



STEFANUTTI STOCKS GROUP

Shareholders' Information and Notice of the Annual General Meeting

FOR THE YEAR ENDED 28 FEBRUARY 2021

THE STEFANUTTI STOCKS INTEGRATED REPORT 2021 AND THE ANNUAL FINANCIAL STATEMENTS 2021 ARE AVAILABLE ON THE COMPANY'S WEBSITE (WWW.STEFANUTTISTOCKS.COM) AND A PRINTED COPY IS AVAILABLE ON REQUEST FROM THE COMPANY SECRETARY.



COMPANY PROFILE

The group offers highly diversified services across a wide spectrum of engineering and construction disciplines.

Vision if **you** can dream it,
we can construct it

Mission **excellence**
in execution

Being one of South Africa's leading engineering and construction groups, Stefanutti Stocks is listed on the JSE Main Board in the "Construction and Materials – Construction" sector.

Values

Candour

Frank and respectful discussions with the objective of finding positive outcomes.

Accountability

Taking personal responsibility for one's actions and the resultant outcomes.

People relations

The value, which results in people treating one another fairly and with respect, and always being mindful of the human dignity of others.



CIDB contractor
CATEGORY 9

South African employees
3 956

Global workforce
8 693

REGIONAL OPERATIONS IN AFRICA AND UNITED ARAB EMIRATES

Key: Shaded countries on the map indicate the group's operational footprint

Stefanutti Stocks's operational focus areas comprise concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines, surface mining related services, all forms of building works, including affordable housing, and mechanical and electrical installation and construction.

All group operations are registered with the Construction Industry Development Board (CIDB) as a Category 9 Contractor, which places no limitations on the project size for which the group can tender and the group is ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified.

The group operates across the African continent in South Africa, Sub-Saharan Africa, including Botswana, Mozambique, Eswatini and Zambia as well as in the United Arab Emirates, in both the private and public sectors. Clients include governments, state-owned companies, local authorities, large industrial entities, mining corporations, financial institutions and property developers.

The company's head office is based in Kempton Park, Gauteng and it employs a global workforce of 8 693 with 3 956 South African employees.

The group continues to create sustainable partnerships with all stakeholders through a values-driven culture.

This is accomplished by setting and achieving measurable key objectives to support sustainable earnings growth and, at the same time, maintaining a sound financial position while implementing key non-financial objectives to support Stefanutti Stocks's growth strategy.

Values

Professionalism

The application of a competent, disciplined and meticulous approach to all aspects of business, resulting in performance of high quality and reliability.

Excellence

A passionate mindset that puts quality at the forefront of all business activity.

Dynamic

Embracing openness and flexibility of mind and an energetic, proactive solution-driven attitude.

COMMENTARY

Basis of preparation and accounting policies

The extract from the audited condensed consolidated financial statements for the year ended 28 February 2021, which was issued on 21 June 2021, (results for the year and/or the reporting period) have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard IAS 34: Interim Financial Reporting and is in compliance with the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act, No. 71 of 2008. The accounting policies as well as the methods of computation used in the preparation of the results for the period ended 28 February 2021 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 29 February 2020.

There is no significant difference between the carrying amounts of financial assets and liabilities and their fair values. The fair value measurement for land and buildings are categorised as a level 3, based on the valuation method of income capitalisation using unobservable inputs i.e. market capitalisation rates and income/expenditure ratio. The results are presented in Rand, which is Stefanutti Stocks's functional currency.

The company's directors are responsible for the preparation and fair presentation of the summarised condensed consolidated results. These results have been compiled under the supervision of the acting Chief Financial Officer, Y du Plessis, CA(SA).

Auditors' report

The summarised report is extracted from audited information but is not itself audited by Stefanutti Stocks's external auditor. The unmodified independent auditors' report, with an emphasis of matter paragraph, can be found on page 9 of the consolidated annual financial statements, as well as on Stefanutti Stocks's website.

We draw attention to the consolidated statement of profit or loss and other comprehensive income, statement of financial position as well as note 2 of the financial statements, which indicates that the group incurred a net loss of R290 million for the year ended 28 February 2021 and, as of that date, the group's current liabilities exceeded its current assets by R1 358 million.

As stated in note 2 these events and conditions, along with other matters as noted, including the uncertainties surrounding the COVID-19 pandemic and contingent liabilities, as disclosed in note 26, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

COVID-19

Stefanutti Stocks's priority continues to be the health and safety of its employees. The management of the group remains committed to supporting the initiatives that the governments have implemented in the various countries in which the group operates. Importantly, Stefanutti Stocks continues to adhere to the required protocols and maintains a close working relationship with clients and key stakeholders to mitigate the extensive impact of COVID-19 and reduce the long-term effects on its business.

Group profile

Stefanutti Stocks is a construction company operating throughout South Africa, Sub-Saharan Africa and the United Arab Emirates with multi-disciplinary expertise including concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines and surface mining related services, all forms of building works, including affordable housing, and mechanical and electrical installation and construction.

Restructuring Plan update

The group hereby provides shareholders with an update on the Restructuring Plan as reported in the Unaudited Condensed Consolidated Results of Stefanutti Stocks for the six months ended 31 August 2020 issued on 26 November 2020, subsequent disposal of properties announcement issued on 21 October 2020, the disposal of the mining services division announcement issued on 28 April 2021 as well as the Reviewed Condensed Consolidated Results for the 12 months ended 28 February 2021 issued on 27 May 2021.

As previously reported, the Restructuring Plan has been approved by both the company's board of directors and the Lenders and envisages, inter alia:

- › the sale of non-core assets;
- › the sale of underutilised plant and equipment;
- › the sale of certain operations;
- › internal restructuring initiatives required to restore optimal operational and financial performance;
- › the securing of additional short-term funding of R430 million, of which R270 million related to

the negative effects of the national lockdown in March/April 2020;

- › a favourable outcome from the processes relating to the contractual claims and compensation events on the Kusile power project;
- › the restructuring of the short-term funding received to date from the Lenders into a term loan; and
- › evaluation of an optimal business model going forward and associated capital structure analysis including the potential of raising new equity.

In accordance with the Restructuring Plan, the Lenders had provided the requisite funding and converted the short-term funding agreement into a term loan on 1 July 2020, which loan terminates on 28 February 2022. The loan bears interest at prime plus 5,4%, including arranging and facility fees, and is secured by special and general notarial bonds over movable assets, continuous covering mortgage bonds over immovable assets and various cessions. Shareholders are further advised that the group, on 25 May 2021, reached an agreement with the Lenders to extend the current capital repayment profile of the loan. The capital portion of the loan repayments are envisaged to commence in July 2021 with a residual loan balance at 28 February 2022 of approximately R420 million. The resolution of contractual claims and compensation events on the Kusile power project is taking longer than anticipated due to the complex nature thereof.

The Lenders have agreed to provide continued guarantee support for current and future projects being undertaken by the group. Management has made considerable progress in reconfiguring the group's organisational structure to improve operational performance and decrease overhead costs, including the reduction of the group's overall headcount. This is an ongoing process which continues as the aspects of the Restructuring Plan are being implemented in this uncertain environment.

The purpose of the Restructuring Plan is to put in place an optimal capital structure and access to liquidity to position the group for long-term growth.

The Restructuring Plan is anticipated to be implemented over the financial year ending February 2022 and, to the extent required, shareholder approval will be sought for certain aspects of the Restructuring Plan. Stefanutti Stocks will continue to update shareholders on the progress of the various aspects of the Restructuring Plan.

The funding provided by the Lenders has assisted in relieving the group's liquidity pressures even though current liabilities exceed current assets at 28 February 2021.

In addition thereto, uncertainties surrounding the COVID-19 pandemic and contingent liabilities as noted in note 26 of the group's Consolidated Annual Financial Statements for the year ended 28 February 2021, continue to indicate that a material uncertainty exists that may cast doubt on the group's ability to continue as a going concern in the short term. However, having converted the short-term funding agreement with the Lenders to a term loan and on the basis of successfully implementing the Restructuring Plan, the directors consider it appropriate that the group's results for the reporting period be prepared on the going-concern basis.

Overview of results

As previously highlighted to shareholders in various announcements and updates since late 2018, the group continues to pursue a number of contractual claims and compensation events on the Kusile power project. Due to the complexity of the claims, the processes remain ongoing. No further details of the claims have been disclosed on the basis that it may prejudice the group's position in defending the claims brought against it and in pursuing those claims brought against Eskom by the group.

As a consequence of the implementation of the Restructuring Plan, a number of non-core assets, underutilised plant and equipment and identified operations earmarked for sale have been reclassified in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

Non-current assets held for sale

The following items of property, plant and equipment were reclassified as held for sale as the group is actively marketing these assets and is expected to dispose of these within a year:

| | Business unit | Non-current assets held for sale R'000 | Liabilities directly associated with non-current assets held for sale R'000 |
|--------------------------------------|------------------------------------|---|---|
| PROPERTY, PLANT AND EQUIPMENT | | | |
| Land and buildings | Construction & Mining and M&E | 47 435 | 8 190 |
| Transport and motor vehicles | Construction & Mining | 138 | – |
| Plant and equipment | Construction & Mining and Building | 140 335 | 23 630 |
| | | 187 908 | 31 820 |

The carrying value of the investment relating to the equity-accounted United Arab Emirates Joint Venture of R268 million, has also been re-classified to non-current assets held for sale.

Negotiations with respect to the sale of this entity remain ongoing. Once agreement has been reached shareholders will be advised as to the terms which could impact on the fair value of the investment.

Discontinued operations

In line with the Restructuring Plan, the group has initiated a disposal programme to sell certain operations which have accordingly been classified as discontinued operations effective 1 July 2020 and 28 February 2021. These disposals, including certain foreign operations, are expected to be concluded within the next 12 months and include the disposal of the Mining Services division as contemplated in the Circular sent to Shareholders on 28 April 2021. The financial performance, reportable assets and reportable liabilities are presented within the Construction & Mining and Building business units. Financial information relating to the discontinued operations is set out in the tables below:

| | 28 February 2021 R'000 | 29 February 2020 R'000 |
|--|---------------------------|---------------------------|
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | |
| Contract revenue | 866 770 | 1 358 890 |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA) | 54 038 | 6 825 |
| Depreciation and amortisation | (4 779) | (17 470) |
| Fair value adjustments | (5 926) | – |
| Loss on re-measurement to fair value less costs on disposal groups | (26 103) | – |
| OPERATING PROFIT/(LOSS) BEFORE INVESTMENT INCOME | 17 230 | (10 645) |
| Investment income | 3 649 | 2 479 |
| Share of profits of equity-accounted investees | 5 707 | 48 367 |
| OPERATING PROFIT BEFORE FINANCE COSTS | 26 586 | 40 201 |
| Finance costs | (2 475) | (11 114) |
| PROFIT BEFORE TAXATION | 24 111 | 29 087 |
| Taxation | (2 945) | 6 018 |
| PROFIT FOR THE PERIOD | 21 166 | 35 105 |
| OTHER COMPREHENSIVE INCOME | (36 232) | 38 012 |
| Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) | (43 731) | 38 012 |
| Reclassification of foreign currency translation reserve on disposal of foreign subsidiary | 7 499 | – |
| TOTAL COMPREHENSIVE INCOME | (15 066) | 73 117 |

| | 28 February 2021 R'000 | 29 February 2020 R'000 |
|--|---------------------------|---------------------------|
| PROFIT ATTRIBUTABLE TO: | 21 166 | 35 105 |
| Equity holders of the company | 24 321 | 36 210 |
| Non-controlling interest | (3 155) | (1 105) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | (15 066) | 73 117 |
| Equity holders of the company | (8 909) | 77 163 |
| Non-controlling interest | (6 157) | (4 046) |
| Earnings per share | 14,54 | 21,65 |
| Headline earnings per share | 33.26 | 21,62 |
| NET CASH FLOWS FROM DISCONTINUED OPERATIONS | | |
| Net cash movement from operating activities | 134 473 | (240 995) |
| Net cash movement from investing activities | 97 146 | (53 695) |
| Net cash movement from financing activities | (178 899) | 13 994 |
| Effect of exchange rate changes on cash and cash equivalents | 6 469 | 1 890 |
| Net cash flows | 59 189 | (278 806) |

| | Local operations February 2021 R'000 | Foreign operations February 2021 R'000 | Total February 2021 R'000 |
|--|--|--|---------------------------------|
| STATEMENT OF FINANCIAL POSITION | | | |
| NON-CURRENT ASSETS | 43 587 | 245 549 | 289 136 |
| Property, plant and equipment | 10 764 | 233 946 | 244 710 |
| Goodwill and intangible assets | 32 823 | – | 32 823 |
| Deferred tax assets | – | 11 603 | 11 603 |
| CURRENT ASSETS | 56 802 | 251 533 | 308 335 |
| Other current assets | 47 486 | 168 818 | 216 304 |
| Taxation | – | 403 | 403 |
| Bank balances | 9 316 | 82 312 | 91 628 |
| | 100 389 | 497 082 | 597 471 |
| NON-CURRENT LIABILITIES | – | 386 | 386 |
| Financial liabilities | – | 386 | 386 |
| CURRENT LIABILITIES | 43 066 | 209 455 | 252 521 |
| Other current liabilities | 40 352 | 148 179 | 188 531 |
| Excess billings over work done | – | 53 409 | 53 409 |
| Provisions | 2 714 | 7 867 | 10 581 |
| | 43 066 | 209 841 | 252 907 |

Disaggregation of contract revenue

Contract revenue from discontinued operations can be further disaggregated as follows:

| | 28 February 2021 R'000 | 29 February 2020 R'000 |
|-----------------------------|---------------------------|---------------------------|
| GEOGRAPHICAL | | |
| WITHIN SOUTH AFRICA | 345 688 | 388 912 |
| Construction & Mining | 345 688 | 388 912 |
| OUTSIDE SOUTH AFRICA | 521 082 | 969 978 |
| Construction & Mining | 35 232 | 59 547 |
| Building | 485 850 | 910 431 |
| TOTAL | 866 770 | 1 358 890 |
| SECTOR | | |
| PRIVATE | 849 442 | 1 298 356 |
| Construction & Mining | 363 592 | 387 925 |
| Building | 485 850 | 910 431 |
| PUBLIC | 17 328 | 60 534 |
| Construction & Mining | 17 328 | 60 534 |
| TOTAL | 866 770 | 1 358 890 |

Continuing operations

The continued adverse market conditions, as well as the substantial impact of COVID-19, has reduced contract revenue from continuing operations to R5,0 billion (restated Feb 2020: R7,2 billion) with an operating loss of R111 million (restated Feb 2020: R1 022 million). On 30 October 2020 the group ceased marketing the Mechanical & Electrical business unit, which is now classified as part of continuing operations.

