**–**	–
Fair value uplift on property, plant and equipment through business combination	**(14 646)**	(17 708)	**–**	–
Prepayment	**(430)**	(593)	**(173)**	(173)
Leases	**(1 548)**	(1 939)	**–**	–
Total deferred tax liability	**(46 883)**	(45 631)	**(594)**	(291)
Deferred tax assets				
Provisions	**6 119**	4 371	**1 713**	607
Tax losses available for offset against future taxable income	**8 327**	8 203	**–**	
Leases	**2 588**	2 333	**–**	–
Total deferred tax asset	**17 034**	14 907	**1 713**	607
Total net deferred tax	**(29 849)**	(30 723)	**1 119**	316
Disclosed as net deferred tax asset	**14 457**	7 299	**1 119**	316
Disclosed as net deferred tax liability	**(44 306)**	(38 022)	**–**	–
The gross movement on the deferred tax account is as follows:				
Opening balance	**(30 723)**	(31 959)	**316**	1 316
(Credited)/charged to the income statement	**(1 197)**	2 648	**803**	(1 162)
Prior period adjustments	**2 071**	(1 364)	**–**	163
Acquisition of subsidiary	**–**	5 247	**–**	–
Closing balances	**(29 849)**	(30 723)	**1 119**	316

	Provisions R'000	Tax losses available for set-off R'000	Leases R'000	Total assets R'000
GROUP				
The movement in deferred tax assets during the year is as follows:				
At 28 February 2019	4 646	2 053	7 042	13 741
Charged/(credited) to the income statement	(900)	921	(4 709)	(4 688)
Prior period adjustment	(93)	(676)	–	(769)
Acquisition of subsidiary	718	5 905	–	6 623
At 29 February 2020	4 371	8 203	2 333	14 907
Charged/(credited) to the income statement	**2112**	**(1 991)**	**(635)**	**(514)**
Prior period adjustment	**(364)**	**2115**	**890**	**2 641**
At 28 February 2021	**6 119**	**8 327**	**2 588**	**17 034**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2021

11. DEFERRED TAXATION CONTINUED

	Accelerated tax depreciation R'000	Revaluation of property, plant and equipment R'000	Fair value gains through business combination R'000	Leases R'000	Prepayments R'000	Total liabilities R'000
GROUP						
The movement in deferred tax liabilities during the year is as follows:						
At 28 February 2019	(3 907)	(15 242)	(19 985)	(6 420)	(146)	(45 700)
(Credited)/charged to the income statement	(4 281)	–	2 276	4 481	(436)	2 040
Prior period adjustment	(1 376)	–	–	–	–	(1 376)
Acquisition of subsidiary	(585)	–	–	–	(10)	(595)
At 29 February 2020	(10 149)	(15 242)	(17 709)	(1 939)	(592)	(45 631)
(Credited)/charged to the income statement	**(4 299)**	**–**	**3 063**	**391**	**162**	**(683)**
Prior period adjustment	**(569)**	**–**	**–**	**–**	**–**	**(569)**
At 28 February 2021	**(15 017)**	**(15 242)**	**(14 646)**	**(1 548)**	**(430)**	**(46 883)**

	Tax losses R'000	Provisions R'000	Total assets R'000
COMPANY			
The movement in deferred tax assets and liabilities during the year is as follows:			
At 28 February 2019	1 181	430	1 611
(Credited)/charged to the income statement	(1 181)	178	(1 003)
At 29 February 2020	–	608	608
(Credited)/charged to the income statement	**–**	**1 105**	**1 105**
At 28 February 2021	**–**	**1 713**	**1 713**

	Accelerated tax depreciation R'000	Prepayments R'000	Total liabilities R'000
At 28 February 2019			
(Credited)/charged to the income statement	–	(132)	(132)
At 29 February 2020	(118)	(41)	(159)
(Credited)/charged to the income statement	**(303)**	**–**	**(303)**
At 28 February 2021	**(421)**	**(173)**	**(594)**

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
12. INVENTORIES				
Raw materials, components	**186 479**	188 178	**–**	–
Finished goods	**3 605**	4 341	**–**	–
Goods in transit	**15 078**	5 524	**–**	–
	205 162	198 043	**–**	–
Inventory write-down*	**(6 744)**	(975)	**–**	–
	198 418	197 068	**–**	–

** Relates to raw materials and components.*

The total inventory write-down for the year was included in cost of sales.

The inventory balances do not include any spare parts.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
13. TRADE AND OTHER RECEIVABLES				
Financial instruments:				
Trade receivables	**663 376**	447 595	**108**	9
Deposits	**3 462**	3 683	**–**	–
Other receivables	**21 246**	14 878	**9 718**	2 180
Loss allowance	**(6 044)**	(6 183)	**–**	–
Trade receivables at amortised cost	**682 040**	459 973	**9 826**	2 189
Non-financial instruments:				
VAT	**33 915**	20 630	**59**	543
Employee costs in advance	**820**	677	**236**	175
Prepayments	**3 187**	8 228	**808**	616
Total trade and other receivables	**719 962**	489 508	**10 929**	3 523
Split between non-current and current portions				
Current assets	**719 962**	489 508	**10 929**	3 523
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	**682 040**	459 973	**9 826**	2 189
Non-financial instruments	**37 922**	29 535	**1 103**	1 334
	719 962	489 508	**10 929**	3 523

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for overdraft facilities of R360 000 000 (2020: R300 000 000) of the group. At year end the overdraft amounted to R326 812 000 (2020: R260 294 000). Refer to note 20.

Exposure to credit risk

Trade and other receivables inherently expose the group to credit risk, the risk being that the group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable customers with consistent payment histories. Furthermore, debtors insurance is obtained on all customers, where possible. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

13. TRADE AND OTHER RECEIVABLES CONTINUED

The average credit period on trade receivables is 30 days (2020: 30 days).

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables.

The loss allowance provision for group and company is determined as follows:

Company internal credit rating	2021 Expected credit loss rate %	2021 Gross carrying amount R'000	2021 Loss allowance R'000	2020 Expected credit loss rate %	2020 Gross carrying amount R'000	2020 Loss allowance R'000
Foreign debtors	**0,1 to 6,4**	**77 267**	**739**	0,1 to 0,4	58 516	18
Government	**0,0 to 0,6**	**1 073**	**6**	–	3 683	–
Large corporate entities	**0,14 to 3,6**	**515 327**	**798**	0,15 to 0,45	328 839	618
Large retail entities	**–**	**–**	**–**	0,02 to 0,03	123	–
Small and medium entities	**0,8 to 4,0**	**89 308**	**65**	0,8 to 6,58	62 061	452
		682 975	**1 608**		453 222	1 088
Non-performing customers	**80 to 100**	**5 109**	**4 436**	20 to 100	12 934	5 095
Total		**688 084**	**6 044**		466 156	6 183

Due to the decline in market conditions towards the end of the financial year, the probability of default has increased, leading to an increase in the expected credit loss rate as disclosed above. To mitigate this risk, a significant portion of the group trade receivables have been insured, resulting in a lower "loss given default" ("LGD") as the credit loss would not be more than 20%. Due to this insurance, the loss allowance for "Non-performing customers" is lower than the gross carrying amount.

Reconciliation of loss allowances

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

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Opening balance	**(6 183)**	(4 498)	**–**	–
New financial assets originated or purchased	**2 689**	(669)	**–**	–
Change in risk parameters	**(2 550)**	(1 016)	**–**	–
Closing balance	**(6 044)**	(6 183)	**–**	–

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Rand amount	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Rand	**604 773**	401 475	**9 826**	2 189
US Dollar	**76 792**	58 123	**–**	–
Euro	**475**	375	**–**	–
	682 040	459 973	**9 826**	2 189

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
13. TRADE AND OTHER RECEIVABLES CONTINUED				
Foreign currency amount				
US Dollar	**5 083**	3 710	**–**	–
Euro	**26**	22	**–**	–
Rand per unit of foreign currency				
US Dollar	**15,108**	15,667	**–**	–
Euro	**18,239**	17,045	**–**	–
The fair value of trade and other receivables				
The fair value of trade and other receivables approximates their carrying amounts due to their short-term nature.				
14. DERIVATIVES				
Hedging derivatives				
Foreign exchange contracts	**(723)**	1 909		–
Split between non-current and current portions				
Current assets	**–**	1 909		–
Current liabilities	**(723)**	–		–
	(723)	1 909		

The fair value of the foreign currency exchange contracts is determined by using the relevant exchange spot rates at the financial reporting date.

The derivative instruments are held at fair value and have significant inputs other than quoted prices that are either directly or indirectly observable for the instruments. There have been no changes to the valuation techniques applied in the current financial year.

This results in the fair value measure of these instruments being classified as level 2 in the fair value ranking.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
15. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	**1 829**	1 680	**–**	–
Bank balances	**66 622**	91 314	**37**	1 432
	68 451	92 994	**37**	1 432
Current assets	**68 451**	92 994	**37**	1 432
Current liabilities	**–**	–	**–**	–
	68 451	92 994	**37**	1 432
Rand amount				
Rand	**64 989**	87 478	**37**	1 432
US Dollar	**3 462**	4 073	**–**	–
Euro	**–**	1 432	**–**	–
	68 451	92 994	**37**	1 432
Foreign currency amount:				
US Dollar	**229**	260	**–**	–
Euro	**–**	84	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
15. CASH AND CASH EQUIVALENTS CONTINUED				
The following closing exchange rates were applied at reporting date:				
Rand per unit of foreign currency:				
US Dollar	**15,108**	15,667	**–**	–
Euro	**18,239**	17,275	**–**	–
16. SHARE CAPITAL				
Authorised				
12 000 000 000 ordinary shares of 0,000025 cents each	**3**	3	**3**	3
Reconciliation of number of shares issued ('000):				
Shares purchased by subsidiaries	**26 601**	26 119	**–**	–
Issue of shares – ordinary shares	**413 399**	413 881	**–**	–
	440 000	440 000	**–**	–
Issued (R'000)				
Share premium	**239 245**	239 245	**239 245**	239 245
Share issue costs written off against share premium	**(8 618)**	(8 618)	**(8 618)**	(8 618)
Treasury shares/held by subsidiaries	**(22 125)**	(21 777)	**–**	–
	208 502	208 850	**230 628**	230 628

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

481 873 (2020: 1 534 552) ordinary shares were repurchased from the market by a subsidiary for an amount of R348 023 (2020: R1 713 164). The average price paid was R0,72 (2020: R1,12). No shares have reverted to authorised but unissued shares.

Shares repurchased by a subsidiary and held in treasury amounted to R22 124 587 (2020: R21 776 564) at year-end, which are disclosed as a reduction of equity in the statement of changes in equity.

17. SHARE-BASED PAYMENTS

In the 2017 financial year Insimbi entered into agreements for the implementation of an employee share participation transaction and a management share participation transaction in terms of which eligible employees of Insimbi (other than directors and prescribed officers of the group) collectively obtained an approximate 5,22% indirect shareholding interest in Insimbi Industrial Holdings Limited. This equates to 22 968 015 shares. There have been no changes to the number of securities used for the purposes of this scheme since the inception. The exercise price of the granted option is R1,14 and the value is R0,78 on the date of the grant.

Options are conditional on the employee completing five years' service (the vesting period), whereafter the options may be exercised in three one-year tranches (In 2022, 2023 and 2024). The group has no legal or constructive obligation to repurchase or settle the options in cash.

