Shareholders' Information and Notice of the Annual General Meeting

FOR THE YEAR ENDED 29 FEBRUARY 2020

The Stefanutti Stocks Integrated Report 2020 and the Annual Financial Statements 2020 are available on the company's website (www.stefanuttistocks.com) and a printed copy is available on request from the Company Secretary.

Company profile

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.

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

The focus areas of the group comprise concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines, open-pit contract mining and surface mining related services, all forms of building works, including affordable housing, and mechanical and electrical installation and construction.

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

The group operates in South Africa, sub-Saharan Africa, including Botswana, Ghana, Guinea, Kenya, Lesotho, Mozambique, Namibia, Nigeria, Eswatini (Swaziland), Tanzania, the United Arab Emirates and Zambia, 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.

Stefanutti Stocks's headquarters is based in Kempton Park, Gauteng and it employs a global workforce of 9 768 with 6 339 employees throughout South Africa.

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

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

VISION

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

MISSION

excellence
in **execution**

Category 9

CIDB CONTRACTOR

6 339

EMPLOYEES IN SOUTH AFRICA

9 768

GLOBAL WORKFORCE

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

Regional operations in Africa and United Arab Emirates

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.

Commentary

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised condensed consolidated results for the year ended 29 February 2020 (results for the year) have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the Financial Reporting Guides as issued by SAICA 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 are in compliance with the Listings Requirements of the JSE Limited. The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 29 February 2020 are in terms of International Financial Reporting Standards (IFRS) and are consistent with those applied in the audited annual financial statements for the year ended 28 February 2019. The impact of IFRIC 23 — Uncertainty Over Income Tax Treatments has been assessed and have not impacted the group's annual financial statements as the principles of this standard have been applied in principle in the previous periods.

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

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

COVID-19

The first known and laboratory confirmed case of COVID-19 in South Africa was reported on 5 March 2020. In efforts to prevent an unimpeded spread of COVID-19 and to provide time for the South African National Department of Health to prepare for the expected, eventual, increase in community transmission cases, a National State of Disaster was declared by President Cyril Ramaphosa on 15 March 2020, in accordance with the provisions of the Disaster Management Act, 2002.

Based on the above fact and circumstances the effect of COVID-19 has been classified as a non-adjusting post balance sheet event.

Further to the voluntary announcements released on 7 April 2020 and 29 May 2020 regarding the impact of COVID-19 lockdown, all the group's businesses are now operating under level 2 restrictions within the required protocols.

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

As part of its response to the virus, a special task team was constituted to monitor, provide guidance and immediately respond to this continuously changing environment. The group has instituted and continues to review and amend the required protocols focused on ensuring the health and safety of Stefanutti Stocks' employees and stakeholders, in terms of the guidelines provided by the World Health Organisation, the National Institute for Communicable Diseases, the Department of Health and other regulatory authorities in each of the jurisdictions in which Stefanutti Stocks operates.

The unknown future impact of the COVID-19 pandemic, together with the various protocols available to governments, has created an unpredictable business environment. It is, therefore, not possible to obtain an accurate assessment of the future impact this will have on the group and its markets going forward. However, Stefanutti Stocks will continue to update stakeholders of material developments in this regard.

Further details are available in the group consolidated annual financial statements which can be found on Stefanutti Stocks's website.

AUDITORS' REVIEW

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

The auditor's conclusion contained the following emphasis of matter:

We draw attention to the consolidated statement of profit or loss and other comprehensive income, statement of financial position as well as notes 2 and 28 of the financial statements, which indicates that the group incurred a net loss of R1 072 million for the year ended 29 February 2020 and, as at that date, the group's current liabilities exceeded its current assets by R998 million As stated in note 2, these events and conditions, along with other matters as noted, including but not limited to the uncertain outcome from processes relating to contractual claims and compensation events on the Kusile Power Project, the additional short term funding requirement after reporting period end of R270 million relating to the national lockdown and the uncertainties surrounding the COVID-19 pandemic, 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.

FUNDING AND RESTRUCTURING PLAN

A strategic restructuring team has been appointed, including the appointment of a Chief Restructuring Officer, to advise on and assist with the development and implementation of a detailed turnaround programme for the group, including the securing of requisite additional short-term funding from the company's primary banker and guarantee providers (the "Lenders") and the subsequent restructuring of all such short-term funding into appropriate longer-term funding (the "Restructuring Plan" or "Plan").

Shareholders are advised that the Restructuring Plan has been fully developed, including having regard to the potential impact of the Coronavirus ("COVID-19") on the group and its business. The Plan has been approved by both the company's board of directors and the Lenders and envisages, inter alia:

- the sale of non-core assets;
- the sale of underutilised plant and equipment;
- the sale of certain divisions/subsidiaries;
- internal restructuring initiatives required to restore optimal operational and financial performance;
- the securing of additional short-term funding of R430 million, of which R270 million relates to the negative effects of the national lockdown due to the COVID-19;
- a favourable outcome from the processes relating to the contractual claims and compensation events on the Kusile power project;

- the restructuring of the short-term funding received to date from the Lenders into a term loan; and
- evaluation of an optimum business model and associated capital structure analysis including the potential of raising new equity.

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

In accordance with the Plan, the Lenders have provided the group with the following funding:

- 26 July 2019: R120,0 million
- 5 November 2019: R391,0 million
- 19 December 2019: R227,5 million
- 25 February 2020: R77,9 million
- 22 May 2020: R109,2 million
- 2 June 2020: R146,0 million
- 1 July 2020: R180,0 million

Total received to date: R1 251,6 million

Including the estimated impact of COVID-19 and the additional funding required for the Kusile power project as noted below, the total funding requirement for the group is R1 256 million.

In line with the Restructuring Plan, management has started to reconfigure the group's organisational structure to improve operational performance and decrease overhead costs, including the reduction of the group's overall headcount.

The Restructuring Plan is anticipated to be implemented over the financial years ending February 2021 and February 2022 and, to the extent required, shareholder approval will be sought for relevant aspects of the Plan. The previous short-term funding agreement was converted into a term loan on 1 July 2020, which loan terminates on 28 February 2022, and in addition, the Lenders have agreed to provide continued guarantee support for current and future projects being undertaken by the group.

Stefanutti Stocks will continue to update shareholders on the progress of various aspects of the Restructuring Plan.

The funding provided by the Lenders has assisted in relieving the group's liquidity pressures even though current liabilities exceed current assets by R998 million at 29 February 2020.

