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# BUILDING BLOCKS FOR GROWTH

ANNUAL
FINANCIAL
STATEMENTS

SEPHAKU
HOLDINGS LTD

# **GENERAL** INFORMATION

| | |
|---|---|
| **Country of incorporation and domicile** | South Africa |
| **Nature of business and principal activities** | Construction materials company |
| **Directors** | B Williams – Chairperson – independent non-executive director<br>MM Ngoasheng – Independent non-executive director<br>MJ Janse van Rensburg – Independent non-executive director<br>B Bulo – Independent non-executive director<br>Dr. L Mohuba – Non-executive director<br>NR Crafford-Lazarus – Financial director<br>KJ Capes – Chief executive officer |
| **Registered office** | Southdowns Office Park<br>First floor, Block A<br>Cnr Karee and John Vorster Streets<br>Irene X54, Pretoria<br>0062 |
| **Postal address** | PO Box 7651<br>Centurion<br>0046 |
| **Bankers** | Nedbank |
| **Company secretary** | Acorim Proprietary Limited<br>Telephone: +27 11 325 6363<br>Email: sephaku@acorim.co.za |
| **Métier Mixed Concrete (wholly-owned subsidiary)** | Physical address: Romead Business Park, 23 Malone Road, Maxmead 3610<br>Postal address: Postnet Suite #546, Private Bag X4, Kloof 3640<br>Telephone: +27 31 716 3600/0861 638437<br>Website: www.metiersa.co.za |
| **Dangote Cement South Africa (associate)** | Physical address: Southdowns Office Park, Block A, Ground Floor Cnr Karee and John Vorster Streets, Irene, X54 0062<br>Postal address: PO Box 68149, Highveld 0169<br>Telephone: +27 12 684 6300<br>Website: www.sephakucement.co.za |
| **Company registration number** | 2005/003306/06 |
| **Preparer** | The annual financial statements were internally compiled under the supervision of:<br>Neil Crafford-Lazarus CA(SA) |
| **Transfer secretaries** | Computershare Investor Services Proprietary Limited<br>Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196<br>Private Bag X9000, Saxonwold, 2132<br>Telephone: +27 11 370 5000 |
| **JSE sponsor** | QuestCo Corporate Advisory Proprietary Limited<br>Telephone: +27 11 011 9200 |
| **Investor relations officer** | Neil Crafford-Lazarus<br>Email: info@sepman.co.za<br>Telephone: +27 12 684 6300 |

# INDEX

The reports and statements set out below comprise the annual financial statements presented to the shareholders:



The financial statements have been audited by PricewaterhouseCoopers Incorporated in compliance with the applicable requirements of the Companies Act of South Africa and have been prepared under the supervision of NR Crafford-Lazarus, CA(SA).

**Issued**

25 June 2024

# STATEMENT OF COMPLIANCE BY AUDIT AND RISK COMMITTEE

## 1. MANDATE AND TERMS OF REFERENCE

The audit committee has executed its duties and responsibilities in accordance with its terms of reference which are inferred by the Companies Act of South Africa, paragraph 3.84(g) of the JSE listings requirements and King IV, except for the chairperson being part of the audit committee, and are approved by the board. In addition, the audit committee ensured compliance with JSE listings requirements paragraph 7.F.6. dealing with compliance with the laws of establishment and the memorandum of incorporation (MOI) of the Group.

The members of the audit committee are all independent non-executive directors of the Group and consist of:

**Name**
MJ Janse van Rensburg (chairperson)
B Bulo
B Williams

The committee is satisfied that the members thereof have the required knowledge and experience as set out in section 94(5) of the Companies Act and Regulation 42 of the Companies Regulation, 2011.

## 2. COMPOSITION AND ATTENDANCE AT MEETINGS

There was no change to the committee members during the year under review. In addition, the chief executive officer (CEO) and financial director (FD) are permanent invitees to meetings. The committee performs the duties laid upon it by section 94(7) of the Companies Act by holding meetings at least three times per annum and special committee meetings are convened as required.

The external auditors attended and reported at all meetings of the committee. The external auditors have unrestricted access to the committee.

Full details of the attendance and dates of the meetings are disclosed in the corporate governance section of the integrated annual report.

## 3. STATUTORY DUTIES

The committee's roles and responsibilities include its statutory duties as per the Companies Act and the responsibilities assigned to it by the board, which are reviewed annually.

The committee has performed the following statutory duties:

- Nominated and recommended the appointment of PricewaterhouseCoopers Incorporated as the external auditor of SepHold, with Y Kharwa as the lead engagement partner. PricewaterhouseCoopers Incorporated is, in the opinion of the committee, independent of the Group.
- Reviewed and agreed to the fees to be paid to the external auditor and their terms of engagement in consultation with executive management.
- Ensured that the appointment of the external auditor complies with the Companies Act and any other legislation relating to the appointment of an auditor.
- Determined the nature and extent of allowable non-audit services and pre-approved any proposed agreement with the external auditor for the provision of non-audit services to Sephaku Holdings Limited ("SepHold").
- Attended to any complaints relating to the accounting practices, the auditing or content of annual financial statements, and the internal financial controls of SepHold.
- Considered and, when appropriate, made recommendations to the board on internal financial controls, accounting policies, records and reporting.
- Ensure, on an annual basis, that the financial director has the appropriate expertise and experience.
- Ensure that the Group and the Company has established appropriate financial reporting procedures and that those procedures are operating.
- Ensure suitability of the appointment of external auditors and the designated individual partner, specifically taking into account any information pursuant to paragraph 22.15(h) of the JSE Limited Listings Requirements (JSE Listings Requirements).

## 4. EXTERNAL AUDITOR

Due to the requirements of audit firm rotation BDO South Africa Incorporated resigned as the auditors of the Company with effect from 24 October 2023. After reviewing proposals from interested firms the committee recommended PricewaterhouseCoopers Incorporated to be appointed as the external auditor of SepHold, with Y Kharwa, as the individual designated audit partner, effective 24 October 2023.

The committee agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 31 March 2024. This was done after consultation with executive management taking into consideration such factors as the timing of the audit, the extent of work required and the scope.

The external auditor is invited to and attends all committee meetings. Findings by the external auditor arising from his annual statutory audit are tabled and presented at a committee meeting following the audit. The external auditor has expressed an unqualified opinion on the financial statements for the year ended 31 March 2024. This will be presented at the annual general meeting.

SepHold has satisfied itself that PricewaterhouseCoopers Incorporated and Y Kharwa appear on the JSE's list of accredited auditors and their advisors. The committee also acted according to the section 22 requirements of the JSE Listings Requirements and the auditor approval process per 3.84(g)(iii) in requesting from the audit firm (and if necessary consulting with the audit firm on) the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment as well as for an applicant issuer prior to listing.

## 5. INTERNAL FINANCIAL CONTROLS

The committee has reviewed:

- the effectiveness of the risk management, controls and governance processes, including receiving assurance from management and external audit;
- significant issues raised by the external audit process; and
- policies and procedures for preventing and detecting fraud.

The committee believes that internal financial controls are effective and form a sound basis for the preparation of reliable annual financial statements. No findings have come to the attention of the committee to indicate that any material breakdown in internal financial controls has occurred during the financial year.

## 6. ANNUAL FINANCIAL STATEMENTS

The committee reviews the annual financial statements, preliminary results announcements, interim financial information and integrated annual report – this culminates in a recommendation to the board to approve them. The annual financial statements were prepared in accordance with the IFRS® Accounting Standards (IFRS Accounting Standards), the JSE Listings Requirements and the requirements of the Companies Act.

## 7. GOING CONCERN

The committee reviewed a documented assessment by management of the going concern premise of the Group and the Company. Based on this assessment, the committee agrees with management's assessment that the Group and the Company will be a going concern in the foreseeable future. Refer to note 36 for further details.

## 8. EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND THE FINANCE FUNCTION

The committee has satisfied itself that the financial director of SepHold, Mr. NR Crafford-Lazarus, has appropriate expertise and experience to meet his responsibilities in that position as required in terms of the JSE Listings Requirements.

The committee also satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function of the Company.

## 9. DUTIES ASSIGNED BY THE BOARD

The duties and responsibilities of the members of the committee are set out in the committee's terms of reference which are approved by the board. The committee fulfils an oversight role regarding SepHold's integrated annual report and the reporting process, including the system of internal financial control.

