SEPHAKU HOLDINGS LTD

(Incorporated in the Republic of South Africa)
(Registration number: 2005/003306/06)
Share code: SEP
ISIN: ZAE000138459

Unaudited interim financial results

for the six months ended

30 September 2021

Sephaku Holdings Limited ("SepHold" or "the Company") is pleased to report on the group's interim financial results for the six months ended 30 September 2021. SepHold, Métier Mixed Concrete (Pty) Ltd ("Métier" or "the subsidiary") and Dangote Cement SA (Pty) Ltd ("SepCem" or "the associate") are collectively referred to as the group.

FORWARD-LOOKING STATEMENTS

Any forward-looking information is the board of directors' responsibility and has not been reviewed or reported on by the Company's external auditors.

INVESTOR RESULTS PRESENTATION CONFERENCE CALL

A results conference call for investors will be at 11:00hs SAST on 19 November 2021. Registration is required and can be done using the following link to obtain the dial-in details: Sephaku Holdings-Interim Results conference call.

The results presentation can be downloaded from the Company website from 17:00hs SAST on 18 November 2021 on the following link: https://sephakuholdings.com/investor-centre/presentations/

CONFERENCE REPLAY

South Africa:	010 500 4108
UK:	0 203 608 8021
Australia:	073 911 1378
USA:	1 412 317 0088
International:	+27 10 500 4108
Replay Access Code:	40825

SALIENT POINTS

Group[1]

- **Group consolidated revenue: R411,8 million**
  (H1 2021: R291,1 million)
- **Net profit after tax: R17,8 million**
  (H1 2021 net loss after tax R29,6 million)
- **Basic earnings per share: 6.98 cents**
  (H1 2021 basic loss per share: 11.65 cents)
- **Headline earnings per share: 7.03 cents**
  (H1 2021 headline loss per share: 13.47 cents)
- **Net asset value per share: 447.81 cents**
  (H1 2021: 421.08 cents)

Métier[1]

- **EBITDA margin: 10.8% at R44,6 million**
  (H1 2021: 9.4% at R27,4 million)
- **EBIT margin: 7.6% at R31,4 million**
  (H1 2021: 5.5% at R15,9 million)
- **Profit after tax: R20,1 million**
  (H1 2021 profit after tax: R7,5 million)

SepCem[2]

- **Sales revenue: R1 197,0 million**
  (H1 2020: R883,7 million)
- **EBITDA margin: 12.4% at R148,8 million**
  (H1 2020: 6.8% at R59,8 million)
- **EBIT margin: 5.7% at a profit of R67,7 million**
  (H1 2020 nil at a loss: R0,95 million)
- **Net profit after tax: R7,7 million**
  (H1 2020 net loss after tax: R83,7 million)
- **SepCem 36% equity accounted profit: R2,8 million**
  (H1 2020 equity accounted loss: R30,1 million)

[1] *Figures refer to the interim period ended 30 September 2021 for the financial year ending 31 March 2022, and H1 2021 refers to the six months ended 30 September 2020 for the financial year ended 31 March 2021.*

[2] *SepCem has a December year-end as a subsidiary of Dangote Cement PLC. Therefore, the figures refer to the six months ended 30 June 2021, and H1 2020 refers to the figures for the interim ended 30 June 2020.*

UNAUDITED INTERIM FINANCIAL RESULTS

for the six months ended 30 September 2021

Remarking on the results, Chief Executive Officer Neil Crafford-Lazarus said,

"As we get to the end of the 2021 calendar year, I am sure numerous management teams would echo my sentiment that the worst of the pandemic seems to be over. Although we lost valuable colleagues who were essential participants in our pursuit of group success, we have renewed focus and energy to achieve our goals going forward.

We continued to meet our bank debt obligations during the reporting period, thereby reducing the burden on our balance sheet. As at 30 September 2021, the capital balance on the SepCem project loan was R789 million and R55 million for the Métier loan with a target to reach balances of R670 million and R47 million respectively by 31 March 2022. Demand for cement has remained strong, albeit not at the levels of the surge that occurred in Q3 CY2020 following the pandemic-related national lockdown.