In addition thereto, uncertainties surrounding the COVID-19 pandemic and contingent liabilities as noted in note 25 of the Consolidated Annual Financial Statements, indicate that a material uncertainty exists that may cast doubt on the group's ability to continue as a going concern in the short term. However, having converted the short-term funding agreement with the Lenders to a term loan on 1 July 2020 and on the basis of successfully implementing the Restructuring Plan, the directors consider it appropriate that the group's results for the year be prepared on the going-concern basis.

OVERVIEW OF RESULTS

Eskom – Kusile Power Project

During the current reporting period, Eskom has adopted an adverse approach to certification of applications for work done by the Stefanutti Stocks Basil Read JV ("SSBR"), which has required a substantial increase of internal funding for this project. This has increased the initial funding requirement of R400 million to approximately R986 million excluding the initial impact of COVID-19. Consequently, in addition to the provision of R263 million raised at February 2019 for the potential unrecoverable preliminary and general costs, the group has now raised a further provision of R462 million for potential unrecoverable monthly measured works to complete the building works of the project.

As stated in the SENS announcement dated 8 July 2020, Stefanutti Stocks notes the release of the Eskom briefing document dated 10 June 2020 reflecting the "Kusile Contract Investigations Status" ("briefing document") where it is stated, amongst other things, that Stefanutti Stocks has been overpaid by Eskom in relation to certain projects. Stefanutti Stocks has considered the briefing document and notes, for the benefit of shareholders in particular, that the investigations being carried out by and on behalf of Eskom are not complete. That said, Stefanutti Stocks disputes that it, or the joint operations in which it participates, have been overpaid.

As previously highlighted to shareholders in various announcements and updates since late 2018, the group is pursuing a number of contractual claims and compensation events on the Kusile power project, and due to the complexity of the claims, the processes remain ongoing.

No further details of the claims have been disclosed on the basis that it may prejudice the group's position in defending the claims brought against it and in pursuing those claims brought against Eskom by the group.

The group advises shareholders as follows in relation to the matters raised with respect to Stefanutti Stocks in the briefing document:

- During the period between 2015 to 2018, payments made by Eskom to SSBR on package 16 were all made consequent to certificates issued by the independent engineer. During that period, representatives of the engineer and Eskom carried out audits of SSBR records and the payment certificates were issued after they had satisfied themselves that the costs claimed were actually and validly incurred in the construction at Kusile.
- Stefanutti Stocks contends that SSBR is owed additional amounts in respect of work done since December 2018 and in respect of which payments have been withheld. SSBR and Eskom have both committed to a claims resolution process which involves the appointment of independent experts to evaluate the causes of delay and the quantum thereof. This process remains ongoing.
- In relation to Package 28, during February 2019, Eskom terminated the contract with Stefanutti Stocks Izazi JV ("SSI") due to its inability to provide access to SSI to be able to complete the relevant works. Based on the works completed, as well as Eskom's inability to provide access, Stefanutti Stocks contends that there are significant amounts due to it. SSI commenced an adjudication process to recover these material amounts in 2018. This process is ongoing and is anticipated to be concluded during the latter part of 2020.

Remaining operations

The continued adverse market conditions, as well as the substantial impact of the Kusile power project, has reduced contract revenue from operations to R8,6 billion (Feb 2019: R9,9 billion).

The group incurred an operating loss of R1 033 million (Feb 2019: R158 million) after taking into account:

Provision for future costs – Kusile power project (refer above)	R462 million
Specific provisions for slow paying trade receivables	R331 million
Specific project losses	R294 million
Impairment of goodwill	R53 million
Provision for Kenya tax liability	R43 million

COMMENTARY
continued

The United Arab Emirates operation contributed R48 million (Feb 2019: R66 million) towards the share of profits of equity-accounted investees. This year's contribution is a reflection of more normalised trading conditions.

The group has not provided for a deferred tax asset on the losses pertaining to the South African trading entity for the current year.

Earnings and headline earnings per share are reported as a loss of 640,35 cents (Feb 2019: 65,99 cents) and a loss of 622,48 cents (Feb 2019: 70,12 cents) respectively.

Capital expenditure for the year amounted to R404 million (Feb 2019: R180 million) of which R305 million (Feb 2019: R70 million) relates to the recognition required by IFRS 16 right-of-use assets. These items are not owned by the group but are in fact rented from suppliers, with limited liability. There was a marginal increase in depreciation to R217 million (Feb 2019: R 211 million). Finance costs increased to R126 million (Feb 2019: R101 million) as a result of the extended funding made available from the Lenders and an interest accrual included in the provision for the Kenyan tax liability of R18 million.

Contributing to the adverse market conditions facing the industry, are the well documented and ongoing delays in payments from clients. This has had a significant impact on the group's trade and other receivables as well as payments to suppliers and sub-contractors. This resulted in an increase in working capital of R437 million (Feb 2019: R246 million decrease) negatively impacting the cash consumed from operations to R751 million (Feb 2019: R361 million cash generated from operations). The group's overall cash position has decreased to R741 million (Feb 2019: R881 million).

With the ongoing reduction of available work in the local mechanical and electrical market, goodwill of R30 million relating to the Skelton & Plummer (Pty) Ltd and Apollo E&I (Pty) Ltd acquisitions has been impaired. Continuing losses within the Roads & Earthworks division also necessitated an impairment in goodwill of R23 million.

Consequent to the additional funding requirements of the group and the impact of IFRS 16 right-of-use assets, interest-bearing liabilities have increased to R1 510 million (Feb 2019: R637 million).

The effect of the weakening Rand on the translation of certain foreign operations resulted in R52 million profit (Feb 2019: R58 million) being recognised in other comprehensive income.

Review of operations

CONSTRUCTION & MINING

Construction & Mining's contract revenue decreased to R5,1 billion (Feb 2019: R5,3 billion) with an operating loss of R418 million (Feb 2019: operating profit of R112 million). The operating loss includes provisions raised for slow paying trade receivables and losses incurred on projects in the Road & Earthworks, Civils and Mining Services divisions. The material loss making projects in each of the Roads & Earthworks and Civils divisions are complete.

Port upgrades in Durban and Cape Town offer opportunities for the Marine and Civils divisions, whilst additional opportunities exist in water and transport infrastructure in South Africa, Swaziland and Botswana.

Mining infrastructure opportunities continue to present themselves to the benefit of this business unit.

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

Subsequent to year-end, two contract mining projects were terminated by the group of which one client is disputing the termination, which has been referred to arbitration. The group is confident that the termination was lawful and therefore no provision has been made. The cancellation of these contracts resulted in a reduction of Construction & Mining's longer term order book.

Construction & Mining's order book at February 2020 was R4,6 billion (Feb 2019: R6,5 billion). The reduction in order book was as a consequence of the termination of two contract mining projects.

