INSIMBI

INDUSTRIAL HOLDINGS LIMITED

2022
INTEGRATED ANNUAL REPORT

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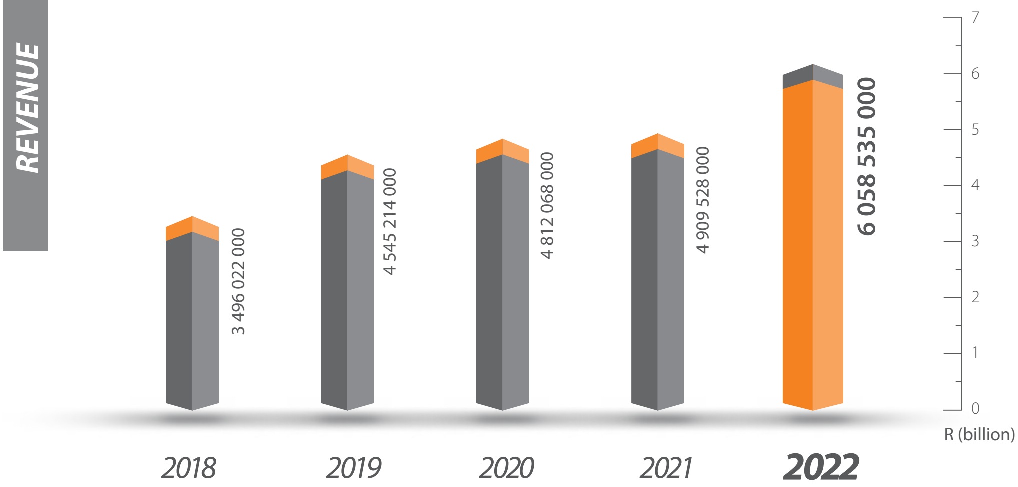
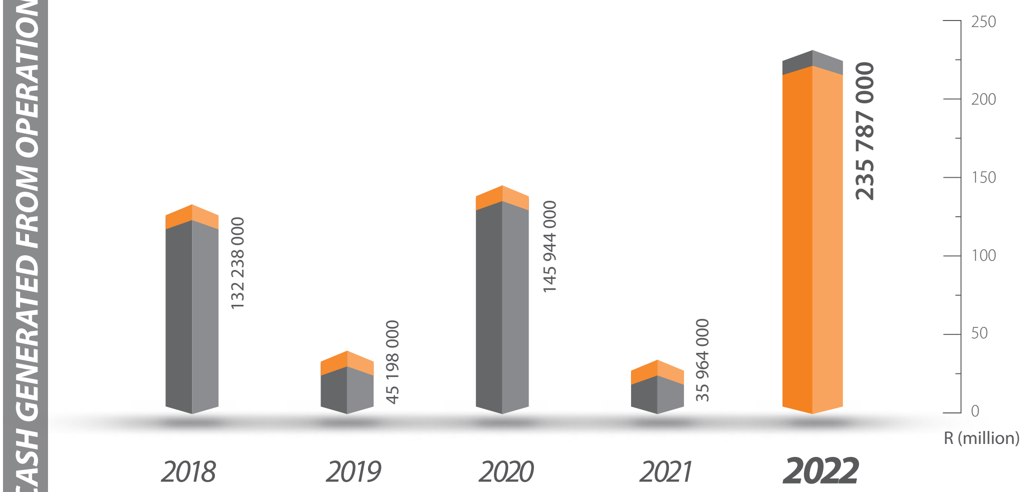
FINANCIAL INDICATORS: 5-YEAR HISTORY

REVENUE



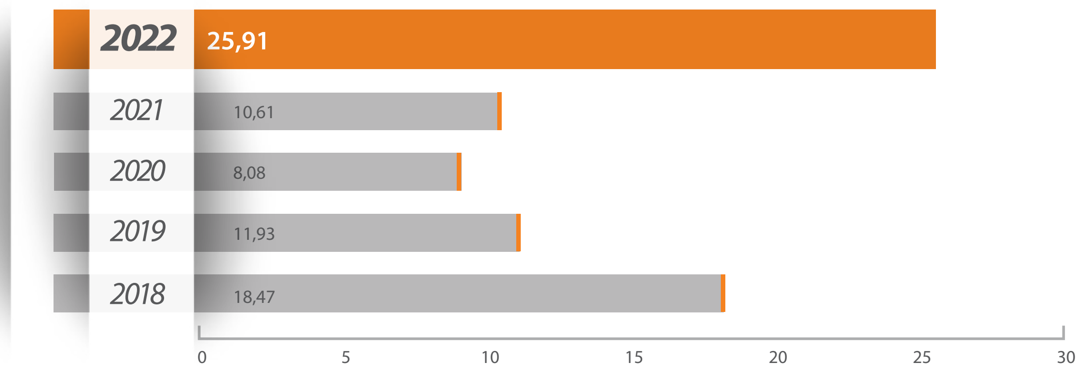
UP **23%**
to R6,06 BILLION

CASH GENERATED FROM OPERATIONS

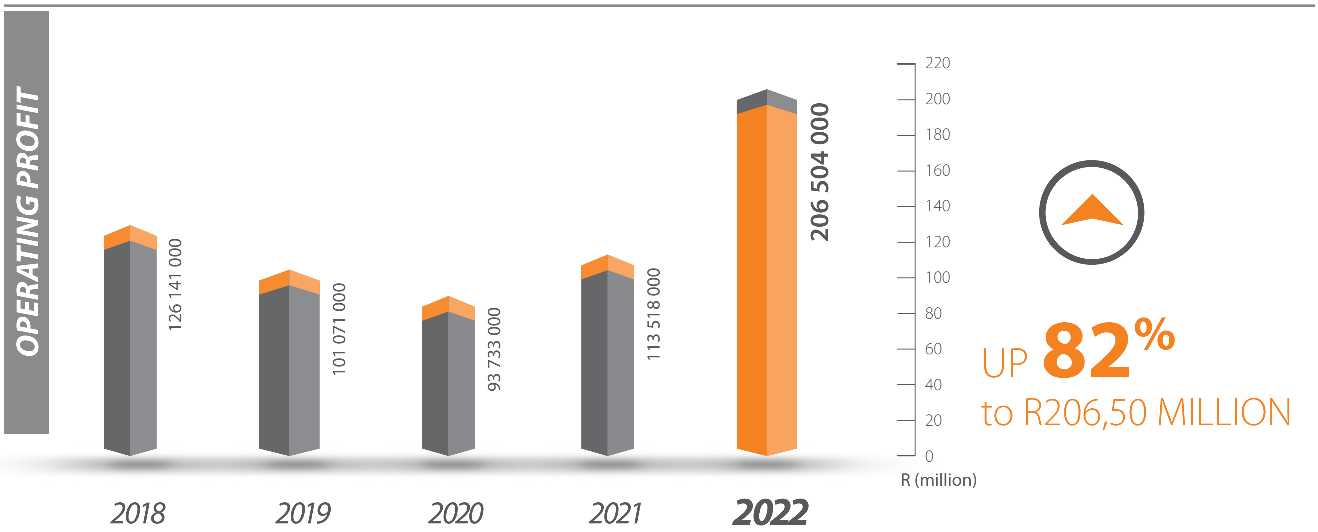


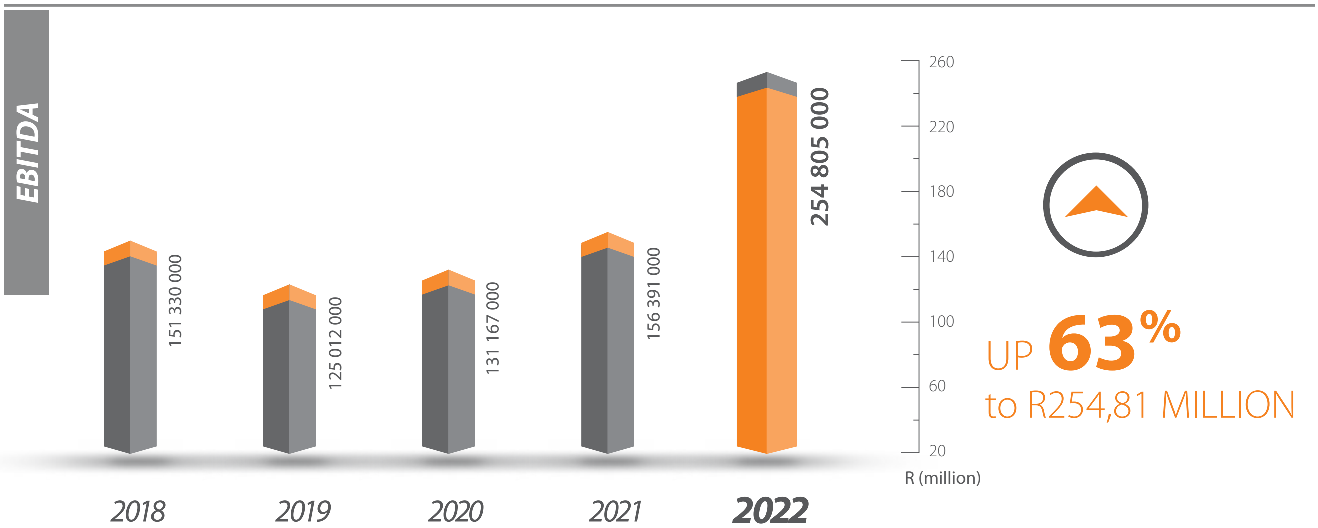
UP **556%**
to R235,79 MILLION

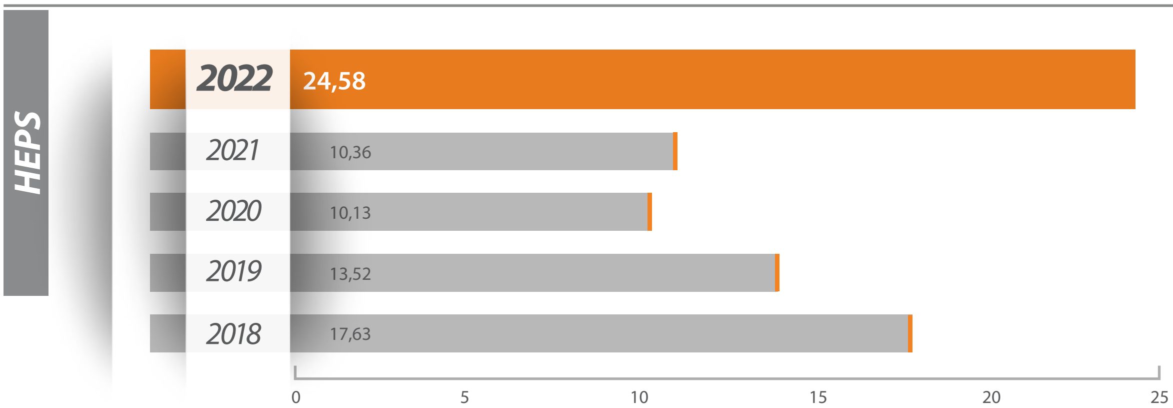
EPS



FINANCIAL INDICATORS: 5-YEAR HISTORY continued







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.

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.

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.

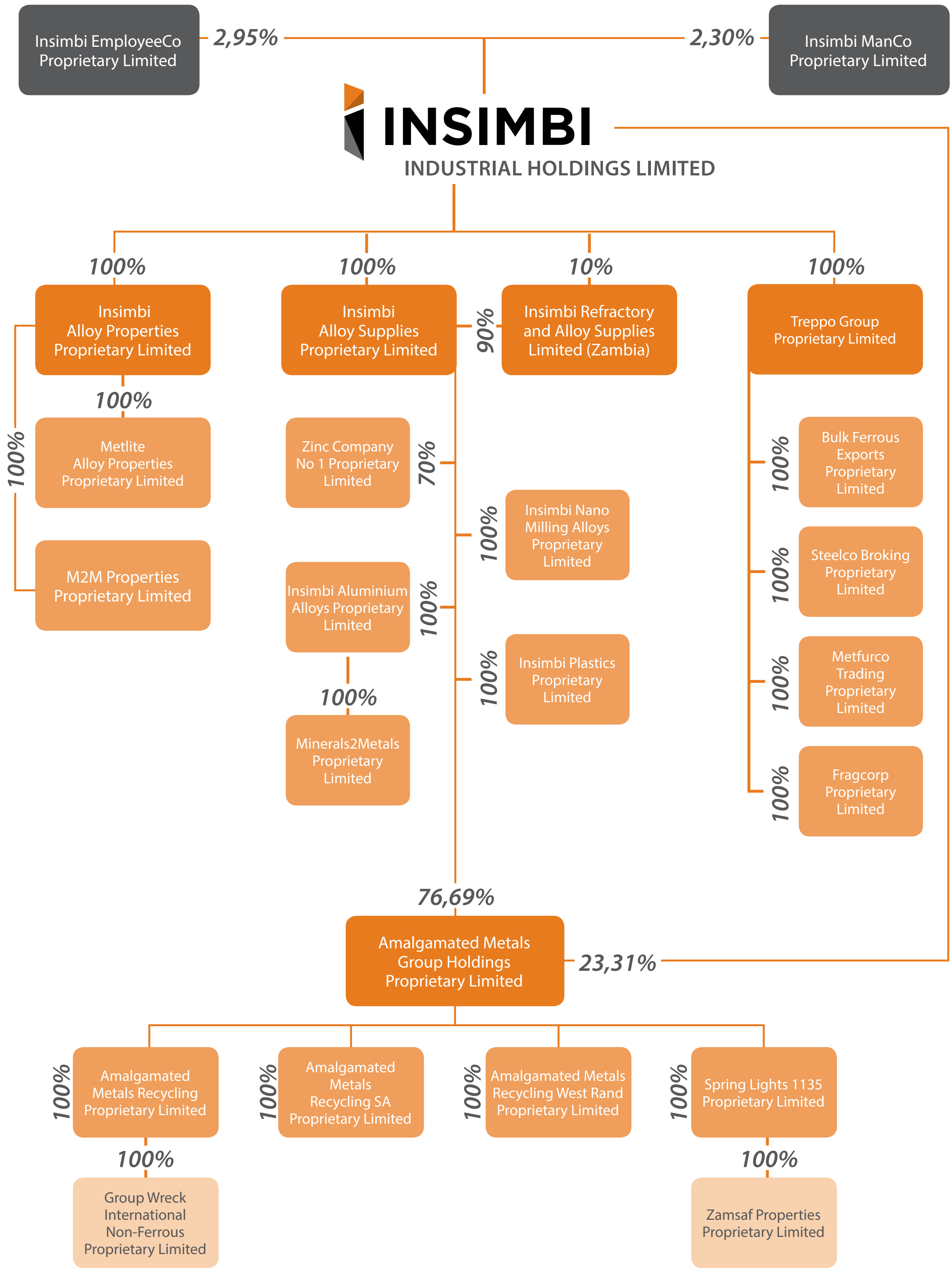
To be a diverse, customer-centric, competent and motivated leadership and workforce, supported by good people-management.

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

To be a socially and environmentally responsible organisation.

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.

GROUP STRUCTURE



GEOGRAPHIC FOOTPRINT

- Angola
- Argentina
- Australia
- Bahrain
- Botswana
- Brazil
- China
- DRC
- 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:

Cape Town

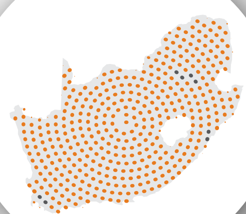
INSIMBI

Johannesburg

INSIMBI

TREPPO

AMR Amalgamated Group Holdings



eMalahleni

MINERALS2METALS

Durban

INSIMBI

TREPPO

GROUP WRECK NON-FERROUS

The past 24 months have brought many salutary lessons. While tragic on a human scale, Covid-19 has provided compelling proof that, together, we can overcome the crisis. At the same time, the global spotlight was firmly on dwindling natural resources and the need to urgently change the way we consume these resources. This is positive for Insimbi, as it goes directly to our purpose: to sustainably source, process, beneficiate and recycle metals as part of a clean-ecosystem chain.

