Stefanutti Stocks Group

Shareholders' Information and Notice of the Annual General Meeting

for the year ended 28 February 2023

The Stefanutti Stocks Integrated Report 2023 and the Annual Financial Statements 2023 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.

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

Vision

If you can dream it, we can construct it.

Mission

Excellence in execution

CIDB contractor

Category 9

B-BBEE contributor

Level 1

South African employees

2 707

Group workforce

6 405

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.

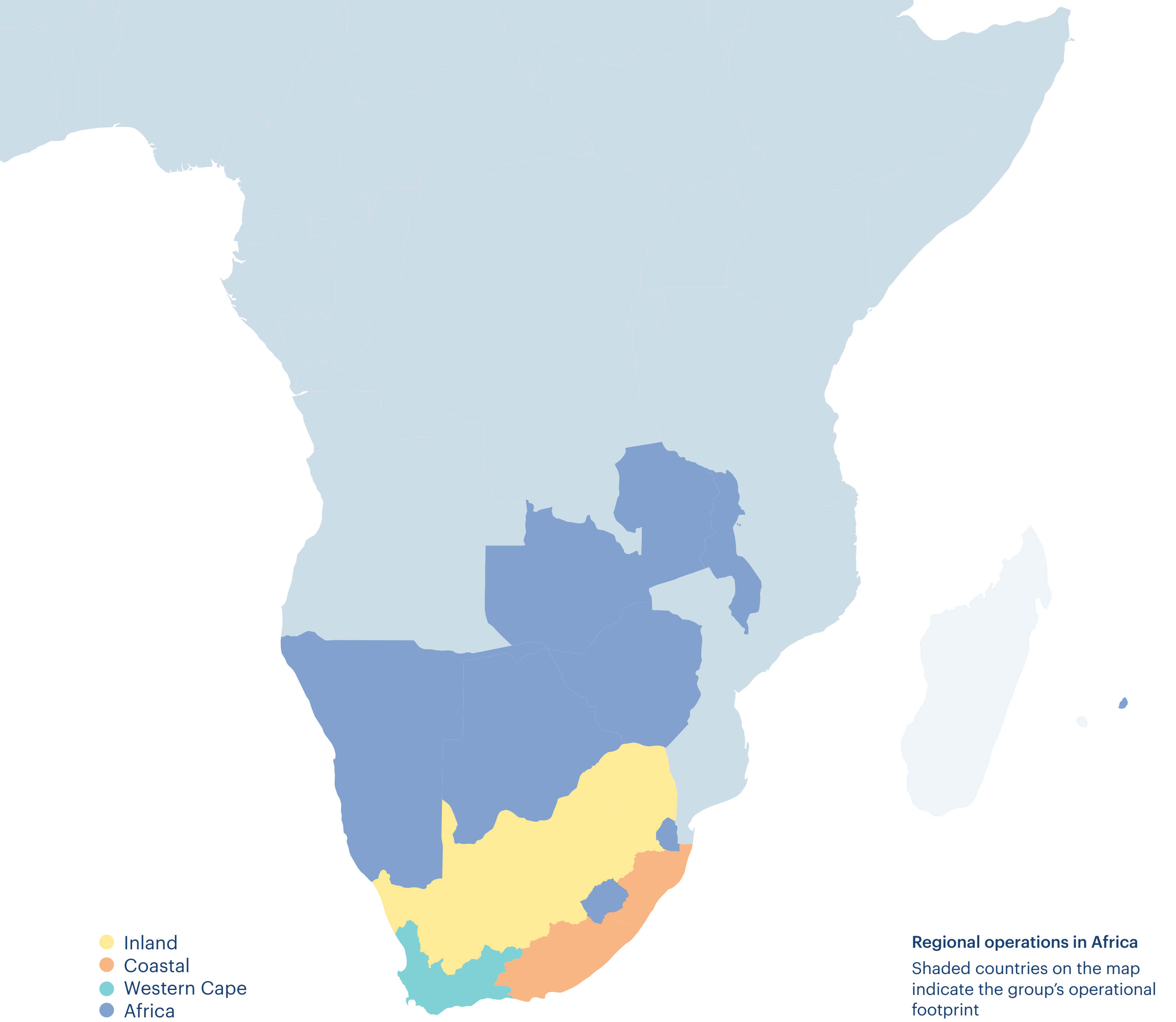
People relations
The value, which results in people treating one another fairly and with respect, and always being mindful of the human dignity of others.

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.

Operational footprint



Regional operations in Africa
Shaded countries on the map indicate the group's operational footprint

The group operates throughout South Africa and sub-Saharan Africa with multi-disciplinary expertise including concrete structures, specialist concrete repairs, piling, geotechnical services, roads and earthworks, renewable energy, bulk pipelines, materials handling, tailings management, all forms of building works, mechanical, electrical and piping.

Stefanutti Stocks is registered with the Construction Industry Development Board (CIDB) as a Category 9 Contractor, with no restrictions on the size of projects for which the group can tender. The group is ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified.

The group's operational footprint on the African continent spans South Africa and sub-Saharan Africa, including Botswana, Eswatini, Malawi, Mauritius, Namibia, Zambia and Zimbabwe 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 group's workforce is 6 405 including 2 707 South African employees, with its head office based in Kempton Park, Gauteng.

The group has a values-driven culture with which underpins sustainable partnerships with all stakeholders.

The above is achieved by setting and meeting 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 strategy.

Commentary

Basis of preparation and accounting policies

The extract from the audited condensed consolidated annual financial statements for the year ended 28 February 2023, which was issued on 19 June 2023, ("results and/or 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 71 of 2008. The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 28 February 2023 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 28 February 2022.

There is no significant difference between the carrying amounts of financial assets and liabilities and their fair values. The fair value measurements for land and buildings are categorised as a level 3, based on the valuation method of income capitalisation or direct comparable sales using unobservable inputs such as market capitalisation rates and income/expenditure ratio. Plant and equipment, and transport and motor vehicles included within non-current assets held for sale have been categorised as a level 3 fair value based on significant unobservable inputs to the valuation technique used. These assets are measured using the comparable sales method. This entails the use of quoted prices for identical or similar assets in the market.

The results are presented in Rand, which is Stefanutti Stocks' functional currency.

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

Auditor's 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 11 of the consolidated annual financial statements, as well as on Stefanutti Stocks's website.

The auditor's report contained the following emphasis of the matter: We draw attention to note 2 of the consolidated financial statements, which indicates that at 28 February 2023 the group's current liabilities exceeded its current assets by R1 141 million (2022: R1 462 million), and as of that date, the group's total liabilities exceed its total assets by R66 million (2022: R90 million). The group had an accumulated loss of R1 209 million (2022: R1 225 million). As stated in note 2 these events and conditions, along with other matters as noted, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Group profile

Stefanutti Stocks operates throughout South Africa and sub-Saharan Africa with multi-disciplinary expertise including concrete structures, specialist concrete repairs, piling, geotechnical services, roads and earthworks, renewable energy, bulk pipelines, materials handling, tailings management, all forms of building works, mechanical, electrical and piping.

Restructuring Plan update

The group hereby provides shareholders with an update on the Restructuring Plan as reported in the Reviewed Condensed Consolidated Results for the 12 months ended 28 February 2023, issued on 25 May 2023.

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 identified operations;
- a favourable outcome from the processes relating to the contractual claims and compensation events on certain projects; and
- evaluation of the capital structure including the potential of raising new equity.

The group, on 28 February 2023, reached agreement with the Lenders to extend the current capital repayment profile of the loan as well as its duration to 29 February 2024.

With respect to the final award of R90,9 million with regards to the Mechanical project termination, a capital repayment of R51 million has been made subsequent to year-end.

The loan bears interest at prime plus 3,9%, 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. The loan does not contain any financial covenants but rather imposes certain information and general undertakings.

The Lenders continue to provide guarantee support for current and future projects being undertaken by the group.

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 2024 and, to the extent required, shareholder approval will be sought for certain aspects of the Restructuring Plan. The group will continue to update shareholders on the progress of the various aspects of the Restructuring Plan.

Going concern

The directors consider it appropriate that the group's results for the year be prepared on the going-concern basis, taking into consideration:

- the current order book;
- imminent project awards;
- continuing operations executing the group's order book profitably;

- the availability of short- and mid-term projects;
- reaching a favourable outcome on contractual claims and compensation events on certain projects;
- continued support from the Lenders; and
- successfully implementing the Restructuring Plan.

The funding provided by the Lenders has assisted with the group's liquidity, even though as at 28 February 2023 the group's current liabilities exceed its current assets by R1 141 million (Feb 2022: R1 462 million) and the group's total liabilities exceed its total assets by R66 million (Feb 2022: R90 million). The group had an accumulated loss of R1 209 million (Feb 2022: R1 225 million). The group believes it remains commercially solvent based on the cash flow projections included in the Restructuring Plan. However, the matters as noted above including uncertainties surrounding the contingent liabilities as stated in note 26 of the group's Consolidated Annual Financial Statements for the year ended 28 February 2023, continue to indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern, and as a consequence could impact on the group's ability to realise its assets and discharge its liabilities in the ordinary course of business.