BUILDING

The Building business unit's contract revenue reduced to R2,6 billion (Feb 2019: R3,4 billion), the operating loss increased to R490 million (Feb 2019: R251 million), which predominantly includes the provision raised for future costs on the Kusile power project as noted above, and a project loss in the Gauteng division which is now complete. The profit of the equity-accounted United Arab Emirates operation is excluded from this result.

The Mozambique and Coastal divisions continue to deliver positive results.

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

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

Building's order book at February 2020 was R2,3 billion (Feb 2019: R2,7 billion) excluding the United Arab Emirates order book of R658 million (Feb 2019: R808 million).

MECHANICAL & ELECTRICAL

Mechanical & Electrical's contract revenue decreased to R897 million (Feb 2019: R1,2 billion) with an operating loss of R25 million (Feb 2019: R19 million). The operating loss has been impacted by project losses incurred on a project in each of the Oil & Gas and Mechanical divisions. Both loss making projects were completed during the year.

Opportunities in the traditional petrochemical sector for the Oil & Gas division have substantially reduced due to the current global uncertainties negatively impacting on the oil price.

The impact of the COVID-19 pandemic on economic growth is negatively affecting the demand for commodities. This has limited investment into surface mining plant infrastructure projects, which is negatively affecting the Mechanical division's order book, both locally and cross border.

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. At this stage the financial impact thereof cannot be quantified.

Subsequent to year-end, Stefanutti Stocks terminated a mechanical project. The client is disputing the termination, which has been referred to arbitration. The group is confident that the termination was lawful and therefore no provision has been made.

Mechanical & Electricals' order book at February 2020 was R328 million (Feb 2019: R537 million).

BUSINESS COMBINATIONS

The exiting of Group Five Civil Engineering (Pty) Ltd and Basil Read (Pty) Ltd from the KCW JV operation necessitated the group to increase its shareholding from 25% to 50%. As the cost relating to the increase in shareholding is yet to be established, it has been based on the net asset value including a settlement agreement and excluding the recognition of deferred tax at the effective date. The group further increased its shareholding in certain non-material joint operations and acquired 100% of EIS Properties (Pty) Ltd, due to operational requirements.

The fair value of assets and liabilities of the acquisitions are reflected in the note below.

	Effective date	Voting equity acquired (%)
KCW – joint operation	1 March 2019	25
Stefanutti Stocks Izazi – joint operation	1 March 2019	40
EIS Properties (Pty) Ltd – subsidiary	1 July 2019	100
Stefanutti Stocks BMH – joint operation	1 November 2019	50

AT ACQUISITION VALUES	KCW – joint operation R'000	Other acquisitions* R'000
Non-current assets	13 543	8 211
Property, plant and equipment	–	3 572
Deferred tax assets	13 543	4 639
Current assets	88 989	51 049
Contracts in progress	3 276	209
Trade and other receivables	41 611	40 676
Bank balances	44 102	10 164
Non-current liabilities	–	1 857
Financial liabilities	–	1 857
Current liabilities	76 777	37 958
Trade and other payables	12 145	23 021
Excess billings over work done	54 177	14 481
Provisions	10 455	455
Bank overdraft	–	1
NET ASSET VALUE	25 755	19 445
Cost of acquisition	10 586	22 677
Cash paid	–	22 677
Intangible assets recognised on acquisition	–	3 232
Bargain purchase gain	15 169	–
Revenue since acquisition included in results	218 997	115 048
Profit before tax since acquisition included in results	56 333	58 737
Revenue since the beginning of the year	218 997	214 383
Profit since the beginning of the year	56 333	60 336
Acquisition-related costs	–	46

* *Other acquisitions have been aggregated due to their net asset value not being material.*

COMMENTARY
continued

SAFETY

Management and staff remain committed to enhanced health and safety policies and procedures, and together strive to constantly improve the group's safety performance. The group's Lost Time Injury Frequency Rate (LTIFR) at February 2020 was maintained at 0,02 (Feb 2019: 0,02) and the Recordable Case Rate (RCR) reduced to 0,29 (Feb 2019: 0,36).

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 58,1%.

INDUSTRY RELATED MATTERS

With respect to the civil claim received from the City of Cape Town (Green Point Stadium), a trial date had been set for the first quarter of 2020, however, this has been postponed at the client's request. The matter will now be dealt with in an arbitration, which is anticipated to be heard during February 2021. The group remains confident it can defend this claim and therefore no provision has been made.

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

DIVIDEND DECLARATION

Notice is hereby given that no dividend will be declared (Feb 2019: 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.

APPRECIATION

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

On behalf of the board

Zanele Matlala	**Russell Crawford**
Chairman	CEO

18 August 2020

Summarised consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED

	% Decrease	**29 February 2020 R'000**	28 February 2019 R'000
Contract revenue	(13)	**8 585 926**	9 875 023
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)	(1 470)	**(760 995)**	55 558
Depreciation and amortisation		**(218 923)**	(213 549)
Impairment of goodwill		**(52 995)**	–
OPERATING LOSS BEFORE INVESTMENT INCOME	(554)	**(1 032 913)**	(157 991)
Investment income		**30 306**	43 960
Share of profits of equity-accounted investees		**46 196**	68 075
OPERATING LOSS BEFORE FINANCE COSTS		**(956 411)**	(45 956)
Finance costs		**(126 067)**	(101 129)
LOSS BEFORE TAXATION		**(1 082 478)**	(147 085)
Taxation		**10 430**	35 764
LOSS FOR THE YEAR		**(1 072 048)**	(111 321)
OTHER COMPREHENSIVE INCOME		**51 962**	58 483
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))		**51 962**	58 483
TOTAL COMPREHENSIVE INCOME		**(1 020 086)**	(52 838)
LOSS ATTRIBUTABLE TO:			
Equity holders of the company		**(1 070 943)**	(110 761)
Non-controlling interest		**(1 105)**	(560)
		(1 072 048)	(111 321)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the company		**(1 016 040)**	(42 372)
Non-controlling interest		**(4 046)**	(10 466)
		(1 020 086)	(52 838)
EARNINGS PER SHARE (CENTS)	(870)	**(640,35)**	(65,99)
DILUTED EARNINGS PER SHARE (CENTS)	(870)	**(640,35)**	(65,99)