The United Arab Emirates operation, included in the share of profits of equity-accounted investees, reported a profit of R6 million for the period to June 2020 (Feb 2020 profit of R48 million). From July 2020, the operation has been classified as held for sale and carried at fair value.

The group has not provided for a deferred tax asset on the losses pertaining to the South African trading entity. Furthermore, the tax charge is impacted by the profitability of the cross-border operations at their varying tax rates.

The after tax loss for the period for continuing operations is R311 million (restated Feb 2020: R1 107 million) and for discontinued operations a profit after tax of R21 million (restated Feb 2020: R35 million).

Earnings and headline earnings per share for total operations are reported as a loss of 171,62 cents (Feb 2020: 640,35 cents) and a loss of 155,13 cents (Feb 2020: 622,48 cents) respectively.

The group's order book for continuing operations is currently R5,5 billion of which R2,1 billion arises from work beyond South Africa's borders.

Finance costs increased to R134 million (restated Feb 2020: R115 million) as a result of the extended funding made available from the Lenders. Total interest-bearing liabilities have remained relatively consistent at R1 553 million (Feb 2020: R1 510 million).

The impact of COVID-19 and current dispute resolution processes have contributed negatively on cash consumed by operations of R209 million (Feb 2020: R674 million). The group's total cash position has increased to R847 million (Feb 2020: R741 million). Should the discontinued operations be excluded, the cash position is R756 million (Feb 2020: R741 million).

The effect of the weakening Rand on the translation of certain foreign operations resulted in R62 million loss (Feb 2020: R52 million profit) being recognised in other comprehensive income.

Review of operations

CONSTRUCTION & MINING

Construction & Mining's contract revenue from continuing operations decreased to R3,7 billion (restated Feb 2020: R4,7 billion) with an operating profit of R71 million (restated Feb 2020: operating loss of R383 million).

A decision has been taken to cease the Contract Mining operation. At February 2021, only one insignificant contract remains active, which will be completed by October 2021. In terms of the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, the results of the Contract Mining operations are disclosed as part of continuing operations.

The operating loss for Contract Mining for the year amounted to R55 million (Feb 2020: R161 million).

Opportunities exist for this business unit in transport infrastructure, water and wastewater treatment plants, mine infrastructure and in the alternate energy sector.

The government's proposed National Development Plan (NDP) will offer potential opportunities to this business unit.

As previously reported, with respect to two contract mining project terminations, the arbitration matters remain ongoing. The group is confident that the terminations were lawful and therefore no provision has been made for these. Both arbitrations are expected to be completed by February 2022.

Construction & Mining's total order book at February 2021 was R3,6 billion (Feb 2020: R4,6 billion).

BUILDING

Due to the National Lockdown and the safety regulations of COVID-19, the Building business unit was unable to work for three months during the reporting period, resulting in contract revenue from continuing operations reducing to R1,1 billion (restated Feb 2020: R1,7 billion). The operating loss decreased to R31 million (restated operating loss Feb 2020: R514 million). The profit of the equity-accounted United Arab Emirates operation is excluded from this result.

This business unit should also potentially benefit from the NDP, together with commercial, retail, industrial, warehouse and factory opportunities in the private sector, in Gauteng, KwaZulu-Natal and Western Cape.

The Mozambique division's order book is currently under pressure, impacted by the ongoing unrest in the northern province gas fields expansion projects. The division is, however, pursuing other opportunities in the office, residential, factory and surface mine infrastructure in the private sector.

Building's total order book at February 2021 was R2,0 billion (Feb 2020: R2,3 billion) excluding the United Arab Emirates order book of R485 million (Feb 2020: R658 million).

MECHANICAL & ELECTRICAL

Mechanical & Electrical's contract revenue decreased to R270 million (Feb 2020: R897 million) with an operating loss of R64 million (Feb 2020: R25 million). This business unit has been severely impacted by the effects of the COVID-19 pandemic has had on global commodity prices resulting in major plant maintenance and upgrade projects being put on hold. However, opportunities in the traditional petrochemical sector for the Oil & Gas division are showing signs of improvement.

The arbitration matter relating to the cancellation of a petrochemical contract had to be postponed due to a fundamental change in the client's defence. A date for the arbitration is yet to be set. At this stage the financial impact thereof cannot be quantified.

During the reporting period, Stefanutti Stocks terminated a mechanical project. The client is disputing the termination, which has now been referred to arbitration. The arbitration process is expected to be completed by February 2022. The group is confident that the termination was lawful and therefore no provision has been made against this.

Mechanical & Electrical's total order book at Feb 2021 was R136 million (Feb 2020: R328 million).

Safety

Management and staff remain committed to enhanced health and safety policies and procedures, and together strive to constantly improve the group's safety performance. The group's Lost Time Injury Frequency Rate (LTIFR) at February 2021 was 0,03 (Feb 2020: 0,02) and the Recordable Case Rate (RCR) was 0,35 (Feb 2020: 0,29).

Broad-Based Black Economic Empowerment (B-BBEE)

The group is a level 1 B-BBEE contributor measured in terms of the Construction Sector scorecard with a Black Economic Interest score of 81,3%.

Industry related matters

With respect to the civil claim received from the City of Cape Town (Green Point Stadium), the arbitration date has been set for September 2021. The group remains confident it can defend this claim.

The group continues to be negatively affected through disruptive and unlawful activities by certain communities and informal business forums in certain areas of South Africa.

Dividend declaration

Notice is hereby given that no dividend will be declared (Feb 2020: Nil).

Changes and proposed changes to the board of directors

In accordance with paragraph 3.59 of the Listings Requirements of the JSE Limited, shareholders are advised of the following changes to the board:

Dermot Quinn has informed the board of his intention to retire from the board at the Company's 2021 Annual General Meeting.

Dermot has served on the board since 2007 as the Chief Financial Officer and thereafter as a non-executive director. John Poluta, currently alternate non-executive director to Busisiwe Silwanyana, will be appointed as a non-executive director. John has been on the board as an alternate non-executive director since 2017.

The board expresses its appreciation to Dermot for his valued past contributions and guidance over the years and wishes him all the best for the future.

Given the critical importance of the ongoing implementation of the Restructuring Plan, and in order to devote the required time and resource to this process, Antonio Cocciantone will step down from his role as Chief Financial Officer and executive director, effective 31 May 2021 until such time that the plan has been fully implemented. During this implementation period, Yolanda du Plessis will be appointed as acting Chief Financial Officer and executive director with effect from 1 June 2021. Yolanda has been with the group since 2008 and has worked closely with both Dermot and Antonio over the years. Yolanda's appointment has the support of the board.

Yolanda's profile is set out below:

BCompt (Hons), CA(SA); Post Graduate Diploma: International Tax

Yolanda qualified as a chartered accountant in 2006 and has more than 20 years' experience in statutory reporting, audit, corporate governance and sustainability matters as well as tax. Yolanda was appointed in 2008 as Group Financial Manager.

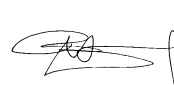
Subsequent events

Other than the matters noted herein, there were no other material reportable events which occurred between the reporting date and the date of this announcement.

Appreciation

We would like to express our appreciation to the board, the management team and all of our employees for their continuous commitment and dedication in this demanding environment. We also express our gratitude to our Lenders, service providers, customers, suppliers and shareholders for their ongoing support.

On behalf of the board



Zanele Matlala
Chairman



Russell Crawford
CEO

21 June 2021

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED

| | % Increase/ (decrease) | 28 February 2021 R'000 | Restated 29 February 2020 R'000 |
|--|---------------------------|---------------------------|---------------------------------------|
| CONTINUING OPERATIONS | | | |
| Contract revenue | (30) | 5 040 586 | 7 227 036 |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA) | (104) | 33 983 | (767 820) |
| Depreciation and amortisation | | (130 265) | (201 453) |
| Impairment of assets | | (15 137) | (52 995) |
| OPERATING LOSS BEFORE INVESTMENT INCOME | (89) | (111 419) | (1 022 268) |
| Investment income | | 28 734 | 27 827 |
| Share of losses of equity-accounted investees | | (1 323) | (2 171) |
| OPERATING LOSS BEFORE FINANCE COSTS | | (84 008) | (996 612) |
| Finance costs | | (134 236) | (114 953) |
| LOSS BEFORE TAXATION | | (218 244) | (1 111 565) |
| Taxation | | (93 104) | 4 412 |
| LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS | | (311 348) | (1 107 153) |
| Profit after tax for the period from discontinued operations | | 21 166 | 35 105 |
| LOSS FOR THE PERIOD | | (290 182) | (1 072 048) |
| OTHER COMPREHENSIVE INCOME | | (68 916) | 51 962 |
| Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) – Continuing operations | | (17 862) | 13 950 |
| Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) – Discontinued operations | | (43 731) | 38 012 |
| Impairment losses recognised on re-valued assets (may not be reclassified to profit/(loss)) | | (27 549) | – |
| Reclassification of foreign currency translation reserve on disposal of foreign subsidiary | | 20 226 | – |
| TOTAL COMPREHENSIVE INCOME | | (359 098) | (1 020 086) |
| LOSS ATTRIBUTABLE TO: | | | |
| Equity holders of the company | | (287 027) | (1 070 943) |
| Loss for the period from continuing operations | | (311 348) | (1 107 153) |
| Profit for the period from discontinued operations | | 24 321 | 36 210 |
| Non-controlling interest | | (3 155) | (1 105) |
| Loss for the period from continuing operations | | – | – |
| Loss for the period from discontinued operations | | (3 155) | (1 105) |
| | | (290 182) | (1 072 048) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | |
| Equity holders of the company | | (352 941) | (1 016 040) |
| Loss for the period from continuing operations | | (344 032) | (1 093 203) |
| (Loss)/profit for the period from discontinued operations | | (8 909) | 77 163 |
| Non-controlling interest | | (6 157) | (4 046) |
| Loss for the period from continuing operations | | – | – |
| Loss for the period from discontinued operations | | (6 157) | (4 046) |
| | | (359 098) | (1 020 086) |
| EARNINGS PER SHARE (CENTS) | | | |
| From continuing operations | | (186,16) | (662,00) |
| From total operations | | (171,62) | (640,35) |
| DILUTED EARNINGS PER SHARE (CENTS) | | | |
| From continuing operations | | (186,16) | (662,00) |
| From total operations | | (171,62) | (640,35) |