Kusile power project update

As previously highlighted to shareholders in numerous announcements and updates since late 2018, the group continues to pursue a number of contractual claims and compensation events on the Kusile power project.

Since August 2021, the group has secured payment of a combined total of R110 million for measured work and the Dispute Adjudication Board ("DAB") rulings. Substantial variations are still being agreed with Eskom. The outcome thereof will determine whether further certification will be secured for measured works or whether the variations will be referred to the DAB.

Stefanutti Stocks and Eskom ("the parties") have entered into an "Interim Arrangement for the Purposes of Agreeing or Determining the Contractor's Claims and Facilitating the Dispute Resolution Process" in February 2020, for all delay events up to the end of December 2019. This process involves the appointment of independent experts ("the experts") to evaluate the causes, duration and quantification of delays.

Further to the above, the parties and the DAB have signed a memorandum of understanding ("MOU") as set out below:

- The DAB will issue decisions confirming entitlements, which entitlements the experts have agreed to, which will then be binding on the parties;
- The DAB will rely on the experts for the narrowing of the issues and information to be considered in its assessments;
- The DAB will continue to make interim decisions on the narrowed issues and information, in a progressive manner which will be binding on the parties;
- The DAB will issue such interim decisions for duration and quantification; and
- At the end of the process the DAB will issue a final binding decision in terms of the contract with respect to duration and quantification, at which point either party may issue a notice of dissatisfaction and refer the dispute to arbitration.

The group has submitted the following provisional claims to the experts after taking into account all payments received to date on the project:

1. an overarching preliminary and general cost claim of R337 million;
2. a subcontractor overarching preliminary and general cost claim of R194 million;
3. a construction cost claim of R438 million; and
4. a finance cost claim of R171 million.

Therefore, the total of all provisional claims submitted to the experts is R1,140 billion. In terms of the process as outlined above the experts will review all claims, draft agreements and narrow issues of difference for referral to the DAB for a decision. The ongoing process will address the final phase of the delay analysis in the coming months. Once this is concluded, the group will submit its final consolidated claims, which will include the commissioning and interest costs soon thereafter.

The group envisages that the DAB will issue its binding decision before the end of the February 2024 financial year, at which point either party may issue a notice of dissatisfaction and refer the dispute to arbitration.

At this stage, the group's claims team is unable to quantify the value of the potential awards nor the exact timing thereof, as the claims must follow due process. Therefore, these provisional claims have not been recognised in the financial statements as the outcome of the process remains uncertain.

Overview of results

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. Current market conditions resulted in the delay of these disposals. The group remains committed to the sale processes as envisaged in the Restructuring Plan.

Non-current assets held for sale

The following items of property, plant and equipment are classified as non-current assets held for sale:

Non-current assets held for sale

Property, plant and equipment	Regions	**Feb 2023 R'000**	Feb 2022 R'000
Land and buildings	Inland	**743**	31 293
Transport and motor vehicles	Inland	**—**	167
Plant and equipment	Inland, Coastal and Western Cape	**42 854**	74 790
		43 597	106 250

The fair value of an equity accounted investee of R6,5 million (Feb 2022: R7,2 million) is also included within non-current assets held for sale.

Discontinued operations and disposal groups

In line with the Restructuring Plan, the group has initiated a disposal programme to sell identified operations which have accordingly been classified as discontinued operations. These disposals are expected to be concluded within the next 12 months.

On 22 November 2022 shareholders approved the disposal of SS — Construções (Moçambique) Limitada ("SS Mozambique") by the company's wholly-owned subsidiaries, Stefanutti Stocks Mauritius Holdings Limited and Stefanutti Stocks International Holdings Proprietary Limited. The completion of the transaction is subject to the fulfilment and/or waiver of certain conditions precedent, of which one remains outstanding at year-end. Subsequently, and in terms of the agreements, the parties to the transaction have agreed to extend the date to fulfill and/or waive the last outstanding condition precedent to 31 December 2023. The financial performance, reportable assets and reportable liabilities are presented within the Africa and Coastal Regions.

The East Coast Procurement division, which deals with the group's import and export of goods and services, previously envisaged to form part of the SS Mozambique transaction has been retained and therefore, reclassified as part of continuing operations. The comparative period has been restated in the Statement of Profit or Loss and Other Comprehensive Income to reflect this reclassification.

On 18 July 2022 shareholders were advised that the disposal of Al Tayer Stocks LLC became unconditional. The transaction is being implemented subject to the terms of the agreement and the final purchase consideration of approximately R83 million, included in other current assets, is expected to be paid in due course. As previously disclosed, R92 million was received in November 2021, R11 million in May 2022, R8 million in October 2022 and R16 million in April 2023. The realisation of a foreign exchange gain of R71 million included within reserves, has been reclassified to profit or loss on disposal. Al Tayer Stocks LLC is included within discontinued operations as it represents a geographical area in which the group operated.

Financial information relating to the discontinued operations and disposal groups can be found on pages 16 to 18.

Continuing operations

Contract revenue from continuing operations is R6,0 billion (restated Feb 2022: R6,0 billion) with an improved operating profit of R101 million (restated Feb 2022: operating loss of R107 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved from R102 million to R157 million mainly due to the reduction of restructuring costs and abnormal legal fees as well as a net expected credit loss (ECL) reversal of R61 million (Feb 2022: R150 million). The reversal in ECL is mainly due to debtors that were previously provided for and subsequently recovered.

Investment income increased to R28 million, of which R13 million relates to the arbitration award with regard to the Mechanical project termination.

The tax charge is impacted by the profitability of the cross-border operations at their varying tax rates. Deferred tax for all South African entities has been raised at the new tax rate of 27%, whilst the current tax expense is still recognised at 28%.

The after tax profit for total operations is R15 million (restated Feb 2022: R415 million after tax loss).

Earnings and headline earnings per share for total operations is 8,72 cents earnings per share (Feb 2022: 248,27 cents loss per share) and 38,73 cents loss per share (Feb 2022: 97,07 cents loss per share) respectively.

The group's order book is currently R6,8 billion of which R1,1 billion arises from work beyond South Africa's borders.

Included in non-current assets are other receivables of R58 million (Feb 2022: Nil), consisting of restricted cash of R24 million (held as security for long term guarantees) and trade receivables of R34 million which are not expected to be recovered within 12 months. Other current assets consists of trade and other receivables of R1,9 billion (Feb 2022: R1,6 billion), contracts in progress of R530 million (Feb 2022: R738 million) and inventory of R51 million (Feb 2022: R52 million). The increase in trade and other receivables predominantly relates to an increase in activity on a cross-border project.

Other current liabilities consists of financial liabilities to the value of R1,2 billion (Feb 2022: R1,3 billion) as well as trade and other payables of R1,3 billion (Feb 2022: R1,5 billion). The reduction in trade and other payables mainly relates to the initial purchase consideration of R92 million received from Al Tayer Stocks LLC, being reclassified when the sale became unconditional.

The increase in excess billings over work done relates to advances received on three projects. The majority of these advances are expected to be utilised during the next financial year.

Provisions increased from R598 million to R649 million due to specific project requirements.

Total interest-bearing liabilities reduced from R1 451 million reported at February 2022 to R1 354 million. Interest paid on the loan amounted to R115 million for the year (Feb 2022: R97 million).

The increase in other current assets, provisions and excess billings over work done and the reduction in trade and other payables contributed towards cash generated from operations of R512 million (Feb 2022: consumed R253 million) improving the group's overall cash position to R561 million (Feb 2022: R409 million).

The effect of the weakening Rand on the translation of certain foreign operations resulted in R41 million profit (Feb 2022: R34 million loss) being recognised in other comprehensive income. In addition, a R5 million foreign exchange gain relating to the deregistration of a foreign subsidiary was also realised.

The weakened post-COVID-19 economy has been further exacerbated by the Russia and Ukraine conflict, which caused a rise in energy prices, resulting in increased inflation and therefore interest rates, further increasing raw material and fuel costs. These increases, together with continuous power supply disruptions and disruptive floods in KwaZulu-Natal in April 2022, continued to put pressure on the group's operations and of its customers.

Review of operations

- mine infrastructure;
- transport infrastructure;
- civil infrastructure;
- water and wastewater treatment plants;
- specialist concrete repairs;
- bulk earthworks, crushing and screening;
- pipelines and dams;
- geotechnical sector;
- land preparation and irrigation;
- materials handling and mine rehabilitation;
- tailings management and hydraulic re-mining;
- renewable energy;
- high-voltage step down power;
- clean fuels, tank-farms and plant upgrades;
- shutdowns and maintenance of plants;
- mechanical installations;
- electrical and instrumentation;
- oil and gas;
- industrial, commercial, residential, retail, leisure and warehouse projects;
- data centres;
- framework agreements; and
- design and build solutions.

In furtherance of the internal restructuring initiative as previously disclosed, from 1 March 2022 the Mechanical Electrical Piping ("MEP") business forms part of the Inland Region. In addition, certain African countries previously included within MEP are now reported as part of the Africa Region.

