

2025

Stefanutti Stocks Group Consolidated Annual Financial Statements



Primary issuer listed in the General Segment of the JSE Main Board

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Preparation of annual financial statements

The Consolidated Annual Financial Statements contained in this report, have been prepared under the supervision of the Chief Financial Officer, Y du Plessis, CA(SA). The Consolidated Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act, No. 71 of 2008, as amended (The Companies Act).



Yolanda du Plessis
Chief Financial Officer

18 June 2025

Certificate by the Company Secretary

In terms of section 88(2)(e) of the Companies Act No. 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, Stefanutti Stocks Holdings Limited has, in respect of the financial year ended 28 February 2025, lodged with the Companies and Intellectual Property Commission all returns and notices required of a public company in terms of the Companies Act No. 71 of 2008, as amended and that all such returns and notices are true, correct and up to date.



William Somerville
Company Secretary

18 June 2025

CEO and CFO responsibility statement on internal financial controls

After due, careful and proper consideration, the directors, whose names are stated below, hereby confirm that:

- the Consolidated Annual Financial Statements set out on pages 16 to 86, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS® Accounting Standards (IFRS Accounting Standards);
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Consolidated Annual Financial Statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the Consolidated Annual Financial Statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the Consolidated Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit, Governance and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.



Russell Crawford
Chief Executive Officer



Yolanda du Plessis
Chief Financial Officer

18 June 2025

Kempton Park

SIMPLIFIED GROUP ORGANOGRAM

STEFANUTTI STOCKS HOLDINGS LIMITED

1996/003767/06

**STEFANUTTI STOCKS
INVESTMENTS
PROPRIETARY LIMITED**

(SOUTH AFRICA)

1997/005231/07

**STEFANUTTI STOCKS
INTERNATIONAL HOLDINGS
PROPRIETARY LIMITED**

(SOUTH AFRICA)

2005/015885/07

**STEFANUTTI STOCKS
PROPRIETARY
LIMITED**

(SOUTH AFRICA)

2003/022221/07

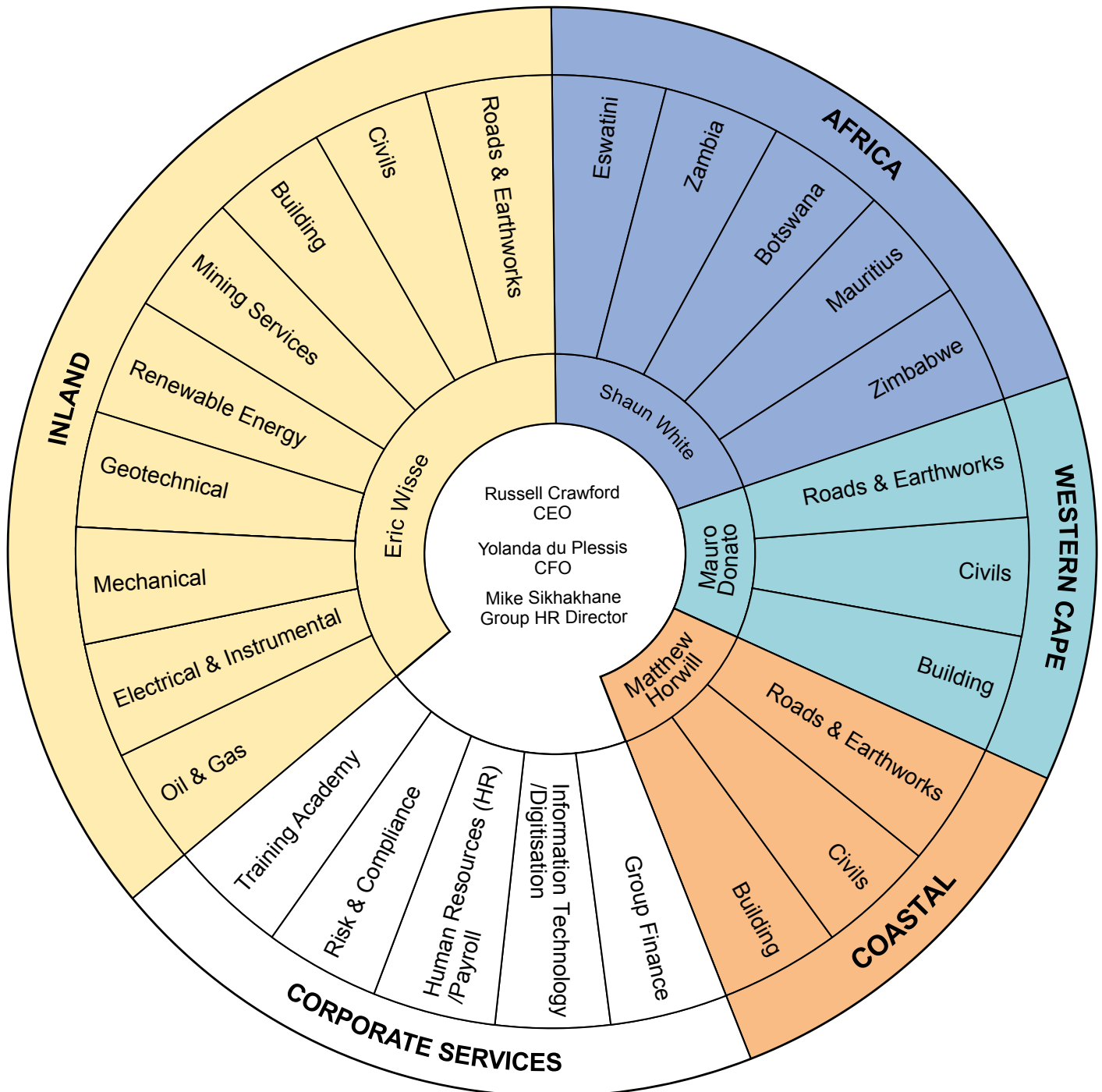
Cross-border
operational
subsidiaries and
joint operations

Operational
subsidiaries

Equity-accounted
investees

Joint
operations

GROUP STRUCTURE



AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT

The Audit, Governance and Risk Committee (ARCO or the committee), appointed in respect of the 2025 financial year of Stefanutti Stocks Holdings Limited, provides this report in compliance with section 94(7)(f) of the Companies Act, the principles of King IV Report on Corporate Governance for South Africa 2016 (King IV) and other regulatory requirements.

The ARCO

In addition to the specific Companies Act statutory responsibilities bestowed upon it, the committee advises and submits recommendations to the board on the group's financial reporting, internal financial controls, legislative and regulatory compliance as well as the external and internal audit functions.

Terms of reference

Guided by the Companies Act and King IV, the board has adopted and approved the committee's formal terms of reference. No changes were made to the terms of reference after the annual review process. In accordance with these terms of reference, the committee confirms that it has executed its duties during the past financial year.



Refer to pages 56 to 66 of the Integrated Annual Report for a discussion on how the 16 principles of King IV have been applied.

Composition

The board nominated the members of the committee in respect of the 2025 financial year and shareholders appointed its members at the Annual General Meeting (AGM), which was held on 2 August 2024.

Shareholders will be requested to approve the appointment of the committee members for the 2026 financial year at the AGM that is scheduled for 1 August 2025.

The committee comprises of Bharti Harie as Chairman, Busisiwe Silwanyana and Howard Craig, all of whom are independent non-executive directors.

The board Chairman, CEO, CFO, Group Risk Officer, Financial Manager and external auditors attend the meeting as invitees. The company secretary acts as secretary to the committee.

The board has satisfied itself that the committee members are suitably skilled, have the correct expertise and experience, are independent and are qualified to fulfil their duties.



Abridged biographies of the members are published on pages 53 and 54 of the Integrated Annual Report.

Meetings

During the year, the committee held four meetings. Attendance at these meetings is set out in the corporate governance report on page 61 of the Integrated Annual Report. The committee also met in private with the external and internal auditors.

Execution of duties

During the year the committee performed the following duties:

Governance and risk management

- Identified specific focus areas, as set out on page 6;
- Monitored compliance with the Business Ethics and Conduct Policy Statement of the company in liaison with the Social and Ethics (S&E) Committee;
- Monitored compliance with applicable laws and regulations;
- Monitored reports from the company's ethics hotline;
- Oversaw the process of sustainability reporting and considered the findings and recommendations of the S&E Committee;
- Assessed key risk areas facing the group, Information Technology (IT) risks, the risk register and recommended risk mitigation measures;
- Considered the tax report and significant tax matters;
- Oversaw insurance arrangements;
- Considered internal reports on major contracts and reviewed the loss-making contracts, noting the significant reduction in the number of these contracts from prior year;
- Oversaw IT governance, including participation in a comprehensive presentation of the various IT processes and systems implemented within operations to manage the entire process from tender to commissioning stage;
- Advised and updated the board on issues ranging from accounting standards to published financial information;
- Nominated the external auditors and the designated audit partner for reappointment by shareholders at the AGM, as required by the Companies Act and the Johannesburg Stock Exchange (JSE) Listings Requirements;
- Reviewed compliance with King IV requirements;
- Monitored developments regarding the requirements of the newly issued IFRS® Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB), namely IFRS S1 and IFRS S2;
- Monitored the ongoing interaction between the Lender Group, Chief Restructuring Officer (CRO) and the Restructuring Implementation Team (RIT);
- Received feedback on the group's combined assurance model and the various lines of defence;
- Reviewed the progress of the claims process regarding the Kusile Power project and attended meetings for feedback on the Dispute Adjudication Board (DAB) process;
- Received feedback on the group's performance against the Restructuring Plan and cash flow, including presentations from the group's external consultants;
- Considered the amendments to the Companies Act and the release of King V.

Financials and going concern

- Reviewed the draft audited consolidated and separate annual financial statements and integrated annual report, the condensed financial statements and interim statements;
- Included the review of the company's Restructuring Plan (with the underlying assumptions), as part of its standard agenda item for each meeting. This is fully discussed on page 8;
- Reviewed the company's ongoing solvency, liquidity and going concern status;

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT CONTINUED

- Reviewed, together with the external auditors, the conformity of the audited consolidated and separate annual financial statements and related schedules with IFRS Accounting Standards and the company's accounting policies;
- Ensured that access to all financial information, and appropriate financial reporting procedures exist, for all entities included in the consolidated financial statements;
- Approved materiality for the group consolidated financial statements in terms of IFRS Practice Statement 2 Making Materiality Judgements;
- Updated the board on the latest changes to the JSE Listings Requirements, proactive monitoring results, effective communication with investors and categorisation on disposal of assets;
- Ensured ongoing company compliance with the JSE checklist;
- Evaluated the finance function and expertise and experience of the CFO.

External audit

- Evaluated the independence of the external auditors with regard to tenure, individual partner rotation as well as their performance, and recommended their reappointment to the board;
- Reviewed the quality of the external audit function with regard to audit quality indicators as indicated in reports by external regulators. Based on these indicators, the committee was satisfied with the quality of the external audit function;
- Confirmed the accreditation of the external auditors and the audit partner with the JSE with regard to tenure as well as individual partner rotation;
- Considered and evaluated the key audit matters as set out in the external auditor's report which remain largely the same as the previous year and the committee is satisfied that the matters have been correctly disclosed in the Integrated Annual Report and Consolidated Annual Financial Statements;
- Reviewed the areas identified by the external auditors as being of significant risk and their approach to auditing these;
- Reviewed the external audit findings and reports;
- Approved any non-audit services performed by the external auditors and the policy in this regard;
- Reviewed the audit plan, strategy and audit fees payable for FYE 2025 to the external auditors;
- Approved the audit fee for FYE 2025.

Internal audit

- Reviewed internal audit policies, plans, budgets, reports and findings and noted the independence of the internal audit function;
- Reviewed the quality of the internal audit function with reference to the findings from their independent internal review processes;
- Evaluated the internal audit function and expertise and experience of the Internal Audit Manager.

Internal financial controls

The committee's areas of focus in relation to internal financial controls were to:

- Evaluate the effectiveness of the group's system of internal financial controls including receiving assurance from management, internal audit and external audit;
- Review matters presented in the external auditor's reports; and
- Assess the various policies and procedures in place for the prevention and detection of fraud.

Based on the processes and assurances obtained, the committee believes that the significant internal financial controls are effective.



As required by the JSE Listings Requirements, refer to the responsibility statement by the CEO and CFO on the contents page of these Consolidated Annual Financial Statements.

Regulatory compliance

The group's compliance with applicable laws and regulations is monitored by a combination of management controls, internal audit, external audit, the sponsors and the company secretary. Given the company's size and structure, there is no dedicated in-house compliance function. However, compliance is a standard agenda item covered by the Group Risk Officer and CFO at ARCO meetings. Compliance with the Memorandum of Incorporation (MOI) is overseen by the company secretary.



For a more detailed discussion on regulatory compliance refer to the corporate governance report, commencing on page 56 of the Integrated Annual Report. Refer also to page 4 of the Integrated Annual Report for the statement of compliance with the Companies Act and the MOI.

Oversight of risk management

The committee oversees the risk management process and has confirmed the independence of the internal audit function.

The Group Risk Officer and the Internal Audit Manager report directly to the committee and address all risk identification, measurement and management through these channels.

A risk management framework, risk policy and risk register were presented for consideration to the committee during the year. The committee has confirmed that the following focus areas below have been attended to:

- Financial reporting risks;
- Funding risks with the Lender Group;
- Kusile Power Project contract risks;
- Internal financial controls;
- Fraud risks;
- IT risks; and
- Reviewed technology risks, in particular how they are managed.



Please refer to page 15 of the Integrated Annual Report for a full discussion on risk management.

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT CONTINUED

SIGNIFICANT AND KEY AUDIT MATTERS THAT THE ARCO HAS CONSIDERED IN RELATION TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Significant matters

Audit Committee's response

1. Going concern

The group's current liabilities exceed its current assets by R1 302 million (Feb 2024: R1 136 million) and as of that date, had an accumulated loss of R1 062 million (Feb 2024: R1 193 million).

The committee believes that the group remains commercially solvent based on the cash flow projections included in the Restructuring Plan and the continued support of the Lenders. The committee has also taken the following into consideration in its assessment of going concern:

- the current order book;
- short-term potential awards;
- identified prospects over the medium and long term;
- continuing operations executing the group's order book profitably;
- reaching a favourable outcome on contractual claims on the Kusile power project;
- continued support from the Lenders; and
- successfully implementing the remaining aspects of the Restructuring Plan.

The committee reviews the company's Restructuring Plan (with the underlying assumptions), as part of its standard agenda item for each meeting. The committee receives regular feedback from the claims team regarding the progress on the contractual claims and compensation events on the Kusile power project and, together with the board, also engages with the Lender group to address any of its concerns.

The committee also takes comfort in the going concern assumption. The order book is growing organically and new sectors like renewables and data centres have been added. In recent years the company restructured into strategic geographical regions allowing teams to collaborate and enhance cost efficiencies.

Key audit matters

Audit Committee's response

1. Valuation of goodwill

Included in the Consolidated Annual Financial Statements is goodwill of R272 million, comprising 5,35% (2024: 5,33%) of total assets in the group. The assessment of whether this asset is impaired is considered each year.

The committee considers the reasonability of the outcome of the goodwill impairment calculations through discussions with the CFO, consideration of the work performed by the external auditors and its own knowledge of the operations.

2. Recognition of contract revenue, costs, related receivables and liabilities including the valuation of contracts in progress, excess billings over work done and contract provisions

The industry in which the group operates is characterised by contract risk with significant judgement involved in the assessment of both current and future financial performance. Contracting, by its nature, requires a significant amount of management estimation and judgement in order to report the performance of the contract for the period accurately.

The committee assesses the reasonability of the amounts reported for revenue, contracts in progress, excess billings over work done and contract provisions based on their knowledge of the business and budget information received.

The committee obtains reasons for significant variances and also considers the work performed by the external auditors.

Independence of external auditors

The committee assesses the external auditor's independence and effectiveness on an annual basis, as part of its responsibilities. The committee also meets annually with the external auditors, without management being present, to facilitate and exchange views and concerns that may not be appropriate for discussion in an open forum. Constructive feedback is then given to management.

The committee reviews the group's non-audit services policy on an annual basis. This policy allows the committee to consider whether the external auditor's independence is materially impaired by any non-audit services rendered. There were no non-audit services during the reporting period performed by the group's external auditors. Non-audit services performed by the subsidiary external auditors were immaterial.

The committee is satisfied with the external auditor's independence, based on enquiries made by the committee and assurances given by the auditors. The committee has thus recommended to the board and to the shareholders, the reappointment of Forvis Mazars as the independent registered audit firm and Yusuf Dockrat as the individual registered auditor.

Forvis Mazars has been the auditor of the group for 19 years. Significant changes in management over the tenure of the external audit firm mitigates the risk of familiarity including the appointment of a new CEO in August 2019, a new CFO in May 2022 and various other board and executive committee appointments. Refer to pages 54 and 55 of the Integrated Annual Report.

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT CONTINUED

Internal audit

Internal audit's purpose and scope, responsibilities and duties, independence and ethics are set out in the internal audit charter. The internal audit function monitors the group's exposure to risk and assesses the reliability and effectiveness of risk management processes and controls.

The Internal Audit Manager reports to the Group Risk Officer on an administrative basis. In order to perform his duties and meet his responsibilities, the Internal Audit Manager has unfettered access to the CEO, chairman of the board and chairman of the ARCO, and reports to the committee on a functional basis.

The ARCO also meets annually with the Internal Audit Manager, without management being present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum. Constructive feedback is then given to management.

As prescribed by the Institute of Internal Auditors, the policies and procedures that guide the internal audit function are aligned to the International Professional Practice Framework (IPPF). Therefore, the internal audit function must:

- Be objective and free from undue influence (independent);
- Align with the strategies, objectives and risks of the organisation;
- Be appropriately positioned and adequately resourced;
- Demonstrate quality and continuous improvement;
- Communicate effectively;
- Provide risk-based assurance;
- Be insightful, proactive and future-focused; and
- Promote organisational improvement.

In addition, the internal audit function is tasked with monitoring and assessing the group's corporate governance, in particular the various delegation of authority frameworks applicable across the group.

The group's numerous levels of management are responsible for designing, implementing and evaluating the risk management plans and must ensure their sustainability in all aspects of the business.

The committee directs the risk-based internal audit plan, which is based on the key risks identified by executive management and confirmed by the committee. At the beginning of the year the internal audit plan was presented to the committee for annual review and approval.

The following processes were dealt with in the approved internal audit plan:

- Tender and estimating;
- Purchases and payables;
- Subcontractor payments;
- Payroll salaries and wages;
- ISO 27001:2022 Information Security Management Systems review; and
- Contract (site administration) reviews.

All findings were communicated to management who reinforced the existing controls or implemented new controls and processes to minimise the risk identified to an acceptable level, comparing the advantages gained with the cost of the control.

The group's internal audit function also appraises the group's risk management, corporate governance processes and internal controls and submits its assessment of these to the committee annually.

The internal audit function provides annual confirmation to the ARCO that it conforms to the recognised industry code of ethics.

The Internal Audit Manager conducted a self-assessment of the Global Internal Audit Standards (GIAS) published in 2024 that become compliant in January 2025. Partial and non-compliance to GIAS will be addressed during 2025 with an external quality review being planned for September 2026.

Focus areas

The focus areas for the year under review were as follows:

Ongoing monitoring of the Restructuring Plan covering:

- Going concern;
- Solvency and liquidity;
- Funding requirements and repayments;
- Asset disposals;
- Debtors recoverability;
- Material contracts;
- Working capital requirements and movement; and
- Receiving feedback from the CRO and RIT.

The focus areas for the coming year are similar to the prior year, but will additionally include the following:

- Examining the draft provisions of the new King V and its impact on the audit committee.

Internal audit manager

The annual evaluation of the internal audit function and the Internal Audit Manager was undertaken during the year as recommended by King IV principles. The committee is satisfied that the Internal Audit Manager, Gerrit Joubert, has the appropriate qualifications, expertise, skills and experience to meet the responsibilities as Internal Audit Manager.

The committee has also satisfied itself that the resources within the internal audit function are appropriate to provide the Internal Audit Manager with the necessary support to properly fulfil his function. When making its evaluation, the committee considered the recommendations raised by the Group Risk Officer.

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT CONTINUED

CFO

The annual evaluation of the finance function and the CFO was undertaken during the year as required in terms of the JSE Listings Requirements.

The committee is satisfied that the CFO, Yolanda du Plessis, has the appropriate qualifications, expertise, skills and experience to meet the responsibilities as CFO.

The committee has also satisfied itself that the resources within the finance function are appropriate to provide the CFO with the necessary support to properly fulfil her function. When making its evaluation, the committee considered the recommendations raised from the external auditors.

Annual financial statements and Integrated Annual Report

The committee has reviewed the Consolidated and Separate Annual Financial Statements of Stefanutti Stocks Holdings Limited for the year ended 28 February 2025, and is of the view that in all material respects they comply with the relevant provisions of the Companies Act, IFRS Accounting Standards, the JSE Listings Requirements, and the South African Financial Reporting Requirements and fairly present the consolidated and separate financial position as at 28 February 2025, and its financial performance, the statement of changes in equity and cash flows for the financial year.

These are available on the company's website:
www.stefanuttistocks.com

The committee has also satisfied itself as to the integrity of the remainder of the Integrated Annual Report, including the Sustainability Report, and accordingly has recommended the Integrated Annual Report for the year ended 28 February 2025 for approval to the Stefanutti Stocks board. The board has approved the report, which will be open for presentation at the forthcoming AGM.

On behalf of the ARCO.



Bharti Harie
Chairman

18 June 2025

DIRECTORS' REPORT

Nature of business

Stefanutti Stocks Holdings Limited (Registration No. 1996/003767/06) (the company, the group or Stefanutti Stocks) is a public company incorporated and domiciled in the Republic of South Africa and is listed in the General Segment of the Johannesburg Stock Exchange (JSE) Main Board in the "Construction and Materials — Construction" sector.

Stefanutti Stocks is a multidisciplinary construction group that delivers projects, of any scale, to diverse sectors in the built environment. The group's geographical footprint spans South Africa and sub-Saharan African countries where its mission is to deliver exceptional engineering solutions that enrich people's lives.

A simplified group organogram has been provided, additional information on the group's operating entities is available on request. Please refer to page 1.

Group matters

Restructuring Plan update

The group hereby provides shareholders with an update on the Restructuring Plan as reported in the Reviewed Condensed Consolidated Results for the 12 months ended 28 February 2025, issued on 27 May 2025 and the SENS announcement issued on 29 May 2025.

The following aspects of the Restructuring Plan remain outstanding:

- concluding the disposal of SS-Construções (Moçambique) Limitada and Stefanutti Stocks Construction Limited (the disposal group);
- reaching a favourable outcome from the processes relating to the contractual claims on the Kusile power project;
- concluding the repayment terms with respect to the settlement reached relating to the Kalabo-Sikongo-Angola border gate road in the Western Province of Zambia (Kalabo settlement); and
- an evaluation of the company's capital structure, including the potential of raising new equity.

The group reached agreement with the Lenders to extend the capital repayment profile of the loan as well as its duration to 30 June 2026. Capital repayments of R148 million were made during the year reducing the loan to R849 million (Feb 2024: R997 million), with a reduction in interest paid to R115 million (Feb 2024: R134 million).

The loan bears interest at prime plus 5,1% 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 sharing and general undertakings.

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

The Restructuring Plan is anticipated to be implemented over the period to June 2026 and the group will continue to update shareholders on the progress of the various aspects of the Restructuring Plan.

Going concern

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

- the current order book;
- short-term potential awards;
- identified prospects over the medium- and long-term;
- continuing operations executing the group's order book profitably;
- reaching a favourable outcome on contractual claims on the Kusile power project;
- continued support from the Lenders; and
- successfully implementing the remaining aspects of the Restructuring Plan.

The loan provided by the Lenders has assisted with the group's liquidity, even though at 28 February 2025 the group's current liabilities exceed its current assets by R1 302 million (Feb 2024: R1 136 million) and as of that date, had an accumulated loss of R1 062 million (Feb 2024: R1 193 million). The matters as noted above including uncertainties surrounding the contingent liabilities as stated in note 26 continue to indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern, and as a consequence could impact on the group's ability to realise its assets and discharge its liabilities in the ordinary course of business.

Refer to note 2.

Kusile Power Project update

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

Since August 2021, the group has secured payment of a combined total value of R119 million for measured work and Dispute Adjudication Board (DAB) rulings.

Stefanutti Stocks and Eskom (the parties) 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, referred to as claim 5. This process involves the appointment by each party of independent experts (the experts) to evaluate the causes, duration and quantification of delays.

DIRECTORS' REPORT CONTINUED

Further to the above, the parties and the DAB have signed a memorandum of understanding (MOU) dealing with the following:

- 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 relating to delay and quantum; 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 parties and their respective experts have filed all submissions, notes and opinions with the DAB. The DAB is expected to issue a binding decision by mid-2025. Either party may issue a notice of dissatisfaction with the decision and refer the dispute to arbitration. However, such decision will remain enforceable unless and until overturned in arbitration.

The group submitted claim 6 in May 2025, for delay events after 31 December 2019, through the contractual process. Eskom has notified Stefanutti Stocks of its intention to deliver a delay damages claim for late completion. Stefanutti Stocks will defend this through the contractual process. Should claim 6 and/or the delay damages claim fail in the contractual process they will be referred to the DAB for resolution.

Due to the quantum of claim 5 being unknown and the processes relating to claim 6 and the delay damages claim being uncertain, no claims have been recognised in the financial statements.

Refer to note 26.

Non-current assets held for sale, discontinued operations and disposal groups

Certain land and buildings, underutilised plant and equipment and the disposal group have been earmarked for sale and accordingly have been classified in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Due to current market conditions, the disposal of these assets is taking longer than anticipated. The group remains committed to the sale processes as envisaged in the Restructuring Plan.