Share option group	Number	Option value	Total value
Outstanding at the beginning of the year	22 835 887	0,78	17 814 059
Outstanding at the end of the year	22 835 887	0,78	17 814 059

17. SHARE-BASED PAYMENTS CONTINUED

Information on options granted during the year

Fair value was determined using the Black-Scholes valuation model. The following inputs were used:

- Weighted average share price – R1,00
- Exercise price – R1,14
- Expected volatility – 67,9%
- Option life – 8 years
- Expected dividends – 7,62%
- The risk-free interest rate – 8,52%

Volatility has been determined by considering the historical volatility of the Insimbi Industrial Holdings Limited share, calculated as the annualised standard deviation of the continuously compounded daily returns of the underlying share under the assumption that the share is log-normally distributed. This is calculated over a period commensurate with the term of each tranche.

Total expenses of R1 011 395 (2020: R1 309 620) related to equity-settled share-based payments transactions were recognised in 2021 and 2020 respectively.

18. REVALUATION RESERVE

The group has revalued its land and buildings under the revaluation model and the effect was as follows:

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Surplus on revaluation of land and buildings	**60 061**	60 061	**–**	–
Deferred taxation	**(15 242)**	(15 242)	**–**	–
	44 819	44 819	**–**	–

19. LOANS FROM GROUP COMPANIES

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Subsidiaries				
Metlite Alloys Proprietary Limited	**–**	–	**–**	5 255
Metlite Alloy Properties Proprietary Limited	**–**	–	**775**	–
	–	–	**775**	5 255
The loan is unsecured, interest free, and have no fixed terms of repayment.				
Split between non-current and current portions				
Current liabilities	**–**	–	**775**	5 255

Refer to note 34 – Changes in liabilities arising from financing activities for details of the movement in loans from group companies during the reporting period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
20. FINANCIAL LIABILITIES AT AMORTISED COST				
Held at amortised cost				
Secured				
Absa Bank Limited – term loan	**87 750**	114 750	**87 750**	114 750
Absa Bank Limited – term loan 2	**76 000**	76 000	**76 000**	76 000
Absa Bank Limited – overdraft	**326 812**	260 294	**279 156**	257 791
First Rand Bank Limited – mortgage bonds	**35 104**	41 308	**–**	–
Absa Bank Limited – mortgage bonds	**24 537**	26 459	**–**	–
Casterly Rock Investments Proprietary Limited*	**16 110**	16 341	**–**	–
Golden Griffin Investments Proprietary Limited*	**16 110**	16 341	**–**	–
Crimson Clover Investments Proprietary Limited*	**15 710**	15 941	**–**	–
Solimene Holdings Proprietary Limited*	**9 304**	7 721	**–**	–
Ella Rose Property and Investments Proprietary Limited*	**8 145**	7 654	**–**	–
Repo Metals Holdings Proprietary Limited*	**8 145**	7 655	**–**	–
Texiflash Proprietary Limited*	**19 207**	18 508	**19 207**	18 508
Redeemable preference shares	**35 875**	34 473	**–**	–
Instalment sales	**33 457**	53 475	**2 860**	4 323
	712 266	696 920	**464 973**	471 372
Split between non-current and current portions				
Non-current liabilities	**292 589**	367 385	**157 846**	185 209
Current liabilities	**419 677**	329 535	**307 127**	286 163
	712 266	696 920	**464 973**	471 372
Non-current liabilities				
Absa Bank Limited – term loan	**60 750**	87 750	**59 062**	87 750
Absa Bank Limited – term loan 2	**76 000**	76 000	**76 000**	76 000
FirstRand Bank Limited – mortgage bonds	**29 332**	35 971	**–**	–
ABSA Bank Limited – mortgage bonds	**22 407**	24 728	**–**	–
Casterly Rock Investments Proprietary Limited*	**14 455**	13 323	**–**	–
Golden Griffin Investments Proprietary Limited*	**14 455**	13 323	**–**	–
Crimson Clover Investments Proprietary Limited*	**14 055**	12 923	**–**	–
Ella Rose Property and Investments Proprietary Limited*	**–**	7 654	**–**	–
Repo Metals Holdings Proprietary Limited*	**–**	7 655	**–**	–
Solimene Holdings Proprietary Limited*	**–**	7 721	**–**	–
Texiflash Proprietary Limited*	**19 207**	18 508	**19 207**	18 508
Redeemable preference shares	**25 875**	29 192	**–**	–
Instalment sales	**16 053**	32 637	**3 577**	2 951
	292 589	367 385	**157 846**	185 209

** Related parties of the group.*

20. FINANCIAL LIABILITIES AT AMORTISED COST CONTINUED

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Current liabilities				
Absa Bank Limited – term loan	**27 000**	27 000	**27 000**	27 000
Absa Bank Limited – term loan 2	**–**	–	**–**	–
FirstRand Bank Limited – mortgage bonds	**5 772**	5 337	**–**	–
ABSA Bank Limited – mortgage bonds	**2 130**	1 731	**–**	–
Absa Bank Limited – overdraft	**326 812**	260 294	**279 156**	257 791
Casterly Rock Investments Proprietary Limited*	**1 655**	3 018	**–**	–
Crimson Clover Investments Proprietary Limited*	**1 655**	3 018	**–**	–
Golden Griffin Investments Proprietary Limited*	**1 655**	3 018	**–**	–
Ella Rose Property and Investments Proprietary Limited*	**8 145**	–	**–**	–
Repo Metals Holdings Proprietary Limited*	**8 145**	–	**–**	–
Solimene Holdings Proprietary Limited*	**9 304**	–	**–**	–
Redeemable preference shares	**10 000**	5 281	**–**	–
Instalment sales	**17 404**	20 838	**971**	1 372
	419 677	329 535	**307 127**	286 163
	712 266	696 920	**464 973**	471 372

** Related parties of the group.*

Refer to note 34 – Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period.

Absa Bank Limited – term loan

Interest rate – JIBAR + 310. The monthly capital repayment is R2 250 000 (2020: R1 406 250). This repayment escalates annually. The interest rate at year-end was 6,583% (2020: 9,458%). The last repayment falls due on 30 November 2023.

Absa Bank Limited – term loan 2

Interest rate – JIBAR + 380. There is no monthly repayment, but interest is serviced monthly. The interest rate at year-end was 7,283% (2020: 10,158%). The repayment falls due on 30 November 2023.

Absa Bank Limited – overdraft

Interest rate – prime less 1%. The maximum amount that is permitted is R360 000 000 (2020: R300 000 000). The balance varies from month to month depending on the cash flow of the group and the company. The interest rate at year-end was 6,00% (2020: 8,75%).

FirstRand Bank Limited – mortgage bonds

Interest rate – prime less 0,25%. The monthly repayment is R445 205. The loan is secured by the property held in Atlantis, Western Cape, the property held in Teakwood Road, Jacobs, KwaZulu-Natal, as well as the properties in Crocker Road, Wadeville. The interest rate at year-end was 6,75% (2020: 9,5%). The last repayment falls due on 1 July 2025.

Absa Bank Limited – mortgage bonds

Interest rate – prime less 0,25%. The monthly repayment is R310 016 (2020: R356 807). The loan is secured by Erven 123 and 309 Phoenix Industrial Park, KwaZulu-Natal, and Erf 3499 Queensburgh Extension 20, KwaZulu-Natal. The interest rate at year-end was 6,75% (2020: 9,5%). The last repayment falls due on 7 December 2029.

Casterly Rock Investments Proprietary Limited

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 25 December 2024. The group has repaid R231 000 (2020: R465 000) of the capital in the current year.

Crimson Clover Investments Proprietary Limited

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 25 December 2024. The group has repaid R231 000 (2020: R465 000) of the capital in the current year.

20. FINANCIAL LIABILITIES AT AMORTISED COST CONTINUED

Golden Griffin Investments Proprietary Limited

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 25 December 2024. The group has repaid R231 000 (2020: R465 000) of the capital in the current year.

Solimene Holdings Proprietary Limited*

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 15 November 2021.

Ella Rose Property and Investments Proprietary Limited*

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 15 November 2021.

Repo Metals Holdings Proprietary Limited*

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 15 November 2021.

Texiflash Proprietary Limited

Interest rate – prime less 2,25%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 30 November 2022.

Redeemable preference shares

Coupon rate – prime less 2,25%, multiplied by 72% per annum, compounded monthly in arrears. The redemption of the preference share will be as follows:

- 30 November 2020: R5 000 000 plus coupon on outstanding amount. Due to the debt covenant breaches at the end of the previous financial year, and the restrictions imposed by ABSA Bank Limited, this payment could not be made as anticipated. The payment is anticipated to be made on or before 29 November 2021.
- 29 November 2021: R5 000 000 plus coupon on outstanding amount.
- 28 November 2022: R26 500 000 plus coupon on outstanding amount.
- 5 December 2029: R500 000 plus coupon on outstanding amount.

Instalment sale agreements

Interest rate – prime linked at 7% (2020: 8,75%). The agreements are secured by motor vehicles and plant and equipment with a net book value of R31 653 688 (2020: R64 868 454) and repayable in monthly instalments of R1 269 279 (2020: R1 892 015).

Security

All the ABSA facilities are secured by a general notarial bond of R516 million over moveable assets, as well as cession of all loan accounts and debtors.

Insimbi Industrial Holdings Limited, Insimbi Alloy Supplies Proprietary Limited, Insimbi Aluminium Alloys Proprietary Limited, Insimbi Alloy Properties Proprietary Limited, Metlite Alloy Properties Proprietary Limited, Insimbi Modular Plastics Proprietary Limited, Insimbi Nano Milling Proprietary Limited, Amalgamated Group Holdings Proprietary Limited, Group Wreck International Non-Ferrous Proprietary Limited and Treppo Group Proprietary Limited have signed a cross-deed of suretyship whereby each company bound themselves jointly and severally as surety and co-principle debtor to ABSA Bank Limited.

The First Rand Bank Limited mortgage bonds are secured by the properties in Atlantis, the property 174 Teakwood Road, Jacobs, Durban; and the property 360 Crocker Road, Wadeville.

The fire insurance policy entered into between the company and Apio Risk Services Proprietary Limited has been endorsed in favour of FirstRand Bank Limited's interest in regard to the general notarial covering bond over properties.

* *Should Group Wreck International Non-Ferrous Proprietary Limited incur cumulative net losses for the three-year period subsequent to its acquisition by the Insimbi Group, the amount repayable on these loans will be reduced proportionately by such losses.*

20. FINANCIAL LIABILITIES AT AMORTISED COST CONTINUED

Covenants

The group has certain covenants to comply with in terms of its borrowing agreements with Absa Bank. These covenants include gearing ratio, interest cover, asset to debt ratio and senior debt service ratio. The group was in breach of its gearing ratio at year-end. Please refer to note 40 for further details.

Borrowing powers

In terms of the memorandum of incorporation, article 61, the borrowing powers of the company are unlimited.

Borrowing facilities

The group has drawn R543 million from its total available facilities of R646 million (2020: R485 million from its total available facilities of R617 million).

Fair value

For all the liabilities, except for the loan with Texiflash Proprietary Limited and the redeemable preference shares, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. These liabilities fall within level 2 of the fair value hierarchy as the current market rates are observable.

The loan with Texiflash Proprietary Limited, and the redeemable preference shares were valued by discounting the cash flows at market related interest rates (prime rate).