A specific contact, which is executed in Zimbabwe, is included within the Inland Region for reporting purposes, as the required specialised skills and expertise to execute the contract is derived from the Inland Region.

Inland Region

Inland's contract revenue from operations is R2,3 billion (restated Feb 2022: R2,3 billion) with an operating profit of R84 million (restated Feb 2022: R15 million, however, excluding fair value adjustments relating to a property and plant and equipment held for sale the operating profit would have been R62 million).

All disciplines are performing to expectation, with the exception of the Mechanical discipline, due to the suspension of a significant contract.

The results of the Materials Handling and Tailings Management disciplines continues to be negatively impacted by the failed sale process and the group is refocusing these operations and rebuilding their order book.

With respect to a contract mining project termination, the matter is proceeding to arbitration. This arbitration is expected to commence in October 2023. The group is confident that the termination was lawful and therefore no provision has been made.

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.

With respect to the Mechanical project termination, the arbitration process has been completed and a final award has been made subsequent to year-end. In terms of the award, Stefanutti Stocks was awarded R90,9 million. In addition, legal fees have also been awarded and are subject to taxing in accordance with the High Court tariff. As soon as this process has been completed, shareholders will be advised accordingly.

Inland's order book at February 2023 was R3,1 billion (restated Feb 2022: R2,3 billion).

Coastal Region

The Coastal Region's contract revenue from operations is R1,4 billion (Feb 2022: R1,0 billion) with an operating profit of R5 million (Feb 2022: R3 million). These results were negatively impacted by the devastating floods and the late award of a major building contract. These floods resulted in some property damage and time delays on two projects where work had to be stopped. The total value of damages amounted to R38 million, of which 90% was recovered from the group's insurers.

Coastal's order book at February 2023 was R2,1 billion (Feb 2022: R1,1 billion).

Western Cape Region

Western Cape's contract revenue reduced to R702 million (Feb 2022: R1,1 billion) with an operating profit of R30 million (Feb 2022: R54 million) due to delayed contract awards.

Western Cape's order book at February 2023 was R621 million (Feb 2022: R658 million).

Africa Region

The Africa Region's contract revenue is R1,6 billion (Feb 2022: R1,6 billion) with an operating profit of R74 million (restated Feb 2022: R88 million). All operations performed to expectation.

Further to the announcement dated 30 November 2022, with respect to the Arbitration relating to a contractual claim on the construction of the Kalabo-Sikongo-Angola border gate road in the Western Province of Zambia, shareholders are advised that the client applied to set the Arbitral Tribunal award aside, citing "contrary to public policy" and "matters beyond the scope of the Arbitration." The hearing was heard on the 24 February 2023 and the Judge reserved judgment for 90 days.

Africa's order book at February 2023 was R579 million (Feb 2022: R1,1 billion).

Safety

Management and staff remain committed to the group's 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 2023 was 0,05 (Feb 2022: 0,03) and the Recordable Case Rate (RCR) was 0,44 (Feb 2022: 0,28).

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 72,76%.

Industry-related matters

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

Dividend declaration

Notice is hereby given that no dividend will be declared (Feb 2022: Nil).

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.

Changes to the board

John Poluta resigned as independent non-executive director from the board of Stefanutti Stocks effective 13 March 2023 due to health reasons. John served on the board since July 2017.

Howard Craig was appointed as a member of the Audit, Governance and Risk Committee with effect from 13 March 2023 replacing John. The board expresses its appreciation for John's valued contributions, insight and guidance over the years.

Appreciation

It is with deep sadness that we inform you of the passing of our colleague John Poluta on the 9th of April. His contribution to the group will be sorely missed. Our sincerest condolences to his family.

We 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
Chief Executive Officer

19 June 2023

Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 28 February

	% Increase/ (Decrease)	2023 R'000	Restated* 2022 R'000
Continuing operations			
Contract revenue	—	**5 979 555**	5 968 484
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	53	**156 573**	102 055
Depreciation		**(41 540)**	(54 275)
Fair value adjustments^		**(14 344)**	(26 907)
Impairment of assets		**—**	(127 478)
Operating profit/(loss) before investment income	194	**100 689**	(106 605)
Investment income		**28 459**	19 010
Share of (losses)/profits of equity-accounted investees		**(1 468)**	8 958
Operating profit/(loss) before finance costs		**127 680**	(78 637)
Finance costs		**(128 849)**	(112 882)
Loss before taxation		**(1 169)**	(191 519)
Taxation	(55)	**(36 330)**	(79 913)
Loss for the year		**(37 499)**	(271 432)
Profit/(loss) after tax for the year from discontinued operations		**52 086**	(143 776)
Profit/(loss) for the year		**14 587**	(415 208)
Other comprehensive income		**9 068**	(27 379)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) — Continuing operations		**41 487**	(34 292)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) — Discontinued operations		**43 738**	8 002
Revaluation of land and buildings (may not be reclassified to profit/(loss)) — Continuing operations		**—**	(676)
Impairment losses recognised on re-valued assets (may not be reclassified to profit/(loss)) — Continuing operations		**—**	(413)
Reclassification of foreign currency translation reserve on deregistration of foreign subsidiary — Continuing operations		**(5 215)**	—
Reclassification of foreign currency translation reserve on disposal of foreign operation — Discontinued operations (Al Tayer Stocks LLC)		**(70 942)**	—
Total comprehensive income		**23 655**	(442 587)

* The information has been restated for the changes between continuing and discontinued operations as explained in the Commentary.

^ The fair value adjustments relate to the write-down of the carrying amount of the non-current assets held for sale to their fair value less costs to sell as required by IFRS 5.

Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 28 February continued

	% Increase/ (Decrease)	2023 R'000	Restated* 2022 R'000
Profit/(loss) attributable to:			
Equity holders of the company		**14 587**	(415 208)
Continuing operations		**(37 499)**	(271 432)
Discontinued operations		**52 086**	(143 776)
		14 587	(415 208)
Total comprehensive income attributable to:			
Equity holders of the company		**23 655**	(442 587)
Continuing operations		**(1 227)**	(306 813)
Discontinued operations		**24 882**	(135 774)
		23 655	(442 587)
Earnings and diluted earnings per share (cents)			
Continuing operations	86	**(22,42)**	(162,30)
Discontinued operations	136	**31,14**	(85,97)
Total operations	104	**8,72**	(248,27)

* The information has been restated for the changes between continuing and discontinued operations as explained in the Commentary.

Summarised Consolidated Statement of Financial Position

as at 28 February

	2023 R'000	2022 R'000
Assets		
Non-current assets	**1 038 097**	983 198
Property, plant and equipment	**458 313**	466 337
Equity-accounted investees	**32 107**	27 405
Goodwill	**272 376**	272 376
Other receivables	**58 269**	—
Deferred tax assets	**217 032**	217 080
Current assets	**3 174 774**	2 912 826
Other current assets	**2 511 589**	2 411 785
Taxation	**84 785**	72 818
Bank balances	**578 400**	428 223
Non-current assets held for sale and disposal groups	**937 558**	700 938
Total assets	**5 150 429**	4 596 962
Equity and liabilities		
Capital and reserves	**(66 364)**	(90 019)
Share capital and premium	**1 007 718**	1 007 718
Other reserves	**135 123**	126 819
Accumulated loss	**(1 209 205)**	(1 224 556)
Non-current liabilities	**261 920**	133 639
Other financial liabilities	**131 451**	133 639
Excess billings over work done	**130 469**	–
Current liabilities	**4 315 855**	4 375 114
Other current liabilities*	**2 478 772**	2 755 556
Excess billings over work done	**1 081 639**	909 550
Provisions	**648 883**	598 216
Taxation	**88 723**	92 896
Bank balances	**17 838**	18 896
Liabilities directly associated with disposal groups**	**639 018**	178 228
Total equity and liabilities	**5 150 429**	4 596 962
* including interest-bearing liabilities of	**1 204 309**	1 298 485
** including interest-bearing liabilities of	**633**	461

Summarised Consolidated Statement of Changes in Equity

for the year ended 28 February

	Share capital and premium R'000	Foreign currency translation reserve R'000	Revaluation surplus reserve R'000	Legal reserve R'000	Reserves of disposal groups held for sale R'000	Accumulated loss R'000	Total equity R'000
Balance at 28 February 2021	1 007 718	27 490	21 128	764	104 816	(809 348)	352 568
Total comprehensive income	—	(34 292)	(1 089)	—	8 002	(415 208)	(442 587)
Loss for the year	—	—	—	—	—	(415 208)	(415 208)
Other comprehensive income	—	(34 292)	(1 089)	—	8 002	—	(27 379)
Balance at 28 February 2022	1 007 718	(6 802)	20 039	764	112 818	(1 224 556)	(90 019)
Realisation of legal reserve on deregistration of subsidiary	—	—	—	(764)	—	764	—
Total comprehensive income	—	36 272	—	—	(27 204)	14 587	23 655
Profit for the year	—	—	—	—	—	14 587	14 587
Other comprehensive income	—	36 272	—	—	(27 204)	—	9 068
Balance at 28 February 2023	**1 007 718**	**29 470**	**20 039**	**—**	**85 614**	**(1 209 205)**	**(66 364)**