On 22 November 2022 shareholders approved the disposal of SS-Construções (Moçambique) Limitada (SS Mozambique) and Stefanutti Stocks Construction Ltd (SS Construction) (collectively the Proposed Transaction) by the company's wholly owned subsidiaries, Stefanutti Stocks Mauritius Holdings Limited and Stefanutti Stocks International Holdings Proprietary Limited to CCG-Compass Consulting Group (Purchaser). The completion of the Proposed Transaction is subject to the fulfilment or waiver of certain conditions precedent, including that the Purchaser provides alternative security arrangements to release Stefanutti Stocks from its existing security arrangements. The parties have extended the period for fulfilment or waiver of the conditions precedent to 30 June 2025.

SS Mozambique holds an 80% interest in a Mauritian company, Stefanutti Stocks Hyvec Partners JV Limited (Hyvec JV), which was established to execute a contract that was awarded to construct villas for a resort in Mauritius (the Project). The Proposed Transaction envisaged that the group's interest in Hyvec JV would be (indirectly) transferred to the Purchaser. However, for various commercial reasons, the parties now intend for the 80% shareholding in Hyvec JV to be excluded from the Proposed Transaction. Consequently, the Hyvec JV has been included as part of continuing operations, in the prior year, with the project now in its final stages.

The construction sector has been negatively impacted by ongoing security concerns and political instability in northern Mozambique as well as the political unrest following disputed elections in December 2024. This has led to project delays and operational disruptions negatively impacting SS Mozambique's operations resulting in the group recognising a fair value adjustment of R51 million. Further to the above, the Purchaser is renegotiating various aspects of the agreement including the purchase price and payment terms. Shareholders will be updated accordingly in terms of the progress or changes to the Proposed Transaction.

Due to circumstances beyond the group's control, the classification of the disposal group as held for sale remains appropriate. SS Mozambique has been held for sale since August 2020.

The disposal group, managed by the Africa Region, reported a loss for the year of R78 million (Feb 2024: loss of R10 million) which includes a fair value adjustment of R51 million (Feb 2024: R74 million fair value adjustment reversal) and a foreign exchange loss of R5 million (Feb 2024: a profit of R5 million).

Further information can be found in note 7.

Financial results and year under review

The Consolidated Annual Financial Statements of Stefanutti Stocks Holdings Limited and its subsidiaries, joint operations and equity-accounted investees (collectively the group) for the year ended 28 February 2025 are set out in the annual financial statements presented on pages 16 to 86.

The Consolidated Annual Financial Statements for the group (results for the year) have been prepared in accordance with IFRS Accounting Standards and the South African Financial Reporting Requirements. The report is compliant with the relevant provisions of the Companies Act No. 71 of 2008, as amended, and the JSE Listings Requirements.

The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 28 February 2025 are in terms of IFRS Accounting Standards and are consistent with those applied in the audited annual financial statements for the year ended 29 February 2024 except as stipulated otherwise.

These results are in line with the trading update released on the JSE Stock Exchange News Services (SENS) on 20 May 2025 indicating Earnings Per Share (EPS) and Headline Earnings Per Share (HEPS) for continuing operations to reflect a profit of between 123,48 and 126,60 per share and between 124,48 and 125,58 per share respectively.

Contract revenue and operating profit before investment income improved to R7,7 billion (Feb 2024: R7,1 billion) and R333 million (Feb 2024: R210 million) respectively, including the Kalabo settlement of R39 million.

DIRECTORS' REPORT CONTINUED

Summarised group results — continuing operations

	2025 R'000	2024 R'000	Commentary on the year-on-year movements
Contract revenue (note 3)	7 657 091	7 084 226	Contract revenue increased due to improved performance in the Inland and Coastal regions.
Operating profit before investment income	333 370	209 746	Increase due to improved operating performance and the recognition of the net Kalabo settlement of R39 million.
Investment income (note 5)	49 774	43 591	Increase due to improved cash balances during the year.
Finance costs (note 5)	126 606	150 822	Reduction due to capital repayments of R148 million made during the year, reducing the loan and the reversal of interest previously accrued of R21 million relating to the settlement reached with a foreign tax authority.
Financial liabilities (note 20)	1 237 483	1 208 326	Financial liabilities increased due to the financing of capital expenditure of R314 million.
Earnings per share (cents) (note 8)	124,97	15,63	Earnings per share improved as a direct result of the movement in the statement of profit or loss.
Headline earnings per share (cents) (note 8)	125,13	(5,52)	Refer to note 8 on calculation of headline earnings per share.

With respect to the Kalabo settlement, the Zambian Court of Appeal ruled in favour of Stefanutti Stocks and its joint venture partner. Following the ruling, the parties have agreed to a settlement amount, however repayment terms still need to be concluded.

The group has recognised R148 million being its 50% share of the settlement amount less costs. An expected credit loss (ECL) of R109 million was recognised due to the uncertainty surrounding the recoverability thereof, which will be assessed on an ongoing basis. A tax charge of R12 million was also recognised.

The total ECL expense for the group was R77 million (Feb 2024: a reversal of R16 million).

EBITDA improved to R428 million from R270 million due to an improved operating performance as well as the Kalabo settlement.

Depreciation increased to R91 million (Feb 2024: R58 million) due to capital expenditure incurred during the current and prior year.

The fair value adjustments of R2 million (Feb 2024: R3 million) 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.

Equity-accounted investees reported a loss of R3 million (Feb 2024: R2 million loss) primarily due to the depressed South African property market. The Botswana associate is concluding its operations, resulting in an impairment of R2 million (Feb 2024: R nil). This together with a dividend received of R13 million (Feb 2024: R10 million) reduced the carrying value to R9 million (Feb 2024: R25 million).

Improved cash balances during the year, resulted in increased investment income of R50 million (Feb 2024: R44 million).

The tax charge is impacted by the recognition of a deferred tax asset pertaining to a portion of the assessed losses for the South African trading entity. Furthermore, the group agreed a settlement with a foreign tax authority resulting in the reversal of penalties, interest and taxes of R1 million, R21 million and R22 million respectively.

Profit for the year for total operations is R131 million (Feb 2024: R16 million).

Earnings and headline earnings per share for total operations is 78,60 cents (Feb 2024: 9,50 cents), and 109,36 cents (Feb 2024: loss per share of 55,73 cents) respectively.

The group's current order book is R8,6 billion (Feb 2024: R8,4 billion) of which R1 billion (Feb 2024: R1,8 billion) arises from work beyond South Africa's borders.

Property, plant and equipment increased to R865 million due to the purchase of new plant and equipment of R452 million of, which R238 million was financed through instalment sale agreements and R64 million is right-of-use assets.

The increase in contracts in progress to R595 million (Feb 2024: R536 million) predominantly relates to a specific project linked to milestone invoicing.

Trade receivables increased in line with the increase in trading activity, however, there has been a slight reduction in trade payables. Other receivables and payables have reduced due to the finalisation of certain joint ventures in the Africa Region.

Taxation assets increased from R88 million to R106 million due to taxes paid cross border, relating to a branch of the South African trading entity.

Financial liabilities increased from R1 208 million to R1 237 million due to the financing of capital expenditure of R314 million, contributing to the increase in interest on instalment sales and lease liabilities to R25 million (Feb 2024: R7 million).

The improved performance resulted in cash generated from operations of R403 million (Feb 2024: R322 million), including an inflow from working capital of R59 million (Feb 2024: R168 million outflow). This was contrasted by capital expenditure of R149 million (Feb 2024: R37 million) and capital repayments of R294 million (Feb 2024: R226 million) resulting in a decrease in the group's cash position to R470 million (Feb 2024: R755 million).

DIRECTORS' REPORT CONTINUED

The effect of the strengthening Rand on the translation of certain foreign operations resulted in a R48 million loss (Feb 2024: R13 million profit) being recognised in other comprehensive income, negatively impacting the group's net asset value.

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 at February 2025 was 0,08 (Feb 2024: 0,03) and the Recordable Case Rate was 0,29 (Feb 2024: 0,24).

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 Ownership score of 63,73%.

Industry-related matters

The group has experienced less disruption of 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 2024: Nil).

Capital commitments

Capital commitments relate to expenditure for plant and equipment which has been authorised and/or contracted for but not yet recognised in the financial statements. Capital commitments which have been authorised and/or contracted for as at 28 February 2025 amount to R7 million (Feb 2024: R178 million).

Subsequent events

In April 2025, the United States implemented a 30% tariff on South African exports impacting the construction sector by increasing material costs and reducing investor confidence. Furthermore, the withdrawal of U.S. foreign aid impacted South Africa's construction sector, by reducing infrastructure spend and delaying or cancelling planned construction projects. This directly impacted the group, whilst it was not significantly affected by the tariff increase.

Other than the matters noted herein, there were no other material reportable events which occurred between the reporting date and the date of release of the Consolidated Annual Financial Statements.

Directorate

The names of the directors who currently hold office are set out in the Corporate Information section.

Resolutions

At the 2024 annual general meeting, the shareholders of the company passed the following special resolutions:

- Approval of non-executive directors' fees.
- Authorisation to provide financial assistance to present or future subsidiaries.
- Approval to repurchase shares — the company and/or its subsidiaries are authorised by way of general authority to acquire ordinary shares issued by the company within the limits set out by the resolution.

Approval

The Consolidated Annual Financial Statements, which appear on pages 16 to 86, were approved by the board of directors and are signed by:



Russell Crawford

Chief Executive Officer



Yolanda du Plessis

Chief Financial Officer

18 June 2025

Kempton Park

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stefanutti Stocks Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Stefanutti Stocks Holdings Limited and its subsidiaries (the group) set out on pages 16 to 86, which comprise the consolidated statement of financial position as at 28 February 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Stefanutti Stocks Holdings Limited and its subsidiaries as at 28 February 2025, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The nature, timing and extent of our audit procedures was influenced by our determination and application of materiality. We have quantitatively calculated the materiality threshold, based on our professional judgement, as detailed in the table below, factoring in any qualitative considerations. We have evaluated the effect of any misstatements noted during the audit on an individual and aggregate basis.

We determined materiality for the consolidated financial statements as a whole as follows:

Consolidated financial statements

Materiality	R99 464 808
Basis for determining materiality	We have used 1,2% of consolidated revenue from operations as the basis for materiality.
Rationale for the benchmark applied	We have determined that consolidated revenue from operations is an appropriate quantitative indicator of materiality as consolidated revenue best reflects the financial performance of Stefanutti Stocks Holdings Limited. In our view, it is a benchmark that provides the best indication of the size of the group. This benchmark has remained a key driver of the Group's business. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated financial statements for qualitative reasons.

Group audit scope

The group audit scope was determined on indicators such as the contribution from each component to consolidated revenue from operations, consolidated assets, as well as risks associated with the component. A combination of full scope audits, audits of specific classes of transactions, account balances or disclosures and specified procedures were performed.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls and the industry in which the group operates.

The group consists of thirty-nine components. Based on our assessment, we identified eight significant components, which were selected based on their size or risk characteristic, for which full scope audits were performed.

We subjected ten components to audits of specific classes of transactions, account balances and disclosures due to the potential for the impact on the significant accounts in the consolidated financial statements either because of the size of these accounts or their risk profile.

In order to obtain sufficient and appropriate audit evidence in respect of the remaining components, the group engagement team performed substantive analytical review procedures in respect of their financial information, to determine whether further risks of material misstatements existed in those components.

We sent detailed audit instructions to all component auditors, covering the significant areas and the information required to be reported to us. Based on our risk assessment, we determine the level of involvement in component audits. We reviewed key working papers and conclusions. We communicated regularly with the component auditors during various stages of the audit.

Material uncertainty related to going concern

We draw attention to note 2 in the consolidated financial statements, which indicates that as at 28 February 2025 the group's current liabilities exceeded its current assets by R1 302 million (2024: R1 136 million), and as of that date, the group had an accumulated loss of R1 062 million (2024: R1 193 million). As stated in note 2, these events or conditions, along with other matters as set forth in note 2, 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

In terms of the EAR Rule, we have evaluated management's assessment of the group's ability to continue as a going concern as follows:

In auditing the consolidated financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Obtained the cash flow forecast model prepared by management;
- Confirmed our understanding of management's going concern and forecasting process and engaged with management to assess whether all relevant assumptions were considered;
- Tested the integrity of management's going concern model by assessing whether the forecasts were consistent with the approved budget, and with other areas of the audit, such as the goodwill impairment assessment and the assessment of guarantees and contingent liabilities;
- Challenged the key assumptions included in the forecasts, including assessing the reasonability of management's restructuring plan and strategy to mitigate the short-term liquidity risk;
- Performed a sensitivity analysis on management's cash flow forecasts and considered the likelihood of events arising that could erode the group's liquidity within the forecast period;
- Evaluated management's historical forecasting accuracy by comparing past estimates of results to actual results and evaluated the assumptions based on our knowledge of the group and its related industry;

- Reviewed the borrowing facilities and funding arrangements of the group, as well as correspondence relating to the capital repayment profile of the loan, which includes the extension of repayment terms;
- Assessed the performance of the group after the year-end and compared it to the board approved forecast;
- Assessed the assumption that management's assessment is performed on the basis of continuing operations only;
- Reviewed any significant events subsequent to year-end impacting liquidity and assessing the impact on available cash flow; and
- Evaluated the appropriateness of the going concern disclosures in the financial statements against the requirements of IAS 1, Presentation of financial statements, considering our expectations based on the outcome of the audit procedures we have performed.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined that matters described in below to be the key audit matters to be communicated in our report.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below:

Matter #01	Valuation of goodwill (note 12)
Description of the key audit matter	<p>Included in the consolidated financial statements as disclosed in Note 12 is goodwill comprising 5,35% (2024: 5,33%) of total assets in the group.</p> <p>As required by IAS 36: Impairment of Assets, goodwill is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating units (CGUs) to which the goodwill relates. The recoverable amount is determined as the value-in-use of each cash-generating unit by estimating the expected future cash flows in each unit and determining a suitable discount rate in order to calculate the present value of those cash flows.</p> <p>There are a number of assumptions made in determining inputs into this model which include:</p> <ul style="list-style-type: none"> — Future revenue — Operating margins — Interest rates — Discount rates applied to projected future cash flows <p>The complexity of these assumptions is mainly due to varying industry disciplines within the group which differ in nature, contract execution, as well as the difficulties faced by the construction industry.</p> <p>The impairment tests performed on goodwill is considered to be a key audit matter due to the extent of judgement and estimation involved, as noted above.</p>
How we addressed the key audit matter	<p>As part of our audit approach, we performed the following procedures:</p> <ul style="list-style-type: none"> — With the assistance of our valuation experts we critically assessed whether the model used by directors to calculate the value in use of the individual CGUs complied with the requirements of IAS 36; — Assessed the assumptions used to calculate discount rates and growth rate by comparing these to market rates and recalculating these rates; — Subjected discount growth rate assumption to sensitivity analysis and assessed the headroom available to the goodwill; — Assessed the reasonability of forecast assumptions by, comparing actual results for 2025 to budgets and obtaining from management reasons for deviation; — Corroborated explanations obtained from management above with supporting documentation where appropriate; and — Assessed the adequacy of the disclosures with regard to goodwill in the consolidated financial statements in terms of the disclosure requirements of IAS 36. <p>Based on our procedures performed, we considered management's impairment of goodwill assessment acceptable and adequately disclosed in note 12 of the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT CONTINUED

Matter #02	Recognition of contract revenue and the valuation of contracts in progress, excess billings over work done and contract provisions (note 3, 15, 22)
Description of the key audit matter	<p>The industry in which the group operates is characterised by contract risk with significant judgement involved in the assessment of both current and future financial performance. A significant amount of management estimation and judgement is required in order to report the performance of each contract for each period accurately.</p> <p>Revenue and costs are recognised based on the stage of completion of individual contracts, calculated as the proportion of total costs at reporting date compared to the estimated total costs of contracts. Anticipated losses to completion are immediately recognised as an expense in contract costs.</p> <p>The status of contracts is updated on a regular basis. In doing so the directors are required to exercise judgement in assessing:</p> <ul style="list-style-type: none"> — the valuation of contract variations and claims; — liquidated damages; — the completeness and accuracy of forecasted costs to complete; and — the ability to deliver contracts within forecasted timescales. <p>Judgement is also applied with respect to the recognition and measurement of contracts in progress and excess billings over work done.</p> <p>The potential final contract values can cover a wide range of outcomes. The recognition of contract revenue and the valuation of contracts in progress, excess billings over work done, and contract provisions is considered a key audit matter, as a result of the significant judgements involved.</p>
How we addressed the key audit matter	<p>Our work performed included, but was not limited to:</p> <ul style="list-style-type: none"> — Considering the appropriateness of the group's revenue recognition policy and the adequacy of the disclosures relating to contracts; — Gaining an understanding of the performance and status of contracts through enquiry from management and contract directors; — Assessing the design and implementation of key controls over recognition of contract revenue including tests to determine whether these controls operated effectively throughout the period; — Verifying the completeness of revenue, for a sample of contracts, by inspecting signed Quantity Surveyor Certificates and agreeing differences to source documents; — Analysing estimates for total forecast revenue, costs and profit to complete through inspection of contract documentation; — Assessing the recoverability and completeness of contracts in progress and excess billings over work done with reference to events subsequent to year-end; — Attending cost meetings (contract review meetings) where contract performance for the year was discussed. This enabled us to gain assurance over the identification of potential onerous contracts at the year end to test the operation of management control over the contracts in progress; — Reviewing legal and contentious matters to assess whether a contingent asset or contingent liability exists, including assessing the likelihood of future outflow; — Assessing the competence, capabilities and objectivity of management's legal experts, engineering experts and quantity surveyors through inspection of their qualifications, professional memberships and obtaining an understanding of their work; and — Assessing the reasonability of the contract cost provisions and onerous contract provisions by critically evaluating management's judgement and calculations. <p>Based on our procedures performed, we did not identify any evidence of material misstatement in the recognition of contract revenue and the valuation of contracts in progress, excess billings over work done and contract provision as at 28 February 2025.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Stefanutti Stocks Group Consolidated Annual Financial Statements for the year ended 28 February 2025" which includes the Directors' report as required by the Companies Act of South Africa as well as Audit, Governance and Risk Committee's report and the Company Secretary's Certificate.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Forvis Mazars has been the auditor of Stefanutti Stocks Holdings Limited and its subsidiaries for 19 years.



Forvis Mazars
Partner: Yusuf Dockrat
Registered Auditor

18 June 2025
Johannesburg

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 28/29 February

	Note	2025 R'000	2024 R'000
CONTINUING OPERATIONS			
Contract revenue	3	7 657 091	7 084 226
Other income	4	74 700	75 095
Operating expenses		(7 226 970)	(6 904 962)
Net expected credit losses	15, 16, 27	(76 536)	15 888
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	4	428 285	270 247
Depreciation	9	(90 686)	(57 758)
Fair value adjustments	7.3	(1 965)	(2 743)
Impairment of assets	10	(2 264)	—
Operating profit before investment income		333 370	209 746
Investment income	5	49 774	43 591
Share of losses of equity-accounted investees	10	(2 904)	(2 030)
Operating profit before finance costs		380 240	251 307
Finance costs	5	(126 606)	(150 822)
Profit before taxation		253 634	100 485
Taxation	6	(44 633)	(74 346)
Profit for the year		209 001	26 139
Loss after tax for the year from discontinued operations	7.2	(77 547)	(10 253)
Profit for the year		131 454	15 886
Other comprehensive income		(68 002)	(3 386)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))			
— Continuing operations		(48 385)	13 024
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))			
— Discontinued operations	7.2	(15 962)	6 874
Impairment losses recognised on re-valued assets (may not be reclassified to profit/(loss))			
— Continuing operations	9, 13	(3 655)	—
Reclassification of foreign currency translation reserve on deregistration of foreign operations			
— Continuing operations		—	(23 284)
Total comprehensive income		63 452	12 500
Profit attributable to equity holders of the company			
Continuing operations		209 001	26 139
Discontinued operations		(77 547)	(10 253)
		131 454	15 886
Total comprehensive income attributable to equity holders of the company			
Continuing operations		156 961	15 879
Discontinued operations		(93 509)	(3 379)
		63 452	12 500
Earnings per share (cents)			
Continuing operations	8	124,97	15,63
Discontinued operations	7.2	(46,37)	(6,13)
Total operations	8	78,60	9,50
Diluted earnings per share (cents)			
Continuing operations	8	119,66	15,63
Discontinued operations	7.2	(46,37)*	(6,13)
Total operations	8	75,26	9,50

* Limited to EPS due to being anti-dilutive.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28/29 February

	Note	2025 R'000	2024 R'000
ASSETS			
Non-current assets		1 334 992	1 008 977
Property, plant and equipment	9	865 226	528 666
Equity-accounted investees	10	8 861	24 862
Goodwill	12	272 376	272 376
Trade and other receivables	16	9 605	9 531
Deferred tax assets	13	178 924	173 542
Current assets		3 003 075	3 423 906
Inventories	14	46 561	46 295
Contracts in progress	15	594 747	535 792
Trade and other receivables	16	1 762 013	1 998 873
Taxation		106 172	88 122
Bank balances	17	493 582	754 824
Non-current assets held for sale and disposal groups	7.1	756 558	675 488
Total assets		5 094 625	5 108 371
EQUITY AND LIABILITIES			
Capital and reserves		16 311	(51 703)
Share capital and premium	18	1 007 718	1 007 718
Other reserves	18	70 458	133 898
Accumulated loss		(1 061 865)	(1 193 319)
Non-current liabilities		236 598	188 578
Financial liabilities	20	214 598	149 312
Excess billings over work done	15	22 000	39 266
Current liabilities		4 305 540	4 559 663
Financial liabilities	20	1 022 885	1 059 014
Trade and other payables	21	1 091 620	1 238 928
Excess billings over work done	15	1 174 711	1 225 326
Provisions	22	928 789	966 073
Taxation		63 906	70 319
Bank balances	17	23 629	3
Liabilities directly associated with disposal groups	7.1	536 176	411 833
Total equity and liabilities		5 094 625	5 108 371

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28/29 February

	OTHER RESERVES						Total equity R'000
	Share capital and premium R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Revaluation surplus reserve R'000	Reserves of disposal groups held for sale R'000	Accumulated loss R'000	
Balance at 28 February 2023	1 007 718	29 354	—	20 039	85 730	(1 209 205)	(66 364)
Forfeitable share awards	—	—	2 161	—	—	—	2 161
Total comprehensive income	—	(10 260)	—	—	6 874	15 886	12 500
Profit for the year	—	—	—	—	—	15 886	15 886
Other comprehensive income	—	(10 260)	—	—	6 874	—	(3 386)
Balance at 29 February 2024	1 007 718	19 094	2 161	20 039	92 604	(1 193 319)	(51 703)
Forfeitable share awards	—	—	4 562	—	—	—	4 562
Total comprehensive income	—	(48 385)	—	(3 655)	(15 962)	131 454	63 452
Profit for the year	—	—	—	—	—	131 454	131 454
Other comprehensive income	—	(48 385)	—	(3 655)	(15 962)	—	(68 002)
Balance at 28 February 2025	1 007 718	(29 291)	6 723	16 384	76 642	(1 061 865)	16 311
	Note 18	Note 18	Note 18/19	Note 18	Note 7/18		

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28/29 February

	Note	2025 R'000	2024 R'000
Cash flows from operating activities		210 526	148 886
Cash generated from operations	23.1	402 808	321 946
Investment income	5, 7	49 507	42 825
Finance costs	5, 7	(163 369)	(162 668)
Dividends received	10	13 365	9 563
Taxation paid	23.2	(91 785)	(62 780)
Cash flows from investing activities		(135 189)	67 301
Proceeds received — Property, plant and equipment	7, 9	16 365	42 986
Expenditure for maintaining — Property, plant and equipment	7, 9	(149 341)	(37 040)
Advances to equity-accounted investees	10	(3 142)	(3 158)
Proceeds on disposal of equity-accounted investee		929	4 418
Proceeds on disposal of AI Tayer Stocks LLC	16	—	60 095
Cash flows from financing activities		(297 977)	(226 026)
Repayment of long-term financing	23.3	(284 430)	(216 050)
Repayment of short-term financing	23.3	(9 909)	(9 976)
Open market purchase of shares	19	(3 638)	—
Net decrease in cash for the year		(222 640)	(9 839)
Cash at the beginning of the year — continuing operations		754 821	560 562
Cash at the beginning of the year — discontinued operations	7	(40 837)	156 264
Less: Cash at the end of the year — discontinued operations	7	(16 814)	40 837
Effect of exchange rate changes on cash and cash equivalents		(4 577)	6 997
Cash and cash equivalents at the end of the year — continuing operations	17	469 953	754 821

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February

1. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of consolidated annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities and assets. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events and are believed to be reasonable under the circumstances. Actual results may differ from the estimates made by management.

MATERIALITY STATEMENT

The group prepared a materiality statement as guided by IFRS Practice Statement 2 — Making Materiality Judgements which was approved by the Audit, Governance and Risk Committee (ARCO). This document guided the preparers in assessing materiality when preparing the annual financial statements and applying judgement. The materiality statement covered both quantitative and qualitative factors such as the going concern considerations, industry conditions and disruptive events and items regulated by statutory requirements.

In the process of applying the group's accounting policies, the directors have made the following estimates and judgements that have the most significant effects on the amounts recognised and disclosed in the annual financial statements:

REVENUE FROM CONTRACTS WITH CUSTOMERS (NOTE 3)

Revenue is recognised over time as the group transfers control of goods and services to the customer whilst enhancing an asset controlled by the customer. The output method is followed in measuring the progress towards satisfaction of the performance obligations. Revenue is measured with reference to surveys of work performed. When the surveys of work performed cannot be determined reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Surveys of work performed are deemed to be the best output method, as these surveys are firstly performed internally and then approved and re-performed by an external surveyor of the client. When management estimates, based on the cost of work performed to date in relation to the total work to be performed, that the total costs to be incurred to complete a contract will be in excess of the estimated total revenue from the contract, the full expected loss to be incurred is recognised immediately or any penalties arising from failure to fulfil it, whichever is the least net cost.