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
21. LEASE LIABILITIES				
Minimum lease payments due				
– within one year	**2 613**	3 020	**–**	–
– in second to fifth year inclusive	**8 502**	12 458	**–**	–
– later than five years	**4 315**	9 700	**–**	–
	15 430	25 178	**–**	–
Less: future finance charges	**(4 401)**	(8 712)	**–**	–
Present value of minimum lease payments	**11 029**	16 466	**–**	–
Non-current liabilities	**10 181**	15 239	**–**	–
Current liabilities	**848**	1 227	**–**	–
	11 029	16 466	**–**	–

The group leases various properties. Rental contracts are typically made for fixed periods of 5 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate. The group has used the incremental borrowing rate at the time the leases were recognised (10,25%). There were no new leases recognised in the current financial year.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

21. LEASE LIABILITIES CONTINUED

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

For other disclosures relating to leases, please refer to note 3 - property, plant and equipment, note 9 - lease receivables, note 28 - investment income and note 29 - finance costs.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
22. TRADE AND OTHER PAYABLES				
Financial instruments:				
Trade payables	**293 261**	194 117	**400**	224
Accrued leave pay	**3 534**	1 999	**1 146**	330
Accrued bonus	**9 425**	3 414	**3 900**	–
Audit fees	**2 701**	3 632	**1 073**	1 839
Other accrued expenses	**16 555**	8 316	**2 240**	422
Non-financial instruments:				
VAT	**5 364**	3 351	**–**	–
	330 840	214 829	**8 759**	2 815
Exposure to currency risk				
The net carrying amounts, in Rand, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.				
Rand amount				
Rand	**250 354**	163 246	**8 759**	2 815
US Dollar	**24 485**	18 733	**–**	–
Euro	**50 637**	29 499	**–**	–
	325 476	211 478	**8 759**	2 815
Foreign currency amount				
US Dollar	**1 621**	1 195	**–**	–
Euro	**2 776**	1 708	**–**	–
Rand per unit of foreign currency				
US Dollar	**15,108**	15,667	**–**	–
Euro	**18,239**	17,275	**–**	–

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts. The group has financial risk management policies in place to ensure that all payables are paid within the credit time frame, which is generally 30 days in respect of local suppliers and 90 to 180 days in respect of foreign suppliers.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
23. REVENUE				
Revenue from contracts with customers:				
Sale of goods	**4 875 665**	4 783 528	**–**	–
Rendering of services	**33 863**	28 540	**67 371**	51 980
	4 909 528	4 812 068	**67 371**	51 980
Disaggregation of revenue from contracts with customers:				
The group disaggregates revenue from customers as follows:				
Sale of goods				
Sale of goods – Local	**4 162 544**	3 741 014	**–**	–
Sale of goods – Exports	**713 121**	1 042 514	**–**	–
	4 875 665	4 783 528	**–**	–
Rendering of services				
Administration and management fees received		–	**66 936**	51 962
Services revenue – Transport and insurance	**33 428**	28 522		–
Services revenue – Sample analysis	**435**	18	**435**	18
	33 863	28 540	**67 371**	51 980
Total revenue from contracts with customers	**4 909 528**	4 812 068	**67 371**	51 980
Timing of revenue recognition				
At a point in time				
Sale of goods	**4 875 665**	4 783 528	**–**	–
Over time				
Rendering of services	**33 863**	28 540	**67 371**	51 980
Total revenue from contracts with customers	**4 909 528**	4 812 068	**67 371**	51 980
Refer to segment report on page 103 for for further disaggregation by nature of product and geographical destination.				
24. COST OF SALES				
Sale of goods	**4 455 906**	4 397 947	**447**	–
Cost of inventory expensed during the year was R4 278 394 908 (2020: R4 242 959 246). The cost of services are not considered to be material.				
25. OTHER OPERATING INCOME				
Rental income	**1 509**	924	**–**	–
Bad debts recovered	**–**	21	**–**	–
Gain on extinguishment of loans^	**–**	4 071	**–**	–
Gain on lease modification (note 3)	**2 967**	1 178	**–**	–
Gain on derecognition of contingent consideration	**–**	5 747	**–**	–
Other income*	**6 791**	3 392	**–**	–
	11 267	15 333	**–**	–

* *Other income relates to the rental income of machinery in the Treppo Group.*

^ *In April 2019 the Group eentered into an agreement whereby 50% of the ownership of Minerals 2 Metals Proprietary Limited ("M2M") was sold. During this time the Group maintained control of the business.*
The external shareholder advanced a loan amounting to R9,686 milion. In January 2020, the Group re-acquired the 50% non-controlling interest in M2M. An amount of R6,560 million was transferred to the external shareholder for its 50% equity interest in M2M as well as the full and final settlement of the shareholder loan. This resulted in a gain of R3,126 million being recognised in the statement of comprehensive income.

Further to this, in May 2019 the Group acquired the remaining 12,5% non-controlling shareholding in Insimbi Plastics from the external shareholder. R0,737 million was paid for the remaining 12,5% equity interest in Insimbi Plastics as well as the full and final settlement of the shareholder loan. This resulted in a gain of R0,945 million being recognised in the statement of comprehensive income.

Back to contents

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
26. OTHER OPERATING GAINS/(LOSSES)				
Gains/(losses) on disposals, scrappings and settlements				
Property, plant and equipment	**1 433**	86		–
Foreign exchange gains/(losses)				
Net foreign exchange gains/(losses)	**(5 281)**	5 237		–
Total other operating gains/(losses)	**(3 848)**	5 323		–
27. OTHER OPERATING EXPENSES				
Operating profit for the year is stated after charging/(crediting) the following, amongst others:				
Auditor's remuneration – external				
Audit fees	**5 100**	3 786	**1 876**	614
Remuneration, other than to employees				
Consulting and professional services	**7 197**	10 815	**2 087**	4 892
Employee costs				
Salaries and wages	**139 390**	127 545	**11 171**	10 069
Motor vehicle allowance	**2 983**	2 402	**1 455**	799
Medical aid contribution	**2 708**	3 074	**676**	16
Bonus and 13th cheque	**15 489**	11 292	**5 858**	1 891
Staff welfare	**2 112**	3 108	**412**	110
Retirement benefit plans: defined contribution expense	**5 146**	8 091	**962**	1 303
Skills development levy	**1 330**	459	**34**	114
UIF	**15 135**	15 858	**91**	65
Share-based compensation expense	**1 011**	1 309	**–**	–
Total employee costs	**185 304**	173 138	**20 659**	14 367
Depreciation and amortisation				
Depreciation of property, plant and equipment	**40 252**	33 805	**420**	178
Amortisation of intangible assets	**471**	472	**–**	–
Total depreciation and amortisation	**40 723**	34 277	**420**	178
Impairment losses				
Goodwill	**–**	5 730	**–**	–
Intangible assets	**–**	2 661	**–**	–
Expected credit losses	**(139)**	1 685	**–**	–
	(139)	10 076	**–**	–
Other expenses				
Repairs and maintenance	**17 396**	16 990	**1**	–
Utilities	**16 495**	15 180	**–**	–
Fuel and vehicle related expenses	**30 310**	39 925	**2**	2
28. INVESTMENT INCOME				
Interest income				
Investments in financial assets:				
Bank and other cash	**1 833**	196	**425**	5
Lease receivables	**394**	381	**–**	–
Total interest income	**2 227**	577	**425**	5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
29. FINANCE COSTS				
Finance leases	**1 722**	2 688	**–**	–
Bank overdraft	**15 354**	11 833	**15 298**	10 003
Borrowings	**36 660**	35 171	**15 585**	13 311
Total finance costs	**53 736**	49 692	**30 883**	22 314
30. TAXATION				
Major components of the tax expense				
Current				
Local income tax – current period	**19 981**	14 397	**3 235**	517
Adjustments in respect of prior years	**(105)**	–	**–**	–
	19 876	14 397	**3 235**	517
Deferred				
Originating and reversing temporary differences	**(1 197)**	2 648	**(802)**	1 162
Adjustments in respect of prior years	**2 071**	1 364	**–**	–
	874	4 012	**(802)**	1 162
	20 750	18 409	**2 433**	1 679
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	**28,00**	28,00	**28,00**	28,00
Tax loss used	**(2,16)**	–	**–**	–
Current year losses for which a deferred tax asset was not raised	**0,80**	4,49	**–**	–
Exempt income	**–**	(0,71)	**–**	–
Allowances	**–**	(1,43)	**(1,34)**	(0,72)
Disallowable charges*	**5,12**	5,31	**39,72**	4,89
Prior period adjustments arising from final income tax submissions	**0,35**	2,86	**–**	–
	32,11	38,52	**66,39**	32,17

** Relates to non-deductible interest and expenses of a capital nature such as legal fees, share-based payment expenses and impairments.*

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable. The group did not recognise deferred tax assets of R14 455 589 in respect of losses amounting to R51 627 105.

31. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	GROUP 2021 R'000	GROUP 2020 R'000
Basic earnings per share		
From continuing operations (cents per share)	**10,61**	8,08
	10,61	8,08
Basic earnings per share was based on earnings of R43,9 million (2020: R32,8 million) and a weighted average number of shares of 413 560 106 (2020: 405 852 446).		
Reconciliation of profit or loss for the year to basic earnings (R'000)		
Profit for the year	**43 880**	29 366
Loss for the year attributable to non-controlling interest	**–**	3 423
Profit for the year attributable to equity holders	**43 880**	32 789
Reconciliation of weighted average number of shares ('000)		
Weighted number of shares in issue at the end of the year	**440 000**	431 370
Less: Weighted number of treasury shares held in a subsidiary at the end of the period	**(26 440)**	(25 517)
	413 560	405 853
Headline earnings per share		
Headline earnings are determined by adjusting basic earnings by excluding separately identifiable remeasurement items. Headline earnings are presented after tax and non-controlling interest	**10,36**	10,13
	10,36	10,13

	Gross 2021 R'000	Nett 2021 R'000	Gross 2020 R'000	Nett 2020 R'000
Reconciliation between earnings and headline earnings				
Basic earnings		**43 880**		32 789
Adjusted for:				
(Profit) or loss on sale/scrapping of assets	**(1 433)**	**(1 032)**	(86)	(62)
Impairment of goodwill	**–**	**–**	5 730	5 730
Impairment of intangible assets	**–**	**–**	2 661	2 661
Headline earnings		**42 848**		41 118

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has potentially dilutive share options.