The committee is satisfied that it has complied in all material respects with its legal, regulatory and other responsibilities during the year, which includes consideration of the JSE's findings contained in the latest monitoring report when preparing the annual financial statements for the year under review.

## 10. INTERNAL AUDIT

Due to the nature and size of the head office, the accounting function is structured to accommodate current requirements and as such, the committee does not believe that an internal audit function is viable at this stage. The committee believes that new appointments should strengthen the accounting function and improve control through the division of duties. As such, this is better suited to the Company's needs than the performance of an internal audit function. On an operational level, Dangote Cement South Africa Proprietary Limited (SepCem) has a functional internal audit department that reports to the SepCem audit committee on which SepHold is also represented. The internal audit reports for Métier Mixed Concrete Proprietary Limited (Métier) are reviewed annually.

## 11. RISK MANAGEMENT

The committee discussed and reviewed the following:

- Recommending to the board SepHold's risk appetite.
- Monitoring the emerging risk profile of SepHold on a regular basis and reporting its findings to the board.
- Receiving and reviewing reports that assess the nature and extent of the risks facing SepHold.
- Ensuring steps are taken by executive management to embed risk management practices within the day-to-day operations of the business.
- Monitoring the level of available capital and reporting to the board on the adequacy of the available capital relative to the emerging risk profile of SepHold.
- Ensuring that risk and capital management policies, processes and practices are adopted in SepHold and reviewing the adequacy and effectiveness of the risk-type control frameworks and policies.

## 12. IT GOVERNANCE

The committee considered and reviewed the IT Policy and Governance framework approved in the previous financial year and recommended to the board that no changes were required. While business continuity is not at risk the committee further reviewed the need for system upgrades for the Subsidiary.

## 13. RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS FOR APPROVAL BY THE BOARD

The committee met with PricewaterhouseCoopers Incorporated prior to the commencement of the audit to discuss the potential key audit matters. The independent auditor's report on pages 5 to 9 details the following key audit matters:

- Impairment assessment of goodwill (group) and investments in subsidiaries (company)
- Impairment assessment of investment in associate (group)

The committee is satisfied that the key audit matters were adequately and appropriately addressed in the content of the audit and appropriately disclosed in the notes to the financial statements.

The committee held a meeting on 19 June 2024 at which time they reviewed and recommended the annual financial statements for approval by the board. Issues discussed during this meeting apart from the key audit matters included the valuation of Other Financial Assets and the ECL application to loans associated companies (note 12), as well as the impairment of Other Investments (note 13).

On behalf of the audit committee

**MJ Janse van Rensburg**
*Chairperson*

# **INDEPENDENT** AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SEPHAKU HOLDINGS LIMITED

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sephaku Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

#### What we have audited

Sephaku Holdings Limited's consolidated and separate financial statements set out on pages 16 to 60 comprise:

- the consolidated and separate statements of financial position as at 31 March 2024;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

### 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 and separate financial statements* section of our report.

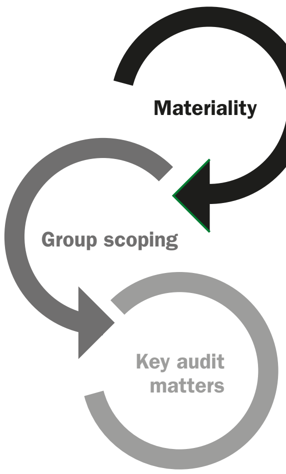
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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)*.

### Our audit approach

#### Overview




***Overall group materiality***

- *Overall group materiality: R9.3 million, which represents 0.8% of consolidated revenue.*

***Group audit scope***

- *The Group comprises four components, which include one wholly-owned subsidiary that produces ready-mix concrete, an associate that produces cement, the head office entity and one dormant entity.*
- *Full scope audits were performed on the three components that we considered to be financially significant and we performed analytical procedures over the dormant entity that was considered not to be significant.*

***Key audit matters***

- *Impairment assessment of goodwill and investments in subsidiaries*
- *Impairment assessment of investment in associate*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

| | |
|---|---|
| *Overall group materiality* | *R9.3 million.* |
| *How we determined it* | *0.8% of consolidated revenue.* |
| *Rationale for the materiality benchmark applied* | *We selected consolidated revenue as the benchmark for materiality because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings.*<br><br>*We chose 0.8% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue as a benchmark in calculating materiality.* |

### How we tailored our group audit scope

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.

Our scoping assessment included consideration of the financial significance of the Group's four components as well as the sufficiency of work planned to be performed over the material financial statement line items within the consolidated financial statements. Based on our scoping assessment, full scope audits were performed over the three financially significant components and analytical review procedures were performed over the non-significant component in the Group.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the Group engagement team and a non-PwC firm acting under our instruction. The Group engagement team was directly responsible for the audit of the Group consolidation, the full scope audit of the Company and one subsidiary, and the analytical review procedures over the non-significant component.

Where the work was performed by the component auditor, we determined the level of involvement we needed to have in the audit work of that component to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We issued group audit instructions and had various interactions with the component audit team, where we outlined key aspects such as recent developments at the component, audit risks, materiality, the scope of the audit and audit approaches. We discussed the report of the component team, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key audit matter**

***Impairment assessment of goodwill and investments in subsidiaries***

*This key audit matter relates to the consolidated and separate financial statements.*

Refer to the following accounting policies and notes to the separate and consolidated financial statements for disclosures as it relates to this key audit matter:

- Material accounting policies 1.4: Investments in subsidiaries
- Material accounting policies 1.18: Goodwill;
- Note 6: Goodwill; and
- Note 7: Investments in subsidiaries.

In accordance with IAS 36, *Impairment of Assets* (“IAS 36”), the Group performs an annual impairment assessment on goodwill, or more frequently, if there is an indicator of impairment on goodwill.

Investments in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Reduced profitability and general economic downturn in the construction industry were identified as indicators of impairment on the investments in subsidiaries.

As at 31 March 2024 the Group’s consolidated statement of financial position included goodwill with a closing net book value of R223.4 million.

The company’s separate statement of financial position included investments in subsidiaries, with a carrying amount of R299.4 million.

Goodwill arose on the acquisition of Metier Mixed Concrete Proprietary Limited (“Metier”) and the impairment assessment was performed at a Metier level, with Metier identified as the cash-generating unit (“Metier CGU”). The recoverable amount of the Metier CGU was determined based on a value-in-use calculation.

Management performed their annual impairment assessment on the Metier CGU to which goodwill was allocated and based their assessment on the value-in-use discounted cash flow model in assessing the carrying value of goodwill. The value-in-use discounted cash flow model was applied in assessing the carrying value of goodwill. Cash flows were projected over a three-year period, and a projected terminal year, based on financial budgets or forecasts approved by management.

In determining the value-in-use of the Metier CGU, the following key assumptions were applied by management:

- Discount rate; and
- Terminal value growth rate.

Management’s impairment testing performed over goodwill and the investment in Metier indicated that the respective carrying values were lower than the recoverable amounts, resulting in no impairment charge recognised on these assets.

The impairment assessment of goodwill and the investment in Metier is considered to be a matter of most significance to our current year audit of the consolidated and separate financial statements due to:

- the significant judgement applied by management with regard to determining the key assumptions and future cash flows that are included in the value-in-use calculation; and
- The magnitude of these financial statement line items in relation to the consolidated and separate financial statements for the year ended 31 March 2024.