Certain contracts include penalty provisions, claims and a change of scope of work to be performed which constitutes variable consideration. Variable consideration is measured either at the most likely outcome method or expected value method and is considered at each reporting date. The most appropriate method is selected for each contract and applied consistently throughout the contract term. In most instances the most likely outcome method is used as there are only a few possible outcomes.

In certain instances, the group receives advance payments when starting on a contract as part of the negotiated price. The group concluded that there is a significant financing component for those contracts where the client elects to pay in advance, other than advance payments received and utilised within 12 months. The financing component is calculated based on the length of time between the client's payment and the transfer of goods and services over time, relating to the advance payment received. This financing component is recognised in profit or loss as finance costs as it is incurred. An appropriate interest rate is applied, which reflects the separate financing transaction between the group and the client.

NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS (NOTE 7)

Certain land and buildings, 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. The group had to apply judgment in assessing whether the assets and discontinued operations meet the criteria to be classified as held for sale at reporting date.

The below was considered:

- Whether the assets and operations were available for immediate sale and can be sold to a buyer in their current condition;
- Whether the actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- Whether a potential buyer has been identified and negotiations as at the reporting date are at an advanced stage; and
- Whether shareholder approval was obtained where required.

Due to current market conditions, the disposal of these assets is taking longer than anticipated. The group remains committed to the sale processes as envisaged in the Restructuring Plan.

Valuations

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amounts or fair value less costs to sell at the time of the reclassification and at each reporting period. The group uses judgement to determine the fair value hierarchy of classes of assets and liabilities and in selecting the most appropriate valuation methods. The group takes into consideration the circumstances under which valuations are performed and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

1. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS CONTINUED

For discontinued operations, the group is responsible for identifying, assessing and selecting an appropriate independent valuation method to determine the fair value of the operations. This valuation involves a combination of asset-based, comparable company and transaction analysis and present value techniques. This includes an assessment of the underlying assets and liabilities, comparing the performance of the respective businesses relative to their peers and other transactions completed in the market to determine the current state of the market, and an estimate of future cash flows discounted at an appropriate discount rate. These estimates are adjusted based on assumptions about possible variations in the amount and timing of the cash flows, a risk premium for uncertainty inherent in the cash flows and other factors. Refer to note 7.2 and the directors report on page 8.

For non-current assets held for sale, the fair value for land and buildings was determined using the Income Capitalisation Method or the Direct Comparable Sales Method. These entail the use of a range of market capitalisation rates and income/expenditure ratios. The fair values for plant and equipment is determined using the comparable sales method. This entails the use of quoted prices for identical or similar assets in the market. This method of valuation is best suited for these types of assets. Refer to note 7.3.

For more details on the non-current assets held for sale, discontinued operations and disposal groups, refer to note 7.

PROPERTY, PLANT AND EQUIPMENT (NOTE 9)

Valuations

Valuations are performed generally every five years to ensure that the fair value of the revalued assets do not differ materially from its carrying amount.

A valuation was performed on 28 February 2022 by accredited independent valuers. Properties were valued by either applying the Comparable Sales Method or Income Capitalisation Method. To determine which method would be the most appropriate for each property, cognisance was taken of the following relevant to each property: Each property's general uniqueness, durability, proximity of location, relatively "limited" supply, and the specific utility of a given site.

The Income Capitalisation Method of valuation entails the determination of the Net Annual Income for the property, which is then capitalised at an appropriate market related capitalisation rate. This method of valuation is best suited for income-producing properties.

The Comparable Sales Method approach entails the identification, analysis and application of recent comparable sales involving physically and legally similar units in the general proximity of the property to be valued. This method of valuation is best suited for non-income producing properties. This valuation included a review of title deed information, town planning conditions, property descriptions and improvements as well as locality. Market conditions and demand, comparable sales and vacant land values were also taken into consideration. Refer note 27.

Useful lives

The useful life of an asset is the period over which the group expects to utilise the benefits embodied in the assets, and not necessarily the asset's economic life. Useful lives of assets are reviewed annually. The group uses the following indicators to determine useful life:

- Expected usage of assets
- Expected physical wear and tear
- Technical and commercial obsolescence

For detail on the estimated useful lives assigned to the categories of Property, Plant and Equipment (owned and instalment sales), refer to accounting policy 4.

Residual values

An estimate is made of the amount the group would expect to receive currently for the asset, if the asset was already of the age and condition expected at the end of its useful life. These residual values of property, plant and equipment are reviewed annually, by comparing it to the disposal value of comparative assets in the market.

IMPAIRMENT OF ASSETS

Property, plant and equipment (note 9)

Management assesses changes in interest rates, currency exchange rates as well as the state of affairs in the construction sector, as indicators that impairment testing may need to be performed.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

1. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS CONTINUED

Goodwill (note 12)

Goodwill is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates. The recoverable amount is determined as the value in use of each cash-generating unit by estimating the expected future cash flows in each unit and determining a suitable discount rate in order to calculate the present value of those cash flows.

Each year, management employs the following process in assessing the recoverability of goodwill, which begins with the budgeting process as one of its base inputs. The budgets, upon which the impairment tests are based, go through an internal vetting and approval process which covers the budget and strategic planning process for the coming four years.

Budgets are zero based each year, and through the vetting process are tested for sensibility given the strategic intent and capabilities of the operations within the group. The Executive Committee and Board are part of this process, who ultimately approve these budgets.

Management believes the zero-based budgeting process is best suited to the assessment of the recoverability of goodwill as it addresses the complexities of the construction environment, such as the fact that the construction industry is not static, nor is it repetitive.

The varying industry disciplines within the group which differ in nature, as well as in contract execution, adds to this complexity. During the approval process, the past experience and knowledge of the Executive Committee and Board are applied to further temper the budgets and inputs to the process.

Provision for expected credit losses (ECLs) of contracts in progress and trade and other receivables (note 15, 16, 27)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 27.

Included within the loss allowance is specific provisions which relates to specific clients who are showing signs of default, such as delayed payments and liquidity pressures.

JOINT OPERATIONS AND JOINT VENTURES (NOTE 11)

Management assesses whether a joint arrangement must be classified as a joint operation or joint venture. This assessment depends on whether the joint arrangement has rights to the assets, and obligations for the liabilities, relating to the arrangement. The group recognises its investments as joint operations when the operations are performed through unincorporated arrangements such as partnerships and contracts, and the group has rights to the assets, and obligations for the liabilities. For incorporated arrangements, where a partnership is administered through a separate vehicle, management assesses whether the contractual arrangement provides the parties to the joint arrangement with rights to the assets, and obligations for the liabilities, relating to the arrangement, and not the separate vehicle. In such instances, the investment is recognised as a joint operation. In determining the classification of joint arrangements, management considered the contractual agreements with respect to sharing control and whether parties are jointly and severally liable for the joint arrangement's rights and obligations. Other investments are recognised as joint ventures when the group only has rights to the net assets of the arrangement.

TAXATION (NOTE 6, 13)

Management assesses the extent to which it is probable that taxable profit will be available against which deductible temporary differences can be utilised, also taking into account that the utilisation of an accumulated assessed loss is limited to the higher of R1 million or 80% of the taxable income in the year of assessment, with the remaining assessed loss balance to be utilised in subsequent years of assessment. All companies with recognised deferred tax asset balances are currently trading and are expected to make profits which will enable them to recover the deferred tax assets. The South African trading entity will further recover its deferred tax asset by the implementation of the Restructuring Plan, which will include the sale of non-core assets, underutilised plant and equipment and a favourable outcome on contractual claims and compensation events on certain projects.

The group is subject to income taxes in numerous jurisdictions and the calculation of the group's tax charge and worldwide provisions for income taxes naturally involves a degree of estimation and judgement. There are transactions and tax computations for which the ultimate tax treatment or result is uncertain, or in respect of which the relevant tax authorities may or could indicate disagreement with the group's treatment and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority.

The group applies judgements in identifying uncertainties with regards to income tax treatments. The group is of the opinion that it is more probable than not that the treatment of its taxes will be accepted by the relevant tax authorities. The group recognises liabilities for tax based on estimates of whether additional taxes will be due after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the reporting period in which such determination is made.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

1. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS CONTINUED

Use and sales rate

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate of 21,6% (2024: 21,6%) is used for South African assets, and foreign tax rates for foreign entities.

If the expected manner of recovery is through use, the normal tax rate of 27% (2024: 27%) is applied for South African assets and foreign tax rates for foreign entities.

If the manner of recovery is partly through use and partly through sale, a combination of capital gains tax rate and normal tax rate is used.

PROVISIONS (NOTE 22)

Provisions are raised when deemed necessary by management and an estimate of expected outflows is made based on the information available at the time.

Warranty provisions	Warranty provisions are recognised for expected warranty claims, based on past experience. Estimates are made of the anticipated time, materials and subcontractor involvement required to honour the warranty.
Contract-related provisions	Contract-related provisions represent the estimated amounts relating to incurred obligations to third party suppliers. Management estimates these amounts based on the expected cash outflows required to settle its obligations to suppliers.
	Onerous contracts
	A specific provision made for onerous contracts, in instances in which the unavoidable costs of meeting obligations under the contract exceed the economic benefits expected to be received under it. The present obligation under the contract is recognised and measured as a provision.

OPERATING SEGMENTS (NOTE 24)

The group uses judgement in applying the aggregation criteria for purposes of identifying its operating segments. Segment reporting is done in a manner consistent with the internal reporting provided to the chief operating decision maker being the Executive Committee, with reportable operating segments being reported at regional level. Segments are managed at regional level and can be further broken down into disciplines. Disciplines which are similar in nature and function and operate within a similar geographic area are aggregated and managed by the same managing director to form these regions.

CONTINGENT LIABILITIES AND ASSETS (NOTE 26)

Management may assess and determine, based on expert advice received from time to time, whether an item is a contingent or actual liability or asset. For legal activities where no legal action has been taken/made, management has assessed the likelihood of a future cash outflow/inflow to be remote and no contingent liabilities or assets have been recognised. For instances where legal action has been taken and the outcomes of the processes remains uncertain, a contingent liability or asset is disclosed in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

2. GOING CONCERN

RESTRUCTURING PLAN UPDATE

The group hereby provides shareholders with an update on the Restructuring Plan as reported in the Reviewed Condensed Consolidated Results for the 12 months ended 28 February 2025, issued on 27 May 2025 and the SENS announcement issued on 29 May 2025.

The following aspects of the Restructuring Plan remain outstanding:

- concluding the disposal of SS-Construções (Moçambique) Limitada and Stefanutti Stocks Construction Limited (the disposal group);
- reaching a favourable outcome from the processes relating to the contractual claims on the Kusile power project;
- concluding the repayment terms with respect to the settlement reached relating to the Kalabo-Sikongo-Angola border gate road in the Western Province of Zambia (Kalabo settlement); and
- an evaluation of the company's capital structure, including the potential of raising new equity.

The group reached agreement with the Lenders to extend the capital repayment profile of the loan as well as its duration to 30 June 2026. Capital repayments of R148 million were made during the year reducing the loan to R849 million (Feb 2024: R997 million), with a reduction in interest paid to R115 million (Feb 2024: R134 million).

The loan bears interest at prime plus 5,1%, 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 sharing and general undertakings.

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

The Restructuring Plan is anticipated to be implemented over the period to June 2026 and the group will continue to update shareholders on the progress of the various aspects of the Restructuring Plan.

GOING CONCERN

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

- the current order book;
- short-term potential awards;
- identified prospects over the medium- and long-term;
- continuing operations executing the group's order book profitably;
- reaching a favourable outcome on contractual claims on the Kusile power project;
- continued support from the Lenders; and
- successfully implementing the remaining aspects of the Restructuring Plan.

The loan provided by the Lenders has assisted with the group's liquidity, even though at 28 February 2025 the group's current liabilities exceed its current assets by R1 302 million (Feb 2024: R1 136 million) and as of that date, had an accumulated loss of R1 062 million (Feb 2024: R1 193 million). The matters as noted above including uncertainties surrounding the contingent liabilities as stated in note 26, continue to indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern, and as a consequence could impact on the group's ability to realise its assets and discharge its liabilities in the ordinary course of business.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

3.1 CONTRACT REVENUE

	2025 R'000	2024 R'000
Within South Africa	5 979 911	4 729 043
Outside South Africa	1 677 180	2 355 183
Total contract revenue	7 657 091	7 084 226

3.2 DISAGGREGATED CONTRACT REVENUE

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

	Inland ^ Region R'000	Coastal Region R'000	Western Cape Region R'000	Africa Region R'000	Total R'000
2025					
Geographical					
Within South Africa	3 137 958	1 959 661	882 292	—	5 979 911
Outside South Africa	197 961	—	—	1 479 219	1 677 180
	3 335 919	1 959 661	882 292	1 479 219	7 657 091
Sector					
Private	3 190 818	1 278 592	357 589	931 191	5 758 190
Public	145 101	681 069	524 703	548 028	1 898 901
	3 335 919	1 959 661	882 292	1 479 219	7 657 091
2024					
Geographical					
Within South Africa	2 375 915	1 213 053	1 140 075	—	4 729 043
Outside South Africa	716 614	1 722	—	1 636 847	2 355 183
	3 092 529	1 214 775	1 140 075	1 636 847	7 084 226
Sector					
Private	2 941 593	572 041	837 914	975 724	5 327 272
Public	150 936	642 734	302 161	661 123	1 756 954
	3 092 529	1 214 775	1 140 075	1 636 847	7 084 226

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

There was no revenue recognised at a point in time in the current year (2024: R4 million from one group company, based in South Africa, in the private sector and cannot be further disaggregated).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

3. REVENUE FROM CONTRACTS WITH CUSTOMERS CONTINUED

	Inland Region R'000	Coastal Region R'000	Western Cape Region R'000	Africa Region R'000	Total R'000
2025					
Disciplines					
Building	—	701 447	459 729	787 440	1 948 616
Civils and Geotechnical	1 079 635	571 378	420 168	386 769	2 457 950
Mechanical Electrical Piping	624 371	—	—	—	624 371
Mining	156 546	—	—	89 012	245 558
Roads and Earthworks	1 475 367	686 836	2 395	215 998	2 380 596
	3 335 919	1 959 661	882 292	1 479 219	7 657 091
2024					
Disciplines					
Building	21 974	394 494	868 679	1 339 139	2 624 286
Civils and Geotechnical	1 598 801	814 842	271 396	179 072	2 864 111
Mechanical Electrical Piping	762 792	—	—	—	762 792
Mining	189 248	—	—	—	189 248
Roads and Earthworks	519 714	5 439	—	118 636	643 789
	3 092 529	1 214 775	1 140 075	1 636 847	7 084 226

The group's broad spectrum of expertise is summarised as follows:

- Building — consist of building projects specialising in the Industrial and Commercial sectors including one-stop design and build of cold room facilities and the complete data centre offering encompassing Civil Structural Architectural (CSA), Mechanical Electrical Piping (MEP), 3D modelling, etc.).
- Civils and Geotechnical — includes the Structural Rehabilitation and Water sectors and lateral support and piling.
- Mechanical Electrical Piping — consists of Electrical & Instrumentation (including the design and build of electrical step-down facilities), Mechanical (including industry-leading, turnkey dirty water clarification solutions) and Oil & Gas (including in-house pipe-spool fabrication and bulk tank construction).
- Mining — consists of materials handling and tailings management.
- Roads and Earthworks — consists of Roads, Earthworks and Mining infrastructure and Renewable Energy infrastructure (including both civil and electrical balance of plant projects).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

3. REVENUE FROM CONTRACTS WITH CUSTOMERS CONTINUED

3.3 TRANSACTION PRICE ALLOCATED TO REMAINING PERFORMANCE OBLIGATIONS

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	Inland Region R'000	Coastal Region R'000	Western Cape Region R'000	Africa Region R'000	Total R'000
2025					
Shorter than 12 months	2 452 329	1 242 335	945 461	462 827	5 102 952
Longer than 12 months	673 825	381 534	1 758 188	370 000	3 183 547
	3 126 154	1 623 869	2 703 649	832 827	8 286 499
2024					
Shorter than 12 months	1 689 983	1 610 501	600 817	1 184 713	5 086 014
Longer than 12 months	485 534	622 508	140 088	493 000	1 741 130
	2 175 517	2 233 009	740 905	1 677 713	6 827 144

The remaining performance obligations are expected to realise as indicated. Performance obligations longer than 12 months mostly relate to long-term contracts (between one to two years).

Significant long-term contracts include the DRD Gold Tailings Storage Facility, Ummbila Emoyeni Wind Farm and the upgrade and extension of Macassar Waste Water Treatment Works.

3.4 CONTRACT BALANCES

	2025 R'000	2024 R'000
Contract in progress (note 15)	594 747	535 792
Excess billings over work done (note 15)	1 196 711	1 264 592
Trade receivables (note 16)	1 337 830	1 225 637

Contracts in progress are recognised for revenue earned from construction related services and is conditional on certification and invoicing of work performed. Upon certification and invoicing, the amounts recognised as contracts in progress are reclassified to trade receivables. The increase in contracts in progress predominantly relates to a specific project linked to milestone invoicing. The expected credit losses provided for on contracts in progress amounted to R1,0 million (Feb 2024: R0,7 million) (note 15).

Excess billings over work done include long and short-term advances received from clients to deliver construction related services. The movement in this value is dependent on the terms of contracts agreed with clients (note 15).

Trade receivables are generally on terms of 60 days and interest is charged as per agreements with individual clients. The value of trade receivables increased mainly due to the increase in trading activity. The expected credit losses provided for on trade receivables amounted to R190 million (Feb 2024: R121 million) (note 16) and includes a specific provision for the Kalabo settlement of R109 million.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

4. OTHER INCOME AND EBITDA

4.1 OTHER INCOME

	2025 R'000	2024 R'000
Net profit on disposal of property, plant and equipment (note 9)	3 943	10 308
Net gain on disposal of non-current assets held for sale (note 7)	639	8 972
Net profit on foreign exchange rate movements (note 23.1)	49 523	44 915
Project management fee	20 445	10 209
Other income	150	691
	74 700	75 095

4.2 EBITDA

	2025 R'000	2024 R'000
Included in these expenses are:		
Auditors remuneration	12 531	13 230
— Audit services	12 119	12 673
— Non-audit services	412	557
Employee costs	2 043 614	1 681 334
— Short-term employee benefit costs	1 920 355	1 569 743
— Post-employment benefit costs	116 470	100 284
— Forfeitable Share Plan costs (note 19)	6 272	2 695
— Retrenchment cost	517	8 612
Expenses relating to leases	67 019	26 407
— Short-term lease (leases less than 12 months)	66 308	26 040
— Low value assets (assets with a new cost of R250 000 and less)	711	367
Restructuring costs	28 212	43 497
Withholding taxes written-off (note 23.1)	41 114	18 853

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

5. INVESTMENT INCOME AND FINANCE COSTS

5.1 INVESTMENT INCOME

	2025 R'000	2024 R'000
Investment income from financial instruments held at amortised cost:		
— Bank accounts	46 124	40 840
— Trade receivables	1 922	16
— Other	1 728	2 735
	49 774	43 591

5.2 FINANCE COSTS

	2025 R'000	2024 R'000
Finance costs from financial instruments held at amortised cost:		
— Bank overdrafts and bonds	2 502	2 701
— Advance payments received (note 15)	—	485
— Financing agreements (insurance, etc.) (note 20)	1 068	938
— Instalment sales (note 20)	18 375	2 185
— Lease liabilities (note 20)	7 026	5 002
— Settlement — City of Cape Town (note 20)	1 323	1 950
— Loan (note 20)	114 955	133 993
— Voluntary Rebuild Programme (note 20)	2 665	3 485
— Trade payables	27	43
Other interest — South African Revenue Services	173	40
Other interest — Reversal of interest relating to foreign tax authority	(21 508)	—
	126 606	150 822

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

6. TAXATION

6.1 TAXATION

	2025			2024		
	Local R'000	Foreign R'000	Total R'000	Local R'000	Foreign R'000	Total R'000
Current tax	15 911	40 637	56 548	5 450	19 339	24 789
— Current year	12 879	57 910	70 789	5 423	19 535	24 958
— Under/(over) provision previous year	3 032	(17 273)	(14 241)	27	(196)	(169)
Deferred tax (note 13)	(2 789)	(10 449)	(13 238)	39 168	10 389	49 557
— Current year	2 109	1 332	3 441	35 559	14 295	49 854
— (Over)/under provision previous year	(4 898)	(11 781)	(16 679)	3 609	(3 906)	(297)
Withholding taxes — Dividend	—	1 323	1 323	—	—	—
Taxation	13 122	31 511	44 633	44 618	29 728	74 346

6.2 RECONCILIATION OF TAX CHARGE

	2025 R'000	2024 R'000
Tax at 27% (2024: 27%) on profit before taxation	68 481	27 131
Adjusted for:		
Disallowable expenditure:		
— Deemed interest	1 077	1 467
— Professional and legal fees	469	1 012
— Impairment of equity-accounted investees (note 10)	498	—
— Impairment of loans	34 517	17 074
— Penalties and fines	2 065	4 324
— Listing costs	1 853	546
— Withholding taxes (note 4)	10 767	5 416
— Net losses from equity-accounted investees (note 10)	796	733
— Foreign exchange transactions	2 508	—
— Other	378	1 633
Exempt income:		
— Foreign exchange transactions	—	(7 231)
— Reversal of interest previously not deducted	(6 775)	—
Other:		
Change in tax rate	(77)	—
Deferred tax asset not raised on losses	14 617	13 934
Deferred tax asset raised on losses	(34 575)	—
Foreign tax rate differential	(9 420)	11 226
Learnership allowances	(507)	(799)
Capital gain tax differential	(164)	(144)
Tax losses utilised	(12 278)	(1 510)
Overprovision previous year (note 6.1)	(30 920)	(466)
Withholdings taxes — Dividend (note 6.1)	1 323	—
Effective tax	44 633	74 346

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

7. NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

Certain land and buildings, underutilised plant and equipment and the disposal group have been earmarked for sale and accordingly have been reclassified in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Due to current market conditions, the disposal of these assets is taking longer than anticipated. The group remains committed to the sale processes as envisaged in the Restructuring Plan.

7.1 RECONCILIATION OF THE CARRYING VALUE OF NON-CURRENT ASSETS HELD FOR SALE

	2025 R'000	2024 R'000
Non-current assets held for sale and disposal groups		
Disposal groups (note 7.2)	728 131	656 438
Property, plant and equipment (note 7.3)	28 427	19 050
	756 558	675 488
Liabilities directly associated with disposal groups		
Disposal groups (note 7.2)	536 176	411 833

7.2 DISCONTINUED OPERATIONS AND DISPOSAL GROUPS

On 22 November 2022 shareholders approved the disposal of SS-Construções (Moçambique) Limitada (SS Mozambique) and Stefanutti Stocks Construction Ltd (SS Construction) (collectively the Proposed Transaction) by the company's wholly owned subsidiaries, Stefanutti Stocks Mauritius Holdings Limited and Stefanutti Stocks International Holdings Proprietary Limited to CCG-Compass Consulting Group (Purchaser). The completion of the Proposed Transaction is subject to the fulfilment or waiver of certain conditions precedent, including that the Purchaser provides alternative security arrangements to release Stefanutti Stocks from its existing security arrangements. The parties have extended the period for fulfilment or waiver of the conditions precedent to 30 June 2025.

SS Mozambique holds an 80% interest in a Mauritian company, Stefanutti Stocks Hyvec Partners JV Limited (Hyvec JV), which was established to execute a contract that was awarded to construct villas for a resort in Mauritius (the Project). The Proposed Transaction envisaged that the group's interest in Hyvec JV would be (indirectly) transferred to the Purchaser. However, for various commercial reasons, the parties now intend for the 80% shareholding in Hyvec JV to be excluded from the Proposed Transaction. Consequently, the Hyvec JV has been included as part of continuing operations in the prior year, with the Project now in its final stages.

The construction sector has been negatively impacted by ongoing security concerns and political instability in northern Mozambique as well as the political unrest following disputed elections in December 2024. This has led to project delays and operational disruptions negatively impacting SS Mozambique's operations resulting in the group recognising a fair value adjustment of R51 million. Further to the above, the Purchaser is renegotiating various aspects of the agreement including the purchase price and payment terms. Shareholders will be updated accordingly in terms of the progress or changes to the Proposed Transaction.

Due to circumstances beyond the group's control, the classification of the disposal group as held for sale remains appropriate. SS Mozambique has been held for sale since August 2020.

The disposal group, managed by the Africa Region, reported a loss for the year of R78 million (Feb 2024: loss of R10 million) which includes a fair value adjustment of R51 million (Feb 2024: R74 million fair value adjustment reversal) and a foreign exchange loss of R5 million (Feb 2024: a profit of R5 million).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

7. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS CONTINUED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2025 R'000	2024 R'000
Discontinued operations		
Contract revenue	631 642	404 133
Other income	—	5 318
Operating expenses	(637 127)	(479 178)
Net expected credit loss	(89)	(2 408)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(5 574)	(72 135)
Fair value adjustment ^	(51 165)	73 721
Operating (loss)/profit before investment income	(56 739)	1 586
Investment income	2	141
Operating (loss)/profit before finance costs	(56 737)	1 727
Finance costs	(14 729)	(12 957)
Loss before taxation	(71 466)	(11 230)
Taxation	(6 081)	977
Loss for the year	(77 547)	(10 253)
Other comprehensive income		
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))	(15 962)	6 874
Total comprehensive income	(93 509)	(3 379)
Loss attributable to equity holders of the company	(77 547)	(10 253)
Total comprehensive income attributable to equity holders of the company	(93 509)	(3 379)
Earnings and diluted earnings per share (cents)	(46,37)*	(6,13)
Headline and diluted headline earnings per share (cents)	(15,77)*	(50,21)
The loss is arrived after taking into account the following:		
Employee benefits	(153 102)	(155 791)
Foreign exchange	(5 236)	5 126

^ The fair value adjustment relates to the (loss)/gain on the subsequent (decrease)/increase in fair value less costs to sell as required by IFRS 5.