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculate as above is compared with the number of shares that would have been issued assuming the exercise of the options.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2021

31. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE CONTINUED

Diluted earnings per share continued

	2021 R'000	2020 R'000
Weighted average number of ordinary shares in issue ('000)	**413 560**	405 852
Adjusted for: Share options ('000)	**24 228**	15 073
Weighted average number of ordinary shares for diluted earnings per share ('000)	**437 788**	420 925
	cents	cents
Diluted earnings per share	**10,02**	7,79
Diluted headline earnings per share	**9,79**	9,77

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
32. CASH GENERATED FROM OPERATIONS				
Profit before tax	**64 630**	47 775	**3 665**	5 220
Adjustments for:				
Depreciation and amortisation	**40 723**	34 277	**420**	178
Gains on disposals, scrappings and settlements of property, plant and equipment	**(1 433)**	(86)	**–**	–
Fair value on foreign exchange contracts	**723**	(1 909)	**–**	–
Foreign exchange loss on trade receivables and trade payables	**(3 295)**	1 530	**–**	–
Income from equity-accounted investments	**(2 621)**	(3 157)	**–**	–
Dividend income	**–**	–	**–**	–
Interest received	**(2 227)**	(577)	**(425)**	(5)
Finance costs	**53 736**	49 692	**30 883**	22 314
Gain on lease modification	**(2 967)**	(1 178)	**–**	–
Impairment of intangible assets under development	**–**	2 661	**–**	–
Impairment of goodwill	**–**	5 730	**–**	–
Gain on settlement of loans from shareholders	**–**	(4 071)	**–**	–
Expected credit losses	**139**	1 685	**–**	–
Inventory write-downs	**6 479**	–	**–**	–
Share-based payments	**1 011**	1 309	**–**	–
Reversal of contingent consideration	**–**	(5 747)	**–**	–
Other non-cash items	**182**	(316)	**–**	359
Management fees not received in cash	**–**	–	**(66 908)**	–
Changes in working capital:				
Inventories	**(7 829)**	(7 027)	**–**	–
Trade and other receivables	**(227 144)**	96 296	**(7 406)**	(2 969)
Trade and other payables	**115 857**	(70 943)	**5 944**	(180)
	35 964	145 944	**(33 827)**	24 917
33. TAX PAID				
Balance at beginning of the year	**2 756**	5 326	**(1 454)**	(260)
Current tax for the year recognised in profit or loss	**(20 690)**	(14 397)	**(3 236)**	(517)
Tax payable acquired in business combination	**–**	(192)	**–**	–
Balance at end of the year	**7 587**	(2 756)	**1 814**	1 454
	(10 347)	(12 019)	**(2 876)**	677

Back to contents

34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities

	Note	Opening balance* R'000	Business combi-nations R'000	Instal-ment sales R'000	New leases R'000	Other non-cash move-ments R'000	Total non-cash move-ments R'000	Cash flows* R'000	Closing balance* R'000
GROUP									
2021									
Financial liabilities at amortised cost	20	**696 620**	**–**	**3 680**	**–**	**(1 000)**	**2 680**	**12 966**	**712 266**
Derivatives	14	**–**	**–**	**–**	**–**	**723**	**723**	**–**	**723**
Lease liabilities	21	**16 466**	**–**	**–**	**–**	**(4 247)***	**(4 247)**	**(1 190)**	**11 029**
		713 086	**–**	**3 680**	**–**	**(4 524)**	**(844)**	**11 776**	**724 018**
2020									
Financial liabilities at amortised cost	20	406 199	160 462	65 426	–	–	225 888	64 833	696 920
Derivatives	14	945	–	–	–	–	–	(945)	–
Loans from shareholders		1 682	–	–	–	(4 071)	(4 071)	2 389	–
Lease liabilities	21	23 673	2 658	–	6 605	(14 168)	(4 905)	(2 302)	16 466
		432 499	163 120	65 426	6 605	(18 239)	216 912	63 975	713 386

* *Relates to lease modification, refer to notes 3.*

	Note	Opening balance R'000	Installment sales R'000	Cash flows R'000	Closing balance R'000
COMPANY					
2021					
Financial liabilities at amortised cost	20	**471 372**	**–**	**(6 399)**	**464 973**
Loans from group companies	19	**5 255**	**–**	**(4 480)**	**775**
Total liabilities from financing activities		**476 627**	**–**	**(10 879)**	**465 748**
2020					
Financial liabilities at amortised cost	20	226 253	5 694	239 425	471 372
Loans from group companies	19	4 535	–	720	5 255
Total liabilities from financing activities		230 788	5 694	240 145	476 627

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
35. DIVIDENDS PAID				
Dividends	**–**	(16 110)	**–**	(17 180)

Dividends are from capital profits. No interim dividend (2020: 2 cents per share) was declared. No final dividend is declared for the 2021 or 2020 financial years.

36. BUSINESS COMBINATIONS

36.1. Treppo Group Proprietary Limited

On Thursday, 28 November 2019 the group acquired 100% of the voting equity interest of Treppo Group Proprietary Limited which resulted in the group obtaining control over Treppo Group Proprietary Limited. Treppo Group Proprietary Limited is principally involved in the metal recycling industry. As a result of the acquisition, the group is expecting to be the leading provider of recycled metal products and related processing machinery products and services in those markets. It is also expecting to reduce costs through economies of scale.

Goodwill of R11 166 560 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	–	48 536	–	–
Deferred tax	–	5 247	–	–
Inventories	–	22 035	–	–
Trade and other receivables	–	177 807	–	–
Cash and cash equivalents	–	18 814	–	–
Current tax receivable	–	192	–	–
Financial liabilities at amortised cost	–	(107 481)	–	–
Lease liabilities	–	(2 658)	–	–
Trade and other payables	–	(33 077)	–	–
Total identifiable net assets	–	129 415	–	–
Goodwill	–	11 166	–	–
	–	140 581	–	–
Acquisition date fair value of consideration paid				
Cash	–	(74 038)	–	–
Shares issued	–	(12 692)	–	–
Vendor loans	–	(18 508)	–	–
Preference shares	–	(34 473)	–	–
Contingent consideration	–	(870)	–	–
	–	(140 581)	–	–

Measurement at fair values

The valuation techniques used to measure the fair values of material assets were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison techniques and cost technique: The valuation model considers market prices for similar items when available, and depreciated replacement cost when appropriate.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling prices in the ordinary course of business less estimated costs of selling, and a reasonable profit margin.
Trade and other receivables	Trade and other receivables in the prior year comprised gross contractual amounts due of R180 150 812, of which approximately R2 344 016 was expected to be uncollected at acquisition.

36. BUSINESS COMBINATIONS CONTINUED

36.1. Treppo Group Proprietary Limited continued

Measurement at fair values continued

The measurement of the fair value of the consideration paid were as follows:

Consideration element	Valuation technique	Fair value level	Significant unobservable inputs
Preference shares	*Market comparison:* The fair value is determined using quoted/ market interest rates at the reporting date and present value calculations done based on the contractual repayment terms.	2	Not applicable
Shares issued	The fair value is the share price on the day the shares were issued.	1	Not applicable
Contingent consideration	Discounted cash flow technique: The valuation model considers the present value of the expected future payments, discounted using a risk adjusted discount rate.	3	Expected cash flows of 2020: R5 227 322 over a 3-year period were discounted using a risk adjusted rate of 19,11%. The estimated fair value would decrease if the expected cash flows were lower, or if the risk adjusted discount rate was higher.
Vendor loan	*Market comparison:* The fair value is determined using quoted/ market interest rates at the reporting date and present value calculations done based on the contractual repayment terms.	2	Not applicable

Acquisition related costs

The acquisition related costs amounted to R3 741 552 in the prior year. These costs were expensed in the year of acquisition and were included in other operating expenses in comprehensive income.

Revenue and profit or loss of Treppo Group Proprietary Limited

Revenue of R375 154 636 and loss of R1 996 205 of Treppo Group Proprietary Limited for the 2020 financial year were included in the group's results since the date of acquisition.

36.2. Group Wreck International Non-Ferrous Proprietary Limited – 2019 acquisition

During 2019 the group acquired Group Wreck. As part of the acquisition, contingent consideration to the value of R5,7 million was recognised. The contingent consideration was payable if certain profit targets were met.

Based on future expected cash flows, the profit targets set in the acquisition agreement is not likely to be met. Consequently the contingent consideration of R5,7 million reversal was recognised through profit or loss in the prior year.

37. DIRECTORS' EMOLUMENTS AND INTERESTS

Directors' and prescribed officers' emoluments

Emoluments paid to directors and prescribed officers of the group are as set out below:

	Fees 2021 R'000	Salary 2021 R'000	Expense allow-ances* 2021 R'000	Pension fund contri-butions 2021 R'000	Incentive bonus 2021 R'000	Share-based pay-ments 2021 R'000	Total 2021 R'000	Total 2020 R'000
Executive								
F Botha	–	3 001	1 223	–	754	–	4 978	4 868
C Coombs	–	3 295	281	–	1 835	–	5 411	6 080
A de Wet [1]	–	1 299	70	–	–	–	1 369	2 490
N Winde [2]	–	1 568	–	156	–	61	1 785	–
Total executive	–	9 163	1 574	156	2 589	61	13 543	13 438
Non-executive								
RI Dickerson	624	–	–	–	–	–	624	679
IP Mogotlane	374	–	–	–	–	–	374	379
N Mwale	358	–	–	–	–	–	358	351
C Ntshingila	424	–	–	–	–	–	424	475
Total non-executive	1 780	–	–	–	–	–	1 780	1 884
Prescribed officers								
EP Liechti	–	2 538	267	–	–	–	2 805	2 991
CF Botha	–	2 061	519	–	–	–	2 580	2 770
D de Beer	–	1 975	83	204	–	121	2 383	2 579
B Fetting [3]	–	–	–	–	–	–	–	221
S Green	–	1 592	218	173	–	158	2 141	2 288
N Winde [2]	–	–	–	–	–	–	–	1 529
A Solimene [4]	–	–	–	–	–	–	–	2 394
CM Lindeque	–	910	237	96	918	–	2 161	2 466
M Oppert [5]	–	3 003	8	–	–	–	3 011	750
A Oppert [5]	–	1 602	–	–	–	–	1 602	383
Total prescribed officers [6]	–	13 681	1 332	473	918	279	16 683	18 371
Total	1 780	22 844	2 906	629	3 507	340	32 006	33 693

* *Includes medical aid and travel allowances.*

[1] *Resigned 30 September 2020.*

[2] *Became members of executive management committee on 1 October 2020.*

[3] *Resigned 31 May 2019.*

[4] *Resigned 30 November 2020.*

[5] *Became members of management committee on 30 November 2019.*

[6] *Paid by the relevant subsidiary.*

37. DIRECTORS' EMOLUMENTS AND INTERESTS CONTINUED

Directors' and prescribed officers' interests

As at 28 February 2021, the directors' and prescribed officers' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the company amounted to 45,60% (2019: 59,81%) in aggregate. The interests of the directors and prescribed officers are as follows:

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Directors								
F Botha	**36 847 300**	36 847 300	**–**	–	**–**	–	**288 376**	288 376
C Coombs	**–**	–	**21 950 200**	21 950 200	**–**	–	**–**	–
N Mwale	**–**	–	**–**	–	**–**	–	**82 000 000***	82 000 000*
IP Mogotlane	**–**	–	**–**	–	**–**	–	**82 000 000***	82 000 000*
RI Dickerson	**–**	–	**–**	–	**–**	–	**82 000 000***	82 000 000*
Prescribed officers								
CF Botha	**27 404 955**	29 049 436	**–**	–	**–**	–	**250 000**	250 000
EP Liechti	**26 983 527**	30 009 477	**–**	–	**–**	–	**250 000**	250 000
Total	**91 235 782**	95 906 213	**21 950 200**	21 950 200	**–**	–	**82 788 376**	82 788 376

** 82 000 000 shares held by New Seasons Investment Holdings Proprietary Limited; not by individual directors (now K2017289277 (South Africa) Proprietary Limited – NS InvestCo)*

As at the date of preparation of this report, EP Liechti has disposed of 116 194 shares held at 28 February 2021 and Mr CF Botha has disposed of 11 500 shares held as at 28 February 2021. None of the other directors or prescribed officers have disposed of any of the shares held by them as at 28 February 2021.

No new shares or share options were issued or granted to any director or prescribed officer during the year.

The current EmployeeCo and ManCo share ownership schemes do not involve direct ownership in Insimbi by management or employees as none of the shares have vested.

38. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 6
Joint ventures	Refer to note 7
Members of key management	Directors of the group as per note 37 meet the definition of key management personnel.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Related party balances				
Loan accounts – owing (to)/by related parties				
Subsidiaries				
Amalgamated Metals Group Holdings Proprietary Limited	**–**	–	**2 227**	2 227
Amalgamated Metals Recycling Proprietary Limited	**–**	–	**37 394**	8 623
Insimbi Alloy Properties Proprietary Limited	**–**	–	**7 811**	7 918
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**164 598**	215 134
Insimbi Aluminium Alloys Proprietary Limited	**–**	–	**45 679**	43 907
Insimbi EmployeeCo Proprietary Limited	**–**	–	**2**	2
Insimbi Manco Proprietary Limited	**–**	–	**2**	2
Insimbi Modular Plastics Proprietary Limited	**–**	–	**–**	118
Insimbi Nano Milling Proprietary Limited	**–**	–	**1 312**	1 999
Insimbi Plastics Proprietary Limited	**–**	–	**29 155**	30 491
Metlite Alloys Proprietary Limited	**–**	–	**–**	(5 255)
Metlite Alloy Properties Proprietary Limited	**–**	–	**(775)**	228
Treppo Group Proprietary Limited	**–**	–	**193 866**	181 233
Fragcorp Proprietary Limited	**–**	–	**12 000**	12 323

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 28 February 2021

38. RELATED PARTIES CONTINUED

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Shareholders				
Crimson Clover Investments Proprietary Limited *	**(15 710)**	(16 341)	**–**	–
Casterly Rock Investments Proprietary Limited *	**(16 110)**	(16 341)	**–**	–
Golden Griffin Investments Proprietary Limited *	**(16 110)**	(15 941)	**–**	–
Ella Rose Property and Investments Proprietary Limited *	**(8 145)**	(7 654)	**–**	–
Repo Metals Holdings Proprietary Limited *	**(8 145)**	(7 655)	**–**	–
Solimene Holdings Proprietary Limited *	**(9 304)**	(7 721)	**–**	–
Texiflash Proprietary Limited *	**(19 207)**	(18 508)	**–**	–
Redeemable preference shares owing to related parties				
Texiflash Proprietary Limited*	**(35 875)**	(34 473)	**–**	–
Trade and other receivables/(paybles) due from/(to) subsidiaries				
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**60**	–
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**(15)**	–
Amalgamated Metals Recycling Proprietary Limited	**–**	–	**155**	–
Fragcorp Proprietary Limited	**–**	–	**494**	–
Treppo Group Proprietary Limited	**–**	–	**9 814**	–
Group Wreck International Non-Ferrous Proprietary Limited	**–**	–	**(745)**	–
Related party transactions				
Administration fees received from subsidiaries				
Amalgamated Metals Recycling Proprietary Limited	**–**	–	**(46 716)**	(26 422)
Insimbi Aluminium Alloys Proprietary Limited	**–**	–	**–**	(7 480)
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**(3 900)**	(15 660)
Group Wreck International Non-Ferrous Proprietary Limited	**–**	–	**–**	(2 400)
Treppo Group Proprietary Limited	**–**	–	**(15 960)**	–
Minerals 2 Metals Proprietary Limited	**–**	–	**(360)**	–
Dividends paid to related parties				
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**–**	–
Amalgamated Metals Group Holdings Proprietary Limited	**–**	–	**–**	–
Insimbi EmployeeCo Proprietary Limited	**–**	–	**–**	208
Insimbi Manco Proprietary Limited	**–**	–	**–**	160
Purchases from related parties				
Honeydew Metals Recycling Proprietary Limited #	**8 799**	12 565	**–**	–
Sales of goods to subsidiaries				
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**(215)**	–
Insimbi Aluminium Alloys Proprietary Limited	**–**	–	**(2)**	–
Minerals 2 Metals Proprietary Limited	**–**	–	**(39)**	–
Interest received from subsidiaries				
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**(425)**	–
Insimbi EmployeeCo Proprietary Limited	**–**	–	**(208)**	–
Insimbi Manco Proprietary Limited	**–**	–	**(162)**	–
Rent paid to subsidiaries				
Insimbi Alloy Properties Proprietary Limited	**–**	–	**4 470**	–

** Related parties, as they hold shares in Insimbi Industrial Holdings. Please refer to the shareholder analysis on page 105.*
 # Owned by a close family member of key management.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital Risk management

Overview

The group and company's objectives when managing capital are to safeguard the group and company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group and company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 20 and 21 and cash and cash equivalents disclosed in note 15, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There have been no changes to what the group manages as capital or the strategy for capital maintenance. There are externally imposed capital requirements by ABSA Bank (refer to note 20).

		GROUP		COMPANY	
	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Total borrowings					
Loans from group companies	19	**–**	–	**775**	5 255
Total financial liabilities at amortised cost	20	**712 266**	696 920	**464 973**	471 372
		712 266	696 920	**465 748**	476 627
Minus: Cash and cash equivalents	15	**(68 451)**	(92 994)	**(37)**	(1 432)
Net debt		**643 815**	603 926	**465 711**	475 195
Total equity		**512 425**	468 893	**172 717**	171 485
Gearing ratio (%)		**126%**	129%	**270%**	278%

Risk management continued

Financial risk management *continued*

The group's activities expose it to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The group does not apply hedge accounting, but makes use of economic hedges.

The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

There have been no substantive changes to the group's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note. Information disclosed has been disaggregated where the financial information used by the company has different economic characteristics and market conditions.

Back to contents

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on trade and other receivables, lease receivables and cash and cash equivalents. The company is also exposed to credit risk on loans to group companies.

The group reviews the recoverable amount of their financial assets at each statement of financial position date to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk exposure arising on cash and cash equivalents is limited because the cash and cash equivalents are composed of deposits with major banks who have strong credit ratings (BB+) assigned by international credit rating agencies and have low risk of default.

Additional information on credit risk is included in notes 8, 9 and 13.

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

		2021			2020		
	Notes	**Gross carrying amount R'000**	**Credit loss allowance R'000**	**Amortised cost/fair value R'000**	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost/fair value R'000
GROUP							
Lease receivables	9	**3 037**	**–**	**3 037**	3 603	–	3 603
Trade and other receivables	13	**688 084**	**(6 044)**	**682 040**	466 156	(6 183)	459 973
Cash and cash equivalents	15	**68 451**	**–**	**68 451**	91 314	–	91 314
		759 572	**(6 044)**	**753 528**	561 073	(6 183)	554 890
COMPANY							
Loans to group companies	8	**494 046**	**–**	**494 046**	504 205	–	504 205
Trade and other receivables	13	**9 826**	**–**	**9 826**	2 189	–	2 189
Cash and cash equivalents	15	**37**	**–**	**37**	1 432	–	1 432
		503 909	**–**	**503 909**	507 826	–	507 826

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows.

The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored, and the group maintains agreed facilities with reputable financial institutions. There have been breaches on the externally imposed debt covenants in the current financial year. Please refer to note 40 for further details. Furthermore, security has been provided for long-term loans and instalment sale liabilities.

Regular meetings are held with the group's bankers to discuss facilities required to meet the group's financial obligations and where agreed overdraft and loan facilities are amended. Summaries of the group's and company's bank accounts are prepared daily prepared daily for review, and based on these summaries, decisions are made to transfer excess funds from the main current account to other facilities in order to reduce the interest cost to the group and company.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Liquidity risk continued

The maturity profile of contractual cash flows of non-derivative financial liabilities held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

	Notes	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
GROUP						
2021						
Non-current liabilities						
Financial liabilities at amortised cost	20	–	**310 879**	**18 480**	**329 359**	**292 589**
Lease liabilities	21	–	**8 502**	**4 315**	**12 817**	**10 181**
Current liabilities						
Trade and other payables	22	**330 840**	–	–	**330 840**	**330 840**
Financial liabilities at amortised cost	20	**444 703**	–	–	**444 703**	**419 677**
Lease liabilities	21	**2 613**	–	–	**2 613**	**848**
		778 156	**319 381**	**22 795**	**1 120 332**	**1 054 135**

	Notes	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
2020						
Non-current liabilities						
Financial liabilities at amortised cost	20	–	427 388	30 094	457 482	367 385
Lease liabilities	21	–	12 458	9 700	22 158	15 239
Current liabilities						
Trade and other payables	22	211 478	–	–	211 478	214 829
Financial liabilities at amortised cost	20	371 819	–	–	371 819	329 535
Lease liabilities	21	3 020	–	–	3 020	1 227
		586 317	439 846	39 794	1 065 957	924 864
COMPANY						
2021						
Non-current liabilities						
Financial liabilities at amortised cost	20	–	**173 480**	–	**173 480**	**157 846**
Current liabilities						
Trade and other payables	22	**8 759**	–	–	**8 759**	**8 759**
Loans from group companies	19	**775**	–	–	**775**	**775**
Financial liabilities at amortised cost	20	**318 470**	–	–	**318 470**	**307 127**
		328 004	**173 480**	–	**501 484**	**474 507**
2020						
Non-current liabilities						
Financial liabilities at amortised cost	20	–	231 900	–	231 900	185 209
Current liabilities						
Trade and other payables	22	2 815	–	–	2 815	2 815
Loans from group companies	19	5 255	–	–	5 255	5 255
Financial liabilities at amortised cost	20	305 973	–	–	305 973	286 163
		314 043	231 900	–	545 943	479 442

Financing facilities

At year-end the group had R103 million (2020: R165 million) available in unutilised facilities. This amount can be utilised to settle trade payables should it be necessary. The facility can also be used for future expansion of the business.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Foreign currency risk

The group operates internationally and is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the group deals primarily are US Dollar and Euro.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exchange rates

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Rand per unit of foreign currency:				
US Dollar	**15,108**	15,667	**–**	–
Euro	**18,239**	15,275	**–**	–

Forward exchange contracts

Fair value risk arises on the mark to market of forward exchange contracts. The effect of this risk is shown below. The major risk lies in exposure to the US Dollar and Euro. The assumptions used are consistent with the prior year and represent management's best estimate of potential fluctuations in exchange rates.

The group reviews its foreign exchange exposure, including commissions, on an ongoing basis. The notional principal amounts of the outstanding forward exchange rate contracts at year-end were R99 030 152 (2020: R47 332 537) and are expected to mature within the next 12 months.

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. The impact shown is after taking into account the effect of tax. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Increase or decrease in rate	**2021 Increase**	**2021 Decrease**	2020 Increase	2020 Decrease
GROUP				
Impact on foreign trade payables				
US Dollar 5% (2019: 5%)	**(81)**	**81**	(1 666)	1 666
Euro 5% (2019: 5%)	**(139)**	**139**	(11)	11
Impact on foreign trade receivables				
US Dollar 5% (2019: 5%)	**254**	**(254)**	130	(130)
Euro 5% (2019: 5%)	**1**	**(1)**	42	(42)
Impact on foreign bank				
US Dollar 5% (2019: 5%)	**173**	**(173)**	598	(598)
Euro 5% (2019: 5%)	**–**	**–**	854	(854)

Interest rate risk

The group's interest rate risk arises from the use of variable interest rate instalment sale liabilities, variable short and long-term borrowings and bank accounts that are carried at amortised cost. Future changes to prime lending rates will have a direct impact on the future cash payments towards the settlement of the financial obligations. The risk remains unhedged at the reporting date. Exposure to interest rate risk is monitored month to month and on a case-by-case basis, which includes consideration of fixed versus floating interest rates.

Certain interest rates at year-end were linked to the prime overdraft rates. The prime overdraft rate at year-end was 7% (2020: 9,75%).