Summarised Consolidated Statement of Cash Flows

for the year ended 28 February

	2023 R'000	2022 R'000
Cash generated from/(consumed by) operations	**512 252**	(253 074)
Investment income	**15 804**	19 380
Finance costs	**(136 255)**	(115 920)
Dividends received	**505**	896
Taxation paid	**(59 533)**	(54 809)
Cash flows from operating activities	**332 773**	(403 527)
Proceeds received — Property, plant and equipment	**56 364**	175 988
Expenditure for expansion — Property, plant and equipment	**(4 779)**	(1 201)
Expenditure for maintaining — Property, plant and equipment	**(33 384)**	(17 187)
Advances to equity-accounted investees	**(3 843)**	(1 288)
Proceeds on disposal of Al Tayer Stocks LLC	**18 641**	—
Cash flows from investing activities	**32 999**	156 312
Repayment of long-term financing	**(98 442)**	(163 905)
Repayment of short-term financing	**(14 254)**	(10 245)
Cash flows from financing activities	**(112 696)**	(174 150)
Net increase/(decrease) in cash for the year	**253 076**	(421 365)
Cash at the beginning of the year — continuing operations	**409 327**	755 638
Cash at the beginning of the year — discontinued operations	**24 499**	91 628
Less: Cash at the end of the year — discontinued operations	**(156 264)**	(24 499)
Effect of exchange rate changes on cash and cash equivalents	**29 924**	7 925
Cash and cash equivalents at the end of the year — continuing operations	**560 562**	409 327

Summarised segment information

for the year ended 28 February

	Inland[5] R'000	Coastal R'000	Western Cape R'000	Africa R'000	Reconciling segments[1] R'000	Total R'000
2023						
Contract revenue	**2 334 239**	**1 367 692**	**702 019**	**1 575 605**	**—**	**5 979 555**
Intersegment contract revenue	**2 556**	**6 192**	**27 417**	**14 347**	**—**	**50 512**
Reportable segment profit/(loss) — continuing operations	**102 171**	**1 535**	**21 924**	**57 562**	**(220 691)[2]**	**(37 499)**
Reportable segment profit/(loss) — discontinued operations	**—**	**2 346**	**—**	**(20 436)**	**70 176**	**52 086**
Reportable segment assets	**1 792 476**	**490 026**	**218 233**	**2 173 678**	**476 016[3]**	**5 150 429**
Reportable segment liabilities	**1 390 142**	**407 725**	**269 032**	**1 710 971**	**1 438 923[3]**	**5 216 793**
2022 (restated)[4]						
Contract revenue	2 294 377	1 012 831	1 065 930	1 595 346	—	5 968 484
Intersegment contract revenue	9 362	716	2 343	3 105	—	15 526
Reportable segment profit/(loss) — continuing operations	(28 297)	(6 101)	59 757	56 495	(353 286)[2]	(271 432)
Reportable segment profit/(loss) — discontinued operations	(5 935)	(744)	—	(61 496)	(75 601)	(143 776)
Reportable segment assets	1 709 214	485 063	149 490	1 703 701	549 494[3]	4 596 962
Reportable segment liabilities	1 092 939	393 540	266 495	1 326 868	1 607 139[3]	4 686 981

1 Other segments comprise segments that are primarily centralised in nature i.e. the group's headquarters, as well as the discontinued operation Al Tayer Stocks LLC.

2 Included in reportable segment operating loss are restructuring costs and abnormal legal fees of R56 million (Feb 2022: R115 million).

3 Included in assets is goodwill of R272 million (Feb 2022: R272 million) and the receivable from Al Tayer Stocks LLC of R83 million (Feb 2022: R168 million non-current asset held for sale — Al Tayer). Included in liabilities is the funding loan of R1,2 billion (Feb 2022: R1,2 billion).

4 The information has been restated for the changes between continuing and discontinued operations and the changes in the organisational structure of the MEP business now disclosed under Inland and certain African countries previously included within MEP now reported as part of the Africa Region as explained in the Commentary.

5 A specific contact, which is executed in Zimbabwe, is included within the Inland Region for reporting purposes, as the required specialised skills and expertise to execute the contract is derived from the Inland Region.

Headline earnings and net asset value per share

for the year ended 28 February continued

Headline earnings reconciliation

		Continuing operations		Discontinued operations		Total operations	
		2023 R'000	2022* R'000	**2023 R'000**	2022* R'000	**2023 R'000**	2022* R'000
(Loss)/profit after taxation attributable to equity holders of the company		**(37 499)**	(271 432)	**52 086**	(143 776)	**14 587**	(415 208)
Adjusted for:							
Net (profit)/loss on disposal of plant and equipment		**(15 246)**	(11 578)	**(57)**	1	**(15 303)**	(11 577)
Net gain on disposal of non-current assets held for sale		**(4 575)**	(3 322)	**—**	(24 692)	**(4 575)**	(28 014)
Fair value adjustments		**14 344**	26 142	**(161)**	137 954	**14 183**	164 096
Loss on disposal — Al Tayer Stocks LLC		**—**	—	**766**	—	**766**	—
Realisation of foreign currency translation reserve on sale— Al Tayer Stocks LLC		**—**	—	**(70 942)**	—	**(70 942)**	—
Realisation of foreign currency translation reserve on deregistration of subsidiary		**(5 215)**	—	**—**	—	**(5 215)**	—
Reversal of gain previously recognised on sale of subsidiary		**—**	507	**—**	—	**—**	507
Impairment of goodwill		**—**	106 111	**—**	—	**—**	106 111
Impairment of equity-accounted investees		**—**	342	**—**	—	**—**	342
Impairment of property, plant and equipment		**—**	21 367	**—**	—	**—**	21 367
Net tax effect		**1 704**	(6 748)	**18**	6 774	**1 722**	26
Headline earnings		**(46 487)**	(138 611)	**(18 290)**	(23 739)	**(64 777)**	(162 350)
Number of diluted and weighted average shares in issue		**167 243 684**	167 243 684	**167 243 684**	167 243 684	**167 243 684**	167 243 684
Earnings and diluted earnings per share (cents)	86%	**(22,42)**	(162,30)	**31,14**	(85,97)	**8,72**	(248,27)
Headline earnings and diluted headline earnings per share (cents)	66%	**(27,80)**	(82,88)	**(10,93)**	(14,19)	**(38,73)**	(97,07)

* The information has been restated for the changes between continuing and discontinued operations as explained in the Commentary.

Net asset value

	2023 R'000	2022 R'000
Total number of net shares in issue	**167 243 684**	167 243 684
Net asset value per share (cents)	**(39,68)**	(53,83)
Net tangible asset value per share (cents)	**(202,54)**	(216,69)

Disaggregation of revenue
for the year ended 28 February

	Inland^ R'000	Coastal R'000	Western Cape R'000	Africa R'000	Total R'000
2023					
Geographical					
Within South Africa	**1 842 237**	**1 361 599**	**702 019**	**—**	**3 905 855**
Outside South Africa	**492 002**	**6 093**	**—**	**1 575 605**	**2 073 700**
	2 334 239	**1 367 692**	**702 019**	**1 575 605**	**5 979 555**
Sector					
Private	**1 978 121**	**796 354**	**360 004**	**862 137**	**3 996 616**
Public	**356 118**	**571 338**	**342 015**	**713 468**	**1 982 939**
	2 334 239	**1 367 692**	**702 019**	**1 575 605**	**5 979 555**
2022 (restated)*					
Geographical					
Within South Africa	2 057 845	989 741	1 065 930	—	4 113 516
Outside South Africa	236 532	23 090	—	1 595 346	1 854 968
	2 294 377	1 012 831	1 065 930	1 595 346	5 968 484
Sector					
Private	1 583 131	700 980	985 827	773 660	4 043 598
Public	711 246	311 851	80 103	821 686	1 924 886
	2 294 377	1 012 831	1 065 930	1 595 346	5 968 484

* The information has been restated for the changes in the organisational structure of the Mechanical Electrical Piping (MEP) business now disclosed under the Inland region as explained in the Commentary.

^ A specific contact, which is executed in Zimbabwe, is included within the Inland Region for reporting purposes, as the required specialised skills and expertise to execute the contract is derived from the Inland Region.