The review period marked a return to stable operating conditions for Insimbi. We built on a solid first-half performance to deliver excellent results for the year to 28 February 2022. The year was not without its challenges, however, from national infrastructural issues affecting ports and rail networks to rising costs for input materials. These are detailed by the chief executive officer.

From the board's perspective, Insimbi has underlined its resilience over the past 24 months by adapting to volatile market and economic conditions. Through a focused diversification strategy over the past five years, it has acquired complementary businesses and integrated these into a cohesive whole. Enforced streamlining due to lockdown restrictions has created a more efficient group, producing more with less, while significantly reducing debt through disciplined financial management.

Our macro environment

The local economy is recording some growth, but a much faster and sustained pace is needed to offset the stagnation of the past decade which was only worsened by the impact of Covid-19. The ongoing closure of businesses of all sizes and in all sectors is reflected in the latest official unemployment rate of 35,3% – both are cause for great concern. This makes the slow implementation of stimulus initiatives, especially for national infrastructure, even more disappointing. Given President Ramaphosa's international drive to promote South Africa as an attractive investment, we trust that the government is taking the necessary steps to accelerate roll-out of the stimulus and provide the support our economy needs to grow at a pace that supports his ambitions. More positively, the progress being made on the anti-corruption front, while slow, does offer some hope that South Africa's reputation will improve in the global arena where the Insimbi group aims to compete.

> *Insimbi's strategy, both in product and in improving our access to ports, ensures we are now well positioned to play our role in this climate-change revolution.*

In terms of global trends, growth in the electric vehicle ("EV") manufacturing industry continues apace. This presents diverse opportunities and growth potential for our global footprint. In 2021, EV sales more than doubled to 6,6 million, almost 9% of the global car market and more than triple their market share in 2019. The combination of sizeable stimulus packages in the US, European Union and China coupled with rising demand for environmentally cleaner transport, is driving projected growth to a global market of around US$1 trillion by 2026, which translates to a compound annual growth rate ("CAGR") of over 23% between 2021 and 2026.

Growing demand for metals related to climate-change solutions is very positive for our group. Insimbi's strategy, both in product and in improving our access to ports, ensures we are now well positioned to play our role in this climate-change revolution.

Our stakeholders

In line with best practice, Insimbi takes an inclusive approach to the broader stakeholder base that underpins our sustainability.

- Our employees are vital to our success. In return for their commitment and passion, we offer attractive development opportunities and fair remuneration for performance. We are committed to our broad-based black economic empowerment ("B-BBEE") roadmap to build a representative workforce. Our goal is to continually and sustainably improve our B-BBEE rating for the group.
- Our communities are often home to our employees and suppliers. Through our enterprise and supplier development programme, we support small businesses that in turn create employment and contribute to the fiscus.
- Government and regulators: We advocate through industry bodies – such as the Metal Recyclers Association and Aluminium Federation of South Africa – for legislation that is fair and promotes equitable development in support of national economic growth and job creation.

Our governance

Insimbi's board, with a majority of non-executive directors, is focused on upholding good governance practices that adhere to requirements in the Companies Act, JSE Listings Requirements and King IV. In fulfilling its responsibility, the board is supported by statutory committees with clear mandates. Our directors bring an appropriate blend of skills and experience to bear in board decisions focused on the best interests of the company and its shareholders.

As an overarching approach to doing business, the Insimbi code of conduct defines ethical behaviour that 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.

Dividend

In the current uncertain environment, and given the impact of rising input costs on effective working capital management, the board has taken a conservative approach to dividends. Accordingly, it has elected not to declare a full-year dividend. This approach will be reviewed ahead of announcing interim results in October 2022.

Appreciation

I thank my fellow directors, our executive management team and the employees of each company in the group for their commitment, initiative and ongoing contributions to Insimbi's success. Together, we are fulfilling our vision of a diversified industrial company with a regional and global footprint.

Robert Dickerson
Chairman
25 May 2022

> Our name, Insimbi, has various metal-related translations, including 'forged' or 'forging'. It echoes both the nature of our business and our approach to stakeholder relationships.

Insimbi has produced robust results on all key metrics for the review period to 28 February 2022. This is detailed by the Chief Financial Officer, but in summary:

- **Revenue rose 23%** to **R6,1 billion**.
- **Cash generated from operations** more than **quadrupled to R236 million**, and **62% higher** than the more comparable result in 2020.
- **Net profit of R104 million is up 138%.**
- **EBITDA of R254 million** is significantly ahead of R156 million in the prior year.
- **Debt: equity ratio reduced by 23%** over the past 18 months to **80%**.
- **EPS and HEPS** are **up 144%** and **137%** respectively.

Particularly strong results for the second half reversed our traditional first-half seasonal bias, reflecting operational changes to improve efficiency and steadier revenue flows as recent acquisitions mature. We expect this more consistent financial performance within reporting periods to be sustainable.

These results also underscore the benefits of our diversification strategy to create a group with synergies and economies of scale to offset cyclicality in our key commodities. The Treppo Group was acquired in November 2019, positioning us among the market leaders for recycled ferrous metal. While this has contributed significantly to our growing local, regional and global footprint as well as diversification, the timing meant that integration was effectively delayed for a year due to the impact of the Covid-19 pandemic and resultant lockdowns. In the review period Treppo performed below targets as a result and was restructured to improve operating efficiency and address new legislation and export duties. Once fully integrated, Treppo is expected to make a valuable and sustainable contribution to group results.

OUR OPERATING ENVIRONMENT

As illustrated, prices for most of our commodities were high during the year. This benefits Insimbi's export and local revenue due to the US$ base pricing of these commodities.

We welcome the global move to cleaner production and cleaner metals, as evidenced by China's focus on closing 'dirty' steel plants, among other country-level initiatives. Cleaner metals lie at the heart of our business, and we are finding the appropriate balance for maintaining sales in the face of rising raw material costs.

The long-awaited export duties on recycled ferrous and non-ferrous metal became effective from 1 August 2021, but exporting recycled metals remains a challenge in the current environment as highlighted below.

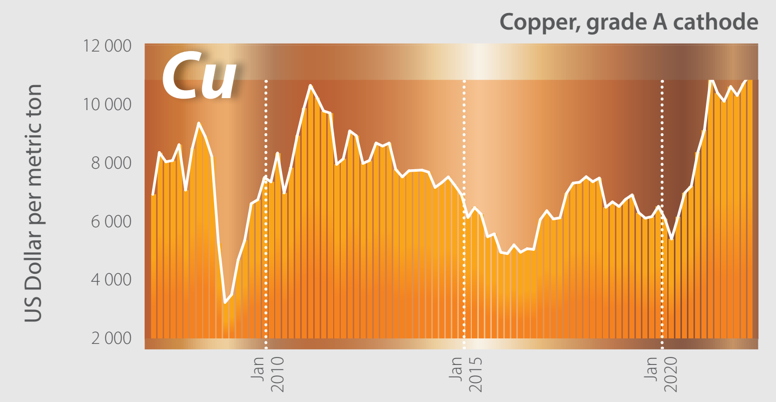
As noted at the interim stage, civil unrest in KwaZulu-Natal and Gauteng in July 2021 closed the vital N3 transport corridor for several days.

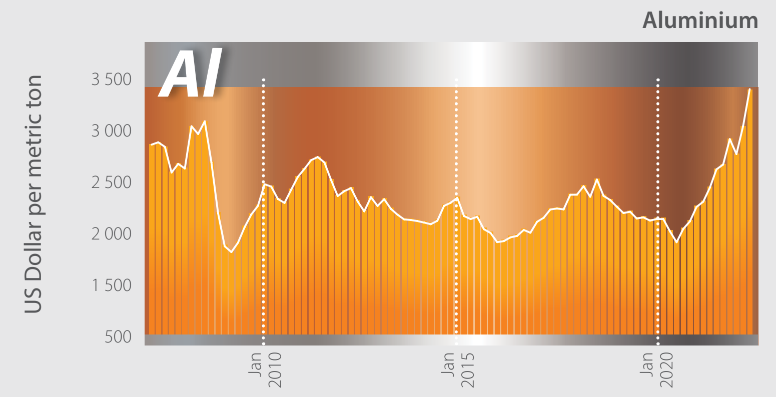
This was closely followed by the Transnet cyber-attack in August, which forced the state transport utility to declare force majeure at Durban port, with significant reputational damage. The reluctance of shipping lines to dock in Durban in the aftermath produced a months-long logistical bottleneck for both incoming and outgoing containerised goods via that port. We are managing our exports accordingly and communicating constantly with affected clients.

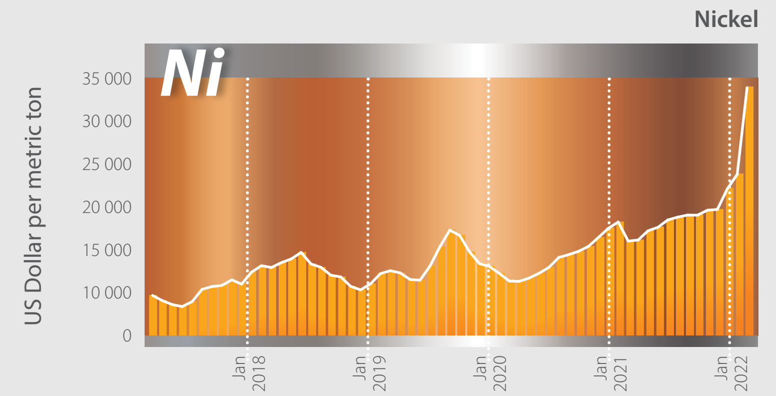
The logistical issues were compounded by the 16-day NUMSA strike in October, which again required innovative solutions to meet our contractual obligations.

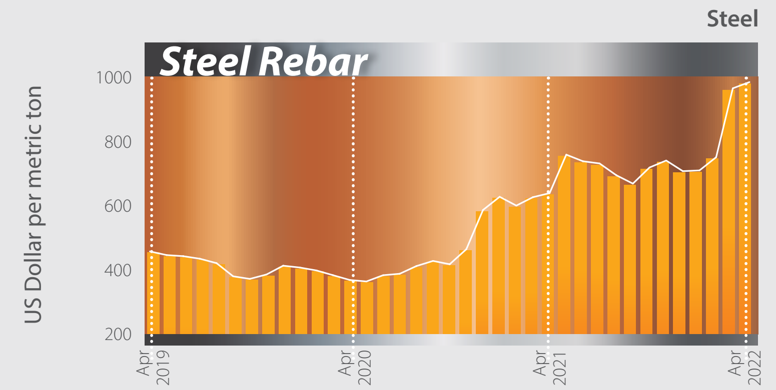
South Africa also faced its worst year of loadshedding in 2021, as state power utility Eskom battled to keep the national electricity grid stable amid constant outages at its ageing power plants. While Insimbi is largely able to operate normally through periods of zero or curtailed power, addressing the stability of Eskom is a national priority.

The rampant theft of infrastructure in the country is financially destructive and socially abhorrent, given its compounding impact on struggling communities. While Insimbi fully supports realistic initiatives to curb or, better still,









eradicate this scourge, we believe a blanket ban on exports of recycled metal is not the solution. In fact, it may well fuel the problem.

The imposition of such a ban would present only short-term challenges to our business. We are proactively preparing for the possibility, again underlining the resilience and diversified nature of the Insimbi group.

SEGMENTAL REVIEW

Ferrous

Our ferrous segment supplies raw material inputs to the local steel and stainless-steel industries and was able to resume exports after the implementation of the export duties in August 2021. However, margins came under pressure due to the continuation of the parallel preferential-pricing system for local steel mills by the International Trade Administration Commission ("ITAC"), which administers the import and export control regime across South Africa's borders. Volumes did improve which, combined with cost savings from restructuring Treppo, improved segmental performance for the year.

Once the backlog is cleared at Durban port, our ferrous segment will benefit from improved logistics for exports.

Non-ferrous

This segment performed well in its target markets which include the export, secondary aluminium, automotive and foundry industries. Prices for copper and aluminium-based non-ferrous metals remained around record levels which, coupled with a volatile exchange rate during the review period, providing a welcome stimulus for this segment.

The global trend towards eco-friendly battery-operated transportation appears well entrenched. This is positive for our non-ferrous segment, which processes and provides a range of non-ferrous metals used in manufacturing electrically propelled vehicles.

Refractory

Our refractory business is a small component of revenue, but provides important products and technical support to the platinum group metal ("PGM") and steel industries. It continued to perform well, comfortably exceeding the record achieved in the prior financial year as a result of demand, mainly in its core focus area – supplying high-grade refractory materials for rotary kilns in the cement and paper and pulp industries.

Plastics

This segment continued to improve but remains a non-core operation. We are assessing the most appropriate options in the best interests of the broader Insimbi group's continued growth.

OUTLOOK

The Insimbi group met the challenges of the fiscal year 2022 ("FY22") head on, reinforcing its resilience under volatile conditions and the commitment of our teams. In summary, Insimbi has:

- Translated the enforced cost-cutting in 2021 into a core discipline and focus area.
- Proven its ability to adapt swiftly to changing circumstances and the economic environment, achieving more with less.
- Established the group as an industry leader in its target markets.
- Generated 23% more revenue and 82% higher operating profit as a diversified industrial group.

Going forward, our focus remains on recycling and beneficiating ferrous and non-ferrous metals for supply to local and export clients. Insimbi generates strong positive cash flows and we are steadily de-gearing our balance sheet to facilitate potential strategic acquisitions.

While the integration and rationalisation of acquisitions over the past five years is almost complete, in the short to medium term, our focus is on growing organically by capitalising on existing available capacity without increasing fixed costs.

We are confident about the year ahead for our group. A return to meaningful economic growth in South Africa and any progress on infrastructural development will generate additional tailwinds.

APPRECIATION

This has been a very different financial year to the fiscal year of 2021 ("FY21"), although challenging for different reasons. Operating any business in South Africa requires fortitude and I thank my colleagues and directors for their commitment to our management team and the Insimbi Group. Without your support, we would not have delivered such excellent results, nor be so well equipped to face future challenges.

I also thank and recognise all our stakeholders including shareholders, customers and suppliers. Your support is the cornerstone of our continued growth.

Frederick Botha
Chief Executive Officer
Johannesburg
25 May 2022

CHIEF FINANCIAL OFFICER'S REPORT

OVERVIEW

The 2021 financial year has been an interesting year with many new challenges, while the pandemic continues to affect many economies across the globe in some way. Insimbi Group has adapted to the "new normal" and has become more efficient and resilient in its operations.

REVENUE AND GROSS PROFIT

Group revenue increased by 23% from R4,9 billion to R6,1 billion. This increase is attributable to rising commodity prices and an overall improvement in economic conditions globally, as well as in South Africa. Gross profit has increased by 27% from R454 million to R576 million as a result of improved margins supported by the upward trend in commodity prices.

OPERATING PROFIT AND COSTS

The group posted an operating profit of R207 million, compared to R114 million in the previous year. Operating expenses increased by 11% from R348 million to R386 million. The largest contributors in this area (when compared to the prior year) are fuel and toll expenses (up by 10%), insurance (up by 25%), repairs and maintenance (up by 20%) and employee costs (up by 14%). The increase in employee costs is largely due to the salary sacrifices that were made by all our employees across the group in the prior year due to the pandemic.