Interest rates on all borrowings compare favourably with those rates available in the market.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 28 February 2021, if the interest rate (JIBAR or prime) had been 2% per annum (2020: 2%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R10 688 503 (2020: R9 506 732) lower and R10 688 503 (2020: R9 506 732) higher.

The group is sensitive to the movements in the ZAR interest rates which are the primary interest rates to which the group is exposed. The group has used a sensitivity analysis technique that measures the estimated change to the statement of comprehensive income of an instantaneous increase or decrease, as detailed above, in market interest rates on financial liabilities from the applicable rate as at year-end, for each class of financial instrument with all other variables remaining constant. It has been established by management that interest rate fluctuations on cash denominated in foreign currencies are immaterial. The calculations were determined with reference to the outstanding financial liability and financial asset balances. This represents no change from the prior period in the method and assumptions used.

The above sensitivity analysis is for illustrative purposes only and represents management's best estimate of reasonably possible changes in interest rates.

40. GOING CONCERN

When assessing the group's ability to continue as a going concern, management has prepared various scenarios and models to assess the impact of the Covid-19 outbreak.

During these assessments management revised forecast sales and profits on an ongoing basis as new information became available. Management also assessed the impact on the supply chain and customer base, as well as any potential impacts on commodity prices (including oil and metal prices) and fluctuating exchange rates.

Some of the group's financial liabilities at amortised cost (refer note 20) are subject to covenant clauses, whereby the group is required to meet certain key financial ratios. When the covenant clause is breached, the lender is contractually entitled to request immediate repayment of the outstanding loan amount.

Even though management is comfortable that the group will be able to continue as a going concern subsequent to year-end, there has been defaults on some of the external covenants imposed by the main lender. The defaults on the covenants occurred due to a loss of income during the "lockdown" period, which affected the May 2021 debt covenant measurement period, as well as the February 2021 measurement period.

Management has been actively engaging with the lenders and have subsequently received a waiver for the breach of covenants at the end of the first quarter (May 2020) and the end of the fourth quarter (February 2021). After the first breach, management renegotiated new covenants for the August and November 2020 measurement periods, which were both met respectively. In February 2021 the covenant measurement returned to the initial covenants as set before the above mentioned renegotiation. In March 2021 management renegotiated new relaxed covenant measurement for the longer term (up to 2024) as part of their annual review process.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SEGMENTAL REPORT

for the year ended 28 February 2021

The management Executive Committee is the group's chief operations decision-making unit.

Management considered a combination of factors, including geographical, product types and managerial structure, to determine the operating and reporting segments. Management has determined the operating segments based on the reports reviewed and this is supported by management reporting disciplines, which include monthly variance reporting. The management Executive Committee assesses the performance of the operating segments based on sales and gross profit margin.

The main industries serviced by the Insimbi Group are the non-ferrous, ferrous, plastics and refractory industries. These are the operating segments of the group whose results are regularly reviewed by the Executive Committee. The group sells to a diverse customer base. The group has two customers who represent more than 10% of total revenue for the group. One of these customers fall within the non-ferrous operating segment, and the other within the ferrous operating segment. Revenue earned from these customers during the current year amounted to R560 million and R508 million respectively.

Non-ferrous – Consists of the divisions which service the foundry and non-ferrous industry, both automotive and heavy aluminium industry (mainly deoxidation market), and the powder coating industry. This now also includes the supply of various Non-ferrous recycled metals.

Refractory – Consists of the divisions that service the steel and cement industry's refractory requirements as well as the supply of industrial heat resistant textiles.

Ferrous – This segment supplies both steel and polypropylene fibres, services the welding and optical industries and supplies in the steel industry's raw material requirements. This now also includes the supply of various ferrous-based recycled metals.

Plastics – Consists of the divisions that service the plastic packaging industry, including chemical, agricultural and food industries.

The segments reported on in the annual report are identical to the operating segments identified and management is satisfied that the operating segments are appropriately aggregated.

	Non-ferrous R'000	Ferrous R'000	Refractory R'000	Plastics R'000	Total R'000
2021					
Revenue					
Sale of goods – local	2 106 049	1 893 130	119 782	43 583	4 162 544
Sale of goods – exports	687 397	22 213	3 511	–	713 121
Rendering of services – transport and insurance	19 842	13 534	52	–	33 428
Rendering of services – sample analysis	435	–	–	–	435
	2 813 723	1 928 877	123 345	43 583	4 909 528
Cost of sales	2 512 027	1 804 410	110 155	29 314	4 455 906
Gross profit	301 696	124 467	13 190	14 269	453 622
Other income and operating gains	628	6 791	–	–	7 419
Profit before operating and administration expenses	302 324	131 258	13 190	14 269	461 041
Operating and administration expenses and operating losses					
Communication	2 911	584	37	71	3 603
Employee cost	133 123	43 666	2 485	6 023	185 297
Motor vehicle expenses	24 804	4 729	153	563	30 249
Occupancy	25 645	16 689	69	4 129	46 532
Other expenses*	57 651	21 979	138	2 074	81 842
	244 134	87 647	2 882	12 860	347 523
Operating profit	58 190	43 611	10 308	1 409	113 518

** Includes depreciation, repairs and maintenance, impairments and other operating expenses.*

SEGMENTAL REPORT continued

for the year ended 28 February 2021

	Non-ferrous R'000	Ferrous R'000	Refractory R'000	Plastics R'000	Total R'000
2020					
Revenue					
Sale of goods – local	2 593 894	959 987	147 558	39 575	3 741 014
Sale of goods – exports	982 035	60 479	–	–	1 042 514
Rendering of services – transport and insurance	25 319	3 131	72	–	28 522
Rendering of services – sample analysis	18	–	–	–	18
	3 601 266	1 023 597	147 630	39 575	4 812 068
Cost of sales	3 301 345	939 668	129 308	27 626	4 397 947
Gross profit	299 921	83 929	18 322	11 949	414 121
Other income	18 351	1 316	–	989	20 656
Profit before operating and administration expenses	318 272	85 245	18 322	12 938	434 777
Operating and administration expenses and operating losses					
Communication	2 983	341	47	144	3 515
Employee cost	136 491	26 726	2 441	7 258	172 916
Motor vehicle expenses	31 254	7 726	192	799	39 971
Occupancy	29 777	6 929	1	6 443	43 150
Other expenses*	64 676	12 430	464	3 922	81 492
	265 181	54 152	3 145	18 566	341 044
Operating profit	53 091	31 093	15 177	(5 628)	93 733

** Includes depreciation, repairs and maintenance and other operating expenses.*

GEOGRAPHICAL INFORMATION

Revenues from external customers by country, based on the destination of the customer

	2021 R'000	2020 R'000
Africa	**86 319**	77 380
Asia	**383 454**	619 230
Australia	**8 439**	8 321
Europe	**142 688**	90 483
North and South America	**91 985**	247 100
South Africa	**4 196 643**	3 769 554
	4 909 528	4 812 068

SHAREHOLDER ANALYSIS

for the year ended 28 February 2021

	Number of shareholdings	%	Number of shares	%
Shareholder spread				
1 – 5 000 shares	1 142	70,45	810 506	0,18
5 001 – 50 000 shares	349	21,53	6 392 775	1,45
50 001 – 100 000 shares	36	2,22	2 620 813	0,60
100 001 – 250 000 shares	36	2,22	5 573 198	1,27
250 001 – 500 000 shares	18	1,11	5 758 943	1,31
500 001 – 1 000 000 shares	7	0,43	5 500 918	1,25
1 000 001 shares and over	33	2,04	413 342 847	93,94
Totals	**1 621**	**100,00**	**440 000 000**	**100,00**
Distribution of shareholders				
Banks/Brokers	12	0,74	46 950 582	10,67
Close Corporations	7	0,43	283 441	0,06
Employee and Management Schemes	2	0,12	23 106 915	5,25
Endowment Funds	1	0,06	17 400	0,00
Individuals	1 524	94,02	181 046 608	41,15
Mutual Funds	2	0,12	30 915 261	7,03
Other Corporations	4	0,25	176 112	0,04
Private Companies	32	1,97	150 838 862	34,28
Public Companies	2	0,12	140 708	0,03
Treasury Shares	1	0,06	3 494 097	0,79
Trusts	34	2,10	3 030 014	0,69
Totals	**1 621**	**100,00**	**440 000 000**	**100,00**
Public/non-public shareholders				
Non-public shareholders	**25**	**1,54**	**295 625 670**	**67,19**
Directors and associates of the company	6	0,37	92 024 158	20,91
Strategic holder (more than 10%)	1	0,06	82 000 000	18,64
Treasury shares	1	0,06	3 494 097	0,79
Employee and management schemes	2	0,12	23 106 915	5,25
Related holdings	15	0,93	95 000 500	21,59
Public shareholders	**1 596**	**98,46**	**144 374 330**	**32,81**
Totals	**1 621**	**100,00**	**440 000 000**	**100,00**
Beneficial shareholders including those holding 5% or more				
K2017289277 (South Africa) Proprietary Limited – NS InvestCo			82 000 000	18,64
F Botha			36 847 300	8,37
Pruta Securities			34 410 000	7,82
EP Liechti			26 983 527	6,13
CF Botha			27 404 955	6,23
Jacana Assets Limited			23 000 000	5,23
Golden Griffin Investments Proprietary Limited			21 950 200	4,99
Totals			**252 595 982**	**57,41**

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 28 February 2021

INSIMBI INDUSTRIAL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2002/029821/06)
Share code: ISB ISIN: ZAE000116828
("Insimbi" or "the company")

Notice is hereby given that the 14th Annual General Meeting of shareholders will be held entirely via a remote interactive electronic platform, Zoom, on 6 August 2021 at 10:00 ("AGM"), to conduct the business set out below and to consider and, if deemed fit, adopt, with or without modification, the ordinary and special resolutions set out in this notice. Insimbi will be assisted by Computershare Investor Services Proprietary Limited ("the company's Transfer Secretaries") who will also act as scrutineers.

Salient dates

The following dates apply to the AGM:

- The Record date for purposes of determining which shareholders are entitled to receive this notice is Friday, 25 June 2021.
- The Last day to trade in order to be eligible to participate and vote at the AGM is Tuesday, 27 July 2021.
- The Record date for shareholders to be recorded in the securities register of Insimbi in order to be able to attend, participate and vote at the AGM is Friday, 30 July 2021.
- Shareholders to lodge forms of proxy by 10:00 on Wednesday, 4 August 2021.

Shareholders or their duly authorised proxies who wish to participate in the AGM, must register to do so by lodging a completed Electronic Participation Application Form by 10:00 on Wednesday, 4 August 2021.

ORDINARY RESOLUTIONS

Unless otherwise indicated, in order for each of the ordinary resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

The purpose of the AGM is to consider and, if deemed fit, pass the following resolutions with or without modification as ordinary resolutions:

Adoption of the annual financial statements

The audited annual financial statements for the year ended 28 February 2021, as set out in the annual report and which can be found on the company's website at www.insimbi-group.co.za will be presented to the shareholders.

Ordinary resolution number one

"Resolved that the audited group and company annual financial statements for the year ended 28 February 2021, including the reports of the directors, the auditor and the Audit and Risk Committee, be and are hereby received and approved."

Confirmation and re-election of directors

The company's memorandum of incorporation ("MoI") stipulates that:

- The appointment of any director to fill a vacancy or as an addition to the board must be confirmed at the next AGM;
- At each AGM at least one-third of the non-executive directors shall retire from office, the directors so retiring being those who have been longest in office since their last election; and
- The retiring directors shall be eligible for re-election.