Disaggregation of revenue

for the year ended 28 February continued

	2023					Restated 2022*				
	Inland^ R'000	**Coastal R'000**	**Western Cape R'000**	**Africa R'000**	**Total R'000**	Inland R'000	Coastal R'000	Western Cape R'000	Africa R'000	Total R'000
Civils, earthworks and other	**2 250 717**	**775 112**	**192 547**	**1 155 129**	**4 373 505**	2 023 209	531 017	10 822	1 314 845	3 879 893
Airports	**—**	**—**	**—**	**—**	**—**	—	—	—	13 830	13 830
Bulk earthworks and geotechnical services	**326 048**	**380 692**	**—**	**—**	**706 740**	261 149	121 525	—	2 064	384 738
Dam, water and sanitation	**62 477**	**295 477**	**184 319**	**281 423**	**823 696**	185 973	348 675	10 152	369 750	914 550
Industrial process plants	**33 373**	**12 071**	**—**	**—**	**45 444**	93 929	25 889	—	—	119 818
Marine infrastructure	**—**	**54 157**	**—**	**—**	**54 157**	—	33 540	—	—	33 540
Mines	**1 087 592**	**—**	**—**	**821**	**1 088 413**	782 309	—	—	—	782 309
Oil and gas	**439 386**	**—**	**—**	**—**	**439 386**	255 131	1 388	—	—	256 519
Pipelines	**3 650**	**—**	**—**	**—**	**3 650**	9 103	—	—	—	9 103
Power stations and transmission infrastructure	**117 972**	**—**	**—**	**13 946**	**131 918**	280 220	—	—	—	280 220
Rail infrastructure	**—**	**—**	**—**	**662 669**	**662 669**	15 768	—	—	738 690	754 458
Roads and bridges	**180 219**	**32 715**	**8 228**	**196 270**	**417 432**	139 627	—	670	190 511	330 808
Building — Residential	**65 910**	**75 000**	**—**	**—**	**140 910**	188 234	24 321	—	15 952	228 507
Low-cost housing	**39 291**	**—**	**—**	**—**	**39 291**	177 410	24 321	—	—	201 731
Medium- and high-end housing	**26 619**	**75 000**	**—**	**—**	**101 619**	10 824	—	—	15 952	26 776
Building — Non-residential	**17 612**	**517 580**	**509 472**	**420 476**	**1 465 140**	82 934	457 493	1 055 108	264 549	1 860 084
Airports	**—**	**—**	**—**	**896**	**896**	—	—	—	—	—
Factories and warehouses	**—**	**23 376**	**—**	**54 847**	**78 223**	—	68 560	592 938	67	661 565
Hospitals and medical centres	**—**	**—**	**149 468**	**—**	**149 468**	—	1 826	69 281	—	71 107
Office and commercial space	**—**	**3 042**	**123 352**	**306 577**	**432 971**	—	400	182 414	264 482	447 296
Power stations and transmission infrastructure	**17 612**	**—**	**110 214**	**—**	**127 826**	82 440	—	94 654	—	177 094
Shopping and retail space	**—**	**491 020**	**4 282**	**58 156**	**553 458**	—	294 971	115 821	—	410 792
Sporting facilities	**—**	**—**	**122 156**	**—**	**122 156**	—	—	—	—	—
Tourism and leisure facilities	**—**	**142**	**—**	**—**	**142**	494	91 736	—	—	92 230
	2 334 239	**1 367 692**	**702 019**	**1 575 605**	**5 979 555**	2 294 377	1 012 831	1 065 930	1 595 346	5 968 484

* The information has been restated for the changes in the organisational structure of the Mechanical Electrical Piping (MEP) business now disclosed under the Inland region as explained in the Commentary.

^ A specific contact, which is executed in Zimbabwe, is included within the Inland Region for reporting purposes, as the required specialised skills and expertise to execute the contract is derived from the Inland Region.

Discontinued operations
for the year ended 28 February

Statement of profit or loss and other comprehensive income

	2023 R'000	Restated* 2022 R'000
Contract revenue	**347 835**	346 609
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**29 429**	21 338
Depreciation	**—**	(10 058)
Fair value adjustments^	**161**	(137 954)
Operating profit/(loss) before investment income	**29 590**	(126 674)
Investment income	**349**	712
Operating profit/(loss) before finance costs	**29 939**	(125 962)
Finance costs	**(5 580)**	(2 989)
Profit/(loss) before taxation	**24 359**	(128 951)
Taxation	**27 727**	(14 825)
Profit/(loss) for the year	**52 086**	(143 776)
Other comprehensive income:	**(27 204)**	8 002
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))	**43 738**	8 002
Reclassification of foreign currency translation reserve on disposal of foreign operation — Al Tayer Stocks LLC	**(70 942)**	—
Total comprehensive income	**24 882**	(135 774)
Profit/(loss) attributable to equity holders of the company	**52 086**	(143 776)
Total comprehensive income attributable to equity holders of the company	**24 882**	(135 774)
Earnings per share	**31,14**	(85,97)
Headline earnings per share	**(10,93)**	(14,19)

* The information has been restated for the changes between continuing and discontinued operations as explained in the Commentary.
^ The fair value adjustments relate to the write-down of the carrying amount of the disposal groups to their fair value less costs to sell as required by IFRS 5.

Discontinued operations

for the year ended 28 February continued

Statement of financial position

	2023 R'000	2022 R'000
Non-current assets	**367 468**	445 885
Property, plant and equipment	**336 375**	277 660
Equity-accounted Investee — Al Tayer Stocks LLC	**—**	168 225
Deferred tax assets	**31 093**	—
Current assets	**593 669**	203 443
Inventories	**120 743**	97 893
Contracts in progress	**100 167**	17 713
Trade and other receivables	**189 361**	50 729
Taxation	**3 843**	1 172
Bank balances	**179 555**	35 936
	961 137	649 328
Less: Fair value adjustment – Disposal group	**(73 721)**	(61 840)
Total assets	**887 416**	587 488
Non-current liabilities	**240**	—
Financial liabilities	**195**	—
Deferred tax liabilities	**45**	—
Current liabilities	**638 778**	178 228
Financial liabilities	**438**	461
Trade and other payables	**144 836**	118 671
Excess billings over work done	**468 717**	35 604
Provisions	**1 496**	12 055
Bank balances	**23 291**	11 437
Total liabilities	**639 018**	178 228

The deferred tax balance relates to SS Mozambique. Management considers the asset to be recoverable based on the improved order book in the current year.

Net cash flows

	2023 R'000	Restated* 2022 R'000
Net cash movement from operating activities	**121 240**	(24 223)
Net cash movement from investing activities	**(4 392)**	(45 763)
Net cash movement from financing activities	**(586)**	19 328
Effect of exchange rate changes on cash and cash equivalents	**16 997**	(8 648)
Net movement in cash	**133 259**	(59 306)

* The information has been restated for the changes between continuing and discontinued operations as explained in the Commentary.

Discontinued operations

for the year ended 28 February continued

Disaggregation of revenue

Revenue from discontinued operations can be further disaggregated as follows:

	Inland R'000	Coastal R'000	Africa R'000	Total R'000
2023				
Geographical				
Outside South Africa	—	**4 264**	**343 571**	**347 835**
Sector				
Private	—	**4 264**	**343 571**	**347 835**
2022 (restated)*				
Geographical				
Within South Africa	74 748	—	—	74 748
Outside South Africa	—	16 379	255 482	271 861
	74 748	16 379	255 482	346 609
Sector				
Private	74 748	16 379	255 482	346 609

* The information has been restated for the changes between continuing and discontinued operations as explained in the Commentary.

	2023			Restated 2022*			
	Coastal R'000	**Africa R'000**	**Total R'000**	Inland R'000	Coastal R'000	Africa R'000	Total R'000
Civils, earthworks and other	**4 264**	—	**4 264**	74 748	16 379	—	91 127
Marine infrastructure	**4 264**	—	**4 264**	—	16 379	—	16 379
Mines	—	—	—	74 748	—	—	74 748
Building — Residential	—	—	—	—	—	10 514	10 514
Medium and high-end housing	—	—	—	—	—	10 514	10 514
Building — Non-residential	—	**343 571**	**343 571**	—	—	244 968	244 968
Office and commercial space	—	**212 662**	**212 662**	—	—	225 022	225 022
Education institutions	—	**832**	**832**	—	—	—	—
Tourism and leisure facilities	—	**68 021**	**68 021**	—	—	—	—
Shopping and retail space	—	**62 056**	**62 056**	—	—	—	—
Sporting facilities	—	—	—	—	—	171	171
Factories and warehouses	—	—	—	—	—	5 030	5 030
Mines	—	—	—	—	—	14 745	14 745
Total	**4 264**	**343 571**	**347 835**	74 748	16 379	255 482	346 609

* The information has been restated for the changes between continuing and discontinued operations as explained in the Commentary.

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 2023 will be held on **Friday, 4 August 2023 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 41 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 2 August 2023**, 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

- **Record date to receive the Notice:** Thursday, 15 June 2023
- **Distribution of Integrated Annual Report:** Wednesday, 28 June 2023
- **Last date to trade to be eligible to vote:** Tuesday, 25 July 2023
- **Record date to be eligible to vote:** Friday, 28 July 2023
- **For administrative purposes only, the last date for lodging forms of proxy (by 12:00):** Wednesday, 2 August 2023

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, 28 July 2023**.

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 licences 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, Governance and Risk Committee report, the directors' report and the Social and Ethics Committee report at the AGM. The directors' report and the Audit, Governance and Risk Committee report are set out on pages 3 to 10 of the Stefanutti Stocks Group Consolidated Annual Financial Statements 2023.

The Social and Ethics Committee report is set out on pages 58 and 59 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 2023, have been distributed as required and will be presented to shareholders.

The consolidated annual financial statements of the company for the year ended 28 February 2023 can be found 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 2023, 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 non-executive directors shall retire by rotation at the AGM.