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED

| | 28 February 2021 R'000 | 29 February 2020 R'000 |
|--|---------------------------|---------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | 1 211 650 | 2 606 385 |
| Property, plant and equipment | 608 411 | 1 591 318 |
| Equity-accounted investees | 25 703 | 342 361 |
| Goodwill and intangible assets | 345 664 | 405 930 |
| Deferred tax assets | 231 872 | 266 776 |
| CURRENT ASSETS | 3 148 139 | 4 038 663 |
| Other current assets | 2 285 196 | 3 186 154 |
| Taxation | 89 171 | 79 620 |
| Bank balances | 773 772 | 772 889 |
| Non-current assets held for sale | 1 053 068 | – |
| TOTAL ASSETS | 5 412 857 | 6 645 048 |
| EQUITY AND LIABILITIES | | |
| CAPITAL AND RESERVES | 352 568 | 711 666 |
| Share capital and premium | 1 007 718 | 1 007 718 |
| Other reserves | 48 874 | 228 435 |
| Reserves of disposal group | 105 324 | – |
| Accumulated loss | (809 348) | (506 249) |
| Equity holders of the company | 352 568 | 729 904 |
| Non-controlling interest | – | (18 238) |
| NON-CURRENT LIABILITIES | 269 703 | 896 398 |
| Financial liabilities | 182 821 | 479 627 |
| Excess billings over work done | 46 506 | 294 823 |
| Provisions | 40 376 | 121 948 |
| CURRENT LIABILITIES | 4 505 859 | 5 036 984 |
| Other current liabilities* | 2 651 350 | 2 985 721 |
| Excess billings over work done | 1 205 771 | 1 053 733 |
| Provisions | 551 512 | 885 103 |
| Taxation | 79 092 | 80 051 |
| Bank balances | 18 134 | 32 376 |
| Liabilities associated with disposal group held for sale** | 284 727 | – |
| TOTAL EQUITY AND LIABILITIES | 5 412 857 | 6 645 048 |
| * including interest-bearing liabilities of | 1 352 478 | 998 135 |
| ** including interest-bearing liabilities of | 32 920 | – |

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED

| | Share capital and premium R'000 | Foreign currency translation reserve R'000 | Revaluation surplus reserve R'000 | Legal reserve R'000 | Reserves of disposal group R'000 | Accumulated loss R'000 | Attributable to equity holders of the company R'000 | Non-controlling interest R'000 | Total equity R'000 |
|--|---------------------------------|--|-----------------------------------|---------------------|----------------------------------|------------------------|---|--------------------------------|--------------------|
| BALANCE AT 28 FEBRUARY 2019 | 1 007 718 | 59 829 | 118 961 | – | – | 559 436 | 1 745 944 | (14 192) | 1 731 752 |
| Total comprehensive income | – | 54 903 | – | – | – | (1 070 943) | (1 016 040) | (4 046) | (1 020 086) |
| Loss | – | – | – | – | – | (1 070 943) | (1 070 943) | (1 105) | (1 072 048) |
| Other comprehensive income | – | 54 903 | – | – | – | – | 54 903 | (2 941) | 51 962 |
| Realisation of revaluation reserve on sale of land and buildings | – | – | (6 022) | – | – | 6 022 | – | – | – |
| Recognition of reserve | – | – | – | 764 | – | (764) | – | – | – |
| BALANCE AT 29 FEBRUARY 2020 | 1 007 718 | 114 732 | 112 939 | 764 | – | (506 249) | 729 904 | (18 238) | 711 666 |
| Total comprehensive income | – | (5 135) | (27 549) | – | (33 230) | (287 027) | (352 941) | (6 157) | (359 098) |
| Loss | – | – | – | – | – | (287 027) | (287 027) | (3 155) | (290 182) |
| Other comprehensive income | – | (5 135) | (27 549) | – | (33 230) | – | (65 914) | (3 002) | (68 916) |
| Realisation of revaluation reserve on sale of land and buildings | – | – | (8 323) | – | – | 8 323 | – | – | – |
| Discontinued operations | – | (82 107) | (56 447) | – | 138 554 | – | – | – | – |
| Disposal of non-controlling interest | – | – | – | – | – | (24 395) | (24 395) | 24 395 | – |
| BALANCE AT 28 FEBRUARY 2021 | 1 007 718 | 27 490 | 20 620 | 764 | 105 324 | (809 348) | 352 568 | – | 352 568 |

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED

| | 28 February 2021 R'000 | Restated 29 February 2020 R'000 |
|--|------------------------|---------------------------------|
| Cash consumed by operations | (209 145) | (674 090) |
| Interest received | 31 718 | 29 740 |
| Finance costs | (117 711) | (76 011) |
| Dividends received | 1 565 | 29 952 |
| Taxation paid | (69 872) | (60 309) |
| CASH FLOWS FROM OPERATING ACTIVITIES | (363 445) | (750 718) |
| Net proceeds received – property, plant and equipment | 153 937 | 103 276 |
| Net proceeds on disposal of joint operation and subsidiaries | 123 807 | – |
| Expenditure for expansion | (4 252) | (28 367) |
| Expenditure for maintaining | (14 205) | (854) |
| Net cash (outflow)/inflow due to business combinations | (3 187) | 46 330 |
| CASH FLOWS FROM INVESTING ACTIVITIES | 256 100 | 120 385 |
| Movements on long- and short-term financing | 230 161 | 463 961 |
| CASH FLOWS FROM FINANCING ACTIVITIES | 230 161 | 463 961 |
| NET MOVEMENT IN CASH FOR THE PERIOD | 122 816 | (166 372) |
| Effect of exchange rate changes on cash and cash equivalents | (16 063) | 26 114 |
| Cash and cash equivalents at beginning of year | 740 513 | 880 771 |
| Cash at the end of the year – discontinued operations | (91 628) | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 755 638 | 740 513 |

SUMMARISED SEGMENT INFORMATION

FOR THE YEAR ENDED

| | Construction & Mining R'000 | Building R'000 | Mechanical & Electrical R'000 | Reconciling segments* R'000 | Total R'000 |
|--|-----------------------------------|-------------------|-------------------------------------|-----------------------------------|----------------|
| 28 FEBRUARY 2021 | | | | | |
| Contract revenue | 3 664 938 | 1 105 862 | 269 786 | – | 5 040 586 |
| Intersegment contract revenue | 37 440 | 6 213 | 18 242 | – | 61 895 |
| Reportable segment profit/(loss) – continuing operations | 85 453 | (130 769) | (79 004) | (187 028) | (311 348) |
| Reportable segment profit/(loss) – discontinued operations | 6 101 | 15 065 | – | – | 21 166 |
| Reportable segment assets | 3 042 942 | 1 572 335 | 351 807 | 445 773 | 5 412 857 |
| Reportable segment liabilities | 2 343 592 | 1 088 755 | 84 575 | 1 543 367 | 5 060 289 |
| 29 FEBRUARY 2020 RESTATED | | | | | |
| Contract revenue | 4 679 460 | 1 650 385 | 897 191 | – | 7 227 036 |
| Intersegment contract revenue | 66 475 | 35 637 | 44 635 | – | 146 747 |
| Reportable segment profit/(loss) – continuing operations | (428 671) | (496 144) | (43 016) | (139 322) | (1 107 153) |
| Reportable segment profit/(loss) – discontinued operations | (40 428) | 75 533 | – | – | 35 105 |
| Reportable segment assets | 4 045 827 | 1 586 122 | 477 766 | 535 333 | 6 645 048 |
| Reportable segment liabilities | 3 333 139 | 1 286 916 | 171 147 | 1 142 180 | 5 933 382 |

* Other segments comprise segments that are primarily centralised in nature i.e. the group's headquarters.

HEADLINE EARNINGS AND NET ASSET VALUE PER SHARE

FOR THE YEAR ENDED

| | Continuing operations | | Discontinued operations | | Total operations | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 28 February 2021 R'000 | 29 February 2020 R'000 | 28 February 2021 R'000 | 29 February 2020 R'000 | 28 February 2021 R'000 | 29 February 2020 R'000 |
| (Loss)/profit after taxation attributable to equity holders of the company | (311 348) | (1 107 153) | 24 321 | 36 210 | (287 027) | (1 070 943) |
| Adjusted for: | | | | | | |
| Profit on disposal of plant and equipment | (24 737) | (11 887) | (1 551) | (59) | (26 288) | (11 946) |
| Tax effect | 7 609 | 3 999 | 433 | (1) | 8 042 | 3 998 |
| Gain on disposal of non-current assets held for sale | (8 148) | – | – | – | (8 148) | – |
| Tax effect | 2 281 | – | – | – | 2 281 | – |
| Fair value adjustments | – | – | 5 926 | – | 5 926 | – |
| Tax effect | – | – | (1 815) | – | (1 815) | – |
| Bargain purchase gain | – | (15 169) | – | – | – | (15 169) |
| (Profit)/loss on sale of subsidiary | (507) | – | 2 200 | – | 1 693 | – |
| Profit on sale of joint operation | (53 887) | – | – | – | (53 887) | – |
| Loss on re-measurement of disposal group | – | – | 26 103 | – | 26 103 | – |
| Impairment of equity-accounted investees | 58 533 | – | – | – | 58 533 | – |
| Impairment of assets | 15 137 | 52 995 | – | – | 15 137 | 52 995 |
| HEADLINE EARNINGS | (315 067) | (1 077 215) | 55 617 | 36 150 | (259 450) | (1 041 065) |
| Number of weighted average shares in issue | 167 243 684 | 167 243 684 | 167 243 684 | 167 243 684 | 167 243 684 | 167 243 684 |
| Number of diluted weighted average shares in issue | 167 243 684 | 167 243 684 | 167 243 684 | 167 243 684 | 167 243 684 | 167 243 684 |
| Earnings per share (cents) (73%) | (186,16) | (662,00) | 14,54 | 21,65 | (171,62) | (640,35) |
| Diluted earnings per share (cents) (73%) | (186,16) | (662,00) | 14,54 | 21,65 | (171,62) | (640,35) |
| Headline earnings per share (cents) (75%) | (188,39) | (644,10) | 33,26 | 21,62 | (155,13) | (622,48) |
| Diluted headline earnings per share (cents) (75%) | (188,39) | (644,10) | 33,26 | 21,62 | (155,13) | (622,48) |

HEADLINE EARNINGS AND NET ASSET VALUE PER SHARE continued

FOR THE YEAR ENDED

| | 28 February 2021 | Restated 29 February 2020 |
|--|--------------------|------------------------------|
| NET ASSET VALUE PER SHARE | | |
| Total number of net shares in issue | 167 243 684 | 167 243 684 |
| Net asset value per share (cents) | 210,81 | 436,43 |
| Net tangible asset value per share (cents) | 4,13 | 193,71 |

SUMMARISED DISAGGREGATION OF REVENUE

FOR THE YEAR ENDED

Contract revenue from continuing operations can be further disaggregated as follows:

| | 28 February 2021 R'000 | Restated 29 February 2020 R'000 |
|-----------------------------|---------------------------|---------------------------------------|
| GEOGRAPHICAL | | |
| WITHIN SOUTH AFRICA | 3 525 650 | 6 102 372 |
| Construction & Mining | 2 233 275 | 3 666 846 |
| Building | 1 022 589 | 1 620 689 |
| M&E | 269 786 | 814 837 |
| OUTSIDE SOUTH AFRICA | 1 514 936 | 1 124 664 |
| Construction & Mining | 1 431 663 | 1 012 614 |
| Building | 83 273 | 29 696 |
| M&E | – | 82 354 |
| TOTAL | 5 040 586 | 7 227 036 |
| SECTOR | | |
| PRIVATE | 3 213 849 | 4 905 751 |
| Construction & Mining | 1 997 572 | 2 649 767 |
| Building | 975 491 | 1 358 793 |
| M&E | 240 786 | 897 191 |
| PUBLIC | 1 826 737 | 2 321 285 |
| Construction & Mining | 1 667 366 | 2 029 693 |
| Building | 130 371 | 291 592 |
| M&E | 29 000 | – |
| TOTAL | 5 040 586 | 7 227 036 |

NOTICE OF ANNUAL GENERAL MEETING

Stefanutti Stocks Holdings Limited

(Incorporated in the Republic of South Africa)

Registration number: 1996/003767/06

Share code: SSK ISIN: ZAE000123766

(Stefanutti Stocks or the company)

Notice is hereby given to the shareholders of the company that the annual general meeting ("AGM") of Stefanutti Stocks for the year ended 28 February 2021 will be held on **Friday, 6 August 2021 at 12:00**, entirely through electronic communication as permitted by the company's Memorandum of Incorporation, the Companies Act, No. 71 of 2008, as amended ("Companies Act"), to (i) consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited ("JSE") Listings Requirements ("JSE Listings Requirements"); and (ii) deal with such other business as may lawfully be dealt with at the AGM.

This notice of annual general meeting ("Notice") is available in English only and copies thereof may be obtained from the registered office of the company at No. 9 Palala Street Protec Park, Cnr Zuurfontein Avenue and Oranjerivier Drive, Kempton Park, 1619 or by emailing the Company Secretary at w.somerville@mweb.co.za, from date of issue hereof until the date of the AGM.

As indicated above, the AGM will be held entirely through electronic communication; however, in order to facilitate the effective and efficient conduct of the AGM, all shareholders are requested to submit their votes by proxy before the AGM at their earliest convenience. Shareholders intending to participate and/or vote at the AGM are required to complete the registration form ("Registration Form") annexed hereto as Annexure A. When completing the registration form, participants will be required to provide proof of identification and accordingly the registration validation process will include the requisite verification required by section 63(1) of the Companies Act. Further details on how to participate in the AGM by electronic communication are provided on page 29 of this Notice. Shareholders are advised that the email addresses and/or contact numbers provided by shareholders in their completed Registration Forms are the only addresses and/or contact numbers that will be recognised for purposes of electronic participation (including voting, where applicable) at the AGM.

For administrative purposes only, any shareholder (or representative or proxy of a shareholder) will need to register, by no later than 12:00 on Wednesday 4 August 2021, to participate in the AGM. Details on how to register to participate in the AGM are set out in Annexure A to this Notice.