FINANCE COSTS

Finance costs increased from R54 million to R62 million, as a result of increased short-term facilities (such as overdraft and receivables financing facilities) to support the increased trading conditions. The group minimises interest paid externally by redistributing funds through a centralised treasury function.

WORKING CAPITAL

Trade and other receivables at year end amounted to R622 million, compared to R720 million at the previous financial year-end. Trade receivables remain well managed, the group has not experienced any major defaults, and an Expected Credit Loss ("ECL") of 1,03% was provided for. Inventories at year end amounted to R328 million (2021: R198 million). With a volatile shipping environment, the group now carries 23 days' stock compared to 14 days at the previous financial year-end. Net working capital (Trade and other receivables + stock – trade and other payables) remained consistent at R586 million, compared to

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

R588 million at the previous financial year-end. Net working capital days improved from 18 days to 9 days.

SHARE CAPITAL

Shares in issue decreased from 440 000 000 in the previous year, to 421 538 462 as a result of the Specific Repurchase as approved at the General Meeting held on 4 June 2021. At this meeting the shareholders approved the repurchase of 18 461 538 shares at R0,08125, or R150 000 in total. These shares have subsequently been cancelled.

CASH FLOW AND GEARING

Cash generated from operations increased from R36 million in 2021 to R236 million, as a result of the performance of the group. The net bank overdraft at year end was R100 million compared to R260 million for the comparative period.

The debt to equity ratio at year end reduced to 80% from 126% in 2021. Although short-term facilities have been increased, the group settled a significant amount of vendor debt relating to the acquisitions from 2016 – 2019. More details can be found in the Annual Financial Statements in note 20.

OUTLOOK

Insimbi Group has faced some significant challenges in the past year: the aftermath of the pandemic, the riots in July of 2021, the cyber hack at Transnet resulting in a standstill at Durban Port and a volatile shipping environment to name just a few. Insimbi has, however, emerged strong and we are excited to see what the new financial year will hold for the group.

Nadia Winde
Chief Financial Officer
Johannesburg
25 May 2022

DIRECTORATE: EXECUTIVE DIRECTORS

FREDERICK BOTHA (58)

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 (48)

Chief Executive Officer: Amalgamated Metals Recycling group

Member of the Executive Committee

Over the past 22 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 (34)

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 (69)

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 (54)

Non-executive Director

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

BCom (University of Johannesburg)

Pamela 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 (61)

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.

CLEOPATRA SALAPHI NTSHINGILA (57)

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.

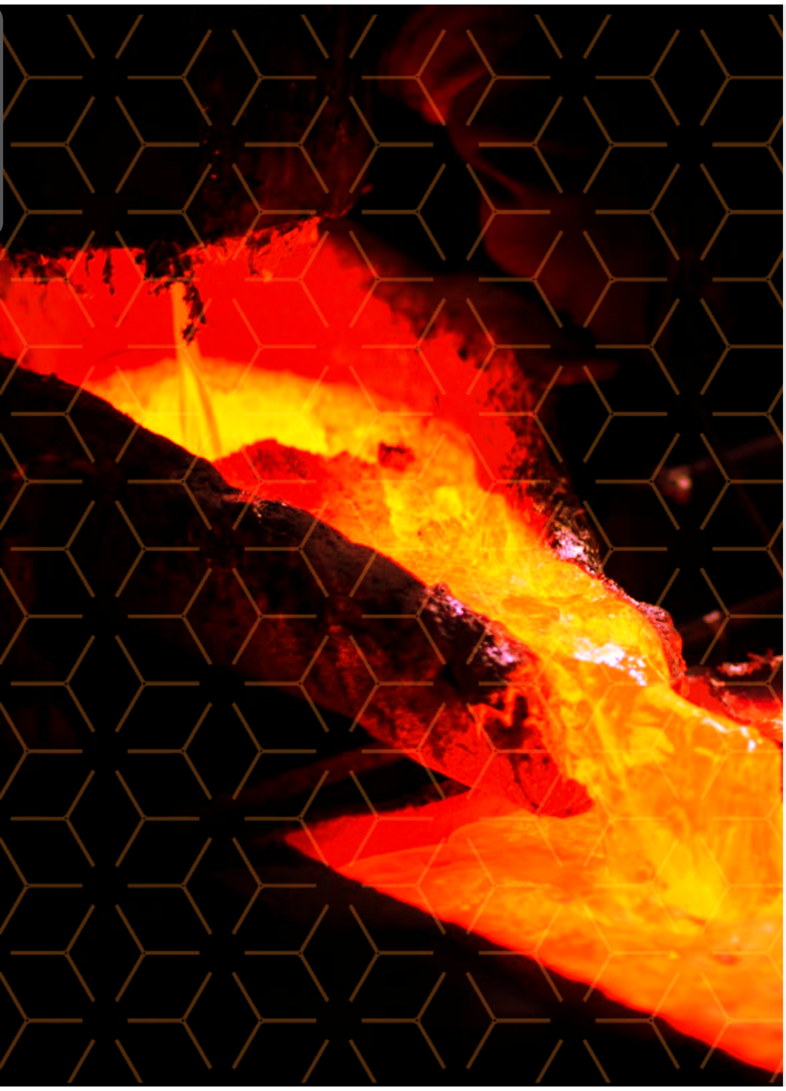
MATSELISO MADHLOPHE (36)

Group Company Secretary

Governance Practitioner (Chartered Governance Institute of Southern Africa)

Matseliso started her career in Public Sector and joined Insimbi in April 2019 as Group Assistant Company Secretary.

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



The board provides leadership to the group and is accountable for overall oversight of the company and stakeholders relationships. The board ensures that requirements set out in the Companies Act 71 of 2008, JSE Listing and King IV report on Corporate Governance are adhered to. The board is supported by a number of committees; to which it has delegated certain authorities.

GOVERNANCE STRUCTURE

Insimbi maintains a unitary board structure with both executive and non-executive directors serving on one 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.

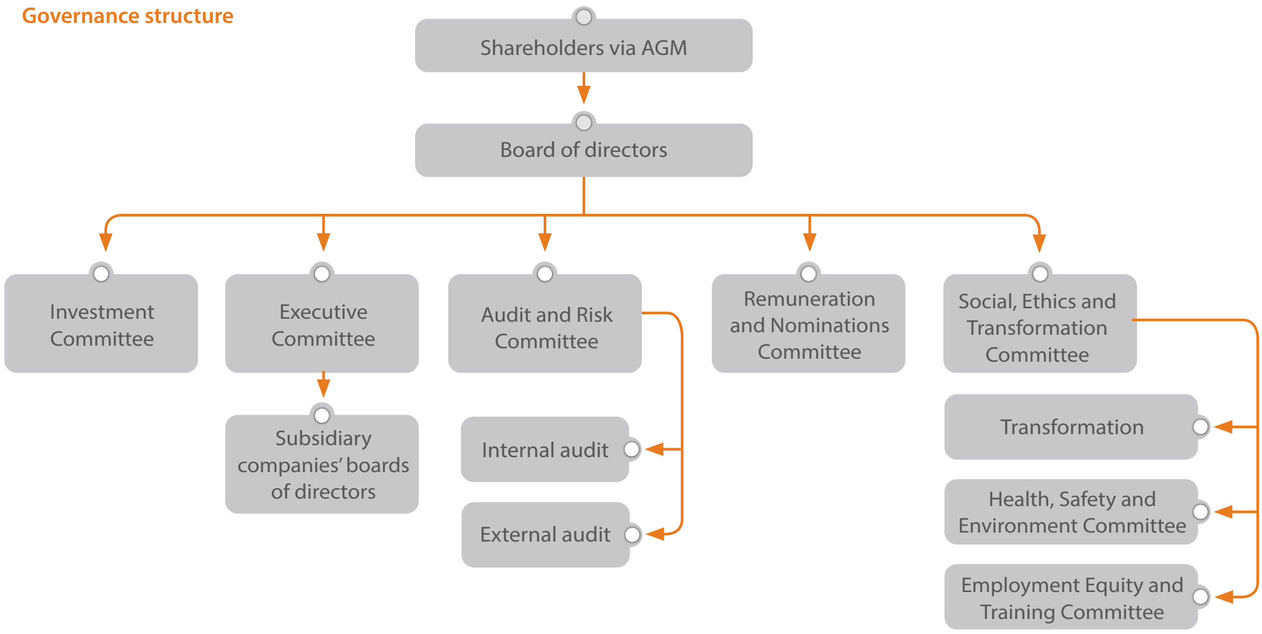
Delegation of Authority and operational governance

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. There is a clear distinction of responsibilities, duties, authority and balance of power at board level.

Information Technology ("IT") governance

The IT Steering Committee implements and execute the information and technology governance programme. The Audit and Risk Committee is delegated by the board to maintain oversight role regarding IT governance and report to the board.

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 16 to page 18.

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. The board formally adopted, through the Nominations Committee, a Diversity Policy and reviews it every two years. At the time of reporting, the board comprises seven members: two black females, one white female, one black male and three white males.

Board gender diversity

Board transformation

Chairperson of the board

Mr RI Dickerson leads the board, ensuring that it works as a team and to the best interest of the company. The roles of Chairperson and Chief Executive Officer are separated and delineated, each with clearly defined responsibilities. Mr RI Dickerson has been the Chairperson since December 2017 and is an independent non-executive director.

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

Each year, the board undertakes assessment of its own effectiveness and performance and that of its committees by means of an evaluation questionnaire. Results of the evaluations demonstrate that the board and the board committees have fulfilled their responsibilities.

Appointments to the board

The board through the Nominations Committee evaluates potential candidates. The Nominations Committee also assists the board in reviewing succession planning annually and includes the identification, mentorship and development of future candidates.

Board responsibilities

The board is responsible for setting strategic plan and 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. 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 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	4*	n/a	n/a	n/a	n/a
F Botha	4	2*	1*	2*	1
C Coombs	3	n/a	n/a	n/a	1
RI Dickerson	4	2	1	n/a	1
EP Liechti	4*	n/a	n/a	2*	n/a
IP Mogotlane	4	2	n/a	2	n/a
N Mwale	3	n/a	1	n/a	1
CS Ntshingila	4	2	1	2	n/a
N Winde	4	2*	1*	2	1
Total number of meetings	**4**	**2**	**1**	**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 two meetings during the year under review, on 24 May 2021 and 2 December 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 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 12 May 2021.

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, ethical and transformation 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 2 March 2021 and 7 September 2021.

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 21 July 2021.

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 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.

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 6 July 2022 at 10:00 on virtual platform, details of the annual general meeting are included in the notice of the meeting on pages 105.

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.

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.

Insimbi remains committed to making meaningful and measurable difference in community in which it operates in. As a responsible corporate citizen, Insimbi aims to improve the livelihood in society through Enterprise and Supplier Development, sponsorships and socio-economic development.

The committee was established in accordance with the provisions of section 72(4) of the Companies Act 71 of 2008 ("Companies Act") and has adopted a charter aligned to requirements of the Companies Act, the JSE listing Requirements and King IV.

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, Mr F Botha (Group CEO), 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 standing invitees at the meetings.

FUNCTIONING

Ethics and code of conduct

The committee monitors ethical issues and reputational risks by conducting an ethic survey, as well as regulatory and general developments. It also monitors transformation initiatives and its progress against the B-BBEE 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 contributor level as the result of a significant investment and spend on skills development and preferential procurement. The group continues to provide Enterprise and Supplier Development and substantially increased its spend on black-owned businesses.

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. 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.

The group regularly measures the air emissions of all its 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 skills development and empower both employed and un-employeed people. The group implemented 14 new learnerships of which 10 were unemployed youth and 4 were staff members. The group further funded both employed and un-employed individuals with studies at numerous institution of higher education through the group bursary initiative during the financial year ending February 2022. Several mandatory and skills development training programmes were implemented and the group will continuously implement bursaries and training strategies to upskill staff.

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.

LABOUR AND EMPLOYMENT

Employment Equity and Training Committee

Each entity within the Insimbi Group has its own Employment Equity and Training Committee and consists of representation of all level of employment and proper representation across all race groups and gender to ensure accurate representation and focus skills development. The committees met three times during the year under review.

The Employment Equity and Training Committees reports to the Social, Ethics and Transformation Committee.

Wellness

Insimbi provides its lower-income earners with basic 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.

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 May 2022

The Remuneration Committee is responsible for ensuring that the organisation remunerates fairly, and gives direction and advise the board on remuneration related matters specifically for the executive top management.

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 company maintains a performance-based culture. The performance of executive directors and senior management is 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. The company is also in process of implementing the same KPI structure for other staff to align the interests of all staff with those of management and shareholders. This is expected to be completed in the next financial year.

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 95 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 2022 financial year represent an increase of 3,5% over that of the prior year.

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 accordance with the recommendations of the King IV Report, resolutions on the remuneration policy and remuneration implementation report were presented for non-binding advisory voting by shareholders at the Annual General Meeting (AGM) held on 6 August 2021 and the remuneration policy and remuneration implementation report received support at 100% votes.

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.

PERFORMANCE AND RE-ELECTION

In terms of the memorandum of incorporation, one-third of the non-executive directors should retire by rotation. Mr N Mwale will retire by rotation at the annual general meeting scheduled for 6 July 2022 and will be eligible and has made himself available for re-election. The committee recommends him for re-election to the board.

AUDIT AND RISK COMMITTEE

Ms CS Ntshingila, Ms IP Mogotlane and Mr RI Dickerson were re-elected by the shareholders at the AGM held 6 August 2021 as members of the Audit and Risk Committee, to serve for a one-year term, until the 2022 annual general meeting.

APPROVAL

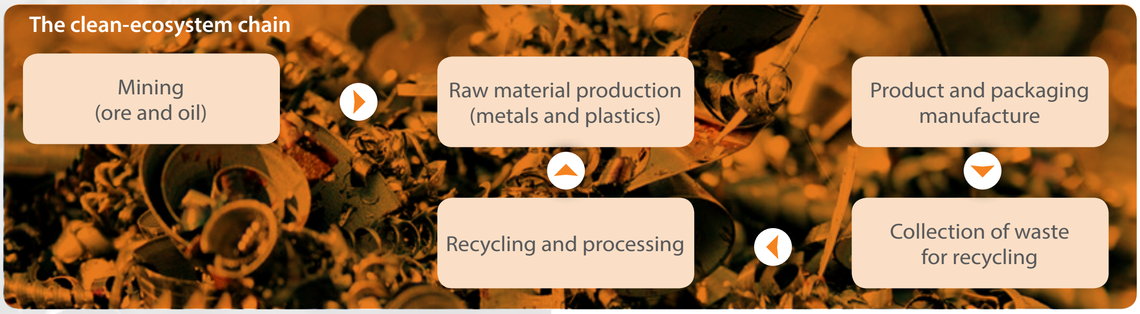
This Remuneration and Nominations report has been approved by the board of directors of Insimbi.

RI Dickerson	**N Mwale**
Chair:	Chair:
Nominations Committee	Remuneration Committee
25 May 2022	25 May 2022

Insimbi recognises the importance of fulfilling its corporate social responsibility, by considering its impact on the environment and society and to contribute to the resolution of social issues through its business activities.

We are significant role-players in reducing waste by actively clearing it 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.

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.

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 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 group 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 Group 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 to ensure sustainability and proper succession planning. Ten Business Administration Learnerships, and four General Education Training Certificate ("GETC") in Transport learnerships initiatives were implemented in the 2021/2022 financial year period, and numerous bursary funding to both employed and unemployed learners were granted to ensure continuous skills development across the group.

Employment equity

Our current employee breakdown by race and gender is as indicated below.

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 socio political 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.