Summarised consolidated statement of financial position

FOR THE YEAR ENDED

	29 February 2020 R'000	28 February 2019 R'000
ASSETS		
NON-CURRENT ASSETS	**2 606 385**	2 451 850
Property, plant and equipment	**1 591 318**	1 501 945
Equity-accounted investees	**342 361**	280 449
Goodwill and intangible assets	**405 930**	457 585
Deferred tax assets	**266 776**	211 871
CURRENT ASSETS	**4 038 663**	3 996 410
Other current assets	**3 186 154**	3 035 269
Taxation	**79 620**	38 755
Bank balances	**772 889**	922 386
TOTAL ASSETS	**6 645 048**	6 448 260
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES	**711 666**	1 731 752
Share capital and premium	**1 007 718**	1 007 718
Other reserves	**228 435**	178 790
(Accumulated loss)/retained earnings	**(506 249)**	559 436
Equity holders of the company	**729 904**	1 745 944
Non-controlling interest	**(18 238)**	(14 192)
NON-CURRENT LIABILITIES	**896 398**	419 366
Financial liabilities	**479 627**	313 890
Excess billings over work done	**294 823**	25 000
Provisions	**121 948**	79 942
Deferred tax liabilities	**–**	534
CURRENT LIABILITIES	**5 036 984**	4 297 142
Other current liabilities*	**2 985 721**	2 383 391
Excess billings over work done	**1 053 733**	1 145 970
Provisions	**885 103**	679 948
Taxation	**80 051**	46 218
Bank overdraft	**32 376**	41 615
TOTAL EQUITY AND LIABILITIES	**6 645 048**	6 448 260
** Including interest-bearing liabilities of*	**998 135**	281 684

Summarised consolidated statement of changes in equity

FOR THE YEAR ENDED

	Share capital and premium R'000	Other reserves: Foreign currency translation reserve R'000	Other reserves: Revaluation surplus reserve R'000	Other reserves: Legal reserve R'000	(Accumulated loss)/retained earnings R'000	Attributable to equity holders of the company R'000	Non-controlling interest R'000	Total equity R'000
BALANCE AT 28 FEBRUARY 2018	1 013 379	(8 560)	118 961	–	670 197	1 793 977	(3 726)	1 790 251
Treasury shares acquired	(5 661)	–	–	–	–	(5 661)	–	(5 661)
Total comprehensive income	–	68 389	–	–	(110 761)	(42 372)	(10 466)	(52 838)
Loss for the year	–	–	–	–	(110 761)	(110 761)	(560)	(111 321)
Other comprehensive income	–	68 389	–	–	–	68 389	(9 906)	58 483
BALANCE AT 28 FEBRUARY 2019	1 007 718	59 829	118 961	–	559 436	1 745 944	(14 192)	1 731 752
Realisation of revaluation reserves on sale of land and buildings	–	–	(6 022)	–	6 022	–	–	–
Total comprehensive income	–	54 903	–	–	(1 070 943)	(1 016 040)	(4 046)	(1 020 086)
Loss for the year	–	–	–	–	(1 070 943)	(1 070 943)	(1 105)	(1 072 048)
Other comprehensive income	–	54 903	–	–	–	54 903	(2 941)	51 962
Recognition of reserve	–	–	–	764	(764)	–	–	–
BALANCE AT 29 FEBRUARY 2020	**1 007 718**	**114 732**	**112 939**	**764**	**(506 249)**	**729 904**	**(18 238)**	**711 666**

Summarised consolidated statement of cash flows

FOR THE YEAR ENDED

	29 February 2020 R'000	28 February 2019 R'000
Cash (consumed by)/ generated from operations	**(751 406)**	360 553
Interest received	**29 740**	40 530
Finance costs	**(65 952)**	(92 820)
Dividends received	**29 952**	42 105
Taxation paid	**(60 309)**	(96 546)
CASH FLOWS FROM OPERATION ACTIVITIES	**(817 975)**	253 822
Net proceeds received/(expenditure to maintain operating capacity)	**102 422**	(8 825)
Expenditure for expansion	**(28 367)**	(67 965)
Net cash inflow due to business combinations	**46 330**	–
CASH FLOWS FROM INVESTING ACTIVITIES	**120 385**	(76 790)
Treasury shares acquired	**–**	(5 661)
Movements on long- and short-term financing	**531 218**	(254 661)
CASH FLOWS FROM FINANCING ACTIVITIES	**531 218**	(260 322)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(166 372)**	(83 290)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**26 114**	48 170
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**880 771**	915 891
CASH AND CASH EQUIVALENTS AT YEAR-END	**740 513**	880 771

Summarised segment information

FOR THE YEAR ENDED

	Construction & Mining R'000	Building R'000	Mechanical & Electrical R'000	Other segments and eliminations* R'000	Total R'000
29 FEBRUARY 2020					
Contract revenue	**5 127 919**	**2 560 816**	**897 191**	**–**	**8 585 926**
Intersegment contract revenue	**66 475**	**35 644**	**44 635**	**–**	**146 754**
Reportable segment loss	**(469 099)**	**(420 610)**	**(43 016)**	**(139 323)**	**(1 072 048)**
Reportable segment assets	**4 045 827**	**1 586 122**	**477 766**	**535 333**	**6 645 048**
Reportable segment liabilities	**3 333 139**	**1 286 916**	**171 147**	**1 142 180**	**5 933 382**
28 FEBRUARY 2019					
Contract revenue	5 313 875	3 352 578	1 208 570	–	9 875 023
Intersegment contract revenue	16 560	15 864	84 273	–	116 697
Reportable segment profit/(loss)	46 546	(127 357)	(11 064)	(19 446)	(111 321)
Reportable segment assets	3 482 984	1 915 686	542 666	506 924	6 448 260
Reportable segment liabilities	2 295 149	1 820 214	362 005	239 140	4 716 508

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

Headline earnings and net asset value per share

FOR THE YEAR ENDED

	% decrease	**29 February 2020 R'000**	28 February 2019 R'000
HEADLINE EARNINGS RECONCILIATION			
Loss after taxation attributable to equity holders of the company		**(1 070 943)**	(110 761)
Adjusted for:			
Profit on disposal of plant and equipment		**(11 946)**	(9 465)
Tax effect		**3 998**	2 543
Bargain purchase gain		**(15 169)**	–
Impairment of goodwill		**52 995**	–
HEADLINE EARNINGS		**(1 041 065)**	(117 683)
Number of weighted average shares in issue		**167 243 684**	167 836 344
Number of diluted weighted average shares in issue		**188 080 746**	188 080 746
Headline earnings per share (cents)	(788)	**(622,48)**	(70,12)
Diluted headline earnings per share (cents)	(788)	**(622,48)**	(70,12)
NET ASSET VALUE			
Total number of net shares in issue		**167 243 684**	167 243 684
Net asset value per share (cents)		**436,43**	1 043,95
Net tangible asset value per share (cents)		**193,71**	770,35

Summarised disaggregation of revenue

FOR THE YEAR ENDED

Revenue from contracts with customers can be further disaggregated as follows:

	Construction & Mining R'000	Building R'000	Mechanical & Electrical R'000	Total R'000
29 FEBRUARY 2020				
Within South Africa	**4 055 758**	**1 620 689**	**814 837**	**6 491 284**
Outside South Africa	**1 072 161**	**940 127**	**82 354**	**2 094 642**
	5 127 919	**2 560 816**	**897 191**	**8 585 926**
Private	**3 037 692**	**2 269 224**	**897 191**	**6 204 107**
Public	**2 090 227**	**291 592**	**–**	**2 381 819**
	5 127 919	**2 560 816**	**897 191**	**8 585 926**
28 FEBRUARY 2019				
Within South Africa	**3 870 323**	**2 658 418**	**1 030 629**	**7 559 370**
Outside South Africa	**1 443 552**	**694 160**	**177 941**	**2 315 653**
	5 313 875	**3 352 578**	**1 208 570**	**9 875 023**
Private	**3 378 798**	**2 634 320**	**1 208 570**	**7 221 688**
Public	**1 935 077**	**718 258**	**–**	**2 653 335**
	5 313 875	**3 352 578**	**1 208 570**	**9 875 023**

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 29 February 2020 will be held on Friday 9 October 2020 at 12:00, entirely through electronic communication as permitted by the Memorandum of Incorporation of the company and the Companies Act, 71 of 2008, 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.

As indicated above, the AGM will be held entirely through electronic communication; however in order to facilitate the effective and efficient conduct of the AGM, all shareholders are requested to submit their votes by proxy before the AGM at their earliest convenience. Shareholders intending to participate and/or vote at the AGM are required to complete the registration form annexed hereto as Annexure A. When completing the registration form, participants will be required to provide proof of identification and accordingly the registration validation process will include the requisite verification required by section 63(1) of the Companies Act, 71 of 2008. Further details on how to participate in the AGM by electronic communication are provided on page 29 of this notice of AGM. 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 7 October 2020, to participate in the AGM. Details on how to register to participate in the AGM are set out in Annexure A to this notice of AGM.

IMPORTANT DATES

Record date to receive the Notice:
Friday, 21 August 2020

Last date to trade to be eligible to vote:
Tuesday, 29 September 2020

Record date to be eligible to vote:
Friday, 2 October 2020

For administrative purposes only, the last date for lodging forms of proxy (by 12:00):
Wednesday, 7 October 2020

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, 2 October 2020.

NB: Section 63(1) of the Companies Act – Identification of meeting participants.

Kindly note that meeting participants (including proxies or representatives) are required to provide reasonably satisfactory identification before being entitled to participate or vote in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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 29 February 2020, have been distributed as required and will be presented to shareholders.

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

ORDINARY RESOLUTIONS

Ordinary resolution 1: Adoption of annual financial statements

"RESOLVED THAT the annual financial statements of the company for the year ended 29 February 2020, including the directors' report and the reports of the Audit, Governance and Risk Committee and the Social and Ethics Committee, be and are hereby received and adopted."

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

RETIREMENT BY ROTATION

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

The following directors retire at this AGM and, being eligible, offer themselves for re-election: Mr Howard Craig and Ms Bharti Harie. The board has considered their performance, including their attendance at meetings of the board and its committees, and recommend and support their re-election.

Ordinary resolution 2: Re-election of director

"RESOLVED THAT, Howard Craig, 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 Mr Craig is included in Appendix 1 on page 18 of this report of which this notice forms part.

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

Ordinary resolution 3: Re-election of director

"RESOLVED THAT, Bharti 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 Ms Harie is included in Appendix 1 on page 18 of this report of which this notice forms part.

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

Ordinary resolution 4: Confirmation of appointment of director

"RESOLVED THAT the appointment of Mr Russell Crawford as a director of the company be confirmed and approved."

The board appointed Mr Crawford as a director on 12 August 2019. Directors who are appointed as such retire at the first Annual General Meeting following their appointment, and their appointment is thus subject to the confirmation and approval of shareholders at the Annual General Meeting.

The board and the Nominations Committee have considered Mr Crawford's appointment and recommends and supports the confirmation of his appointment by shareholders in terms of ordinary resolution number 4.

A brief curriculum vitae in respect of Mr Crawford is included in Appendix 1 on page 18 of this report of which this notice forms part.

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

Ordinary resolution 5: Appointment of auditors

"RESOLVED THAT, on recommendation of the Audit, Governance and Risk Committee, Mazars be and is hereby re-appointed as auditors of the company for the ensuing financial year with S Truter (IRBA No: 506557) as the individual responsible for the audit and the directors be and are hereby authorised to fix the remuneration of the auditors of the company."

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

Ordinary resolution numbers 6, 7, 8 and 9: Appointment of Audit, Governance and Risk Committee members

Ordinary resolution numbers 6, 7, 8 and 9 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: DG Quinn, B Harie, BP Silwanyana and JM Poluta (alternate to BP Silwanyana) all of whom are independent non-executive directors.

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

"RESOLVED THAT DG Quinn 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 DG Quinn is included in Appendix 1 on page 18 of this report of which this notice forms part.

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

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

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

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

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

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

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

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

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

Ordinary resolution 9: Appointment of Audit, Governance and Risk Committee member

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

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

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

TABLE TO SPECIAL RESOLUTIONS 1.1 TO 1.12

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

Notes:

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 29 February 2020 to the AGM for the financial year ended 28 February 2022.*
7. *No increase in fees have been proposed in the table set above and the fees remain unchanged, as approved by shareholders at the AGM held on 8 August 2018 and 8 August 2019.*

Ordinary resolution 10: 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 page 20 to 25 of this report.

Ordinary resolution 11: 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 page 25 to 26 of this report.

Notes to ordinary resolution numbers 10 and 11

Shareholders are reminded that in terms of the JSE Listings Requirements and the King IV Report on Corporate Governance for South Africa, 2016, should 25% or more of the votes cast be exercised against one or both of these non-binding ordinary resolutions, the company undertakes to engage with shareholders:

- to ascertain the reasons for the dissenting votes,
- where these concerns are legitimate and credible, and
- undertake to review, clarify or amend the remuneration policy and/or processes as necessary.

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 annual general meeting until the date of the annual general meeting of the company for the year ended 28 February 2022, as noted in the table on page 13, 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 2022, will be as set out in the table on page 13. 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 2022."

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. 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 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 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

The directors whose names appear under Appendix 3 on page 19 of this report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in this 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.

NOTICE OF ANNUAL GENERAL MEETING
continued

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, 7 October 2020.