Important dates

- › **Distribution of Integrated Annual Report:**
Monday, 28 June 2021
- › **Record date to receive the Notice:**
Friday, 18 June 2021
- › **Last date to trade to be eligible to vote:**
Tuesday, 27 July 2021
- › **Record date to be eligible to vote:**
Friday, 30 July 2021
- › **For administrative purposes only, the last date for lodging forms of proxy (by 12:00):**
Wednesday, 4 August 2021

Accordingly, the date on which a person must be registered as a shareholder in the register of the company for purposes of being entitled to participate and vote at the meeting is Friday, 30 July 2021.

Identification

In terms of section 63(1) of the Companies Act, before any person may attend or participate in AGM (including any representative or proxy), that person must present reasonably satisfactory identification (such as identity documents or identity card issued by the South African Department of Home Affairs, driver's licenses or passports) and the person presiding at the AGM must be reasonably satisfied that the right of the person to participate at the AGM, either as a shareholder or as a proxy for a shareholder, has been reasonably verified before they may attend or participate in the AGM.

A shareholder or its representative or proxy, as the case may be, will be required to provide the company's transfer secretaries, Computershare Investor Services Proprietary Limited ("Computershare") with reasonably satisfactory identification as a part of the validation process to participate in the electronic AGM. Failure to do so may mean that the participant is unable to participate in the AGM either at all, or promptly. The company and Computershare shall not be liable for any failure by any shareholder or its representative or proxy, as the case may be, to timeously deliver the requisite identification as aforesaid.

Presentation of annual financial statements

In terms of section 61(8)(a) and regulation 43(5)(c) of the Companies Act, the company must present the Audit Committee report, the directors' report and the Social and Ethics Committee report at the AGM. The directors' report and the Audit Committee report are set out on pages 3 to 8 of the Stefanutti Stocks Group Consolidated Annual Financial Statements 2021.

The Social and Ethics Committee report is set out on page 51 of the Integrated Annual Report.

The consolidated annual financial statements of the company and its subsidiaries (as approved by the board of directors of the company), including the directors' report, the report of the Audit, Governance and Risk Committee, the Social and Ethics Committee and the external auditors' report for the year ended 28 February 2021, have been distributed as required and will be presented to shareholders.

A copy of the consolidated annual financial statements can also be obtained on the website of the company (www.stefstocks.com) or on request during business hours at the registered office of the company (No. 9 Palala Street Protec Park, Cnr Zuurfontein Avenue and Oranjerivier Drive, Kempton Park, 1619).

Ordinary resolutions

Ordinary resolution 1: Adoption of annual financial statements

"RESOLVED THAT the annual financial statements of the company for the year ended 28 February 2021, including the directors' report and the reports of the Audit, Governance and Risk Committee and the Social and Ethics Committee, be and are hereby received and adopted."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

RETIREMENT BY ROTATION

In terms of the Memorandum of Incorporation, one-third of the directors shall retire by rotation at the AGM.

As advised to shareholders on 27 May 2021, DG Quinn retires at this AGM and has not offered himself for re-election.

The following director retires at this AGM and, being eligible, offers herself for re-election: BP Silwanyana. The board has considered her performance, including her attendance at meetings of the board and its committees, and recommend and supports her re-election.

**Ordinary resolution 2:
Re-election of director**

"RESOLVED THAT, BP Silwanyana, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be re-elected as a director of the company."

A brief curriculum vitae in respect of BP Silwanyana is included in Appendix 1 on page 18 of this report of which this Notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 3: Confirmation of appointment of a director

"RESOLVED THAT, the appointment of Y du Plessis as a director of the company be confirmed and approved".

The board appointed Y du Plessis as a director of the company with effect from 1 June 2021. Directors who are appointed as such retire at the first annual general meeting following their appointment, and their appointment is thus subject to confirmation by shareholders at the annual general meeting. The board recommends and supports confirmation of her appointment.

A brief curriculum vitae in respect of Y du Plessis is included in Appendix 1 on page 18 of this report of which this Notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

**Ordinary resolution 4:
Appointment of a director**

"RESOLVED THAT, the appointment of JM Poluta as a director of the company with effect from 6 August 2021 be approved".

The board has proposed that John Poluta be appointed as a director of the company with effect from 6 August 2021. John has been on the board as an alternate director to Busisiwe Silwanyana since 2017.

A brief curriculum vitae in respect of JM Poluta is included in Appendix 1 on page 18 of this report of which this Notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

**Ordinary resolution 5:
Appointment of auditors**

"RESOLVED THAT, on recommendation of the Audit, Governance and Risk Committee, Mazars be and is hereby re-appointed as auditors of the company for the ensuing financial year with Mr S Vorster (IRBA No: 888648) as the individual responsible for the audit and the directors be and are hereby authorised to fix the remuneration of the auditors of the company."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution numbers 6, 7 and 8: Appointment of Audit, Governance and Risk Committee members

Ordinary resolution numbers 6, 7 and 8 are in respect of the appointment of members of the Audit, Governance and Risk Committee. The membership as proposed by the board of directors is: B Harie, BP Silwanyana and JM Poluta all of whom are independent non-executive directors.

Ordinary resolution 6: Appointment of Audit, Governance and Risk Committee member

"RESOLVED THAT B Harie be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of B Harie is included in Appendix 1 on page 18 of this report of which this Notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

**Ordinary resolution 7:
Appointment of Audit, Governance and Risk Committee member**

"RESOLVED THAT BP Silwanyana be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of BP Silwanyana is included in Appendix 1 on page 18 of this report of which this Notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

**Ordinary resolution 8:
Appointment of Audit, Governance and Risk Committee member**

"RESOLVED THAT subject to the passing of Ordinary Resolution Number 4, JM Poluta be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of JM Poluta is included in Appendix 1 on page 18 of this report of which this Notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

**Ordinary resolution 9:
Company's remuneration policy**

"To approve on a non-binding advisory basis, the company's remuneration policy (excluding the remuneration of the non-executive directors for the services as directors and members of board committees)."

The company's remuneration policy and related information appears in Appendix 4 on pages 20 to 25 of this report of which this Notice forms part.

**Ordinary resolution 10:
Company's remuneration implementation report**

"To approve on a non-binding advisory basis, the company's remuneration implementation report".

The company's remuneration implementation report appears in Appendix 4 on pages 25 to 26 of this report of which this Notice forms part.

NOTES TO ORDINARY RESOLUTION NUMBERS 9 AND 10

In terms of principle 14 of King IV Report on Corporate Governance for South Africa, 2016, the company's remuneration policy and implementation report should be tabled to the shareholders for separate non-binding advisory votes at the AGM. Accordingly, the shareholders are requested to endorse the company's remuneration policy and implementation report, respectively by way of separate non-binding advisory votes in the same manner as an ordinary resolution.

In the event that either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of the voting rights exercised at the AGM, the company will engage with the dissenting shareholders to establish their reasons for voting against the resolution(s) and to appropriately address legitimate and reasonable objections and concerns raised and undertake to review, clarify or amend the remuneration policy and/or process as necessary.

Ordinary resolution 11: Authority for signature of documentation

"RESOLVED THAT a director of the Company or the Company Secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions numbers 1 to 10 and special resolutions numbers 1 to 3 which are passed by the shareholders."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Special resolutions

Special resolutions 1.1 to 1.12: Non-executive directors' fees

"RESOLVED THAT payment to the non-executive directors of the fees for services as directors with effect from the date of this AGM until the date of the annual general meeting of the company for the year ended 28 February 2023, as noted in the table below, as well as any value added tax payable on such fees by the directors be approved."

Each of special resolutions 1.1 to 1.12, in respect of the payment to the non-executive directors of the fees for services as directors, will be considered by way of separate vote.

REASON FOR AND EFFECT OF SPECIAL RESOLUTIONS 1.1 TO 1.12

The reason for special resolutions 1.1 to 1.12 is to comply with the provisions of the Companies Act. The effect of the special resolutions is that, if approved by the shareholders at the AGM, the fees payable to non-executive directors until the annual general meeting for the year ended 28 February 2023, will be as set out in the table below. Executive directors are not remunerated for their services as directors but are remunerated as employees of the company.

The above rates have been proposed to ensure that the remuneration of non-executive directors remains competitive in order to enable the company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the company.

Percentage of voting rights required to pass this resolution: 75%.

Special resolution 2: Financial assistance

"RESOLVED THAT the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance including (without limitation) by way of loan, guarantee, the provision of security or otherwise, to its present or future subsidiaries and/or any other company or entity that is or becomes related or interrelated to the company or any of its subsidiaries, and/or to any member of such subsidiary or related or interrelated company or entity, on such terms and conditions as the board of directors deem fit for any purpose or in connection with any matter, including, but not limited to, the subscription for any option, or any securities issued or to be issued by the company or a related or interrelated company or entity, or for the purchase of any securities of the company or a related or interrelated company or entity, for such amounts and on such terms and conditions as the directors of the company may determine, such authority to endure until the annual general meeting of the company for the year ended 28 February 2023."

TABLE TO SPECIAL RESOLUTIONS 1.1 TO 1.12

| | | Current fee per meeting R | Proposed fee per meeting R |
|------|---|---------------------------------|----------------------------------|
| 1.1 | Board Chairman | 959 200/annum | 959 200/annum |
| 1.2 | Board Member | 50 900 | 50 900 |
| 1.3 | Audit, Governance and Risk Committee Chairman | 95 000 | 95 000 |
| 1.4 | Audit, Governance and Risk Committee Member | 50 900 | 50 900 |
| 1.5 | Remuneration and Nominations Committee Chairman | 50 900 | 50 900 |
| 1.6 | Remuneration and Nominations Committee Member | 29 100 | 29 100 |
| 1.7 | Social and Ethics Committee Chairman | 42 700 | 42 700 |
| 1.8 | Social and Ethics Committee Member | 22 900 | 22 900 |
| 1.9 | Any other committee to be formed Chairman | 38 000 | 38 000 |
| 1.10 | Any other committee to be formed Member | 20 400 | 20 400 |
| 1.11 | Directors' hourly rate (note 4) | 1 975 | 1 975 |
| 1.12 | Specific project fees (note 5) | 1 975 | 1 975 |

Notes:

- The board Chairman receives an all-in fee and not a per meeting fee.
- The fees include permanent non-executive invitees of committees.
- Proposed fee per meeting and the board Chairman's all-in fee are exclusive of value-added tax.
- The non-executive director hourly fee to be approved at the AGM, is paid in respect of attendance at non-scheduled directors' meetings. However, where these special board or committee meetings are held, the total fee earned per director is capped at the fee for one meeting of the relevant committee.
- Should the board require a non-executive director to undertake a specific project on behalf of the company, then prior to commencement, a total fee based upon scope, duration and expertise required is established, agreed and submitted to the board for approval. Thereafter this is monitored over the course of the specific project. The cumulative fees will be capped to a maximum of R350 000 per annum.
- The proposed fee is payable from the AGM for financial year ended 28 February 2021 to the AGM for the financial year ended 28 February 2023.
- No increase in fees have been proposed in the table set above and the fees remain unchanged, as approved by shareholders at the AGM held on 8 August 2018, 8 August 2019 and 9 October 2020.

The authority, if obtained, will supersede any previously obtained and in force section 44/45 authority as at the date of the AGM.

Percentage of voting rights required to pass this resolution: 75%.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 2

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or interrelated companies and other entities, including, inter alia, its subsidiaries, associates, joint ventures, partnerships, collaboration arrangements, etc. for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or interrelated companies or other entities, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or interrelated company, or for the purchase of any securities of the company or a related or interrelated company.

Both sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

- › immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- › the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary or desirable for the company to provide financial assistance to related or interrelated companies and entities to acquire or subscribe for options or securities or purchase securities of the company or another company related or interrelated to it. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted. In the circumstances and in order to, inter alia, ensure that the company's subsidiaries and other related and interrelated companies and entities have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution 2.

Special resolution 3: General authority to repurchase company shares

"RESOLVED THAT the company and/or its subsidiaries be and is hereby authorised, by way of general authority, to acquire ordinary shares issued by the company, from any person and upon such terms and conditions as the directors of the Company or any subsidiary may determine but subject to the applicable requirements of the Companies Act, the Memorandum of Incorporation of the company and the JSE Listings Requirements."