**How our audit addressed the key audit matter**

Our audit addressed this key audit matter as follows:

- We assessed the reasonableness of the valuation methodology applied by management by comparing the valuation methodology to generally accepted valuation methodology, and found this to be consistent;
- We tested the mathematical accuracy of the value-in-use calculation and the discounted cash flow model prepared by management, noting no material differences;
- We agreed management’s cash flow forecast in respect of the first year of the forecast period to the 2025 Board approved budget, noting no material exceptions;
- We compared the cash flow forecasts over the projected forecast periods to historically achieved sales growth rates, margins and net working capital. We noted that the forecasts used were within a reasonable range of historically achieved results;
- We compared the prior year Board approved budget to the actual results to evaluate whether forecasted cash flows are reliable based on past experience. Where variances in excess of our set threshold were identified we obtained management explanations and inspected underlying supporting documentation. We accepted the budgeting inputs used;
- Making use of our internal valuation expertise, we independently calculated a weighted average cost of capital discount rate range, taking into account independently obtained data such as the cost of debt, the risk-free rate, market risk premiums, debt/equity ratios and the beta of comparable companies. We found the discount rate used by management to be within a reasonable range of our independently computed discount rate;
- We compared the terminal value growth rate used by management to long-term inflation rates obtained from independent sources. The independently determined rate was incorporated into our stress testing referred to below in order to assess the impact of any difference on the valuation results;
- We performed stress testing on the value-in-use model to determine the degree by which the key inputs and assumptions would need to fluctuate before an impairment was triggered and considered the likelihood of such fluctuations occurring as a reasonableness test. Based on the results of our assessment we accepted this to be unlikely; and
- We assessed the disclosures in the notes to the consolidated financial statements, including disclosures relating to sensitivity analysis, against the requirements of IAS 36, *Impairment of assets*, and we found them to be appropriate.

***The below additional procedures were performed specifically on the Investments in subsidiaries***

- We obtained an understanding of the approach followed by management in assessing the recoverable amount of the investment in Metier, and noted that the approach followed by management was reasonable;
- We assessed the recoverable amount of the investment in Metier based on the value-in-use calculation performed in respect of the impairment assessment of goodwill as noted in the audit procedures outlined above. The key assumptions used by management were the same as those noted above in the value-in-use calculations for the impairment of goodwill, and the audit procedures have therefore not been duplicated here; and
- We recalculated and compared the recoverable amount of the value-in-use calculation to the carrying value of the investment in Metier and found management’s conclusion in recognising no impairment charge to be appropriate.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment assessment of investment in associate***<br>*This key audit matter relates to the consolidated financial statements only.*<br><br>*Refer to the following accounting policies and notes to the consolidated financial statements for disclosures as it relates to this key audit matter:*<br>• Material accounting policies 1.6: Investment in associates; and<br>• Note 9: Investment in associates.<br><br>The Group has an equity-accounted investment in Dangote Cement South Africa Proprietary Limited that has been accounted for as an Associate in the consolidated financial statements. As at 31 March 2024, the Group's consolidated statement of financial position included the investment in associate with a closing net book value of R850.9 million.<br><br>In terms of IAS 36, *Impairment of assets*, an impairment assessment should be performed if any indicators of impairment are identified. Reduced profitability experienced by the associate over the past few years and the continued economic downturn in the construction industry were factors indicating that the Group's investment in associate may be impaired. A value-in-use discounted cash flow model was applied in assessing the carrying value of the equity-accounted associate. Cash flows were projected over a three-year period, and a projected terminal year, based on financial budgets or forecasts approved by management.<br><br>Management's impairment assessment was based on a value-in-use calculation, which has been estimated using a discounted cash flow model to derive an enterprise value attributable to the associate. The Group's ownership interest was then applied to this enterprise value in order to determine the recoverable amount of the investment in associate.<br><br>In determining the value-in-use of the Group's investment in associate, the following key assumptions were used by management:<br>• Discount rate; and<br>• Terminal value growth rate.<br><br>Management's impairment testing performed over the investment in associate indicated that the respective carrying value of the investment was lower than the recoverable amount, resulting in no impairment charge recognised.<br><br>The impairment assessment of the investment in associate is considered to be a matter of most significance to the current year audit due to:<br>• the significant judgement applied by management with regard to determining the key assumptions and future cash flows of the associate which are included in the value-in-use calculation; and<br>• the magnitude of the investment in associate in relation to the consolidated financial statements. | Our audit addressed this key audit matter as follows:<br>• We assessed the reasonableness of the valuation methodology applied by management by comparing the valuation methodology to generally accepted valuation methodology, and found this to be consistent;<br>• We tested the mathematical accuracy of the value-in-use calculation and the discounted cash flow model prepared by management, noting no material exceptions;<br>• We agreed management's cash flow forecast in respect of the first year of the forecast period to the 2024 Board approved budget, noting no material exceptions;<br>• We compared the cash flow forecasts over the projected forecast periods to historically achieved sales growth rates, margins and net working capital. We noted that the forecasts used were within a reasonable range of historically achieved results;<br>• We compared the prior year Board approved budget to the actual results to evaluate whether forecasted cash flows are reliable based on past experience. Where variances in excess of our set threshold were identified we obtained management explanations and inspected underlying supporting documentation. We accepted the budgeting inputs used;<br>• Making use of our internal valuation expertise, we independently calculated a weighted average cost of capital discount rate range, taking into account independently obtained data such as the cost of debt, the risk-free rate, market risk premiums, debt/equity ratios and the beta of comparable companies. We found the discount rate used by management to be within a reasonable range of our independently computed discount rate;<br>• We compared the associate's actual results for the first quarter of the new financial year to the Board approved budget, in order to assess the reasonableness of the budget used in the forecast cash flows. Where variances in excess of our set threshold were identified, we obtained explanations from management and considered the impact of these variances on the forecast cash flows;<br>• We compared the terminal value growth rate used by management to long-term inflation rates obtained from independent sources. The independently determined rate was incorporated into our stress testing referred to below in order to assess the impact of any difference on the valuation results;<br>• We performed stress testing on the value-in-use model to determine the degree by which the key inputs and assumptions would need to fluctuate before an impairment was triggered and considered the likelihood of such fluctuations occurring as a reasonableness test. Based on the results of our assessment we accepted this to be unlikely; and<br>• We assessed the disclosures in the notes to the consolidated financial statements, including disclosures relating to sensitivity analysis, against the requirements of IAS 36, *Impairment of assets*, and we found them to be appropriate. |

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sephaku Holdings Limited Annual Financial Statements for the year ended 31 March 2024", which includes the Directors' Report, the Statement of compliance by Audit and Risk committee and the Statement of compliance by the company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Sephaku Holdings Limited Integrated Annual Report 2024", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company'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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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 and the Company'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 and the Company'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 and separate 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 and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 and separate 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 PricewaterhouseCoopers Inc. has been the auditor of Sephaku Holdings Limited for 1 year.

PricewaterhouseCoopers Inc.

**PricewaterhouseCoopers Inc.**
**Director: Y Kharwa**
*Registered Auditor*

Durban, South Africa
25 June 2024

*The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*

# **STATEMENT OF RESPONSIBILITY** BY THE BOARD

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS Accounting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's and the Company's cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the Group and the Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the corporation has adequate resources in place to continue in operation for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's and the Company's financial statements. The financial statements have been examined by the Group's and the Company's external auditor and their report is presented on pages 5 to 9.

The financial statements, set out on pages 16 to 60, were approved and authorised for issue by the board on 25 June 2024 and were signed on their behalf by:

**KJ Capes**
*Chief executive officer*

**B Williams**
*Chairperson – non-executive director*

Centurion, South Africa
Tuesday, 25 June 2024

# **CHIEF EXECUTIVE OFFICER** AND FINANCIAL DIRECTOR RESPONSIBILITY STATEMENT

The CEO and the financial director, whose names are stated below, hereby confirm that:

a) the financial statements, set out on pages 16 to 60, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
b) to the best of their knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c) 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 financial statements of the issuer;
d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
e) where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal controls and any fraud that involve directors, and have taken the necessary remedial action, and
f) we are not aware of any fraud involving directors.

**NR Crafford-Lazarus**
*Financial director*

**KJ Capes**
*Chief executive officer*

Centurion, South Africa
25 June 2024

# **STATEMENT OF COMPLIANCE** BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act of South Africa (the Companies Act), I declare that to the best of my knowledge, for the year ended 31 March 2024, Sephaku Holdings Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

Acorim

**Acorim Proprietary Limited**
*Company secretary*

Centurion, South Africa
25 June 2024

# **DIRECTORS'** REPORT

The directors submit their report for the year ended 31 March 2024.

## 1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

### Main business and operations

SepHold ("the Company") offers investors a portfolio of assets focused on the construction materials value chain. SepHold's active investment portfolio comprises the 100% owned subsidiary, Métier ("the Subsidiary") and the 36% owned associate, SepCem ("the Associate"), which are collectively referred to as "the Group". As a subsidiary of Dangote Cement PLC (DCP), SepCem has a 31 December year-end, therefore the equity-accounted profit included in this report relates to SepCem's results in the period 1 January 2023 to 31 December 2023.

