



BRIKOR LIMITED

BRIKOR LIMITED

Incorporated in the Republic of South Africa

Registration number: 1998/013247/06

JSE code: BIK

ISIN: ZAE000101945

("Brikor" or "the Group" or "the Company")

ABRIDGED AUDITED CONSOLIDATED FINANCIAL RESULTS

for the year ended
28 February 2023

PREPARED BY:

The abridged audited consolidated financial results ("abridged financial results" or "results") for the year ended 28 February 2023 was prepared by Ms Joaret Botha CA(SA), Financial Director.

The abridged financial results are extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the abridged financial results and the correct extraction of the financial information included herein from the underlying annual financial statements. The financial statements were audited by Nexia SAB&T, and the unmodified audit report thereon is available for inspection at the Company's registered office.

F2023 AT A GLANCE



Revenue

INCREASED BY

14,3% to R311,7 million



EBITDA *

INCREASED BY

139,8% to R24,7 million



Headline earnings per share

DECREASED BY

109,1% to a headline loss of 0,1 cents per share



Earnings per share

DECREASED BY

333,3% to a loss of 0,7 cents per share



Net tangible asset value per share

DECREASED BY

3,9% to 9,8 cents per share



Net asset value per share

DECREASED BY

5,8% to 12,9 cents per share



Cash and cash equivalents

DECREASED BY

161,7% to a negative cash position of R3,2 million



Total equity

DECREASED BY

5,2% to R106,4 million



Acid test ratio

DECREASED BY

50% to 0,2:1



Current asset ratio

DECREASED BY

11,1% to 0,8:1

* Earnings before Interest, Taxation, Depreciation, Amortisation, Impairments and Earnings from Associate



COMMENTARY

NATURE OF BUSINESS

Brikor is a diverse manufacturer and supplier of building and construction materials used across a broad spectrum of application from low-cost housing to residential, commercial, industrial, civil engineering and infrastructure projects. The Group operates through two segments, namely Bricks and Coal (the latter being through its wholly owned subsidiary, Ilangabi Investments 12 (Pty) Ltd).

Brikor has a 40% shareholding in Zingaro Holdings (Pty) Ltd ("Zingaro"). Zingaro primarily operates in South Africa and mainly services short to medium distance routes in Gauteng, North West, Mpumalanga and Limpopo, with a fleet of more than 100 specialised vehicles. Zingaro specialises in providing turnkey services for mine activities, such as loading, hauling, stockpile management and haul road maintenance by using a wide range of specialised trucks and earth-moving equipment. Its specialised vehicles include tipper, low-bed and flat-deck trucks as well as various plant and mining equipment. Zingaro is an associate company of Brikor Limited.

OVERVIEW

The directors of Brikor Limited ("Brikor") are pleased to present the abridged audited consolidated financial results for the year ended 28 February 2023, which reflect positive operating profits before interest, taxation and earnings from associate. The Group continued to focus on its commitment to reduce risk and support sustainability for its stakeholders.

DIRECTORS' RESPONSIBILITY

The directors take full responsibility for the preparation of the abridged audited consolidated financial results and confirm that the financial information has been correctly extracted from the underlying financial statements.

FINANCIAL OVERVIEW

Revenue increased to R311,7 million (F2022: R272,7 million) for the reporting period, with the Group realising a loss before earnings from its associate of R4,7 million (F2022: loss of R3,2 million). The investment in associate contributed a loss of R1,2 million (F2022: profit of R6,1 million) to the loss for the reporting period, resulting in a total comprehensive loss for the year attributable to owners of the Company of R5,9 million (F2022: profit of R2,8 million).

Revenue

Bricks segment

Revenue in the Bricks segment increased by 8,5% to R211,6 million (F2022: R195,1 million). The Bricks segment continued to perform at exceptional levels during the reporting period. The increased revenue is mainly due to a continued increase in DIY projects, additions and alterations as well as an increase in commercial and residential construction projects. Adequate planning, sufficient inventory levels and efficiencies in the production process continued to drive an increase in saleable product, which have also contributed to the good performance.

Coal segment

Revenue in the Coal segment, after deducting intersegment revenue, increased by 29% to R100,1 million (F2022: R77,6 million). Sales in the Coal segment showed an upward trend in comparison to the 2022 reporting period, specifically during the second half of the 2023 financial year. A core focus during the reporting period has been to ensure that sufficient coal stock is available to meet sales demand, which contributed significantly to the increase in revenue.

Gross profit

Overall, gross profit increased by 27,5% to R50,5 million (F2022: R39,6 million) with the gross profit percentage increasing to 16,2% (F2022: 14,5%).

Bricks segment

Gross profit in the Bricks segment increased by 15,4% to R46,5 million (F2022: R40,3 million) with the gross profit percentage increasing to 22% (F2022: 20,7%). Gross profit mainly increased as a result of the increase in revenue and continued efficiencies in the production process ensuring adequate inventory levels and limited down time of manufacturing facilities.



Commentary

continued

Coal segment

Gross profit in the Coal segment increased significantly to R4,1 million (F2022: gross loss R0,7 million). The increase in the gross profit is directly attributable to the availability of coal stock and the resultant increase in revenue. During September 2022, the Coal segment procured new mining equipment (through rent-to-own and instalment sale agreements) to replace costly rental machinery. This also had a positive impact on production efficiencies, production cost and gross profit.

Operating profit before interest, taxation and earnings from associate

The Group realised an operating profit before interest, taxation and earnings from associate of R9,9 million (F2022: operating loss before interest taxation and earnings from associate of R0,3 million). The Bricks segment realised an operating profit before interest and taxation of R15,7 million (F2022: R12,5 million), whilst the Coal segment realised an operating loss before interest and taxation of R5,8 million (F2022: R12,8 million).

Other income, administrative expenses, distribution and other expenses remained in line with the previous reporting period.

Earnings per share and headline earnings per share

Earnings per share decreased by 333,3% to a loss of 0,7 cents per share (F2022: earnings per share of 0,3 cents). The Group realised an operating profit before interest, taxation and earnings from its associate of R9,9 million. Finance cost increased significantly in comparison to the previous reporting period as a result of short-term financing obtained to acquire new mining equipment. This resulted in a loss before taxation and earnings from its associate of R1,3 million (F2022: R6 million). Taxable profits increased significantly in comparison to the previous reporting period with a resultant increase in the taxation expense and loss for the year of R5,9 million (F2022: profit of R2,8 million). Headline earnings per share decreased by 109,1% to a headline loss of 0,1 cents per share (F2022: headlines earnings per share of 1,1 cents).

Net asset and tangible asset values

The net asset value per share decreased by 5,8% to 12,9 cents per share (F2022: 13,7 cents per share), and the net tangible asset value per share decreased by 3,9% to 9,8 cents per share (F2022: 10,2 cents per share).

Capital expenditure

During the reporting period, the Group obtained the following facilities to enable it to acquire new mining equipment to replace its costly rental fleet:

- Nedbank instalment sale agreement for the purchase of two front-end loaders;
- CNH Industrial AQ and CE SA (Pty) Ltd finance lease agreement for the purchase of two front-end loaders; and
- A revolving facility of R30 million was approved through Boutique Leasing Company (Pty) Ltd, which has been used to procure other mining equipment.

Refer to note 2 Property, plant and equipment for equipment acquired during the year.

GOING CONCERN

The abridged audited consolidated financial results for the year ended 28 February 2023 have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that adequate cash is generated by operations and the necessary funds be available to finance future operations and that the realisation of the sale of assets, settlement of liabilities, contingent obligations and commitments occur in the ordinary course of business. The directors have prepared their budgets and cash flow forecast for the year ahead based on reasonable and supportable assumptions. The cash flow forecast and current management results indicate that the Group will operate as a going concern for the foreseeable future – refer to note 16.

