STEFANUTTI STOCKS HOLDINGS LIMITED
("Stefanutti Stocks" or "the company" or "the group")

(Registration number: 1996/003767/06)
(Share code: SSK ISIN: ZAE000123766)

REVIEWED CONDENSED CONSOLIDATED RESULTS

FOR THE 12 MONTHS ENDED 28 FEBRUARY 2023

- **Revenue R6,0 billion**
- **Cash at end of year R561 million**
- **Current order book R6,8 billion**

excellence in **execution**

COMMENTARY

Shareholders are referred to the webcast and presentation relating to the reviewed condensed consolidated results for the 12 months ended 28 February 2023 (the period/year) which is available on the company's website: www.stefstocks.com. A physical copy can also be obtained at the company's registered office.

The links are https://stefanuttistocks.com/investors/audio-visual-annual-results-feb-2023/ and https://stefanuttistocks.com/investors/presentation-annual-results-feb-2023/

GROUP PROFILE

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

RESTRUCTURING PLAN UPDATE

The group hereby provides shareholders with an update on the Restructuring Plan as reported in the Unaudited Condensed Consolidated Results for the six months ended 31 August 2022, issued on 24 November 2022 and the SENS announcements issued on 30 November 2022, 21 December 2022 and 1 March 2023.

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

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

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

With respect to the final award of R90,7 million with regards to the Mechanical project termination, a capital repayment of R51 million will be made towards the loan.

The loan bears interest at prime plus 3,9%, including arranging and facility fees, and is secured by special and general notarial bonds over movable assets, continuous covering mortgage bonds over immovable assets and various cessions. The loan does not contain any financial covenants but rather imposes certain information and general undertakings.

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

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

The Restructuring Plan is anticipated to be implemented over the financial year ending February 2024 and, to the extent required, shareholder approval will be sought for certain aspects of the Restructuring Plan. The group will continue to update shareholders on the progress of the various aspects of the Restructuring Plan.

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

- the current order book;
- imminent project awards;
- continuing operations executing the group's order book profitably;
- the availability of short- and mid-term projects;
- reaching a favourable outcome on contractual claims and compensation events on certain projects;
- continued support from the Lenders; and
- successfully implementing the Restructuring Plan.

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

KUSILE POWER PROJECT UPDATE

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

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

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

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

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

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

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

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

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

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

OVERVIEW OF RESULTS

A number of non-core assets, underutilised plant and equipment and identified operations earmarked for sale have been reclassified in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Current market conditions resulted in the delay of these disposals. The group remains committed to the sale processes as envisaged in the Restructuring Plan.

Non-current Assets Held for Sale

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

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

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

Discontinued Operations and Disposal Groups

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

In 22 November 2022 shareholders approved the disposal of SS – Construções (Moçambique) Limitada ("SS Mozambique") by the company's wholly-owned subsidiaries, Stefanutti Stocks Mauritius Holdings Limited and Stefanutti Stocks International Holdings Proprietary Limited. The completion of the transaction is subject to the fulfilment or waiver of certain conditions precedent, of which one remains outstanding at year-end. The financial performance, reportable assets and reportable liabilities are presented within the Africa and Coastal Regions.

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

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

Financial information relating to the discontinued operations and disposal groups can be found in the notes.

Continuing operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Review of operations

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

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

Inland Region

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

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

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

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

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

With respect to the Mechanical project termination, the arbitration process has been completed and a final award has been made subsequent to year-end. In terms of the award, Stefanutti Stocks was awarded R90,7 million. Of this award, a capital repayment of approximately R51 million will be made towards the loan. In addition, legal fees have also been awarded and are subject to taxing in accordance with the High Court tariff. As soon as this process has been completed, shareholders will be advised accordingly.

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

Coastal Region

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

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

Western Cape Region

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

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

Africa Region

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

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

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

Safety

Management and staff remain committed to the group's health and safety policies and procedures, and together strive to constantly improve the group's safety performance. The group's Lost Time Injury Frequency Rate (LTIFR) at February 2023 was 0,05 (Feb 2022: 0,03) and the Recordable Case Rate (RCR) was 0,44 (Feb 2022: 0,28).

Broad-Based Black Economic Empowerment (B-BBEE)

The group is a level 1 B-BBEE contributor measured in terms of the Construction Sector scorecard with a Black Economic Interest score of 72,76%.

Industry related matters

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

Dividend declaration

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

Subsequent events

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

Changes to the board

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

Howard Craig was appointed as a member of the Audit and Risk Committee with effect from 13 March 2023 replacing John.

