

UNAUDITED CONDENSED CONSOLIDATED RESULTS

FOR THE 6 MONTHS ENDED 31 AUGUST 2021

STEFANUTTI STOCKS HOLDINGS LIMITED

("Stefanutti Stocks" or "the company" or "the group")

(Registration number: 1996/003767/06)

(Share code: SSK ISIN: ZAE000123766)

Stefanutti Stocks

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

R'000	% Increase/(Decrease)	Unaudited 6 months ended 31 August 2021	Restated* 6 months ended 31 August 2020	Restated* 12 months ended 28 February 2021
Continuing operations		3 217 140	2 555 812	5 386 653
Contract revenue	26	3 217 140	2 555 812	5 386 653
Earnings/(loss) before interest, taxation, depreciation and amortisation (EBITDA)	183	63 173	(76 126)	71 777
Depreciation and amortisation		(40 244)	(65 153)	(131 720)
Fair value adjustments		(11 938)	(15 131)	(28 145)
Impairment of property, plant and equipment		–	(8 011)	–
Operating profit/(loss) before investment income	103	5 478	(161 228)	(103 225)
Investment income		10 147	20 160	29 028
Share of losses of equity-accounted investees		(2 263)	(5 124)	(1 323)
Operating profit/(loss) before finance costs		13 362	(146 192)	(75 520)
Finance costs		(60 488)	(68 844)	(134 344)
Loss before taxation		(47 046)	(213 032)	(209 864)
Taxation		(56 342)	(40 429)	(93 104)
Loss for the period (Loss)/profit after tax from discontinued operations		(103 388)	(253 461)	(302 968)
Loss for the period		(188 475)	(249 281)	(290 182)
Other comprehensive income		84 087	4 180	92 786
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))		–	–	–
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) – discontinued operations		16 017	(9 933)	(17 862)
Impairment of non-current assets held for sale		–	–	–
Continuing operations (may not be reclassified to profit/(loss))		(15 437)	12 364	(43 731)
Reclassification of foreign currency translation on disposal of foreign subsidiary		(79)	(26 046)	(27 549)
Total comprehensive income		(187 974)	(272 896)	(359 098)
Reportable tax		(108 345)	(245 951)	(287 027)
Equity holders of the company		(188 475)	(253 461)	(302 968)
Loss for the period from continuing operations (Loss)/profit for the period from discontinued operations		(85 087)	7 510	15 941
Non-controlling interest		–	(3 330)	(3 155)
Loss for the period from continuing operations (Loss)/profit for the period from discontinued operations		–	(3 330)	(3 155)
Total comprehensive income attributable to:		(188 475)	(249 281)	(290 182)
Equity holders of the company		(187 974)	(271 028)	(352 941)
Loss for the period from continuing operations (Loss)/profit for the period from discontinued operations		(87 450)	(289 440)	(335 652)
Non-controlling interest		(100 524)	18 412	(17 289)
Loss for the period from continuing operations (Loss)/profit for the period from discontinued operations		–	(1 868)	(6 157)
Loss for the period from discontinued operations		–	(1 868)	(6 157)
Earnings per share (cents)		(187 974)	(272 896)	(359 098)
Continuing operations	59	(61,82)	(151,55)	(181,15)
Discontinued operations	(1 233)	(50,87)	5,69	9,53
Total operations	23	(112,69)	(147,06)	(171,62)
Diluted earnings per share (cents)		(181,15)	(151,55)	(181,15)
Continuing operations	59	(61,82)	(151,55)	(181,15)
Discontinued operations	(1 233)	(50,87)	5,69	9,53
Total operations	23	(112,69)	(147,06)	(171,62)

STATEMENT OF CASH FLOWS

R'000	Unaudited 6 months ended 31 August 2021	Unaudited 6 months ended 31 August 2020	Audited 12 months ended 28 February 2021
Cash consumed by operations	(141 055)	(153 118)	(209 145)
Investment income	9 781	20 541	31 718
Finance costs	(56 251)	(37 617)	(117 711)
Dividends received	596	596	1 565
Taxation paid	(26 720)	(32 741)	(69 872)
Cash flows from operating activities	(213 349)	(202 366)	(363 445)
Net proceeds received - property, plant and equipment	38 909	24 431	153 937
Expenditure for expansion	(788)	(4 746)	(4 252)
Expenditure for maintaining	(6 065)	–	(14 205)
Net proceeds on disposal of joint operations and subsidiaries	–	–	123 807
Net cash outflow due to business combinations	–	–	(3 187)
Cash flows from investing activities	31 516	19 685	256 100
Movements on long- and short-term financing	(79 595)	343 247	230 161
Cash flows from financing activities	(47 079)	230 961	230 161
Net movement in cash for the period	(128 912)	160 566	122 816
Effect of exchange rate changes on cash and cash equivalents	(228)	6 504	(16 063)
Cash at the beginning of the year – Discontinued operations	91 628	–	–
Cash at the beginning of the year – Continuing operations	755 638	740 513	740 513
Cash at the end of the period – Discontinued operations	(54 939)	(151 977)	(91 628)
Cash and cash equivalents at the end of the period	530 761	755 606	755 638