SepCem and the other cement manufacturers await the ITAC decision to impose effective tariffs against cement and clinker imports. If positive, the decision will provide much needed demand resulting in increased sales volumes for domestic producers who create employment for South Africans. The imports absorb approximately one million tonnes of demand annually, which would improve their financial performance if available for the incumbents. SepCem is well placed to benefit from the tariffs because the KZN market constitutes 15% – 20% of its annual sales volumes which is the port of entry for almost 70% of the imported cement.

Unfortunately, further downstream, the mixed-concrete demand remains constrained, which has placed downward pressure on volumes. We remain cautiously optimistic for the planned government infrastructure plans to stimulate the economy, which if implemented would provide impetus to the construction value chain. Métier's improved profitability margins demonstrate the benefits of the turnaround.

The July social unrest characterised by the looting and destruction of retail outlets impacted our performance during the interim period. Specifically, SepCem's bagged cement volumes were negatively impacted due to damaged hardware retail branches that were subsequently closed. Engagement with retail chains has revealed that several outlets have not reopened, but plans are to repair them soon. For Métier, there was an indirect impact mainly due to the rioting in the KZN province that resulted in downtime of 5 days and therefore a loss in revenue for this period.

As we enter the second half of the 2022 financial year, we continue to operate within the COVID-19 protocols and retain the cautious approach of implementing stipulated guidance from the government and own governance processes."

COMMENTARY

MÉTIER

Revenue and profitability

Métier's revenue was 41% higher year-on-year (y-o-y) at R411,8 million (H1 2021: R291,1 million) due to a low comparative base impacted by the pandemic lockdown. However, compared to the interim period ended 30 September 2019 ("H1 2020"), the revenue was 3% lower, indicating a reversion to pre-COVID trading levels.

Métier's volumes were 36% higher y-o-y and 9% lower than the comparative period ended 30 September 2019. The EBITDA and EBIT increased to R44,6 million (H1 2021: R27,4 million) and R31,4 million (H1 2021: R15,9 million), respectively. The resultant profitability margins were 10.8% (H1 2021: 9.4%) for the EBITDA and 7.6% (H1 2021: 5.5%) for the EBIT. Relative to 31 September 2019, the EBITDA increased by 49% despite a decrease in sales volumes. These higher profitability margins are attributable to the subsidiary's cost-saving measures. Métier's net profit after tax increased to R20,1 million (H1 2021: R7,5 million).

Métier has established its first plant in the Western Cape at Bellville and has started supplying customers, with sales expected to grow in the coming months. At the inception of the turnaround, assets that were considered excess based on the projected demand were disposed. However, with the expansion into Western Cape and updated analyses of medium and long term demand, Métier purchased several trucks to supplement the current fleet. The subsidiary has had to be dynamic in its fixed-assets management approach. Métier will be prudent in securing market share by leveraging its superior technical knowledge and service capabilities.

Debt management

The subsidiary resumed monthly repayment of both capital and interest in January 2021. The total repayments for the interim were R19,3 million, of which R16,5 million were capital repayments resulting in a capital balance of R55,4 million. Métier remains fully compliant with the debt conditions.

SEPHAKU CEMENT

Sales volume and pricing

SepCem's sales volumes were 22% higher y-o-y for the six months ended June 2021 and approximately 12% higher than 2019 for the comparative period. Competition in the 2021 calendar year ("CY") has heightened due to the recovery of the cement producers who had technical plant challenges that limited their ability to supply the market in the 2020 interim period. Furthermore, blender activity has normalised relative to their performance in 2020 when the shortage of extenders severely hampered them in May and June 2020. The imports mainly from Vietnam were approximately 901Kt (CY 2020: 733Kt) for the nine months ended 30 September 2021.

SepCem implemented price increases in February 2021 and August 2021. The bulk cement prices were sustained, but the price increases on bagged cement were discounted due to intense competition. The net selling price per tonne for six months ended 30 June 2021 was 8% – 12% higher y-o-y.