Socio-Economic 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

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	8	3	0	0	0	1	1	0	**13**
Senior management	11	8	2	1	0	1	1	0	**24**
Middle management	6	10	7	2	3	0	1	0	**29**
Junior management	26	11	16	18	0	3	0	3	**77**
Semi-skilled	24	16	269	20	2	3	4	1	**339**
Unskilled	5	4	131	18	0	0	0	0	**158**
Grand total	**80**	**52**	**425**	**59**	**5**	**8**	**7**	**4**	**640**

100% Black Owned, through the Supplier Development Programme. The funding provided to these beneficiaries is based on their individual enterprise or suppliers 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 group 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 group. Where the group 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.

2 FINANCIAL STATEMENTS

3 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 consolidated and separate annual financial statements ("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 and company's cash flow forecast for the 15 months to 31 May 2023 and, in the light of this review and the current financial position, they are satisfied that the group and company 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 39 to 42.

The annual financial statements set out on pages 43 to 103 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 May 2022 and signed on its behalf by:

F Botha
Chief Executive Officer
Johannesburg
25 May 2022

N Winde
Chief Financial Officer
Johannesburg
25 May 2022

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

M Madhlophe
Company Secretary
Johannesburg
25 May 2022

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 43 to 103, 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 May 2022

N Winde
Chief Financial Officer
Johannesburg
25 May 2022

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 28 February 2022. 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.

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 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, details of the number of meetings held and attendance by committee members can be found on page 21.

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 committee considered and satisfied itself on the expertise and experience of the Chief Financial Officer Mrs N Winde.

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, is in place to govern the use and safeguarding of information systems and networks throughout the company.

The risks regarding the security, back-up, conversion and update of the Information Technology systems are continually addressed. Disaster recovery plans are regularly reviewed.

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 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 19 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 6 July 2022: 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 considered the appropriateness and expertise of the finance function in accordance with the JSE Listings Requirements and governance best practice.

Following the review and evaluation of the integrated annual report 2022, 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 ("IFRS") and recommended it to the board for approval.

On behalf of the Audit and Risk Committee

CS Ntshingila
Chair: Audit and Risk Committee
25 May 2022

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 103, which comprise the consolidated and separate statements of financial position as at 28 February 2022, 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 2022, 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.

<table>
<tr><th>Key audit matter (Group)</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Annual impairment assessment of goodwill - Refer to 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.
</td><td>
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.
</td></tr>
</table>

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 2022 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

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

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.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Moore Cape Town Inc. has been the auditor of Insimbi Industrial Holdings Limited for 2 years.

Moore Cape Town

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

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

30 May 2022

2nd Floor Block 2
Northgate Park
Paarden Eiland
7406

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 2022. The consolidated and separate financial statements for the year ended 28 February 2022 were approved by the directors at a meeting held on 25 May 2022.

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 2022 are set out herein with commentary in the Chairman's, CEO's and CFO's reports.

SHARE CAPITAL

The issued share capital is 421 538 462 shares. At the General Meeting held on 4 June 2021, the shareholders approved the repurchase of 18 461 538 shares at R0,08125 each, or R150 000 in total. These shares have subsequently been cancelled.

DIVIDEND

No interim dividend was declared for the 2022 or 2021 financial years. Given the uncertainty that prevails in the current local and global markets, the board has elected not to declare a final dividend (2021: 0 cents).

EVENTS AFTER THE REPORTING PERIOD

There are no material facts or circumstances after 28 February 2022 that will affect the results being reported.

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 3,5%.
- 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 2022, Insimbi held the following interests in the subsidiaries listed below:

Name of subsidiary	Par value of issued shares	**Percentage holding 2022 %**	Percentage holding 2021 %	**Indebtedness 2022 R'000**	Indebtedness 2021 R'000
Insimbi Alloy Supplies Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**163 694**	164 598
Insimbi Alloy Properties Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**11 022**	7 811
Insimbi Refractory and Alloy Supplies Limited, incorporated in Zambia*	10 ordinary shares of K1 000 each	**10**	10	**–**	–
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**	100	**69 636**	193 866
Interest in subsidiaries through Insimbi Alloy Supplies Proprietary Limited					
Insimbi Aluminium Alloys Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**43 550**	45 679
Insimbi Modular Plastics Proprietary Limited#	120 ordinary shares of R1 each	**–**	100	**–**	–
Insimbi Nano Milling Proprietary Limited	100 ordinary shares of no par value	**100**	100	**663**	1 312
Insimbi Refractory and Alloy Supplies Limited, incorporated in Zambia*	90 ordinary shares of K1 000 each	**90**	90	**–**	–
Insimbi Plastics Proprietary Limited	200 ordinary shares of R1 each	**100**	100	**31 275**	29 155
Amalgamated Metals Group Holdings Proprietary Limited*	65 808 ordinary shares of no par value	**76,69**	76,69	**2 227**	2 227
Zinc Company No 1 Proprietary Limited	3 500 000 ordinary shares of R1 each	**70**	70	**–**	–

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

\# *The company was dormant, and has been deregistered in the current financial year, therefore the shareholding is zero.*

INTERESTS IN SUBSIDIARIES CONTINUED

Name of subsidiary	Par value of issued shares	Percentage holding 2022 %	Percentage holding 2021 %	Indebtedness 2022 R'000	Indebtedness 2021 R'000
Interest in subsidiaries through Insimbi Alloy Properties Proprietary Limited					
Metlite Alloy Properties Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**(1 027)**	(775)
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	**9 229**	37 394
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**	100	**–**	–
Fragcorp Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**12 000**	12 000
Metfurco Trading Proprietary Limited	100 ordinary shares of R1 each	**100**	100	**–**	–
Steelco Broking Proprietary Limited	200 ordinary shares of R1 each	**100**	100	**–**	–

DIRECTORATE

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

DIRECTORS' AND PRESCRIBED OFFICERS' INTERESTS

As at 28 February 2022, the directors' and prescribed officers' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the company amounted to 50,81% (2021: 45,60%) in aggregate. The interests of the directors and prescribed officers are as follows:

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
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	**26 940 034**	27 404 955		–	**–**	–	**250 000**	250 000
EP Liechti	**24 000 000**	26 983 527		–	**–**	–	**250 000**	250 000
Total	**87 787 334**	91 235 782	**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, no directors or prescribed officers have disposed of any of the shares held by them as at 28 February 2022.

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 as set out below:

	Fees 2022 R'000	**Salary 2022 R'000**	**Expense allow-ances* 2022 R'000**	**Pension fund contri-butions 2022 R'000**	**Incentive bonus 2022 R'000**	**Share-based payments 2022 R'000**	**Total 2022 R'000**	Total 2021 R'000
Executive								
F Botha	**–**	**3 505**	**1 223**	**–**	**3 281**	**–**	**8 009**	4 978
C Coombs	**–**	**3 613**	**110**		**2 624**		**6 347**	5 411
A de Wet[1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	1 369
N Winde	**–**	**1 851**	**–**	**192**	**300**	**53**	**2 396**	1 785
Total executive	**–**	**8 969**	**1 333**	**192**	**6 205**	**53**	**16 752**	13 543
Non-executive								
RI Dickerson	**643**	**–**	**–**	**–**	**–**	**–**	**643**	624
IP Mogotlane	**395**	**–**	**–**	**–**	**–**	**–**	**395**	374
N Mwale	**362**	**–**	**–**	**–**	**–**	**–**	**362**	358
C Ntshingila	**449**	**–**	**–**	**–**	**–**	**–**	**449**	424
Total non-executive	**1 849**	**–**	**–**	**–**	**–**	**–**	**1 849**	1 780

** Includes medical aid and travel allowances.*
1 Resigned 30 September 2020.

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS CONTINUED

	Fees 2022 R'000	Salary 2022 R'000	Expense allow-ances* 2022 R'000	Pension fund contri-butions 2022 R'000	Incentive bonus 2022 R'000	Share-based payments 2022 R'000	Total 2022 R'000	Total 2021 R'000
Prescribed officers								
EP Liechti	–	2 840	274	–	–	–	3 114	2 805
CF Botha	–	2 343	517	–	–	–	2 861	2 580
D de Beer	–	2 145	84	231	–	106	2 567	2 383
S Green	–	1 736	213	296	–	137	2 382	2 141
CM Lindeque	–	958	216	164	1 312		2 650	2 161
M Oppert	–	3 090	18	–	258	–	3 365	3 011
A Oppert	–	1 649	–	–	137	–	1 787	1 602
Total prescribed officers[2]	–	14 762	1 322	692	1 707	243	18 726	16 683
Total	1 849	23 731	2 655	884	7 912	296	37 326	32 006

* *Includes medical aid and travel allowances.*
1. *Resigned 30 September 2020.*
2. *Paid by the relevant subsidiary.*

AUDITOR

Moore Cape Town Incorporated continued as the group auditor for the 2022 financial year end.

GOING CONCERN

The directors have reviewed the group and company's cash flow forecast for the 15 months to 31 May 2023 and, in light of this review and the current financial position, they are satisfied that the group and company 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.

ADDRESSES:

Physical address
Stand 359
Crocker Road
Wadeville
Extension 4
Germiston
1407
Gauteng

Postal address
PO Box 14676
Wadeville
Germiston
1422
Gauteng

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2022

		GROUP		COMPANY	
	Note	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Revenue	23	**6 058 535**	4 909 528	**35 759**	67 371
Cost of sales	24	**(5 482 429)**	(4 455 906)	**(492)**	(447)
Gross profit		**576 106**	453 622	**35 267**	66 924
Other operating income	25	**14 751**	11 267	**–**	–
Other operating gains/(losses)	26	**1 147**	(3 848)	**–**	–
Other operating expenses	27	**(385 500)**	(347 523)	**(30 733)**	(32 801)
Operating profit		**206 504**	113 518	**4 534**	34 123
Investment income	28	**723**	2 227	**14 995**	425
Finance costs	29	**(62 206)**	(53 736)	**(23 307)**	(30 883)
Income from equity-accounted investments		**4 614**	2 621	**–**	–
Profit before taxation		**149 635**	64 630	**(3 778)**	3 665
Taxation	30	**(45 389)**	(20 750)	**855**	(2 433)
Profit for the year		**104 246**	43 880	**(2 923)**	1 232
Total comprehensive income for the year		**104 246**	43 880	**(2 923)**	1 232
Profit attributable to:					
Owners of the parent		**104 246**	43 880	**–**	1 232
Earnings per share for profit attributable to equity holders					
Per share information					
Basic earnings per share (c)	31	**25,91**	10,61	**–**	–
Diluted earnings per share (c)	31	**24,93**	10,02	**–**	–

The accounting policies on pages 52 to 66 and the notes on pages 67 to 103 form an integral part of the annual financial statements.

STATEMENTS OF FINANCIAL POSITION

for the year ended 28 February 2022

	Note	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Assets					
Non-current assets					
Property, plant and equipment	3	**392 268**	436 017	**5 718**	5 536
Goodwill	4	**170 484**	170 484	**–**	–
Intangible assets	5	**7 140**	7 611	**–**	–
Investments in subsidiaries	6	**–**	–	**137 371**	137 371
Investments in joint ventures	7	**1 513**	1 609	**–**	–
Lease receivable	9	**2 511**	2 846	**–**	–
Deferred tax	11	**11 125**	14 457	**3 352**	1 119
		585 041	633 024	**146 441**	144 026
Current assets					
Inventories	12	**327 713**	198 418	**–**	–
Loans to group companies	8	**–**	–	**343 300**	494 046
Trade and other receivables	13	**622 309**	719 962	**3 156**	10 929
Lease receivable	9	**337**	191	**–**	–
Current tax receivable		**3 970**	4 104	**–**	–
Cash and cash equivalents	15	**57 379**	68 451	**–**	37
		1 011 708	991 126	**346 456**	505 012
Total assets		**1 596 749**	1 624 150	**492 897**	649 038
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	16	**208 002**	208 502	**230 477**	230 627
Reserves		**51 985**	50 737	**7 166**	5 918
Retained income/(accumulated loss)		**356 184**	253 186	**(67 999)**	(63 828)
		616 171	512 425	**169 644**	172 717
Liabilities					
Non-current liabilities					
Financial liabilities at amortised cost	20	**199 220**	292 589	**109 807**	157 846
Lease liabilities	21	**14 647**	10 181	**–**	–
Deferred tax	11	**37 261**	44 306	**–**	–
Contingent consideration		**870**	870	**–**	–
		251 998	347 946	**109 807**	157 846
Current liabilities					
Trade and other payables	22	**363 668**	330 840	**18 144**	8 759
Loans from group companies	19	**–**	–	**1 027**	775
Financial liabilities at amortised cost	20	**350 868**	419 677	**191 332**	307 127
Derivatives	14	**312**	723	**–**	–
Lease liabilities	21	**2 887**	848	**–**	–
Current tax payable		**10 845**	11 691	**2 943**	1 814
		728 580	763 779	**213 446**	318 475
Total liabilities		**980 578**	1 111 725	**323 253**	476 321
Total equity and liabilities		**1 596 749**	1 624 150	**492 897**	649 038

The accounting policies on pages 52 to 66 and the notes on pages 67 to 103 form an integral part of the annual financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2022

	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	Total equity R'000
GROUP							
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
Profit for the year	**–**	**–**	**–**	**–**	**–**	**104 246**	**104 246**
Transfer between reserves	**–**	**–**	**–**	**–**	**1 248**	**(1 248)**	**–**
Purchase of own/treasury shares	**(500)**	**–**	**(500)**	**–**	**–**	**–**	**(500)**
Total changes	**(500)**	**–**	**(500)**	**–**	**1 248**	**102 998**	**103 746**
Balance at 28 February 2022	**230 127**	**(22 125)**	**208 002**	**44 819**	**7 166**	**356 184**	**616 171**
COMPANY							
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
Profit for the year	**–**	**–**	**–**	**–**	**–**	**(2 923)**	**(2 923)**
Transfer between reserves	**–**	**–**	**–**	**–**	**1 248**	**(1 248)**	**–**
Purchase of own/treasury shares	**(150)**	**–**	**(150)**	**–**	**–**	**–**	**(150)**
Total changes	**(150)**	**–**	**(150)**	**–**	**1 248**	**(4 171)**	**(3 073)**
Balance at 28 February 2022	**230 477**	**–**	**230 477**	**–**	**7 166**	**(67 999)**	**169 644**
Notes	16	16	16	18	17		

The accounting policies on pages 52 to 66 and the notes on pages 67 to 103 form an integral part of the annual financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 28 February 2022

	Note	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cash flow from operating activities					
Cash generated from operations	32	**235 787**	35 964	**(50 329)**	(33 827)
Interest income	28	**416**	1 833	**1**	425
Tax paid	33	**(49 814)**	(10 347)	**(249)**	(2 876)
Net cash from/(used in) operating activities		**186 389**	27 450	**(50 577)**	(36 287)
Cash flow from investing activities					
Additions to property, plant and equipment	3	**(11 767)**	(16 560)	**(636)**	(422)
Proceeds on disposal of property, plant and equipment	3	**41 444**	2 972	**–**	–
Dividend from investment in joint venture		**4 614**	2 181	**–**	–
Loans advanced to group companies		**–**	–	**(1 275 565)**	(1 192 051)
Loans advanced to group companies repaid		**–**	–	**1 513 780**	1 264 341
Net cash from/(used in) investing activities		**34 291**	(11 407)	**237 579**	71 868
Cash flow from financing activities					
Purchase of treasury shares	16	**(500)**	(348)	**(150)**	–
Proceeds from financial liabilities	34	**111 822**	40 000	**–**	21 365
Repayment of financial liabilities	34	**(280 621)**	(27 034)	**(163 834)**	(28 463)
Proceeds from loans from group companies		**–**	–	**1 999**	2 098
Repayment of loans from group companies		**–**	–	**(1 747)**	(1 102)
Finance costs	29	**(60 270)**	(52 014)	**(23 307)**	(30 883)
Principal elements of lease payments	34	**(2 183)**	(1 190)	**–**	–
Net cash used in financing activities		**(231 752)**	(40 586)	**(187 039)**	(36 985)
Total cash movement for the year		**(11 072)**	(24 543)	**(37)**	(1 395)
Cash at the beginning of the year		**68 451**	92 994	**37**	1 432
Total cash at the end of the year	15	**57 379**	68 451	**–**	37

The accounting policies on pages 52 to 66 and the notes on pages 67 to 103 form an integral part of the annual financial statements.