COMMENTARY TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Continuing operations			Discontinued operations			Total operations		
	Unaudited 31 August 2021	Restated* 31 August 2020	Restated* 28 February 2021	Unaudited 31 August 2021	Restated* 31 August 2020	Restated* 28 February 2021	Unaudited 31 August 2021	Restated* 31 August 2020	Restated* 28 February 2021
Headline earnings reconciliation									
(Loss)/profit after taxation attributable to equity holders of the company	(103 388)	(253 461)	(302 968)	(85 087)	7 510	15 941	(188 475)	(245 951)	(287 027)
Adjusted for:									
(Profit)/loss on disposal of plant and equipment	(5 865)	(10 978)	(26 339)	1	197	51	(5 864)	(10 781)	(26 288)
Gain on disposal of non-current assets held for sale	(56 877)	4 49	(8 148)	–	–	–	(56 877)	4 49	(8 148)
Fair value adjustments	17 451	11 938	28 145	73 799	1 015	3 884	91 250	12 953	32 029
Net loss/(profit) on disposal of subsidiary	–	1 387	(507)	–	–	2 200	–	1 387	1 693
Profit on sale of joint operation	–	–	(53 887)	–	–	–	–	–	(53 887)
Impairment of non-current assets held for sale	–	–	58 533	–	–	–	–	–	58 533
Impairment of property, plant and equipment	342	16 592	–	–	–	–	342	16 592	–
Net tax effects	59	3 073	9 766	(831)	(1 258)	(772)	3 020	8 011	15 137
Headline earnings	(100 139)	(223 438)	(280 268)	(12 118)	8 669	(553)	(112 257)	(214 769)	(259 450)
Number of weighted average shares in issue	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684
Number of diluted weighted average shares in issue	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684
Earnings per share (cents)	59%	(61,82)	(151,55)	(181,15)	4,49	9,53	(112,69)	(147,06)	(171,62)
Diluted earnings per share (cents)	59%	(61,82)	(151,55)	(181,15)	4,49	9,53	(112,69)	(147,06)	(171,62)
Headline earnings per share (cents)	55%	(59,88)	(133,60)	(167,58)	5,18	12,45	(67,12)	(128,42)	(155,13)
Diluted headline earnings per share (cents)	55%	(59,88)	(133,60)	(167,58)	5,18	12,45	(67,12)	(128,42)	(155,13)

STATEMENT OF CHANGES IN EQUITY

R'000	Share capital and premium	Foreign currency translation reserve	Revaluation surplus reserve	Legal reserve	Reserves of disposal groups	Accumulated loss	Attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at 29 February 2020	1 007 718	114 732	112 339	764	–	(508 249)	729 904	(18 233)	711 666
Total comprehensive income	–	(9 933)	(26 046)	–	10 902	(245 951)	(271 028)	1 868	(272 896)
Loss	–	(9 933)	(26 046)	–	10 902	(245 951)	(245 951)	(3 330)	(249 281)
Other comprehensive income	–	(62 107)	(55 939)	–	138 046	–	(25 077)	1 462	(23 615)
Discontinued operations	–	–	–	–	–	–	–	–	–
Balance at 31 August 2020 restated*	1 007 718	22 692	30 954	764	148 948	(752 200)	458 876	(20 106)	438 770
Loss	–	4 798	(1 503)	–	(44 132)	(41 076)	(81 913)	(4 289)	(86 202)
Other comprehensive income	–	4 798	(1 503)	–	(44 132)	–	(40 837)	(4 464)	(45 301)
Realisation of revaluation reserve on sale of land and buildings	–	–	(8 323)	–	–	8 323	(8 323)	–	–
Disposal of non-controlling interest	–	–	–	–	–	(24 395)	(24 395)	–	–
Balance at 28 February 2021 restated*	1 007 718	27 490	21 128	764	104 816	(809 348)	352 568	–	352 568
Total comprehensive income	–	16 017	(79)	–	(15 437)	(188 475)	(187 974)	–	(187 974)
Loss	–	–	–	–	–	(188 475)	(188 475)	–	(188 475)
Other comprehensive income	–	16 017	(79)	–	(15 437)	–	501	–	501
Balance at 31 August 2021 unaudited	1 007 718	43 507	21 049	764	89 379	(997 823)	164 594	–	164 594