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

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

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

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

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

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

18 August 2020

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APPENDIX 1: Curriculum vitae of directors

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

RUSSELL CRAWFORD (56)

CHIEF EXECUTIVE OFFICER

Qualifications: National Higher Diploma Civil Engineering

Appointed: August 2019

Length of service on the board: one year

Stefanutti Stocks board committee memberships: S&E member and attends meetings of all other board committees by invitation

Skills and experience: Over 30 years' experience in the civil engineering construction industry. Joined the group in 1990 as a site agent. Appointed Managing Director of the Roads, Pipelines and Mining Services Business Unit of Stefanutti Stocks and joined the EXCO in May 2016. Appointed as Business Unit Managing Director for Construction & Mining (2018 to 11 August 2019).

DERMOT QUINN (68)

INDEPENDENT NON-EXECUTIVE

Qualifications: BScEcon, CA(SA)

Appointed: June 2015

Length of service: five years

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

External board committee memberships: None

Skills and experience: Qualified as chartered accountant (1984). Joined the Stefanutti Stocks Group (1992 to 2004). Chief Financial Officer of Stefanutti Stocks (2005 to May 2015).

BHARTI HARIE (49)

INDEPENDENT NON-EXECUTIVE

Qualifications: BA, LLM

Appointed: April 2018

Length of service: two years and two months

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

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

HOWARD CRAIG (60)

INDEPENDENT NON-EXECUTIVE

Qualifications: BSc (Civil Engineering), GDE

Appointed: April 2015

Length of service: five years

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

External board committee memberships: Director, Chairman ARCO and Governance Committee of PPP Holdings (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.

BUSISIWE SILWANYANA (47)

INDEPENDENT NON-EXECUTIVE

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

Appointed: April 2018

Length of service: two years

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

External board committee memberships: YeboYethu (RF) Limited, Finbond Mutual Bank

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.

JOHN POLUTA (48)

INDEPENDENT NON-EXECUTIVE

Qualifications: BCom, BAcc, CA(SA)

Appointed: July 2017

Length of service: two years and 11 months

Stefanutti Stocks board committee memberships: ARCO member

External board committee memberships: Executive director Mowana Investments (Pty) Ltd

Skills and experience: Executive director of Mowana Investments. Co-founder of Mowana Investments (2005). Investment analyst with two leading stock broking firms.

APPENDIX 2:
Attendance at board and committee meetings

MEETING ATTENDANCE

Board member	Board	ARCO	REMCO	S&E
Chairman	ZJ Matlala	DG Quinn	HJ Craig	BP Silwanyana
Number of meetings	12	4	4	3
KR Eborall [1]	3/3	3/3 ^	3 REMCO/1 NOMCO	n/a
ZJ Matlala [2]	12/12	3/3	2/2	n/a
W Meyburgh (CEO) [3]	3/3	3/3 ^	3/3 ^	2/2
RW Crawford (CEO) [4]	9/9	1/1 ^	2/2 ^	1/1
AV Cocciante (CFO)	11/12	4/4 ^	4/4 ^	3/3 ^
HJ Craig	10/12	n/a	3/4	2/3
B Harie	11/12	4/4	4/4	n/a
JM Poluta (alternate to BP Silwanyana)	9/12 †	4/4	n/a	n/a
DG Quinn	11/12	3/4	4/4	n/a
BP Silwanyana	12/12	4/4	n/a	3/3

n/a Not applicable. ^ By invitation. † Permanent invitee.

1. KR Eborall (retired as board Chairman on 12 August 2019). 2. ZJ Matlala (appointed as board Chairman on 12 August 2019). 3. W Meyburgh (CEO) (retired 12 August 2019). 4. RW Crawford (CEO) (appointed 12 August 2019).

5. ZJ Matlala stepped down as ARCO Chairman on 12 August 2019 and DG Quinn was appointed as ARCO Chairman on that date.

APPENDIX 3:
Directors of Stefanutti Stocks Holdings Limited

Independent non-executive directors

ZJ Matlala (Chairman)

HJ Craig

B Harie

BP Silwanyana

JM Poluta (alternate to BP Silwanyana)

DG Quinn

Executive Directors

RW Crawford (CEO)

AV Cocciante (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 2020 (FYE 2020).

Members from REMCO, together with the CFO, engaged directly with the group's major shareholders, including both those who voted for and those who voted against the remuneration policy at the 2019 Annual General Meeting (AGM).

This was done in the early part of the current calendar year, by way of telephonic communication.

The matters raised by shareholders have been considered and appropriately addressed in the remuneration policy.

This report consists of four sections:

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

SECTION A: BACKGROUND STATEMENT

The structure of this report has been compiled to align with the recommended principles and practices of King IV.

The overall principle of the Stefanutti Stocks remuneration policy is:

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

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

Stefanutti Stocks's 2019 AGM was held on 12 August 2019, and ordinary resolutions 8 and 9 to approve the company's remuneration policy, and remuneration implementation report were tabled then. Refer to the table: Voting Results — Annual General Meeting — February 2019.

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

1. REMCO

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

A. COMPOSITION

At year-end the committee consisted of:

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

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

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

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

B. ROLE AND RESPONSIBILITIES

The written terms of reference of the committee are reviewed annually, with any proposed changes submitted to the board for approval. During the year under review, all remuneration policies were reviewed by the committee to ensure that the policies remained appropriate for the business and aligned with the principles of both King IV and the Companies Act. There were no changes to the terms of reference for FYE 2020.

The REMCO's role and responsibilities include:

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

VOTING RESULTS – ANNUAL GENERAL MEETING – FEBRUARY 2019

	Remuneration policy		Remuneration implementation report	
Votes for:	80 404 577	73,06%	81 850 621	74,38%
Votes against:	29 644 713	26,94%	28 193 169	25,62%
Total shares voted:	110 049 290	100,00%	110 043 790	100,00%
Votes abstained:	418 149		423 649	

C. NOMINATIONS COMMITTEE

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

The NOMCO's role and responsibilities include:

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

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

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

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

D. MEETINGS

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

- The review and recommendation of the company's remuneration policy and implementation report, and submission thereof to shareholders for a non-binding advisory vote at the 2019 AGM;
- The review of the executive directors' incentive scheme (EDIS), comprising:
  - Short-term Incentives (STI)
    i. No short-term incentive payments were made to executive directors in terms of both financial performance and personal objectives for FYE 2020.
  - Long-term Incentives (LTI)
    i. No long-term incentive awards were earned by the executive directors relating to performance for FYE 2020;
- The following change was made to EDIS:
  - Due to the reduction in peer group companies falling from six to five for FYE 2020, the ranking measures for total shareholder return performance against peers has had to be amended as follows:
    i. **Stretch target**: achieve ranking number one (previously one or two)
    ii. **Target:** achieve ranking number two or three (previously three of four)
    iii. **Threshold:** achieve ranking number four (previously five or six)
- Noted that the LTI measure for total shareholder return (TSR) of the company for FYE 2020 achieved a ranking of 6 out of 6 (FYE 2019: 1 out of 7) within the specified peer group;
- The review of the succession policies and plans for the executive directors and the EXCO;
- The approval of the STI payments for company, operational and other directors, made under the directors' short-term incentive scheme (DPSIS);
- No LTI payments were made to company, operational and other directors under the Forfeitable Share Plan (FSP);
- With effect from 1 March 2020, an average annual increase of 6% was granted, on a sliding scale, to all salaried staff, with the lowest income bands receiving 6,5%, medium income bands receiving 6% and the highest income bands receiving 5,5%;
- The average annual increase for hourly paid employees, determined under the various industry bargaining councils between July and November 2019, was 6%.
- With effect from 1 March 2020, the Executive Committee received no annual increase.
- The review and recommendation to the board of the non-executive directors' fees for submission to shareholders at the next AGM;
- Noting that the group's internal board gender diversity policy of 30% female board members, as at the date of this report had been met;
- The recommendation to the board that Mr DG Quinn remain as a member of the Pension Fund Advisory Body at the approved non-executive director hourly rate. The position to be reviewed on an annual basis;
- The review and approval of the role and function of the board Chairman; and
- The approval of 21st Century as external advisors to the committee and positive finding as to their independence.

Attendance at these meetings is shown in the table set out on page 19.

2. Areas of focus for FYE 2021

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

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

SECTION B: REMUNERATION POLICY OVERVIEW

1. Strategy and philosophy

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

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

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

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

2. Components of remuneration of executive directors and EXCO

A. GUARANTEED REMUNERATION

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

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

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

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

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

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

B. VARIABLE REMUNERATION

Executive Directors Incentive Scheme (EDIS)

Executive directors' variable remuneration falls under the EDIS.

i. Short-term Incentive Plan (STI)

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

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

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

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

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

The two financial performance measures are:

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

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

CEO	Operations	25%
	Sustainability and compliance	35%
	Stakeholders alignment	25%
	Financial	15%
CFO	Governance	45%
	Stakeholders alignment	40%
	Financial	15%

Financial performance measures

Financial performance measures account for 70% of possible STI payable to executive directors.

- Operating profit margin (OP): An annual expected operating profit margin is established at the commencement of each financial year, with maximum and minimum thresholds applied. The expected OP is internally reviewed and set on an annual basis, and is based on relevant industry and peer comparatives;
- This OP is based upon normalised operating profit excluding all extraordinary and non-trading items, and was set at 3,0% for FYE 2020 (FYE 2019: 3,0%);
- On achievement of the targeted OP of 3,0%, an award of 100% (multiplied by 70%) of the TFP is made.
- If the OP achieved is below a minimum threshold of 1,0%, no award of the STI is made.
- If the OP achieved is at or above a maximum stretch target of 5,0%, an award of a maximum of 200% (multiplied by 70%) of the TFP is made.
- A linear sliding scale apportionment is applied between minimum, threshold and stretch targets.
- ROE: An annual targeted ROE is also established at the commencement of each financial year, targeted to meet the company's weighted average cost of capital (WACC), also with maximum and minimum thresholds applied to this.

- On achievement of the ROE meeting WACC, the full amount calculated under the OP metric above remains unchanged.
- If this ROE/WACC metric falls below the minimum threshold of WACC minus 6%, a diluting factor of 50% is applied to the amount calculated under the OP metric.
- If this ROE/WACC metric is at or above the stretch target of WACC plus 6%, an escalating factor of 150% is applied to the amount calculated under the OP metric.
- A linear sliding scale apportionment is applied between minimum, threshold and stretch targets.
- Notwithstanding the results generated out of the above performance measures, the maximum STI payable to executive directors is limited to 250% of TFP (FYE 2019: 250% of TFP).

Personal performance measures

Personal performance measures account for 30% of possible STIs payable to executive directors.

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

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

ii. Long-term Incentive Plan (LTI)

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

The overall intention is to:

- generate a long-term sustainable financial performance for the group;
- promote long-term commitment of the executives to the business; and
- provide a wealth-creation mechanism for the executives and value creation for shareholders.
- The LTI has been formulated using four metrics, the applicable targets of which are set by the board at the commencement of each financial year:

Metrics

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

The following change was made to the TSR metric for the FYE 2020.

- Due to the reduction in peer group companies falling from six to five for FYE 2020, the ranking measures for total shareholder return performance against peers has had to be amended as follows:
  - i. **Stretch target:** achieve ranking number one (previously one or two)
  - ii. **Target:** achieve ranking number two or three (previously three of four)
  - iii. **Threshold:** achieve ranking number four (previously five or six)

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

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

(a) the annual performance measures above have been met over a consecutive three-year performance period, and

(b) the performance measures are then averaged over the three-year period to determine the final measure and award.

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

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

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

iii. REMCO discretion

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

Stefanutti & Bressan Share Option Scheme

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

Forfeitable Share Plan (FSP)

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

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

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

Executive directors' awards

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

No LTI awards were earned by the CEO and CFO for FYE 2020, based upon the reported FYE 2020 results (FYE 2019: Nil).

The LTI measure for Total Shareholder Return of the company for FYE 2020 achieved a ranking of 6 out of 6 (FYE 2019: 1 out of 7) within the specified peer group.

Company and operational directors

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

No awards were made during the year under review (FYE 2019: Nil).

The tables showing the breakdown of the annual remuneration of directors for the years ended 29 February 2020 and 28 February 2019 are set out in note 24 to the consolidated annual financial statements.

3. Key Man Attraction and Retention Scheme

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

APPENDIX 4: REMUNERATION REPORT
continued

LTI PERFORMANCE MEASURES FOR FYE 2020

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

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

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

4. Non-executive directors' fees

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

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

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

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

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

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

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

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

The fees paid to non-executive directors for the financial year ending 29 February 2020 and 28 February 2019 are reflected in note 24 of the consolidated annual financial statements.

The proposed fee is payable from the AGM for financial year ended 29 February 2020 to the AGM for the financial year ended 28 February 2022 and is set out in the notice of AGM. No increase in fee has been proposed (2019 AGM: No increase).

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

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 9 October, 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 9 October 2020, approving any proposed changes in non-executive directors' fees. Details of these fees are also set out in the Notice of AGM commencing on page 12.

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

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

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

SECTION C: REMUNERATION IMPLEMENTATION REPORT

1. Compensation structure

Executive remuneration comprises:

GUARANTEED REMUNERATION

› a TFP approach

VARIABLE REMUNERATION

Under the EDIS:

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

A. Guaranteed remuneration

Increases are effective from 1 March each year.

No salary increases were granted with effect 1 March 2020.