DIVIDEND

No dividend has been declared for the year ended 28 February 2023.

LITIGATION

Further particulars relating to litigation in which the Group is involved are disclosed in notes 12 and 15.



Commentary

continued

CORPORATE GOVERNANCE

The directors endorse and accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practiced consistently throughout the Group. Brikor is committed to the principles of openness, integrity and accountability to all stakeholders and the Board of Directors accepts its duty to ensure that the principles and practices (as applicable to Brikor), set out in the King Report of Corporate Governance for South Africa – 2016 (King IV™), are implemented on an apply and explain basis.

CHANGES TO THE BOARD OF DIRECTORS

As announced in SENS on 7 September 2022, Ms Malekgotla Roshan Gaorekwe resigned as a director of Ilangabi Investment 12 (Pty) Ltd, a major subsidiary of Brikor, with effect from 6 September 2022.

EVENTS AFTER THE REPORTING DATE

Events subsequent to 28 February 2023 are disclosed in note 15.

PROSPECTS AND OPPORTUNITIES

Given the performance of the Coal segment during the 2022 financial year and current reporting period, the directors are pleased to report that the Coal segment has shown significant improvement, specifically in the second half of the reporting period. Sales in the Coal segment continue to show an upward trend in comparison to the 2022 reporting period and sales orders are increasing on a daily basis. The Group will continue to focus on availability of coal stock to meet sales demand as well as securing future orders.

The Bricks segment is still performing exceptionally and the outlook for the remainder of the year remains positive.

The Board remains confident about the potential which can be unlocked from the Group in order to create value for stakeholders and capitalise on synergies between various entities within the Group.

Any forward-looking statements have neither been reviewed nor reported on by the Group's auditors, Nexia SAB&T.

For and on behalf of the Board of Directors

Allan Pellow

Independent Non-Executive Chairperson

Nigel

31 May 2023

Garnett Parkin

Chief Executive Officer

Joaret Botha

Financial Director



Abridged Audited Consolidated **STATEMENT OF FINANCIAL POSITION**

as at 28 February

	Note	2023 R'000	2022 R'000
ASSETS			
Non-current assets		217 023	177 308
Property, plant and equipment	2	109 908	66 435
Intangible assets		3 731	3 258
Investment in associate	4	54 906	56 077
Restricted financial assets	3	26 696	26 469
Deferred tax asset	5	21 782	25 069
Current assets		93 120	80 794
Inventories	6	63 787	41 318
Trade and other receivables		27 582	29 140
Cash and cash equivalents		463	9 054
Taxation		1 288	1 282
Non-current assets held-for-sale		4 792	4 608
Total assets		314 935	262 710
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company		106 426	112 294
Stated capital		257 192	257 192
Accumulated loss		(150 766)	(144 898)
Total liabilities		208 509	150 416
Non-current liabilities		84 365	67 381
Lease liability	9	13 517	1 574
Shareholders' loans		–	1 587
Vendor loans	7	6 720	10 972
Loans and borrowings	10	8 013	–
Provisions for environmental restoration	11	55 166	52 418
Deferred tax liability	5	949	830
Current liabilities		121 552	80 627
Short-term portion of lease liability	9	18 863	3 738
Shareholders' loans		2 017	5 124
Short-term portion of vendor loans	7	5 125	5 703
Short-term portion of loans and borrowings	10	9 974	–
Trade and other payables		75 572	56 051
Taxation		6 355	6 120
Bank overdraft		3 646	3 891
Liabilities directly associated with the assets held-for-sale		2 592	2 408
Total equity and liabilities		314 935	262 710



Abridged Audited Consolidated **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the year ended 28 February

	Note	2023 R'000	2022 R'000
Revenue		311 733	272 707
Cost of sales		(261 218)	(233 084)
Gross profit		50 515	39 623
Other income		7 678	8 513
Administrative expenses		(35 851)	(37 713)
Distribution expenses		(8 193)	(7 327)
Other expenses		(4 251)	(3 394)
– Expenses		(4 434)	(3 541)
– Impairment reversals		183	147
Operating profit/(loss) before interest, taxation and earnings from associate		9 898	(298)
Finance income		425	548
Finance costs		(11 614)	(6 204)
(Loss)/profit before taxation and earnings from associate		(1 291)	(5 954)
Taxation		(3 406)	2 711
(Loss)/profit for the year before earnings from associate		(4 697)	(3 243)
Share of (loss)/income from associate		(1 171)	6 077
(Loss)/profit for the year		(5 868)	2 834
Total comprehensive income for the year attributable to owners of the Company		(5 868)	2 834
		2023 cents	2022 cents
EARNINGS PER SHARE			
Basic earnings per share	8	(0,7)	0,3
Diluted earnings per share	8	(0,7)	0,3



Abridged Audited Consolidated **STATEMENT OF CHANGES IN EQUITY**

for the year ended 28 February

	Stated capital R'000	Treasury shares R'000	Accumulated loss R'000	Total equity R'000
Balance at 28 February 2021	244 142	(15 900)	(147 732)	80 510
Shares issued – Purchase of Zingaro Holdings (Pty) Ltd	28 950	–	–	28 950
Total comprehensive income for the year	–	–	2 834	2 834
Balance at 28 February 2022	273 092	(15 900)	(144 898)	112 294
Total comprehensive income for the year	–	–	(5 868)	(5 868)
Balance at 28 February 2023	273 092	(15 900)	(150 766)	106 426



Abridged Audited Consolidated **STATEMENT OF CASH FLOWS**

for the year ended 28 February

	2023 R'000	2022 R'000
Cash flows from operating activities	11 101	8 062
Cash generated from operations	16 844	9 465
Finance income	368	435
Finance costs	(6 111)	(2 182)
Net tax received/(paid)	-	344
Cash flows to investing activities	(2 479)	(7 707)
Additions to property, plant and equipment	(4 928)	(8 732)
Proceeds on disposal of plant and equipment	3 106	1 505
Additions to intangible assets	(845)	(480)
Proceeds from fixed deposits	188	-
Cash flows to financing activities	(16 968)	(10 479)
Lease capital repayments	(7 269)	(2 159)
Shareholder and vendor loans repaid	(9 524)	(8 320)
Loans received	2 500	-
Loans and borrowings repaid	(2 675)	-
Net decrease in cash and cash equivalents	(8 346)	(10 124)
Cash and cash equivalents at beginning of year	5 163	15 287
Cash and cash equivalents at end of year	(3 183)	5 163



SEGMENT REPORTING

for the year ended 28 February

SEGMENT REVENUES AND RESULTS

The following is an analysis of the Group's revenue and results from operations by reportable segments.

	Bricks R'000	Coal R'000	Other * R'000	Total R'000
Segment profit reconciliation				
2023				
Total revenue	211 625	122 034	–	333 659
Intersegment revenue	–	(21 926)	–	(21 926)
Reportable segment revenue	211 625	100 108	–	311 733
– Clay products	176 664	50	–	176 714
– Coal	–	99 990	–	99 990
– Transportation services and ancillary products	34 961	68	–	35 029
Gross profit	46 455	4 060	–	50 515
Other income	3 772	3 906	–	7 678
Operating profit/(loss) before interest and taxation	15 718	(5 820)	–	9 898
Segment assets and liabilities				
Segment assets	111 205	119 006	85 179	315 390
Segment liabilities	(120 654)	(57 895)	(29 960)	(208 509)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(8 893)	(6 056)	–	(14 949)
Additions to non-current assets	21 645	38 687	–	60 332

* Other segment relates to non-segment-specific assets and liabilities which include the assets and liabilities classified as held-for-sale.