Métier is a leading supplier in quality ready-mix concrete and products that range from standard ready-mixed concrete to highly specialised concretes.

SepCem is engaged in mining, exploration and the production and sale of cement.

### Group

The salient features of the Group for the reporting period was as follows:

Group consolidated revenue: R1 164 million (FY 2023: R981 million)
Net profit after tax: R67 million (FY 2023: R26 million)
Basic earnings per share: 26.54 cents (FY 2023: 10.05 cents)
Diluted earnings per share: 26.54 cents (FY 2023: 10.05 cents)
Headline earnings per share: 25.71 cents (FY 2023: *9.66 cents)
Normalised headline earnings per share: 25.87 cents (FY 2023: 10.21 cents)

### SepHold

After the retirement of Dr. Lelau Mohuba at the end of 2019 the audit and risk committee successfully motivated to the JSE for Neil Crafford-Lazarus to assume dual CEO and FD roles for a three-year period. In November 2022 SepHold announced that Kenneth Capes would assume the role of CEO from 1 April 2023 and Neil Crafford-Lazarus resumed his former position as FD. These changes were implemented on 1 April as announced.

### Métier

#### Sales volumes

Total sales volume increased by 11% year-on-year (YoY), after the 25% increase in FY 2023 subsequent to the related pandemic restrictions from two years earlier. These volumes saw a return to pre-pandemic levels last seen in FY 2018 and FY 2019.

Métier maintained its track record of profitable growth by positioning its operations for new market opportunities and leveraging its reputation as a trusted partner to customers in the construction industry.

In a competitive market with limited market data, Métier estimates it retained market share in its established Gauteng and KZN markets, and made headway in securing market share in the Western Cape.

#### Revenue and profitability

Métier's revenue increased by 18.6% YoY to R1 164 million (FY 2023: R981 million) due to a combination of price increases, product segmentation, sales volume growth in the Western Cape operation, which opened in 2022, and a strong run on two large projects during the second half of the financial year. Consequently, the EBITDA increased by 36% to R133 million (FY 2023: R98 million), and EBIT increased by 34% from R64 million to R97 million. Net profit after tax increased by 60%, from R43 million to R69 million, due to the high revenue and the lower finance expense resulting from a decreasing debt balance.

Price increases applied in March were sustained, and Métier intends to continue with tight cost controls and grow its specialised concrete offerings. The team at Métier is committed to growing profitability in FY 2025 without being naive at the construction headwinds the country is experiencing.

#### Bank debt management

Métier repaid its bank term loan during the prior year and replaced it with an overdraft facility that was unutilised at the end of FY 2024. Instalment sales liabilities increased to R65 million (FY 2023: R47 million) to fund the fleet renewal and loader programme. Finance charges reduced from R13,3 million to R11,6 million year-on-year due to the reduction in total debt.

Debtor management was well controlled and no extraordinary customer credit risks were experienced during the year.

The unutilised portion of the overdraft leaves enough headroom for servicing of all debts during this period.

Métier used cash generated by its operations to buy back undervalued SepHold shares.

* *Restated – refer note 38 Net asset value per share and earnings per share for further details.*

## 1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES (CONTINUED)

### SepCem

SepCem maintained its competitive position and improved financial performance (from a low base in CY 2022) in a persistently difficult cement market and a lacklustre economic environment.

#### Sales volumes

Sales volumes increased by 9% during the year to 31 December 2023 (CY 2022: 12% decrease) in line with SepCem's estimates for overall market performance. Cement sales from retail merchants which normally account for between 70% and 80% of SepCem's sales mix decreased to between 65% and 70% as economic factors continued to squeeze consumers' disposable income. SepCem reduced its reliance on retail sales by increasing bulk sales to industrial sectors and selling more high strength technical products.

#### Revenue and profitability

Operating in a domestic cement market that contracted further by a conservatively estimated 2.2%, SepCem increased its revenue by 12% to R2,8 billion (CY 2022: R2,5 billion) as a result of higher sales volumes and price increases. SepCem implemented sales strategies to recover inflated costs, including the use of market intelligence to align pricing strategies with market demand and enhanced customer engagement and technical support. These measures contributed to a 30% increase in EBITDA at R361,2 million (CY 2022: R278,5 million) at a margin of 12.8% (CY 2022: 11.1%) and a turnaround from a net loss to a net profit after tax.

#### Debt management

Management concluded negotiations with the lenders to convert the project loan bullet instalment of R377 million due in November 2022 into a three-year term loan of R400 million at a rate of JIBAR plus 3.25% from August 2022. The loan was serviced according to the repayment profile and stood at R269 million at SepCem year-end CY 2023. The normal quarterly payment was made during Q1 and the outstanding amount at 31 March was R236 million. Another payment was made on 30 April resulting in a balance of R198 million.

In addition, SepCem secured a R200 million revolving working capital facility during the prior year at a rate of prime minus 0.5% from one of the original major lenders.

The DCP shareholder loan that accrues interest at JIBAR plus 4% capitalised against the loan had a balance of R772 million by year-end.

### Group focus

The Group will focus on cost management to ensure that the gains achieved from the numerous initiatives during FY 2024 are sustained. SepCem and Métier will continue to focus on strengthening their balance sheets by reducing debt while seeking diversification opportunities within the construction value chain.

## 2. SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the prior year and the year under review.

During the year under review the Subsidiary purchased a total of 13 789 293 (2023: nil) SepHold ordinary shares at a total amount of R13 914 974, including transaction costs of R92 779.

All the authorised and issued shares have no par value.

Refer to note 18 to the financial statements for further details on authorised and issued stated capital.

## 3. DIVIDENDS

No dividends were declared or paid to shareholders during the current year (2023: Rnil).

## 4. SHARE INCENTIVE SCHEME

There were no share options issued during the year. Refer to note 19 of the consolidated annual financial statements for details of the Group share incentive scheme. The last share options expires 30 June 2024.

## 5. DIRECTORATE

The directors in office at the date of this report are as follows:

| Directors | Office | Designation |
|---|---|---|
| B Williams | Chairperson – Board | Non-executive<br>Independent |
| MM Ngoasheng | Chairperson – Remuneration and nomination committee | Non-executive<br>Independent |
| MJ Janse van Rensburg | Chairperson – Audit committee | Non-executive<br>Independent |
| B Bulo | Member – Audit committee | Non-executive<br>Independent |
| Dr. L Mohuba | Chairperson – Social and ethics committee | Non-executive |
| NR Crafford-Lazarus | Financial director | Executive |
| KJ Capes | Chief executive officer – Métier & SepHold | Executive |

## 6. SHAREHOLDERS' INFORMATION

An analysis of shareholders and the respective percentage shareholdings appear in the shareholders' analysis section on page 61.

As at 31 March 2024, the directors of the Company held direct and indirect beneficial interests of 14% (2023: 14%) of its issued ordinary shares, as set out below.

### Beneficial shareholdings of directors, directors' associates and prescribed officer:

| | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|
| **Director/prescribed officer** | **Direct** | **Indirect** | **Associates** | Direct | Indirect | Associates |
| Dr. L Mohuba | **87 202** | **8 363 767** | **40 000** | 87 202 | 8 363 767 | 40 000 |
| NR Crafford-Lazarus | **4 211 985** | **–** | **–** | 2 986 984 | – | – |
| KJ Capes | **11 581 481** | **–** | **–** | 10 600 000 | – | – |
| MM Ngoasheng* | **–** | **12 515 569** | **–** | – | 12 515 569 | – |
| | **15 880 668** | **20 879 336** | **40 000** | 13 674 186 | 20 879 336 | 40 000 |

* *He holds his indirect beneficial interest through an indirect beneficial interest in Safika Resources Proprietary Limited ("Safika"), who holds 19.56% SepHold shares. Safika is however not an associate of the director as defined in the JSE Listings Requirements.*

*There have been no changes in the beneficial interests of the directors, directors' associates and prescribed officers in the stated capital between the end of the financial year and the date of approval of these annual financial statements.*