The board has considered the performance of the directors standing for re-election and found them suitable for re-appointment.

Ordinary resolution two is accordingly proposed in respect of:

- The re-appointment of the only other non-executive director who retires by rotation in accordance with the MoI, being Ms Cleopatra Ntshingila but who has made herself available for re-election.

A brief résumé of Ms CS Ntshingila appears on page 17 of the integrated annual report to which this AGM notice is attached.

Ordinary resolution number two

"Resolved that Ms Ntshingila, who retires by rotation in terms of the company's MoI, and being eligible, offers herself for re-election, be and is hereby re-elected as non-executive director of the company."

NOTICE OF ANNUAL GENERAL MEETING *continued*

for the year ended 28 February 2021

ORDINARY RESOLUTIONS CONTINUED

Appointment of Audit and Risk Committee

Section 94 of the Companies Act, 2008 No.71 of 2008 ("the Act") requires that at each AGM shareholders of the company elect an Audit and Risk Committee comprising at least three members, all of whom must be non-executive directors. The board has considered the performance of the following Audit and Risk Committee members standing for re-election and has found them suitable for appointment:

- Mr RI Dickerson
- Ms IP Mogotlane
- Ms CS Ntshingila

Mr RI Dickerson is also Chairman of the board and, notwithstanding the principles of the King Report on Corporate Governance in South Africa ("King IV"), is appointed a member of the Audit and Risk Committee, as permitted by the JSE Limited Listings Requirements ("the Listings Requirements"). His financial and business experience over a number of years and across a number of industries is invaluable to the committee.

Ordinary resolutions numbers three to five are accordingly proposed in respect of the appointment of Mr RI Dickerson, Ms IP Mogotlane, Ms CS Ntshingila as members of the Audit and Risk Committee for the ensuing year. Brief résumés of Ms CS Ntshingila, Ms IP Mogotlane and Mr RI Dickerson appear on pages 16 to 17 of the integrated report to which this notice of AGM is attached.

Ordinary resolution number three

"Resolved that Mr RI Dickerson be and is hereby elected as a member of the Audit and Risk Committee in terms of the Act, to remain in office until the conclusion of the next AGM."

Ordinary resolution number four

"Resolved that Ms IP Mogotlane be and is hereby elected as a member of the Audit and Risk Committee in terms of the Act, to remain in office until the conclusion of the next AGM."

Ordinary resolution number five

"Resolved that Ms CS Ntshingila be and is hereby elected as a member and Chairperson of the Audit and Risk Committee in terms of the Act, to remain in office until the conclusion of the next AGM."

Appointment of auditor

In accordance with section 90 of the Act and the JSE Limited Listings Requirements, Shareholders had re- appointed PWC as its external auditors at the Annual General Meeting held Wednesday, 7 October 2020, for the financial year ending 28 February 2021 to remain in office until the conclusion of the next Annual General Meeting. However, the appointment of PWC did not continue for the financial year ending 28 February 2021 as was agreed at the AGM. Insimbi and PWC reached an agreement not to continue with the appointment as it was no longer economically viable for either party, with effect from 18 December 2020.

In accordance with JSE Limited Listings Requirements, the board appointed Moore Cape Town as external auditors with effect from 19 December 2020, Shareholders were notified of the appointment through SENS announcement.

The Audit and Risk Committee has considered the independence and suitability of Moore Cape Town Inc, and recommended that Moore be appointed as external auditor of the Group for the financial year ending 28 February 2022.

Ordinary resolution number six

"Resolved that, on recommendation of the Audit and Risk Committee, Moore be and are hereby appointed as external auditor of the Group for the financial year ending 28 February 2022, to remain in office until the conclusion of the next AGM, with Mr Pierre Conradie as the designated auditor."

Indemnification of directors

Section 78 of the Act allows for the company to indemnify directors, subject to the provisions of the company's MoI, except as may be prohibited by law.

ORDINARY RESOLUTIONS CONTINUED

Ordinary resolution number seven

"Resolved that the company hereby indemnifies each of the directors and officers of the group from time to time from any cost, damage, fine or loss of whatsoever nature which they may incur whilst acting *bona fide* in the course and scope of their duties, save to the extent that such indemnification is prohibited by the Act or any other law."

General authority to issue shares/convertible shares or options for cash

Ordinary resolution number eight

"Resolved that the directors of the company be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued shares in the capital of the company, including options shares, as and when they in their discretion deem fit, subject to the Act, the MoI and the Listings Requirements, provided that such issues for cash may not, in the aggregate, in any 1 (one) financial year, exceed 10% (ten percent) of the number of shares of the relevant class of shares issued prior to such issue."

Additional requirements imposed by the JSE Listings Requirements

The company may only make an issue of shares (as defined in the Listings Requirements) for cash under the above general authority if the following Listings Requirements are met:

a) The shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such equity shares or rights that are convertible into a class already in issue.
b) The general authority shall only be valid until the company's next annual general meeting or for 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter.
c) That issues in the aggregate in any 1 (one) financial year may not exceed 10% (ten percent) of the number of the shares of the company in issue of that class of shares before such issue, taking into account the dilution effect of convertible equity shares and options in accordance with the Listings Requirements.
d) In determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the company and the party/ies subscribing for the shares.
e) Any issue will only be made to "public shareholders" as defined by the JSE Listings Requirements and not to related parties.
f) In the event that the shares issued represent, on a cumulative basis, 5% or more of the number of shares in issue prior to that issue, an announcement containing the full details of such issue shall be published on SENS.

Notwithstanding that this is an ordinary resolution, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

Non-binding advisory votes

King Codes on Corporate Governance recommend that the company's remuneration policy be tabled for a non-binding advisory vote by shareholders at every AGM, thus providing the shareholders with an opportunity to express their views on the company's remuneration policies. The report of the Remuneration Committee is set out on page 27 of the integrated report to which this notice of AGM is attached.

Non-binding advisory vote 1 – remuneration policy

"Resolved that the company's remuneration policy, as set out in the annual integrated report, be and is hereby endorsed by way of a non-binding advisory vote."

Non-binding advisory vote 2 – implementation report

"Resolved that the company's implementation report, as set out in the annual integrated report, be and is hereby endorsed by way of a non-binding advisory vote."

There is currently no minimum percentage of voting rights that is required in respect of this advisory votes and the votes are not binding on the group. Non-binding advisory votes 1 and 2 are of an advisory nature only and failure to pass these votes will therefore not have any legal consequences to existing remuneration agreements. If the remuneration policy or the implementation report, or both are voted against by 25% or more of the voting rights exercised, the board will, as recommended by King IV and required by the JSE, take the outcome of the vote into consideration when considering amendments to the remuneration policy and implementation report.

SPECIAL RESOLUTIONS

Unless otherwise indicated, in order for each of the special resolutions to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

The purpose of the AGM is to consider and, if deemed fit, pass the following resolutions with or without modification as special resolutions:

Non-executive directors' fees for the year ending 28 February 2022

The Act requires that prior shareholder approval be obtained in respect of fees payable to directors. The board has proposed that these fees by increased by 3,5% in line with inflation for the ensuing year.

Special resolution number one

"Resolved as a special resolution that the payment of the following fees to the non-executive directors for their services to the company for the year 1 March 2021 to 28 February 2022 be and is hereby approved:

	Retainer fee (pa) R	Per meeting attended R
Board or committee		
Board member	170,348	17,035
Audcom member	45,426	7,950
Remcom/Nomcom member	28,391	7,950
SECcom member	22,713	7,950
Investcom member	45,426	7,950
Additional amount payable to chairperson of the board/committee		
Chairperson of board	113,565	13,628
Audcom chairperson	28,391	5,678
Remcom/Nomcom chairperson	28,391	5,678
SECcom chairperson	28,391	5,678
Investcom/Audcom chairperson	28,391	5,678
Consultancy		3 405 per hour

General approval to repurchase company shares

Special resolution number two is proposed to authorise the acquisition by the company or any of its subsidiaries of shares issued by the company, the issued share capital is 440 000 000 shares. The board's intention is for the shareholders to pass a special resolution granting the company or its subsidiaries general authority to acquire ordinary shares issued by the company, subject to the requirements of the Act, the Listings Requirements and the company's MoI, should the board consider that it would be in the interest of the company or its subsidiaries to acquire such shares while the general authority exists.

Special resolution number two

"Resolved that, subject to compliance with the Listings Requirements, the Act and the MoI, the directors be authorised at their discretion to instruct the company or its subsidiaries to acquire or repurchase ordinary shares issued by the company, provided that:

- The number of ordinary shares acquired in any one financial year shall not exceed 20% of the ordinary shares in issue at the date on which this resolution is passed;
- Such acquisitions may only be effected through the order book operated by the JSE trading system and done without any understanding or arrangement between the company and the counterparty;
- An announcement must be published as soon as the company as acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- The company may not affect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase program in place, which program has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party as contemplated in terms of paragraph 5.72(h) of the Listings Requirements;

SPECIAL RESOLUTIONS CONTINUED

General approval to repurchase company shares continued

Special resolution number two *continued*

- At any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
- This authority will lapse on the earlier of the date of the next AGM or 15 months after the date on which this resolution is passed; and
- The price paid per ordinary share may not be greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the repurchase is made."

The directors of the company undertake that they will not implement the repurchase as contemplated in this special resolution while this general authority is valid, unless:

- After any such repurchase the company passes the solvency and liquidity test as contained in section 4 of the Act and that from the time the solvency and liquidity test is done, there will be no material changes to the financial position of the group;
- The consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and in accordance with the accounting policies used in the company and group annual financial statements for the year ending 28 February 2021, will exceed the consolidated liabilities of the company and group immediately following such purchase or 12 months after the date of the AGM, whichever is the later;
- The company and the group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the AGM, or a period of 12 months after the date on which the board considers that the purchase will satisfy the immediately preceding requirement and this requirement, whichever is the later;
- The issued share capital and reserves of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of the notice of the AGM;
- The company and the group will have adequate working capital for ordinary business purposes for a period of 12 months after the date of the notice of the AGM;
- A resolution is passed by the board that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group;
- The requirements contained in the Listings Requirements are complied with;
- The company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listings Requirements, unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to commencement of the prohibited period; and
- The company undertakes that it will not enter the market to repurchase its own shares until the company's sponsor has provided written confirmation to the JSE in accordance with the Listings Requirements.

Further explanatory notes to special resolution number two:

Information required in terms of the Listings Requirements with regard to the general authority for the company or any of its subsidiaries to repurchase the company's securities (special resolution number two) appears in the annual financial statements, available on www.insimbi-group.co.za as indicated below:

- Directors and management: pages 42 to 43 of the integrated report.
- Major shareholders: page 105 of the annual financial statements.
- Directors' and prescribed officers' interests in securities: page 42 and 43 of the annual financial statements.
- Share capital of the company: page 80 of the annual financial statements.

The directors, whose names are given on pages 15 to 17 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information given in this notice and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the integrated report and this notice contains all information required by law and the Listings Requirements. No material change in the financial or trading position of the company and its subsidiaries has occurred since 28 February 2021.

SPECIAL RESOLUTIONS CONTINUED

Loans or financial assistance to subsidiaries and related or inter-related companies

The Act requires that a company obtain approval from its shareholders by way of a special resolution passed in the last two years if the company is to provide financial assistance to any subsidiary, associate or holding company.