* Diluted EPS and HEPS limited to EPS and HEPS due to being anti-dilutive as the discontinued operations made losses during the year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

7. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS CONTINUED

STATEMENT OF FINANCIAL POSITION

	2025 R'000	2024 R'000
Non-current assets	348 501	382 729
Property, plant and equipment	322 114	349 186
Deferred tax assets	26 387	33 543
Current assets	430 795	273 709
Inventories	117 714	123 922
Contracts in progress	121 927	50 167
Trade and other receivables	134 021	81 583
Taxation	1 211	1 966
Bank balances	55 922	16 071
	779 296	656 438
Less: Fair value adjustment	(51 165)	—
Total assets	728 131	656 438
Current liabilities	536 176	411 833
Financial liabilities	—	206
Trade and other payables	238 689	184 690
Excess billings over work done	228 164	142 964
Provisions	30 215	27 065
Bank balances	39 108	56 908
Total liabilities	536 176	411 833

NET CASH FLOWS FROM DISCONTINUED OPERATIONS

	2025 R'000	2024 R'000
Net cash movement from operating activities	55 693	(48 421)
Net cash movement from investing activities	3 500	(265)
Net cash movement from financing activities	(195)	(908)
Effects of exchange rate changes on cash and cash equivalents	(1 347)	553
Net movement in cash	57 651	(49 041)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

7. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS CONTINUED

HEADLINE EARNINGS RECONCILIATION

	2025 R'000	2024 R'000
Loss after taxation attributable to equity holders of the company	(77 547)	(10 253)
Fair value adjustment	51 165	(73 721)
Headline earnings	(26 382)	(83 974)
Number of weighted average shares in issue	167 243 684	167 243 684
Number of diluted average shares in issue	174 663 591	167 243 684
Headline earnings and diluted headline earnings per share (in cents) *	(15,77)	(50,21)

* Limited to HEPS due to being anti-dilutive.

DISAGGREGATED CONTRACT REVENUE

	2025 R'000	2024 R'000
Africa Region		
Geographical — Outside South Africa	631 642	404 133
Sector — Private	631 642	404 133
Discipline — Building	631 642	404 133

SEGMENT INFORMATION

	2025 R'000	2024 R'000
Africa Region		
Contract revenue	631 642	404 133
Net expected credit loss	(89)	(2 408)
Fair value adjustment	(51 165)	73 721
Operating (loss)/profit before investment income	(56 739)	1 586
Investment income	2	141
Finance cost	(14 729)	(12 957)
Taxation	(6 081)	977
Loss for the year	(77 547)	(10 253)
Total assets	728 131	656 438
Total liabilities	536 176	411 833

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

7. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS CONTINUED

7.3 NON-CURRENT ASSETS HELD FOR SALE

The following items of property, plant and equipment were classified as held for sale as the group is actively marketing these assets and is expected to dispose of these within a year. Current market conditions resulted in the delay of these disposals. The group remains committed to the sale processes as envisaged in the Restructuring Plan.

Property, plant and equipment

	Regions	2025 R'000	2024 R'000
Land and buildings	Africa	18 393	—
Plant and equipment	Coastal	10 034	19 050
		28 427	19 050
Opening balance		19 050	43 597
Transfer to property, plant and equipment (note 9)		(3 680)	(8 380)
Transfer from property, plant and equipment (note 9)		18 393	—
Disposal of property, plant and equipment		(3 371)	(17 675)
Reversal of sale of plant previously recognised		—	4 251
Fair value adjustments recognised in profit or loss — continuing operations		(1 965)	(2 743)

Proceeds of R4 million (Feb 2024: R27,4 million) was received from the disposal of property, plant and equipment.

8. EARNINGS, HEADLINE EARNINGS AND NET ASSET VALUE PER SHARE

	TOTAL OPERATIONS		CONTINUING OPERATIONS	
Cents per share	2025	2024	2025	2024
EPS — Basic	78,60	9,50	124,97	15,63
EPS — Diluted	75,26	9,50	119,66	15,63
HEPS — Basic	109,36	(55,73)	125,13	(5,52)
HEPS — Diluted	104,71	(55,73)	119,81	(5,52)
Net asset value per ordinary share	9,75	(30,91)		
Diluted net asset value per ordinary share	9,34	(30,91)		
Net tangible asset value per ordinary share	(153,11)	(193,78)		
Diluted net tangible asset value per ordinary share	(146,57)	(193,78)		
			2025 R'000	2024 R'000
Profit/(loss) and asset values attributable to:				
EPS — Basic and diluted — Total operations			131 454	15 886
HEPS — Basic and diluted — Total operations			182 891	(93 198)
EPS — Basic and diluted — Continuing operations			209 001	26 139
HEPS — Basic and diluted — Continuing operations			209 273	(9 224)
EPS — Basic and diluted — Discontinued operations			(77 547)	(10 253)
HEPS — Basic and diluted — Discontinued operations			(26 382)	(83 974)
Net asset value			16 311	(51 703)
Net tangible asset value			(256 065)	(324 079)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

8. EARNINGS, HEADLINE EARNINGS AND NET ASSET VALUE PER SHARE CONTINUED

SHARES USED FOR EPS, HEPS AND NAV

	WEIGHTED AVERAGE SHARES		AT 28/29 FEBRUARY	
	EPS and HEPS 2025	EPS and HEPS 2024	NAV 2025	NAV 2024
Basic	167 243 684	167 243 684	167 243 684	167 243 684
Diluted	174 663 591	167 243 684	174 701 091	167 243 684
Reconciliation of number of shares				
Issued ordinary shares — at the beginning of the year	188 080 746	188 080 746	188 080 746	188 080 746
Effect of treasury shares held in share trust	(6 429 930)	(6 429 930)	(6 429 930)	(6 429 930)
Effect of treasury shares held in investment subsidiary	(14 407 132)	(14 407 132)	(14 407 132)	(14 407 132)
Basic number of shares	167 243 684	167 243 684	167 243 684	167 243 684
Reconciliation of the basic and diluted weighted average number of shares				
Basic weighted average number of shares	167 243 684	167 243 684	167 243 684	167 243 684
Dilutive effects	7 419 907	—	7 457 407	—
Diluted weighted average number of shares	174 663 591	167 243 684	174 701 091	167 243 684

TOTAL OPERATIONS

	Gross amount 2025 R'000	Net amount 2025 R'000	Gross amount 2024 R'000	Net amount 2024 R'000
Profit after taxation attributable to equity holders of the company		131 454		15 886
Adjusted for:				
Net profit on disposal of plant and equipment (note 4, 9)	(3 943)	(2 960)	(10 308)	(7 496)
Net gain on disposal of non-current assets held for sale (note 4, 7)	(639)	(466)	(8 972)	(6 585)
Fair value adjustments (note 7)	53 130	52 599	(70 978)	(71 719)
Impairment of assets (note 10)		2 264		—
Realisation of foreign currency translation reserve on deregistration of foreign operations		—		(23 284)
		182 891		(93 198)

All the differences between gross and net relate to tax.

CONTINUING OPERATIONS

	Gross amount 2025 R'000	Net amount 2025 R'000	Gross amount 2024 R'000	Net amount 2024 R'000
Profit after taxation attributable to equity holders of the company		209 001		26 139
Adjusted for:				
Net profit on disposal of plant and equipment (note 4, 9)	(3 943)	(2 960)	(10 308)	(7 496)
Net gain on disposal of non-current assets held for sale (note 4, 7)	(639)	(466)	(8 972)	(6 585)
Fair value adjustments (note 7)	1 965	1 434	2 743	2 002
Impairment of assets (note 10)		2 264		—
Realisation of foreign currency translation reserve on deregistration of foreign operations		—		(23 284)
		209 273		(9 224)

All the differences between gross and net relate to tax.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

	2025 R'000	2024 R'000
9.1 Owned assets	767 932	478 702
9.2 Right-of-use assets	97 294	49 964
Total	865 226	528 666

Mortgage bonds have been registered over certain properties and special notarial bonds over certain items of plant as security for the loan provided to the group as disclosed in note 20.

9.1 OWNED ASSETS

	REVALUED	COST			
	Land and buildings R'000	Transport and motor vehicles R'000	Plant and equipment R'000	Furniture, fittings, office and computer equipment R'000	Total R'000
2025					
Cost/valuation	188 684	59 701	1 176 266	40 215	1 464 866
Accumulated depreciation	(13 095)	(51 112)	(605 746)	(26 981)	(696 934)
Carrying value at year-end	175 589	8 589	570 520	13 234	767 932
2024					
Cost/valuation	199 423	63 398	848 073	32 090	1 142 984
Accumulated depreciation	(8 858)	(52 515)	(578 164)	(24 745)	(664 282)
Carrying value at year-end	190 565	10 883	269 909	7 345	478 702

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

9. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of the carrying value of owned assets:

	Land and buildings R'000	Transport and motor vehicles R'000	Plant and equipment R'000	Furniture, fittings, office and computer equipment R'000	Total R'000
2025					
Carrying value at the beginning of the year	190 565	10 883	269 909	7 345	478 702
Additions	15 829	1 869	358 857	10 901	387 456
Disposals	(1 509)	(1 121)	(5 377)	(405)	(8 412)
Depreciation	(4 731)	(2 855)	(61 790)	(4 579)	(73 955)
Foreign exchange movement	(1 062)	(187)	(1 360)	(28)	(2 637)
Impairment against revaluation reserve (note 13, 27)	(5 110)	—	—	—	(5 110)
Transfer from inventory (note 14)	—	—	3 653	—	3 653
Transfer from disposal groups (note 7.2)	—	—	2 948	—	2 948
Transfer from non-current assets held for sale (note 7.3)	—	—	3 680	—	3 680
Transfer to non-current assets held for sale (note 7.3)	(18 393)	—	—	—	(18 393)
Carrying value at year-end	175 589	8 589	570 520	13 234	767 932
2024					
Carrying value at the beginning of the year	193 497	12 341	198 949	4 860	409 647
Additions	1 989	2 533	93 415	5 463	103 400
Disposals	—	(717)	(4 429)	(174)	(5 320)
Depreciation	(5 135)	(3 063)	(32 838)	(2 782)	(43 818)
Foreign exchange movement	214	(211)	1 774	(22)	1 755
Transfer from inventory (note 14)	—	—	994	—	994
Transfer from disposal groups (note 7.2)	—	—	3 664	—	3 664
Transfer from non-current assets held for sale (note 7.3)	—	—	8 380	—	8 380
Carrying value at year-end	190 565	10 883	269 909	7 345	478 702

Had land and buildings been carried at cost, the carrying value of land and buildings would have been R235 million (Feb 2024: R225 million).

Included in plant and equipment are assets subject to instalment sale agreements of R285 million (Feb 2024: R65 million) and assets pledged as security for the loan of R63 million (Feb 2024: R73 million) (note 20.3).

All disposals of assets result from the sale, scrapping and replacement thereof in the normal course of business.

Impairment against revaluation reserve relates to the initial write-down of land and buildings classified as non-current assets held for sale to the lower of the carrying amount and fair value less costs to sell in terms of IFRS 5. Refer to note 27 for further disclosure.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

9. PROPERTY, PLANT AND EQUIPMENT CONTINUED

9.2 RIGHT-OF-USE ASSETS

	Land and buildings R'000	Transport and motor vehicles R'000	Plant and equipment R'000	Furniture, fittings, office and computer equipment R'000	Total R'000
2025					
Cost	62 998	—	79 299	—	142 297
Accumulated depreciation	(29 209)	—	(15 794)	—	(45 003)
Carrying value at year-end	33 789	—	63 505	—	97 294
2024					
Cost	62 998	170	15 238	352	78 758
Accumulated depreciation	(22 147)	(135)	(6 160)	(352)	(28 794)
Carrying value at year-end	40 851	35	9 078	—	49 964
Reconciliation of the carrying value of right-of-use assets:					
2025					
Carrying value at the beginning of the year	40 851	35	9 078	—	49 964
Additions	—	—	64 061	—	64 061
Depreciation	(7 062)	(35)	(9 634)	—	(16 731)
Carrying value at year-end	33 789	—	63 505	—	97 294
2024					
Carrying value at the beginning of the year	48 529	120	—	17	48 666
Additions	—	—	13 616	—	13 616
Depreciation	(7 678)	(85)	(6 160)	(17)	(13 940)
Modifications (note 23.3)	—	—	1 622	—	1 622
Carrying value at year-end	40 851	35	9 078	—	49 964

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

10. EQUITY-ACCOUNTED INVESTEEES

The below information relates to two equity-accounted investees: a Public-Private Partnership based in Botswana and a local property development company.

Investment in associate companies	PERCENTAGE HELD		Year-end	Country of incorporation	Nature of business	Number of shares owned
	2025	2024				
Bongwe Investments Proprietary Limited	34	34	April	Botswana	Concession	1 055 ordinary shares of no par value
Masingita Towers Proprietary Limited	20	20	February	South Africa	Property development	200 ordinary shares of no par value

The group has interests in two individually immaterial associates.

Investments in Bongwe Investments Proprietary Limited arose through the group's decision to enter into Public Private Partnerships in Botswana. This Public Private Partnership came to an end in December 2024, and the company is concluding its operations which resulted in the recognition of an impairment of R2,3 million. The carrying amount of R9 million represents the value in use, which is determined based on estimated dividends to be received.

The group continues to provide funding to Masingita Towers Proprietary Limited for its proportionate share of the mortgage repayments (Feb 2025: R3,1 million; Feb 2024: R3,2 million).

Associates are accounted for using the equity method. Investor interest was determined by capital contributions and long-term loans that are not expected to be settled in the foreseeable future.

The information used to account for interest in associates is coterminous with the group's year-end.

The following table analyses, in aggregate, the carrying amount and share of profit and losses and other comprehensive income of these associates:

	2025 R'000	2024 R'000
Carrying amount	8 861	24 862
Group's share of losses after taxation	(2 904)	(2 030)
Impairment of investment	(2 264)	—
Other comprehensive income — foreign currency translation reserve	(609)	1 189
Group's share of total comprehensive income	(5 777)	(841)
Dividends received	13 365	9 563

11. JOINT OPERATIONS

A portion of the group's operations are performed through joint operations as unincorporated arrangements such as partnerships and contractual arrangements. Joint operations are dissolved at the end of a contract for which it was formed. A loss of interest is therefore in the ordinary course of business. New joint operations are formed when new contracts are awarded to ensure a contract can be executed effectively. Additional information relating to the group's significant joint operations is provided below:

Name of joint operations	Nature	Principal place of business	Group's % interest 2025	Group's % interest 2024
FISH — Five Star Hotel	Building	Eswatini	44	44
Sikhupe International Airport	Building	Eswatini	40	40
Montys Eswatini — Plumbing on various building contracts	Building	Eswatini	50	50
Stefanutti Stocks Hyvec Partners JV Limited	Building	Mauritius	80	80
SSAS 2 — BRT Stations	Civils	Gauteng	60	60
Zuikerbosch Consortium — Zuikerbosch Sedimentation	Civils	Gauteng	56	56
SS Ergoflex — Polokwane SO2 abatement project	Civils	Limpopo	70	70
Kusile Civils Works — Kusile Power Station	Civils	Mpumalanga	50	50
Stefanutti Stocks WPCP Joint Venture	Civils	KwaZulu-Natal	—	50
Matla Geo JV — Lateral Support to Der Brochen Mine	Geotechnical	Gauteng	50	—
Lere Stefanutti Stocks	Mechanical and Electrical	Northern Cape	49	49
BRT WP3 — BRT Stations	Roads and Earthworks	KwaZulu-Natal	60	60
Stefanutti Stocks Consolidated Contractors — Kalabo-Sikongo Road Project	Roads and Earthworks	Zambia	50	50

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

12. GOODWILL

	2025 R'000	2024 R'000
Cost	1 206 313	1 206 313
Accumulated impairment	(933 937)	(933 937)
Carrying value at year-end	272 376	272 376

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS (CGU) CONTAINING GOODWILL

For purposes of impairment testing, goodwill is allocated to the group's operating disciplines which represent the lowest CGUs, where goodwill is monitored for internal management purposes.

The value in use of the different CGUs is determined by discounting the future cash flows generated from the continuing use of the CGUs and based on the following key assumptions:

Cash-generating units	Segment	CARRYING VALUES OF GOODWILL PER CGU		CONSTANT GROWTH RATE (A)		AAARG % (B)		PRE-TAX WACC (C)	
		2025 R'000	2024 R'000	2025 %	2024 %	2025 %	2024 %	2025 %	2024 %
Stefanutti Stocks Coastal	Coastal Region	50 704	50 704	3	2	12	18	16,5	17,5
Stefanutti Stocks Building (Stocks Building Africa (Pty) Ltd)	Western Cape Region	211 209	211 209	3	2	15	17	16,5	17,5
Stefanutti Stocks Mining Services	Inland Region	10 463	10 463	1	2	9	17	17,6	17,5
		272 376	272 376						

The CGUs noted above cannot be directly linked to the operating segments as disclosed in the segment information in note 24, as the above CGUs are representative of acquisitions made whereas the operating segments represent the regions as a whole.

Discounted cash flow forecasts are prepared by management as the basis for determining the estimated recoverable amount. Appropriate growth and discount rates, given the industry and location of the CGUs and its operations, are applied in the forecast. The recoverable amount of each CGU is based on its value in use and is determined to be higher than the carrying amount.

Cash flows are projected based on actual operating results and four-year forecasts. Cash flows beyond this were extrapolated using a constant growth rate of (A) which does not exceed the long-term average growth rate for the industry. Appropriate growth and discount rates, given the industry and location of the CGUs and its operations, are applied to the forecast. The calculation of the weighted average cost of capital (WACC) (C) decreased due to a reduction in the borrowing rate from 16,5% to 12,1% for Coastal and Building due to instalment sales and lease facilities awarded to the group (previously used the loan rate). The beta increased from 0,36 in the prior year to 0,50. The WACC for Mining remained similar due to continued challenges in the mining industry. The WACC is similar for the Coastal and Building CGUs as they have similar characteristics and operate within a similar market. The beta coefficient is a measure of the volatility, or systematic risk, of an individual stock in comparison to the unsystematic risk of the entire market. The risk-free rate of return (R186) increased slightly from 10,14% to 10,53% from prior year.

Revenue forecasts were used as the basis for determining the value assigned to each CGU. The AAARG (B) included in the cash flow projections is an average for the years 2026 to 2029. The values assigned to the key assumptions represent management's assessment of the CGUs and are based on both external and internal sources as well as past experience. The reduction in the AAARG % for the CGUs is based on management's expectations of the future order book, which is in line with the number of opportunities identified and the group's strategic objectives, including being selective with tendered projects to ensure better returns.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

12. GOODWILL CONTINUED

SENSITIVITY ANALYSIS FOR GOODWILL

If the growth rate and WACC are adjusted to the percentages as indicated, the corresponding effect on the recoverable amount of the CGUs is illustrated in the tables below:

	STEFANUTTI STOCKS COASTAL		STEFANUTTI STOCKS BUILDING		STEFANUTTI STOCKS MINING	
WACC	16,5%		16,5%		17,6%	
	Growth rate % 2,0 R'000	Growth rate % 4,0 R'000	Growth rate % 2,0 R'000	Growth rate % 4,0 R'000	Growth rate % 0,0 R'000	Growth rate % 2,0 R'000
	(16 677)	19 344	(25 396)	29 458	(3 151)	3 556
Growth rate	3%		3%		1%	
	WACC % 15,5 R'000	WACC % 17,5 R'000	WACC % 15,5 R'000	WACC % 17,5 R'000	WACC % 16,6 R'000	WACC % 18,6 R'000
	27 127	(23 486)	41 066	(35 523)	5 471	(4 877)

None of the effects of the above changes to the key assumptions cause the carrying amount to exceed its recoverable amount.

13. DEFERRED TAX ASSETS

	2025 R'000	2024 R'000
Includes:		
Property, plant and equipment	(107 918)	(69 632)
Provisions	257 942	273 484
Leases	25 301	15 484
Retentions	(16 512)	(18 011)
Expected credit loss (ECL)	57 648	20 038
Future allowances — Section 24C and other	(224 210)	(232 738)
Excess billings over work done	280 818	230 529
Work-in-progress	(121 361)	(85 967)
Prepaid expenses	(7 359)	(1 094)
Assessed losses	34 575	41 449
	178 924	173 542
Carrying value at the beginning of the year	173 542	217 032
Temporary differences (note 6)	13 238	(49 557)
Impairment against revaluation reserve (note 9)	1 455	—
Foreign exchange	(9 311)	6 067
Carrying value at year-end	178 924	173 542

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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13. DEFERRED TAX ASSETS CONTINUED

Accumulated tax losses for which no deferred tax asset has been raised can be summarised as follows:

Country	Tax rate %	2025 R'000	2024 R'000	Expiry date
Eswatini	27,5	2 150	2 158	None
Ghana	25	2 373	2 919	Utilise within 3 years
Kenya	30	11 611	11 611	Utilise within 10 years
Malawi	30	2 848	6 097	Utilise within 6 years
Mauritius	15	18 329	61 101	Utilise within 5 years
Namibia	32	18 414	18 403	None
South Africa	27	1 220 095	1 410 771	The utilisation of an accumulated assessed loss is limited to the higher of R1 million or 80% of the taxable income in the year of assessment, with the remaining assessed loss balance to be utilised in subsequent years of assessment with no expiry date.

RECOVERABILITY OF DEFERRED TAX ASSETS

Management assesses the extent to which it is probable that taxable profit will be available against which deductible temporary differences can be utilised. All companies with deferred tax asset balances are currently trading and are expected to recover the deferred tax assets as follows:

- ongoing trading and expectation of creating profits;
- the sale of underutilised plant and equipment; and
- favourable outcomes on contractual claims on the Kusile Power Project.

The group considered the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses can be utilised:

- Whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses can be utilised;
- Whether it is probable that the entity will have taxable profits before the unused tax losses expire when operating in foreign jurisdictions ; and
- Whether the unused tax losses result from identifiable causes which are unlikely to recur.

To the extent that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised. To determine the probability that taxable profit will be available against which the unused tax losses can be utilised, the group has reviewed its budgets to assess taxable profits for the foreseeable future and compared that to its total tax losses, in conjunction with the restructuring plan. Refer to note 2.

14. INVENTORIES

	2025 R'000	2024 R'000
Consumables	10 669	7 409
Operational inventory	26 892	29 886
Development property	9 000	9 000
	46 561	46 295
Inventory expensed	8 333	19 116
Inventories written off	331	909

The development property relates to a property in South Africa and will be realised when the property is sold. The development property is not pledged as security (2024: Rnil).

Inventories are written down to their net realisable value based on expected wear and tear and factors that indicate that the costs exceeds the amount that could be recovered through use or sale. These write downs are recognised in operating expenses.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

15. CONTRACT BALANCES

15.1 CONTRACTS IN PROGRESS

Contracts in progress relate to the group's rights to consideration for work completed but not invoiced at the reporting date for construction services rendered.

	2025 R'000	2024 R'000
Gross carrying value at beginning of the year	536 463	531 217
Revenue recognised from performance obligations satisfied in previous periods	(321 934)	(351 006)
Realisation of work in progress as contract costs	(198 980)	(205 594)
Contracts in progress recognised	587 089	515 287
Transfer from disposal group — Hyvec JV	—	44 141
Foreign exchange	(6 890)	2 418
	595 748	536 463
Expected credit loss (ECL) (note 27)	(1 001)	(671)
Carrying value at year-end	594 747	535 792
Current	594 747	535 792
Lifetime ECL allowance		
Opening balance	(671)	(721)
Changes due to credit risk movement	(330)	50
Closing balance	(1 001)	(671)

15.2 EXCESS BILLINGS OVER WORK DONE

	2025 R'000	2024 R'000
Gross carrying value at beginning of the year	1 264 592	1 212 108
Revenue recognised during the year	(946 652)	(1 197 041)
Excess billings over work done recognised	919 451	952 224
Transfer from disposal group — Hyvec JV	—	304 001
Financing component on advance payment received (note 5.2)	—	485
Foreign exchange	(40 680)	(7 185)
Carrying value at year-end	1 196 711	1 264 592
Non-current	22 000	39 266
Current	1 174 711	1 225 326

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

16. TRADE AND OTHER RECEIVABLES

	2025			2024		
	Gross R'000	ECL R'000	Net R'000	Gross R'000	ECL R'000	Net R'000
Trade receivables	1 527 910	(190 080)	1 337 830	1 347 133	(121 496)	1 225 637
Retention debtors	225 853	(164)	225 689	291 223	(293)	290 930
Amounts due by joint operations	48 185	(882)	47 303	222 060	(2 425)	219 635
Other receivables	24 876	(26)	24 850	75 382	(44)	75 338
Financial asset held at fair value through profit or loss — Al Tayer Stocks LLC	19 254	—	19 254	24 680	—	24 680
Prepayments*	73 177	—	73 177	109 090	—	109 090
Value added taxation*	43 515	—	43 515	63 094	—	63 094
	1 962 770	(191 152)	1 771 618	2 132 662	(124 258)	2 008 404
Non-current			9 605			9 531
Current			1 762 013			1 998 873

* Non-financial assets.

Included in non-current trade and other receivables are trade receivables of R7 million (Feb 2024: R7 million) which are not expected to be recovered within 12 months and a restricted cash balance of R3 million (Feb 2024: R3 million), disclosed within other receivables.

The financial asset held at fair value through profit or loss relates to the contingent consideration receivable from the sale of Al Tayer Stocks LLC. A fair value adjustment of R4,6 million was recognised (Feb 2024: R1,7 million). Payments are expected to be received in line with the conclusion of certain projects and finalisation of outstanding matters pertaining to these projects.

Information about the credit exposure of trade and other receivables are disclosed in note 27.