It is recorded that the company or any subsidiary may only make a general repurchase of shares in the company subject to the following:

- (a) any such acquisition of ordinary shares shall be implemented on the open market of the JSE through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);
- (b) this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing this special resolution;
- (c) an announcement will be published on SENS as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition, and for each subsequent acquisition constituting on a cumulative basis 3% (three percent) of the number of ordinary shares in issue, pursuant to which the aforesaid 3% (three percent) threshold is reached, containing full details of such repurchases;
- (d) acquisitions in aggregate in any one financial year may not exceed 20% (twenty percent) of the company's ordinary issued share capital nor may acquisitions in aggregate, from the date of passing this special resolution, exceed 20% (twenty percent) of the company's ordinary issued share capital at the date of passing this special resolution;
- (e) in determining the price at which ordinary shares issued by the company are acquired by it in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the volume weighted average market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of repurchase of such ordinary shares by the company;
- (f) at any point in time, the company will appoint only one agent to effect any repurchase(s) on the company's behalf;
- (g) the company or its subsidiary may not repurchase securities during a prohibited period unless it has in place a repurchase programme as contemplated in terms of 5.72(g) of the JSE Listings

Requirements where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the repurchase programme has been submitted to the JSE in writing prior to the commencement of the prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company's ordinary shares independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute any repurchase programme submitted to the JSE;

- (h) authorisation for the repurchase of ordinary shares under this authority is given by the Memorandum of Incorporation; and
- (i) a resolution by the board of directors that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test as defined in the Companies Act and that, since the test was performed, there have been no material changes to the financial position of the group.

Percentage of voting rights required to pass this resolution: 75%.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 3

The reason for special resolution 3 is to grant the company a general authority in terms of the Companies Act, the JSE Listings Requirements and the company's Memorandum of Incorporation for the acquisition by the company, or any of its subsidiaries, of shares issued by the company, or its holding company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this AGM. The passing of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company or its holding company.

The board believes it to be in the interest of the company that shareholders grant a general authority to provide the board with optimum flexibility to repurchase shares as and when an opportunity that is in the best interest of the company arises.

DIRECTORS' RESPONSIBILITY STATEMENT (PARAGRAPH 11.26(B)(IV) OF THE LISTINGS REQUIREMENTS)

The directors whose names appear under the board of directors in Appendix 3 on page 19 of this integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the

best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the JSE Listings Requirements.

MATERIAL CHANGES (PARAGRAPH 11.26(B)(III) OF THE LISTINGS REQUIREMENTS)

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this Notice.

STATEMENT BY THE BOARD OF DIRECTORS OF THE COMPANY

Pursuant to, and in terms of, the JSE Listings Requirements, the board of directors of the company hereby state that:

- › the intention of the directors of the company is to utilise the general authority to repurchase shares in the capital of the company if, at some future date, the cash resources of the company are in excess of its requirements or there are other good reasons for doing so. In this regard, the directors will take account of, *inter alia*, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company; and
- › in determining the method by which the company intends to repurchase its ordinary shares, the maximum number of ordinary shares to be repurchased and the date on which such repurchase will take place, the directors of the company will ensure that:
 - › the company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of such repurchase;
 - › the consolidated assets of the company and its subsidiaries fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date of such repurchase;
 - › the issued share capital and reserves of the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the company and its subsidiaries for the next 12 (twelve) months after the date of such repurchase; and
 - › the working capital available to the company and its subsidiaries will, after the repurchase, be sufficient for the ordinary business requirements of the company and its subsidiaries for the next 12 (twelve) months after the date of such repurchase.

ANY MATTERS RAISED BY SHAREHOLDERS, WITH OR WITHOUT ADVANCE NOTICE TO THE COMPANY

To deal, at the AGM, with any matters raised by shareholders, with or without advance notice to the company.

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE COMPANIES ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders' meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
 - 3.2 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
 - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
 - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
 - 5.1 stated in the revocation instrument, if any; or
 - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder must be delivered by such company to:
 - 6.1 the shareholder; or
 - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation of the relevant company or the instrument appointing the proxy provides otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 8.2 the company must not require that the proxy appointment be made irrevocable; and
 - 8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

Voting and proxies

A shareholder of the company entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead. The appointment of a proxy will not preclude the shareholder who appointed the proxy from attending the AGM and participating in and voting at the AGM to the exclusion of any such proxy.

Voting at the AGM will be taken by way of a poll and not on a show of hands.

On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Dematerialised shareholders who have elected own-name registration in the sub-register through a Central Securities Depository Participant (CSDP) and who are unable to attend but wish to vote at the AGM, should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company to be received, for administrative reasons only, by no later than 12:00 on Wednesday, 4 August 2021.

Shareholders who have dematerialised their shares through a CSDP or broker rather than through own-name registration and who wish to attend the AGM must instruct their CSDP or broker to issue them with the necessary authority to attend.

If such shareholders are unable to attend, but wish to vote at the AGM, they should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and his/her CSDP or broker.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or emailed to the transfer secretaries at the address below, to be received, for administrative reasons only, at least 48 hours prior to the meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM.

Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote at the AGM should the member subsequently decide to do so.

As indicated above, the AGM will be held entirely through electronic communication however in order to facilitate the effective and efficient conduct of the AGM, all shareholders are requested to submit their votes by proxy before the AGM at their earliest convenience. Shareholders intending to participate and/or vote at the AGM are required to complete the Registration Form annexed hereto as Annexure A. When completing the Registration Form, participants will be required to provide proof of identification and accordingly the registration validation process will include the requisite verification required by section 63(1) of the Companies Act, 71 of 2008. Further details on how to participate in the AGM by electronic communication are provided on page 29 of this Notice.

Shareholders are advised that the email addresses and/or contact numbers provided by shareholders in their completed Registration Forms are the only addresses and/or contact numbers that will be recognised for purposes of electronic participation (including voting, where applicable) at the AGM.

The practical applications of the aforementioned rights are discussed in the notes to the proxy form attached hereto.

By order of the board

William Somerville

Company Secretary

21 June 2021

Registered office

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Protec Park

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Kempton Park

1619

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Transfer secretaries

Computershare Investor Services

Proprietary Limited

Rosebank Towers, 15 Biermann Avenue

Rosebank

Johannesburg

2196

Private Bag X9000, Saxonwold, 2132

Telephone: +27 11 370 5000

Fax: +27 11 688 5238

Email: proxy@computershare.co.za

APPENDIX 1: CURRICULUM VITAE OF DIRECTORS

CONFIRMATION OF APPOINTMENT, STANDING FOR RE-ELECTION OR FOR APPOINTMENT AS MEMBERS OF THE AUDIT, GOVERNANCE AND RISK GOVERNANCE COMMITTEE

Busisiwe Silwanyana (48)

INDEPENDENT NON-EXECUTIVE

QUALIFICATIONS: BCom (Hons), CA(SA), MBA

APPOINTED: April 2018

LENGTH OF SERVICE: three years and two months

STEFANUTTI STOCKS BOARD COMMITTEE MEMBERSHIPS: S&E Chairman, ARCO member

EXTERNAL BOARD COMMITTEE MEMBERSHIPS: YeboYethu (RF) Limited, Finbond Mutual Bank, AVI Limited

SKILLS AND EXPERIENCE: Executive Director of Acendore LSB (Pty) Ltd. Spent 15 years in banking across both Corporate and Investment Banking and Business Banking divisions. Initially spent time at ABSA Corporate & Investment Banking. Subsequently joined Standard Bank Group's Corporate & Investment Banking, spending about 10 years across the Johannesburg and United Kingdom offices with responsibilities in Structured Finance, serving as an executive. Over a four-year tenure at Standard Bank Group's Business Banking, held a number of senior positions, was an executive heading the Leading business, the Mid-corporate, Medium-enterprises and Franchising segments. Then joined Royal Philips NV Africa in Johannesburg, spent three years heading Philips Capital business covering Africa. Previously served as a member of the SAICA Education Committee and as director on the board of SAICA's Thuthuka Education Upliftment Bursary Fund.

Yolanda du Plessis (48)

ACTING CHIEF FINANCIAL OFFICER

QUALIFICATIONS: BCompt (Hons), CA(SA);
Post Graduate Diploma: International Tax

STEFANUTTI STOCKS BOARD COMMITTEE MEMBERSHIPS: Attends meetings of ARCO and S&E committees by invitation

APPOINTED: June 2021

SKILLS AND EXPERIENCE: Qualified as chartered accountant in 2006. More than 20 years' experience in statutory reporting, audit, corporate governance and sustainability matters as well as tax. Joined Stocks Building Africa Proprietary Limited in 2007 and was appointed in 2008 as Group Financial Manager.

Bharti Harie (50)

INDEPENDENT NON-EXECUTIVE

QUALIFICATIONS: BA, LL.M

APPOINTED: April 2018

LENGTH OF SERVICE: three years and two months

STEFANUTTI STOCKS BOARD COMMITTEE MEMBERSHIPS: ARCO member, NOMCO member, REMCO member

EXTERNAL BOARD COMMITTEE MEMBERSHIPS: Director of St Davids Marist Inanda, Ascendis Health Limited, Bell Equipment Sales South Africa (Pty) Ltd, EOH Holdings Limited and Lenmed Investments Limited

SKILLS AND EXPERIENCE: Previously spent 14 years at the Industrial Development Corporation of South Africa as head of the Corporate Funding and International Finance departments. Previous directorships at Bell Equipment Limited, Mineworkers Investment Company, Ethekwini Heart Hospital and Charities Aid Foundations.

John Poluta (49)

INDEPENDENT NON-EXECUTIVE

QUALIFICATIONS: BCom, BAcc, CA(SA)

APPOINTED: July 2017

LENGTH OF SERVICE: three years and 11 months

STEFANUTTI STOCKS BOARD COMMITTEE MEMBERSHIPS: ARCO member

EXTERNAL BOARD COMMITTEE MEMBERSHIPS: Executive director Mowana Investments (Pty) Ltd

SKILLS AND EXPERIENCE: Executive director of Mowana Investments. Co-founder of Mowana Investments (2005).

APPENDIX 2:

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

MEETING ATTENDANCE

| Board member | Board | ARCO | REMCO | S&E |
|---|------------|----------|----------|---------------|
| Chairman | ZJ Matlala | DG Quinn | HJ Craig | BP Silwanyana |
| Number of meetings | 8 * | 4 | 3 | 2 |
| ZJ Matlala | 8/8 | 3/4 ^ | 3/3 | n/a |
| RW Crawford (CEO) | 8/8 | 4/4 ^ | 3/3 ^ | 2/2 |
| AV Coccianti (CFO) (resigned 31 May 2021) | 8/8 | 4/4 ^ | 3/3 ^ | 2/2 ^ |
| HJ Craig | 8/8 | 3/4 ^ | 3/3 | 2/2 |
| B Harie | 7/8 | 4/4 | 3/3 | n/a |
| JM Poluta (alternate to BP Silwanyana) | 7/8 | 4/4 | n/a | n/a |
| DG Quinn | 8/8 | 4/4 | 3/3 | n/a |
| BP Silwanyana | 8/8 | 4/4 | n/a | 2/2 |

n/a Not applicable. ^ By invitation.

* Consists of four board meetings and four special board meetings. In addition, numerous update meetings were held by management and the non-executive directors during the financial year ended 28 February 2021.

APPENDIX 3:

DIRECTORS OF STEFANUTTI STOCKS HOLDINGS LIMITED

Independent non-executive directors

ZJ Matlala (Chairman)
HJ Craig
B Harie
BP Silwanyana
JM Poluta (alternate to BP Silwanyana)
DG Quinn

Executive Directors

RW Crawford (CEO)
Y du Plessis (Acting CFO)

APPENDIX 4: REMUNERATION REPORT

Introduction

This remuneration report sets out the information applicable to the group's remuneration strategy and remuneration policy for the executive directors, members of the executive committee (EXCO) and non-executive directors. However, where relevant, it also deals with general remuneration matters. The Remuneration Committee (REMCO/the committee) assists the board in determining remuneration policies for the group and has set the remuneration policy for financial year-end 2021 (FYE 2021).

At the 2020 Annual General Meeting (AGM), no matters were raised by shareholders in terms of the remuneration policy and the remuneration implementation report.

This report consists of four sections:

- › **Section A:** a background statement to provide context to the remuneration policy;
- › **Section B:** an overview of the main provisions of the remuneration policy;
- › **Section C:** the implementation of the remuneration policy; and
- › **Section D:** other.

Section A: Background statement

The structure of this report has been compiled to align with the recommended principles and practices of King IV. The overall principle of the Stefanutti Stocks remuneration policy is:

- › To drive the behaviour of the group's employees so that it is aligned to the overall group strategy in the short, medium and long term, within the group's risk framework;
- › To align the strategic interests of the company and its senior executives, with those of its shareholders; and
- › To reflect remuneration that is fair, responsible and transparent.

The purpose of the policy is to continually attract, retain, motivate and reward employees at all levels.

Stefanutti Stocks's 2020 AGM was held on 9 October 2020, and ordinary resolutions

10 and 11 to approve the company's remuneration policy, and remuneration implementation report were tabled then. Refer to the table: Voting Results – Annual General Meeting – October 2020.

The board has approved the information provided by the committee in this report and accepted its recommendations.

1. REMCO

The committee is responsible for the development and oversight of the group's remuneration philosophy and policy. The composition, mandate, role and responsibilities of the committee are set out in written terms of reference, which have been approved by the board. The committee believes the remuneration policy has achieved the stated objectives of optimising strategic performance within both the macro and microenvironments facing the company and its management.