The total employee and company contributions of Mr Crawford, Mr Meyburgh and Mr Cocciante, to the company pension fund, were R198 000, R189 000 and R309 000 respectively.

B. Variable remuneration

STI

i. Financial performance

No STI payments under the EDIS were made to executive directors for FYE 2020 (FYE 2019: Nil). Mr Crawford was paid an amount of R1 695 000 in FYE 2020, earned as an Operational Director under the DPSIS scheme (FYE 2019: R3 635 131). Financial performance measures account for 70% 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 2020 reported results reflecting a normalised operating margin of -9,3%.

ROE

No amounts were earned by the CEO and CFO under the ROE metric, based upon a -116,0% ROE for FYE 2020.

ii. Personal performance

Personal performance measures account for 30% of possible STIs payable to executive directors.

Achievement of personal performance objectives set for the CEO and CFO, were 60% (FYE 2019: 45%) and 70% (FYE 2019: 50%) respectively. However, no payments were made to the executive directors, as the OP metric (-9,3%) fell below the minimum threshold (1,0%).

The total STI earned by the executive directors for FYE 2020 was RNil (FYE 2019: Nil)

iii. Calculation of executives' STIs

See the table below.

LTI

i. Structure

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

ii. Performance criteria

The performance criteria are:

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

iii. Peer group

The peer group for the TSR is:

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

CALCULATION OF EXECUTIVES' STIs

	R'000 FYE Feb 2020 TFP	Financial performance scorecard	R'000 Financial STI	Financial weighting %	Personal weighting %	R'000 FYE Feb 2020 final STI	% of TFP	Max STI % of TFP
RW Crawford (CEO) [2]	2 284	Nil	Nil	70	60	Nil	0	250
W Meyburgh (CEO) [1]	2 995	Nil	Nil	Nil	Nil	Nil	0	0
AV Cocciante (CFO)	3 675	Nil	Nil	70	70	Nil	0	250

REMUNERATION DISCLOSURE OF EXECUTIVE DIRECTORS

R'000s	Basic salary	Other benefits	Post-employment benefits	Short-term incentives	Long-term incentives	**Total 2020**	Total 2019
RW Crawford (CEO) [2]	2 086	130	198	Nil	Nil	**2 414**	–
W Meyburgh (CEO) [1]	2 679	333	189	Nil	Nil	**3 201**	6 078
AV Cocciante (CFO)	3 366	50	309	Nil	Nil	**3 725**	3 713

1 W Meyburgh retired 12 August 2019. 2 RW Crawford was appointed 12 August 2019.

APPENDIX 4: REMUNERATION REPORT
continued

iv. Awards

For the three years ending February 2020, no forfeitable shares vested with the executive directors under the FSP (FYE 2019: Nil).

2. Changes to EDIS

No changes were made to EDIS. Refer to page 23 for the change in the TSR metric under the EDIS.

3. Policy compliance

Remuneration paid for FYE 2020 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 29 February 2020 to date.

Information regarding related-party transactions is set out in note 24 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 Executive Committee members who are not executive directors respectively.

3. Directors' shareholding

The beneficial holdings at 29 February 2020 and 28 February 2019, held by the directors of the company in the issued shares of the company are set out in note 24 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 his trading in the company's securities. Directors are required to inform their portfolio/investment managers not to trade in the securities of the company unless they have specific written instructions from that director to do so. Directors may not trade in their securities during closed periods.

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

Statement by the board regarding compliance with the remuneration policy

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

On behalf of the REMCO

Howard Craig
Chairman

18 August 2020

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 annual general meeting of the company to be held entirely electronically on Friday 9 October 2020 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 29 February 2020, including the directors' report and the report of the Audit, Governance and Risk Committee			
2. To re-elect HJ Craig as a director of the company			
3. To re-elect B Harie as a director of the company			
4. To confirm the appointment of RW Crawford as a director of the company			
5. To re-appoint the auditors			
6. To appoint DG Quinn as a member of the Audit, Governance and Risk Committee			
7. To appoint B Harie as a member of the Audit, Governance and Risk Committee			
8. To appoint BP Silwanyana as a member of the Audit, Governance and Risk Committee			
9. To appoint JM Poluta as a member of the Audit, Governance and Risk Committee			
10. To approve the company's remuneration policy			
11. To approve the company's remuneration implementation report			
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) 2020

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) Registration number: 1996/003767/06 Share code: SSK ISIN: ZAE000123766 (Stefanutti Stocks or the company)

TO BE HELD ON FRIDAY 9 OCTOBER 2020 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 7 October 2020, 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 7 and 8 October 2020 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, 7 October 2020.
- The Participant's access link will be forwarded to the email/cell number provided below.
- By clicking the link provided, Participants will be able to access the electronic annual general meeting via their computer or compatible mobile devices. A telephone number will also be provided for those Participants who prefer to dial in to the meeting.
- Shareholders are advised that the email addresses and/or contact numbers provided by shareholders in their completed Registration Forms are the only addresses and/or contact numbers that will be recognised for purposes of electronic participation (including voting, where applicable) at the AGM.
- Should a Participant experience any issue with the electronic communication during the annual general meeting, they should contact Wynand Louw (wynand.louw@Computershare.co.za; cell: +27 (0)82 906 7963) or Benjamin Janse van Vuuren (benjamin.jansevanvuuren@computershare.co.za; cell: +27 (0)82 496 8416) to assist them.

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

ANNEXURE A
continued

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

Shareholder name ______________________________

Signature ______________________________

Date ______________________________

Corporate information

Company information
Stefanutti Stocks Holdings Limited
Share code: SSK ISIN: ZAE000123766
JSE Sector: Construction Year-end: 29 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 18 August 2020: ZJ Matlala* (Chairman); HJ Craig*; B Harie*;
BP Silwanyana*; JM Poluta* (alternate to BP Silwanyana); DG Quinn*;
RW Crawford (CEO); AV Cocciante (CFO)

* *Independent non-executive directors.*

Company Secretary
WR Somerville
2nd Floor, PPI House, 9A Sturdee Avenue, Rosebank, Johannesburg
Telephone number: +27 11 326 0975

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
50 Smits Road, Dunkeld, 2196
PO Box 651010, Benmore, 2010
Telephone number: +27 11 268 6231

Bankers
Absa Bank Limited
Banco Comercial e de Investimentos
Banco Internacional de Moçambique
Banco Unico
First National Bank, a division of FirstRand Bank Limited
Nedbank Limited
Nedbank (Swaziland) Limited
Société Générale Moçambique
Stanbic Bank Zambia Limited
Standard Bank Swaziland

Website
www.stefanuttistocks.com

WWW.STEFANUTTISTOCKS.COM