The board expresses its appreciation to John for his valued contributions, insight and guidance over the years.

Appreciation

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

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

On behalf of the board

Zanele Matlala	**Russell Crawford**
Chairman	*Chief Executive Officer*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	% Increase/ (Decrease)	Reviewed 12 months ended 28 February 2023 R'000	Restated* 12 months ended 28 February 2022 R'000
Continuing operations			
Contract revenue	–	**5 979 555**	5 968 484
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	53	**156 573**	102 055
Depreciation		**(41 540)**	(54 275)
Fair value adjustments^		**(14 344)**	(26 907)
Impairment of assets		**–**	(127 478)
Operating profit/(loss) before investment income	194	**100 689**	(106 605)
Investment income		**28 459**	19 010
Share of (losses)/profits of equity-accounted investees		**(1 468)**	8 958
Operating profit/(loss) before finance costs		**127 680**	(78 637)
Finance costs		**(128 849)**	(112 882)
Loss before taxation		**(1 169)**	(191 519)
Taxation	(55)	**(36 330)**	(79 913)
Loss for the year		**(37 499)**	(271 432)
Profit/(loss) after tax for the year from discontinued operations		**52 086**	(143 776)
Profit/(loss) for the year		**14 587**	(415 208)
Other comprehensive income		**9 068**	(27 379)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) – Continuing operations		**41 487**	(34 292)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) –Discontinued operations		**43 738**	8 002
Revaluation of land and buildings (may not be reclassified to profit/(loss)) – Continuing operations		**–**	(676)
Impairment losses recognised on re-valued assets (may not be reclassified to profit/(loss)) – Continuing operations		**–**	(413)
Reclassification of foreign currency translation reserve on deregistration of foreign subsidiary – Continuing operations		**(5 215)**	–
Reclassification of foreign currency translation reserve on disposal of foreign operation – Discontinued operations (Al Tayer Stocks LLC)		**(70 942)**	–
Total comprehensive income		**23 655**	(442 587)
Profit/(loss) attributable to:			
Equity holders of the company		**14 587**	(415 208)
Continuing operations		**(37 499)**	(271 432)
Discontinued operations		**52 086**	(143 776)
		14 587	(415 208)
Total comprehensive income attributable to:			
Equity holders of the company		**23 655**	(442 587)
Continuing operations		**(1 227)**	(306 813)
Discontinued operations		**24 882**	(135 774)
		23 655	(442 587)
Earnings and diluted earnings per share (cents)			
Continuing operations	86	**(22,42)**	(162,30)
Discontinued operations	136	**31,14**	(85,97)
Total operations	104	**8,72**	(248,27)

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 28 February 2023 R'000	Audited 28 February 2022 R'000
ASSETS		
Non-current assets	**1 038 097**	983 198
Property, plant and equipment	**458 313**	466 337
Equity-accounted investees	**32 107**	27 405
Goodwill	**272 376**	272 376
Other receivables	**58 269**	–
Deferred tax assets	**217 032**	217 080
Current assets	**3 174 774**	2 912 826
Other current assets	**2 511 589**	2 411 785
Taxation	**84 785**	72 818
Bank balances	**578 400**	428 223
Non-current assets held for sale and disposal groups	**937 558**	700 938
Total assets	**5 150 429**	4 596 962
EQUITY AND LIABILITIES		
Capital and reserves	**(66 364)**	(90 019)
Share capital and premium	**1 007 718**	1 007 718
Other reserves	**135 123**	126 819
Accumulated loss	**(1 209 205)**	(1 224 556)
Non-current liabilities	**261 920**	133 639
Other financial liabilities	**131 451**	133 639
Excess billings over work done	**130 469**	–
Current liabilities	**4 315 855**	4 375 114
Other current liabilities*	**2 478 772**	2 755 556
Excess billings over work done	**1 081 639**	909 550
Provisions	**648 883**	598 216
Taxation	**88 723**	92 896
Bank balances	**17 838**	18 896
Liabilities directly associated with disposal groups**	**639 018**	178 228
Total equity and liabilities	**5 150 429**	4 596 962
* *Including interest-bearing liabilities of*	**1 204 309**	1 298 485
** *Including interest-bearing liabilities of*	**633**	461