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

DISAGGREGATION OF REVENUE

	Unaudited 6 months ended 31 August 2021	Restated* 6 months ended 31 August 2020	Restated* 12 months ended 28 February 2021
Contract revenue can be further disaggregated as follows:			
Geographical			
Within South Africa	2 312 078	1 947 280	3 871 338
Inland	976 142	1 214 318	2 209 197
Coastal	484 383	414 339	857 688
Western Cape	677 025	139 242	534 667
MEP	174 528	179 381	269 786
Outside South Africa	905 062	608 532	1 515 315
Inland	154 315	106 462	235 475
Coastal	6 651	18 334	76 915
Africa	744 096	484 736	1 202 925
Total	3 217 140	2 555 812	5 386 653
Sector			
Private	2 211 970	1 775 303	3 650 470
Inland	740 735	930 453	1 757 415
Coastal	315 830	296 909	651 242
Western Cape	667 507	139 242	534 667
Africa	313 370	229 318	466 360
MEP	174 528	179 381	240 786
Public	1 005 170	780 509	1 736 183
Inland	389 722	389 327	687 257
Coastal	175 204	135 764	283 361
Western Cape	9 518	–	–
Africa	430 726	255 418	736 565
MEP	–	–	29 000
Total	3 217 140	2 555 812	5 386 653

Further disaggregation of contract revenue is available in the shareholders presentations. Shareholders are referred to the webcast and presentation relating to the unaudited condensed consolidated results for the 6 months ended 31 August 2021 which is available on the company's website: www.stefanuttistocks.com. A physical copy can also be obtained at the company's registered office.

The links are <https://stefanuttistocks.com/financial-reporting/audio-visual-interim-results-aug-2021/> and <https://stefanuttistocks.com/financial-reporting/presentation-interim-results-aug-2021/>

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated results for the period ended 31 August 2021 (results for the period and/or the reporting period) have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard IAS 34: Interim Financial Reporting and is in compliance with the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act 71 of 2008. The accounting policies as well as the methods of compilation used in the preparation of the results for the period ended 31 August 2021 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 28 February 2021.

There is no significant difference between the carrying amounts of financial assets and liabilities and their fair values. The fair value measurement for land and buildings are categorised as a level 3, based on the valuation method of income capitalisation using unobservable inputs, i.e. market capitalisation rates and income/expenditure ratio. 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 unaudited condensed consolidated results. These results have been compiled under the supervision of the Acting Chief Financial Officer, Y. du Plessis, CA(SA).

COVID-19 AND JULY 2021 CIVIL UNREST

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

The July 2021 civil unrest in Gauteng and KwaZulu-Natal negatively impacted the Inland and Coastal regions, resulting in time delays on 17 projects where work had to stop and some damages to property. The financial impact was minimal for which the group is assessing possible claims. There was no impact on the other regions within the group.

GROUP PROFILE

Stefanutti Stocks operates throughout South Africa and Southern Africa with multi-disciplinary expertise including concrete structures, marine construction, piling, geotechnical services, roads and earthworks, bulk pipelines, material handling, tailings management, all forms of building works including affordable housing, mechanical, electrical and piping (MEP).

STATEMENT OF FINANCIAL POSITION

R'000	Unaudited 31 August 2021	Audited 28 February 2021
ASSETS		
Non-current assets	1 145 875	1 211 650
Property, plant and equipment	544 807	608 614
Equity-accounted investees	13 271	25 703
Goodwill	378 487	345 864
Deferred tax assets	299 319	231 872
Current assets	3 029 435	3 148 139
Other current assets	2 390 843	2 295 196
Taxation	89 305	89 171
Bank balances	549 287	773 772
Non-current assets held for sale	870 191	1 053 068
Total assets	5 045 501	5 412 857
EQUITY AND LIABILITIES		
Capital and reserves	164 594	352 568
Share capital and premium	1 007 718	1 007 718
Other reserves	154 899	154 198
Accumulated losses	(997 823)	(809 348)
Non-current liabilities	126 202	259 703
Financial liabilities	126 202	182 821
Excess billings over work done	–	48 506
Provisions	–	40 376
Current liabilities	4 527 486	4 505 859
Other current liabilities**	2 784 837	2 651 350
Excess billings over work done	1 135 314	1 205 771
Provisions	515 804	551 512
Taxation	73 905	79 052
Bank overdraft	18 526	18 134
Liabilities associated with disposal groups held for sale**	227 219	284 727
Total equity and liabilities	5 045 501	5 412 857
** including interest-bearing liabilities of *** including interest-bearing liabilities of	1 377 132	1 352 478
Commentary to the statement of financial position	620	32 920
Total number of net shares in issue	167 243 684	167 243 684
Net asset value per share (cents)	88,42	210,81
Net tangible asset value per share (cents)	(127,89)	4,13

SEGMENT INFORMATION

	Inland	Coastal	Western Cape	Africa	MEP	Reconciling segments*	Total
31 August 2021 (unaudited)							
Contract revenue	1 130 457	491 034	677 025	744 096	174 528	–	3 217 140
Intersegment contract revenue	84	1 183	–	2 888	–	–	4 155
Reportable segment operating profit/(loss)	33 978	(1 895)	21 943	47 782	(37 208)	(59 122)**	5 478
Reportable segment profit/(loss) –							