Segment reporting

continued

	Bricks R'000	Coal R'000	Other * R'000	Total R'000
Segment profit reconciliation				
2022				
Total revenue	195 110	98 035	–	293 145
Intersegment revenue	–	(20 438)	–	(20 438)
Reportable segment revenue	195 110	77 597	–	272 707
– Clay products	165 171	3 202	–	168 373
– Coal	–	74 233	–	74 233
– Transportation services and ancillary products	29 939	162	–	30 101
Gross profit	40 323	(700)	–	39 623
Other income	2 390	6 123	–	8 513
Operating profit/(loss) before interest and taxation	12 473	(12 771)	–	(298)
Segment assets and liabilities				
Segment assets	88 982	75 737	91 914	256 633
Segment liabilities	(67 440)	(45 555)	(37 421)	(150 416)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(5 876)	(4 867)	–	(10 743)
Additions to non-current assets	10 079	1 879	–	11 958

* Other segment relates to non-segment-specific assets and liabilities which include the assets and liabilities classified as held-for-sale.

Factors used to identify segments are based on product and service line and divisional structuring, this is also how the Group reports financial results to management on a monthly basis.

Reportable segment revenue relates to external customers only. Revenue is derived solely from South African customers, within the region in which the Group is situated. Therefore, no additional geographical areas have been identified.

The Bricks and Coal segments are the only regulatory environments in which the Group operates, i.e., manufacturing and mining.

Two customers contribute 18% to the Group's revenue. These customers form part of the Bricks segment.



NOTES TO THE Abridged Audited Consolidated **FINANCIAL RESULTS**

for the year ended 28 February 2023

1. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND AUDIT REPORT

The abridged consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the abridged consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of new and revised standards and interpretations.

The abridged financial results are presented in South African rand and all financial information has been rounded to the nearest Rand thousands, except when otherwise indicated.

These abridged financial results were extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the abridged financial results and that the financial information has been correctly extracted from the underlying audited consolidated financial statements.

The annual financial statements were audited by Nexia SAB&T Inc. and an unmodified audit opinion has been issued on the audited consolidated financial statements for the financial year ended 28 February 2023. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are, therefore, advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying audited consolidated financial statements, both of which are available for inspection at Brikor's registered office and on the Company's website: <http://brikor.co.za>.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

2. PROPERTY, PLANT AND EQUIPMENT

	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
2023			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 587)	1 181
Buildings	37 096	(18 042)	19 054
Plant and equipment	125 306	(42 265)	83 041
Furniture and fixtures	3 163	(1 996)	1 167
Motor vehicles	4 164	(2 356)	1 808
	176 154	(66 246)	109 908
2022			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 460)	1 308
Buildings	38 928	(16 103)	22 825
Plant and equipment	80 095	(44 602)	35 493
Furniture and fixtures	2 977	(1 609)	1 368
Motor vehicles	3 782	(1 998)	1 784
	132 207	(65 772)	66 435



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

2. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property, plant and equipment

	Land R'000	Mineral reserves R'000	Buildings R'000	Plant and equipment R'000	Furniture and fixtures R'000	Motor vehicles R'000	Total R'000
2023							
Carrying value 1 March 2022	3 657	1 308	22 825	35 493	1 368	1 784	66 435
Additions	–	–	398	59 189	194	551	60 332
Disposals *	–	–	(3)	(2 472)	–	(55)	(2 530)
Depreciation	–	(127)	(2 011)	(11 572)	(395)	(472)	(14 577)
(Decrease)/increase in decommissioning asset	–	–	(2 155)	2 403	–	–	248
Carrying value 28 February 2023	3 657	1 181	19 054	83 041	1 167	1 808	109 908
2022							
Carrying value 1 March 2021	3 657	1 435	19 965	38 826	1 593	1 584	67 060
Additions	–	–	4 760	6 351	190	657	11 958
Disposals *	–	–	–	(2 171)	–	(49)	(2 220)
Depreciation	–	(127)	(1 857)	(7 430)	(415)	(408)	(10 237)
Decrease in decommissioning asset	–	–	(43)	(83)	–	–	(126)
Carrying value 28 February 2022	3 657	1 308	22 825	35 493	1 368	1 784	66 435

* Assets with a carrying value of R0,4 million (2022: R0,6 million) were scrapped during the year ended 28 February 2023 and are included as part of disposals above. These assets were not in a working condition and it is not cost effective for these items to be repaired.

Cash additions amounted to R4,9 million (2022: R8,7 million), with the remainder of the additions relating to new leased assets acquired (see note 9) during the 2023 financial year as well as assets obtained through instalment sale agreements (see note 10). Ownership in the assets acquired through instalment sale agreements will remain vested in the bank until all amounts due have been paid.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

2. **PROPERTY, PLANT AND EQUIPMENT** continued

Right-of-use assets

The Group leases the following production and mining equipment, which is included in property, plant and equipment as indicated below:

Manitou Forklifts

The first lease commenced on 15 January 2021 until 15 January 2023. During February 2022 and February 2023, the Group entered into additional leases for another 24-month period. The Group has the intention to rent the equipment for the entire lease term. Lease payments as per the contract were used in determining the lease liability and right-of-use asset.

When measuring the lease liabilities and right-of-use assets relating to the forklifts, the Group discounted the lease payments using its incremental borrowing rate at 1 February 2021, 1 February 2022 and 1 February 2023, respectively, being the prime interest rate plus 0,98%.

Included in plant and equipment are right-of-use assets relating to the forklifts with a carrying value of R5,4 million (2022: R5,1 million) as at 28 February 2023. See note 9 for additional disclosure relating to the lease liability.

Boutique Leasing Company (Pty) Ltd ("BLC")

During October 2022, the Group entered into a lease agreement with BLC where the Group rents mining equipment for a period of 36 months and motor vehicles for a period of 60 months on a rent-to-own basis. The Group has the intention to rent the equipment for the entire lease term after which ownership of the equipment and motor vehicles will transfer to the Group.

When measuring the lease liabilities and right-of-use assets relating to the mining equipment and motor vehicles, the Group discounted the lease payments using the interest rate implicit in the lease.

Included in plant and equipment are right-of-use assets leased from BLC with a carrying value of R 24,8 million (2022: Rnil) and motor vehicles with a carrying value of R0,5 million (2022:Rnil) as at 28 February 2023. See note 9 for additional disclosure relating to the lease liability.

Goscor Finance (Pty) Ltd ("Goscor")

During November 2022, the Group entered into a lease agreement with Goscor where the Group rents mining equipment for a period of 36 months on a rent-to-own basis. The Group has the intention to rent the equipment for the entire lease term after which ownership of the equipment will transfer to the Group.

When measuring the lease liabilities and right-of-use assets relating to the mining equipment, the Group discounted the lease payments using the interest rate implicit in the lease.

Included in plant and equipment are right-of-use assets leased from Goscor with a carrying value of R 5,4 million (2022: Rnil) as at 28 February 2023. See note 9 for additional disclosure relating to the lease liability.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

2. PROPERTY, PLANT AND EQUIPMENT continued

The below table illustrates the movement in the right-of-use assets for the current financial year:

	Motor vehicles R'000	Plant and equipment R'000	Total R'000
2023			
Right-of-use assets			
Balance at 1 March	–	5 078	5 078
Additions to right-of-use assets	551	36 503	37 054
Depreciation charge for the year	(28)	(5 913)	(5 941)
	523	35 668	36 191

The Group has presented interest expense (see note 9) separately from the depreciation charge for the right-of-use assets.