Revenue and profitability

SepCem's revenue increased to R1,190 million (H1 2020: R883,7 million) due to higher sales volumes and pricing. The resultant EBITDA was R148,8 million (H1 2020: R59,8 million) at a margin of 12.4% (H1 2020: 6.8%). The shortage of clinker in the quarter ended 31 March 2021 during the scheduled maintenance of the kiln, impacted the EBITDA. The high demand in H2 2020 resulted in low clinker stockpiles into Q1 2021, necessitating SepCem to outsource at higher pricing. The profit after tax was R7,7 million compared to the net loss after tax of R83,7 million in the comparative six months ended 30 June 2020.

Debt management

The total debt service for the six months ended June 2021 was R168 million, including interest payment of R41 million. The total capital payment for the year ending 31 December 2021 will be approximately R360 million resulting in a capital balance of approximately R670 million. The DCP loan balance was R603 million as of 30 June 2021 at an interest of JIBAR plus 4%, which is accrued and capitalised against the loan. SepCem remained fully compliant with the debt conditions and paid the last instalment in November 2021 for its 2021 financial year. Management is engaging with the lenders to convert the project loan bullet instalment due in November 2022 into a revolving facility by mid-year 2022 calendar year.

POST–PERIOD

Following the DCP results announcement for the nine months ended 30 September 2021 released on 29 October 2021, SepCem's volumes were 6% higher than achieved for the nine months ended 30 September 2020. The revenue increased from R1.6 billion to R1.9 billion and EBITDA increased to R243 million (2020: R214 million) for the nine months. The EBITDA margin was comparatively flat at 13% due to the inflationary input cost increases and the impact of the clinker stock out in the first quarter ended 31 March 2021.

During the end of the third quarter and the beginning of the fourth quarter, SepCem experienced two unplanned outages on the kiln, each for ten days. Sephaku Cement resumed production as scheduled on 6 October 2021 following the unplanned plant outage in September. The outage had resulted from preheater refractory material damage caused by a corrosive element in one of the raw materials that was subsequently replaced with an alternative option that mitigates the risk of future damage. The second plant stoppage started on 16 October 2021 and was completed on 26 October 2021. The outage was necessitated by the requisite repair of the kiln internals to prevent damage to its major components. The kiln had been inspected and well-attended to in previous maintenance stoppages, therefore this damage was unexpected. Nonetheless, SepCem's management identified a long-term solution to this issue.

The outages will adversely impact SepCem's sales volumes and profitability for the full year financial performance. The SepCem full-year results for the period ending 31 December 2021 will be accounted for in the SepHold financial results for the twelve months ending 31 March 2022.

OUTLOOK

The mixed concrete sector's demand remains constrained, but the group is cautiously optimistic about the recently announced government-funded infrastructure projects whose implementation seems near-term. In October 2021, the Infrastructure Fund ("the Fund") reported that it had submitted four projects, collectively valued at R21 billion, for National Treasury ("Treasury") approval and will itself contribute R5,4 billion through finance from both public and private resources. Infrastructure South Africa that oversees the government's Infrastructure Investment Plan, has supposedly approved the projects. The Fund is apparently finalising four more projects valued at approximately R85 billion for submission in 2022.

The group is pleased with the recent Treasury directive for all government-funded infrastructure to utilise locally produced cement. The Treasury effectively banned imported cement in government-funded projects from 4 November 2021. The directive states that the cement has to be produced with locally sourced raw materials, which is a condition that eliminates competitors that import clinker. Importers have been increasing their market share since CY2017 due to the marginally higher cement pricing from local manufacturers as a consequence of the additional, non-negotiable costs for legislative compliance for businesses in South Africa. Although the absolute benefit may yet to be determined or realised through the implementation of the strategic infrastructure projects, the group believes that the directive signals the government's support for domestic producers. It is important to state that a clinker importer interdicted the directive and was subsequently granted a 12-month reprieve.