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 12 months ended 28 February 2023 R'000	Audited 12 months ended 28 February 2022 R'000
Cash generated from/(consumed by) operations	**512 252**	(253 074)
Investment income	**15 804**	19 380
Finance costs	**(136 255)**	(115 920)
Dividends received	**505**	896
Taxation paid	**(59 533)**	(54 809)
Cash flows from operating activities	**332 773**	(403 527)
Proceeds received – Property, plant and equipment	**56 364**	175 988
Expenditure for expansion – Property, plant and equipment	**(4 779)**	(1 201)
Expenditure for maintaining – Property, plant and equipment	**(33 384)**	(17 187)
Advances to associates	**(3 843)**	(1 288)
Proceeds on disposal of Al Tayer Stocks LLC	**18 641**	–
Cash flows from investing activities	**32 999**	156 312
Repayment of long-term financing	**(98 442)**	(163 905)
Repayment of short-term financing	**(14 254)**	(10 245)
Cash flows from financing activities	**(112 696)**	(174 150)
Net increase/(decrease) in cash for the year	**253 076**	(421 365)
Cash at the beginning of the year	**409 327**	755 638
Cash at the beginning of the year – discontinued operations	**24 499**	91 628
Less: Cash at the end of the year – discontinued operations	**(156 264)**	(24 499)
Effect of exchange rate changes on cash and cash equivalents	**29 924**	7 925
Cash and cash equivalents at the end of the year	**560 562**	409 327

NOTES

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The reviewed condensed consolidated results for the year ended 28 February 2023 ("results and/or reporting period") have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard IAS 34: Interim Financial Reporting and is in compliance with the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act 71 of 2008. The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 28 February 2023 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 28 February 2022.

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

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

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

GOING CONCERN

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

- the current order book;
- imminent project awards;
- continuing operations executing the group's order book profitably;
- the availability of short- and mid-term projects;
- reaching a favourable outcome on contractual claims and compensation events on certain projects;
- continued support from the Lenders; and
- successfully implementing the Restructuring Plan.

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

AUDITORS' REVIEW

These reviewed condensed consolidated results for the year ended 28 February 2023 have been reviewed by the group's auditors, Mazars. Their unmodified review conclusion is available for inspection at the company's registered office. The auditor's conclusion contained the following emphasis of the matter pertaining to a material uncertainty related to going concern:

We draw attention to the disclosure included in this announcement, which indicates that at 28 February 2023 the group's current liabilities exceeded its current assets by R1 141 million, and as of that date, the group's total liabilities exceed its total assets by R66 million. The group had an accumulated loss of R1 209 million. As disclosed, these events and conditions, along with other matters as noted in the "Restructuring plan update" section of the Announcement, indicate that a material uncertainty exists that may cast significant doubt with respect to the group's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

1. HEADLINE EARNINGS RECONCILIATION

		Continuing operations		Discontinued operations		Total operations	
		28 Feb 2023 R'000	28 Feb 2022* R'000	**28 Feb 2023 R'000**	28 Feb 2022* R'000	**28 Feb 2023 R'000**	28 Feb 2022* R'000
(Loss)/profit after taxation attributable to equity holders of the company		**(37 499)**	(271 432)	**52 086**	(143 776)	**14 587**	(415 208)
Adjusted for:							
(Profit)/loss on disposal of plant and equipment		**(15 246)**	(11 578)	**(57)**	1	**(15 303)**	(11 577)
Gain on disposal of non-current assets held for sale		**(4 575)**	(3 322)	**–**	(24 692)	**(4 575)**	(28 014)
Fair value adjustments		**14 344**	26 142	**(161)**	137 954	**14 183**	164 096
Loss on disposal of joint venture		**–**	–	**766**	–	**766**	–
Realisation of FCTR on sale of joint venture		**–**	–	**(70 942)**	–	**(70 942)**	–
Realisation of FCTR on deregistration of subsidiary		**(5 215)**	–	**–**	–	**(5 215)**	–
Reversal of gain previously recognised on sale of subsidiary		**–**	507	**–**	–	**–**	507
Impairment of goodwill		**–**	106 111	**–**	–	**–**	106 111
Impairment of equity-accounted investees		**–**	342	**–**	–	**–**	342
Impairment of property, plant and equipment		**–**	21 367	**–**	–	**–**	21 367
Net tax effect		**1 704**	(6 748)	**18**	6 774	**1 722**	26
Headline earnings		**(46 487)**	(138 611)	**(18 290)**	(23 739)	**(64 777)**	(162 350)

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

Number of diluted and weighted average shares in issue		**167 243 684**	167 243 684	**167 243 684**	167 243 684	**167 243 684**	167 243 684
Earnings and diluted earnings per share (cents)	86%	**(22,42)**	(162,30)	**31,14**	(85,97)	**8,72**	(248,27)
Headline earnings and diluted headline earnings per share (cents)	66%	**(27,80)**	(82,88)	**(10,93)**	(14,19)	**(38,73)**	(97,07)