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 2022 were authorised for issue in accordance with a resolution of the directors on 25 May 2022.

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 ("the 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.

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 group'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 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.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.4 Significant judgements and sources of estimation uncertainty continued

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.
- 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.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.4 Significant judgements and sources of estimation uncertainty continued

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 to 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 to 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.5 Property, plant and equipment continued

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 rights to variable returns from its involvement with the entities, and has the ability to affect those returns through its power over the entities. 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, adjusted for any loss allowance.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Financial instruments continued

Financial assets at amortised cost continued

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

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 and company 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.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Financial instruments continued

Impairment continued

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 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%.
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.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Financial instruments continued

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.

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; and
- Redeemable preference shares.

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 38 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 38.

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; and
- Contingent consideration in a business combination.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Financial instruments continued

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.11 Leases continued

- 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 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. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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. If the recoverable amount exceeds the carrying amount, the impairment loss is reversed immediately in profit or loss (or in comprehensive income if the asset is revalued under IAS 16 or IAS 38). On reversal, the asset's carrying amount is increased, but not above the amount that it would have been without the prior impairment loss. Depreciation or amortisation is adjusted in future periods.

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. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.17 Revenue from contracts with customers continued

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.

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. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective for the first time for 28 February 2022 year-end

The following standards became effective for annual periods beginning on or after 1 January 2021. 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 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.

2.2 Standards and interpretations issued but not effective for the first time for 28 February 2022 year-end

The entity does not plan on adopting any of these amendment earlier than the effective date.

- ***IFRS 16 – 'Leases'– Covid-19 – Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 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.

- ***IAS 1 – 'Presentation of annual financial statements' – Classification of Liabilities as Current or Non-current and Disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023)***

  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.

2. NEW STANDARDS AND INTERPRETATIONS CONTINUED

2.2 Standards and interpretations issued but not effective for the first time for 28 February 2022 year-end continued

- ***IAS 8 – "Accounting policies, changes in accounting estimates and errors" – Definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023)***

  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 (effective for annual periods beginning on or after 1 January 2022)***

  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.

- ***IAS 37 – "Provisions, Contingent Liabilities and Contingent Assets" (effective for annual periods beginning on or after 1 January 2022)***

  The amendment outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).

- ***IAS12 – "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (effective for annual periods beginning on or after 1 January 2023)***

  The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

3. PROPERTY, PLANT AND EQUIPMENT

	2022 Cost or revaluation R'000	2022 Accumulated depreciation R'000	2022 Carrying value R'000	2021 Cost or revaluation R'000	2021 Accumulated depreciation R'000	2021 Carrying value R'000
GROUP						
Land	36 130	–	36 130	36 130	–	36 130
Buildings	156 836	(23 668)	133 168	157 826	(18 253)	139 573
Plant and machinery	272 453	(112 963)	159 490	307 852	(113 168)	194 684
Furniture and fixtures	24 815	(11 330)	13 485	24 511	(10 080)	14 431
Motor vehicles	90 059	(57 220)	32 839	94 157	(56 075)	38 082
IT equipment	13 577	(10 902)	2 675	13 219	(9 572)	3 647
Right-of-use asset – buildings	23 281	(9 436)	13 845	15 785	(7 337)	8 448
Capital work in progress	636	–	636	1 022	–	1 022
Total	617 787	(225 519)	392 268	650 502	(214 485)	436 017
COMPANY						
Plant and machinery	6 064	(718)	5 346	5 577	(394)	5 183
Furniture and fixtures	547	(194)	353	399	(113)	286
IT equipment	163	(144)	19	164	(97)	67
Total	6 774	(1 056)	5 718	6 140	(604)	5 536

Reconciliation of property, plant and equipment

	Opening balance R'000	Additions R'000	Disposals R'000	Modification of lease R'000	Transfers R'000	Depreciation R'000	Total R'000
GROUP							
2022							
Land	36 130	–	–	–	–	–	36 130
Buildings	139 573	1 236	(747)	–	–	(6 894)	133 168
Plant and machinery	194 684	14 161	(28 338)	–	1 022	(22 039)	159 490
Furniture and fixtures	14 431	764	(138)	–	–	(1 572)	13 485
Motor vehicles	38 082	6 964	(3 578)	–	–	(8 629)	32 839
IT equipment	3 647	795	–	–	–	(1 767)	2 675
Right-of-use asset – buildings	8 448	4 714	(975)	3 973	–	(2 315)	13 845
Capital work in progress	1 022	636	–	–	(1 022)	–	636
	436 017	29 270	(33 776)	3 973	–	(43 216)	392 268

	Opening balance R'000	Additions R'000	Disposals R'000	Modification of lease R'000	Depreciation R'000	Total R'000
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

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				
2022				
Plant and machinery	**5 183**	**488**	**(325)**	**5 346**
Furniture and fixtures	**286**	**148**	**(81)**	**353**
IT equipment	**67**	**–**	**(48)**	**19**
	5 536	**636**	**(454)**	**5 718**
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

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 R14,24 million (2021: R3,68 million) and cash additions of R11,77 million (2021: R16,56 million).

New lease – yard and office building

In the current financial year, the group entered into a new property lease in respect of a metal recycling yard with an office building. The lease term is 54 months, and the escalation rate is fixed at 8%. The group recognised a right-of-use-asset and lease liability of R4 714 546 in respect of this lease.

Derecognition of lease – warehouse

In the current financial year, the group cancelled a lease relating to a warehouse. This resulted in a derecognition of the right of use asset of R975 274. The gain on lease derecognition of R25 630 has been included in other operating income (refer to note 25).

Modification of lease – warehouse and office building

In the previous 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 only covered fixed costs, and was renegotiated once production in that specific section of the plant re-commenced. This has resulted in an increase in the right-of-use asset of R3 973 232 and a gain on lease modification of R963. 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 R41,37 million (2021: R46,08 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

	2022 Cost R'000	2022 Accumulated impairment R'000	2022 Carrying value R'000	2021 Cost R'000	2021 Accumulated impairment R'000	2021 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	Impairment loss R'000	Total R'000
GROUP			
2022			
Goodwill	**170 484**	**–**	**170 484**
2021			
Goodwill	170 484	–	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:

	2022 Opening balance R'000	2022 Additions/ (impairments) R'000	2022 Closing balance R'000	2021 Opening balance R'000	2021 Additions/ (impairments) R'000	2021 Closing balance R'000
Allocation of goodwill by segment						
Non-ferrous	**127 974**	**–**	**127 974**	127 974	–	127 974
Ferrous	**38 086**	**–**	**38 086**	38 086	–	38 086
Refractory	**4 424**	**–**	**4 424**	4 424	–	4 424
	170 484	**–**	**170 484**	170 484	–	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 ("CGU") 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 fair value less cost to sell/value-in-use calculations are as follows:

	2022 Non-ferrous %	2022 Ferrous %	2022 Refractory %	2021 Non-ferrous %	2021 Ferrous %	2021 Refractory %
Gross margin – budgeted	**7,24 – 13,0**	**5,22 – 12,69**	**12,3 – 12,69**	5,9 – 13,0	5,9 – 12,4	11,8 – 12,6
Growth rate – nominal	**4,8**	**4,8**	**4,8**	4,8	4,8	4,8
Discount rate – nominal	**19,5 – 24,4**	**19,5 – 24,4**	**21,2 – 24,4**	18,5 – 21,1	18,8 – 20,2	21,2 – 22,6

4. GOODWILL CONTINUED

Gross margin – budgeted gross margin as per 2022/2023 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	31,8% – 33,8%
– Ferrous	30,6% – 32,6%
– Refractory	32,9% – 34,9%

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 R209 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 R21 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 R40 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 R124 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 R6 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 R0,8 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 R2 million against the goodwill allocated to the segment.

5. INTANGIBLE ASSETS

	2022 Cost R'000	2022 Accumulated amortisation/ R'000	2022 Carrying value R'000	2021 Cost R'000	2021 Accumulated amortisation R'000	2021 Carrying value R'000
GROUP						
Other intangible assets – Nano Milling Technology	9 336	(2 196)	7 140	9 336	(1 725)	7 611
Total	9 336	(2 196)	7 140	9 336	(1 725)	7 611

Reconciliation of intangible assets

	Opening balance R'000	Amortisation R'000	Disposals R'000	Total R'000
GROUP				
2022				
Other intangible assets	7 611	(471)	–	7 140
	7 611	(471)	–	7 140
2021				
Regulatory permit	2 500	–	(2 500)	–
Other intangible assets	8 082	(471)	–	7 611
	10 582	(471)	(2 500)	7 611

Other information

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 regulatory permit was disposed of in the previous year.

6. INVESTMENTS IN SUBSIDIARIES

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

Name of company	Held by	COMPANY Holding 2022 %	Holding 2021 %	Carrying amount 2022 R'000	Carrying amount 2021 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 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
Insimbi Refractory and Alloy Supplies Proprietary Limited Zambia#	Insimbi Industrial Holdings Limited	10,00	10,00	–	–
Amalgamated Metals Group Holdings Proprietary Limited#	Insimbi Industrial Holdings Limited	23,31	23,31	56 000	56 000
Treppo Group Proprietary Limited	Insimbi Industrial Holdings Limited	100,00	100,00	38 651	38 651
M2M Properties Proprietary Limited	Insimbi Alloy Properties Proprietary Limited	100,00	100,00	–	–

6. INVESTMENTS IN SUBSIDIARIES CONTINUED

		COMPANY			
Name of company	Held by	**Holding 2022 %**	Holding 2021 %	**Carrying amount 2022 R'000**	Carrying amount 2021 R'000
Metlite Alloy Properties Proprietary Limited	Insimbi Alloy Properties Proprietary Limited	**100,00**	100,00	**–**	–
Amalgamated Metals Group Holdings Proprietary Limited#	Insimbi Alloy Supplies Proprietary Limited	**76,69**	76,69	**–**	–
Insimbi Aluminium Alloys Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Insimbi Modular Plastics Proprietary Limited	Insimbi Alloy Supplies 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 Refractory and Alloy Supplies Proprietary Limited Zambia#	Insimbi Alloy Supplies Proprietary Limited	**90,00**	90,00	**–**	–
Zinc Company No 1 Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**70,00**	70,00	**–**	–
Minerals 2 Metals Proprietary Limited	Insimbi Aluminium Alloys Proprietary Limited	**100,00**	100,00	**–**	–
Amalgamated Metals Recycling Proprietary Limited	Amalgamated Metals Group Holdings Proprietary Limited	**100,00**	100,00	**–**	–
Amalgamated Metals Recycling SA Proprietary Limited	Amalgamated Metals Group Holdings Proprietary Limited	**100,00**	100,00	**–**	–
Amalgamated Metals Recycling West Rand Proprietary Limited	Amalgamated Metals Group Holdings Proprietary Limited	**100,00**	100,00	**–**	–
Group Wreck International Non-Ferrous Proprietary Limited	Amalgamated Metals Group Holdings Proprietary Limited	**100,00**	100,00	**–**	–
Spring Lights 1135 Proprietary Limited	Amalgamated Metals Group Holdings Proprietary Limited	**100,00**	100,00	**–**	–
Zamsaf Properties Proprietary Limited	Amalgamated Metals Group Holdings Proprietary Limited	**100,00**	100,00	**–**	–
Bulk Ferrous Exports Proprietary Limited	Treppo Group Proprietary Limited	**100,00**	100,00	**–**	–
Fragcorp Proprietary Limited	Treppo Group Proprietary Limited	**100,00**	100,00	**–**	–
Metfurco Trading Proprietary Limited	Treppo Group Proprietary Limited	**100,00**	100,00	**–**	–
Steelco Broking Proprietary Limited	Treppo Group Proprietary Limited	**100,00**	100,00	**–**	–
				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.*

7. JOINT ARRANGEMENTS

Joint ventures

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

Name of company	Held by	Ownership interest 2022 %	Ownership interest 2021 %	Carrying amount 2022 R'000	Carrying amount 2021 R'000
GROUP					
Cronimet Two Joint Venture	Amalgamated Metals Group Holdings Proprietary Limited	**8,11**	8,11	**1 513**	1 609

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 2022 amounted to R18 659 921 (2021: R19 837 608).

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
8. LOANS TO GROUP COMPANIES				
Subsidiaries				
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**163 694**	164 598
Amalgamated Metals Recycling Proprietary Limited	**–**	–	**9 229**	37 394
Insimbi Plastics Proprietary Limited	**–**	–	**31 275**	29 155
Insimbi Aluminium Alloys Proprietary Limited	**–**	–	**43 550**	45 679
Insimbi Nano Milling Proprietary Limited	**–**	–	**663**	1 312
Amalgamated Metals Group Holdings Proprietary Limited	**–**	–	**2 227**	2 227
Insimbi Alloy Properties Proprietary Limited	**–**	–	**11 022**	7 811
Insimbi EmployeeCo Proprietary Limited	**–**	–	**2**	2
Insimbi Manco Proprietary Limited	**–**	–	**2**	2
Treppo Group Proprietary Limited	**–**	–	**69 636**	193 866
Fragcorp Proprietary Limited	**–**	–	**12 000**	12 000
	–	–	**343 300**	494 046

The loans are unsecured, bear interest at prime less 1% (2021: no interest), 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.

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Split between non-current and current portions				
Current assets	**–**	–	**343 300**	494 046

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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
9. LEASE RECEIVABLE				
Gross investment in the lease due				
– within one year	**614**	494		–
– in second to fifth year inclusive	**3 130**	2 402		–
– later than five years	**–**	1 508		–
	3 744	4 404		–
Less: Unearned finance income	**(896)**	(1 367)		–
	2 848	3 037		–
Non-current assets	**2 511**	2 846		–
Current assets	**337**	191		–
	2 848	3 037		–

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% (2021: 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 is the carrying amount of 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 R9 450 565 (2021: R5 145 756). The reason for the large increase compared to the prior year is due to the 3 month contribution holiday received in 2020/21 as a COVID-relief measure.