The following directors retire at this AGM and, being eligible, offer themselves for re-election: B Harie and BP Silwanyana. The board has considered their performance, including their attendance at meetings of the board and its committees, and recommends and supports their re-election.

Ordinary resolution 2: Re-election of director

"RESOLVED THAT, B Harie, 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 B Harie is included in Appendix 1 on page 27 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: 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 27 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 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 5, 6 and 7 and: Appointment of Audit, Governance and Risk Committee members

Ordinary resolution numbers 5, 6 and 7 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 HJ Craig all of whom are independent non-executive directors.

Ordinary resolution 5: 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 27 of this report of which this Notice forms part.

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

Ordinary resolution 6: 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 27 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 HJ Craig 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 HJ Craig is included in Appendix 1 on page 27 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: 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 29 to 36 of this report of which this notice forms part.

Ordinary resolution 9: 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 37 and 38 of this report of which this notice forms part.

Notes to ordinary resolution numbers 8 and 9

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 10: 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 9 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 2025, as noted in the table on page 22, 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 2025, will be as set out in the table on page 22. 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 2025."

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 desirous 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.

Table to special resolutions 1.1 to 1.12

		Current fee per meeting R	Proposed fee per meeting R
1.1 Board	Chairman	**1 007 160/annum**	1 170 000/annum
1.2 Board	Member	**53 445**	86 000
1.3 Audit, Governance and Risk Committee	Chairman	**99 750**	99 750
1.4 Audit, Governance and Risk Committee	Member	**53 445**	53 445
1.5 Remuneration and Nominations Committee	Chairman	**53 445**	59 000
1.6 Remuneration and Nominations Committee	Member	**30 555**	34 500
1.7 Social and Ethics Committee	Chairman	**44 835**	47 526
1.8 Social and Ethics Committee	Member	**24 045**	26 000
1.9 Any other committee to be formed	Chairman	**39 900**	42 294
1.10 Any other committee to be formed	Member	**21 420**	22 705
1.11 Directors' hourly rate (note 4)		**2 074**	4 000
1.12 Specific project fees (note 5)		**2 074**	4 000

Notes:

1. The board Chairman receives an all-in fee and not a per meeting fee.
2. The fees include permanent non-executive invitees of committees.
3. Proposed fee per meeting and the board Chairman's all-in fee are exclusive of value-added tax.
4. 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.
5. 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.
6. The proposed fee is payable from the AGM for financial year ended 28 February 2023 to the AGM for the financial year ended 28 February 2025.
7. Details of the fee increases as set out above have been proposed for approval at the AGM to be held on 4 August 2023.

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 in Appendix 3 on page 28 of this report of which this notice forms part, 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)(ii) 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, 2 August 2023**.

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 41 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

19 June 2023

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Appendix 1:
Curriculum vitae of directors

Bharti Harie (52)

Independent non-executive

Qualifications: BA, LLM

Appointed: April 2018

Length of service: five years

Stefanutti Stocks board committee memberships: ARCO Chairman, NOMCO member and REMCO member

External board committee memberships: Ascendis Health Limited, St Davids Marist Inanda, Bell Equipment Sales South Africa (Pty) Ltd, Bell Equipment Company 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 Foundation.

Busisiwe Silwanyana (50)

Independent non-executive

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

Appointed: April 2018

Length of service: five years

Stefanutti Stocks board committee memberships: S&E Chairman, ARCO member

External board committee memberships: YeboYethu (RF) Limited, YeboYethu Investment Company (RF) (Pty) 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.

Howard Craig (63)

Independent non-executive

Qualifications: BSc (Civil Engineering), GDE

Appointed: April 2015

Length of service: eight years

Stefanutti Stocks board committee memberships: REMCO Chairman, NOMCO member, S&E member and ARCO member

External board committee memberships: Director and Chairman, member of ARCO and Governance Committees of the PPP Group (Mauritius)

Skills and experience: Technical and Managing Director at Fraser Alexander Tailings (1990 to 2000). Held various senior positions at Sasol (2000 to 2009). Chief Executive of Rand Refinery (2009 to 2014). Serves on the boards of various private companies. Promotes various infrastructural and industrial projects across Africa.

Appendix 2:
Attendance at board and committee meetings

Meeting attendance

Board member	Board	ARCO	REMCO	S&E
Chairman	ZJ Matlala	B Harie	HJ Craig	BP Silwanyana
Number of meetings	6	6	6	3
ZJ Matlala	6/6	6/6	6/6	n/a
RW Crawford (CEO)	5/6	6/6^	6/6^	3/3
Y du Plessis (CFO)	6/6	6/6^	6/6^	3/3^
HJ Craig	6/6	6/6	6/6	3/3
B Harie	6/6	6/6	6/6	n/a
JM Poluta*	6/6	6/6	n/a	n/a
BP Silwanyana	5/6	5/6	n/a	3/3

n/a Not applicable ^ By invitation
*JM Poluta resigned from the board effective 13 March 2023.

Appendix 3:
Directors of Stefanutti Stocks Holdings

Independent non-executive directors

ZJ Matlala (Chairman)
HJ Craig
B Harie
BP Silwanyana

Executive Directors

RW Crawford (CEO)
Y du Plessis (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 2023 (FYE 2023).

At the 2022 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 principles of the Stefanutti Stocks remuneration policy are:

- 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;
- To reflect remuneration that is affordable, fair, responsible and transparent;
- To continually attract, retain, motivate and reward employees at all levels; and
- To promote an ethical culture and responsible corporate citizenship.

Stefanutti Stocks's 2022 AGM was held on 5 August 2022, and ordinary resolutions 8 and 9 to approve the company's remuneration policy, and remuneration implementation report were tabled then. Refer to the table below: Voting results of annual general meeting — August 2022.

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

1. Committee governance

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 group performance within both the macro- and micro-environments facing the company and its management.

For the year under review, the committee also confirms that it has executed its duties in accordance with its terms of reference.

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, group performance and achievement of strategy.

A. Composition

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

At year-end, membership of the committees comprised:

REMCO	NOMCO
HJ Craig — (Chairman)	ZJ Matlala — (Chairman)
ZJ Matlala	HJ Craig
B Harie	B Harie

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 Director 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 Director also make recommendations to the committee. However, they are excluded from deliberations in respect of their own remuneration.

Voting result of annual general meeting — August 2022

	Remuneration policy		Remuneration implementation report	
Votes for:	79 836 376	98,67%	80 835 376	99,90%
Votes against:	1 077 780	1,33%	77 780	0,10%
Total shares voted:	80 914 156	43,02%	80 913 156	43,02%
Votes abstained:	5 406 651		5 407 651	

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, 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.

Revisions to the Forfeitable Share Plan scheme were recommended to and approved by shareholders at a general meeting held on 26 April 2023. Refer to section B for a summary of the changes.

There were no changes to the committee's terms of reference for FYE 2023.

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;
- 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;
- Ensuring the principle of equal pay for equal work is applied in the workplace; and
- Approval of the independent external advisors to the committee.

The NOMCO's role and responsibilities include:

- Ensuring that an adequate succession plan is in place for all senior management positions;
- Reviewing and recommending the board diversity policy, which covers both race and gender, to the board;
- 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 retirement age for non-executive directors is 70 years, unless otherwise approved by the board.

C. Year under review

The impact of COVID-19 and the implementation of the Restructure Plan, resulted in no general salary increases being awarded to salaried staff in FYE 2019, FYE 2020 and FYE 2022. An increase was given in FYE 2021, but with a COVID-19 reduction in salary for a three-month period. Furthermore, the recent internal restructuring of the group resulted in role changes, retrenchments and added responsibilities for various staff members. Overall, remuneration did not keep pace with the construction and other sectors, resulting in a significant risk of not attracting nor retaining key staff and executive management. A key focus of the committee, therefore, during FYE 2023 was to commence with a comprehensive job grading review, external benchmarking against the groups peers and thereafter, alignment of remuneration with job grades.

The committee met six times during the year. The following key 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 2022 AGM;
- The review of the executive directors' incentive scheme (EDIS), comprising:
  - Short-term incentives (STI) — R4,4 million STI payments were made to executive directors in terms of personal objectives for FYE 2023.
  - Long-term incentives (LTI) — No LTI awards were earned by the executive directors relating to performance for FYE 2023.
- Removal of the LTI measure for total shareholder return (TSR) of the company for FYE2023 as many of the group's listed peers are no longer an appropriate comparison against the group;
- The approval of the STI payments for company, operational and other directors, made under the Directors' Profit Share Incentive Scheme (DPSIS);
- No LTI payments were made to company, operational and other directors under the Forfeitable Share Plan (FSP);

- The approval of discretionary bonus payments to certain black female staff for the purchase of company shares;
- A general salary increase of 5% was awarded for FYE 2023;
- The average annual increase for hourly paid employees in FYE 2023, determined under the various industry bargaining councils, was 7,35% based on CPI of +0,75%;
- The introduction of the Patterson job grading system for all salaried roles across the group;
- Review and approval of salary reference targets following an external benchmarking analysis by REMchannel;
- A comprehensive review of job gradings, commencing with EXCO roles and thereafter, lower salary grades;
- Following the job grading of the Exco roles, EXCO members received additional salary increases over and above the general increase to align salaries with the adopted salary reference targets;
- The award of additional salary increases over and above the general increase to certain junior staff to align salaries with the adopted salary reference targets;
- Revisions to the Forfeitable Share Plan scheme were recommended to and approved by shareholders at a general meeting held on 26 April 2023;
- The setting of personal key performance areas (KPAs) for the CEO and CFO, including thresholds and sliding scales for performance measurement;
- The review of the succession policies and plans for the executive directors and the EXCO;
- 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 had at the date of this report been met;
- The review and approval of the role and function of the board Chairman; and
- An internal committee effectiveness review was conducted and concluded that the committee was functioning well with no major negative findings.