### Directors' interest in share options:

| **2024** | **Opening balance number of share options** | **Exercise price** | **Options expired** | **Date expired** | **Market price on exercise date** | **Options vested at year-end** | **Closing balance number of share options** |
|---|---|---|---|---|---|---|---|
| **Dr. L Mohuba** | | | | | | | |
| Granted 01/07/2017 | **475 000** | **R3.00** | **–** | **–** | **–** | **475 000** | **475 000** |
| **NR Crafford-Lazarus** | | | | | | | |
| Granted 01/07/2017 | **475 000** | **R3.00** | **–** | **–** | **–** | **475 000** | **475 000** |
| | **950 000** | | **–** | | | **950 000** | **950 000** |

## 6. SHAREHOLDERS' INFORMATION (CONTINUED)

**Directors' interest in share options** (continued)

| 2023 | Opening balance number of share options | Exercise price | Options expired | Date expired | Market price on exercise date | Options vested at year-end | Closing balance number of share options |
|---|---|---|---|---|---|---|---|
| **Dr. L Mohuba** | | | | | | | |
| Granted 31/03/2016 | 400 000 | R4.40 | (400 000) | 31/03/2023 | – | – | – |
| Granted 01/07/2017 | 475 000 | R3.00 | – | – | – | 475 000 | 475 000 |
| **NR Crafford-Lazarus** | | | | | | | |
| Granted 31/03/2016 | 400 000 | R4.40 | (400 000) | 31/03/2023 | – | – | – |
| Granted 01/07/2017 | 475 000 | R3.00 | – | – | – | 475 000 | 475 000 |
| | 1 750 000 | | (800 000) | | | 950 000 | 950 000 |

Refer to note 19 for more details on share options and the vesting conditions.

The register of interests of directors and others in shares of the Company is available to the shareholder on request.

There have been no changes in beneficial interest that occurred between the end of the reporting period and the date of this report.

## 7. NON-CURRENT ASSETS

Details of major changes in the nature of the non-current assets of the Group during the year were as follows:

- Additions of R54 023 419 (2023: R47 158 965) and disposals of R2 949 840 (2023: R3 819 051) on property, plant and equipment of the Group.

Refer to note 4 of the annual financial statements for further details.

## 8. BORROWING POWERS

In terms of the memorandum of incorporation of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate. The memorandum of incorporation authorises unlimited borrowing powers.

## 9. EVENTS AFTER THE REPORTING PERIOD

### Q1 2024 performance

Following the DCP first-quarter results announcement for the three months ended 31 March 2024, released on 15 May 2024, SepCem's revenue increased by 2.2% to R596 million (Q1 2023: R583 million) mainly due to price increases implemented in February 2024 and strong competition in bag pricing due to the depressed market. SepCem's quarterly EBITDA increased to R58,5 million (Q1 2023: R13,6 million).

SepCem's performance continues to be influenced by lower retail cement sales and available opportunities in the bulk cement market. Lower inflation and the anticipated reduction in interest rates will provide some relief for retail consumers, while any further infrastructure investment in SepCem's geographic markets bodes well for growth in sales volumes.

### Property acquisition

Métier concluded an agreement on 5 April 2024 to acquire a property which is situated at 39 Vulcan Place, Phoenix Industrial Park, Phoenix, KwaZulu-Natal for a cash consideration of R21 million. Métier has been leasing a portion of the Phoenix Property from the Seller for 17 years and will now utilise the full property going forward. The existing lease expires on 31 March 2025.

## 10. GOING CONCERN

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

The directors believe that the Group and the Company have adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group and Company are in a sound financial position and have access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Company's current liabilities exceed the current assets, however if the loan from the Subsidiary is required to be repaid, the board will approve Métier to pay a dividend to SepHold. The dividend received will be utilised to repay the loan in full. The directors are not aware of any new material changes that may adversely impact the Group and the Company.

As mentioned under the debt management portion of Métier, the term facility was repaid in the previous financial year and replaced with an overdraft facility of R80 million. The overdraft is only occasionally utilised over month end and is repaid in the first half of the month during the previous financial year. This position improved during the current year and as cash was generated from profits, the current assets again exceed the current liabilities. The R80 million overdraft facility provides enough headroom to ensure that all foreseeable cash requirements will be met.

The refinancing of the SepCem Nedbank and consortium loan of R376 714 000 was granted by Nedbank and Standard Bank during the previous financial year. The loan was serviced according to the repayment profile and was at less than R200 million by the end of April 2024. The working capital facility of R200 million remains unutilised and SepCem therefore also has enough headroom to ensure that all foreseeable cash requirements will be met.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and the Company

## 11. AUDITORS

PricewaterhouseCoopers Incorporated was appointed in office as auditors for the Company and its subsidiaries for FY 2024.

At the AGM, the shareholders will be requested to re-appoint PricewaterhouseCoopers Incorporated as the independent external auditors of the Company and to confirm Y Kharwa as the designated lead audit partner for the 2025 financial year.

A total audit fee of R1 212 000 (2023: R1 008 500) was agreed for SepHold and Métier. PricewaterhouseCoopers Incorporated did not perform any non-audit services for these companies during the period under review.

## 12. SECRETARY

The company secretary is Acorim Proprietary Limited (Acorim) of:

**Postal address:** PO Box 41480
Craighall, 2024

**Business address:** 13th Floor, Illovo Point
68 Melville Road
Illovo
Sandton
2196

The company secretary provides the board with guidance in respect of the discharge of directors' duties and their responsibilities, and regarding legislation, regulatory and governance procedures and requirements. The board has access to, and is aware of, the responsibilities and duties of the company secretary and has committed itself to ensure that the company secretary is afforded the support required to perform its duties.

The company secretary acts as secretary to board-appointed committees. The board is satisfied that Acorim, represented by Nikita Hunter, has the required knowledge, skill and discipline to perform the functions and duties of the company secretary. The board has concluded that Acorim maintains an arm's length relationship with the Company and its board.

No Acorim employees are directors of the Company, nor do they have any other interests or relations that may affect independence. In making this assessment, the board considered the independence of Acorim directors, shareholders and employees, as well as Acorim's collective qualifications and track record.

## 13. SUBSIDIARIES

| Name of subsidiary | Net profit/(loss) after tax 2024 | Net profit after tax 2023 |
|---|---|---|
| Métier Mixed Concrete Proprietary Limited | **52 129 293** | 27 901 234 |
| Sephaku Investment Holdings Proprietary Limited | **(850)** | – |

Details of the Company's investment in subsidiaries are set out in note 7 to the annual financial statements.

## 14. SPECIAL RESOLUTIONS

No special resolutions of material interest or of a substantive nature were passed by the Company's subsidiaries during the reporting period.