Reconciliation of the expected credit losses are as follows:

	LIFETIME ECL ALLOWANCE		12-MONTH ECL ALLOWANCE		TOTAL	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Opening balance	(124 214)	(148 950)	(44)	(28)	(124 258)	(148 978)
Changes due to credit risk movement	(107 011)	(27 059)	18	(16)	(106 993)	(27 075)
Amounts written off	3 961	15 365	—	—	3 961	15 365
Unused amounts reversed	26 826	27 548	—	—	26 826	27 548
Foreign currency translation	9 312	8 882	—	—	9 312	8 882
Carrying value at year-end	(191 126)	(124 214)	(26)	(44)	(191 152)	(124 258)
Individual expected credit loss	(159 169)	(88 714)	—	—	(159 169)	(88 714)
Collective expected credit loss	(31 957)	(35 500)	(26)	(44)	(31 983)	(35 544)

None of the amounts written-off are subject to enforcement activity.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

17. BANK BALANCES

Included in the cashflow statement is cash and cash equivalents comprising:

	2025 R'000	2024 R'000
Cash at banks and on hand	493 582	754 824
Less: Bank overdrafts	(23 629)	(3)
	469 953	754 821

Bank balances at the end of the year included the following balances that are restricted from immediate use:

	2025 R'000	2024 R'000
Restricted cash included above		
Group's share of cash held by joint operations	33 267	88 064
Other restrictions (cash held as security for contract guarantees or requiring external party approval)	352	2 814
	33 619	90 878

Cash held in joint operations is restricted as approval for cash movements is required by all joint operation participants.

The group only deposits cash with reputable banks with high-quality credit ratings. The credit quality therefore is assessed as good and no expected credit loss is provided for.

For further information on currency risk related to bank balances, refer to note 27.

18. SHARE CAPITAL AND PREMIUM

	2025 R'000	2024 R'000
Authorised		
400 000 000 ordinary shares of 0,00025 cents each (2024: 400 000 000 ordinary shares of 0,00025 cents each)	1	1
Issued		
188 080 746 ordinary shares of 0,00025 cents each (2024: 188 080 746 ordinary shares of 0,00025 cents each)	*	*

* Less than R1 000.

	NUMBER OF SHARES	
	2025	2024
Treasury shares		
Treasury shares held by:		
Stefanutti Stocks Investments Proprietary Limited	14 407 132	14 407 132
Stefanutti & Bressan Share Incentive Trust	6 429 930	6 429 930
Closing balance	20 837 062	20 837 062
	2025 R'000	2024 R'000
Share premium		
Carrying value at the beginning of the year	1 007 718	1 007 718
Carrying value at year-end	1 007 718	1 007 718

Ordinary shares carry one vote per share and give equal right to dividends.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

18. SHARE CAPITAL AND PREMIUM CONTINUED

RESERVES

Foreign currency translation reserve comprises the translation effect of foreign subsidiaries, equity-accounted investees and joint operations to the reporting currency.

Share-based payment reserve comprises the accumulated effect of share-based payment expenses in terms of the employee share incentive scheme (note 19).

Revaluation surplus reserve comprises the revaluation of land and buildings (note 9).

Reserves of disposal groups comprises foreign currency translation and revaluation surplus reserves that relate to the disposal groups (note 7).

19. EMPLOYEE SHARE INCENTIVE SCHEME

FORFEITABLE SHARE PLAN (FSP)

The FSP has been established to complement and enhance the ability of the group to attract, incentivise, retain, and reward key staff, and promote broad-based black economic empowerment within the group.

Forfeitable Share Awards are based on, inter alia, the seniority and performance of employees, market benchmarks, the human capital requirements including skills, diversity and inclusion requirements, and/or the need to promote broad-based black economic empowerment within the group.

The vesting of all Forfeitable Share Awards will be subject to the vesting condition of three years employment after the award.

Any one of the following Settlement methods, or a combination of any such Settlement methods, may be used:

- 1) On the date of the award, incur an expense by making a cash contribution to any third party equal in value to the required number of shares in settlement of the award, on the basis that the third party will acquire the required number of shares on the market as agent for and on behalf of the group and effect settlement;
- 2) The group will use shares held in treasury to effect settlement when the vesting condition has been fulfilled;
- 3) The group will pay an amount equal to the cash contribution to any subsidiary or trust which holds shares in treasury in respect of settlement;
- 4) The group will issue new shares;
- 5) The group will incur an expense by making a cash contribution equal in value to the subscription price of the shares concerned, by way of subscription for new shares to be allotted and issued by the Company for a subscription price per share of the market value per share on the settlement date.

The settlement of Forfeitable Shares awarded in terms of Option 1 of the FSP are full free shares, which are delivered immediately, with full dividend and voting rights.

	2025 Quantity	2024 Quantity
Forfeitable Share Awards:		
Opening balance	10 050 000	—
Awarded during the year	2 340 000	11 846 000
Less: Settlement of forfeitable shares as per option 1 above *	(1 890 000)	(1 796 000)
Outstanding at year-end	10 500 000	10 050 000
Grant date	31 August 2024	31 August 2023
Grant price	3,21	1,29
Fair value at grant date (R'000s)	1 445	12 965
Contractual life of each award	3 years	3 years
Forfeitable Share Plan costs (R'000s) (note 4)	6 272	2 695

* The shares for the current year were awarded in June and July 2024 and acquired on the market for a total cost of R3,6 million (Feb 2024: R2,4 million) and will be expensed over 3 years.

Fair value at grant date represents the market value of the shares at award date.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

20. FINANCIAL LIABILITIES

20.1 NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

	2025			2024		
	Non-current R'000	Current R'000	Total R'000	Non-current R'000	Current R'000	Total R'000
Unsecured borrowings	—	3 929	3 929	1 009	3 664	4 673
Secured borrowings	1 287	848 902	850 189	1 379	997 201	998 580
Bonds	1 287	91	1 378	1 379	81	1 460
Loan (note 20.3)	—	848 811	848 811	—	997 120	997 120
Instalment sales	100 480	125 316	225 796	41 841	16 597	58 438
Lease liabilities (note 20.2)	67 720	25 988	93 708	43 647	13 699	57 346
Borrowings	169 487	1 004 135	1 173 622	87 876	1 031 161	1 119 037
Settlement — City of Cape Town	—	—	—	—	9 344	9 344
Voluntary Rebuild Programme	45 111	18 750	63 861	61 436	18 509	79 945
Financial liabilities	214 598	1 022 885	1 237 483	149 312	1 059 014	1 208 326

The group reached agreement with the Lenders to extend the capital repayment profile of the loan as well as its duration to 30 June 2026. The loan bears interest at prime plus 5,1%, 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 (note 20.3). The loan does not contain any financial covenants but rather imposes certain information sharing and general undertakings.

Regarding the Voluntary Rebuild Programme, the repayment terms were extended, with the last instalment payable in July 2029. The liability was remeasured at an implied interest rate of 7,6% (Feb 2024: 8,4%).

Refer to note 27 for further information regarding terms and conditions.

20.2 LEASE LIABILITIES

a) Undiscounted cash flows

	2025 R'000	2024 R'000
Less than one year	35 077	17 621
Between two and five years	71 848	36 408
More than five years	6 839	16 650

b) Cash outflows relating to leases for continuing operations were recognised as follows:

	2025 R'000	2024 R'000
Operating activities — finance costs (note 5.2)	7 026	5 002
Financing activities — capital repayment (note 23.3)	27 699	12 411
Total cash outflows	34 725	17 413

For detail on the carrying amounts of the underlying assets of leases, including the depreciation charge, refer to note 9.2.

For detail on the expenses recognised relating to short-term and low value leases, refer to note 4.2.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

20. FINANCIAL LIABILITIES CONTINUED

20.3 SECURITY AND RESTRICTIVE FUNDING ARRANGEMENTS

Security provided against borrowings

	PROPERTY, PLANT AND EQUIPMENT	
	2025 R'000	2024 R'000
Secured bank loans (first mortgage bonds)	5 450	5 450
Instalment sales	285 366	65 401
Lease liabilities	97 294	49 964
	388 110	120 815

Security provided against loan

The companies, Stefanutti Stocks Holdings Limited, Stefanutti Stocks International Holdings Proprietary Limited and K2011136847 (South Africa) Proprietary Limited signed as guarantors for the loan. The companies who have signed as additional guarantors are Stefanutti Stocks (Zambia) Limited, Stefanutti Stocks Botswana Proprietary Limited and Stefanutti Stocks Mauritius Holdings Limited.

Security for the loan is as follows:

	2025		2024	
	Capital value R'000	Additional value R'000	Capital value R'000	Additional value R'000
Continuous Covering Mortgage Bond				
Land and Building held by Stefanutti Stocks Proprietary Limited with a value of R123 million (Feb 2024: R110 million)	158 546	31 709	158 546	31 709
Land and Buildings held by Stefanutti Stocks Botswana Proprietary Limited with a value of R21 million (Feb 2024: R28 million)	BWP21 million	BWP4 million	BWP21 million	BWP4 million
Special Notarial Bond				
Plant and equipment held in Stefanutti Stocks Proprietary Limited with a value of R63 million (Feb 2024: R73 million)	2 000 000	400 000	2 000 000	400 000
General Notarial Bond				
Stefanutti Stocks Holding Limited	1 000 000	200 000	1 000 000	200 000
K2011136847 (South Africa) Proprietary Limited	1 000 000	200 000	1 000 000	200 000
Stefanutti Stocks International Holdings Limited	1 000 000	200 000	1 000 000	200 000
Stefanutti Stocks Proprietary Limited	1 000 000	200 000	1 000 000	200 000

Refer to note 26 with regards to financial guarantees issued for the loan.

Restrictions in terms of funding arrangements

In terms of the loan agreement, the group companies are restricted from the following transactions without prior consent from the Lender Group:

- Disposing of assets;
- Acquiring a company or any shares or securities or a business or undertaking or incorporate a company;
- Providing guarantees;
- Entering into, investing in or acquiring any shares, stocks, securities, or other interest in any joint venture;
- Encumbering assets;
- Incurring financial indebtedness (defined as owing third parties money);
- Advancing loans (external, inter-group and JV); and
- Providing financial assistance.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

21. TRADE AND OTHER PAYABLES

	2025 R'000	2024 R'000
Trade payables	492 150	505 283
Amount due to joint operations	43 980	201 576
Retention creditors and subcontractors	205 817	201 842
Accrued expenses*	296 273	295 943
Value added tax and withholding taxes*	53 376	34 260
Unclaimed dividends*	24	24
	1 091 620	1 238 928

* Non-financial liabilities.

22. PROVISIONS

	Balance at the beginning of the year R'000	Additional provisions raised R'000	Utilised/reversed during the year R'000	Balance at the end of the year R'000
Warranty provisions	24 892	27 231	(24 892)	27 231
Contract-related provisions	933 981	894 358	(933 981)	894 358
Corporate social investment projects	7 200	—	—	7 200
	966 073	921 589	(958 873)	928 789

Warranty provisions relate to obligations to rectify defects on projects already delivered to customers. These defect periods expire within 12 months.

Contract-related provisions represents the estimated amounts relating to incurred obligations to third party suppliers.

Corporate social investment provisions relate to a commitment included in the settlement agreement between the group and the City of Cape Town. This commitment requires contributions to corporate social investment projects in the Cape Town district. The timing of the projects was dependent on the outcome of environmental assessments and confirmation to proceed from the City of Cape Town, which were concluded and received after year-end. The project should commence in the new year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

23. NOTES TO THE STATEMENT OF CASH FLOWS

23.1 CASH GENERATED FROM OPERATIONS

	2025 R'000	2024 R'000
Net profit before taxation from continuing operations	253 634	100 485
Net loss before taxation from discontinued operations (note 7)	(71 466)	(11 230)
Adjusted for:		
Net profit on disposals of property, plant and equipment (note 4)	(3 943)	(10 308)
Net gain on disposal of non-current assets held for sale (note 4)	(639)	(8 972)
Net profit on foreign exchange (note 4)	(49 523)	(44 915)
Forfeitable Share Plan costs (note 4, 19)	6 272	2 161
Impairment of assets (note 10)	2 264	—
Investment income (note 5)	(49 774)	(43 591)
Finance costs (note 5)	126 606	150 822
Fair value adjustments (note 7.3)	1 965	2 743
Depreciation (note 9)	90 686	57 758
Share of loss of equity-accounted investees (note 10)	2 904	2 030
Net expected credit loss on contracts in progress (note 15)	330	(50)
Net expected credit loss on trade and other receivables (note 16)	76 206	(15 838)
Loss on remeasurement of financial asset held at fair value through profit or loss (note 16)	4 564	1 670
Movement in provisions (note 22)	(37 284)	317 190
Discontinued operations (note 7)	74 367	(38 054)
Fair value adjustments	51 165	(73 721)
Net (loss)/profit on foreign exchange	5 236	(5 126)
Net expected credit loss on contracts in progress and trade and other receivables	89	2 408
Movement in provisions	3 150	25 569
Investment income	(2)	(141)
Finance costs	14 729	12 957
Other non-cash items	(83 576)	28 428
Short-term insurance (note 23.3)	10 218	9 767
Lease modification gain	—	(192)
Penalties reversed — Foreign tax authority	(1 060)	—
Withholding taxes written-off (note 4)	41 114	18 853
Kalabo settlement — Net value	(133 848)	—
	343 593	490 329
Movements in working capital		
Change in inventories	5 942	609
Change in contracts in progress	(134 697)	44 755
Change in trade and other receivables	192 672	46 363
Change in trade and other payables	(86 423)	15 266
Change in excess billings over work done	73 475	(273 755)
Effect of foreign exchange rate changes on working capital	8 246	(1 621)
Cash generated from operations	402 808	321 946

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

23. NOTES TO THE STATEMENT OF CASH FLOWS CONTINUED

23.2 RECONCILIATION OF TAXATION PAID DURING THE YEAR

	2025 R'000	2024 R'000
Opening balance	(19 769)	95
Charge against profit — continuing operations (note 6)	57 871	24 789
Effect of foreign exchange rate changes	(164)	(6 247)
Offset of withholding taxes against tax liabilities	—	5 521
Offset of interest payable on taxes and other taxes netted off against VAT receivables/liabilities	(266)	—
Interest and penalties on taxes reversed due to settlement reached with foreign tax authority	(26 362)	—
Withholding taxes written-off	36 998	18 853
Closing balance	43 477	19 769
Payments made	91 785	62 780

23.3 RECONCILIATION OF CASH FLOW MOVEMENTS RELATING TO FINANCING ACTIVITIES (NOTE 20.1)

	Opening balance R'000	Cash outflow R'000	NON-CASHFLOW MOVEMENTS			Closing balance R'000
			Additions R'000	Interest R'000	Modifications R'000	
2025						
Unsecured borrowings	4 673	(10 962)*	10 218	—	—	3 929
Secured borrowings	998 580	(148 391)	—	—	—	850 189
Instalment sales	58 438	(82 325)	249 683	—	—	225 796
Leases	57 346	(27 699)	64 061	—	—	93 708
Total borrowings	1 119 037	(269 377)	323 962	—	—	1 173 622
Settlement — City of Cape Town	9 344	(8 684)	—	(660)	—	—
Voluntary Rebuild Programme	79 945	(16 084)	—	—	—	63 861
	1 208 326	(294 145)	323 962	(660)	—	1 237 483
Leases — Discontinued operations	206	(194)	—	(12)	—	—
	1 208 532	(294 339)	323 962	(672)	—	1 237 483
2024						
Unsecured borrowings	5 841	(10 902)*	9 767	(33)	—	4 673
Secured borrowings	1 162 129	(163 549)	—	—	—	998 580
Instalment sales	—	(13 614)	72 052	—	—	58 438
Leases	54 519	(12 411)	13 616	—	1 622	57 346
Total borrowings	1 222 489	(200 476)	95 435	(33)	1 622	1 119 037
Settlement — City of Cape Town	18 061	(9 377)	—	660	—	9 344
Voluntary Rebuild Programme	95 210	(15 265)	—	—	—	79 945
	1 335 760	(225 118)	95 435	627	1 622	1 208 326
Leases — Discontinued operations	633	(908)	1 796	—	(1 315)	206
	1 336 393	(226 026)	97 231	627	307	1 208 532

Note 9.2

* Cash outflows include repayments of short-term financing of R9,91 million (Feb 2024: R9,98 million).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

24. SEGMENT INFORMATION

Segment reporting is done in a manner consistent with the internal reporting provided to the chief operating decision maker being the Executive Committee, with reportable operating segments being reported at regional level. Individual members of the executive management team are responsible for the operating segments of these regions noted below.

Below are the types of activities in which each discipline (operating segment) derives revenue:

Region	Description of segment
Inland	Civils, Roads & Earthworks, Building, Geotechnical, Mining Services, Mechanical, Electrical and Instrumental, Oil & Gas and Renewable Energy works within the Gauteng and other inland regions
Coastal	Civils, Building and Roads & Earthworks within the KwaZulu-Natal region
Western Cape	Civils, Building and Roads & Earthworks within the Western Cape region
Africa	General contracting work within other African countries
Other	Other segments comprise segments which do not represent more than 10% of combined revenue or combined reported profit/(loss) or combined assets of all operating segments. It also includes those operations that are primarily centralised in nature, i.e. it primarily applies to the group's headquarters and are not allocated to any one particular segment.

Revenue can be further disaggregated into disciplines as well as geographical and sector. Refer to note 3.

Intersegment contract revenues are eliminated on consolidation. The performance of operating segments is assessed by management based on operating profit. Goodwill to the value of R272 million (Feb 2024: R272 million) is included within total assets for other segments.

	Inland ^ R'000	Coastal R'000	Western Cape R'000	Africa R'000	Other segments and eliminations R'000	Total R'000
2025						
Contract revenue (note 3)	3 335 919	1 959 661	882 292	1 479 219	—	7 657 091
Intersegment contract revenue	—	7 448	2 979	11 103	—	21 530
Net profit/(loss) on disposal of property, plant and equipment (note 4)	1 303	(108)	161	2 585	2	3 943
Net gain/(loss) on disposal of non-current assets held for sale (note 4, 7)	729	(8)	(82)	—	—	639
Net profit/(loss) on foreign exchange rate movements (note 4)	24 166	(1)	—	26 178	(820)	49 523
Project management fee (note 4)	4 061	347	—	15 381	656	20 445
Net expected credit loss (note 15, 16)	2 535	(2 641)	(8)	(76 422)	—	(76 536)
Auditors remuneration (note 4)	(2 412)	(1 381)	(1 083)	(3 173)	(4 482)	(12 531)
Employee costs (note 4)	(1 028 924)	(333 052)	(182 454)	(381 633)	(117 551)	(2 043 614)
Expenses relating to leases (note 4)	(661)	(58 369)	—	(7 989)	—	(67 019)
Restructuring costs (note 4) *	—	—	—	—	(28 212)	(28 212)
Withholding taxes written-off (note 4)	(35 810)	—	—	(5 304)	—	(41 114)
Depreciation (note 9)	(73 080)	(11 756)	(4 942)	(531)	(377)	(90 686)
Fair value adjustments (note 7)	—	(1 750)	(215)	—	—	(1 965)
Operating profit/(loss) before investment income	186 587	64 875	72 957	91 990	(83 039)	333 370
Investment income (note 5)	38 222	4 403	1 808	2 038	3 303	49 774
Share of (losses)/profits of equity-accounted investees (note 10)	(3 142)	—	—	—	238	(2 904)
Finance costs (note 5)	(22 985)	(3 327)	(82)	18 892	(119 104)	(126 606)
Taxation (note 6)	(71 315)	(18 434)	(20 027)	(26 221)	91 364	(44 633)
Profit/(loss) for the year	127 367	47 518	54 657	86 732	(107 273)	209 001
Equity-accounted investees (note 10)	—	—	—	—	8 861	8 861
Total assets	1 740 164	822 006	214 806	1 803 891	513 758	5 094 625
Total liabilities	1 673 581	819 007	263 264	1 256 803	1 065 659	5 078 314

* Restructuring costs relate to abnormal consultancy, associated legal fees and guarantee costs that are only incurred at head office in relation to the Restructuring Plan. These do not include the normal consultancy and legal fees which are part of the operations and are reported within the affected segments.

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

24. SEGMENT INFORMATION CONTINUED

	Inland ^ R'000	Coastal R'000	Western Cape R'000	Africa R'000	Other segments and eliminations R'000	Total R'000
2024						
Contract revenue (note 3)	3 092 529	1 214 775	1 140 075	1 636 847	—	7 084 226
Intersegment contract revenue	—	33 422	3 764	10 772	—	47 958
Net profit/(loss) on disposal of property, plant and equipment (note 4)	8 884	(1 500)	33	2 738	153	10 308
Net gain/(loss) on disposal of non-current assets held for sale (note 4, 7)	3 444	6 239	—	(711)	—	8 972
Net profit/(loss) on foreign exchange rate movements (note 4)	8 890	(3)	—	9 250	26 778	44 915
Project management fee (note 4)	3 377	—	—	6 832	—	10 209
Net expected credit loss (note 15, 16)	(5 968)	(32)	28	21 853	7	15 888
Auditors remuneration (note 4)	(3 233)	(1 290)	(1 005)	(3 005)	(4 697)	(13 230)
Employee costs (note 4)	(854 032)	(247 665)	(158 441)	(348 153)	(73 043)	(1 681 334)
Expenses relating to leases (note 4)	(624)	(24 291)	—	(1 492)	—	(26 407)
Restructuring costs (note 4)*	—	—	—	—	(43 497)	(43 497)
Withholding taxes written-off (note 4)	(148)	—	—	(35)	(18 670)	(18 853)
Depreciation (note 9)	(41 451)	(10 653)	(3 382)	(2 125)	(147)	(57 758)
Fair value adjustments (note 7)	—	(2 743)	—	—	—	(2 743)
Operating profit/(loss) before investment income	194 263	19 697	36 743	33 345	(74 302)	209 746
Investment income (note 5)	34 832	1 283	1 596	1 946	3 934	43 591
Share of (losses)/profits of equity-accounted investees (note 10)	(5 728)	—	—	—	3 698	(2 030)
Finance costs (note 5)	(4 785)	(3 737)	(58)	(1 707)	(140 535)	(150 822)
Taxation (note 6)	(14 744)	(5 596)	(10 495)	(36 868)	(6 643)	(74 346)
Profit/(loss) for the year	203 844	11 647	27 787	(3 291)	(213 848)	26 139
Equity-accounted investees (note 10)	—	—	—	—	24 862	24 862
Total assets	1 744 324	567 134	216 036	2 161 392	419 485	5 108 371
Total liabilities	1 522 075	489 930	240 836	1 679 221	1 228 012	5 160 074

* Restructuring costs relate to abnormal consultancy, associated legal fees and guarantee costs that are only incurred at head office in relation to the Restructuring Plan. These do not include the normal consultancy and legal fees which are part of the operations and are reported within the affected segments.

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

GEOGRAPHICAL AREAS

The group operates mainly in the geographical areas of South Africa (local) and Africa (foreign).

	2025						
	LOCAL	FOREIGN — AFRICA					
	R'000	Botswana R'000	Eswatini R'000	Zimbabwe R'000	Zambia R'000	Mauritius R'000	Other* R'000
Contract revenues from external customers (note 3)	5 979 911	133 870	463 807	138 727	413 756	467 786	59 234
Non-current assets (excluding deferred tax)	1 075 528	12 269	54 145	10 996	2 864	266	—

* Other includes Lesotho (Feb 2024: Lesotho and Namibia).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

24. SEGMENT INFORMATION CONTINUED

	2024						
	LOCAL	FOREIGN — AFRICA					
	R'000	Botswana R'000	Eswatini R'000	Zimbabwe R'000	Zambia R'000	Mauritius R'000	Other* R'000
Contract revenues from external customers (note 3)	4 729 043	407 435	522 772	692 679	270 514	436 853	24 930
Non-current assets (excluding deferred tax)	701 384	47 561	69 803	13 467	2 682	538	—

* Other includes Lesotho (Feb 2024: Lesotho and Namibia).

MAJOR CUSTOMERS

Revenue generated from a single customer of the group amounted to approximately R596 million (Feb 2024: R556 million), of which the largest portion of this revenue was earned in the Coastal Region (Feb 2024: Inland Region). The group is not reliant on any one major customer as its services span a varied number of industries and countries.

25. RELATED PARTIES

Stefanutti Stocks Holdings Limited is the holding company for the group.

Related parties are those who control or have a significant influence over the group and parties who are controlled or significantly influenced by the group (including subsidiaries, joint arrangements and associates). All related party transactions take place on terms equivalent to those that prevail on an arm's length basis.

Nature of relationships			
Subsidiaries	Equity-accounted investees (note 10)	Joint operations (note 11)	Other
Stefanutti Stocks Proprietary Limited Trading company for operations based in South Africa, as well as some foreign operations, including Botswana and Zimbabwe	Associates Two individually immaterial associates	Various joint operations	Consolidated structured entities Stefanutti & Bressan Share Trust
Stefanutti Stocks International Holdings Proprietary Limited Holding company for subsidiaries based in foreign countries			
Stefanutti Stocks Investments Proprietary Limited Treasury company for the group			
Outstanding balances			
		Note 16 2025: R47 million receivable 2024: R220 million receivable Note 21 2025: R44 million payable 2024: R202 million payable	
Provision of guarantees (note 26)			
A full list of subsidiaries and joint arrangements is available on request.			

NON-EXECUTIVE DIRECTORS

Non-executive director remuneration is compared to the company's peer group. Recommendations are made by the CFO and Human Resources Executive, to the Remuneration and Nominations Committee (REMCO), for onward review by the board and submission to shareholders. Non-executive directors are compensated based on attendance fees. The fees are based on the size and complexity of the group and also take into account market practices and fee surveys provided to the committee. No distinction is made between fees payable to independent non-executive directors and other non-executive directors, although the fees of the Chairman take her expanded role into account.