A. COMPOSITION

At year-end the committee consisted of:

- › **HJ Craig (Chairman) –**
Independent non-executive director
- › **ZJ Matlala –**
Independent non-executive director
- › **DG Quinn –**
Independent non-executive director
- › **B Harie –**
Independent non-executive director

All of the committee's members are independent non-executive directors. In addition, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Human Resources Executive attend meetings by invitation.

The Company Secretary attends all meetings as the secretary of the committee.

The committee has access to independent advisors to ensure that it receives expert advice on remuneration matters, both in general and on industry-specific matters. The CEO, CFO and the Human Resources Executive also make recommendations to the committee. However, they are excluded from deliberations in respect of their own remuneration.

B. ROLE AND RESPONSIBILITIES

The written terms of reference of the committee are reviewed annually, with any proposed changes submitted to the board for approval. During the year under review, all remuneration policies were reviewed by the committee to ensure that the policies remained appropriate for the business and aligned with the principles of both King IV and the Companies Act. There were no changes to the terms of reference for FYE 2021.

The REMCO's role and responsibilities include:

- › Ensuring that the chairman of the committee reports to the board on the committee's recommendations and decisions;
- › Ensuring that an adequate succession plan is in place for all senior management positions;
- › Recommending to the board the annual Total Fixed Package (TFP), short- and long-term incentives, and other benefits to be paid to the executive directors;
- › Reviewing and approving the annual TFP, including short- and long-term incentives paid to the EXCO members;
- › Reviewing and approving short- and long-term incentive pay structures for other qualifying staff;
- › Reviewing and approving the overall annual TFP increases within the various levels of company and operational directors and monthly paid employees;
- › Reviewing the remuneration of the executive directors and executive management to ensure that this is both fair and reasonable relative to the overall employee remuneration in the group;
- › Reviewing and approving the executive directors' service contracts;
- › Reviewing and recommending the board diversity policy, which covers both race and gender, to the board;
- › Ensuring the principle of equal pay for equal work is applied in the workplace;
- › Ensuring the remuneration of the executive directors and executive management is both fair and responsible, relative to overall employee remuneration in the group; and
- › Approval of the independent external advisors to the committee.

VOTING RESULTS – ANNUAL GENERAL MEETING – OCTOBER 2020

| | Remuneration policy | | Remuneration implementation report | |
|----------------------------|---------------------|---------|------------------------------------|---------|
| Votes for: | 85 111 498 | 99,74% | 85 164 899 | 99,81% |
| Votes against: | 219 013 | 0,26% | 165 612 | 0,19% |
| Total shares voted: | 85 330 511 | 100,00% | 85 330 511 | 100,00% |
| Votes abstained: | | 629 699 | | 629 699 |

C. NOMINATIONS COMMITTEE

The company has a combined Remuneration and Nominations Committee. The REMCO is chaired by an independent non-executive director (Howard Craig) whilst the NOMCO is chaired by the board Chairman (Zanele Matlala).

The NOMCO's role and responsibilities include:

- › Reviewing and approving the induction and training policy and processes for new board members;
- › Ensuring the committee comprises at least two independent non-executive directors, and all committee members have the appropriate skills and experience;
- › Assessing the composition and competencies of the board and identifying any deficiencies in this regard;
- › Identifying and recommending nominees to the board. Prior to nomination, appropriate background checks and due diligence processes are performed on all proposed new directors;
- › Reviewing directors' independence annually, establishing those directors eligible for re-election at the AGM and assessing the performance and attendance of these directors in order to make a recommendation to shareholders on their re-election;
- › Recognising the board diversity policy (which deals with race and gender at board level) whenever the board's composition is renewed (at least annually) and also whenever a new appointment to the board is under consideration;
- › Identifying and recommending non-executive directors with greater than nine years' service to the board for the appropriate review and approval;
- › Reviewing and approving the role of the Chairman and recommending to the board, the extension of the Chairman's contract for a further year;
- › Considering the necessity to appoint a Lead Independent Director; and
- › Ensuring that an adequate succession plan is in place for all non-executive directors.

Responsibility for senior management appointments and remuneration has been assigned to the CEO. The CEO provides feedback to the committee and the board in this regard.

The committee continues to evaluate and benchmark the company's remuneration practices against relevant industry peers, external market conditions, availability of internal and external resources, risk factors and achievement of strategy.

The retirement age for non-executive directors is 70 years, unless otherwise approved by the board.

D. MEETINGS

The committee met three times during the year. The following key remuneration decisions were taken during the year:

- › The review and recommendation of the company's remuneration policy and implementation report, and submission thereof to shareholders for a non-binding advisory vote at the 2020 AGM;
- › The review of the executive directors' incentive scheme (EDIS), comprising:
 - » Short-term Incentives (STI)
 - i. No short-term incentive payments were made to executive directors in terms of both financial performance and personal objectives for FYE 2021.
 - » Long-term Incentives (LTI)
 - i. No long-term incentive awards were earned by the executive directors relating to performance for FYE 2021;
- › Noted that the LTI measure for total shareholder return (TSR) of the company for FYE 2021 achieved a ranking of 2 out of 6 (FYE 2020: 6 out of 6) within the specified peer group;
- › The review of the succession policies and plans for the executive directors and the EXCO;
- › The approval of the STI payments for company, operational and other directors, made under the directors' short-term incentive scheme (DPSIS);
- › No LTI payments were made to company, operational and other directors under the Forfeitable Share Plan (FSP);
- › The recommendation to the board for retention payments and issue of shares to the CEO and CFO in terms of the Key Man Attraction and Retention Scheme;
- › No salary increases were awarded for FYE 2021;
- › The average annual increase for hourly paid employees, determined under the various industry bargaining councils was 7,5%.
- › With effect from 1 March 2021, the Executive Committee received no annual increase.
- › Due to the effects of the national lockdown resulting from the COVID-19 pandemic, salaries were reduced by between 10% (lowest salary earners) and 33% (highest salary earners) for the months of May, June and July 2020.
- › The review and recommendation to the board of the non-executive directors' fees for submission to shareholders at the next AGM;
- › Noting that the group's internal board gender diversity policy of 30% female board members, as at the date of this report had been met;

- › The recommendation to the board that Mr DG Quinn remain as a member of the Pension Fund Advisory Body at the approved non-executive director hourly rate. The position to be reviewed on an annual basis; and
- › The review and approval of the role and function of the board Chairman.

Attendance at these meetings is shown in Appendix 2 as set out on page 19.

2. Areas of focus for FYE 2022

The key areas of focus for the committee for the ensuing year will be:

- › The review and approval of the succession plan for the board Chairman;
- › The succession plans for the executive directors;
- › The remuneration, including short- and long-term incentives, payable to the executive directors;
- › The approval of the annual work plan for the committee;
- › The consideration of the fees to be paid to non-executive directors;
- › The succession plans for the board members;
- › The approval of the independent external advisors to the committee; and
- › The continued interaction with major shareholders regarding the company's remuneration policy and principles, where required.

Section B: Remuneration policy overview

1. Strategy and philosophy

The company's philosophy is to employ dynamic and competent individuals who subscribe to the group's culture and values. Compensation packages are designed to reward superior performance with superior rewards, whilst poor performance earns no additional rewards.

Stefanutti Stocks strives to provide a safe working environment, and one which encourages the development and personal growth of employees within the framework of the company's objectives.

The key components of the remuneration policy for the executive directors and members of EXCO are as follows:

- › Paying a market competitive Total Fixed Pay (TFP) which includes a base salary, medical insurance, retirement fund contributions and certain other market-related benefits;
- › Paying a Total Remuneration (TR) which is targeted to be within the upper quartile of relevant industry benchmarks. However, in light of prevailing market conditions, the company is currently paying at the median of this benchmark;
- › Paying an appropriate mix between TFP and short- and long-term incentives;
- › Paying an annual cash STI designed to achieve strategic performance goals in the short term;
- › STIs and LTIs incorporate threshold, target and stretch targets, under financial performance criteria, and also reward individuals for their personal contributions under key performance areas (KPAs);
- › Making appropriate long-term incentive awards to executives and all other directors in terms of the FSP, which was approved at a general meeting in August 2009;
- › External advisors are utilised to assist in benchmarking the respective processes;
- › All elements are included in the Remuneration Policy including pre-vesting forfeiture (malus) and post vesting forfeiture (claw-back) of remuneration;
- › The long-term share incentive participation is designed to align the executive directors' performance with shareholder expectations and ensure sustainable future company performance; and
- › The group adopts a prudent risk and reward philosophy, applied within the scope of the group's risk profile.

2. Components of remuneration of executive directors and EXCO

A. GUARANTEED REMUNERATION

When structuring guaranteed packages, the group applies a TFP approach.

Base salary reflects the market value of the individual's skills, experience and performance, and is paid monthly in cash.

Benefits such as pension, medical aid and car allowance are included in the TFP. It is obligatory that all permanent salaried employees of Stefanutti Stocks belong to the Stefanutti Stocks Pension Fund. Membership of a funeral policy plan, which is independent of the pension scheme, is also mandatory for all South African group employees.

The Stefanutti Stocks Pension Fund is a defined contribution fund and provides retirement funding plans and health risk cover benefits for its members.

It is also compulsory for all new salaried employees to join the group's prescribed medical aid scheme, unless the employee can prove that he/she is a dependant on another medical aid.

Hourly-paid employees' remuneration, bonuses and other benefits are determined at industry bargaining council level. The company offers these employees membership to the Stefanutti Stocks Provident Fund, which provides retirement funding and health risk cover benefits. Membership of an approved funeral policy plan is also compulsory for limited duration contract (LDC) employees.

B. VARIABLE REMUNERATION

Executive Directors Incentive Scheme (EDIS)

Executive directors' variable remuneration falls under the EDIS.

i. Short-term Incentive Plan (STI)

The STI is designed to align the short-term interests of the executives with group strategy, using both financial performance measures and personal objectives.

The intention is to motivate executives to drive performance and strive to exceed short-term goals.

Minimum threshold targets are required to be met before respective bonus awards are earned.

All targets are reviewed and set at the beginning of each financial year, with awards due under the scheme being reviewed and approved at financial year-end, by the committee and the board.

The financial and personal performance awards earned under the STI plan are cash-based annual awards.

The two financial performance measures are:

1. Operating profit (OP); and
2. Return on equity (ROE)

The weighting applicable to the personal performance measures is as follows:

| | | |
|------------|---|-----|
| CEO | Operations | 20% |
| | Sustainability and compliance | 15% |
| | Successful implementation of the Restructuring Plan | 65% |
| CFO | Governance | 35% |
| | Successful implementation of the Restructuring Plan | 65% |

Financial performance measures

Personal performance measures are significantly weighted to the successful implementation of the Restructuring Plan, mainly so that executive directors provide sufficient focus on and are rewarded for the successful implementation of the Restructuring Plan.

Financial performance measures account for 50% (FYE 2020: 70%) of possible STI payable to executive directors.

The company uses both personal performance measures as well as financial performance measures when determining overall remuneration.

- › Operating profit margin (OP): An annual expected operating profit margin is established at the commencement of each financial year, with maximum and minimum thresholds applied. The expected OP is internally reviewed and set on an annual basis, and is based on relevant industry and peer comparatives.
- › This OP is based upon normalised operating profit excluding all extraordinary and non-trading items, and was set at 3,0% for FYE 2021 (FYE 2020: 3,0%).
- › On achievement of the targeted OP of 3,0%, an award of 100% (multiplied by 50%) of the TFP is made.
- › If the OP achieved is below a minimum threshold of 1,0%, no award of the STI is made.
- › If the OP achieved is at or above a maximum stretch target of 5,0%, an award of a maximum of 200% (multiplied by 50%) of the TFP is made.
- › A linear sliding scale apportionment is applied between minimum, threshold and stretch targets.
- › ROE: An annual targeted ROE is also established at the commencement of each financial year, targeted to meet the company's weighted average cost of capital (WACC), also with maximum and minimum thresholds applied to this.
- › On achievement of the ROE meeting WACC, the full amount calculated under the OP metric above remains unchanged.
- › If this ROE/WACC metric falls below the minimum threshold of WACC minus 6%, a diluting factor of 50% is applied to the amount calculated under the OP metric.
- › If this ROE/WACC metric is at or above the stretch target of WACC plus 6%, an escalating factor of 150% is applied to the amount calculated under the OP metric.
- › A linear sliding scale apportionment is applied between minimum, threshold and stretch targets.
- › Notwithstanding the results generated out of the above performance measures, the maximum STI payable to executive directors is limited to 250% of TFP (FYE 2020: 250% of TFP).

Personal performance measures

Personal performance measures account for 50% (FYE 2020: 30%) of possible STIs payable to executive directors.

At the commencement of each financial year, personal objectives are set out under key performance areas (KPA's) by the board, for executive directors.

Should the operating profit margin fall below the minimum threshold, currently 1%, no amounts are payable in terms of STI personal performance awards.

ii. Long-term Incentive Plan (LTI)

The LTI plan is designed to align the interests of the executives with those of the shareholders using financial performance measures.

The overall intention is to:

- › generate a long-term sustainable financial performance for the group;
- › promote long-term commitment of the executives to the business; and
- › provide a wealth-creation mechanism for the executives and value creation for shareholders.