Assets constructed for the Group

Included in plant and equipment are assets constructed for the Group (capital work in progress). Expenditure incurred by the Group during the reporting period on such assets is included in plant and equipment additions to the value of R0,3 million (2022: R0,4 million).

Detail of the land and buildings

A register containing the information of land and buildings is available for inspection at the registered office of the Company.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

3. RESTRICTED FINANCIAL ASSETS

	2023 R'000	2022 R'000
Restricted investments		
<i>Liberty Life New Growth Rehabilitation Plan Trust</i>	25 324	24 911
– Opening balance	24 911	22 335
– Unrealised net fair value gains	413	2 576
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group. Refer to note 11.		
<i>Leopont Rehabilitation Trust – Absa fixed deposit</i>	1 372	1 372
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group. Refer to note 11.		
<i>Nedbank Limited – fixed deposit</i>	–	186
A fixed deposit account is held with Nedbank Limited as security for a guarantee, in favour of the Department of Mineral Resources and Energy, which is in lieu of environmental rehabilitation obligations and is not available for general purposes of the Group. During the reporting period, a closure certificate was obtained for the related prospecting right and the deposit was, accordingly, paid out to the Company.		
Non-current assets	26 696	26 469

Expected credit losses: fixed deposits

Based on management's assessment of future cash flows from the fixed deposits, management has determined that the expected credit losses on the fixed deposits are not material.

Fair value of financial instruments

Liberty Life New Growth Rehabilitation Plan Trust at fair value through profit or loss

Included in restricted investments are financial assets that are measured at fair value through profit or loss because they are managed on a fair value basis. These investments are valued based on the observable market value of the underlying pool of equity investments as determined by the financial services provider at each reporting date. The fair value is calculated with reference to the underlying equity instruments.

The Liberty Life New Growth Rehabilitation Plant Trust is a dedicated environmental trust fund to fund the estimated cost of rehabilitation at the end of life of mine. The amounts contributed to these funds are included in non-current assets and are measured at fair value through profit or loss. Fair value gains or losses are taken directly to profit or loss under other income or other expenses.

The fair value of the restricted investments is quoted level 2 financial instruments.

Financial assets measured at amortised cost

Included in restricted financial assets are investments in Nedbank Limited and Leopont Rehabilitation Trust that are classified as financial assets measured at amortised cost. Measured at amortised cost financial assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost less any allowances for impairment losses.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

4. INVESTMENT IN ASSOCIATE

Reconciliation of investment in associate

	2023 R'000	2022 R'000
1 March	56 077	–
Additions: Zingaro Holdings (Pty) Ltd	–	50 000
Share of income from associate	(1 171)	6 077
	54 906	56 077

Brikor entered into a written agreement on 2 March 2021 to acquire 40% of the issued share capital of Zingaro Holdings (Pty) Ltd ("Zingaro") from Elsie Johanna Mac Master, Leon Mac Master and Pieter Barend Buys ("the Sellers") with effect from 2 March 2021.

Brikor acquired 40% of all ordinary shares in Zingaro for a purchase consideration of R50 000 000, which purchase consideration was discharged as follow:

- the amount of R28 950 000 by the allotment and issue by Brikor of 193 000 000 ordinary shares in Brikor to the sellers at an issue price of 15 cents per Brikor share, credited as fully paid-up; and
- the amount of R21 050 000 through loan account from the Sellers in the books of account of Brikor (see note 7 for detailed disclosure relating to the loan accounts with the Sellers, respectively).

The Sellers have granted Brikor an irrevocable right and option from the effective date until 30 April 2023 to call the remaining 60 shares, which equates to 60% shareholding in Zingaro, from the Sellers for a purchase consideration of R90 000 000 in the aggregate, which purchase consideration shall be discharged by the allotment and issue by Brikor of 600 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, i.e., in exchange for a fixed number of Brikor shares.

The 40% acquisition of Zingaro is unconditional in all respects. Brikor did not elect to purchase the remaining 60 shares, as per the option agreement, before 30 April 2023 and continues to hold 40% shares in Zingaro.

Impairment

Based on the evaluation of the impairment indicators as per IAS 28 – Investment in Associates and Joint Ventures, management has not identified any impairment indicators. No impairment was, therefore, raised during the reporting period.

Details of material associates

Zingaro Holdings (Pty) Ltd had a 30 June year-end. The year-end has been changed to February during the previous financial year to be in line with the Group. Separate financial statements were compiled for the year ended 28 February 2022 and February 2023, which were used in the preparation of these consolidated financial statements to ensure that the effect of any transactions that occurred between Brikor's year-end and Zingaro's year-end was taken into account as well as the impact of the change in year-end during the previous financial year.

Summarised financial information in respect of Brikor's associate, reflecting 100% of the underlying associates' relevant figures, is set out below. The summarised financial information shown represents amounts from the associate's financial statements that were prepared in accordance with IFRS.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

4. INVESTMENT IN ASSOCIATE continued

	2023 R'000	2022 R'000
Non-current assets	228 207	270 454
Current assets	64 960	104 258
Non-current liabilities	147 019	185 825
Current liabilities	57 470	84 970
Non-controlling interest	4 902	17 214
<i>The above assets and liabilities include the following:</i>		
Cash and cash equivalents	14 022	19 274
Current financial liabilities	40 255	77 744
Non-current financial liabilities	134 495	168 202
Net assets 28 February	83 776	86 703
Brikor's ownership interest	40%	40%

Summarised profit or loss in respect of Brikor's associate, reflecting 100% of the underlying associate's relevant figures for the year ended 28 February 2023 including Group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

	2023 R'000	2022 R'000
Revenue	204 030	304 775
(Loss)/profit for the period	(15 240)	8 052
– (Loss)/profit attributable to owners of the parent	(2 928)	15 192
– (Loss)/profit attributable to non-controlling interest	(12 312)	(7 140)
Other comprehensive income for the period	–	–
Total comprehensive income for the period	(15 240)	8 052
– Total comprehensive income attributable to owners of the parent	(2 928)	15 192
– Total comprehensive income attributable to non-controlling interest	(12 312)	(7 140)
<i>The above profit for the period includes the following:</i>		
Depreciation	13 418	14 026
Interest income	1 369	331
Finance cost	10 408	6 009
Taxation expense	5 099	5 061



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

5. DEFERRED TAX ASSET/(LIABILITY)

	2023 R'000	2022 R'000
Reconciliation of deferred tax asset		
At beginning of year	25 069	27 466
Originating and reversing temporary differences	200	1 091
Calculated tax losses (utilised)/created	(3 487)	(3 488)
	21 782	25 069
Deferred tax asset		
<i>Comprising:</i>		
Property, plant and equipment	154	39
Provisions	8 843	7 796
Income received in advance	1 775	993
Leases	(1 673)	71
Contributions to rehabilitation trust funds	(1 335)	(1 335)
Calculated tax losses	14 018	17 505
	21 782	25 069

The Group does not have any unrecognised deferred tax assets relating to assessed losses as at 28 February 2023 or 28 February 2022. Included in the assessed loss balance carried forward from previous years is an amount of R13 million relating to a reduced assessment on the income tax assessment for the 2020 financial year. The case is still open for finalisation with SARS. Management is not in agreement with the difference and has submitted all necessary documentation to SARS.