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
11. DEFERRED TAXATION				
Deferred tax liability				
Accelerated tax depreciation	**(14 858)**	(15 017)	**(717)**	(421)
Revaluation of property, plant and equipment	**(14 698)**	(15 242)	**–**	–
Fair value uplift on property, plant and equipment through business combination	**(11 928)**	(14 646)	**–**	–
Prepayment	**(1 047)**	(430)	**–**	(173)
Leases	**(3 183)**	(1 548)	**–**	–
Total deferred tax liability	**(45 714)**	(46 883)	**(717)**	(594)
Deferred tax assets				
Provisions	**15 148**	6 119	**4 069**	1 713
Tax losses available for offset against future taxable income	**–**	8 327	**–**	–
Income received in advance	**992**	–	**–**	–
Leases	**3 438**	2 588	**–**	–
Total deferred tax asset	**19 578**	17 034	**4 069**	1 713
Total net deferred tax	**(26 136)**	(29 849)	**3 352**	1 119
Disclosed as net deferred tax asset	**11 125**	14 457	**3 352**	1 119
Disclosed as net deferred tax liability	**(37 261)**	(44 306)	**–**	–
The gross movement on the deferred tax account is as follows:				
Opening balance	**(29 849)**	(30 723)	**1 119**	316
(Credited)/charged to profit and loss	**2 311**	(1 197)	**2 319**	803
Prior period adjustments	**530**	2 071	**121**	–
Change in effective tax rate	**872**	–	**(207)**	–
Closing balances	**(26 136)**	(29 849)	**3 352**	1 119

	Provisions R'000	Tax losses available for set-off R'000	Income received in advance R'000	Leases R'000	Total assets R'000
GROUP					
The movement in deferred tax assets during the year is as follows:					
At 29 February 2020					
Charged/(credited) to profit and loss	2 112	(1 991)	–	(635)	(514)
Prior period adjustment	(364)	2 115	–	890	2 641
At 28 February 2021	6 119	8 327	–	2 588	17 034
Charged/(credited) to profit and loss	**7 949**	**(7 783)**	**121**	**163**	**450**
Change in effective tax rate	**(644)**	**–**	**(37)**	**(127)**	**(808)**
Prior period adjustment	**1 724**	**(544)**	**908**	**814**	**2 902**
At 28 February 2022	**15 148**	**–**	**992**	**3 438**	**19 578**

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 29 February 2020						
(Credited)/charged to profit and loss	(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)
(Credited)/charged to profit and loss	**686**	**–**	**2 276**	**(95)**	**(1 006)**	**1 861**
Change in effective tax rate	**537**	**544**	**442**	**118**	**39**	**1 680**
Prior period adjustment	**(1 064)**	**–**	**–**	**(1 658)**	**350**	**(2 372)**
At 28 February 2022	**(14 858)**	**(14 698)**	**(11 928)**	**(3 183)**	**(1 047)**	**(45 714)**

	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 29 February 2020	–	608	608
(Credited)/charged to profit and loss	–	1 105	1 105
At 28 February 2021	–	1 713	1 713
Change in effective tax rate	**–**	**(233)**	**(233)**
(Credited)/charged to profit and loss	**–**	**2 589**	**2 589**
At 28 February 2022	**–**	**4 069**	**4 069**

	Accelerated tax depreciation R'000	Prepayments R'000	Total liabilities R'000
At 28 February 2020	(118)	(173)	(291)
(Credited)/charged to profit and loss	(303)	–	(303)
At 29 February 2021	(421)	(173)	(594)
(Credited)/charged to profit and loss	**(322)**	**52**	**(270)**
Change in effective tax rate	**26**	**–**	**26**
Prior period adjustment	**–**	**121**	**121**
At 28 February 2022	**(717)**	**–**	**(717)**

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
12. INVENTORIES				
Raw materials, components	**303 626**	186 479	**–**	–
Finished goods	**11 515**	3 605	**–**	–
Goods in transit	**21 620**	15 078	**–**	–
	336 761	205 162	**–**	–
Inventory write-down*	**(9 048)**	(6 744)	**–**	–
	327 713	198 418	**–**	–

** 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 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
13. TRADE AND OTHER RECEIVABLES				
Financial instruments:				
Trade receivables	**538 375**	663 376	**1 885**	108
Deposits	**2 529**	3 462	**–**	–
Other receivables*	**40 313**	21 246	**100**	9 718
Loss allowance	**(6 000)**	(6 044)	**–**	–
Trade receivables at amortised cost	**575 217**	682 040	**1 985**	9 826
Non-financial instruments:				
VAT	**41 669**	33 915	**493**	59
Employee costs in advance	**654**	820	**139**	236
Prepayments	**4 769**	3 187	**539**	808
Total trade and other receivables	**622 309**	719 962	**3 156**	10 929
Split between non-current and current portions				
Current assets	**622 309**	719 962	**3 156**	10 929
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	**575 217**	682 040	**1 985**	9 826
Non-financial instruments	**47 092**	37 922	**1 171**	1 103
	622 309	719 962	**3 156**	10 929

** Other receivables includes receivables in Treppo Group (Pty) Ltd, which has extended payment terms and have securities in place to secure the receivable.*

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for short-term facilities (overdraft and receivables financing facility) of R455 000 000 (2021: R360 000 000) of the group. At year end the overdraft amounted to R156 507 327 and the receivables financing facility amounted to R111 821 744, thus R268 329 071 in total. (2021: R326 812 000). 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 (2021: 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 is determined as follows:

	2022			2021		
Company internal credit rating	**Expected credit loss rate %**	**Gross carrying amount R'000**	**Loss allowance R'000**	Expected credit loss rate %	Gross carrying amount R'000	Loss allowance R'000
Foreign debtors	**0,1 to 12,0**	**52 240**	**99**	0,1 to 6,4	77 267	739
Government	**0,0 to 0,6**	**3 459**	**16**	0,0 to 0,6	1 073	6
Large corporate entities	**0,6 to 8,0**	**432 467**	**1 121**	0,14 to 3,6	515 327	798
Small and medium entities	**0,8 to 10,16**	**84 689**	**159**	0,8 to 4,0	89 308	65
		572 855	**1 395**		682 975	1 608
Non-performing customers	**80 to 100**	**8 362**	**4 605**	80 to 100	5 109	4 436
Total		**581 217**	**6 000**		688 084	6 044

Due to the volatile market conditions experienced as a result of the Covid-19 pandemic, 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		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Opening balance	**(6 044)**	(6 183)	**–**	–
New financial assets originated or purchased	**(1 586)**	2 689	**–**	–
Change in risk parameters	**1 630**	(2 550)	**–**	–
Closing balance	**(6 000)**	(6 044)	**–**	–

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
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				
Rand	**522 977**	604 773	**1 985**	9 826
US Dollar	**50 977**	76 792	**–**	–
Euro	**1 263**	475	**–**	–
	575 217	682 040	**1 985**	9 826

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
13. TRADE AND OTHER RECEIVABLES CONTINUED				
Foreign currency amount				
US Dollar	**3 310**	5 083	**–**	–
Euro	**73**	26	**–**	–
Rand per unit of foreign currency				
US Dollar	**15,401**	15,108	**–**	–
Euro	**17,238**	18,239	**–**	–
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	**312**	723	**–**	–
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.				
This results in the fair value measure of these instruments being classified as level 2 in the fair value ranking.				
15. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	**2 576**	1 829	**–**	–
Bank balances	**54 803**	66 622	**–**	37
	57 379	68 451	**–**	37
Current assets	**57 379**	68 451	**–**	37
	57 379	68 451	**–**	37
Rand amount				
Rand	**44 473**	64 989	**–**	37
US Dollar	**12 906**	3 462	**–**	–
	57 379	68 451	**–**	37
Foreign currency amount:				
US Dollar	**838**	229	**–**	–
The following closing exchange rates were applied at reporting date:				
Rand per unit of foreign currency:				
US Dollar	**15,401**	15,108	**–**	–

In order to mitigate risk, the group deals with reputable financial institutions and therefore no Expected Credit losses have been raised.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
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**	26 601	**–**	–
Issue of shares – ordinary shares	**394 937**	413 399	**–**	–
	421 538	440 000	**–**	–
Issued (R'000)				
Share premium	**238 745**	239 245	**239 095**	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)**	(22 125)	**–**	–
	208 002	208 502	**230 477**	230 627

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.

No ordinary shares were repurchased from the market by a subsidiary in the current financial year. In the prior year 481 873 shares were repurchased from the market by a subsidiary for an amount of R348 023. The average price paid was R0,72.

At the general meeting held on 4 June 2021, the shareholders approved the repurchase of 18 461 538 shares at R0,08125 each, or R150 000 in total. These shares have subsequently been cancelled. A further R350 000 was recognised as premium on acquisition of a non-controlling interest.

Shares repurchased by a subsidiary and held in treasury amounted to R22 124 587 (2021: R22 124 587) 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 R1 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**

Weighted average share price at exercise date of options was R1 (2021: R1).

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 – R0,63 - R0,83
- Exercise price – R1,14
- Expected volatility – 67,9%
- Option life – 8 years
- Expected dividends – 12,04% - 15,81%
- The risk-free interest rate – 8,36% - 8,67%

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 247 819 (2021: R1 011 395) related to equity-settled share-based payments transactions were recognised.

18. REVALUATION RESERVE

In 2013 the group changed its accounting policy for the treatment of land and buildings to the revaluation method in terms of IAS 16: Property, plant and equipment. The group has revalued its land and buildings under the revaluation model and the effect was as follows:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 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 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Subsidiaries				
Metlite Alloy Properties Proprietary Limited	**–**	–	**1 027**	775
	–	–	**1 027**	775
The loans are unsecured, interest free, and have no fixed terms of repayment.				
Split between non-current and current portions				
Current liabilities	**–**	–	**1 027**	775

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.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
20. FINANCIAL LIABILITIES AT AMORTISED COST				
Held at amortised cost				
Secured				
Absa Bank Limited – term loan	**59 062**	87 750	**59 062**	87 750
Absa Bank Limited – term loan 2	**63 728**	76 000	**63 728**	76 000
Absa Bank Limited – overdraft	**156 507**	326 812	**156 507**	279 156
Absa Bank Limited – receivables financing facility	**111 822**	–	**–**	–
First Rand Bank Limited – mortgage bonds	**28 847**	35 104	**–**	–
Absa Bank Limited – mortgage bonds	**22 410**	24 537	**–**	–
Casterly Rock Investments Proprietary Limited*	**10 910**	16 110	**–**	–
Golden Griffin Investments Proprietary Limited*	**10 910**	16 110	**–**	–
Crimson Clover Investments Proprietary Limited*	**10 910**	15 710	**–**	–
Solimene Holdings Proprietary Limited*	**–**	9 304	**–**	–
Ella Rose Property and Investments Proprietary Limited*	**–**	8 145	**–**	–
Repo Metals Holdings Proprietary Limited*	**–**	8 145	**–**	–
Texiflash Proprietary Limited*	**19 952**	19 207	**19 952**	19 207
Redeemable preference shares	**25 240**	35 875	**–**	–
Instalment sales	**29 790**	33 457	**1 890**	2 860
	550 088	712 266	**301 139**	464 973
Split between non-current and current portions				
Non-current liabilities	**199 220**	292 589	**109 807**	157 846
Current liabilities	**350 868**	419 677	**191 332**	307 127
	550 088	712 266	**301 139**	464 973
Non-current liabilities				
Absa Bank Limited – term loan	**25 312**	60 750	**25 312**	59 062
Absa Bank Limited – term loan 2	**63 728**	76 000	**63 728**	76 000
First Rand Bank Limited – mortgage bonds	**22 784**	29 332	**–**	–
ABSA Bank Limited – mortgage bonds	**20 190**	22 407	**–**	–
Casterly Rock Investments Proprietary Limited*	**3 487**	14 455	**–**	–
Golden Griffin Investments Proprietary Limited*	**3 487**	14 455	**–**	–
Crimson Clover Investments Proprietary Limited*	**3 487**	14 055	**–**	–
Ella Rose Property and Investments Proprietary Limited*	**–**	–	**–**	–
Repo Metals Holdings Proprietary Limited*	**–**	–	**–**	–
Solimene Holdings Proprietary Limited*	**–**	–	**–**	–
Texiflash Proprietary Limited*	**19 952**	19 207	**19 952**	19 207
Redeemable preference shares	**25 240**	25 875	**–**	–
Instalment sales	**11 553**	16 053	**815**	3 577
	199 220	292 589	**109 807**	157 846

** Related parties of the group.*

20. FINANCIAL LIABILITIES AT AMORTISED COST CONTINUED

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Current liabilities				
Absa Bank Limited – term loan	**33 750**	27 000	**33 750**	27 000
Absa Bank Limited – term loan 2	**–**	–	**–**	–
First Rand Bank Limited – mortgage bonds	**6 063**	5 772	**–**	–
ABSA Bank Limited – mortgage bonds	**2 220**	2 130	**–**	–
Absa Bank Limited – overdraft	**156 507**	326 812	**156 507**	279 156
Absa Bank Limited – receivables financing facility	**111 822**	–	**–**	–
Casterly Rock Investments Proprietary Limited*	**7 423**	1 655	**–**	–
Crimson Clover Investments Proprietary Limited*	**7 423**	1 655	**–**	–
Golden Griffin Investments Proprietary Limited*	**7 423**	1 655	**–**	–
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	**–**	–
Instalment sales	**18 237**	17 404	**1 075**	971
	350 868	419 677	**191 332**	307 127
	550 088	712 266	**301 139**	464 973

** 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 390 625 (2021: R2 250 000). This repayment escalates annually. The interest rate at year-end was 7,175% (2021: 6,583%). The last repayment falls due on 30 November 2023.

Absa Bank Limited – term loan 2
Interest rate – JIBAR + 380. There is no fixed monthly repayment (other than explained above), but interest is serviced monthly. The interest rate at year-end was 7,875% (2021: 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 R255 000 000 (2021: R360 000 000). The maximum overdraft was reduced when the Absa bank receivables financing facility was implemented in June 2021. 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 6.5% (2021: 6%).

Absa Bank Limited – receivables financing facility
Interest rate – prime plus 0,35%. The maximum amount that is permitted is R200 000 000. The facility was implemented in June 2021 as it better suited the nature of business of Treppo Group Proprietary Limited and its subsidiaries. The facility cannot be shared with other entities in the group, and debtors are funded in line with credit insurance limits. The balance varies from month to month depending on the invoicing and debtors' collections of Treppo Group Proprietary Limited. The interest rate at year-end was 7,85%.

FirstRand Bank Limited – mortgage bonds
Interest rate – prime less 0,25%. The monthly repayment is R505 271 (2021: 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 7,25% (2021: 6,75%). The last repayment falls due on 1 July 2025.

Absa Bank Limited – mortgage bonds
Interest rate – prime less 0,25%. The monthly repayment is R318 332 (2021: R310 016). The loan is secured by Erf 123 and 309 Phoenix Industrial Park, KwaZulu-Natal, and Erf 3499 Queensburgh Extension 20, KwaZulu-Natal. The interest rate at year-end was 7,25% (2021: 6,75%). The last repayment falls due on 7 December 2029.

20. FINANCIAL LIABILITIES AT AMORTISED COST CONTINUED

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 R11 789 000 (2020: R231 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 R11 789 000 (2020: R231 000) of the capital in the current year.

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 R11 789 000 (2020: R231 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 could be repaid at any time, but no later than the final repayment date, which fell due on 15 November 2021. As part of the settlement agreement reached with the vendor (details of which can be found on SENS), the loan was reduced to R4 595 225 before settlement. The gain on settlement has been recognised in other operating gains/losses in the Statement of Comprehensive income.

Ella Rose Property and Investments Proprietary Limited(#)

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount could be repaid at any time, but no later than the final repayment date, which fell due on 15 November 2021. As part of the settlement agreement reached with the vendor (details of which can be found on SENS), the loan was reduced to R4 554 998,29 before settlement. The gain on settlement has been recognised in other operating gains/losses in the Statement of Comprehensive income.

Repo Metals Holdings Proprietary Limited(#)

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount could be repaid at any time, but no later than the final repayment date, which fell due on 15 November 2021. As part of the settlement agreement reached with the vendor (details of which can be found on SENS), the loan was reduced to R4 554 998,29 before settlement. The gain on settlement has been recognised in other operating gains/losses in the Statement of Comprehensive income.

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 following redemption of the preference share took place in the current year:

- 30 November 2020: R5 000 000 plus coupon on outstanding amount.
- 29 November 2021: R5 000 000 plus coupon on outstanding amount.