2. NET ASSET VALUE

	Reviewed 28 Feb 2023 R'000	Audited 28 Feb 2022 R'000
Total number of net shares in issue	**167 243 684**	167 243 684
Net asset value per share (cents)	**(39,68)**	(53,83)
Net tangible asset value per share (cents)	**(202,54)**	(216,69)

3. CONDENSED SEGMENT INFORMATION

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

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

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

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

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

4. DISAGGREGATION OF REVENUE

CONTINUING OPERATIONS

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

	Reviewed 28 Feb 2023					Restated 28 Feb 2022*				
	Inland R'000	Coastal R'000	Western Cape R'000	Africa R'000	Total R'000	Inland R'000	Coastal R'000	Western Cape R'000	Africa R'000	Total R'000
Civils, earthworks and other	**2 250 717**	**775 112**	**192 547**	**1 155 129**	**4 373 505**	2 023 209	531 017	10 822	1 314 845	3 879 893
Roads and Bridges	**180 219**	**32 715**	**8 228**	**196 270**	**417 432**	139 627	–	670	190 511	330 808
Dam, Water and Sanitation	**62 477**	**295 477**	**184 319**	**281 423**	**823 696**	185 973	348 675	10 152	369 750	914 550
Pipelines	**3 650**	**–**	**–**	**–**	**3 650**	9 103	–	–	–	9 103
Bulk Earthworks and Geotechnical Services	**326 048**	**380 692**	**–**	**–**	**706 740**	261 149	121 525	–	2 064	384 738
Power Stations and Transmission Infrastructure	**117 972**	**–**	**–**	**13 946**	**131 918**	280 220	–	–	–	280 220
Airports	**–**	**–**	**–**	**–**	**–**	–	–	–	13 830	13 830
Marine Infrastructure	**–**	**54 157**	**–**	**–**	**54 157**	–	33 540	–	–	33 540
Rail Infrastructure	**–**	**–**	**–**	**662 669**	**662 669**	15 768	–	–	738 690	754 458
Mines	**1 087 592**	**–**	**–**	**821**	**1 088 413**	782 309	–	–	–	782 309
Industrial Process Plants	**33 373**	**12 071**	**–**	**–**	**45 444**	93 929	25 889	–	–	119 818
Oil and Gas	**439 386**	**–**	**–**	**–**	**439 386**	255 131	1 388	–	–	256 519
Residential	**65 910**	**75 000**	**–**	**–**	**140 910**	188 234	24 321	–	15 952	228 507
Low cost Housing	**39 291**	**–**	**–**	**–**	**39 291**	177 410	24 321	–	–	201 731
Medium and High-End Housing	**26 619**	**75 000**	**–**	**–**	**101 619**	10 824	–	–	15 952	26 776
Non-Residential	**17 612**	**517 580**	**509 472**	**420 476**	**1 465 140**	82 934	457 493	1 055 108	264 549	1 860 084
Office and Commercial Space	**–**	**3 042**	**123 352**	**306 577**	**432 971**	–	400	182 414	264 482	447 296
Shopping and Retail Space	**–**	**491 020**	**4 282**	**58 156**	**553 458**	–	294 971	115 821	–	410 792
Hospitals and Medical Centres	**–**	**–**	**149 468**	**–**	**149 468**	–	1 826	69 281	–	71 107
Tourism and Leisure Facilities	**–**	**142**	**–**	**–**	**142**	494	91 736	–	–	92 230
Sporting Facilities	**–**	**–**	**122 156**	**–**	**122 156**	–	–	–	–	–
Factories and Warehouses	**–**	**23 376**	**–**	**54 847**	**78 223**	–	68 560	592 938	67	661 565
Airports	**–**	**–**	**–**	**896**	**896**	–	–	–	–	–
Power Stations and Transmission Infrastructure	**17 612**	**–**	**110 214**	**–**	**127 826**	82 440	–	94 654	–	177 094
	2 334 239	**1 367 692**	**702 019**	**1 575 605**	**5 979 555**	2 294 377	1 012 831	1 065 930	1 595 346	5 968 484

* *The information has been restated for the changes between continuing and discontinued operations and the changes in the organisational structure of the MEP business now disclosed under Inland as explained in the Commentary.*