# **STATEMENTS OF** FINANCIAL POSITION

**as at 31 March 2024**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note(s) | **2024 R** | 2023 R | **2024 R** | 2023 R |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 4 | **189 868 104** | 160 270 076 | **7 950** | 15 895 |
| Right-of-use assets | 5 | **39 710 108** | 49 271 670 | **–** | – |
| Goodwill | 6 | **223 421 981** | 223 421 981 | **–** | – |
| Investments in subsidiaries | 7 | **–** | – | **299 378 029** | 299 378 029 |
| Investment in joint venture | 8 | **–** | 1 | **–** | – |
| Investment in associate | 9 | **850 941 513** | 836 320 473 | **683 689 159** | 683 689 159 |
| Other financial assets | 12 | **10 138 140** | 10 337 990 | **10 138 140** | 10 337 990 |
| Other investments | 13 | **800 000** | 1 000 000 | **800 000** | 1 000 000 |
| | | **1 314 879 846** | 1 280 622 191 | **994 013 278** | 994 421 073 |
| **Current Assets** | | | | | |
| Inventories | 14 | **21 177 622** | 20 504 893 | **–** | – |
| Loans to group companies | 10 | **–** | – | **12 229** | 11 379 |
| Loans receivable | 15 | **–** | 961 173 | **–** | – |
| Trade and other receivables | 16 | **108 242 273** | 121 929 846 | **146 550** | 145 990 |
| Current tax receivable | | **561 275** | – | **31 520** | – |
| Cash and cash equivalents | 17 | **13 404 463** | 4 348 011 | **2 675 840** | 1 572 207 |
| | | **143 385 633** | 147 743 923 | **2 866 139** | 1 729 576 |
| **Total assets** | | **1 458 265 479** | 1 428 366 114 | **996 879 417** | 996 150 649 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | 18 | **682 965 910** | 682 965 910 | **682 965 910** | 682 965 910 |
| Other equity | 18 | **(13 914 974)** | – | **–** | – |
| Reserves | 19 | **2 738 696** | 2 738 696 | **2 738 696** | 2 738 696 |
| Retained income | | **553 826 439** | 487 201 495 | **199 866 465** | 195 999 062 |
| | | **1 225 616 071** | 1 172 906 101 | **882 832 375** | 881 703 668 |
| **Liabilities** | | | | | |
| **Non-Current Liabilities** | | | | | |
| Instalment sale liabilities | 21 | **47 708 556** | 36 435 398 | **–** | – |
| Lease liabilities | 5 & 23 | **33 956 392** | 48 454 562 | **–** | – |
| Deferred tax | 11 | **21 274 525** | 19 432 371 | **–** | – |
| | | **102 939 473** | 104 322 331 | **–** | – |
| **Current Liabilities** | | | | | |
| Trade and other payables | 24 | **94 071 474** | 105 590 717 | **1 175 722** | 1 575 661 |
| Loans from group companies | 20 | **–** | – | **112 871 320** | 112 871 320 |
| Instalment sale liabilities | 21 | **16 902 056** | 10 300 021 | **–** | – |
| Lease liabilities | 5 & 23 | **18 736 405** | 15 054 190 | **–** | – |
| Current tax payable | | **–** | 2 277 547 | **–** | – |
| Bank overdraft | 17 | **–** | 17 915 207 | **–** | – |
| | | **129 709 935** | 151 137 682 | **114 047 042** | 114 446 981 |
| **Total Liabilities** | | **232 649 408** | 255 460 013 | **114 047 042** | 114 446 981 |
| **Total Equity and Liabilities** | | **1 458 265 479** | 1 428 366 114 | **996 879 417** | 996 150 649 |

# **STATEMENTS OF** PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**for the year ended 31 March 2024**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note(s) | **2024 R** | 2023 R Restated | **2024 R** | 2023 R Restated |
| Revenue | 25 | **1 163 603 065** | 980 710 786 | **23 470 000** | 20 000 000 |
| Other operating income | 26 | **6 188 798** | 3 564 049 | **–** | – |
| Other operating gains (losses) | 27 | **(200 000)** | (768 879) | **(200 000)** | (1 000 026) |
| Movement in credit loss allowances | 12 & 16 | **(929 961)** | (400 000) | **(200 000)** | (400 000) |
| Raw materials | | **(724 030 739)** | (615 819 604) | **–** | – |
| Transportation | | **(146 953 255)** | (123 225 547) | **–** | – |
| Production expenses | | **(28 747 130)** | (26 407 195) | **–** | – |
| Employee benefit expenses | | **(102 757 446)** | (89 633 912) | **(18 214 163)** | (15 911 879) |
| Depreciation on property, plant and equipment | | **(36 316 965)** | (34 190 671) | **(7 946)** | (7 946) |
| Other operating expenses | | **(50 018 351)** | (44 817 638) | **(3 564 374)** | (2 973 571) |
| **Operating profit (loss)** | | **79 838 016** | 49 011 389 | **1 283 517** | (293 422) |
| Investment income | 28 | **2 575 336** | 2 231 302 | **252** | 184 |
| Finance costs | 29 | **(11 590 195)** | (13 321 210) | **(1)** | – |
| Income from equity accounted investments | | **14 621 040** | (2 040 840) | **–** | – |
| **Profit (loss) before taxation** | | **85 444 197** | 35 880 641 | **1 283 768** | (293 238) |
| Taxation | 30 | **(18 819 253)** | (10 313 484) | **(155 061)** | – |
| **Profit (loss) for the year** | | **66 624 944** | 25 567 157 | **1 128 707** | (293 238) |
| Other comprehensive income | | **–** | – | **–** | – |
| **Total comprehensive income (loss) for the year** | | **66 624 944** | 25 567 157 | **1 128 707** | (293 238) |
| Basic earnings per share (cents) | 38 | **26.54** | 10.05 | | |
| Diluted earnings per share (cents) | 38 | **26.54** | 10.05 | | |

# **STATEMENTS OF** CHANGES IN EQUITY

**for the year ended 31 March 2024**

| Group | Share capital R | Other equity R | Equity-based share option reserve R | Retained income R | Total equity R |
|---|---|---|---|---|---|
| **Balance at 01 April 2022** | 682 965 910 | – | 5 903 868 | 458 410 976 | 1 147 280 754 |
| Profit for the year | – | – | – | 25 567 157 | 25 567 157 |
| Other comprehensive income | – | – | – | – | – |
| **Total comprehensive income for the year** | – | – | – | 25 567 157 | 25 567 157 |
| Employees share option scheme | – | – | (3 165 172) | 3 223 362 | 58 190 |
| **Total contributions by and distributions to owners of group recognised directly in equity** | – | – | (3 165 172) | 3 223 362 | 58 190 |
| **Balance at 01 April 2023** | 682 965 910 | – | 2 738 696 | 487 201 495 | 1 172 906 101 |
| Profit for the year | **–** | **–** | **–** | **66 624 944** | **66 624 944** |
| Other comprehensive income | **–** | **–** | **–** | **–** | **–** |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **66 624 944** | **66 624 944** |
| Acquisition of treasury shares | **–** | **(13 914 974)** | **–** | **–** | **(13 914 974)** |
| **Total contributions by and distributions to owners of group recognised directly in equity** | **–** | **(13 914 974)** | **–** | **–** | **(13 914 974)** |
| **Balance at 31 March 2024** | **682 965 910** | **(13 914 974)** | **2 738 696** | **553 826 439** | **1 225 616 071** |
| Note(s) | 18 | 18 | | | |

| Company | Share capital R | Other equity R | Equity-based share option reserve R | Retained income R | Total equity R |
|---|---|---|---|---|---|
| **Balance at 01 April 2022** | 682 965 910 | – | 5 903 868 | 193 068 938 | 881 938 716 |
| Loss for the year | – | – | – | (293 238) | (293 238) |
| Other comprehensive income | – | – | – | – | – |
| **Total comprehensive loss for the year** | – | – | – | (293 238) | (293 238) |
| Employees' share option scheme | – | – | (3 165 172) | 3 223 362 | 58 190 |
| **Total contributions by and distributions to owners of company recognised directly in equity** | – | – | (3 165 172) | 3 223 362 | 58 190 |
| **Balance at 01 April 2023** | 682 965 910 | – | 2 738 696 | 195 999 062 | 881 703 668 |
| Profit for the year | **–** | **–** | **–** | **1 128 707** | **1 128 707** |
| Other comprehensive income | **–** | **–** | **–** | **–** | **–** |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **1 128 707** | **1 128 707** |
| **Balance at 31 March 2024** | **682 965 910** | **–** | **2 738 696** | **197 127 769** | **882 832 375** |
| Note(s) | 18 | | | | |

# **STATEMENTS OF** CASH FLOWS

**for the year ended 31 March 2024**

| | Note(s) | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from/(used in) operations | 31 | **117 533 011** | 64 828 440 | **1 290 963** | (444 696) |
| Interest income received | 28 | **1 714 283** | 1 994 865 | **252** | 184 |
| Finance costs – other | | **(143 331)** | – | **(1)** | – |
| Tax paid | 32 | **(19 815 922)** | (6 516 582) | **(186 581)** | – |
| **Net cash generated from/(used in) operating activities** | | **99 288 041** | 60 306 723 | **1 104 633** | (444 512) |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | 4 | **(23 869 648)** | (28 223 234) | **–** | – |
| Proceeds on disposal of property, plant and equipment | 4 | **5 289 640** | 5 701 922 | **–** | – |
| Loans advanced | 10 | **(150)** | (2 035 100) | **(1 000)** | (2 035 100) |
| **Net cash used in investing activities** | | **(18 580 158)** | (24 556 412) | **(1 000)** | (2 035 100) |
| **Cash flows from financing activities** | | | | | |
| Acquisition of treasury shares | 18 | **(13 914 974)** | – | **–** | – |
| Repayment of loans from group companies | 20 | **–** | – | **–** | (3 000) |
| Repayment of principal on instalment sales | 21 | **(12 387 755)** | (3 611 680) | **–** | – |
| Repayment of interest on instalment sales | 22 | **(6 266 400)** | (4 233 275) | **–** | – |
| Repayment of principal on other financial liabilities | 22 | **–** | (48 546 408) | **–** | – |
| Repayment of interest on other financial liabilities | 29 | **–** | (2 789 022) | **–** | – |
| Payments of principal on leases | 23 | **(16 095 809)** | (13 587 491) | **–** | – |
| Payments of interest on leases | 23 | **(5 071 287)** | (6 026 186) | **–** | – |
| **Net cash used in financing activities** | | **(53 736 225)** | (78 794 062) | **–** | (3 000) |
| **Total cash movement for the year** | | **26 971 658** | (43 043 751) | **1 103 633** | (2 482 612) |
| Cash at the beginning of the year | | **(13 567 195)** | 29 476 556 | **1 572 207** | 4 054 819 |
| **Total cash at end of the year** | 17 | **13 404 463** | (13 567 195) | **2 675 840** | 1 572 207 |