The redemption of the remaining preference share will be as follows:

- 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 7,5% (2021: 7%). The agreements are secured by motor vehicles and plant and equipment with a net book value of R56 098 703 (2021: R31 653 688) and repayable in monthly instalments of R1 766 625 (2021: R1 269 279).

20. FINANCIAL LIABILITIES AT AMORTISED COST CONTINUED

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 Metals 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 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.

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. In the current financial year management renegotiated new relaxed covenant measurement for the longer term (up to 2024) as part of their annual review process. The new agreement, which came into effect in September 2021, stipulated that the repayment of vendor related debt (marked "#" above) may resume on the condition that for every R1 paid to vendors, 25c should be repaid on the ABSA term loan 2. The repayment of vendor related debt was suspended while the group was in breach of covenants. The group was not in breach of any of the measures during the current year.

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 R420 million from its total available facilities of R685 million (2021: R543 million from its total available facilities of R646 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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
21. LEASE LIABILITIES				
Minimum lease payments due				
– within one year	**4 552**	2 613	**–**	–
– in second to fifth year inclusive	**17 667**	8 502	**–**	–
– later than five years	**1 080**	4 315	**–**	–
	23 299	15 430	**–**	–
Less: future finance charges	**(5 765)**	(4 401)	**–**	–
Present value of minimum lease payments	**17 534**	11 029	**–**	–
Non-current liabilities	**14 647**	10 181	**–**	–
Current liabilities	**2 887**	848	**–**	–
	17 534	11 029	**–**	–

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 group incentives receivable;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

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%).

In the current financial year, the group entered into a new property lease in respect of a metal recycling yard with an office building. The lease term is 54 months, and the escalation rate is fixed at 8%. The group recognised a right-of-use-asset and lease liability of R4 714 546 in respect of this lease. The lease payments are discounted using the group's incremental borrowing rate.

Further to the new lease, there was a lease modification in the current year. A portion of a rented property was previously unused, and when the group commenced operations in that section of the property, the rental increased. This is resulted in an increase in the lease liability of R3 973 232.

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.

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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
22. TRADE AND OTHER PAYABLES				
Financial instruments:				
Trade payables	**307 598**	293 261	**14**	400
Accrued leave pay	**3 883**	3 534	**663**	1 146
Accrued bonus	**29 391**	9 425	**14 212**	3 900
Audit fees	**2 974**	2 701	**488**	1 073
Other accrued expenses	**15 707**	16 555	**2 767**	2 240
Non-financial instruments:				
VAT	**4 115**	5 364	**–**	–
	363 668	330 840	**18 144**	8 759
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	**282 821**	250 354	**18 144**	8 759
US Dollar	**15 597**	24 485	**–**	–
Euro	**61 135**	50 637	**–**	–
	359 553	325 476	**18 144**	8 759
Foreign currency amount				
US Dollar	**1 013**	1 621	**–**	–
Euro	**3 547**	2 776	**–**	–
Rand per unit of foreign currency				
US Dollar	**15,401**	15,108	**–**	–
Euro	**17,238**	18,239	**–**	–

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.

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
23. REVENUE				
Revenue from contracts with customers:				
Sale of goods	**6 005 406**	4 875 665	**–**	–
Rendering of services	**53 129**	33 863	**35 759**	67 371
	6 058 535	4 909 528	**35 759**	67 371
Disaggregation of revenue from contracts with customers:				
The group disaggregates revenue from customers as follows:				
Sale of goods				
Sale of goods – Local	**5 127 539**	4 162 544	**–**	–
Sale of goods – Exports	**877 867**	713 121	**–**	–
	6 005 406	4 875 665	**–**	–
Rendering of services				
Administration and management fees received	**–**	–	**35 050**	66 936
Services revenue – Transport and insurance	**52 420**	33 428	**–**	
Services revenue – Sample analysis	**709**	435	**709**	435
	53 129	33 863	**35 759**	67 371
Total revenue from contracts with customers	**6 058 535**	4 909 528	**35 759**	67 371
Timing of revenue recognition				
At a point in time				
Sale of goods	**6 005 406**	4 875 665	**–**	–
Over time				
Rendering of services	**53 129**	33 863	**35 759**	67 371
Total revenue from contracts with customers	**6 058 535**	4 909 528	**35 759**	67 371
Refer to segment report on page 102 for further disaggregation by nature of product and geographical destination.				
24. COST OF SALES				
Sale of goods	**5 482 429**	4 455 906	**492**	447
Cost of inventory expensed during the year was R5 405 061 306 (2021: R4 278 394 908). The cost of services are not considered to be material.				
25. OTHER OPERATING INCOME				
Rental income	**69**	1 509	**–**	–
Gain on extinguishment of loans^	**11 211**	–	**–**	–
Gain on lease modification (note 3)	**27**	2 967	**–**	–
Other income*	**3 444**	6 791	**–**	–
	14 751	11 267	**–**	–

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

^ *As part of the settlement agreement reached with the vendors of Group Wreck Proprietary Limited (details of which can be found on SENS), the loans relating to Solimene Holdings Proprietary Limited, Ella Rose Property and Investments Proprietary Limited and Repo Metals Holdings Proprietary Limited were reduced prior to settlement.*

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
26. OTHER OPERATING GAINS/(LOSSES)				
Gains/(losses) on disposals, scrappings and settlements				
Property, plant and equipment	**7 392**	1 433	**–**	–
Foreign exchange gains/(losses)				
Net foreign exchange gains /(losses)	**(6 245)**	(5 281)	**–**	–
Total other operating gains/(losses)	**1 147**	(3 848)	**–**	–
27. OPERATING PROFIT/(LOSS)				
Operating profit for the year is stated after charging/(crediting) the following, amongst others:				
Auditor's remuneration – external				
Audit fees	**3 913**	5 100	**647**	1 876
Remuneration, other than to employees				
Consulting and professional services	**6 523**	7 197	**2 094**	2 087
Employee costs				
Salaries and wages*	**140 170**	139 390	**2 589**	11 171
Motor vehicle allowance	**2 914**	2 983	**1 490**	1 455
Medical aid contribution	**2 763**	2 708	**661**	676
Bonus and 13th cheque	**37 797**	15 489	**16 098**	5 858
Staff welfare	**2 713**	2 112	**522**	412
Retirement benefit plans: defined contribution expense	**9 451**	5 146	**1 626**	962
Skills development levy and UIF	**14 033**	16 465	**394**	125
Share-based compensation expense	**1 248**	1 011	**–**	–
Total employee costs	**211 089**	185 304	**23 380**	20 659
Depreciation and amortisation				
Depreciation of property, plant and equipment	**43 216**	40 252	**454**	420
Amortisation of intangible assets	**471**	471	**–**	–
Total depreciation and amortisation	**43 687**	40 723	**454**	420
Impairment losses				
Reversal of expected credit losses	**(44)**	(139)	**–**	–
	(44)	(139)	**–**	–
Other expenses				
Repairs and maintenance	**20 792**	17 396	**127**	1
Utilities	**16 705**	16 495	**–**	–
Fuel and vehicle related expenses	**33 055**	30 310	**334**	2

** The reduction in salary cost in the company is due to recovery of expenses from the subsidiaries.*

	GROUP		COMPANY	
28. INVESTMENT INCOME				
Interest income				
Investments in financial assets:				
Bank and other cash	**416**	1 833	**1**	425
Loans to subsidiaries*	**–**	–	**14 994**	–
Lease receivables	**307**	394	**–**	–
Total interest income	**723**	2 227	**14 995**	425

** Refer to note 8*

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
29. FINANCE COSTS				
Finance leases	**1 936**	1 722	**–**	–
Bank overdraft	**14 423**	15 354	**14 423**	15 298
Borrowings	**45 672**	36 660	**8 884**	15 585
Late payment to tax authorities	**175**	–	**–**	–
Total finance costs	**62 206**	53 736	**23 307**	30 883
30. TAXATION				
Major components of the tax expense				
Current				
Local income tax – current period	**47 438**	19 981	**1 378**	3 235
Adjustments in respect of prior years	**1 664**	(105)	**–**	–
	49 102	19 876	**1 378**	3 235
Deferred				
Originating and reversing temporary differences	**(2 311)**	(1 197)	**(2 319)**	(802)
Change in effective tax rate	**(872)**	–	**207**	–
Adjustments in respect of prior years	**(530)**	2 071	**(121)**	–
	(3 713)	874	**(2 233)**	(802)
	45 389	20 750	**(855)**	2 433
	%	%	**%**	%
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
Change in effective tax rate	**(0,59)**		**(5,50)**	
Tax loss used	**–**	(2,16)	**–**	–
Current year losses for which a deferred tax asset was not raised	**0,27**	0,80	**–**	–
Exempt income	**–**	–	**–**	(1,34)
Allowances	**(0,24)**	–	**3,96**	(1,34)
Disallowable charges*	**2,18**	5,12	**(7,09)**	39,72
Prior period adjustments arising from final income tax submissions	**0,71**	0,35	**3,26**	–
	30,33	32,11	**22,63**	66,39

** 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 2022 R'000	GROUP 2021 R'000
Basic earnings per share		
From continuing operations (cents per share)	**25,91**	10,61
Basic earnings per share was based on earnings of R104,2 million (2021: R43,9 million) and a weighted average number of shares of 402 231 906 (2021: 413 560 106).		
Reconciliation of profit or loss for the year to basic earnings (R'000)		
Profit for the year	**104 246**	43 880
Reconciliation of weighted average number of shares ('000)		
Weighted number of shares in issue at the end of the year*	**428 822**	440 000
Less: Weighted number of treasury shares held in a subsidiary at the end of the period	**(26 440)**	(26 440)
	402 382	413 560
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	**24,58**	10,36

* *Refer note 16 for reduction in shares in issue*

	Gross 2022 R'000	Nett 2022 R'000	Gross 2021 R'000	Nett 2021 R'000
Reconciliation between earnings and headline earnings				
Basic earnings	**–**	**104 246**	–	43 880
Adjusted for:				
(Profit) or loss on sale/scrapping of assets	**(7 392)**	**(5 322)**	(1 433)	(1 032)
Headline earnings		**98 924**		42 848

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 calculated as above is compared with the number of shares that would have been issued assuming the exercise of the options.

31. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE CONTINUED

Diluted earnings per share continued

	2022 R'000	2021 R'000
Weighted average number of ordinary shares in issue ('000)	**402 382**	413 560
Adjusted for: Share options ('000)	**15 816**	24 228
Weighted average number of ordinary shares for diluted earnings per share ('000)	**418 198**	437 788
	cents	cents
Diluted earnings per share	**24,93**	10,02
Diluted headline earnings per share	**23,65**	9,79

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
32. CASH GENERATED FROM OPERATIONS				
Profit before tax	**149 635**	64 630	**(3 778)**	3 665
Adjustments for:				
Depreciation and amortisation	**43 687**	40 723	**454**	420
Gains on disposals, scrappings and settlements of property, plant and equipment	**(7 392)**	(1 433)	**–**	–
Fair value on foreign exchange contracts	**(723)**	723	**–**	–
Foreign exchange loss on trade receivables and trade payables	**858**	(3 295)	**–**	–
Income from equity-accounted investments	**(4 614)**	(2 621)	**–**	–
Interest received	**(723)**	(2 227)	**(14 995)**	(425)
Finance costs	**62 206**	53 736	**23 307**	30 883
Gain on extinguishment of other financial liabilities	**(11 211)**	–	**–**	–
Gain on lease modification and derecognition	**(27)**	(2 967)	**–**	–
Expected credit losses	**44**	139	**–**	–
Inventory write-downs	**9 048**	6 479	**–**	–
Share-based payments	**1 248**	1 011	**–**	–
Other non-cash items	**2 515**	182	**736**	–
Management fees and other cross charges not received in cash	**–**	–	**(73 211)**	(66 908)
Changes in working capital:				
Inventories	**(138 343)**	(7 829)	**–**	–
Trade and other receivables	**97 220**	(227 144)	**7 773**	(7 406)
Trade and other payables	**32 359**	115 857	**9 385**	5 944
	235 787	35 964	**(50 329)**	(33 827)
33. TAX PAID				
Balance at beginning of the year	**(7 587)**	2 756	**(1 814)**	(1 454)
Current tax for the year recognised in profit or loss	**(49 102)**	(20 690)	**(1 378)**	(3 236)
Balance at end of the year	**6 875**	7 587	**2 943**	1 814
	(49 814)	(10 347)	**(249)**	(2 876)

34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities

	Note	Opening balance* R'000	Instal-ment sales R'000	New leases R'000	Lease modifi-cation* R'0000	Other non-cash move-ments R'000	Total non-cash move-ments R'000	Cash flows* R'000	Closing balance* R'000
GROUP									
2022									
Financial liabilities at amortised cost	20	**712 266**	**14 229**	**–**	**–**	**(7 608)**	**6 621**	**(168 799)**	**550 088**
Derivatives	14	**723**	**–**	**–**	**–**	**312**	**312**	**(723)**	**312**
Lease liabilities	21	**11 029**	**–**	**4 715**	**3 973**	**–**	**8 688**	**(2 183)**	**17 534**
		724 018	**14 229**	**4 715**	**3 973**	**(7 296)**	**15 621**	**(171 705)**	**567 934**
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	–	(4 247)	(277)	(844)	11 776	724 018

* *Refer to notes 20 and 25*

	Note	Opening balance R'000	Installment sales R'000	Cash flows R'000	Closing balance R'000
COMPANY					
2022					
Financial liabilities at amortised cost	20	**464 973**	**–**	**(163 834)**	**301 139**
Loans from group companies	19	**775**	**–**	**252**	**1 027**
Total liabilities from financing activities		**465 748**	**–**	**(163 582)**	**302 166**
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

35. DIVIDENDS PAID

Dividends are from capital profits. No interim or final dividends have been declared for the 2022 or 2021 financial years.

36. 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 2022 R'000	Salary 2022 R'000	Expense allow-ances* 2022 R'000	Pension fund contri-butions 2022 R'000	Incentive bonus 2022 R'000	Share-based pay-ments 2022 R'000	Total 2022 R'000	Total 2021 R'000
Executive								
F Botha	–	3 505	1 223	–	3 281	–	8 009	4 978
C Coombs	–	3 613	110	–	2 624	–	6 347	5 411
A de Wet[1]	–	–	–	–	–	–	–	1 369
N Winde	–	1 851	–	192	300	53	2 396	1 785
Total executive	–	8 969	1 333	192	6 205	53	16 752	13 543
Non-executive								
RI Dickerson	643	–	–	–	–	–	643	624
IP Mogotlane	395	–	–	–	–	–	395	374
N Mwale	362	–	–	–	–	–	362	358
C Ntshingila	449	–	–	–	–	–	449	424
Total non-executive	1 849	–	–	–	–	–	1 849	1 780
Prescribed officers								
EP Liechti	–	2 840	274	–	–	–	3 114	2 805
CF Botha	–	2 343	517	–	–	–	2 861	2 580
D de Beer	–	2 145	84	231	–	106	2 567	2 383
S Green	–	1 736	213	296	–	137	2 382	2 141
CM Lindeque	–	958	216	164	1 312	–	2 650	2 161
M Oppert	–	3 090	18	–	258	–	3 365	3 011
A Oppert	–	1 649	–	–	137	–	1 787	1 602
Total prescribed officers[2]	–	14 762	1 322	692	1 707	243	18 726	16 683
Total	1 849	23 731	2 655	884	7 912	296	37 326	32 006

* *Includes medical aid and travel allowances.*
1 *Resigned 30 September 2020.*
2 *Paid by the relevant subsidiary.*

36. DIRECTORS' EMOLUMENTS AND INTERESTS CONTINUED

Directors' and prescribed officers' interests

As at 28 February 2022, the directors' and prescribed officers' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the company amounted to 50,81% (2021: 45,60%) in aggregate. The interests of the directors and prescribed officers are as follows:

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
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	**26 940 034**	27 404 955	**–**	–	**–**	–	**250 000**	250 000
EP Liechti	**24 000 000**	26 983 527	**–**	–	**–**	–	**250 000**	250 000
Total	**87 787 334**	91 235 782	**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, no directors or prescribed officers have disposed of any of the shares held by them as at 28 February 2022.