Deferred tax asset recoverability analysis

The following table is the analysis of the movement of the deferred tax asset over the last five years:

	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Calculated losses					
Opening balance	17 505	20 993	22 161	21 640	28 662
(Utilised)/created	(3 487)	(3 488)	(1 168)	521	(7 022)
Closing balance calculated tax losses	14 018	17 505	20 993	22 161	21 640
Temporary differences					
Opening balance	7 564	6 473	5 530	5 197	1 257
(Utilised)/created	200	1 091	943	333	3 940
Closing balance temporary differences	7 764	7 564	6 473	5 530	5 197
Total deferred tax asset	21 782	25 069	27 466	27 691	26 837



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

5. DEFERRED TAX ASSET/(LIABILITY) continued

In 2022, the Group realised taxable profits which resulted in a decrease in the deferred tax asset of R3,5 million whereas temporary differences yielded an increase in the deferred tax asset of R1,1 million. Management performed forward-looking budgets and forecasts and at that stage it was expected that the deferred tax asset would be recovered in approximately five to eight years.

Current year taxable profits yielded a decrease in the deferred tax asset of R3,5 million whereas temporary differences yielded an increase in the deferred tax asset of R0,2 million.

Management's current forward-looking budgets and forecasts have determined that the deferred tax asset's recoverability remained probable.

Management's budget and forecast allow for sales volumes and prices at levels during the 2023 financial year as well as production capacity. In addition, management has given due consideration to the current economic climate, specifically increase in diesel and other commodity prices, in the preparation of the budget, forecast and various sensitivity analyses. Based on the sensitivity analyses performed, the deferred tax asset is expected to be recovered between five to ten years.

Assumptions used in the budget are as follows:

- Sales volumes and prices aligned with those experienced during the 2023 financial year as well as production capacity;
- Inflationary adjustments were allowed for growth in revenue and costs from the 2025 financial year;
- Sales mix to commensurate expected market demand; and
- Eskom power supply will remain stable.

The timing of recovery is mostly sensitive to the following:

- Should the actual growth percentage decrease with 1%, the recoverability of the deferred tax asset will increase slightly to five and a half years;
- Should the sales mix decrease with 5%, deferred tax asset's recoverability will extend to ten years; and
- Should the sales mix increase with 5%, the deferred tax asset's recoverability will decrease to six years.

	2023 R'000	2022 R'000
Reconciliation of deferred tax liability		
At beginning of year	(830)	(6 019)
Originating and reversing temporary differences	(119)	5 189
	(949)	(830)
Deferred tax liability		
<i>Comprising:</i>		
Property, plant and equipment	(3 285)	(4 354)
Provisions	4 823	4 648
Contributions to rehabilitation trust funds	(4 635)	(4 635)
Utilisation of calculated tax losses	2 148	3 511
	(949)	(830)

The deferred tax liability is attributable to the Company's subsidiary, Ilangabi Investments 12 (Pty) Ltd.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

6. INVENTORIES

	2023 R'000	2022 R'000
Raw materials	1 102	412
Work in progress	30 233	24 172
Finished goods	29 772	14 890
Consumables	2 680	1 844
	63 787	41 318

In 2023, inventory of R261,2 million (2022: R233,1 million) was recognised as an expense during the reporting period and included in cost of sales.

All inventory movements are classified under cost of sales.

Impairments

Inventory totalling R12,9 million was written down by R3,8 million to their net realisable value of R9,1 million during the year ended 28 February 2022. No inventory write-downs occurred during the year ended 28 February 2023.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

7. VENDOR LOANS

	2023 R'000	2022 R'000
Loan – EJ Mac Master		
Opening balance	5 559	7 018
<i>Add:</i> Interest	390	375
<i>Less:</i> Payments	(2 000)	(1 834)
	3 949	5 559
Loan – L Mac Master		
Opening balance	5 558	7 016
<i>Add:</i> Interest	390	375
<i>Less:</i> Payments	(2 000)	(1 833)
	3 948	5 558
Loan – PB Buys		
Opening balance	5 558	7 016
<i>Add:</i> Interest	390	375
<i>Less:</i> Payments	(2 000)	(1 833)
	3 948	5 558
Total vendor loans	11 845	16 675

The above loans bear interest at the prime rate less 1%, calculated and compounded quarterly in arrears with effect from the effective date until the date upon which the subject loans have been repaid in full to the sellers. The respective loans are repayable in monthly instalments of R0,2 million (including capital and interest) each. The subject loans outstanding as at the fifth anniversary of the effective date shall be paid by Brikor to the sellers within ten business days after the fifth anniversary of the effective date. In addition, Brikor has the right to repay the outstanding subject loans from time to time in greater instalments and more frequently.

Presented as:

Non-current liabilities		
At amortised cost	6 720	10 972
Current liabilities		
At amortised cost	5 125	5 703
	11 845	16 675

Fair value of financial instruments

The carrying value of the unsecured borrowings approximates its fair value. The interest rates for these loans are in line with current market rates and the credit risk of the borrower remained consistent.

Liquidity risk

Vendor loans are used in long-term funding.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

8. EARNINGS AND FULLY DILUTED EARNINGS PER ORDINARY SHARE

	2023 cents	2022 cents
EARNINGS PER SHARE		
Basic earnings per share	(0,7)	0,3
Diluted earnings per share	(0,7)	0,3
Headline earnings per share	(0,1)	1,1
Diluted headline earnings per share	(0,1)	1,1

The calculation of the basic profit or loss per share attributable to the ordinary equity holders is based on the following information:

Reconciliation between basic earnings and headline earnings as well as diluted earnings

	2023 R'000	2022 R'000
Basic and diluted (loss)/profit	(5 868)	2 834
Loss on disposal of property, plant and equipment *	–	461
Loss on scrapping of property, plant and equipment *	386	253
Impairment of assets classified as held-for-sale *	(183)	(147)
Profit on sale of property, plant and equipment *	(962)	–
Loss on disposal of property, plant and equipment by associate (net of tax)	5 448	5 719
Headline and diluted headline profit	(1 179)	9 120

* These reconciling items do not have related tax implications and therefore only the gross amounts are taken into account in the reconciliation.

	2023 '000	2022 '000
Number of shares		
Weighted average number of shares	822 342	822 342
Diluted weighted average number of shares	822 342	822 342



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

9. LEASES

Leases as lessee

	2023 R'000	2022 R'000
Lease liability – Manitou	5 244	5 312
<p>The first lease commenced on 15 January 2021 until 15 January 2023. During February 2022 and February 2023, the Group entered into additional leases for another 24-month period. The Group has the intention to rent the equipment for the entire lease term. Lease payments as per the contract were used in determining the lease liability and right-of-use asset.</p> <p>When measuring the lease liabilities and right-of-use assets relating to the forklifts, the Group discounted the lease payments using its incremental borrowing rate at 1 February 2021, 1 February 2022 and 1 February 2023, respectively, being the prime interest rate plus 0,98%.</p> <p>The annual lease rental renegotiations is a term as per the original lease contract and was taken into account in the determination of the lease liability. This is, therefore, not a lease modification in terms of IFRS 16.</p>		
Lease liability – Boutique Leasing Company (Pty) Ltd	21 876	–
<p>During October 2022 the Group entered into a lease agreement with BLC where the Group rents mining equipment for a period of 36 months and motor vehicles for a period of 60 months on a rent-to-own basis. The Group has the intention to rent the equipment for the entire lease term after which ownership of the equipment and motor vehicles will transfer to the Group. The interest rate implicit in the lease ranges between 7,95% and 16,7%.</p>		
Lease liability – Goscor Finance (Pty) Ltd	5 260	–
<p>During November 2022, the Group entered into a lease agreement with Goscor where the Group rents mining equipment for a period of 36 months on a rent-to-own basis. The Group has the intention to rent the equipment for the entire lease term after which ownership of the equipment will transfer to the Group.</p> <p>When measuring the lease liabilities and right-of-use assets relating to the mining equipment, the Group discounted the lease payments using the interest rate implicit in the lease. The interest rate implicit in the lease is 17,10%.</p>		
	32 380	5 312
Presented as:		
Non-current liabilities	13 517	1 574
Current liabilities	18 863	3 738
	32 380	5 312



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

9. LEASES continued

Reconciliation of lease liability

	2023 R'000	2022 R'000
Balance at 1 March	5 312	4 255
Additions to right-of-use assets	34 337	3 216
Lease payments	(9 297)	(2 457)
Interest expenses	2 028	298
	32 380	5 312

Fair value of financial instruments

The carrying value of the lease liabilities approximates its fair value as a result of future cash flows being incorporated in the carrying value of the lease liability.