Attendance at these meetings is shown in the table in Appendix 2 on page 28.

2. Areas of focus for FYE 2024

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

- The approval of the annual work plan for the committee;
- The review and approval of the succession plan for the board including the Chairman;
- The succession plans for the executive directors;
- The remuneration, including short- and long-term incentives, payable to the executive directors;
- The review of the current EDIS and appropriateness of the current scheme in view of the changed circumstances of the group;
- The review of the DPSIS to reflect the group's changed organisational structure;
- The completion of job gradings for all salaried staff roles;
- The design of a compelling Employee Value Proposition to ensure attraction and retention of high-performance individuals;
- The consideration of the fees to be paid to non-executive directors, including an external benchmarking exercise;
- 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:

- The group adopts a prudent risk and reward philosophy, applied within the scope of the group's risk profile.
- 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 and in some instances, below the lower quartile;
- 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;
- Making appropriate long-term incentive awards to executives and all other directors in terms of the Forfeitable Share Plan;
- STIs and LTIs incorporate threshold, target and stretch targets, under financial performance criteria, and also reward individuals for their personal contributions under KPAs;
- All elements are included in the remuneration policy including pre-vesting forfeiture (malus);
- The long-term share incentive participation is designed to align the executive directors' performance with shareholder expectations and ensure sustainable future company performance; and
- External advisors are utilised to assist in benchmarking the respective processes. For FYE 2023, REMchannel was appointed as external advisor.

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.

The incentive opportunity available to executive directors, payable in cash (STI) and forfeitable shares (LTI), is as shown in the table below.

Incentive opportunity available to executive directors	On-target incentive	Stretch-target incentive
STI	100% of TFP	200% of TFP
LTI	100% of TFP	200% of TFP
Total incentive opportunity	200% of TFP	400% of TFP

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.

Financial performance measures

Financial performance measures account for 50% (FYE 2022: 50%) of the possible STI payable to executive directors.

The two financial performance measures are:

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

Operating profit margin (OP):

- An annual expected OP 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 2023 (FYE 2022: 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 financial performance component 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.

Return on equity (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 the ROE 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 the ROE 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.

Personal performance measures

Personal performance measures account for 50% (FYE 2022: 50%) of the possible STI payable to executive directors.

At the commencement of each financial year, personal objectives are set out under KPAs by the board, for executive directors.

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

The personal key performance areas for the CEO and CFO for FYE 2023 are as provided in the tables below: CEO — Key performance areas and CFO — Key performance areas.

CEO — Key performance areas

KPAs	Target	Weighting	Measurement
Must win projects % of must win projects already secured as a % of revenue (including carry over)	50% of revenue	20%	50% of revenue must consist of must win projects to achieve full recognition. Over 45%, 15% recognition Over 40%, 10% recognition Over 35%, 5% recognition Below 35%, nil
Project execution % of projects executed at better than tender/re-pitch gross profit YTD based on revenue	60%	30%	Over 60%, full recognition Over 55%, 25% recognition Over 50%, 20% recognition Over 45%, 15% recognition Over 40%, 10% recognition Over 35%, 5% recognition Below 35%, nil
Capital employed Net capital employed-positive/negative	Positive	20%	Positive net capital employed, full recognition. Negative net capital employed, nil.
Order book FYE 2023 % Secured order book at:			On achieving approved revenue, full recognition. Should approved revenue not be achieved, but part milestones achieved, then recognition in terms of KPA weighting.
1 December 2021	50%	2,5%	
1 March 2022	65%	2,5%	
1 June 2022	80%	2,5%	
1 August 2022	100%	2,5%	
B-BBEE Scorecard	Maintain Level 1 status	15%	Level 1 — Full recognition Level 2 or worse, nil
SHE LTIFR	<0,1	5%	LTIFR < 0,1, full recognition LTIFR >= 0,1, nil

CFO — Key performance areas

KPAs	Target	Weighting	Measurement
External audit	No major negative findings	20%	Zero findings, full recognition >Zero findings, nil
Internal audit	No major negative findings	5%	Zero findings, full recognition >Zero findings, nil
Information technology audit	No major negative findings	5%	Zero findings, full recognition One or more findings, nil
	Disaster recovery plan in place	5%	In place, full recognition Not in place, nil
Restructuring Plan	Meeting the loan repayments as stipulated in the Restructuring Plan or as amended from time to time	65%	Full repayments as planned/amended, full recognition Partial repayments only, sliding scale based on actual repayment: full repayment ratio

Notwithstanding the results generated from the above performance measures, the maximum STI payable to executive directors is limited to 250% of TFP (FYE 2022: 250% of TFP).

LTI performance measures for FYE 2023

Metric	Weighting	Performance criteria — target	Vesting
1. HEPS%	33%	Growth in (HEPS) equals CPI plus 20% of CPI.	100% of TFP vests upon achievement of target; 50% vests upon achievement of threshold (CPI plus 10% of CPI). 200% vests upon achievement of stretch target (CPI plus 40% of CPI).
2. ROCI	27%	Return on capital invested equals WACC plus 2%.	100% of TFP vests upon achievement of target; 50% vesting upon achievement of threshold (WACC plus 0%). 200% vests upon achievement of stretch target (WACC plus 4%).
3. FCF	40%	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; 200% vests upon a 30% year-on-year improvement, i.e. stretch target.

ii. Long-term Incentive Plan (LTI)

The LTI plan is designed to align the interests of the executive directors 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 executive directors to the business; and
- provide a wealth-creation mechanism for the executive directors and concomitant value creation for shareholders.

The LTI has been formulated using three metrics, the applicable targets of which are set by the board at the commencement of each financial year. Previously, a fourth metric, Total Shareholder Return (TSR), was included but due to significant changes in the group's listed peers, benchmarking against these peers is no longer appropriate. Accordingly, this metric is no longer included in the LTI calculation.

Metrics for FYE 2023

1. HEPS growth (HEPS)
2. Return on Capital Invested (ROCI)
3. 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.

The LTI award of forfeitable shares is calculated on an annual basis 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 2023, based upon the reported FYE 2023 results (FYE 2022: Nil).

iii. Awards made at REMCO's discretion

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

Forfeitable Share Plan (FSP)

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

For FYE 2023, 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 remains employed within the group.

Revisions to the FSP were approved by shareholders at a general meeting held in April 2023. The amended FSP only comes into effect in FYE 2024.

The overall limits of the number of equity securities which may be utilised by the group for purposes of the FSP and which may be allocated to any one participant, have been amended as follows:

(i) the aggregate number of shares at any one time which may be allocated under the FSP shall not exceed 30 000 000 shares (including treasury shares) equating to approximately 16% of the current issued shares (including treasury shares); and

(ii) the maximum number of shares which may be allocated to any participant in terms of the FSP shall not exceed 16 927 267 shares (including treasury shares), representing approximately 9% of the current issued ordinary share capital (including treasury shares); and

(iii) the maximum aggregate number of shares which may at any time be settled by the issue of shares or the delivery of shares held in treasury to any participant, shall not exceed the maximum number, being 3 000 000 shares (including treasury shares), representing approximately 10% of the shares (including treasury shares) authorised by the shareholders to be available for fresh issue in connection with the FSP.

The vesting period of the awards is three years after the award date.

Executive directors' awards

The committee determines the value of forfeitable shares to be awarded to the executive directors, considering 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 (2022: Nil).

Company and operational directors

The committee determines the value of forfeitable shares to be awarded to the company and operational directors, considering 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 (FYE 2022: Nil).

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.

The potential recruitment cost of replacement is considered in such cases.

No retention payments were allocated to the CEO and CFO in FYE 2023 (FYE 2022: nil).

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 RW Crawford (CEO) under the FSP (FYE 2022: CEO — 1 670 000, previous CFO (AV Cocciante) — 1 670 000). These shares vest on the anniversary of the first year after the award date, provided the director still remains employed within the group. In view of the cash flow constraints facing the group, and with the support of RW Crawford and AV Cocciante, these shares have not yet been acquired by the group.

4. Non-executive directors' fees

Recommendations are made to the committee by the executive directors and HR Director, 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 take account of 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 a 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 2023 and 28 February 2022 are reflected in note 25 of the consolidated annual financial statements.