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.

37. 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 36 meet the definition of key management personnel.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 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	**–**	–	**9 229**	37 394
Insimbi Alloy Properties Proprietary Limited	**–**	–	**11 022**	7 811
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**163 694**	164 598
Insimbi Aluminium Alloys Proprietary Limited	**–**	–	**43 550**	45 679
Insimbi EmployeeCo Proprietary Limited	**–**	–	**2**	2
Insimbi Manco Proprietary Limited	**–**	–	**2**	2
Insimbi Nano Milling Proprietary Limited	**–**	–	**663**	1 312
Insimbi Plastics Proprietary Limited	**–**	–	**31 275**	29 155
Metlite Alloy Properties Proprietary Limited	**–**	–	**(1 027)**	(775)
Treppo Group Proprietary Limited	**–**	–	**69 636**	193 866
Fragcorp Proprietary Limited	**–**	–	**12 000**	12 000

37. RELATED PARTIES CONTINUED

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Shareholders				
Crimson Clover Investments Proprietary Limited*	**(10 910)**	(15 710)	**–**	–
Casterly Rock Investments Proprietary Limited*	**(10 910)**	(16 110)	**–**	–
Golden Griffin Investments Proprietary Limited*	**(10 910)**	(16 110)	**–**	–
Ella Rose Property and Investments Proprietary Limited*	**–**	(8 145)	**–**	–
Repo Metals Holdings Proprietary Limited*	**–**	(8 145)	**–**	–
Solimene Holdings Proprietary Limited*	**–**	(9 304)	**–**	–
Texiflash Proprietary Limited*	**(19 952)**	(19 207)		–
Redeemable preference shares owing to related parties				
Texiflash Proprietary Limited*	**(25 240)**	(35 875)	**–**	–
Trade and other receivables/(payables) due from/(to) subsidiaries				
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**29**	60
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**–**	(15)
Amalgamated Metals Recycling Proprietary Limited	**–**	–	**156**	155
Group Wreck International Non-Ferrous Proprietary Limited	**–**	–	**160**	(745)
Fragcorp Proprietary Limited	**–**	–	**494**	494
Treppo Group Proprietary Limited	**–**	–	**1 474**	9 814
Related party transactions				
Administration fees received from subsidiaries				
Amalgamated Metals Recycling Proprietary Limited	**–**	–	**(21 700)**	(46 716)
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**(13 350)**	(3 900)
Treppo Group Proprietary Limited	**–**	–	**–**	(15 960)
Minerals 2 Metals Proprietary Limited	**–**	–	**–**	(360)
Purchases from related parties				
Honeydew Metals Recycling Proprietary Limited#	**12 592**	8 799	**–**	–
Revenue earned from services rendered to subsidiaries				
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**(310)**	(215)
Insimbi Aluminium Alloys Proprietary Limited	**–**	–	**(8)**	(2)
Minerals 2 Metals Proprietary Limited	**–**	–	**(2)**	(39)
Interest received from subsidiaries				
Insimbi Alloy Supplies Proprietary Limited	**–**	–	**(11 445)**	(425)
Insimbi Aluminium Alloys Proprietary Limited	**–**	–	**(3 549)**	–
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 104.*
 # Owned by a close family member of key management.

38. 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, 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 19 and 20, 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	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Total borrowings					
Loans from group companies	19	**–**	–	**1 027**	775
Total financial liabilities at amortised cost	20	**550 088**	712 266	**301 139**	464 973
		550 088	712 266	**302 166**	465 748
Minus: Cash and cash equivalents	15	**(57 379)**	(68 451)	**–**	(37)
Net debt		**492 709**	643 815	**302 166**	465 711
Total equity		**616 171**	512 425	**169 644**	172 717
Gearing ratio (%)		**80%**	126%	**178%**	270%

Risk management

Financial risk management

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.

38. 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 raised 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 a low risk of default.

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

		2022			2021		
	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	**2 848**	**–**	**2 848**	3 037	–	3 037
Trade and other receivables	13	**581 217**	**(6 000)**	**575 217**	688 084	(6 044)	682 040
Cash and cash equivalents	15	**57 379**	**–**	**57 379**	68 451	–	68 451
		641 444	**(6 000)**	**635 444**	759 572	(6 044)	753 528
COMPANY							
Loans to group companies	8	**343 300**	**–**	**343 300**	494 046	–	494 046
Trade and other receivables	13	**1 985**	**–**	**1 985**	9 826	–	9 826
Cash and cash equivalents	15	**–**	**–**	**–**	37	–	37
		345 285	**–**	**345 285**	503 909	–	503 909

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 no breaches on the externally imposed debt covenants in the current financial year. 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 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.

38. 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						
2022						
Non-current liabilities						
Financial liabilities at amortised cost	20	–	**183 901**	**17 962**	**201 863**	**199 220**
Lease liabilities	21	–	**17 667**	**1 080**	**18 747**	**14 647**
Current liabilities						
Trade and other payables	22	**363 668**	–	–	**363 668**	**363 668**
Financial liabilities at amortised cost	20	**394 694**	–	–	**394 694**	**350 868**
Lease liabilities	21	**4 552**	–	–	**4 552**	**2 887**
		762 914	**201 568**	**19 042**	**983 524**	**931 290**
	Notes	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
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
COMPANY						
2022						
Non-current liabilities						
Financial liabilities at amortised cost	20	–	**120 435**	–	**120 435**	**109 807**
Current liabilities						
Trade and other payables	22	**18 144**	–	–	**18 144**	**18 144**
Loans from group companies	19	**1 027**	–	–	**1 027**	**1 027**
Financial liabilities at amortised cost	20	**202 172**	–	–	**202 172**	**191 332**
		221 343	**120 435**	–	**341 778**	**320 310**
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

Financing facilities

At year-end the group had R265 million (2021: R103 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.

38. 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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Rand per unit of foreign currency:				
US Dollar	**15,401**	15,108	**–**	–
Euro	**17,238**	18,239	**–**	–

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 R92 703 740 (2021: R99 030 152) 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	**2022 Increase**	**2022 Decrease**	2021 Increase	2021 Decrease
GROUP				
Impact on foreign trade payables				
US Dollar 5% (2021: 5%)	**(18)**	**18**	(81)	81
Euro 5% (2021: 5%)	**(172)**	**172**	(139)	139
Impact on foreign trade receivables				
US Dollar 5% (2021: 5%)	**484**	**(184)**	254	(254)
Euro 5% (2021: 5%)	**4**	**(4)**	1	(1)
Impact on foreign bank				
US Dollar 5% (2021: 5%)	**42**	**(42)**	173	(173)

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 7,5% (2021:7,0 %).

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

38. 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 2022, if the interest rate (JIBAR or prime) had been 2% per annum (2021: 2%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R11 456 832 (2021: R10 688 503) lower and R11 456 832 (2021: R10 688 503) 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.

39. GOING CONCERN

When assessing the group and company's ability to continue as a going concern, management has prepared various scenarios and models to assess the future of the group and company.

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 and company's financial liabilities at amortised cost (refer to 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.

Management is comfortable that the group and company will be able to continue as a going concern and does not expect any breaches in these covenant clauses in the foreseeable future.

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 2022

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 one customer who represents more than 10% of total revenue for the group. This customer falls within the non-ferrous operating segment, and the revenue earned from this customer during the current year amounted to R1,1 billion.

Non-ferrous – Consists of the divisions which service the foundry and non-ferrous industries, both automotive and heavy aluminium industries (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
2022					
Revenue					
Sale of goods – local	3 010 955	1 913 999	153 828	48 757	5 127 539
Sale of goods – exports	734 094	143 773	–	–	877 867
Rendering of services – transport and insurance	27 322	24 864	234	–	52 420
Rendering of services – sample analysis	709	–	–	–	709
	3 773 080	2 082 636	154 062	48 757	6 058 535
Cost of sales	(3 352 261)	(1 957 101)	(139 337)	(33 730)	(5 482 429)
Gross profit	420 819	125 535	14 725	15 027	576 106
Other income and operating gains	12 218	3 804	–	(124)	15 898
Profit before operating and administration expenses	433 037	129 339	14 725	14 903	592 004
Operating and administration expenses and operating losses					
Communication	2 731	494	37	85	3 347
Employee cost	161 587	39 751	2 639	7 112	211 089
Motor vehicle expenses	30 511	1 346	184	1 014	33 055
Occupancy	29 766	13 704	–	3 872	47 342
Other expenses*	67 875	20 054	197	2 541	90 667
	292 470	75 349	3 057	14 624	385 500
Operating profit	140 567	53 990	11 668	279	206 504

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

SEGMENTAL REPORT continued

for the year ended 28 February 2022

	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	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 and other operating expenses.*

GEOGRAPHICAL INFORMATION

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

	2022 R'000	2021 R'000
Africa	**133 613**	86 319
Asia	**397 668**	383 454
Australia	**18 758**	8 439
Europe	**318 694**	142 688
North and South America	**9 134**	91 985
South Africa	**5 180 668**	4 196 643
	6 058 535	4 909 528

SHAREHOLDER ANALYSIS

for the year ended 28 February 2022

	Number of shareholdings	%	Number of shares	%
Shareholder spread				
1 – 5 000 shares	3 590	85,19	1 250 240	0,30
5 001 – 50 000 shares	461	10,94	8 814 929	2,09
50 001 – 100 000 shares	60	1,42	4 634 627	1,10
100 001 – 250 000 shares	46	1,09	7 381 300	1,75
250 001 – 500 000 shares	22	0,52	7 316 087	1,74
500 001 – 1 000 000 shares	7	0,17	5 743 994	1,36
1 000 001 shares and over	28	0,66	386 397 285	91,66
Totals	**4 214**	**100,00**	**421 538 462**	**100,00**
Distribution of shareholders				
Banks/Brokers	14	0,33	59 382 706	14,09
Close Corporations	18	0,43	546 751	0,13
Employee and Management Schemes	2	0,05	23 106 915	5,48
Endowment Funds	1	0,02	17 400	0,00
Individuals	4 099	97,27	134 867 479	31,99
Mutual Funds	1	0,02	12 855 755	3,05
Other Corporations	7	0,17	113 700	0,03
Private Companies	34	0,81	184 095 071	43,67
Public Companies	2	0,05	200 708	0,05
Treasury Shares	1	0,02	3 494 097	0,83
Trusts	35	0,83	2 857 880	0,68
Totals	**4 214**	**100,00**	**421 538 462**	**100,00**
Public/non-public shareholders				
Non-public shareholders	**18**	**0,43**	**273 715 884**	**64,93**
Directors and associates of the company	6	0,14	88 575 710	21,01
Strategic holder (more than 10%)	1	0,02	82 000 000	19,45
Treasury shares	1	0,02	3 494 097	0,83
Employee and management schemes	2	0,05	23 106 915	5,48
Related holdings	8	0,19	76 539 162	18,16
Public shareholders	**4 196**	**99,57**	**147 822 578**	**35,07**
Totals	**4 214**	**100,00**	**421 538 462**	**100,00**
Beneficial shareholders including those holding 5% or more				
K2017289277 (South Africa) Proprietary Limited – NS InvestCo			82 000 000	19,45
F Botha			36 847 300	8,74
Pruta Securities			34 410 000	8,16
CF Botha			26 940 034	6,39
EP Liechti			24 000 000	5,69
Jacana Assets Limited			23 300 000	5,53
Golden Griffin Investments Proprietary Limited			21 950 200	5,21
Crimson Clover Investments Proprietary Limited			21 065 200	5,00
Casterly Rock Investments Proprietary Limited			20 770 100	4,93
Totals			**291 282 834**	**69,10**

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 28 February 2022

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 15th Annual General Meeting of shareholders will be held entirely via a remote interactive electronic platform, Zoom, on Wednesday, 6 July 2022 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, 20 May 2022.
- The Last day to trade in order to be eligible to participate and vote at the AGM is Tuesday, 28 June 2022.
- 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, 1 July 2022.
- Shareholders to lodge forms of proxy by 10:00 on Monday, 4 July 2022.

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 Monday, 4 July 2022.

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 2022, 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 2022, 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 IP Mogotlane but who has made herself available for re-election.

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

Ordinary resolution number two

"Resolved that Ms IP Mogotlane, 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."

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 18 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, the board appointed Moore Cape Town Inc. as external auditors for the financial year ending February 2022 to remain in office until the conclusion of the next Annual General Meeting.

The Audit and Risk Committee has considered the independence and suitability of Moore Cape Town Inc.,and recommended that Moore Cape Town Inc. be appointed as external auditor of the Group for the financial year ending 28 February 2023.

Ordinary resolution number six

"Resolved that, on recommendation of the Audit and Risk Committee, Moore Cape Town Inc. be and are hereby appointed as external auditor of the Group for the financial year ending 28 February 2023, 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 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."

ORDINARY RESOLUTIONS CONTINUED

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, save therefor that related parties may participate in a general issue for cash through a bookbuild process provided that (i) related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be "out of the book" and not be allocated shares; and (ii) equity securities must be allocated equitably "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild".
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 2023

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 4,8% 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 2022 to 28 February 2023 be and is hereby approved:

	Retainer fee (pa) R	Per meeting attended R
Board or committee		
Board member	178, 525	17,852
Audit Com member	47,607	8,331
Remcom/Nomcom member	29,754	8,331
SECcom member	23,803	8,331
Investcom member	47,607	8,331
Additional amount payable to chairperson of the board/committee		
Chairperson of board	119,017	14,282
Audit Com chairperson	29,754	5,951
Remcom/Nomcom chairperson	29,754	5,951
SECcom chairperson	29,754	5,951
Investcom/Audit Com chairperson	29,754	5,951
Consultancy		3 570 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 421 528 462 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;

SPECIAL RESOLUTIONS CONTINUED

General approval to repurchase company shares continued

Special resolution number two *continued*

- 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;
- 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 2022, 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 16 to 18 of the integrated report.
- Major shareholders: page 72 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 16 to 18 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

SPECIAL RESOLUTIONS CONTINUED

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 2022.

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. 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 Monday, 4 July 2022.

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, 6 July 2022 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.

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 July 2022 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 May 2022

SHAREHOLDERS' DIARY

for the year ended 28 February 2022

Record date to receive notice of AGM	Friday, 20 May 2022
Release of the results on SENS	Tuesday, 31 May 2022
Publication of the annual reports (mailed to shareholders)	Tuesday, 31 May 2022
Last day to trade in order to be eligible to participate and vote at the AGM	Tuesday, 28 June 2022
Record date for voting purposes	Friday, 1 July 2022
Proxy date and time	Monday, 4 July 2022 at 10:00
Annual general meeting	**Wednesday, 6 July 2022 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 Wednesday 6 July 2022 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 Monday, 4 July 2022 at 10:00 being 48 (forty-eight) hours before the annual general meeting to be held at 10:00 on Wednesday, 6 July 2022; and
- must provide 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 IP Mogotlane			
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 ____________ 2022.

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 2022

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 Wednesday, 6 July at 09:45 2022 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
PUBLISHED	31 May 2022

INSIMBI-GROUP.CO.ZA