Liquidity risk

Repayments within one year will be funded by utilising cash balances and by future cash flows. Lease liabilities classified under current liabilities are due to be settled within twelve months from the reporting date.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

10. LOANS AND BORROWINGS

	2023 R'000	2022 R'000
Loan – C Sardinha		
Ilangabi Investments 12 (Pty) Ltd entered into a loan agreement with C Sardinha during April 2022. The loan is repayable in monthly instalments of R0,1 million and interest is charged at 8%, compounded monthly.		
Loans Incurred	2 500	–
<i>Add: Interest</i>	148	–
<i>Less: Payments</i>	(880)	–
	1 768	–
Instalment Sale Agreement – Nedbank Limited		
The Company entered into an instalment sale agreement with Nedbank during October 2022 for the purchase of two LOVOL Excavators. Interest is charged at the prime rate plus 0,85%, compounded monthly in arrears, and the loan is repayable in monthly instalments of R0,2 million over a period of 60 months. Ownership in the assets will remain vested in the bank until all amounts due have been paid.		
Loans Incurred	9 774	–
<i>Add: Interest</i>	402	–
<i>Less: Payments</i>	(523)	–
	9 653	–
Instalment Sale Agreement – CNH Industrial and Construction SA (Pty) Ltd (“CNH”)		
The Company obtained a credit facility through CNH for the purchase of two CASE front end loaders during September 2022. Interest is charged at the prime rate plus 2%, compounded monthly in arrears, and the loan is repayable in monthly instalments of R0,5 million over a period of 18 months.		
Loans Incurred	8 177	–
<i>Add: Interest</i>	394	–
<i>Less: Payments</i>	(2 005)	–
	6 566	–
	17 987	–



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

10. LOANS AND BORROWINGS continued

	2023 R'000	2022 R'000
Presented as:		
Non-current liabilities		
At amortised cost	8 013	–
Current liabilities		
At amortised cost	9 974	–
	17 987	–

Fair value of financial instruments

The carrying value of the loans and borrowings approximates its fair value. The interest rates for these loans are in line with current market rates and the credit risk of the borrower remained consistent.

Liquidity risk

Repayments within one year will be funded by utilising cash balances and by future cash flows. Loans and borrowings classified under current liabilities are due to be settled within twelve months from the reporting date.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

11. PROVISIONS

	2023 R'000	2022 R'000
Environmental rehabilitation provision	55 166	52 418
Total	55 166	52 418
Provision: Environmental rehabilitation		
Opening balance	52 418	51 767
Unwinding of interest	3 781	3 591
Additions *	3 642	-
Recognised in profit or loss	430	-
Recognised in property, plant and equipment	3 212	-
Change in estimate	(4 675)	(2 940)
Recognised in profit or loss	(1 711)	(2 814)
Recognised in property, plant and equipment	(2 964)	(126)
Closing balance	55 166	52 418

* Additions to the rehabilitation provision relate to initial stripping performed during the year on the Grootfontein mining right.

The rehabilitation provision relates to the estimated costs of correcting any disturbance relating to mining and other activities and those incidental thereto. The level of provision is commensurate with work completed to date. The current gross closure cost of rehabilitation was estimated at R73,8 million (2022: R64,2 million). The future cost of the provision was calculated by escalating estimated costs at a risk-adjusted CPI of 6,2% (2022: 6%) per annum over the life of the operations ranging between 5 to 14 years (2022: 4 to 10 years). This future cost is discounted at South African Government Bond Rate ranging between 8,55% and 11,16% (2022: 7,88% and 9,77%) to arrive at a carrying value of R55,2 million (2022: R52,4 million).

The Group has invested funds into various environmental trusts to be utilised by the Group as and when restoration activities are incurred. Investments made during the reporting period into these funds amounted to Rnil million (2022: Rnil million). The total amount held in these trusts amounted to R26,7 million (2022: R26,5 million) at the reporting date (see note 3).

The Department of Minerals and Energy holds guarantees in its favour for the mining rehabilitation cost to the amount of R37,7 million (2022: R23,3 million). Furthermore, the Group holds decommissioning assets to the value of R13 million (2022: R14,3 million) as part of property, plant and equipment, which will be utilised in extinguishing the rehabilitation liability.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

11. PROVISIONS continued

Sensitivity analysis

The risk-free rates used to discount the estimated cash flows based on the underlying currency and time duration of the obligation are provided in the table below.

	2023 %	2022 %
Risk-free rate 28 February	8,55 to 11,16	7,88 to 9,77

	2023 R'000	2022 R'000
A 1% change in the discount rate would have the following effect on the environmental rehabilitation provision:		
Increase in the discount rate	(4 062)	(5 798)
Amount recognised in profit or loss	(3 589)	(4 780)
Amount recognised in property, plant and equipment	(473)	(1 018)
Decrease in the discount rate	2 278	184
Amount recognised in profit or loss	1 239	(679)
Amount recognised in property, plant and equipment	1 039	863



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

12. CONTINGENCIES

Contingent liabilities

Environmental rehabilitation

The Group's operations are located in Nigel and are in close proximity to the Blesbokspruit watercourse (the Blesbokspruit watercourse is classified as a RAMSAR site in terms of the RAMSAR convention on Wetlands of International importance). The precise particulars of the operation's proximity to the watercourse still need to be formally delineated by a wetland specialist.

However, considering the current location of the Group's operation and the potential movement of groundwater and drainage towards the Blesbokspruit watercourse, and allowing for the current rehabilitation approach that was consistently applied for Vlakfontein, Plant 1 and Plant 3, further analysis and monitoring would be required in assessing the potential future impact on water quality that might occur, after the closure.

The proximity assessment and results from the water monitoring is required to assess and confirm a justifiable approach (as required by the National Water Act) that does not pose a long-term water quality-related risk at eventual quarry closure. In addition, the nature and extent for the direction of surface run-off still need to be fully understood. The cost determination of water quality-related effects and water use requirements (in terms of the National Water Act) remain uncertain at this stage and cannot be reasonably quantified.

Additional information that are obtained from further studies and monitoring could result in a future obligation that would require the Group to recognise additional cost provisions for environmental rehabilitation.

Pending court cases

Court case 1

Ilangabi Investments 12 (Pty) Ltd is currently a party to a litigation process instituted against the company as a result of events dating back to 2015. The case has been ongoing for the past seven years and management is of the opinion that it is not likely that the case would result in a material outflow of economic benefits. The case has been submitted to the High Court and the outcome as well as potential financial impact cannot be measured reliably at the date of these consolidated and separate financial statements.

The above action has been defended and a plea has been delivered on behalf of Ilangabi and both parties have made discovery. It may still take some time to complete the discovery affidavit exercise and it is difficult to estimate the costs that will be associated therewith.

Pleadings have closed and discovery has been made by both parties. The next steps will be convening a pre-trial conference. It remains difficult to estimate the costs that will be associated with the case due to pre-trial preparation that will be required, should the plaintiffs pursue the matter to trial.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

13. RELATED PARTIES

Identification of material related parties

Shareholders of Brikor Limited (Company) holding 5% or more of issued share capital at the reporting date:

E Meiring	15,39%
G Parkin	12,78%
The Daniel Parkin Testamentary Trust *	10,63%
E Parkin *	8,12%
E Mac Master	7,68%
L Mac Master	7,67%
P Buys	7,67%
Elgar Share Trust *	6,29%

* E Parkin is a trustee of these trusts and has a total indirect influence of more than 20% as at the reporting date.