In the same vein, SepCem supports the industry's ITAC application for flat tariffs against imported cement and clinker, which could significantly improve the industry's sustainability that contributes to South Africa's employment and economic growth.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 September 2021 Unaudited R'000	6 months ended 30 September 2020 Unaudited R'000	12 months ended 31 March 2021 Audited R'000
Revenue	**411 847**	291 065	634 253
Cost of sales	**(254 615)**	(178 781)	(390 567)
Gross profit	**157 232**	112 284	243 686
Operating income	**720**	9 566	10 337
Operating gains	**–**	–	612
Operating expenses	**(131 674)**	(112 888)	(234 170)
Operating profit	**26 278**	8 962	20 465
Investment income	**1 268**	363	1 517
Profit/(loss) from equity accounted investments	**2 777**	(30 148)	15 970
Finance costs	**(6 318)**	(7 125)	(13 818)
Profit/(loss) before taxation	**24 005**	(27 948)	24 134
Taxation	**(6 244)**	(1 692)	(4 212)
Profit/(loss) for the period	**17 761**	(29 640)	19 922
Total comprehensive income/(loss) for the period	**17 761**	(29 640)	19 922
Basic earnings/(loss) per share (cents)	**6.98**	(11.65)	7.83
Diluted earnings/(loss) per share (cents)	**6.98**	(11.65)	7.83

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2021 Unaudited R'000	30 September 2020 Unaudited R'000	31 March 2021 Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**135 405**	108 151	102 748
Goodwill	**223 422**	223 422	223 422
Investment in associate	**831 426**	782 531	828 649
Investment in joint ventures	**121**	121	121
Right-of-use assets	**59 083**	58 194	55 480
Other non-current assets	**15 586**	19 024	17 381
Total non-current assets	**1 265 043**	1 191 443	1 227 801
Current assets			
Inventories	**18 443**	19 403	17 036
Trade and other receivables	**93 791**	116 958	90 294
Current tax receivable	**399**	–	–
Cash and cash equivalents	**19 045**	9 864	32 753
Other current assets	**3 516**	4 889	3 379
Total current assets	**135 194**	151 114	143 462
Total assets	**1 400 237**	1 342 557	1 371 263
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent	**1 139 628**	1 071 599	1 121 685
Non-current liabilities			
Other financial liabilities	**48 182**	64 680	58 006
Borrowings	**22 282**	–	–
Lease obligations	**59 681**	53 586	56 047
Deferred taxation	**18 652**	17 541	18 028
Total non-current liabilities	**148 797**	135 807	132 081
Current liabilities			
Other financial liabilities	**6 789**	9 638	13 311
Borrowings	**4 602**	–	–
Lease obligations	**12 306**	17 305	11 361
Trade and other payables	**88 040**	107 649	91 426
Current taxation payable	**–**	–	1 081
Other current liabilities	**75**	559	318
Total current liabilities	**111 812**	135 151	117 497
Total liabilities	**260 609**	270 958	249 578
Total equity and liabilities	**1 400 237**	1 342 557	1 371 263
Net asset value per share (cents)	**447.81**	421.08	440.74
Tangible net asset value per share (cents)	**360.02**	333.29	352.95
Ordinary shares in issue	**254 486 436**	254 486 436	254 486 436

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 September 2021 Unaudited R'000	6 months ended 30 September 2020 Unaudited R'000	12 months ended 31 March 2020 Audited R'000
Cash flows from operating activities			
Cash generated from operations	**33 253**	10 978	47 336
Interest income	**975**	162	957
Finance costs	**(3 025)**	(8 246)	(7 173)
Taxation (paid)/received	**(7 100)**	–	693
Net cash from operating activities	**24 103**	2 894	41 813
Cash flows from investing activities			
Purchase of property, plant and equipment	**(12 511)**	(2 289)	(2 747)
Sale of property, plant and equipment	**321**	26 738	8 771
Loans repaid	**3**	–	–
Sale of non-current assets held for sale	**–**	–	18 500
Net cash (used in)/from investing activities	**(12 187)**	24 449	24 524
Cash flows from financing activities			
Repayment of other financial liabilities	**(16 484)**	(15 000)	(22 405)
Repayment of borrowings	**(337)**	–	–
Payments of principal on leases	**(5 645)**	(4 181)	(9 271)
Payments of interest on leases	**(3 157)**	(3 047)	(6 778)
Rights issue expenses refunded	**–**	–	120
Net cash (used in) financing activities	**(25 623)**	(22 228)	(38 334)
Total cash and cash equivalents movement for the period	**(13 707)**	5 115	28 003
Cash and cash equivalents at the beginning of the period	**32 752**	4 749	4 749
Total cash and cash equivalents at the end of the period	**19 045**	9 864	32 752