Special resolution number three

"Resolved as a special resolution, in accordance with sections 45 (2) and 45(3) of the Act, that the directors of the company be and they are hereby authorised to provide direct or indirect financial assistance to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, subject to subsections (3) and (4) of the Act and the Listings Requirements".

Special resolution number four

Resolved, in terms of Section 44(3)(a)(ii) of the Act of, as a general approval, that the board be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in Sections 44(1) and 44(2) of the Companies Act) that the board may deem fit to any company that is related or inter-related to the company, on the terms and conditions and for amounts that the board may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any shares or securities of the company or a related or inter-related company provided that the aforementioned approval shall be valid until the date of the next AGM of the company.

Electronic participation arrangements

The Company's Memorandum of Incorporation authorises the conduct of shareholders' meetings entirely by electronic communication as does section 63(2)(a) of the Companies Act. In light of the measures put in place in response to the Covid-19 pandemic, the board has decided that the AGM will only be accessible through a remote interactive electronic platform as detailed below.

Shareholders or their duly appointed proxies who wish to participate in the annual general meeting are required to complete the electronic participation application form available immediately after the form of proxy and email same to the company's Transfer Secretaries at proxy@computershare.co.za and to Insimbi at MMadhlophe@insimbi-group.co.za as soon as possible, but in any event by no later than 10:00 on Tuesday, 29 June 2021.

Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the AGM.

Upon receiving a completed Electronic Participation Application Form, the company's Transfer Secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the AGM. The company's Transfer Secretaries will provide the company with the nominated email address of each verified shareholder or their duly appointed proxy to enable the company to forward them a Zoom meeting invitation required to access the AGM.

Fully verified shareholders or their duly appointed proxies who have applied to participate electronically in the AGM are requested by no later than 10:00 Wednesday, 4 August 2021 to join the lobby of the meeting by clicking on the "Zoom" link to be provided by Insimbi's company secretary or by the secretarial office, whose admission to the meeting will be controlled by the company secretary/secretarial office.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM.

Any such charges will not be for the account of the company's Transfer Secretaries or Insimbi who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating in and/or voting at the AGM.

NOTICE OF ANNUAL GENERAL MEETING *continued*

for the year ended 28 February 2021

VOTING AND PROXIES

For an ordinary resolution to be approved by the shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution. For a special resolution to be approved by the shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution.

Voting will be via a poll; every shareholder of the company shall have one vote for every share held in the company by such shareholder.

A shareholder entitled to participate and vote at the AGM is entitled to appoint a proxy or proxies to electronically participate, speak and vote in his/ her stead. A proxy need not be a shareholder of the company.

Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the form of proxy and lodging this form with the company's Transfer Secretaries by no later than 4 August 2021 at 10:00 by:

- delivery to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank; or
- email to proxy@computershare.co.za.

Any forms of proxy not submitted by this time can still be lodged by email to proxy@computershare.co.za prior to the commencement of the meeting.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the AGM.

Dematerialised shareholders without 'own name' registration

Dematerialised shareholders, other than those with 'own name' registration, who wish to participate in the AGM, should instruct their Central Securities Depository Participant ("CSDP") or Broker to issue them with the necessary letter of representation to participate in the AGM, in the manner stipulated in the relevant custody agreement. The letter of representation will need to be submitted together with the completed Electronic Participation Application Form to the company's Transfer Secretaries and to Insimbi in the manner and within the timeframe described above under the section titled "Electronic Participation Arrangements".

If these shareholders do not wish to participate in the AGM in person, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Certificated shareholders and dematerialised shareholders with "own name" registration

Those Certificated Shareholders and Dematerialised Shareholders with own name registration, who wish to participate in the AGM (either in person or represented by proxy), must submit a completed electronic participation application form to the company's Transfer Secretaries and to Insimbi at MMadhlophe@insimbi-group.co.za in the manner and within the timeframe described above under the section titled "Electronic Participation Arrangements".

M Madhlophe
Company Secretary
Johannesburg
25 June 2021

SHAREHOLDERS' DIARY

for the year ended 28 February 2021

Record date to receive notice of AGM	Friday, 25 June 2021
Release of the results on SENS	Wednesday, 30 June 2021
Publication of the annual reports (mailed to shareholders)	Wednesday, 30 June 2021
Last day to trade in order to be eligible to participate and vote at the AGM	Tuesday, 27 July 2021
Record date for voting purposes	Friday, 30 July 2021
Proxy date and time	Wednesday, 4 August 2021 at 10:00
Annual general meeting	**Friday, 6 August 2021 at 10:00**
Financial year-end	Last day of February
Half year	Last day of August

Notes:

The above dates and times are subject to change. Any changes will be released on SENS.

FORM OF PROXY

INSIMBI INDUSTRIAL HOLDINGS LIMITED

INSIMBI INDUSTRIAL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2002/029821/06) Share code: ISB ISIN: ZAE000116828

(For use by certificated shareholders and own name dematerialised shareholders)

Form of proxy for the annual general meeting of Insimbi to be held online on Friday, 6 August 2021 at 10:00 ("annual general meeting").

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares ("dematerialised shares") through a Central Securities Depository Participant ("CSDP") or broker, as the case may be, unless you are recorded on the sub-register as an "own name" dematerialised shareholder. Generally, you will not be an own name dematerialised shareholder unless you have specifically requested your CSDP to record you as the holder of the shares in your own name in the company's sub-register.

This form of proxy is only for use by certificated, "own name" dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's sub-register as the holder of dematerialised ordinary shares.

Each shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, participate in and speak and vote in place of that shareholder at the annual general meeting, and at any adjournment thereafter.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the annual general meeting;
- The appointment of the proxy is revocable; and
- You may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

Please note that any shareholder of the company that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the Companies Act 71 of 2008 requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Note that voting will be performed by way of a poll so each member present or represented by way of proxy will be entitled to one vote in respect of every share held or represented.

I/We (name in block letters) ____

of (address) ____

Telephone: Work (   ) ______________ Telephone: Home (   ) ______________ Cellphone number ______________

being the holder/s of ______________________________ ordinary shares in the company, hereby appoint (refer to note 1)

1. ____ or
failing him/her

2. ____ or
failing him/her

the Chairperson of the annual general meeting
as my/our proxy to attend, speak, vote and act for me/us on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name/s, in accordance with the following instructions (refer to note 2).

My/our proxy may delegate to another person his/her authority to act on my/our behalf at the annual general meeting, provided that my/our proxy:

- must provide written notification to the transfer secretaries of the company, namely Computershare Investor Services Proprietary Limited, of the delegation by my/our proxy of his/her authority to act on my/our behalf at the annual general meeting by no later than Wednesday, 4 August 2021 at 10:00 being 48 (forty-eight) hours before the annual general meeting to be held at 10:00 on Friday, 6 August 2021; and
- must provide to his/her proxy with a copy of his/her authority to delegate his/her authority to act on my/our behalf at the general meeting.

	Number of votes on a poll (one vote per ordinary share)		
	In favour	**Against**	**Abstain**
Ordinary resolutions			
1. Adoption of annual financial statements			
Confirmation and re-election of directors			
2. Confirmation of appointment of Ms CS Ntshingila			
Appointment of Audit and Risk Committee			
3. Appointment of Mr RI Dickerson to the Audit and Risk Committee			
4. Appointment of Ms IP Mogotlane to the Audit and Risk Committee			
5. Appointment of Ms CS Ntshingila to the Audit and Risk Committee			
6. Appointment of Moore Cape Town Inc. as external auditor			
7. Indemnification of directors			
8. General authority to issue shares or options for cash			
Non-binding advisory vote			
1. Remuneration policy			
2. Implementation report			
Special resolutions			
1. Approval of non-executive directors' fees			
2. General approval to repurchase company shares			
3. Loans or financial assistance to subsidiaries and related or inter-related companies in terms of Section 45(2) and 45(3)			
4. Loans or financial assistance to subsidiaries and related or inter-related companies in terms of Section 44(3)(a)(ii, 44(1) and 44(2).			

Signed at ________________________________ on ______________ 2021.

Signature ____
(Authority of signatory to be attached if applicable – see note 7)

Please also read the notes overleaf.

NOTES TO THE FORM OF PROXY

for the year ended 28 February 2021

1. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.
2. If no proxy is inserted in the spaces provided, then the Chairperson shall be deemed to be appointed as the proxy to vote or abstain as the Chairperson deems fit.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote, or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
5. Electronic participation arrangements
6. The Company's Memorandum of Incorporation authorises the conduct of shareholders' meetings entirely by electronic communication as does section 63(2)(a) of the Companies Act. The Annual General Meeting will only be accessible through a remote interactive electronic platform as detailed below.
7. Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the Annual General Meeting.
8. Upon receiving a completed Electronic Participation Application Form, the Company's Transfer Secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the Annual General Meeting. The Company's Transfer Secretaries will provide the Company with the nominated email address of each verified shareholder or their duly appointed proxy to enable the Company to forward them a zoom link meeting invitation required to access the Annual General Meeting.
9. Fully verified shareholders or their duly appointed proxies who have applied to participate electronically in the Annual General Meeting are requested by no later than by Friday, 6 August at 09:45 2021 to join the lobby of the meeting by clicking on the "join Zoom" link to be provided by Insimbi's company secretary or by the secretarial office, whose admission to the meeting will be controlled by the company secretary/secretarial office.
10. Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the Annual General Meeting. Any such charges will not be for the account of the Company's Transfer Secretaries or Insimbi who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating in and /or voting at the Annual General Meeting.
11. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form, unless previously recorded by the Company Secretary or waived by the Chairperson of the annual general meeting. CSDPs or brokers registered in the company's sub-register voting on instructions from beneficial owners of shares registered in the company's sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or to the transfer secretaries, together with this form of proxy.
12. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the Chairperson.
13. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company Secretary.

SUMMARY OF SHAREHOLDERS' RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT, 71 OF 2008

Please note that in terms of section 58 of the Act:

- this proxy form must be dated and signed by the shareholder appointing the proxy;
- you may appoint an individual as a proxy, including an individual who is not a shareholder of the company, to participate in and speak and vote at a shareholders' meeting on your behalf;
- your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
- this proxy form must be delivered to the company or to the transfer secretaries of the company namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the annual general meeting;
- the appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the annual general meeting;
- the appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
- as the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of (i) the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the company and the proxy as aforesaid;
- if this proxy form has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Act, or the company's memorandum of incorporation, to be delivered by the company to you, will be delivered by the company to you or your proxy or proxies, if you have directed the company to do so, in writing, and paid any reasonable fee charged by the company for doing so;
- your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the annual general meeting, but only as directed by you on this proxy form; and
- the appointment of your proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof or for a period of six months, whichever is shorter, unless it is revoked by you before then on the basis set out above.

ADMINISTRATION

DIRECTORS	F Botha C Coombs N Winde RI Dickerson IP Mogotlane N Mwale CS Ntshingila
REGISTERED OFFICE	359 Crocker Road Wadeville, Extension 4 Germiston 1407 Gauteng
BUSINESS ADDRESS	359 Crocker Road Wadeville, Extension 4 Germiston 1407 Gauteng
POSTAL ADDRESS	PO Box 14676 Wadeville Germiston 1422 Gauteng
BANKER	ABSA Bank
AUDITOR	Moore Cape Town Inc. Registered Auditor
SPONSOR	PSG Capital
COMPANY SECRETARY	M Madhlophe
COMPANY REGISTRATION NUMBER	2002/029821/06
TAX REFERENCE NUMBER	9078/488/15/3
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