Subsidiaries and associates

Ilangabi Investments 12 (Pty) Ltd is the only significant operating subsidiary of the Group, is wholly owned and is incorporated and operates in South Africa only.

During the previous financial year Brikor acquired 40% of all ordinary shares in Zingaro Holdings (Pty) Ltd. Refer to note 4 for disclosure relating to the associate.

The only restrictions applicable to the Group and its subsidiaries relate to the provision of inter-company financial assistance as well as provision of financial assistance to related and inter-related parties of the Company. Special resolutions to effect these matters have not been approved by 75% of the shareholders at the previous Annual General Meeting.

Relationships	Related director/shareholder
Entities controlled by directors/significantly influenced by shareholders	
Scarlett Sun 33 (Pty) Ltd	E Parkin
Nigel Brick and Clay (Pty) Ltd	E Parkin
Elgar Share Trust	E Parkin, G Parkin
Cyndara 113 (Pty) Ltd	E Parkin
Galiya (Pty) Ltd	E Parkin
Zingaro Holdings (Pty) Ltd	E Mac Master, L Mac Master, P Buys
Zingaro Trade 85 (Pty) Ltd	E Mac Master, PZ Mtethwa



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

13. RELATED PARTIES continued

	Description of activity	2023 R'000	2022 R'000
RELATED PARTY BALANCES			
Loan accounts – owing (to)/by related parties			
Estate late G v N Parkin	Unsecured, bears interest at 7,59% p.a., monthly repayments of R0,4 million.	(2 017)	(6 711)
E Mac Master	Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).	(3 949)	(5 559)
L Mac Master	Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).	(3 948)	(5 558)
P Buys	Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).	(3 948)	(5 558)
Amounts included in trade and other receivable/(trade and other payables) regarding related parties			
Scarlett Sun 33 (Pty) Ltd	Surface rights	(168)	(77)
Scarlett Sun 33 (Pty) Ltd	Machinery parts and consumables	(16)	(16)
Nigel Brick and Clay (Pty) Ltd	Coal and Clay	(22)	–
Cyndara 113 (Pty) Ltd	Engineering	(97)	(97)
Zingaro Holdings (Pty) Ltd	Bricks and rental income	207	60
Zingaro Holdings (Pty) Ltd	Transport	(3 131)	–
Zingaro Trade 85 (Pty) Ltd	Coal and diesel	2 377	1 166
Zingaro Trade 85 (Pty) Ltd	Machinery rentals and transport	(1 927)	(9 479)



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

13. RELATED PARTIES continued

	Description of activity	2023 R'000	2022 R'000
Related party transactions			
Interest paid			
Estate late GvN Parkin – shareholder's loan	On loan account	(331)	(660)
E Mac Master	On loan account	(390)	(375)
L Mac Master	On loan account	(390)	(375)
P Buys	On loan account	(390)	(375)
Purchases from related parties			
Scarlett Sun 33 (Pty) Ltd	Surface rights	(2 176)	(2 043)
Zingaro Trade 85 (Pty) Ltd	Machinery rentals and transport	(40)	(23 207)
Zingaro Holdings (Pty) Ltd	Motor vehicles	–	(400)
Zingaro Holdings (Pty) Ltd	Transport	(28 397)	–
Sales to related parties			
Nigel Brick and Clay (Pty) Ltd	Mineral resources	182	4 491
Zingaro Trade 85 (Pty) Ltd	Coal and diesel	–	4 499
Zingaro Holdings (Pty) Ltd	Bricks	780	395

14. DIRECTORS' EMOLUMENTS

	2023 R'000	2022 R'000
EXECUTIVE		
Directors		
Short-term employee benefits	5 619	7 487
NON-EXECUTIVE		
Directors		
Short-term employee benefits	1 009	1 163



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

15. SUBSEQUENT EVENTS

Settlement agreement in respect of legal proceedings and other legal disputes

As announced on SENS on 24 March 2023, shareholders were referred to the interim results for the six months ended 31 August 2022 released on SENS on 23 November 2022 and the various Integrated Annual Reports detailing the various legal proceedings to which Brikor was a party.

On 17 March 2023 ("Signature Date") a written settlement agreement ("Settlement Agreement") was entered into between Brikor, Garnett Parkin, Ilangabi Investments 12 (Pty) Ltd ("Ilangabi"), Elsie Parkin, the Trustees for the time being of the Daniel Parkin Testamentary Trust ("Parkin Trust"), the Trustees for the time being of the Elgar Share Trust ("Elgar Trust"), the Trustees for the time being of the Milan Rautenbach Testamentary Trust ("Milan Trust"), Nigel Brick and Clay (Pty) Ltd and Scarlett Sun 33 (Pty) Ltd ("Scarlett Sun") (collectively hereinafter referred to as the "Parties"). Pursuant to the Settlement Agreement, each of the Parties waives all claims of whatsoever nature and however arising, including all rights that any Party may have in terms of any and all agreements entered into between the Parties or any one or any combination of them prior to the Signature Date, or which the Parties may become aware of after the Signature Date, against any other Party (or any combination of them), pursuant to or as a result of any cause of action whatsoever arising prior to the Signature Date, other than any claim which Garnett Parkin has against the Elgar Trust in terms of the written agreement entered into between Garnett Parkin and the Elgar Trust, dated 12 October 2018, as amended in terms of an addendum, dated 19 August 2019. The terms and conditions set out in the Settlement Agreement are in full and final settlement of all claims of whatsoever nature and however arising which any Party or any combination of Parties may have against any other Party or any combination of Parties arising from a cause of action which arose prior to the Signature Date.

In terms of the Settlement Agreement:

- Brikor is obliged, within 10 business days after the Signature Date, to withdraw the legal proceedings instituted in the High Court of South Africa, Gauteng Local Division, Johannesburg
 - under case number 2020/11622, against Elsie Parkin, the Parkin Trust, the Elgar Trust and the Milan Trust; and
 - under case number 2021/9390, against Elsie Parkin, the Parkin Trust, the Elgar Trust and the Milan Trust.
- Elsie Parkin, the Parkin Trust, the Elgar Trust or the Milan Trust are to withdraw the counter application lodged under case number 2020/11622 instituted in the High Court of South Africa, Gauteng Local Division, Johannesburg.
- Elsie Parkin is to withdraw the urgent application instituted in the High Court of South Africa Gauteng Local Division, Pretoria, under case number 65489/2020.
- Ilangabi is obliged, within 10 business days after the Signature Date, to withdraw the legal proceedings instituted in the High Court of South Africa, Gauteng Local Division, Johannesburg, under case number 19995/2022, against Scarlett Sun which matter has been referred to arbitration. Scarlett Sun is likewise obliged, within 10 business days after the Signature Date, to withdraw its counterclaim in the foregoing proceedings.

All legal proceedings, as noted above, have been appropriately withdrawn with no additional costs payable by either parties.

Update on acquisition of securities and withdrawal of cautionary announcement

As announced on SENS on 17 April 2023 and further to the cautionary announcements published on 1 March 2023, 21 February 2023, 10 January 2023, 30 November 2022 and 20 October 2022, respectively, shareholders were advised in the SENS announcement dated 1 March 2023 that Nikkel Trading 392 Proprietary Limited ("NT392") had entered into written agreements with some of the major Brikor shareholders to acquire in aggregate 567 568 082 Brikor shares, constituting 67,7% of the entire issued share capital of Brikor, at a price of 17 cents per Brikor share, in two tranches.