# MATERIAL ACCOUNTING POLICIES

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations adopted by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA), Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the requirements of the Companies Act of South Africa and the JSE Limited Listings Requirements. The annual financial statements have been prepared on the historical cost basis except for certain financial assets, such as other investments and the equity method of accounting for investments in associate. They incorporate the principal accounting policies set out below and are presented in South African rand. Accounting policies that refer to "consolidated or group", apply equally to the Company financial statements where relevant.

The accounting policies are consistent with the previous year, except for the change in the new or revised accounting standards and interpretations of those standards that were adopted. Refer to note 2.1 for details of standards adopted and their impact on the current period and note 3 for the impact of a change in accounting policy.

### 1.1 Consolidation

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries. Accounting policies are applied consistently in all group companies.

The results of subsidiaries are included in the consolidated financial statements for the duration of the period in which the Group exercised control over the subsidiaries.

Business combinations are accounted for using the acquisition method as the acquisition date – ie, when control is transferred to SepHold. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### 1.2 Significant judgements and sources of estimation uncertainty

The key assumptions and sources of estimation uncertainty at the reporting date that could have significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the new financial year are listed below:

#### Useful lives and residual values of assets

Items of property, plant and equipment are depreciated over their useful lives taking into account residual values, where applicable. Useful lives and residual values are reviewed annually, taking into account factors such as the expected usage, physical output, market demand for the output of the assets and legal or similar limits on the assets.

#### Goodwill

Goodwill is considered for impairment at least annually. Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated. The recoverable amount is determined as the higher of the value-in-use and fair value less cost to sell of the CGU. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value of future cash flows. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGU. The growth rates are based on industry growth forecasts. The key assumptions used in the calculations and a sensitivity analysis are disclosed in note 6 of the consolidated financial statements.

#### Impairment of investment in subsidiaries and associate

The indicators and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of investment in subsidiaries and associate are highlighted in note 7 and 9.

#### Trade and other receivables

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Refer to note 16 Trade receivables for more details. The approach remained consistent with the prior year.

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### 1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets, where appropriate.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using the straight-line method. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The estimation of the useful lives of assets is based on historic performance as well as expectations about future use, and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of plant and machinery, motor vehicles, furniture and fixtures and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements. When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Average useful life |
|---|---|
| Land | * |
| Plant and machinery | 10 – 20 years |
| Furniture and fixtures | 6 – 8 years |
| Motor vehicles | 5 – 10 years |
| Computer equipment | 2 – 6 years |

* *Land is not depreciated as it has an indefinite useful life.*

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Capital work in progress represent the construction of a new plant. These assets are measured at cost and are not depreciated until they are available for use.

### 1.4 Investments in subsidiaries

**Company annual financial statements**

In the Company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment. Investments in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Any impairment suffered is reviewed for possible reversal of the impairment at the end of each reporting period.

### 1.5 Investments in joint ventures

**Group annual financial statements**

In the Group financial statements, an investment in a joint venture is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Company's share of the after-tax profit or loss of the investee after the date of acquisition.

# 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 1.6 Investments in associates

**Group annual financial statements**

In the financial statements, investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the after-tax profit or loss of the investee after the date of acquisition. The year-end of SepCem is 31 December 2023. The use of the different date in applying the equity method is due to the practicality of obtaining the audited March 2024 results timeously. As a result, "lag reporting" has been applied where the audited financial information of the Associate for the period from 1 January 2023 to 31 December 2023 has been used for equity accounting purposes. The impact of any significant transactions that occur in the period from 1 January 2024 to 31 March 2024 are adjusted for when equity accounting.

**Company annual financial statement**

In the financial statements, investments in associates are carried at cost less any accumulated impairment losses. The Company's investment in associates includes goodwill identified on acquisition

## 1.7 Financial instruments

Financial instruments held by the Group are classified in accordance with IFRS 9 *Financial Instruments*.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

**Classification and initial measurement of financial assets**

Other than for financial assets classified as at fair value through profit and loss, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

During the period the financial assets consisted of trade and other receivables, loans receivable, cash and cash equivalents, other financial assets and other investments. In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**Subsequent measurement**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

The Group's cash and cash equivalents, trade and loan receivables and the Company's loans to group companies fall into this category of financial instruments.

**Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade receivables, as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due. Refer to note 16 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

# 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 1.7 Financial instruments (continued)

### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and pre-payments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL). The loss allowance for all other trade and other receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12-month expected credit losses (12-month ECL).

The impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan.

In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on trade receivables that are possible within 12 months after the reporting date.

### Significant increase in credit risk

In assessing whether the credit risk on a receivable or group of receivables has increased significantly since initial recognition, the Group compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers qualitative information by reference to the customers' cash flow and liquid asset position, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

By contrast, if a receivable is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

### Definition of default

For purposes of internal credit risk management purposes, the Group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account). This is assessed based on a number of factors including various liquidity and solvency ratios.

### Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade receivables in totality. Details of the provision matrix is presented in note 16.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is presented separately on the face of the statement of profit or loss and other comprehensive income as a 'movement in loss allowances'.

### Write off policy

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, eg when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

# 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 1.7 Financial instruments (continued)

**Loans receivable**

Loans receivable are subject to the impairment provisions of IFRS 9 *Financial Instruments*, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on 12-month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either 12-month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

**Classification and measurement of financial liabilities**

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs.

Trade and other payables (note 24), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

The Group's financial liabilities include trade and other payables, bank overdraft, loans from group companies, lease obligations, instalment sales and other financial liabilities.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs or finance income.

**Trade and other payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

**Cash and cash equivalents**

Cash and cash equivalents are initially stated at fair value, and subsequently carried at amortised cost which is deemed to be fair value. Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included in current liabilities on the statement of financial position.

**Derecognition**

***Financial assets***

Financial assets (or a portion thereof) are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has substantially transferred all risks and rewards of ownership. On derecognition, the difference between the carrying amount of the financial asset and the proceeds receivable is included in the income statement.

***Financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 1.8 Taxation

**Current taxation assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Deferred taxation assets and liabilities**

A deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset of liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and joint ventures where the Group is able to control timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

# 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

## 1.8 Taxation (continued)

**Deferred taxation assets and liabilities** (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

**Taxation expenses**
Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

## 1.9 Leases

**Group as lessee**
The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

The Group recognises right-of-use assets and lease liabilities at the lease commencement date. The 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 to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use assets include land and buildings. These right-of-use assets are measured at cost comprising of the initial measurement of the lease liability, initial direct cost, any lease payments made at or before the commencement date less any incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and are depreciated over the shorter period between the lease term and the useful life of the asset on a straight-line basis. Depreciation is recognised on the shorter of the lease term or useful life of the leased asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease. For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The useful lives of items of right-of-use assets have been assessed as follows in line with the lease terms:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Land | Straight line | 3 to 10 years |
| Buildings | Straight line | 2 to 8 years |

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### 1.9 Leases (continued)

**Group as lessee** (continued)
Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group or the Company change their assessment of whether it will exercise a purchase, extension or terminate option.