The LTI has been formulated using four metrics, the applicable targets of which are set by the board at the commencement of each financial year:

Metrics

1. HEPS growth (HEPS%)
2. Total shareholder return (TSR)
3. Return on capital invested (ROCI)
4. Free cash flow (FCF)

The maximum allocation for achievement of each stretch target above is 200% of TFP, multiplied by the relevant weighting factor, whilst measurables falling below threshold result in no award being generated for that measurable. The maximum LTI award that can be earned by executive directors for any year is therefore 200% of TFP.

Payment for the achievement of LTIs is made by way of forfeitable shares, which vest on the third anniversary of the award, but only to the extent that:

- (a) the annual performance measures above have been met over a consecutive three-year performance period, and
- (b) the performance measures are then averaged over the three-year period to determine the final measure and award.

Cliff vesting occurs at the end of the three-year period.

The forfeitable shares to be awarded to executives on vesting are acquired in the market, or from shares held in the treasury account, or from the share trust account.

The REMCO has the authority to cash settle LTI awards in exceptional circumstances.

iii. REMCO discretion

When evaluating executives' performance in terms of variable remuneration, REMCO also takes into account any extraordinary internal and external factors that may have contributed to thresholds not being met.

Stefanutti & Bressan Share Option Scheme

The company has ceased using its share option scheme, and no options have been issued since February 2009. Outstanding awards in terms of the scheme lapsed in 2017.

Forfeitable Share Plan (FSP)

The FSP was introduced in 2009 to replace the Stefanutti & Bressan Share Option Scheme and was approved by shareholders at a general meeting held on 25 August 2009.

The committee considers annual allocations of forfeitable shares and in terms of the FSP, any company shares required to meet the FSP, and approved by the board, are purchased in the market, at the ruling price and are therefore non-dilutory to shareholders.

The maximum number of shares issued under the FSP, in any one year, to which an executive, a company or operational director is entitled, will not exceed 1% of the current issued share capital. The aggregate number of shares granted under the FSP at any one time will not exceed 10% of the current issued share capital. Shares issued under the FSP will vest with the relevant executive, company or operational director, on the anniversary of the third year after the award date, provided the director still remains employed within the group.

Executive directors' awards

The LTI award of forfeitable shares is calculated on an annual basis in order to mitigate unanticipated outcomes arising out of cyclical factors and share price volatility.

No LTI awards were earned by the CEO and CFO for FYE 2021, based upon the reported FYE 2021 results (FYE 2020: Nil).

The LTI measure for Total Shareholder Return of the company for FYE 2021 achieved a ranking of 2 out of 6 (FYE 2020: 6 out of 6) within the specified peer group.

Company and operational directors

The committee determines the value of forfeitable shares to be awarded to the directors, taking into account the financial performance of the group. This will be a percentage of audited financial year-end profit after tax.

No awards were made during the year under review (FYE 2020: Nil).

The tables showing the breakdown of the annual remuneration of directors for the years ended 28 February 2021 and 29 February 2020 are set out in note 25 to the consolidated annual financial statements.

3. Key Man Attraction and Retention Scheme

The committee approved the implementation of a Key Man Attraction and Retention Scheme in 2013. The primary purpose of this scheme is to enable the company to compete for new, and retain existing, key employees on an equal footing with its competitors. This remuneration is additional to the standard TFP, short and long-term incentive plans.

This scheme recognises that there are occasions when additional incentives, in the form of forfeitable shares or retention bonuses, may need to be provided, such as:

- › In making an employment offer to an individual when it is necessary to offer compensation for relinquishing an existing long-term or short-term incentive; or
- › To prevent the solicitation of key members of staff by third-party organisations; or
- › The potential recruitment cost of replacement is considered in such cases.

LTI PERFORMANCE MEASURES FOR FYE 2021

| Metric | Weighting | Performance criteria – target | Vesting |
|-----------------|-----------|--|--|
| 1. HEPS% | 25% | Growth in (HEPS) equals CPI plus 20% of CPI. | 100% of TFP vests upon achievement of target, whereas 50% vests upon achievement of threshold (CPI plus 10% of CPI) and 200% vests upon achievement of stretch target (CPI plus 40% of CPI). |
| 2. TSR | 25% | A total shareholder return placement in ranking number two or three out of the specified peer group. | 100% of TFP vests upon achievement of target, whereas 50% vests upon achievement of threshold, (position 4). 200% of TFP vests upon achievement of stretch target (position 1). |
| 3. ROCI | 20% | Return on capital invested equals WACC plus 2%. | 100% of TFP vests upon achievement of target, with 50% vesting upon achievement of threshold (WACC plus 0%) and 200% vesting upon achievement of stretch target (WACC plus 4%). |
| 4. FCF | 30% | A 20% year-on-year improvement in free cash flow. | 100% of TFP vests upon achievement of target. 80% vests upon achievement of threshold set at 10% year-on-year improvement, whilst 200% vests upon a 30% year-on-year improvement, i.e. stretch target. |

Retention payments of R2 150 000 and R1 837 000 were allocated to the CEO and CFO respectively in recognition of the key role played by the executive directors in adopting and implementing the group's Restructuring Plan. No payments under the scheme were made in FYE 2020.

In recognition of the critical participation of the executive directors going forward in the successful implementation of the group's Restructuring Plan, 1 670 000 shares were allocated to each of the CEO and CFO under the FSP. Similar allocations will also be made in FYE 2022 and FYE 2023. These shares will vest on the anniversary of the first year after the award date, provided the director still remains employed within the group.

4. Non-executive directors' fees

Recommendations are made to the committee by the executive directors and Human Resources Executive, for onward review by the board and submission to shareholders.

Non-executive directors are compensated by way of attendance fees. The fees are set with reference to the company's industry peer group, companies of a similar size and complexity, and also take into account industry practices and independent fee surveys provided to the committee by external service providers.

The fees of the Chairman, and if applicable, the Lead Independent Director, take their expanded roles into account, and are an all-inclusive fee. No distinction is made between fees payable to independent non-executive directors and other non-executive directors.

Non-executive directors qualify for reimbursement of reasonable expenses incurred in performing their duties for and on behalf of the company. Should the board require a non-executive director to undertake a specific project on behalf of the company, this will be subject to pre-authorisation and executed at a pre-approved total fee.

The non-executive director hourly fee to be approved at the AGM, is paid in respect of attendance at non-scheduled directors' meetings but is capped at the respective fee for one meeting only.

Non-executive directors do not have service contracts. Instead, letters of appointment serve to confirm their terms of engagement, and include matters such as fees, term of office, expected time commitment, share dealing and board performance assessment. The Chairman has a letter of appointment, which is specific to her responsibilities and functions.

All non-executive directors are appointed for a term of three years and are obliged to retire at the end of that period. They may offer themselves for re-election at the next AGM.

Upon recommendation from NOMCO, the board will, on an annual basis, consider the continued services of any non-executive director who has reached or exceeded the maximum period of service of nine years with the company. It will further consider the continued services of any non-executive director who has exceeded the normal retirement age of 70 years.

The fees paid to non-executive directors for the financial year ending 28 February 2021 and 29 February 2020 are reflected in note 25 of the consolidated annual financial statements.

The proposed fee is payable from the AGM for financial year ended 28 February 2021 to the AGM for the financial year ended 28 February 2023 and is set out in the notice of AGM. No increase in fee has been proposed (2020 AGM: no increase).

Non-executive directors are not required to be shareholders and they do not qualify to participate in any incentive scheme that is operated by the group.

During the months of May, June and July 2020, the non-executive directors voluntarily took a one-third reduction in their fees, in order to contribute to cash preservation of the company which was negatively impacted by the effects of the COVID-19 lockdown.

5. Directors' service contracts

Executive directors are employed on standard contracts of employment within the group. These contracts are not fixed-term contracts and do not provide for termination payment. Normal retirement age is set at 65 years.

Executive directors are subject to notice periods of one month. The employment contracts include pay in lieu of notice, and outstanding leave pay provisions which may be invoked at the discretion of the committee. A longer notice period as may be appropriate under certain circumstances, may be agreed by the committee, in which case the notice period would be regularly reviewed and reduced as necessary.

The executive directors' contracts of employment do not include provisions entitling the individual to special termination benefits or balloon payments on termination of employment or on a change of control.

Any STI and/or LTI entitlements awarded to an executive director under the EDIS scheme will be determined based on the scheme rules.

Employees terminating employment due to resignation or dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct or due to absconding (fault termination), will forfeit all unvested STI and/or LTI awards. Employees terminating employment due to death, retirement, retrenchment, ill health, disability or injury, will be classified as good leavers and a proportional vesting of the outstanding STI and/or LTI awards will vest on the date of termination of employment.

No provision is made for post vesting forfeiture of remuneration (i.e. claw-back).

6. Voting on remuneration

At the AGM of shareholders scheduled for 6 August 2021, the remuneration policy and the implementation report contained in this report will be put to shareholders for a non-binding vote. Shareholders will also be asked to pass a special resolution, to take effect from 6 August 2021, approving any proposed changes in non-executive directors' fees. Details of these fees are also set out in the Notice of AGM commencing on page 12.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the voting rights entitled to be exercised by shareholders at the AGM, then the committee will ensure that the following measures are taken:

- › An engagement process to ascertain the reasons for the dissenting votes, and
- › Appropriately addressing legitimate and credible objections and concerns raised which may require amending the remuneration policy or clarifying or adjusting remuneration governance and/or processes.

A summarised version of the remuneration policy can be viewed on www.stefanuttistocks.com.

Section c: Remuneration implementation report

1. Compensation structure

Executive remuneration comprises:

GUARANTEED REMUNERATION

- › a TFP approach

VARIABLE REMUNERATION

Under the EDIS:

- › STI – one-year performance period
- › LTI – three-year average performance period

A. Guaranteed remuneration

Increases are effective from 1 March each year.

No salary increases were granted with effect 1 March 2021.

Following business interruption due the COVID-19 pandemic, executives' salaries were reduced by 33% for the months of May to July 2020.

The total employee and company contributions of Mr Crawford and Mr Cocciantè, to the company pension fund, were R309 000 and R264 000 respectively.

B. Variable remuneration

STI

i. Financial performance

No STI payments under the EDIS were made to executive directors for FYE 2021 (FYE 2020: Nil). However, Mr Crawford was paid an amount of R1 695 000 in FYE 2020, earned as an operational director under the DPSIS scheme). Financial performance measures account for 50% of possible STIs payable to executive directors.

OP

No amounts were earned by the CEO and CFO, under the OP metric awards, based upon the FYE 2021 reported results reflecting a normalised operating margin of -2,1%.

ROE

No amounts were earned by the CEO and CFO under the ROE metric, based upon a -26,1% ROE for FYE 2021.

ii. Personal performance

Personal performance measures account for 50% of possible STIs payable to executive directors.

Achievement of personal performance objectives set for the CEO and CFO, were 30% (FYE 2020: 60%) and 35% (FYE 2020: 70%) respectively.

However, no payments were made to the executive directors, as the OP metric (-2,1%) fell below the minimum threshold (1,0%).

The total STI earned by the executive directors for FYE 2021 was RNil (FYE 2020: Nil)

iii. Calculation of executives' STIs

See the table below.

LTI

i. Structure

The LTI structure provides for annual awards under the FSP, which are subject to meeting financial performance targets measured over a three-year period.

ii. Performance criteria

The performance criteria are:

- (i) HEPS%, 25% weighting
- (ii) TSR, 25% weighting
- (iii) ROCl, 20% weighting
- (iv) FCF, 30% weighting

iii. Peer group

The peer group for the TSR is:

- › Aveng Limited
- › Group 5 Limited
- › Murray & Roberts Holdings Limited
- › Raubex Group Limited
- › Wilson Bayly Holmes Ovcon Limited

iv. Awards

For the three years ending February 2021, no forfeitable shares vested with the executive directors under the FSP (FYE 2020: Nil).

2. Changes to EDIS

No changes were made to EDIS.

3. Policy compliance

Remuneration paid for FYE 2021 is in compliance with the company's remuneration policy.

CALCULATION OF EXECUTIVES' STIs

| | R'000 FYE Feb 2021 TFP | Financial performance scorecard | R'000 Financial STI | Financial weighting % | Personal weighting % | R'000 FYE Feb 2021 final STI | % of TFP | Max STI % of TFP |
|---|------------------------------|---------------------------------------|---------------------------|-----------------------------|----------------------------|------------------------------------|-------------|---------------------|
| RW Crawford (CEO) | 4 300 | Nil | Nil | 50 | 30 | Nil | 0 | 250 |
| AV Cocciantè (CFO) (resigned 31 May 2021) | 3 675 | Nil | Nil | 50 | 35 | Nil | 0 | 250 |

REMUNERATION DISCLOSURE OF EXECUTIVE DIRECTORS

| R'000s | Basic salary | Other benefits | Post- employment benefits | Short-term incentives* | Retention bonus | Total 2021 | Total 2020 |
|---|-----------------|-------------------|---------------------------------|---------------------------|--------------------|-----------------------|---------------|
| RW Crawford (CEO) | 3 582 | 232 | 309 | Nil | 2 150 | 6 273 | 2 414 |
| AV Cocciantè (CFO) (resigned 31 May 2021) | 3 182 | 32 | 264 | 140 | 1 837 | 5 455 | 3 725 |

* Short-term incentives relate to the February 2019 year-end.