As announced on SENS on 23 March 2023, Brikor had received formal notification in the prescribed form that NT392 had acquired 23% of the total issued securities of the Company and, further to the SENS announcement of 17 April 2023, NT392 had acquired additional shares in Brikor, resulting in NT392 owning 34,2% of the entire issued share capital of Brikor. The implementation of Tranche 1 has, therefore, been completed.

Tranche 2 comprises 282 071 713 Brikor shares ("Tranche 2 Shares"), constituting 33,6% of the entire issued share capital of Brikor. The acquisition of the Tranche 2 Shares is conditional on a number of suspensive conditions, including, *inter alia*, regulatory approval from the Competition Authorities. The merger notification to the Competition Commission has been filed.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

15. SUBSEQUENT EVENTS continued

On implementation of the acquisition by NT392 of the Tranche 2 Shares, it will have acquired more than 35% of the entire issued share capital of Brikor and NT392 will be obliged to make a mandatory offer to all remaining Brikor shareholders in terms of section 123 of the Companies Act.

On 17 April 2023, shareholders were advised that they no longer needed to exercise caution when dealing in Brikor shares.

The acquisition of securities from shareholders by NT392 does not have an impact on the financial statements of the Group or Company as at the reporting date.

Irrevocable option to acquire remaining shares in Zingaro Holdings (Pty) Ltd

As per note 4, Brikor did not elect to purchase the remaining 60 shares, as per the option agreement, before 30 April 2023.

Other

Other than as disclosed above and in these consolidated and separate financial statements, management is not aware of any material events which occurred subsequent to the year ended 28 February 2023 and which need adjustment or disclosure.

16. GOING CONCERN

The Group incurred a loss for the year ended 28 February 2023 of R5,9 million (2022: profit for the year of R2,8 million) and as of that date the Group is solvent as the total assets exceeded the total liabilities by R106,4 million (2022: R112,3 million).

The Group's current liabilities exceeded the current assets by R28,4 million (2022: current assets exceeded current liabilities by R0,2 million). The main reason for the increase in current liabilities is as a result of the increase in lease liabilities and short-term finance obtained to acquire new mining equipment. The Group expects future cost savings as a result of this and a significant decrease in month-to-month rentals of plant and equipment.

A detailed analysis of the solvency and liquidity of the Group was performed, being cognisant of the current economic environment, high inflation rates and resultant increases in prices as well as continued loadshedding being implemented by Eskom. The directors considered the financial performance of the Group to date of this report and have also prepared and interrogated budgets and cash flow forecasts for the twelve months subsequent to the reporting date. The budgets and cash flow forecast allow for best estimates and assumptions, *inter alia*, current sales volumes and prices as well as increased costs as noted above.

Subsequent to year-end and up to date of the assessment, there has been no significant change in circumstances which suggests that the above reviews are no longer valid. Based on the above, no material uncertainties have been identified in relation to the ability of the Group to remain a going concern for at least the next twelve months. The directors thus believe that the Group is in a sound financial position and that it will continue to operate as a going concern for the foreseeable future.

As such, the consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

17. DIRECTORS' INTEREST IN SHARES

Name of director	Beneficial		Total
	Direct	Indirect	
As at 28 February 2023			
<i>Executive</i>			
G Parkin	107 167 923	17 563 067	124 730 990
	107 167 923	17 563 067	124 730 990
As at 28 February 2022			
<i>Executive</i>			
G Parkin	107 513 550	17 563 067	125 076 617
	107 513 550	17 563 067	125 076 617

The Company has not been advised of any changes in the above interest of the directors between the year-end and the date of this report. G Parkin does not have voting power over the indirect beneficial interest in shares. He is, however, entitled to profits on the sale of the 17 563 067 indirect holding. The shares held are not subject to security, guarantees or any collateral.

18. SALIENT FEATURES

	2023	2022
Number of shares in issue (excluding treasury shares) ('000)	822 342	822 342
Net asset value per share (cents)	12,9	13,7
Net tangible asset value per share (cents)	9,8	10,2
Impairment reversals (R'000)	183	147
Employee cost (R'000)	(94 093)	(82 494)

Net asset value per share is determined by dividing the total equity by the actual number of shares in issue at the reporting date.

Net tangible asset value per share is determined by dividing the total equity less intangible and deferred tax assets by the actual number of shares in issue at the reporting date.

Reconciliation of Earnings before Interest, Taxation, Depreciation, Amortisation, Impairments and Earnings from Associate ("EBITDA")

	2023	2022
Operating profit/(loss) before interest and taxation	9 898	(298)
Depreciation – cost of sales	12 330	8 860
Depreciation – other expenses	2 247	1 377
Amortisation – cost of sales	372	506
Impairment reversals	(183)	(147)
	24 664	10 298



Notes to the Abridged Audited Consolidated Financial Results continued

for the year ended 28 February 2023

18. SALIENT FEATURES continued

SOLVENCY AND LIQUIDITY

	2023	2022
STATEMENT OF FINANCIAL POSITION EXTRACTS		
Current assets		
Inventory	63 787	41 318
Trade and other receivables	27 582	29 140
Cash and cash equivalents	(3 183)	(778)
– Cash and cash equivalents	463	9 054
– Less: Restricted cash	–	(5 941)
– Overdraft	(3 646)	(3 891)
Taxation	1 288	1 282
Total current assets	89 474	70 962
Total current assets less inventory and restricted cash	25 687	29 644
Current liabilities		
Shareholders' loans	2 017	5 124
Short-term portion of vendor loan	5 125	5 703
Short-term portion of lease liabilities	18 863	3 738
Short-term portion of other loans	9 974	–
Trade and other payables	75 572	56 051
Taxation	6 355	6 120
Total current liabilities	117 906	76 736
Current asset ratio	0,8:1	0,9:1
Acid test ratio	0,2:1	0,4:1

By order of the Board

Allan Pellow

Chairperson of the Board

Garnett Parkin

Chief Executive Officer

Nigel

31 May 2023



CORPORATE INFORMATION

BRIKOR LIMITED

Incorporated in the Republic of South Africa
Registration number: 1998/013247/06
JSE code: BIK
ISIN: ZAE000101945

Directors:

Allan Pellow (*Chairperson*) *
Mamsy Mokate (*Lead Independent Director*) *
Garnett Parkin (*Chief Executive Officer*)
Joaret Botha (*Financial Director*)
Funeka Mtsila *
Steve Naudé *

* *Independent non-executive*

Registered address:

1 Marievale Road
Vorsterskroon
Nigel, 1490

Postal address:

(PO Box 884, Nigel, 1490)
Telephone: 011 739 9000
Facsimile: 011 739 9021

Company Secretary:

Fusion Corporate Secretarial Services (Pty) Ltd
Registration number 2007/008376/07
Suite E014 Midlands Office Park East
Mount Quray Street
Midlands Estate
Midstream, 1692

(PO Box 68528, Highveld, 0169)
Tel: (012) 749 6793 Fax: 086 616 6545

Transfer Secretaries:

JSE Investor Services (Pty) Ltd
13th Floor
19 Ameshoff Street
Braamfontein
Johannesburg, 2196

(PO Box 4844, Johannesburg, 2000)

Auditors:

Nexia SAB&T
119 Witch-Hazel Ave
Highveld Techno Park
Centurion, 0157

(PO Box 10512, Centurion, 0046 Docex 15, Centurion)

Designated Adviser:

Exchange Sponsors (2008) (Pty) Ltd
44a Boundary Road
Inanda
Sandton, 2196

(PO Box 411216, Craighall, 2024)

These results and an overview of Brikor are available at www.brikor.co.za



BRIKOR LIMITED