5. DISCONTINUED OPERATIONS

5.1 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed 28 Feb 2023 R'000	*Restated 28 Feb 2022 R'000
Contract revenue	**347 835**	346 609
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**29 429**	21 338
Depreciation	**–**	(10 058)
Fair value adjustments^	**161**	(137 954)
Operating profit/(loss) before investment income	**29 590**	(126 674)
Investment income	**349**	712
Operating profit/(loss) before finance costs	**29 939**	(125 962)
Finance costs	**(5 580)**	(2 989)
Profit/(loss) before taxation	**24 359**	(128 951)
Taxation	**27 727**	(14 825)
Profit/(loss) for the year	**52 086**	(143 776)
Other comprehensive Income:	**(27 204)**	8 002
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))	**43 738**	8 002
Reclassification of foreign currency translation reserve on disposal of foreign operation – Al Tayer Stocks LLC	**(70 942)**	–
Total comprehensive income	**24 882**	(135 774)
Profit/(loss) attributable to equity holders of the company	**52 086**	(143 776)
Total comprehensive income attributable to equity holders of the company	**24 882**	(135 774)
Earnings per share	**31,14**	(85,97)
Headline earnings per share	**(10,93)**	(14,19)

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

5.2 STATEMENT OF FINANCIAL POSITION

	Reviewed 28 Feb 2023 R'000	Audited 28 Feb 2022 R'000
Non-current assets	**367 468**	445 885
Property, plant and equipment	**336 375**	277 660
Equity-accounted Investee – Al Tayer Stocks LLC	**–**	168 225
Deferred tax assets	**31 093**	–
Current assets	**593 669**	203 443
Inventories	**120 743**	97 893
Contracts in progress	**100 167**	17 713
Trade and other receivables	**189 361**	50 729
Taxation	**3 843**	1 172
Bank balances	**179 555**	35 936
	961 137	649 328
Less: Fair value adjustment – Disposal group	**(73 721)**	(61 840)
Total assets	**887 416**	587 488
Non-current liabilities	**240**	–
Financial liabilities	**195**	–
Deferred tax liabilities	**45**	–
Current liabilities	**638 778**	178 228
Financial liabilities	**438**	461
Trade and other payables	**144 836**	118 671
Excess billings over work done	**468 717**	35 604
Provisions	**1 496**	12 055
Bank balances	**23 291**	11 437
Total liabilities	**639 018**	178 228

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

5.3 NET CASH FLOWS

	Reviewed 28 Feb 2023 R'000	*Restated 28 Feb 2022 R'000
Net cash movement from operating activities	**121 240**	(24 223)
Net cash movement from investing activities	**(4 392)**	(45 763)
Net cash movement from financing activities	**(586)**	19 328
Effect of exchange rate changes on cash and cash equivalents	**16 997**	(8 648)
Net movement in cash	**133 259**	(59 306)

5. DISCONTINUED OPERATIONS (continued)

5.4 DISAGGREGATION OF REVENUE

Revenue from discontinued operations can be further disaggregated as follows:

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

	Reviewed 28 Feb 2023			*Restated 28 Feb 2022			
	Coastal R'000	Africa R'000	Total R'000	Inland R'000	Coastal R'000	Africa R'000	Total R'000
Civils, earthworks and other	**4 264**	–	**4 264**	74 748	16 379	–	91 127
Marine Infrastructure	**4 264**	–	**4 264**	–	16 379	–	16 379
Mines	–	–	–	74 748	–	–	74 748
Residential	–	–	–	–	–	10 514	10 514
Medium and high-end housing	–	–	–	–	–	10 514	10 514
Non-residential	–	**343 571**	**343 571**	–	–	244 968	244 968
Office and commercial space	–	**212 662**	**212 662**	–	–	225 022	225 022
Education institutions	–	**832**	**832**	–	–	–	–
Tourism and leisure facilities	–	**68 021**	**68 021**	–	–	–	–
Shopping and retail space	–	**62 056**	**62 056**	–	–	–	–
Sporting facilities	–	–	–	–	–	171	171
Factories and warehouses	–	–	–	–	–	5 030	5 030
Mines	–	–	–	–	–	14 745	14 745
Total	**4 264**	**343 571**	**347 835**	74 748	16 379	255 482	346 609

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

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Published on 25 May 2023

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Non-executive directors

ZJ Matlala# (Chairman), HJ Craig#, B Harie#, B Silwanyana#,

Independent

Executive directors

RW Crawford (Chief Executive Officer)
Y du Plessis (Chief Financial Officer)

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This announcement together with the investor presentation is available on the company's website and physical copies can be obtained from the company's registered office.

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