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Equity-based share option reserves R'000	Retained income R'000	Total equity R'000
Balance at 31 March 2020 – Audited	**682 783**	**10 644**	**407 338**	**1 100 765**
Total comprehensive income for the period	–	–	(29 640)	(29 640)
Employees' share option scheme	–	474	–	474
Balance at 30 September 2020 – Unaudited	**682 783**	**11 118**	**377 698**	**1 071 599**
Total comprehensive income for the period	–	–	49 563	49 563
Rights issue expenses refunded	183	–	–	183
Employees' share option scheme	–	(66)	406	340
Balance at 31 March 2021 – Audited	**682 966**	**11 052**	**427 667**	**1 121 685**
Total comprehensive income for the period	**–**	**–**	**17 761**	**17 761**
Employee share option scheme	**–**	**182**	**–**	**182**
Balance at 30 September 2021 – Unaudited	**682 966**	**11 234**	**445 428**	**1 139 628**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

BASIS OF PREPARATION

The condensed consolidated interim financial results for the six months ended 30 September 2021 (interim reporting period) have been prepared in accordance with IAS 34: Interim Financial Reporting, the requirements of the JSE Limited Listings Requirements, the Companies Act, 71 of 2008, as amended, and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The interim financial results are prepared in accordance with International Financial Reporting Standards (IFRS). The results have been prepared on a historical cost basis. The accounting policies for the interim reporting period are consistent with those applied in the annual financial statements for the group for the year ended 31 March 2021.

The preparation of the interim financial results has been supervised by NR Crafford-Lazarus CA(SA).

The financial information on which these interim period results are based has not been reviewed or reported on by the group's auditors.

NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	6 months ended 30 September 2021 Unaudited R'000	6 months ended 30 September 2020 Unaudited R'000	12 months ended 31 March 2021 Audited R'000
Net asset value and tangible net asset value per share			
Total assets	**1 400 237**	1 342 557	1 371 263
Total liabilities	**(260 609)**	(270 958)	(249 578)
Net asset value attributable to equity holders of parent	**1 139 628**	1 071 599	1 121 685
Goodwill	**(223 422)**	(223 422)	(223 422)
Tangible net asset value	**916 206**	848 177	898 263
Shares in issue	**254 486 436**	254 486 436	254 486 436
Net asset value per share (cents)	**447.81**	421.08	440.76
Tangible net asset value per share (cents)	**360.02**	333.29	352.97

	6 months ended 30 September 2021 Unaudited R'000		6 months ended 30 September 2020 Unaudited R'000		12 months ended 31 March 2021 Audited R'000	
	Gross	**Net**	Gross	Net	Gross	Net
Reconciliation of basic earnings/(loss) to diluted earnings/(loss) and headline earnings/(loss):						
Profit attributable to ordinary equity holders of the parent entity		**17 761**		(29 640)		19 922
Basic and diluted earnings/(loss) attributable to ordinary equity holders of the parent entity		**17 761**		(29 640)		19 922
Add loss/ less gain on the disposal of plant and equipment	**176**	**126**	(6 448)	(4 643)	(6 132)	(4 415)
Headline earnings/(loss) attributable to equity holders of the parent		**17 887**		(34 283)		15 507
Reconciliation of weighted average number of shares:						
Basic weighted average number of shares		**254 486 436**		254 486 436		254 486 436
Diluted weighted average number of shares		**254 486 436**		254 486 436		254 486 436
Basic earnings/(loss) per share (cents)		**6.98**		(11.65)		7.83
Diluted earnings/(loss) per share (cents)		**6.98**		(11.65)		7.83
Headline earnings/(loss) per share (cents)		**7.03**		(13.47)		6.09
Diluted headline earnings/(loss) per share (cents)		**7.03**		(13.47)		6.09

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

SEGMENT INFORMATION

The segments identified are based on the operational and financial information reviewed by management for performance assessment and resource allocation. There has been no change in the basis of operational segmentation or in the basis of measurement of segment profit or loss since the 2021 annual financial statements.