The total fees paid to non-executive directors are not limited to a maximum annual amount, irrespective of the number of meetings attended. Directors qualify for reimbursement of expenses incurred in performing their duties for and on behalf of the company.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

25. RELATED PARTIES CONTINUED

Non-executive directors do not have service contracts. Instead, letters of appointment confirm their terms of engagement, and include matters such as fees, term of office, expected time commitment, share dealing and board performance assessments. The Chairman has a letter of appointment, which is specific to her role and function. This letter of appointment is in line with normal business terms.

The fees paid to non-executive directors, as well as the proposed fees for the next financial year, were approved by the REMCO, the board of directors and shareholders at the last annual general meeting.

There is no requirement for non-executive directors to be shareholders of the company and they do not qualify to participate in any incentive scheme that is operated by the group.

The company's directors are appointed for a term of three years and are obliged to retire at the end of that period, but may offer themselves for re-election at the annual general meeting. A third retire by rotation annually.

	2025			2024		
	SHORT-TERM BENEFITS			SHORT-TERM BENEFITS		
	Attendance fees R'000	Annual fees R'000	Total R'000	Attendance fees R'000	Annual fees R'000	Total R'000
Non-executive Directors						
ZJ Matlala (Chairman)	—	1 192	1 192	—	1 102	1 102
HJ Craig	936	—	936	773	—	773
B Harie	937	—	937	794	—	794
B Silwanyana	733	—	733	648	—	648
JM Poluta (resigned 13 March 2023)	—	—	—	107	—	107

Details of remuneration for executive directors, are as follows:

	Basic salary R'000	Other benefits R'000	Short-term incentives 2025 R'000	Long-term incentives 2025 R'000	Post-employment benefits R'000	Share incentive costs R'000	Total R'000
2025							
Executive directors							
RW Crawford — CEO ^	6 483	495	6 414	1 670	993	496	16 551
Y du Plessis — CFO	3 824	121	3 895	985	586	312	9 723
Prescribed officers*							
E Wisse — MD Inland Region	4 148	116	5 500	—	560	184	10 508
M Horwill — MD Coastal Region	3 609	82	2 500	—	553	—	6 744
M Donato — MD Western Cape Region	4 082	69	3 500	—	625	184	8 460
S White — MD Africa Region	3 839	46	5 000	—	862	184	9 931
Executive key management personnel	3 618	73	1 800	—	554	—	6 045

^ In addition to the above remuneration, a cash payment of R14,8 million was made to R Crawford under the Key Man Attraction and Retention Scheme in lieu of shares previously awarded and not acquired by the group due to cash flow constraints at the time.

* Prescribed officers consist of certain Executive Committee members who are not executive directors of the group.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

25. RELATED PARTIES CONTINUED

	Basic salary R'000	Other benefits R'000	Short-term incentives — relating to prior years R'000	Short-term incentives 2024 R'000	Post- employment benefits R'000	Share incentive costs R'000	Total R'000
2024							
Executive directors							
RW Crawford — CEO	5 729	124	—	5 487	876	248	12 464
Y du Plessis — CFO	3 291	117	—	3 284	696	156	7 544
Prescribed officers*							
E Wisse — MD Inland Region	3 661	102	4 100	5 200	493	92	13 648
DR du Plessis — MD Coastal Region (retired 29 February 2024)	3 776	132	2 555	2 500	579	—	9 542
M Donato — MD Western Cape Region	3 603	51	1 705	1 900	551	92	7 902
S White — MD Africa Region	3 417	47	4 000	4 000	725	92	12 281
Executive key management personnel	3 192	94	850	1 500	488	—	6 124

* Prescribed officers consist of certain Executive Committee members who are not executive directors of the group.

Short-term incentives are aligned with the group strategy, using both financial performance measures and personal objectives. Minimum targets are required to be met before respective bonus awards are earned. Any awards made in terms of the forfeitable share plan scheme are included within share incentive costs. 450 000 shares were awarded to employees on 30 August 2024 (10 050 000: 31 Aug 2023). Refer to note 19. Please refer to the remuneration report included within the Integrated Annual Report of Stefanutti Stocks Holdings Limited for more detail.

DIRECTORS' SERVICE CONTRACTS

All employment contracts of executive directors and senior management are in terms of the group's standard employment terms and conditions.

The contracts of employment of executive directors or senior executives do not preclude the company from exercising its normal rights to terminate the contract in the event of misconduct or poor performance. Executive directors retire from their positions and from the board at their normal retirement date.

For further detail of executive directors and senior management remuneration practices refer to the remuneration report included in the Integrated Annual Report.

DIRECTORS' AND PRESCRIBED OFFICERS' SHAREHOLDING

	2025				2024			
	Direct beneficial %	Indirect beneficial %	Total %	No. of shares	Direct beneficial %	Indirect beneficial %	Total %	No. of shares
Percentage of fully-paid shares held								
Directors								
RW Crawford (CEO)	1,48	0,36	1,84	3 456 585	—	0,36	0,36	690 278
Y du Plessis (CFO)	0,05	—	0,05	85 000	—	—	—	—
Prescribed officers								
E Wisse	0,16	—	0,16	298 864	0,05	—	0,05	89 750
DR du Plessis (retired 29 February 2024)	—	—	—	—	0,01	—	0,01	14 864
M Horwill (appointed 1 March 2024)	—	—	—	65	—	—	—	65
M Donato	0,43	—	0,43	805 268	0,36	—	0,36	685 268
S White	0,52	—	0,52	974 149	0,41	—	0,41	772 537

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

25. RELATED PARTIES CONTINUED

POST YEAR-END SHARE TRANSACTIONS

The following transactions relating to shareholding took place between year-end date and the approval of these financial statements:

- Bharti Harie (non-executive director) purchased 25 134 shares at R4,55 and 11 166 shares at R4,56 on 27 May 2025.
- Eric Wisse (prescribed officer) purchased 30 000 shares at R4,19 on 28 May 2025 and 26 000 shares at R3,85 on 29 May 2025.

26. GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

GUARANTEES AND SURETYSHIPS

	2025 R'000	2024 R'000
Guarantees		
Guarantees issued to third parties on behalf of the group to guarantee the full and due performance of construction works as set out in the contract or other related matters	2 617 915	2 257 574
Financial guarantees issued to a third party on behalf of the group to guarantee the loan (note 20)	889 489	1 182 985
Suretyships		
Suretyship of R16 million for credit cards and fuel cards (Feb 2024: Suretyship of R12 million for credit cards and fuel cards as well as suretyship for a bond to the value of R135 million, which was subsequently cancelled).	15 568	25 138

Guarantees also include the following:

- Performance guarantees which are issued to a client to guarantee the quality and performance of the construction services rendered in the event that there is default in terms of the contract.
- Advance payment guarantees are issued in lieu of an advance received and reduce over the period of the contract as the advance payment is utilised.
- Tender guarantees are issued as guarantee that should the project tendered for be awarded, the group would be in a position to execute the contract.

All these guarantees are dependent on the nature, terms and timing of each specific contract.

Certain of the guarantees and suretyships are supported by cross-suretyships from subsidiaries.

The group does not expect any outflow for the guarantees disclosed above as there are sufficient strategies in place to mitigate the risk of outflow.

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Kalabo settlement

With respect to the Kalabo settlement, shareholders are advised that the Zambian Court of Appeal ruled in favour of Stefanutti Stocks and its joint venture. Following the ruling, the parties have agreed to a settlement amount, however repayment terms still need to be concluded.

The group has recognised R148 million being its 50% share of the settlement amount less costs. An expected credit loss (ECL) of R109 million was recognised due to the uncertainty surrounding the recoverability thereof, which will be assessed on an ongoing basis. A tax charge of R12 million was also recognised.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

26. GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS CONTINUED

Kusile Power Project

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

Since August 2021, the group has secured payment of a combined total value of R119 million for measured work and Dispute Adjudication Board (DAB) rulings.

Stefanutti Stocks and Eskom (the parties) 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 referred to as claim 5. This process involves the appointment by each party 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) dealing with the following:

- 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 relating to delay and quantum; 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 parties and their respective experts have filed all submissions, notes and opinions with the DAB. The DAB is expected to issue a binding decision by mid-2025. Either party may issue a notice of dissatisfaction with the decision and refer the dispute to arbitration. However, such decision will remain enforceable unless and until overturned in arbitration.

The group submitted claim 6 in May 2025, for delay events after 31 December 2019, through the contractual process. Eskom has notified Stefanutti Stocks of its intention to deliver a delay damages claim, in June 2025, for late completion. Stefanutti Stocks will defend this through the contractual process. Should claim 6 and/or the delay damages claim fail in the contractual process, they will be referred to the DAB for resolution.

Due to the quantum of claim 5 being unknown and the processes relating to claim 6 and the delay damages claim being uncertain, no claims have been recognised in the financial statements.

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE

FINANCIAL INSTRUMENTS

The group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these liabilities is to finance the group's operations. The principal financial assets include trade and other receivables, and cash and cash equivalents that is derived directly from the group's operations.

ACCOUNTING CLASSIFICATIONS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts of financial assets and financial liabilities.

The carrying amounts of bank balances, trade and other receivables and trade and other payables approximate their fair values due to the short-term maturity of these assets and liabilities. There is no significant difference between the carrying amounts of other financial assets and liabilities and their fair values due to the effective interest method used.

	2025 R'000	2024 R'000
Financial assets, loans and receivables at amortised cost		
Trade and other receivables (note 16)	1 635 672	1 811 540
Bank balance (note 17)	493 582	754 824
Financial assets held at fair value through profit or loss (note 16)	19 254	24 680
Financial liabilities at amortised cost		
Bank balance (note 17)	23 629	3
Financial liabilities (note 20)	1 237 483	1 208 326
Trade and other payables (note 21)	741 947	908 701

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

CAPITAL RISK MANAGEMENT

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure centrally and makes adjustments to it, in line with changes in economic conditions. The group reached agreement with the Lenders to extend the capital repayment profile of the loan as well as its duration to 30 June 2026. Refer to note 2 for further detail, as well as the directors report on page 8.

In setting the ideal mix between debt and equity, the group seeks to optimise its returns on shareholders' equity while maintaining prudent financial gearing. The group monitors capital using a gearing ratio which is net debt divided by total equity attributable to equity holders of the company. Generally, the objective is to operate at a gearing ratio of not greater than 35%. The group retains excess capital to fund future growth.

The group includes within net debt interest-bearing loans, borrowings and bank overdrafts.

Capital is considered to consist of share capital, share premium, retained earnings and other reserves. The group is subject to externally imposed capital requirements by certain of their bankers (such as restrictions on issuing of shares or any rights attached) which, in the event of non-compliance may have an impact on the liquidity risk of the group. At year-end, all such requirements were met.

Gearing ratios at year-end were as follows:

	2025 R'000	2024 R'000
Net debt	1 261 112	1 208 329
Interest-bearing liabilities (note 20)	1 237 483	1 208 326
Bank overdrafts (note 17)	23 629	3
Total equity attributable to equity holders of the company	16 311	(51 703)
Gearing ratio (%)	7 732	—

The movement is mostly attributable to a increase in equity as a result of a profit made to the value of R131 million (2024: R16 million profit) and an increase in debt from R1 208 million to R1 261 million. Refer to the directors report on page 8.

The loan included within interest-bearing liabilities does not contain any financial covenants but rather imposes certain information sharing and general undertakings. Information sharing include items such as submission of financial statements, operating budgets, cash flow forecasts and various other undertakings. General undertakings consists mainly of compliance matters.

RISK MANAGEMENT FRAMEWORK

The group's board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

CREDIT RISK

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's receivables from customers.

The gross amounts of financial assets represent the maximum credit exposure and are as follows:

	2025 R'000	2024 R'000
Contract in progress (note 15)	595 748	536 463
Trade receivables (note 16)	1 527 910	1 347 133
Retention debtors (note 16)	225 853	291 223
Amounts due by joint operations (note 16)	48 185	222 060
Other receivables (note 16)	24 876	75 382
Financial asset held at fair value through profit or loss (note 16)	19 254	24 680
Bank balances (note 17)	493 582	754 824
Total	2 935 408	3 251 765

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Management also considers the factors that may influence credit risk including the default risk of the industry and country in which customers operate. The credit granting policy is set on a group basis and managed at operating entity level. Each region in the group is responsible for the management of credit risk in receivables and does so through ongoing credit evaluations and credit control policies and procedures.

Trade receivables comprise of a widespread customer base, primarily in South Africa but also in the rest of Africa, mainly Botswana, Eswatini, Zimbabwe, Lesotho, Mauritius and Zambia. The majority of the customers are concentrated in the industrial public and private development sectors. Due to the diverse nature of the operations, management does not believe that the group is significantly exposed to a high concentration of credit risk. Any change in the credit quality of receivables is considered from the date credit was granted up to the reporting date. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors.

EXPECTED CREDIT LOSS MODEL

The group applied the simplified approach to determine the expected credit loss (ECL) for its trade receivables, contracts in progress and retention debtors, by calculating the lifetime ECLs for these receivables. The general approach is applied to determine the expected credit loss on amounts due by joint operations and other receivables by assessing, at each reporting period, whether there has been a significant increase in credit risk since initial recognition. Where there is no significant increase in credit risk, the group provides for a 12-month ECL. Where there is a significant increase in credit risk, a lifetime ECL is calculated. Expected credit losses are calculated on both a collective and individual basis. Collective expected credit losses are calculated using a provision rate matrix. The provision rates are calculated based on defined credit risk grades and reflect a probability of default based on past events, current conditions and a forecast of future economic conditions. Forecast of future economic conditions incorporates the use of reliable default rate statistics from reputable credit risk rating agencies, which take into account forecast macroeconomic data, including financial and growth conditions of specific industry sectors. The provision rates are revised each year where there are changes in customer profiles and behaviours, new information and changes in forecasted economic conditions.

Customers were classified into specific credit risk grades based on the following main criteria:

- Within South Africa or outside South Africa
- Private or public sector
- Days past due of outstanding debt
- Industry sector within which the customer operates
- Other factors specific to each customer where applicable

The provision rates applied to collective expected credit losses ranged from 0,001% for the lowest risk category to 10,0% for the highest risk category (Feb 2024: 0,001% – 7,9%). The general default rates applied in the provision rate matrix have been increased in line with the market outlook per external rating agencies and internal assessment of credit risk. The provision rate matrix was applied to all receivables as they are mainly from similar customers with similar risk profiles. Additional factors specific to each category of financial assets were also considered and rates were adjusted accordingly. The individual expected credit loss relates to specific clients who are showing signs of default such as delayed payments and liquidity pressures for which specific provisions have been raised.

CONTRACTS IN PROGRESS (NOTE 15)

Contracts in progress have been disaggregated into two main categories to assess credit risk: Work in progress and Materials on site.

Work in progress includes timing differences between measured work performed but not yet certified and invoiced, pending sign-off from clients' quantity surveyors. Revenue is recognised based on measured work performed. Any work measured but not yet certified is treated as work in progress, until such time as it is certified and invoiced. Once invoiced, the balance is reclassified to trade receivables.

Materials on site includes costs incurred to complete the contract, but contractually cannot be billed at period end as it has not been used in measured work performed.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

The summarised risk categories and calculated expected credit loss for contracts in progress are as follows:

	WORK IN PROGRESS		MATERIALS ON SITE		Total R'000
	Public R'000	Private R'000	Public R'000	Private R'000	
2025					
Within South Africa	62 459	155 104	52 902	173 574	444 039
Outside South Africa	29 108	66 685	20 051	35 865	151 709
Botswana	1 296	4 442	—	130	5 868
Eswatini	27 812	27 543	20 051	20 244	95 650
Lesotho	—	2 500	—	779	3 279
Mauritius	—	25 449	—	2 919	28 368
Zambia	—	6 659	—	11 793	18 452
Zimbabwe	—	92	—	—	92
Gross total of contracts in progress	91 567	221 789	72 953	209 439	595 748
Within South Africa					
Average expected credit loss rate (%)	0,1	0,2	—	0,2	0,2
Expected credit loss	43	318	7	318	686
Outside South Africa					
Average expected credit loss rate (%)	0,2	0,3	0,2	0,1	0,2
Expected credit loss	52	188	33	42	315
Average expected credit loss rate (%)	0,1	0,2	0,1	0,2	0,2
Total expected credit loss	95	506	40	360	1 001
Carrying amount	91 472	221 283	72 913	209 079	594 747
2024					
Within South Africa	61 118	64 698	70 769	84 113	280 698
Outside South Africa	76 566	133 515	3 287	42 397	255 765
Botswana	22 223	16 329	—	7 979	46 531
Eswatini	54 343	25 440	3 287	5 898	88 968
Mauritius	—	68 005	—	19 414	87 419
Zambia	—	23 741	—	9 106	32 847
Gross total of contracts in progress	137 684	198 213	74 056	126 510	536 463
Within South Africa					
Average expected credit loss rate (%)	—	0,1	0,1	0,1	0,1
Expected credit loss	21	79	68	98	266
Outside South Africa					
Average expected credit loss rate (%)	0,1	0,2	0,1	0,1	0,2
Expected credit loss	110	246	4	45	405
Average expected credit loss rate (%)	0,1	0,2	0,1	0,1	0,1
Total expected credit loss	131	325	72	143	671
Carrying amount	137 553	197 888	73 984	126 367	535 792

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

In determining the expected credit loss, the following historical and forward-looking factors were considered:

Historical factors	Forward-looking factors
<ul style="list-style-type: none"> — Payment history of the customer — Consideration of reasons for delay in payments — whether they are indicative of liquidity/solvency issues — Contractual recourse for non-payment — Collateral/credit insurance available in case of default — Contractual provisions for alternative recovery in case of disputes regarding work performed — Majority of the contracts in progress balances are current and relate to work which will be certified within the next 12 months — Advance payments received from materials on site 	<ul style="list-style-type: none"> — Financial state of client and any indication of financial distress based on most recent information available — Discussions between the group and the clients regarding recoverability of amounts outstanding and any probabilities of default — Commitments made for payment and whether they are realistic based on history, client relationship and progress of contract — Political climate — Potential roll-out of future projects — The value of work certified after year-end in relation to the closing balances at year-end

The change in the expected credit loss from prior year is mainly driven by the increase in balances of 11%.

TRADE RECEIVABLES (NOTE 16)

Trade receivables represent invoiced amounts due from contract customers. The average credit period for trade receivables is 60 days. Interest is charged as per agreements reached with individual clients per signed contracts. The group has the right to waive interest as it deems necessary. Before accepting a new client, the group runs thorough credit and background checks in order to determine the potential customer's creditworthiness. All contracts and clients' creditworthiness are assessed on an individual basis.

The summarised risk categories for trade receivables on which a collective expected credit loss is calculated are as follows:

	Current to 30 days R'000	60 to 90 days R'000	120 to 150 days R'000	180 days R'000	Over 180 days to less than 1 year R'000	Over 1 year R'000	Total R'000
2025							
Within South Africa	683 722	57 319	54 441	—	11 266	8 781	815 529
Public	173 543	6 988	81	—	9 426	2 063	192 101
Private	510 179	50 331	54 360	—	1 840	6 718	623 428
Outside South Africa	160 233	45 466	43 594	3 238	6 392	232 515	491 438
Public	65 664	42 240	43 537	3 238	6 110	230 684	391 473
Botswana	—	274	—	—	—	—	274
Eswatini	65 406	41 809	43 537	3 238	6 110	135 330	295 430
Zambia	258	157	—	—	—	95 354	95 769
Private	94 569	3 226	57	—	282	1 831	99 965
Botswana	1 145	—	57	—	40	—	1 242
Eswatini	2 100	—	—	—	—	81	2 181
Lesotho	5 006	—	—	—	—	—	5 006
Mauritius	14 262	—	—	—	—	—	14 262
Zambia	64 592	3 226	—	—	53	1 750	69 621
Zimbabwe	7 464	—	—	—	189	—	7 653
Gross total of trade receivables	843 955	102 785	98 035	3 238	17 658	241 296	1 306 967
Within South Africa							
Average expected credit loss rate (%)	—	2,2	2,6	—	0,9	4,4	0,4
Collective expected credit loss	207	1 261	1 415	—	103	388	3 374
Outside South Africa							
Average expected credit loss rate (%)	0,2	3,8	3,8	4,6	5,2	10,0	5,6
Collective expected credit loss	317	1 746	1 654	149	335	23 336	27 537
Average expected credit loss rate (%)	0,1	2,9	3,1	4,6	2,5	9,8	2,4
Total collective expected credit loss	524	3 007	3 069	149	438	23 724	30 911
Carrying amount	843 431	99 778	94 966	3 089	17 220	217 572	1 276 056

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

	Current to 30 days R'000	60 to 90 days R'000	120 to 150 days R'000	180 days R'000	Over 180 days to less than 1 year R'000	Over 1 year R'000	Total R'000
2024							
Within South Africa	546 467	4 043	2 985	6 487	2 063	7 312	569 357
Public	91 353	—	222	6 487	2 063	60	100 185
Private	455 114	4 043	2 763	—	—	7 252	469 172
Outside South Africa	215 480	70 499	21 064	4 536	120 792	256 691	689 062
Public	60 858	4 271	362	—	87 323	201 677	354 491
Botswana	15 787	1 208	—	—	—	—	16 995
Eswatini	45 071	3 063	362	—	87 323	104 368	240 187
Zambia	—	—	—	—	—	97 309	97 309
Private	154 622	66 228	20 702	4 536	33 469	55 014	334 571
Botswana	6 949	12	—	—	16	972	7 949
Eswatini	—	—	—	—	—	2 628	2 628
Lesotho	14 455	—	—	—	—	—	14 455
Mauritius	18 295	—	—	—	—	—	18 295
Zambia	38 763	1 601	5 906	4 536	33 453	51 414	135 673
Zimbabwe	76 160	64 615	14 796	—	—	—	155 571
Gross total of trade receivables	761 947	74 542	24 049	11 023	122 855	264 003	1 258 419
Within South Africa							
Average expected credit loss rate (%)	—	5,2	5,5	0,4	0,4	5,5	0,2
Collective expected credit loss	64	210	163	23	8	400	868
Outside South Africa							
Average expected credit loss rate (%)	0,2	5,4	6,0	7,3	4,9	7,9	4,6
Collective expected credit loss	328	3 829	1 263	332	5 969	20 193	31 914
Average expected credit loss rate (%)	0,1	5,4	5,9	3,2	4,9	7,8	2,6
Total collective expected credit loss	392	4 039	1 426	355	5 977	20 593	32 782
Carrying amount	761 555	70 503	22 623	10 668	116 878	243 410	1 225 637

The average expected credit loss rate is calculated on a total basis but is affected by the composition of balances in each of the time bands as well as different risk grades, causing it to look higher in lower time bands than higher time bands.

The change in the collective expected credit loss from prior year is mainly driven by the reduction in foreign trade receivable balances of 29% as these attract a higher rate.

The higher ECL rate in the 60 to 150 day time-band is driven by the foreign balances in Eswatini, which attract a higher ECL rate.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

The summarised risk categories for trade receivables on which an individual expected credit loss is calculated are as follows:

	2025		2024	
	Over 1 year R'000	Total R'000	Over 1 year R'000	Total R'000
Within South Africa	45 916	45 916	48 746	48 746
Private	45 916	45 916	48 746	48 746
Outside South Africa	175 027	175 027	39 968	39 968
Public	175 027	175 027	39 968	39 968
Zambia	175 027	175 027	39 968	39 968
Gross total of trade receivables	220 943	220 943	88 714	88 714
Average expected credit loss rate (%)	72,0	72,0	100,0	100,0
Expected credit loss	159 169	159 169	88 714	88 714
Carrying amount	61 774	61 774	—	—

The individual expected credit loss increased mainly due to the recognition of the Kalabo settlement. The group has recognised R148 million being its 50% share of the settlement amount less costs. An expected credit loss (ECL) of R109 million was recognised due to the uncertainty surrounding the recoverability thereof, which will be assessed on an ongoing basis.

In determining the expected credit loss, the following historical and forward-looking factors were considered:

Historical factors

- Payment history of the customer
- Consideration of reasons for delay in payments — whether they are indicative of liquidity/solvency issues
- Contractual recourse for non-payment of debtors
- Collateral/credit insurance available in case of default

Country specific factors considered for the Zambia and Eswatini debtors in particular due to materiality include:

- Zambia
 - Regular formal interactions at ministerial level
 - Ability to offset amounts due to and due from government (e.g. VAT)
 - Work suspended until payment is received
 - High public debt to GDP ratios (more than 100% in recent years)
 - Kwacha depreciation and forex shortages which exacerbate repayment capacity
- Eswatini
 - No history of bad debts
 - Significant advance payments received
 - Long outstanding due to the regulation that surrounds payments of government debtors

Forward-looking factors

- Financial state of client and any indication of financial distress based on most recent information available and management discussions
- Commitments made for payment and whether they are realistic based on history, client relationship and progress of contract
- Political climate
- Potential roll-out of future projects

Country specific factors considered for the Zambia and Eswatini debtors in particular due to materiality include:

- Zambia
 - List of new projects to be rolled out by the relevant departments of the Government in the short to medium term
 - Willingness from Government to offset amounts due to and due from government
 - Payments received subsequent to year-end
 - Assessing governments source of income that supports ability to repay
 - Lack of enforcement rights
 - Kwacha depreciation and forex shortages which exacerbate repayment capacity
 - Changes in administration or fiscal priorities which impact compliance
- Eswatini
 - Payments received subsequent to year-end
 - Assessing governments source of income that supports ability to repay (e.g. The Southern African Customs Union (SACU))
 - Target of foreign funded projects with the same client (government departments)
 - Formal funding mechanisms in place for these projects

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For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

RETENTION DEBTORS (NOTE 16)

Retention debtors relate to amounts invoiced but not paid until the conditions specified in the contract are fulfilled or until defects have been rectified. The retention debtors are only due and payable once a contract is completed and all obligations are met.