Proposed non-executive directors' fees

		Current fee per meeting R	Proposed fee per meeting R
1.1 Board	Chairman	**1 007 160/annum**	1 170 000/annum
1.2 Board	Member	**53 445**	86 000
1.3 Audit, Governance and Risk Committee	Chairman	**99 750**	99 750
1.4 Audit, Governance and Risk Committee	Member	**53 445**	53 445
1.5 Remuneration and Nominations Committee	Chairman	**53 445**	59 000
1.6 Remuneration and Nominations Committee	Member	**30 555**	34 500
1.7 Social and Ethics Committee	Chairman	**44 835**	47 526
1.8 Social and Ethics Committee	Member	**24 045**	26 000
1.9 Any other committee to be formed	Chairman	**39 900**	42 294
1.10 Any other committee to be formed	Member	**21 420**	22 705
1.11 Directors' hourly rate		**2 074**	4 000
1.12 Specific project fees		**2 074**	4 000

An external benchmarking analysis of non-executive directors' (NED) fees against a comparator group of companies listed on the JSE was carried out by REMchannel. The comparator group was chosen on the basis of industry, sector, size and performance, and complexity. The analysis was deemed necessary given that NED fees were not increased in some years previously, with only inflation increases in other years. In FYE 2021, NEDs took a 30% reduction in fees for a three month period, aligned with the COVID-19 salary reduction taken by salaried staff over the same period. Furthermore, the workload required of NEDs has increased due to the reduced size of the board.

The proposed fees are payable from the AGM for financial year ended 28 February 2023 to the AGM for the financial year ended 28 February 2025 and is set out in the table above. The proposed increase in the fees are shown in the above table (2022 AGM: 5%).

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.

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 4 August 2023, 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 4 August 2023, 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 19.

If 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 directors' remuneration comprises:

Guaranteed remuneration

- a TFP approach

Variable remuneration

Under the EDIS:

- STI — one-year performance period; and
- LTI — three-year average performance period

The tables showing the breakdown of the annual remuneration of executive directors for the years ended 28 February 2023 and 28 February 2022 are set out in note 25 to the consolidated annual financial statements.

A. Guaranteed remuneration

Increases are effective from 1 March each year.

General salary increases of 5% were granted with effect 1 March 2022. Further increases of R465 and R425 were awarded to RW Crawford and Y du Plessis during the year to align with the salary reference targets adopted for the CEO and CFO respectively.

The total employee and company contributions of RW Crawford and Y du Plessis to the company pension fund, were R702 and R590 respectively.

B. Variable remuneration

STI

The total STI earned by the executive directors for FYE 2023 was R4,4 million (FYE 2022: Nil).

i. Financial performance

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 2023 reported results reflecting a normalised operating margin of 1,0% (FYE 2022: Nil).

ROE

No amounts were earned by the CEO and CFO under the ROE metric, based upon a negative ROE for FYE 2023 (FYE 2022: Nil)

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 92,5% (FYE 2022: 97,5%) and 95,0% (FYE 2022: 100%) respectively.

Amounts earned by the CEO and CFO under personal performance measures for FYE2023 totalled R4,4million. (Feb 2022: Nil).

iii. Calculation of executives' STIs

See the table below: Calculation of executives' STIs.

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 weightings for FYE 2023 are:

(i) HEPS% — 33% weighting (FYE 2022: 25%)
(ii) ROCI — 27% weighting FYE 2022: 20%)
(iii) FCF — 40% weighting FYE 2022: 30%)
(iv) TSR — not applicable (FYE 2022: 25%)

iii. Awards

No awards were made under the LTI for FYE 2023, as the minimum criteria for the LTI performance measures were not achieved (FYE 2022: Nil).

Calculation of executives' STIs

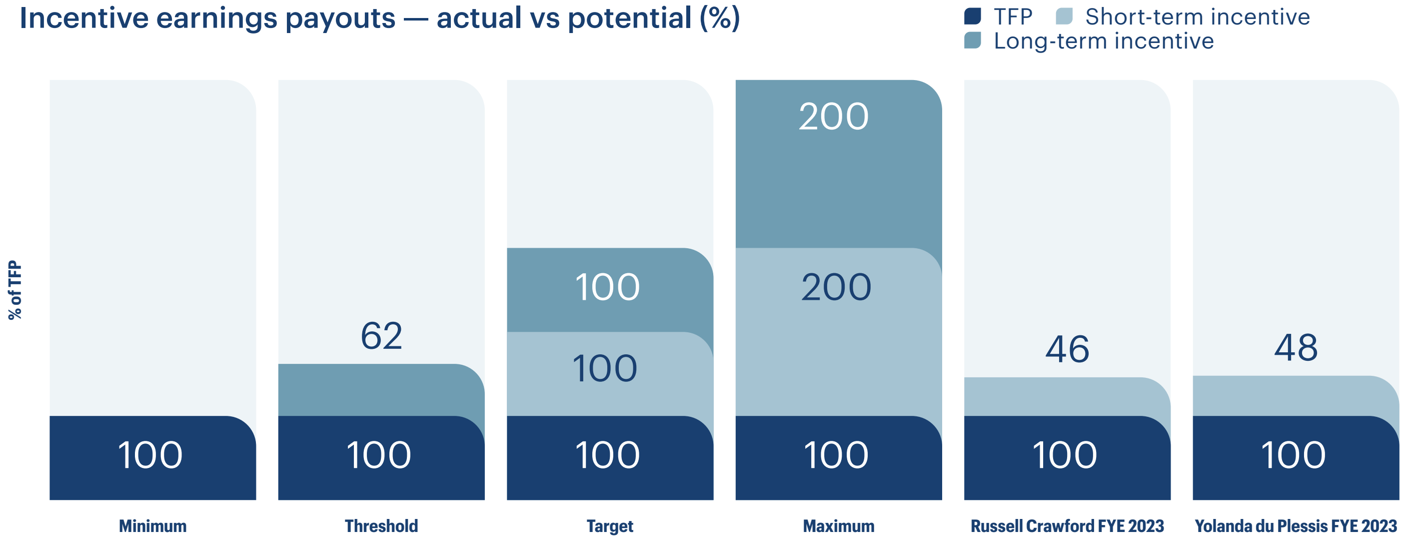
	R'000 FYE Feb 2023 TFP	Personal performance scorecard	Personal weighting %	R'000 Personal STI	R'000 FYE Feb 2023 final STI	% of TFP
RW Crawford (CEO)	5 819	92,5%	50	2 691	2 691	46
Y du Plessis (CFO)	3 653	95,0%	50	1 735	1 735	48

Remuneration disclosure of executive directors

R'000	Basic salary	Other benefits	Post-employment benefits	Short-term incentives 2023	**Total 2023**	Total 2022
RW Crawford (CEO)	4 647	120	702	2 691	**8 160**	8 307
Y du Plessis (CFO)	2 556	89	590	1 735	**4 970**	2 943

The actual incentives earned by the executive directors for FYE2023 compared to maximum incentives which could be potentially earned are shown below:

Incentive earnings payouts — actual vs potential (%)



2. Changes to EDIS

No changes were made to EDIS.

3. Policy compliance

Remuneration paid for FYE 2023 is in compliance with the company's remuneration policy.

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 2023 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 2023 and 28 February 2022, 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.

5. 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

19 June 2023

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, 4 August 2023 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 2023, including the directors' report and the report of the Audit, Governance and Risk Committee and the Social and Ethics Committee			
2. To re-elect B Harie as a director of the company			
3. To re-elect BP Silwanyana as a director of the company			
4. To re-appoint the auditors and the audit partner			
5. To appoint B Harie as a member of the Audit, Governance and Risk Committee			
6. To appoint BP Silwanyana as a member of the Audit, Governance and Risk Committee			
7. To appoint HJ Craig as a member of the Audit, Governance and Risk Committee			
8. To approve the company's remuneration policy			
9. To approve the company's remuneration implementation report			
10. 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) 2023

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 aforegoing 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: ZAE000123766 ("Stefanutti Stocks" or "the company")

To be held on Friday 4 August 2023 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 2 August 2023, 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 2 and 3 August 2023 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, 2 August 2023.
- 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 proxy@computershare.co.za 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 dialling 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 19 June 2023: ZJ Matlala* (Chairman); HJ Craig*; B Harie*; BP Silwanyana*; RW Crawford (CEO); Y du Plessis (CFO)

* Independent non-executive directors.

Company secretary

WR Somerville

Bryanston Gate, Block 4, 1st Floor, Homestead Avenue, Bryanston, 2191

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

African Banking Corporation Zimbabwe

Banco Comercial e de Investimentos

Banco Internacional de Mocambique

Banco Nacional de Investimento

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

First National Bank Zambia Limited

Moza Banco SA

Nedbank Limited

Nedbank Eswatini Limited

Nedbank Mocambique SA

Standard Bank Mocambique Limited

Stanbic Bank Botswana Limited

Stanbic Bank Zimbabwe Limited

Stanbic Bank Zambia Limited

Standard Bank Eswatini

United Bank for Africa Mozambique SA

United Bank for Africa Zambia Limited

www.stefanuttistocks.com

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stefanuttistocks.com