	Ready-mixed concrete R'000	Head office and consolidation R'000	Group totals R'000
For the 6 months ended 30 September 2021 – Unaudited			
Segment revenue – external revenue	**411 847**	**–**	**411 847**
Segment cost of sales	**(254 615)**	**–**	**(254 615)**
Segment expenses	**(126 559)**	**(5 115)**	**(131 674)**
Profit from equity-accounted investment	**–**	**2 777**	**2 777**
Loss on sale of property, plant and equipment	**(176)**	**–**	**(176)**
Segment profit/(loss) after taxation	**20 099**	**(2 338)**	**17 761**
Taxation	**(6 244)**	**–**	**(6 244)**
Interest received	**1 268**	**–**	**1 268**
Interest paid	**(6 318)**	**–**	**(6 318)**
Depreciation and amortisation	**(13 201)**	**–**	**(13 201)**
Segment assets	**326 416**	**1 073 821**	**1 400 237**
Investment in associate included in the above total segment assets	**–**	**831 426**	**831 426**
Capital expenditure included in segment assets	**39 733**	**–**	**39 733**
Segment liabilities	**(259 574)**	**(1 035)**	**(260 609)**
for the 6 months ended 30 September 2020 – Unaudited			
Segment revenue - external revenue	291 065	–	291 065
Segment cost of sales	(178 781)	–	(178 781)
Segment expenses	(105 941)	(6 947)	(112 888)
Loss from equity-accounted investment	–	(30 148)	(30 148)
Profit on sale of property, plant and equipment	6 177	–	6 177
Segment profit/(loss) after taxation	7 454	(37 094)	(29 640)
Taxation	(1 692)	–	(1 692)
Interest received	363	–	363
Interest paid	(7 125)	–	(7 125)
Depreciation and amortisation	(11 526)	(23)	(11 549)
Segment assets	317 854	1 024 703	1 342 557
Investment in associate included in the above total segment assets	–	782 531	782 531
Capital expenditure included in segment assets	2 289	–	2 289
Segment liabilities	(269 359)	(1 599)	(270 958)

The only commodity actively managed by Métier is ready-mixed concrete. The group does not rely on any single external customer or group of entities under common control for 10% or more of the group's revenue as disclosed in the interim financial results. SepCem is an associate of SepHold. No segment report has been presented for SepCem as the amounts attributable to SepCem have been included in the "head office segment".

REVENUE

	6 months ended 30 September 2021 Unaudited R'000	6 months ended 30 September 2020 Unaudited R'000	12 months ended 31 March 2021 Audited R'000
Revenue from contracts with customers			
Goods transferred at a point in time	**411 847**	291 065	634 253

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

BORROWINGS

	6 months ended 30 September 2021 Unaudited R'000	6 months ended 30 September 2020 Unaudited R'000	12 months ended 31 March 2021 Audited R'000
Held at amortised cost			
Finance Agreements – Mercedes-Benz Financial Services	**26 884**	–	–
Split between non-current and current portions			
Non-current liabilities	**22 282**	–	–
Current liabilities	**4 602**	–	–
	26 884	–	–

As at 30 September 2021, Métier entered into 17 finance agreements with Mercedes-Benz Financial Services South Africa Proprietary Limited for the purchase of concrete mixer trucks.

The trucks are financed over a period of 5 years. The finance agreements bear interest at rates linked to prime and are repayable in monthly instalments with a payment holiday every December.