The summarised risk categories and calculated expected credit loss for retention debtors are as follows:

	2025			2024		
	Public R'000	Private R'000	Total R'000	Public R'000	Private R'000	Total R'000
Within South Africa	121 161	59 781	180 942	128 474	44 997	173 471
Outside South Africa	28 245	16 666	44 911	48 953	68 799	117 752
Botswana	—	505	505	—	3 620	3 620
Lesotho	—	1 748	1 748	—	1 527	1 527
Mauritius	—	—	—	—	39 485	39 485
Eswatini	14 124	1 012	15 136	31 075	393	31 468
Zambia	14 121	13 401	27 522	17 878	23 774	41 652
Gross total of Retention debtors	149 406	76 447	225 853	177 427	113 796	291 223
Within South Africa						
Average expected credit loss rate (%)	—	0,1	—	—	0,1	—
Expected credit loss	14	52	66	22	53	75
Outside South Africa						
Average expected credit loss rate (%)	0,3	0,1	0,2	0,2	0,2	0,2
Expected credit loss	79	19	98	96	122	218
Average expected credit loss rate (%)	0,1	0,1	0,1	0,1	0,2	0,1
Total expected credit loss	93	71	164	118	175	293
Carrying amount	149 313	76 376	225 689	177 309	113 621	290 930

In determining the expected credit loss, the following historical and forward-looking factors were considered:

Historical factors	Forward-looking factors
<ul style="list-style-type: none"> — Payment history of client in relation to previous invoices raised — Consideration of reasons for delay in payments — whether they are indicative of liquidity/solvency issues — Collateral/credit insurance available in case of default — Contractual provisions for alternative recovery in case of non-payment — Ageing of retention debtors (majority of retention debtors are only due in future periods) 	<ul style="list-style-type: none"> — Financial state of client and any indication of financial distress based on most recent information available — Discussions between the group and the client regarding recoverability of amounts outstanding and any probabilities of default — Commitments made for payment and whether they are realistic based on history, client relationship and progress of contract — Political climate — Potential roll-out of future projects — Progress of contract and probability of disputes regarding valued work and other contractual conditions at end of contract

The change in the expected credit loss from prior year is mainly driven by the reduction in balances of 22%.

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For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

AMOUNTS DUE BY JOINT OPERATIONS (NOTE 16)

Receivables from joint operations consist of either resource funding or cash advances. Resource funding relates to recoveries for expenses incurred on behalf of the joint operation by related parties which are settled in the normal course of business. Cash advances relate to contractual loans granted to alleviate temporary cash flow constraints of the operation.

Amounts due by joint operations have no specific repayment terms.

Amounts within the 60 to 90 day time-band are outstanding for more than 30 days and relate to receivables for which credit risk has increased significantly since initial recognition but that are not credit impaired. Amounts older than 90 days are considered to be in default and therefore credit-impaired.

The summarised risk categories and calculated expected credit loss for receivables from joint operations are as follows:

	Current to 30 days R'000	60 to 90 days R'000	120 to 150 days R'000	180 days R'000	Over 180 days to less than 1 year R'000	Over 1 year R'000	Total R'000	Resource accounts R'000
2025								
Within South Africa	11 447	3 249	—	—	2	587	15 285	15 285
Private	11 447	3 249	—	—	2	587	15 285	15 285
Outside South Africa	11 371	149	102	10	—	21 268	32 900	32 900
Private	11 371	149	102	10	—	21 268	32 900	32 900
Botswana	1	149	102	10	—	—	262	262
Eswatini	—	—	—	—	—	2 256	2 256	2 256
Mauritius	11 370	—	—	—	—	—	11 370	11 370
Zambia	—	—	—	—	—	19 012	19 012	19 012
Gross total of amounts due by joint operations	22 818	3 398	102	10	2	21 855	48 185	48 185
Within South Africa								
Average expected credit loss rate (%)	0,1	2,3	—	—	—	3,7	0,7	
Expected credit loss	15	76	—	—	—	22	113	
Outside South Africa								
Average expected credit loss rate (%)	0,1	2,7	2,9	—	—	3,5	2,3	
Expected credit loss	11	4	3	—	—	751	769	
Average expected credit loss rate (%)	0,1	2,4	2,9	—	—	3,5	1,8	
Total expected credit loss	26	80	3	—	—	773	882	
Carrying amount	22 792	3 318	99	10	2	21 082	47 303	

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For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

	Current to 30 days R'000	60 to 90 days R'000	120 to 150 days R'000	180 days R'000	Over 180 days to less than 1 year R'000	Over 1 year R'000	Total R'000	Resource accounts R'000	Cash advances/ other R'000
2024									
Within South Africa	9 528	1 606	—	—	—	35 078	46 212	11 134	35 078
Public	3 372	587	—	—	—	2 242	6 201	3 959	2 242
Private	6 156	1 019	—	—	—	32 836	40 011	7 175	32 836
Outside South Africa	5 472	11 987	148	69	51 914	106 258	175 848	175 848	—
Private	5 472	11 987	148	69	51 914	106 258	175 848	175 848	—
Eswatini	4 680	11 785	—	—	14 911	83 386	114 762	114 762	—
Mauritius	236	35	—	—	26 312	—	26 583	26 583	—
Zambia	556	167	148	69	10 691	22 872	34 503	34 503	—
Gross total of amounts due by joint operations	15 000	13 593	148	69	51 914	141 336	222 060	186 982	35 078
Within South Africa									
Average expected credit loss rate (%)	0,2	3,4	—	—	—	—	0,2		
Expected credit loss	21	54	—	—	—	9	84		
Outside South Africa									
Average expected credit loss rate (%)	0,1	—	2,7	2,9	2,7	0,9	1,3		
Expected credit loss	3	5	4	2	1 408	919	2 341		
Average expected credit loss rate (%)	0,2	0,4	2,7	2,9	2,7	0,7	1,1		
Total expected credit loss	24	59	4	2	1 408	928	2 425		
Carrying amount	14 976	13 534	144	67	50 506	140 408	219 635		

In determining the expected credit loss, the following historical and forward-looking factors were considered:

Historical factors

- Past experience — these are normally settled in the normal course of business
- Joint operations are still trading, and, in most instances, we are the lead partner and administer and manage the cash therefore ensuring payment
- Payment history of the customer
- Consideration of reasons for delay in payments — whether they are indicative of liquidity/solvency issues
- Contractual recourse for non-payment
- Collateral/credit insurance available in case of default

Forward-looking factors

- Cash flow projections prepared on a regular basis
- Ability of joint operation partners to fund cash flow requirements
- Joint operation relationships are governed by joint operation agreements and will exist until end of contract/project
- Future profitability of the project taking into consideration timing of profit distributions in terms of the joint operation agreement
- Commitments made for payment and whether they are realistic based on history, client relationship and progress of contract
- Political climate
- Potential roll-out of future projects

The change in the expected credit loss from prior year is mainly driven by the decrease in balances of 78%, which reduction is caused by the finalisation of certain joint ventures in Eswatini.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

OTHER RECEIVABLES (NOTE 16)

Other receivables consist mostly of deposits (mainly house rental deposits) and sundry debtors. No ECL was calculated on interest accrued as these monies have already been credited to our bank account.

The summarised risk categories and calculated expected credit loss for other receivables are as follows:

	2025 R'000	2024 R'000
Within South Africa	18 325	57 053
Outside South Africa	6 551	18 329
Eswatini	3 018	2 068
Mauritius	379	9 344
Namibia	—	1 415
Zambia	1 080	5 393
Zimbabwe	957	—
Kenya	1 106	—
Botswana	11	109
Gross total of other receivables	24 876	75 382
Within South Africa		
Average expected credit loss rate (%)	0,1	—
Expected credit loss	17	18
Outside South Africa		
Average expected credit loss rate (%)	0,1	0,1
Expected credit loss	9	26
Average expected credit loss rate (%)	0,1	0,1
Total expected credit loss	26	44
Carrying amount	24 850	75 338

There was no significant increase in credit risk of other receivables, therefore the group provided for a 12-month ECL.

The change in the expected credit loss from prior year is mainly due the reduction in balances of 67%.

In determining the expected credit loss, the following historical and forward-looking factors were considered:

Historical factors	Forward-looking factors
Deposits <ul style="list-style-type: none"> History of default by agents on repayment of deposits Materiality of deposit amounts that could affect ability of agent to repay 	Deposits <ul style="list-style-type: none"> Whether deposits can be transferred to other properties under the same rental agent
Other receivables <ul style="list-style-type: none"> Materiality of amounts due from the various sundry debtors Nature of the debtor (whether low credit-risk entities, e.g. banks, trusts) 	Sundry debtors <ul style="list-style-type: none"> Financial state of the debtor and any indication of financial distress based on most recent information available

COLLATERAL

Exposure to credit risk is mitigated by the request for collateral. Collateral is in the form of payment guarantees, builders lien or credit insurance. There was no collateral received for any of the receivables in the current year (Feb 2024: Nil).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group manages liquidity risk through an ongoing review of future commitments and credit facilities and by ensuring that adequate unutilised borrowings facilities are maintained. This will ensure that the group will be in a position to meet its liabilities when they are due. The group also monitors on a monthly basis the level of expected cash inflows on trade and other receivables together with expected cash outflows to ensure all commitments are met. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The group maintains lines of credit of R56 million (Feb 2024: R32 million) mainly comprising bank overdraft facilities.

EXPOSURE TO LIQUIDITY RISK

The following are the remaining contractual maturities of financial instruments at the reporting date. The amounts are presented gross and undiscounted and include contractual interest payments.

	Carrying amount R'000	Total R'000	On demand R'000	Less than six months R'000	More than six months R'000	Between one and five years R'000	More than five years R'000
2025							
Financial assets							
Trade and other receivables	1 654 926	1 654 926	—	1 645 321	—	9 605	—
	1 654 926	1 654 926	—	1 645 321	—	9 605	—
Financial liabilities							
Financial liabilities — Loan*	848 811	881 344	—	—	881 344	—	—
Financial liabilities — Other	69 168	71 996	—	—	22 897	48 073	1 026
Instalment sales	225 796	261 812	—	53 903	51 127	156 782	—
Lease liabilities	93 708	113 765	—	19 717	15 361	71 848	6 839
Trade and other payables	741 947	741 947	—	741 947	—	—	—
Bank balances	23 629	23 629	23 629	—	—	—	—
	2 003 059	2 094 493	23 629	815 567	970 729	276 703	7 865
2024							
Financial assets							
Trade and other receivables	1 836 220	1 836 220	—	1 826 689	—	9 531	—
	1 836 220	1 836 220	—	1 826 689	—	9 531	—
Financial liabilities							
Financial liabilities — Loan*	997 120	1 119 347	—	74 611	1 044 736	—	—
Financial liabilities — Other	95 422	102 910	—	16 628	16 628	68 381	1 273
Instalment sales	58 438	66 983	—	11 774	11 774	43 435	—
Lease liabilities	57 346	70 678	—	8 810	8 810	36 408	16 650
Trade and other payables	908 701	908 701	—	908 701	—	—	—
Bank balances	3	3	—	3	—	—	—
	2 117 030	2 268 622	—	1 020 527	1 081 948	148 224	17 923

* The group reached agreement with the Lenders to extend the capital repayment profile of the loan as well as its duration to 30 June 2026.

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For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

MARKET RISK

Market risk is the risk that changes in foreign exchange rates and interest rates, will affect the group's income or the value of its holdings of financial instruments.

Currency risk

The group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and bank balances are denominated and the respective functional currencies.

In addition to the above, the group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The presentation currency of the group is Rand. The currencies in which these transactions are primarily denominated are Botswana Pula (BWP), Zambian Kwacha (ZMW), United States Dollar (USD), Mauritian Rupee (MUR) and other African currencies.

	2025						2024					
	BWP R'000	ZMW R'000	USD R'000	MUR R'000	Other R'000	Total R'000	BWP R'000	ZMW R'000	USD R'000	MUR R'000	Other R'000	Total R'000
Profit/(loss) for the year after tax included	(28 426)	91 010	64 211	(31 234)	37 347	132 908	1 845	76 896	90 415	(79 697)	23 292	112 751
Monetary assets	30 716	269 695	55 183	67 965	10 145	433 704	51 603	315 210	376 756	205 475	8 707	957 751
Trade receivables	1 505	206 494	2 910	13 117	—	224 026	24 626	212 509	153 171	18 295	—	408 601
Other receivables	1 115	52 270	14 832	51 971	6 031	126 219	4 685	91 563	717	154 717	6 367	258 049
Bank balances	28 096	10 931	37 441	2 877	4 114	83 459	22 292	11 138	222 868	32 463	2 340	291 101
Monetary liabilities	25 813	68 921	480 649	56 514	462	632 359	41 376	77 165	45 270	56 149	426	220 386
Trade payables	1 351	30 451	267 246	18 636	75	317 759	4 688	33 611	23 489	20 723	—	82 511
Other payables	24 462	38 470	213 403	37 878	387	314 600	36 688	43 554	21 781	35 426	426	137 875

The group trades in a number of currencies and certain currencies have been excluded where considered immaterial.

Other currencies include Kenya Schillings (KES), Tanzanian Schilling (TZS), Ghanaian Cedi (GHC), Sierra Leonean Leone (SLL), United Arab Emirates Dirham (AED) and Malawian Kwacha (MWK).

	AVERAGE RATE		CLOSING RATE	
	2025	2024	2025	2024
The following exchange rates have been applied				
BWP	1,3335	1,3868	1,3421	1,3941
ZMW	0,6573	0,8901	0,6490	0,8217
USD	18,4801	18,6812	18,5478	19,2204
MUR	0,3967	0,4140	0,3973	0,4222

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the following currencies at year-end would have affected the measurement of profit or loss after tax denominated in a foreign currency by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	MOVEMENT		STRENGTHENING/(WEAKENING)	
	2025 %	2024 %	2025 R'000	2024 R'000
BWP	4	2	1 137/(1 137)	37/(37)
ZMW	26	1	23 663/(23 663)	769/(769)
USD	1	11	642/(642)	9 946/(9 946)
MUR	4	5	1 249/(1 249)	3 985/(3 985)

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For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

Interest rate risk

The group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing, short- and long-term liabilities. Short-term interest rate exposure is monitored and managed by each region in the group. The majority of borrowings are obtained at variable rates exposing the group to cash flow interest rate risk.

The terms and conditions of outstanding interest-bearing loans are as follows:

	CURRENCY	NOMINAL INTEREST RATE		YEAR OF MATURITY	CARRYING VALUE	
		2025 %	2024 %		2025 R'000	2024 R'000
Unsecured borrowings	ZAR	4,84 – 9,55	3,36 – 7,00	2026	3 929	4 673
Secured borrowings — Bonds and other	SZL	9,00	9,00	2035	1 378	1 460
Secured borrowings — Loan	ZAR	16,10	16,45	2025*	848 811	997 120
Instalment sales	ZAR	11,00 – 14,5	11,75 – 15,58	2028	225 796	58 438
Lease liabilities	ZAR	9,50 – 16,63	9,50 – 11,75	2026 – 2030	93 708	57 346
Settlement Agreement — City of Cape Town	ZAR	—	7,96	2025	—	9 344
Voluntary Rebuild Programme**	ZAR	7,56	8,37	2029	63 861	79 945
					1 237 483	1 208 326

* Subsequent to year-end, the group reached agreement with the Lenders to extend the capital repayment profile of the loan as well as its duration to 30 June 2026.

** Following the publication by the South African Reserve Bank (SARB) in May 2024, announcing the JIBAR transition plan, the financial market is actively progressing towards the widespread adoption of ZARONIA. The formal announcement on JIBAR cessation is expected in 2025 followed by final publication of JIBAR (or JIBAR cessation) at the end of 2026. No material impact is expected when the rates are changed, but this change cannot be confirmed yet.

Sensitivity analysis

A change of 100 basis points (Feb 2024: 100 basis points) in interest rates would have increased or decreased profit or loss before tax by R19 million (Feb 2024: R13 million).

FAIR VALUE

Measurement of fair value — land and buildings

The fair value measurement for land and buildings has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

Land and Buildings are either measured using the Income Capitalisation Method or the Direct Comparable Sales Method.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Income capitalisation method	<p>Market capitalisation rate between 10,0% and 10,5%</p> <p>Income/expenditure ratio between</p> <p>Local — Inland 22,2% – 27,2%</p> <p>Local — Western Cape 17%</p> <p>Foreign — Eswatini 8,48%</p>	<p>Market capitalisation rate:</p> <ul style="list-style-type: none"> — Increase with 1% resulting in decrease in value of R10 million; — Decrease with 1% resulting in increase in value of R13 million; <p>Income/expenditure ratio:</p> <ul style="list-style-type: none"> — Increase with 1% resulting in decrease in value of R2 million; — Decrease with 1% resulting in increase in value of R1 million; <p>Market capitalisation rate and income/expenditure ratio:</p> <ul style="list-style-type: none"> — Both increase with 1% resulting in decrease in value of R12 million; — Both decrease with 1% resulting in increase in value of R14 million; — Income/expenditure ratio increase with 1% and market capitalisation rate decrease with 1% resulting in increase of value of R11 million; — Income/expenditure ratio decrease with 1% and market capitalisation rate increase with 1% resulting in decrease of value of R9 million.

Refer to Note 9 for the reconciliation of land and buildings measured at fair value.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

Measurement of fair value — non-current assets held for sale and disposal groups

Disposal groups

The group is responsible for identifying, assessing and selecting an appropriate independent valuation method to determine the fair value of the operations. This valuation involves a combination of asset-based, comparable company and transaction analysis and present value techniques. This includes an assessment of the underlying assets and liabilities, comparing the performance of the respective businesses relative to their peers and other transactions completed in the market to determine the current state of the market, and an estimate of future cash flows discounted at an appropriate discount rate. These estimates are adjusted based on assumptions about possible variations in the amount and timing of the cash flows, a risk premium for uncertainty inherent in the cash flows and other factors. Refer to note 7.2 and the directors report on page 8.

Non-current assets

Non-current assets held for sale consist of land and buildings, plant and equipment and transport and motor vehicles.

Land and buildings have been categorised as a Level 3 fair value based on the significant unobservable inputs to the valuation technique used. Land and Buildings are either measured using the Income Capitalisation Method or the Direct Comparable Sales Method. These entail the use of a range of market capitalisation rates and income/expenditure ratios.

Plant and equipment and transport and motor vehicles 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.

Refer to note 7.3.

28. SUBSEQUENT EVENTS

Capital commitments relate to expenditure for plant and equipment which has been authorised and/or contracted for but not yet recognised in the financial statements. Capital commitments which have been authorised and/or contracted for as at 28 February 2025 amount to R7 million. (Feb 2024: R178 million).

In April 2025, the United States implemented a 30% tariff on South African exports impacting the construction sector by increasing material costs and reducing investor confidence. Furthermore, the withdrawal of U.S. foreign aid impacted South Africa's construction sector, by reducing infrastructure spend and delaying or cancelling planned construction projects. This directly impacted the group, whilst it was not significantly affected by the tariff increase.

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

29. AVAILABILITY OF STEFANUTTI STOCKS HOLDINGS LIMITED SEPARATE ANNUAL FINANCIAL STATEMENTS

The Stefanutti Stocks Holdings Limited separate Separate Annual Financial Statements have been prepared and signed on 18 June 2025, and are available on the group's website.

The Stefanutti Stocks Holdings Limited Separate Annual Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 71 of 2008, as amended and the company's independent auditors, Forvis Mazars, has expressed an unqualified opinion with an emphasis of matter thereon.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 28/29 February continued

BASIS OF PREPARATION

GOING-CONCERN STATEMENT

The below should be read in conjunction with note 2.

The loan provided by the Lenders has assisted with the group's liquidity, even though at 28 February 2025 the group's current liabilities exceed its current assets by R1 302 million (Feb 2024: R1 136 million) and as of that date, had an accumulated loss of R1 062 million (2024: R1 193 million). The matters as noted above including uncertainties surrounding the contingent liabilities as stated in note 26, continue to indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern, and as a consequence could impact on the group's ability to realise its assets and discharge its liabilities in the ordinary course of business.

These consolidated annual financial statements have been prepared using a combination of the historical cost and, where indicated, fair value basis of accounting and are consistent with prior financial years, except where otherwise indicated.

STATEMENT OF COMPLIANCE

The consolidated annual financial statements of Stefanutti Stocks Holdings Limited which include the holding company, together with its subsidiaries, joint operations and equity-accounted investees (collectively the group) for the year ended 28 February 2025, have been prepared in accordance with the following:

IFRS® Accounting Standards (IFRS Accounting Standards), South African Financial Reporting Requirements.	JSE Listings Requirements	Companies Act, No. 71 of 2008, as amended	Going-concern principles
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PRESENTATION CURRENCY

South African Rand

ROUNDING POLICY

R'000 (thousand)

FOREIGN CURRENCY TRANSACTIONS

In the consolidated annual financial statements, transactions are translated into the presentation currency of the group by applying the following principles:

- Monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at reporting date.
- Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.
- Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- Any resulting foreign exchange differences are recognised in the statement of profit or loss and other comprehensive income.

ACCOUNTING POLICIES

For the year ended 28/29 February

MATERIAL ACCOUNTING POLICIES

Included below is a summary of the material accounting policies applicable to the consolidated annual financial statements. These accounting policies include only the areas in IFRS Accounting Standards where elections have been made or policy choices exercised (including the choice or election made) as well as measurement criteria applied. The accounting policies also include information where it will assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position and are included based on materiality as determined by management.

REFERENCE TABLE BETWEEN MATERIAL ACCOUNTING POLICIES AND NOTES

Material accounting policies	Accounting policy (AP) and notes
Construction contracts	AP 1
Revenue	3
Contract assets and liabilities	3, 15, 16, 21, 22
Other income and EBITDA	4
Investment income	5
Employee benefits	AP 2
Short-term benefits	4
Post-employment benefits	4
Termination benefits	4
Employee share incentive schemes	4, 19
Group and Company accounting	AP 3
Translation of foreign operations	Statement of changes in equity Statement of profit or loss and other comprehensive income Statement of financial position
Subsidiaries	—
Equity-accounted investees and joint operations	10, 11
Operating assets and related liabilities	AP 4
Property, plant and equipment	9
Goodwill	12
Inventories	14
Lease liabilities	20
Short-term leases and low value assets	4
Financial instruments	AP 5
Financial assets	15, 16, 17, 27
Impairment	15, 16, 27
Financial liabilities	15, 17, 20, 21, 27
Derecognition	—
Finance costs	5
Non-current assets held for sale and discontinued operations	AP 6 and note 7
Capital and reserves	AP 7
Share capital	18
Reserves	Statement of changes in equity, 18
Treasury shares	Statement of changes in equity, 8, 18
Provisions	AP 8 and note 22
Taxation	AP 9
Current tax	6, 23.2
Deferred tax	6, 13

ACCOUNTING POLICIES

For the year ended 28/29 February continued

1. CONSTRUCTION CONTRACTS

CONTRACT REVENUE FROM CONTRACTS WITH CUSTOMERS

Stefanutti Stocks is a multidisciplinary construction group that delivers projects, of any scale, to diverse sectors in the built environment. The group's geographical footprint spans South Africa and sub-Saharan African countries.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. Payment terms for services delivered are normally within 30 to 60 days.

			Recognition	Measurement
Contract revenue	Within South Africa	South Africa	Stage of completion based on surveys of measured work performed	Based on: <ul style="list-style-type: none"> — Transaction price received or receivable — Including variations and claims — Excluding Value Added Tax
	Outside South Africa	Botswana, Eswatini, Mauritius, Zambia and Zimbabwe	When surveys of work performed cannot be determined reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable	

Revenue type — Civils and Geotechnical, MEP, Mining, Roads and Earthworks

Civils and Geotechnical	Includes the Structural Rehabilitation and Water sectors and lateral support and piling
Mechanical Electrical Piping (MEP)	Consists of Electrical & Instrumentation (including the design and build of electrical step-down facilities), Mechanical (including industry-leading, turnkey dirty water clarification solutions) and Oil & Gas (including in-house pipe-spool fabrication and bulk tank construction)
Mining	Consists of materials handling and tailings management
Roads and Earthworks	Consists of Roads, Earthworks and Mining infrastructure and Renewable Energy infrastructure (including both civil and electrical balance of plant projects)

Duration

Duration is dependant on the terms of the specific contract and will differ from contract to contract

Recognition

Stage of completion based on surveys of work performed
— Measured work performed

Transfer of control

Over time as the construction works progress and enhances the asset which is controlled by the customer

Measurement

Transaction price

Revenue type — Building

Building	Specialising in the Industrial and Commercial sectors including one-stop design and build of cold room facilities and the complete data centre offering encompassing Civil Structural Architectural (CSA), MEP, 3D modelling, etc.
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Duration of contracts

Duration is dependant on the terms of the specific contract and will differ from contract to contract

Recognition

Stage of completion based on surveys of work performed
— Measured work performed

Transfer of control

Non-residential

Over time as the construction works progress and enhances the asset which is controlled by the customer

Residential

Over time if the group is not the developer and does not have the ownership of the development
Transfer of control at end of contract upon issue of completion certificate or registration if the group is the developer and owns the development

Measurement

Transaction price

ACCOUNTING POLICIES

For the year ended 28/29 February continued

1. CONSTRUCTION CONTRACTS CONTINUED

Costs	Variable consideration	Significant financing component
Costs to obtain All costs incurred to obtain a contract are expensed immediately and recognised in profit or loss as they are not incremental.	The group estimates the amount of variable consideration, to which it would be entitled to. Variable consideration is constrained to the extent that it is highly probable that a significant reversal of revenue will not occur.	Shorter than 12 months Advances received on contracts with customers are generally shorter than 12 months, and therefore the group does not adjust the consideration for the effects of a significant financing component, since the group applies the practical expedient.
Costs to fulfil An asset is recognised for costs incurred to fulfil a contract only if those costs meet all of the following criteria: (a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify; (b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) the costs are expected to be recovered.	Certain contracts include penalty provisions, claims and a change of scope of work to be performed which constitutes variable consideration. Variable consideration is measured either at the most likely outcome method or expected value method and is considered at each reporting date. The most appropriate method is selected for each contract and applied consistently throughout the contract term. In most instances the most likely outcome method is used as there are only a few possible outcomes.	Longer than 12 months In instances where advances received are utilised in a period longer than 12 months, the group adjusts the consideration for the effects of a significant financing component by using the interest rate that would be used in a similar transaction, except as exempted by IFRS 15 par 16. Contract revenue is adjusted with this financing component and accounted for as finance costs paid (note 5).