SECTION D: OTHER

1. Interest of directors in contracts

Directors are required to notify the company of their interests in contracts and this is a standard agenda item at each board meeting. There have been no material changes post 28 February 2021 to date.

Information regarding related party transactions is set out in note 25 of the consolidated annual financial statements.

2. Prescribed officers

Directors and prescribed officers as defined in terms of the Companies Act, have been assessed and identified as executive directors and certain EXCO members who are not executive directors respectively.

3. Directors' shareholding

The beneficial holdings at 28 February 2021 and 29 February 2020, held by the directors of the company in the issued shares of the company are set out in note 25 of the consolidated annual financial statements.

4. Directors' trading in company securities

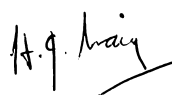
As standard group policy, directors are required to obtain clearance prior to trading in the company's securities. Such clearance must be obtained from the Chairman or the CEO. The Chairman consults the CEO or a designated director prior to her trading in the company's securities. Directors are required to inform their portfolio/investment managers not to trade in the securities of the company unless they have specific written instructions from that director to do so. Directors may not trade in their securities during closed periods.

Directors are further prohibited from dealing in the company's securities at any time when they are in possession of unpublished price-sensitive information in relation to the company, or where clearance to trade is not given.

Statement by the board regarding compliance with the remuneration policy

The board supports REMCO's position that the group's remuneration policy for the remuneration of executive directors and other senior executives has been considered and set taking proper account of remuneration and employment conditions throughout the group. Furthermore, the board believes that this policy, as detailed herein, drives group strategy and value creation for all stakeholders.

On behalf of the REMCO



Howard Craig

Chairman

21 June 2021

FORM OF PROXY

Stefanutti Stocks Holdings Limited

(Incorporated in the Republic of South Africa) Registration number: 1996/003767/06 Share code: SSK ISIN: ZAE000123766 ("Stefanutti Stocks" or "the company")

For use at the AGM of the company to be held entirely electronically on Friday, 6 August 2021 at 12:00 and at any adjournment thereof.

For use by the holders of the company's certificated ordinary shares and/or dematerialised ordinary shares held through a Central Securities Depository Participant (CSDP) or broker who have selected own-name registration (own-name dematerialised shareholders). Additional forms of proxy are available from the transfer secretaries of the company.

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary letter of representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions. Terms used in this proxy form have the meanings given to them in the notice of annual general meeting to which this proxy form is attached.

I/We _____ (full name in block letters)

of _____ (address)

_____ (e-mail address) _____ (telephone number) _____ (cellphone number)

being a member(s) of Stefanutti Stocks and holding _____ ordinary shares in the company,

hereby appoint _____ of _____

failing him/her _____ of _____

failing him/her the chairman of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the Stefanutti Stocks ordinary shares registered in my/our name(s), in accordance with the following instructions:

| | Number of votes | | |
|--|-----------------|---------|---------|
| | For | Against | Abstain |
| ORDINARY RESOLUTIONS | | | |
| 1. To adopt the annual financial statements of the company for the year ended 28 February 2021, including the directors' report and the report of the Audit, Governance and Risk Committee | | | |
| 2. To re-elect BP Silwanyana as a director of the company | | | |
| 3. To confirm the appointment of Y du Plessis as a director of the company | | | |
| 4. To approve the appointment of JM Poluta as a director of the company | | | |
| 5. To re-appoint the auditors and the audit partner | | | |
| 6. To appoint B Harie as a member of the Audit, Governance and Risk Committee | | | |
| 7. To appoint BP Silwanyana as a member of the Audit, Governance and Risk Committee | | | |
| 8. To appoint JM Poluta as a member of the Audit, Governance and Risk Committee | | | |
| 9. To approve the company's remuneration policy | | | |
| 10. To approve the company's remuneration implementation report | | | |
| 11. Authority for signature of documentation | | | |
| SPECIAL RESOLUTIONS | | | |
| 1. To approve non-executive directors' fees – Special resolutions 1.1 to 1.12 | | | |
| 1.1 Board Chairman | | | |
| 1.2 Board member | | | |
| 1.3 Audit, Governance and Risk Committee chairman | | | |
| 1.4 Audit, Governance and Risk Committee member | | | |
| 1.5 Remuneration and Nominations Committee chairman | | | |
| 1.6 Remuneration and Nominations Committee member | | | |
| 1.7 Social and Ethics Committee chairman | | | |
| 1.8 Social and Ethics Committee member | | | |
| 1.9 Any other committee to be formed – chairman | | | |
| 1.10 Any other committee to be formed – member | | | |
| 1.11 Directors' hourly rate | | | |
| 1.12 Specific project fees | | | |
| 2. Financial assistance | | | |
| 3. General authority to repurchase company shares | | | |

* Please indicate by inserting the relevant number of votes in the appropriate spaces above how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at _____ (place) on _____ (date) 2021

Member's signature _____ assisted by _____ (if applicable)

NOTES TO THE FORM OF PROXY

1. This form of proxy is to be completed only by those members who are:
 - (a) holding shares in a certificated form; or
 - (b) recorded in the sub-register in electronic form in their own name.
2. Members who have dematerialised their shares, other than own-name dematerialised shareholders, and who wish to attend the annual general meeting must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the annual general meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.
3. Each member is entitled to appoint one or more individuals as a proxy (who need not be a member(s) of the company) to participate in, speak, and vote in place of that member at the annual general meeting.
4. A member wishing to appoint a proxy must do so in writing by inserting the name of said proxy or the name of one alternative proxy of the member's choice on the form of proxy in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A member's instructions to the proxy must be indicated on the form of proxy by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
6. The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of any proposed amendment to the above resolutions. If the foregoing sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form is attached.
7. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the chairman of the annual general meeting.
9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
10. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
11. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
12. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
13. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
14. Any proxy appointment made in terms of this form of proxy remains valid until the end of the annual general meeting, unless revoked earlier.
15. Members are requested to lodge forms of proxy with the transfer secretaries at the address given below, for administrative reasons only, at least 48 hours prior to the annual general meeting (see address below), provided that the chairman of the annual general meeting may accept proxies that have been delivered after the expiry of the aforementioned period up and until the time of commencement of the annual general meeting.

**Computershare Investor
Services Proprietary Limited**

Rosebank Towers, 15 Biermann Avenue,
Rosebank, Johannesburg, 2196
Private Bag X9000, Saxonwold, 2132
Telephone: +27 11 370 5000
Fax: +27 11 688 5238
Email: proxy@computershare.co.za

ANNEXURE A: REGISTRATION FORM TO PARTICIPATE IN THE ELECTRONIC ANNUAL GENERAL MEETING

Stefanutti Stocks Holdings Limited

(Incorporated in the Republic of South Africa) Registration number: 1996/003767/06 Share code: SSK ISIN: ZAE000123766 ("Stefanutti Stocks" or "the company")

TO BE HELD ON FRIDAY 6 AUGUST 2021 AT 12:00

- › Shareholders or their proxies or representatives who wish to participate in the annual general meeting via electronic communication (Participants), must register with the company's transfer secretaries, Computershare Investor Services Proprietary Limited, by delivering the signed form below (the application) via email to proxy@computershare.co.za as soon as possible. The application form may also be delivered (i) by hand, to Computershare Investor Services Proprietary Limited at Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or (ii) by post to Private Bag x9000, Saxonwold, 2132 (at the risk of the Participant). Irrespective of the manner in which the application form is delivered, the application form must be delivered as soon as possible, but in any event, for administrative purposes only, by no later than 12:00 on Wednesday 4 August 2021, together with proof of identification. Computershare Investor Services Proprietary Limited will first validate a Participant's registration request pursuant to section 63(1) of the Companies Act, 71 of 2008.
- › Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement with their CSDP or Broker:
 - » to furnish them with their voting instructions; and
 - » in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.
- › Each Participant, who has complied with the requirements below, will be contacted between 4 and 5 August 2021 via email or cell phone with a link to allow them to participate in the electronic annual general meeting.
- › The cut-off time, for administrative purposes only, to register to participate in the electronic annual general meeting will be at 12:00 on Wednesday, 4 August 2021.
- › The Participant's access link will be forwarded to the email/cell number provided below.
- › By clicking the link provided, Participants will be able to access the electronic annual general meeting via their computer or compatible mobile devices. A telephone number will also be provided for those Participants who prefer to dial in to the meeting.
- › Shareholders are advised that the email addresses and/or contact numbers provided by shareholders in their completed Registration Forms are the only addresses and/or contact numbers that will be recognised for purposes of electronic participation (including voting, where applicable) at the AGM.
- › Should a Participant experience any issue with the electronic communication during the annual general meeting, they should contact Wynand Louw (wynand.louw@Computershare.co.za; cell: +27 (0)82 906 7963) or Benjamin Janse van Vuuren (benjamin.jansevanvuuren@computershare.co.za; cell: +27 (0)82 496 8416) to assist them.

| APPLICATION FORM |
|---|
| Name and surname of shareholder: |
| Name and surname of shareholder representative (If applicable): |
| ID number of shareholder or representative: |
| Email address: |
| Cell number: |
| Telephone number: |
| Name of CSDP or Broker: |
| (If shares are held in dematerialised format): |
| Contact number of CSDP or Broker: |
| SCA number/Broker account number or own name account number: |
| Number of shares: |
| Number of share certificate (if applicable): |
| I wish to electronically participate: |
| I wish to electronically participate and vote: |
| Signature: |
| Date: |

- › The cost of dialing in using a telecommunication line/webcast/web-streaming to participate in the electronic annual general meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
- › To the fullest extent permitted by law, the Participant indemnifies the company against any loss, injury, damage, penalty or claim arising in any way from or in relation to the use or possession of the telecommunication lines/webcast/web-streaming/internet and/or network connectivity, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from or in relation to the use of the telecommunication lines/webcast/web-streaming/internet and/or network connectivity or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming/internet and/or network connectivity and/or connections linking the telecommunication lines/webcast/web-streaming to the electronic annual general meeting and /or in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages.
- › Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
- › The application will only be deemed successful if this application form has been fully completed and signed by the Participant and delivered or e-mailed to proxy@computershare.co.za by the cut-off time indicated above.
- › Certificated and dematerialised shareholders with "own name" registration must submit proof of identification with this application form.
- › Dematerialised shareholders without "own name" registration must submit proof of identification together with a copy of the letter of representation issued by their broker/ custodian with this application form.
- › By signing this registration form, you agree and consent to the processing of the personal information provided by you above for the purpose of participation in the electronic annual general meeting.

Shareholder name _____

Signature _____

Date _____

CORPORATE INFORMATION

Company information

Stefanutti Stocks Holdings Limited

Share code: SSK ISIN: ZAE000123766

JSE Sector: Construction Year-end: 28 February

Registration number

1996/003767/06

Country of incorporation

South Africa

Registered office

No. 9 Palala Street, Protec Park, Cnr Zuurfontein Avenue
and Oranjerivier Drive, Kempton Park, 1619

Postal address

PO Box 12394, Aston Manor, 1630

Telephone number

+27 11 571 4300

Directors

As at 21 June 2021: ZJ Matlala* (Chairman); HJ Craig*; B Harie*;
BP Silwanyana*; JM Poluta* (alternate to BP Silwanyana); DG Quinn*;
RW Crawford (CEO); Y du Plessis (Acting CFO)

* Independent non-executive directors.

Company Secretary

WR Somerville

Co-Unity Offices, 18 Royal Street, Hermanus, Western Cape, 7200

Auditors

Mazars

Mazars House, 54 Glenhove Road, Melrose Estate, 2196

PO Box 6697, Johannesburg, 2000

Telephone number: +27 11 547 4000

Attorneys

Webber Wentzel

90 Rivonia Road, Sandton, Johannesburg, 2196

PO Box 61771, Marshalltown, 2107

Telephone number: +27 11 530 5000

Transfer Secretaries

Computershare Investor Services (Pty) Ltd

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

PO Box 9000, Saxonwold, 2132

Telephone number: +27 11 370 5000

Sponsor

Bridge Capital Advisors (Pty) Ltd

10 Eastwood Road, Dunkeld, 2196

PO Box 651010, Benmore, 2010

Telephone number: +27 11 268 6231

Bankers

Absa Bank Limited

Banco Comercial e de Investimentos

Banco Internacional de Moçambique

Eswatini Bank Limited

First National Bank, a division of FirstRand Bank Limited

First National Bank Botswana Limited

First National Bank Eswatini, a division of FirstRand Bank Limited

Nedbank Limited

Nedbank Eswatini Limited

Société Générale Moçambique

Stanbic Bank Botswana Limited

Stanbic Bank Zambia Limited

Standard Bank Eswatini

United Bank for Africa Zambia Limited

Website

www.stefanuttistocks.com