STATEMENT OF GOING CONCERN

The interim financial results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Various cost-saving initiatives have been identified and implemented by both operating companies. These savings enabled the group companies to fulfil their bank debt commitments and managed to build up sufficient cash reserves to cover the payments of the following years commitments. The repayment profile agreed for Métier's outstanding debt is substantially reduced from what was paid over the last five years and will be achieved with relative ease.

STATED CAPITAL

There were no changes to the authorised stated capital of the Company during the interim period under review.

No shares were issued during the period under review.

All the authorised and issued shares have no par value.

EVENTS AFTER THE INTERIM REPORTING PERIOD

While operations are currently at normal levels of output, the COVID-19 pandemic had an impact on group performance for the year ending 31 March 2021. The group entities continue to comply fully with the government directives applicable to the level of lockdown.

Production at SepCem was impacted by two plant outages during the third quarter and beginning of the fourth quarter of this calendar year ending 31 December 2021. The outages will adversely impact SepCem's sales volumes and profitability for the full year financial performance.

The directors are not aware of any material fact or circumstance arising between the end of the interim reporting period and the date of this report that would require adjustments to or disclosure in the interim financial results.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

RELATED PARTIES

Relationships

Associate	Dangote Cement SA Proprietary Limited
Companies with common directors	Plazatique Corp 27 CC
	WKRD Properties Proprietary Limited
	Cross Company Management Proprietary Limited
	Union Atlantic Minerals Limited

During the six months ended 30 September 2021, the group companies entered into the following transactions with related parties:

	6 months ended 30 September 2021 Unaudited R'000	6 months ended 30 September 2020 Unaudited R'000	12 months ended 31 March 2021 Audited R'000
Related party balances			
Amount owed to associate included in trade payables	**(8 720)**	(27 993)	(8 687)
Loan accounts to companies with common directors	**10 759**	10 762	10 762
Related party transactions			
Purchases from associate	**38 062**	41 137	76 416
Rent and utilities paid to associate	**–**	175	336
Rent and utilities paid to companies with common directors	**1 348**	1 258	2 682

CHANGES TO THE BOARD

PF Fourie, non-executive director of the Company, sadly passed away on 19 May 2021. He became CEO of SepCem in May 2007, and he was subsequently appointed a SepHold board director on 20 November 2009 following the JSE listing.

CHANGE TO THE COMPANY SECRETARY

There were no changes to the Company Secretary during the interim reporting period under review.

On behalf of the board

Pretoria

Chief executive officer	Chairperson
NR Crafford-Lazarus	**B Williams**

18 November 2021

Enquiries contact:

Sakhile Ndlovu

Sephaku Holdings
Investor Relations
012 684 6300
info@sephold.co.za

Sponsor to Sephaku Holdings:

Questco Corporate Advisory Proprietary Limited

CORPORATE INFORMATION

Directors	B Williams° (chairman) MJ Janse van Rensburg° B Bulo° MM Ngoasheng° Dr L Mohuba^ NR Crafford-Lazarus* (chief executive officer and financial director) KJ Capes* (Métier chief executive officer) *°Independent *Executive ^Non-executive*
Company secretary	Acorim Proprietary Limited Telephone: +27 11 325 6363
SepHold registered office	Southdown Office Park First floor, Block A Corner Karee and John Vorster Streets Irene, X54, 0062 Telephone: +27 12 684 6300 Email: info@sephold.co.za
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 PO Box 61051, Marshalltown, 2017, South Africa Telephone: +27 11 370 5000
JSE sponsor	Questco Corporate Advisory Proprietary Limited Telephone: +27 11 011 9200

ABOUT SEPHAKU HOLDINGS LIMITED

Sephaku Holdings Limited is a building and construction materials company with a portfolio of investments in the cement sector in South Africa. The Company's core investments are a 36% stake in Dangote Cement SA (Pty) Ltd and 100% in Métier Mixed Concrete (Pty) Ltd. SepHold's strategy is to generate growth and realise value for shareholders through the production of cement and ready mixed concrete in Southern Africa.

www.sephakuholdings.com

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