CONTRACT ASSETS AND LIABILITIES

Contract assets	Measurement
Contracts in progress	Cost plus profit recognised to date less cash received or receivable less any expected credit loss allowances. Impairment: refer to accounting policy 5: Financial Instruments.
Contract liabilities	Measurement
Subcontractor retentions	Specific amounts are withheld on each payment made to subcontractors, and either repaid when the defects liability period comes to an end or when payment is received from the client. Subcontractor retentions are included within trade and other payables and are measured at fair value, less direct transaction costs. Retentions are dependent on the nature, terms and timing of each specific contract.
Excess billings over work done	The amount by which progress billings exceed costs incurred plus recognised profit less recognised losses.
Provisions	Estimates are made of the expected cash outflows relating to contracts. Warranties: Defects liabilities provide for warranties relating to defects arising subsequent to the completion of the contract. Defects liabilities are dependent on the nature, terms and timing of each specific contract. Onerous contracts In the instance where the group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

ACCOUNTING POLICIES

For the year ended 28/29 February continued

1. CONSTRUCTION CONTRACTS CONTINUED

OTHER INCOME AND EBITDA

	Includes	Recognition	Measurement
Other income	Amounts both received and accrued	Over time as services are rendered (customer consumes benefit as services are provided)	Transaction price
Management fee	Amounts both received and accrued	Over time as the group provides the management services and the customer simultaneously consumes the benefit	Transaction price

EBITDA comprises earnings before interest, share of profits/losses of equity-accounted investees, taxation, depreciation, amortisation and impairment.

INVESTMENT INCOME

	Includes	Recognition	Measurement
Investment income	Amounts both received and accrued	Time proportion basis	Effective interest method

2. EMPLOYEE BENEFITS

Stefanutti Stocks identifies three types of employee benefits which are accounted for in accordance with IAS 19 *Employee Benefits*, being short-term benefits, post-employment benefits and termination benefits. Employee share incentive schemes are accounted for under IFRS 2 *Share-based payments*.

SHORT-TERM BENEFITS

Includes	Basic salary, paid vacation leave, sick leave, bonuses, medical aid, death and disability cover.
Accounting treatment	<p>The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.</p> <p>The expected cost of accrued leave is recognised as the employees render services that increase their entitlement or, in the case of non-accumulating leave, when the absence occurs. Accrued leave is measured as the amount that the company expects to pay as a result of unused entitlement that has accumulated to the employees at the reporting date.</p> <p>Other short term benefits are recognised as an expense in the period in which they are incurred.</p>

POST-EMPLOYMENT BENEFITS

Defined contribution plan	The group contributes to a defined contribution plan. The group requires monthly-paid employees to partake in a group retirement fund and hourly-paid employees in the relevant industry funds. The group contributes a monthly contribution to these funds and does not bear any further responsibility thereafter. These funds are managed by various portfolio managers and are governed by the Pension Funds Act, No. 24 of 1956.
Accounting treatment	The payments are charged as expenses when the related services are provided.

TERMINATION BENEFITS

Includes	Retrenchment costs
Accounting treatment	An expense is recognised together with a corresponding liability when the group can no longer withdraw the offer of those benefits and when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits, whichever is earlier.

EMPLOYEE SHARE INCENTIVE SCHEMES

Forfeitable Share Plan (FSP)	<p>The FSP has been established to complement and enhance the ability of the group to attract, incentivise, retain, and reward key staff, and promote broad-based black economic empowerment within the group.</p> <p>Forfeitable Share Plan Awards are based on, inter alia, the seniority and performance of employees, market benchmarks, the human capital requirements including skills, diversity and inclusion requirements, and/or the need to promote broad-based black economic empowerment within the group. The vesting of all Forfeitable Share Plan Awards will be subject to the vesting condition of three years employment after the award.</p>
Accounting treatment	The FSP cost, which is the grant date fair value, is expensed over the vesting period in profit or loss, with a corresponding increase in equity, except for those shares which are purchased upfront on the market and of which the cash outflows are expensed over 3 years.

ACCOUNTING POLICIES

For the year ended 28/29 February continued

3. GROUP AND COMPANY ACCOUNTING

TRANSLATION OF FOREIGN OPERATIONS

Procedures followed to translate to presentation currency

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Rand at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Rand, at the average exchange rates for the period. Where exchange rate differences fluctuate significantly, the exchange rates at the dates of the transactions are used.

The difference in translation between these rates is recognised in the foreign currency translation reserve.

SUBSIDIARIES

Subsidiaries are entities controlled by the group.

The group determines that it has control of a subsidiary when it is exposed to or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Recognition and measurement

Subsidiaries are consolidated from the date of acquisition, which is the date on which the group obtains control of the subsidiary and continue to be consolidated until the date that control ceases.

The annual financial statements of the subsidiaries are prepared using consistent accounting policies and prepared for the same reporting period as the parent company.

Intercompany transactions

All intergroup balances, transactions, income and expenses are eliminated in full in the consolidated annual financial statements.

Consolidated structured entities

Consolidated structured entities include share incentive trusts set up for the benefit of the group's employees. Such trusts are consolidated in the group results as the group effectively controls these trusts through the specific mechanisms that were established when the trusts were formed. Shares issued to or held by these trusts are treated as treasury shares until such time as participants pay for or take delivery of such shares.

EQUITY-ACCOUNTED INVESTEEES AND JOINT OPERATIONS

Initial recognition and measurement

Equity-accounted investees

Equity-accounted investees are deemed to be material if the interest in the equity-accounted investee (cost and long-term loans) exceed 3% of the non-current asset value of the group.

Equity-accounted investees are accounted for using the equity method. Interest in equity-accounted investees are initially recognised at cost. Investor's interest includes any equity contributions, which are made at the date of acquisition, equity-accounted losses and profits which are recognised against the cost of the investment, as well as loans which will in all likelihood not be settled in the near future. Goodwill recognised on the acquisition of an associate company is included in the cost of the investment. In instances where the year-ends of equity-accounted investees differ from that of the group, monthly management accounts are used to ensure information is reported coterminous with the group's year-end.

Joint operations

Results of joint operations are included when two or more parties combine their operations, resources and expertise in order to manufacture/build a particular product.

ACCOUNTING POLICIES

For the year ended 28/29 February continued

3. GROUP AND COMPANY ACCOUNTING CONTINUED

Subsequent measurement

Equity-accounted investees

Subsequent to initial recognition, the group recognises its share of the profit or loss and other comprehensive income, until the date on which significant influence ceases.

Joint operations

The group has rights to the assets and obligations for its liabilities in a joint operation, and therefore recognises in relation to its interest in a joint operation the following:

- a) its assets, including its share of any assets held jointly;
- b) its liabilities, including its share of any liabilities incurred jointly;
- c) its share of the revenue from the sale of the output by the joint operation; and
- d) its expenses, including its share of any expenses incurred jointly.

Impairment

Equity-accounted investees

An impairment is recognised when there is objective evidence that the equity-accounted investment is impaired and its value-in-use is less than the carrying amount. Impairment losses are deducted from the carrying amount of these investments. Any impairment is calculated after application of the equity method. Losses resulting from transactions with equity-accounted investees are recognised only to the extent of the investors' interest which include cost plus loans which will in all likelihood not be settled in the near future.

Joint operations

Recognised assets are impaired in line with group policy for similar type of assets.

Derecognition

Equity-accounted investees

On the date that the equity-accounted investments are disposed of, the entity ceases to equity account the investments. Equity-accounted investments are disposed of when the entity ceases to have significant influence.

Joint operations

When the combined operation ceases, the group's share of the assets and liabilities held jointly as well as its share of profits or losses is derecognised.

4. OPERATING ASSETS AND RELATED LIABILITIES

PROPERTY, PLANT AND EQUIPMENT

Owned assets

Categories	Initial measurement	Subsequent measurement	Depreciation method and period	Impairment
Land and buildings	Initially recognised at cost, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located.	Carried at the revalued amount (fair value less depreciation and accumulated impairment losses).	Land is not depreciated, all other assets are depreciated on a straight-line or usage basis over their useful life.	Assets are tested for impairment, when there is an indication that it may be impaired, by determining the recoverable amount of the assets either individually or at the cash generating unit level.
Plant and equipment Transport and motor vehicles Furniture, fittings, office and computer equipment		Cost less accumulated depreciation and accumulated impairment losses.		

The revaluation of Land and Buildings are recognised in other comprehensive income and against a revaluation reserve in the statement of changes in equity. The revaluation reserve is recycled to retained earnings upon disposal (but not annual usage) of the Land and Buildings to which the revaluation reserve pertains.

ACCOUNTING POLICIES

For the year ended 28/29 February continued

4. OPERATING ASSETS AND RELATED LIABILITIES CONTINUED

Right-of-use assets

Categories	Initial measurement	Subsequent measurement	Depreciation method and period
Land and buildings Plant and equipment Transport and motor vehicles	Right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.	Cost less accumulated depreciation and accumulated impairment losses.	Right-of-use assets are depreciated over the useful life of the asset or term of lease, whichever is shorter.

Useful lives

The estimated useful lives assigned to the categories of Property, Plant and Equipment (owned and instalment sales) are as follows:

Buildings:	50 years
Plant and equipment:	5 – 10 years
Transport and motor vehicles:	3 – 10 years
Furniture, fittings, office and computer equipment:	3 – 8 years

Lease terms are between one and five years for plant and equipment, and three to ten years for land and buildings.

GOODWILL

Initial measurement and recognition	Subsequent measurement	Amortisation method and period	Impairment
Measured as the difference between the purchase consideration and the fair value of the identifiable net assets at date of acquisition.	Cost less accumulated impairment.	Goodwill is not amortised but is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.	Management generally uses the value-in-use method to determine the recoverable amount of goodwill when there are impairment indicators.

INVENTORIES

Initial measurement and recognition

Inventories include consumables (such as fuel, tyres, spares and stationery), operational inventory and development property. Operational inventory is inventory that will be used in the normal operating cycle. Development property relates to properties which are developed for the purposes of sale. Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises the cost to purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

LEASE LIABILITIES

Initial measurement and recognition	Subsequent measurement
Lease liabilities are initially measured at the present value of the lease payments that are due at the commencement date, discounted using the group's incremental borrowing rate.	At amortised cost. It is remeasured when there is a change in future lease payments arising from a change in term or if the group changes its assessment on whether it will exercise a purchase, extension or termination option at the end of the contract. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

Initial measurement and recognition

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Low-value assets are defined as assets with a new cost of R250 000 and less. Lease payments associated are recognised in profit or loss on a straight-line basis over the term of the relevant lease.

ACCOUNTING POLICIES

For the year ended 28/29 February continued

5. FINANCIAL INSTRUMENTS

Financial assets, financial liabilities and equity instruments are recognised in the group's statement of financial position when the group becomes a party to the controlled provisions of the instrument.

FINANCIAL ASSETS

Classification	Instruments included in the classification	Initial measurement	Subsequent measurement
Amortised cost	Trade and other receivables (excluding Value Added Tax, prepayments and financial assets held at fair value through profit or loss) and cash and cash equivalents.	Trade receivables are measured at their transaction price if the trade receivables do not contain a significant financing component. Other financial assets are measured at fair value excluding transaction costs. The group applies trade date accounting for financial assets.	Amortised costs using the effective interest method, less expected credit loss.
Financial assets held at fair value through profit or loss	Financial assets held at fair value through profit or loss that do not meet the SPPI (solely payments of principal and interest) test as per IFRS 9.	At fair value plus direct transaction costs.	Gains and losses are recognised in profit or loss.

IMPAIRMENT

Expected credit loss model

Cash and cash equivalents

The group only deposits cash with reputable banks with high-quality credit ratings. The credit quality therefore is assessed as good and no expected credit loss is provided for.

Trade and other receivables and contract assets

The group uses an allowance account to recognise credit losses on contract assets and trade and other receivables. The group applies its impairment model as follows:

Expected credit loss model (ECL) — trade and other receivables and contract assets

The group applies the simplified approach of recognising lifetime ECLs over the lifetime of the trade receivables and contract assets (which includes contracts in progress). The group applies a provision matrix in measuring the collective expected credit loss, based on general economic conditions and an assessment of both current and future conditions. The group also raises an individual expected credit loss for specific clients who are showing signs of default.

The group assesses an increase in credit risk as significant when the contractual payments are more than 30 days past due and in default when they are more than 90 days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the entity, failure to make contractual payments for a period of greater than 120 days past due based on historical experience and when external information such as probable insolvency or significant difficulties indicates that it is unlikely to receive the outstanding contractual amounts in full. Any amount written off is only performed after considering any collateral held.

Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss in operating expenses.

The group applies the general approach of recognising ECLs on amounts due by joint operations and other receivables by assessing, at each reporting period, whether there has been a significant increase in credit risk since initial recognition. Where there is no significant increase in credit risk, the group provides for a 12-month ECL. Where there is a significant increase in credit risk, a lifetime ECL is calculated.

Impairment allowances are deducted from the carrying amounts of trade and other receivables and contract assets.

ACCOUNTING POLICIES

For the year ended 28/29 February continued

5. FINANCIAL INSTRUMENTS CONTINUED

FINANCIAL LIABILITIES

Classification	Instruments included in the classification	Initial measurement	Subsequent measurement
Amortised cost	Financial liabilities (interest and non-interest bearing loans), trade and other payables, including retention creditors, subcontractors and bank overdrafts.	Fair value less direct transaction costs.	Amortised costs using the effective interest method.

DERECOGNITION

Financial assets are derecognised when the group's contractual rights to the cash flows expire or are transferred to another party. Any gains or losses on derecognition are recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any gains or losses are recognised in profit or loss. Any liabilities that are remeasured with a remeasurement greater than 10% are derecognised and a new liability is recognised. Any remeasurement less than 10% is deemed as a modification.

FINANCE COSTS

	Includes	Recognition	Measurement
Finance costs	Amounts both paid and payable	Time proportion basis	Effective interest method

6. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

Initial measurement and recognition	Depreciation and amortisation	Impairment/gain
Measured at the lower of carrying value and fair value less costs to sell, except for deferred tax assets, assets arising from employee benefits and financial assets.	Amortisation and depreciation ceases when an asset is classified as held for sale.	An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised either in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations or previously in accordance with IAS 36 Impairment of Assets.

ACCOUNTING POLICIES

For the year ended 28/29 February continued

7. CAPITAL AND RESERVES

SHARE CAPITAL

Share capital issued by the company is recorded at the proceeds received, net of issue costs.

RESERVES

Foreign currency translation reserve comprises the translation effect of foreign subsidiaries, joint arrangements and equity-accounted investees to the reporting currency.

Share-based payments reserve comprises the accumulated effect of share-based payment expenses in terms of the employee share incentive scheme.

Revaluation surplus reserve comprises the revaluation of land and buildings.

Reserves of disposal groups comprises foreign currency translation and revaluation surplus reserves that relate to the disposal groups.

TREASURY SHARES

When shares are held in the group, through subsidiary companies, reducing the group's share capital, those equity instruments, held at cost (treasury shares), are presented as a deduction against the group's equity. No gain or loss is recognised in profit or loss. The share capital is reduced for the par value of the shares and the balance against the share premium.

8. PROVISIONS

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are initially measured based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. These estimates are reviewed and adjusted at each reporting period to reflect changes in circumstances.

9. TAXATION

CURRENT TAX

Current tax comprises the expected tax payable or recoverable from taxation authorities on the taxable income or assessed loss for the year using enacted or substantively enacted tax rates at the reporting period and includes any adjustments to tax payable in respect of prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received for that reporting period.

Current tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets against current tax liabilities and the group has the intention to settle a net amount, or to recognise the asset and liability simultaneously.

DEFERRED TAX

Deferred tax is recognised in respect of temporary differences between the carrying amounts for financial reporting purposes and the tax base used for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for all deductible temporary differences, including those arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that it is probable that future taxable income will be generated against which any available tax losses and deductible temporary differences can be utilised. Future taxable profits are generated from future trading activities and the reversal of relevant taxable temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

A deferred tax liability is recognised for all taxable temporary differences.

ACCOUNTING POLICIES

For the year ended 28/29 February continued

NEW ACCOUNTING PRONOUNCEMENTS

Standards and interpretations effective and adopted in the current year

The following standards became effective during the current year and had no effect on the financial statements of the company as at year-end:

	Accounting standard/interpretation	Type	Impact on financial statements
IAS 1: Presentation of Financial Statements	Classification of liabilities as current or non-current	Amendment	Policies are reassessed and no changes were deemed necessary.
	Classification of long-term debt affected by covenants	Amendment	Policies are reassessed and no changes were deemed necessary as the loan does not contain any financial covenants but rather imposes certain information sharing and general undertakings.
IAS 7: Statement of Cash Flows and IFRS 7: Financial Instruments Disclosure	Supplier Financing Arrangements	Amendment	No impact as no such transactions exist.
IFRS 16: Leases	Subsequent measurement for sale and leaseback	Amendment	No impact as no such transactions exist.

Standards and interpretations issued and not yet effective

The company has chosen not to early adopt the following Standards and Interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 March 2025 or later periods.

	Accounting standard/interpretation	Type	Effective date	Impact on the financial statements
IAS 21: The Effect of Changes in Foreign Exchange Rates	Lack of exchangeability	Amendment	1 January 2025	No expected impact as the group does not have transactions in currencies that are not exchangeable.
IFRS 1: First-time Adoption of International Financial Reporting Standards	Hedge accounting for the first time	Amendment	1 January 2026	No impact as the entity already reports in terms of IFRS Accounting Standards.
IFRS 7: Financial Instruments: Disclosure	Gain or losses on derecognition	Amendment	1 January 2026	No expected impact as standard is appropriately applied.
	Derecognition of financial liabilities	Amendment	1 January 2026	Impact is still being assessed.
	Additional disclosure	Amendment	1 January 2026	Additional disclosures will be assessed and added if required.
	Contracts referencing nature-dependent electricity	Amendment	1 January 2026	No impact as no such contracts have been entered into.
IFRS 9: Financial Instruments	Lease derecognition of lease liabilities	Amendment	1 January 2026	No expected impact.
	Transaction price	Amendment	1 January 2026	No expected impact.
	Derecognition of financial liabilities	Amendment	1 January 2026	Impact is still being assessed.
	Contracts referencing nature-dependent electricity	Amendment	1 January 2026	No impact as no such contracts have been entered into.
IFRS 10: Consolidated Financial Statements	Determination of a 'de facto agent'	Amendment	1 January 2026	No expected impact.
IFRS 18: Presentation and Disclosure in Financial Statements	Includes requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in financial statements	New	1 January 2027	A significant change to the primary financial statements is expected. Impact is still being assessed.

ACCOUNTING POLICIES

For the year ended 28/29 February continued

NEW ACCOUNTING PRONOUNCEMENTS CONTINUED

	Accounting standard/interpretation	Type	Effective date	Impact on the financial statements
IFRS 19: Subsidiaries without Public Accountability: Disclosures	Specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards	New	1 January 2027	No expected impact as this company is not a subsidiary. Standard to be considered for subsidiary companies.
IAS 7: Statement of Cash Flows	Cost method	Amendment	1 January 2026	No expected impact.

SHAREHOLDERS' ANALYSIS

Analysis of ordinary shareholders as at 28 February 2025

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
SHAREHOLDER SPREAD				
1 — 1 000	6 921	82,40	847 632	0,45
1 001 — 10 000	958	11,40	3 394 466	1,81
10 001 — 100 000	376	4,48	13 077 459	6,95
100 001 — 1 000 000	114	1,36	39 528 332	21,02
Over 1 000 000	30	0,36	131 232 857	69,77
Total	8 399	100,00	188 080 746	100,00

DISTRIBUTION OF SHAREHOLDERS

Close corporations	13	0,16	849 325	0,45
Collective investment schemes	5	0,06	23 230 720	12,35
Custodians	6	0,07	866 792	0,46
Foundations and charitable funds	5	0,06	37 256	0,02
Hedge funds	3	0,04	7 534 342	4,01
Investment partnerships	3	0,04	89 962	0,05
Private companies	52	0,62	3 241 401	1,72
Retail shareholders	8 250	98,22	107 830 637	57,33
Retirement benefit funds	5	0,06	728 460	0,39
Share schemes	1	0,01	6 429 930	3,42
Stockbrokers and nominees	5	0,06	552 146	0,29
Treasury	2	0,02	14 407 132	7,66
Trusts	48	0,57	22 282 638	11,85
Unclaimed scrip	1	0,01	5	0,00
Total	8 399	100,00	188 080 746	100,00

SHAREHOLDER TYPE

Non-public shareholders

Directors direct and indirect shareholdings	9	0,11	4 639 099	2,47
Prescribed officers shareholdings	7	0,08	6 725 512	3,57
Own holdings	2	0,02	14 407 132	7,66
Share schemes	2	0,02	6 429 930	3,42

Public shareholders

Total	8 379	99,77	155 879 073	82,88
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Total	8 399	100,00	188 080 746	100,00
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	Number of shares	% of issued capital
BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES		
Merryl Janne Schwegmann	20 754 617	11,03
Stefanutti Stocks Investments (Pty) Ltd	14 407 132	7,66
The Windsor Drive Property Trust	10 955 383	5,82
Russell Hampson Family Trust	10 000 000	5,32
Ninety One	9 351 628	4,97
Howard Fredrick Schwegmann	8 990 000	4,78
PSG	7 230 979	3,85
Sanlam Group	6 648 113	3,53
Steyn Capital	6 545 190	3,48
Stefanutti & Bressan Share Incentive Trust	6 429 930	3,42
Total	101 312 972	53,86

ABBREVIATIONS AND DEFINITIONS

AAARG	Average Anticipated Annual Revenue Growth	King IV	King IV Report on Corporate Governance for South Africa 2016
AGM	Annual general meeting	MEP	Mechanical Electrical Piping
ARCO	Audit, Governance and Risk Committee	MOI	Memorandum of Incorporation
CEO	Chief Executive Officer	MOU	Memorandum of understanding
CFO	Chief Financial Officer	NAV	Net asset value
CGU	Cash generating unit	Operating profit/(loss)	Operating profit/(loss) before investment income
Companies Act	Companies Act, No. 71 of 2008, as amended	REMCO/NOMCO	Remuneration and Nominations Committee
CRO	Chief Restructuring Officer	RIT	Restructuring Implementation Team
DAB	Dispute Adjudication Board	S&E Committee	Social and Ethics Committee
EBITDA	Earnings before interest, taxation, depreciation and amortisation	SAICA	South African Institute of Chartered Accountants
ECL	Expected Credit Loss	Stefanutti Stocks; the group or the company	Stefanutti Stocks Holdings Limited, all of its subsidiaries, joint operations and equity-accounted investees
EPS	Earnings Per Share	the board	The board of directors of Stefanutti Stocks Holdings Limited
FYE	Financial year-end	the current year	The financial year ended: 28 February 2025
HEPS	Headline Earnings Per Share	the next year	The financial year ending: 28 February 2026
IFRS Accounting Standards	International Financial Reporting Standards	the previous year	The financial year ended: 29 February 2024
IPPF	International Professional Practice Framework	WACC	Weighted Average Cost of Capital
IT	Information technology		
JSE	Johannesburg Stock Exchange		
JSE Listings Requirements	Listings Requirements of the JSE Limited		

CORPORATE INFORMATION

Company information

Stefanutti Stocks Holdings Limited

Share code: SSK ISIN: ZAE000123766

JSE Main Board — General Segment

JSE Sector: Construction

Year-end: 28 February

Registration number

1996/003767/06

Country of incorporation

South Africa

Registered office

No. 9 Palala Street, Protec Park,
Cnr Zuurfontein Avenue and Oranjerivier
Drive, Kempton Park, 1619

Postal address

Private Bag X2032, Isando, 1600

Telephone number

+27 11 571 4300

Directors

As at 18 June 2025: ZJ Matlala* (Chairman);
HJ Craig*; B Harie*; BP Silwanyana*;
RW Crawford (CEO); Y du Plessis (CFO)

* Independent non-executive directors.

Company secretary

WR Somerville

Fernridge Office Park, 1st Floor, Block 4,
5 Hunter Street, Randburg, 2194

Auditors

Forvis Mazars

Forvis Mazars House
54 Glenhove Road,
Melrose Estate, 2196
PO Box 6697, Johannesburg, 2000

Telephone number

+27 11 547 4000

Attorneys

Webber Wentzel

90 Rivonia Road, Sandton,
Johannesburg, 2196

PO Box 61771, Marshalltown, 2107

Telephone number

+27 11 530 5000

Transfer secretaries

Computershare Investor Services (Pty) Ltd

Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196

PO Box 9000, Saxonwold, 2132

Telephone number

+27 11 370 5000

Sponsor

Bridge Capital Advisors (Pty) Ltd

10 Eastwood Road, Dunkeld, 2196

PO Box 651010, Benmore, 2010

Telephone number

+27 11 268 6231

Bankers

African Banking Corporation Zimbabwe

Eswatini Bank Limited

First National Bank, a division
of FirstRand Bank Limited

First National Bank Botswana Limited

First National Bank Eswatini,
a division of FirstRand Bank Limited

First National Bank Zambia Limited

Nedbank Limited

Nedbank Eswatini Limited

Stanbic Bank Botswana Limited

Stanbic Bank Zimbabwe Limited

Stanbic Bank Zambia Limited

Standard Bank Eswatini

United Bank for Africa Zambia Limited



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