When the lease liability is remeasured in this way, 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**
The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including computer and office equipment. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 1.10 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs include expenditure incurred in acquiring the inventories and bringing them to their present location and condition, all direct production costs and an appropriate portion of overheads.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Slow-moving stock assessed where the net realised value is lower than the cost to be impaired or obsolete is written down. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.11 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that goodwill and property, plant and equipment may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Irrespective of whether there is any indication of impairment, the Group also tests goodwill acquired in a business combination for impairment annually.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- Then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### 1.12 Share capital and equity

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Dividends are recognised as a liability in the year in which they are declared.

### 1.13 Share-based payments

Services received or acquired in a share-based payment transaction are recognised when the services are received.

When the services received or acquired in a share-based payment transaction they are recognised as expenses.

Vesting conditions which are not market-related (ie service conditions and non-market-related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead they are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

Share-based payments are limited to a short-term incentive scheme for employees which will terminate on 30 June 2024. Since the fair values of the services received are employee services, their value and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

For all equity-settled share-based payment transactions, management assesses, at each reporting period, the number of options expected to vest until vesting. Changes in the estimated number of options expected to vest are accounted for as part of the cost recognised in each period with the corresponding adjustment taken to equity.

For equity-settled share-based payment transactions, the fair values of the options are determined on grant date and are not subsequently adjusted.

### 1.14 Other equity

Where any group company purchases the company's equity instruments, for example as the result of a share buyback or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of SepHold as treasury shares until the shares are cancelled or re-issued. Where such ordinary shares are subsequently re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of SepHold.

### 1.15 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and 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.

#### Retirement benefits

***Post-employment benefits***

For defined contribution plans, the amount charged to the profit or loss are the contributions paid or payable during the reporting period.

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### 1.16 Revenue from contracts with customers

Revenue comprises income arising in the course of the Group's ordinary activities. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or when services are rendered to a customer. Revenue is recognised net of value added tax, returns, rebates, discounts and other allowances.

Sales of goods (at a Group level) comprise the sale of ready-mix concrete, arising mainly from the sale of a variety of standard and specialised high-value concrete products to the construction industry. This includes the manufacture and supply of quality ready-mixed concrete products for the residential, commercial and industrial markets in South Africa. Revenue from the sale of goods includes concrete pumping services and these sales are identified as being a single performance obligation. Revenue is recognised only once all performance obligations of the Group to the customer have been satisfied and to the extent that it is highly probable that a significant reversal will not occur. Revenue is recognised when or as the Group transfers control of the asset at a point in time to the customer on the day the goods are delivered to the customer together with a signed delivery note. There are no variable considerations included in contracts. The transaction price for the sale of ready-mix concrete is based on a price per cubic metre sold for concrete. The transaction price for concrete pumping services is based on set rates for pump establishments and varies based on the quantity pumped.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position.

Revenue from the sale of services (Company) relate to management fees rendered. The Company recognises revenue from management fees over the time the services are rendered.

The following payment terms are applicable to the Group:

- Sale of goods: 30 days or cash on delivery
- Sale of services: payable on presentation of the invoice

### 1.17 Operating segments

Operating segments are reported on in a manner consistent with internal reporting provided to the chief operating decision maker.

The business manages and report on ready-mix concrete and head office as the two main segments.

Ready-mix concrete – this part of the business manufactures and sells ready-mixed concrete in South Africa.

Head office – executive management function of the group and involved in the management of investments held at SepHold level.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the reportable operating segment, has been identified as the executive board members of the Group.

### 1.18 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. It is reported in the statement of financial position as a non-current asset and carried at cost less accumulated impairment losses. Goodwill is allocated to each of the cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. Each CGU to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at a CGU level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

# **NOTES TO THE** FINANCIAL STATEMENTS

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

**IFRS 17, *Insurance contracts***

The IASB issued IFRS 17, *Insurance contracts*, and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

The effective date of the Group is for years beginning on or after 01 January 2023.

The Group has adopted the amendment for the first time in the 2024 annual financial statements.

The impact of the amendment is not material.

**IFRS 17, *Insurance contracts* Amendments**

In response to some of the concerns and challenges raised, the board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard.

The effective date of the Group is for years beginning on or after 01 January 2023.

The Group has adopted the amendment for the first time in the 2024 annual financial statements.

The impact of the amendment is not material.

**Amendments to IAS 12, *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The effective date of the Group is for years beginning on or after 01 January 2023.

The Group has adopted the amendment for the first time in the 2024 annual financial statements. Management has assessed the impact to be immaterial.

**Narrow scope amendments to IAS 1 *Presentation of Financial Statements*, Practice statement 2 and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

The effective date of the Group is for years beginning on or after 01 January 2023.

The Group has adopted the amendment for the first time in the 2024 annual financial statements. Management has assessed the impact to be immaterial.

**Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules***

These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The effective date of the Group is for years beginning on or after 01 January 2023.

The Group has adopted the amendment for the first time in the 2024 annual financial statements.

## 2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

### 2.2 Standards and interpretations not yet effective

The following standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 01 April 2024:

**Classification of Liabilities as Current or Non-Current – Amendment to IAS 1**

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least 12 months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within 12 months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The Group does not envisage the adoption of the amendment until such time as it becomes applicable to the Group's operations.

The adoption of this amendment is not expected to impact on the results of the Group, but may result in more disclosure than is currently provided in the annual financial statements.

## 3. CHANGE IN ACCOUNTING POLICY

During the year, the Group changed its accounting policy with respect to the presentation of the statement of profit or loss and other comprehensive income. The Group has elected to present expenses in the statement of profit or loss and other comprehensive income by nature as this is considered to provide information that is reliable and more relevant. Reporting by nature categorises expenses according to their type. This can offer more detailed insights into the specific costs incurred by the business, helping stakeholders better understand where resources are being spent. Understanding the breakdown of expenses by their nature can also simplify the comparison between companies. It allows for a more straightforward evaluation of cost efficiency and spending patterns and is aligned with the manner in which the Group monitors results operationally.

The change in accounting policy affected only the presentation of the statement of profit or loss and other comprehensive income and therefore had no impact on the statements of financial position, changes in equity and cash flow.

The effects of the changes to the accounting policy on the statement of profit or loss and other comprehensive income for the year ended 31 March 2023 is as follows:

### Profit for the year

| Group | 31 March 2023 as previously reported | Change in accounting policy | 31 March 2023 restated |
|---|---|---|---|
| Revenue | 980 710 786 | – | 980 710 786 |
| Cost of sales | (615 819 604) | 615 819 604 | – |
| Other operating income | 3 564 049 | – | 3 564 049 |
| Movement in credit loss allowances | (400 000) | – | (400 000) |
| Other operating gains (losses) | (768 879) | – | (768 879) |
| Other operating expenses | (318 274 963) | 273 457 325 | (44 817 638) |
| Raw materials | – | (615 819 604) | (615 819 604) |
| Transportation | – | (123 225 547) | (123 225 547) |
| Production expense | – | (26 407 195) | (26 407 195) |
| Employee benefit expenses | – | (89 633 912) | (89 633 912) |
| Depreciation on property, plant and equipment | – | (34 190 671) | (34 190 671) |
| **Operating profit** | 49 011 389 | – | 49 011 389 |
| Investment income | 2 231 302 | – | 2 231 302 |
| Finance costs | (13 321 210) | – | (13 321 210) |
| Income from equity accounted investments | (2 040 840) | – | (2 040 840) |
| **Profit before taxation** | 35 880 641 | – | 35 880 641 |
| Taxation | (10 313 484) | – | (10 313 484) |
| **Profit for the year** | 25 567 157 | – | 25 567 157 |

## 3. CHANGE IN ACCOUNTING POLICY (CONTINUED)

### Profit for the year

| Company | 31 March 2023 as previously reported | Change in accounting policy | 31 March 2023 restated |
|---|---|---|---|
| Revenue | 20 000 000 | – | 20 000 000 |
| Movement in loss allowance | (1 000 026) | – | (1 000 026) |
| Other operating gains (losses) | (400 000) | – | (400 000) |
| Other operating expenses | (18 893 396) | 15 919 825 | (2 973 571) |
| Employee benefit expenses | – | (15 911 879) | (15 911 879) |
| Depreciation on property, plant and equipment | – | (7 946) | (7 946) |
| **Operating profit** | (293 422) | – | (293 422) |
| Investment income | 184 | – | 184 |
| Finance costs | – | – | – |
| **Profit before taxation** | (293 238) | – | (293 238) |
| Taxation | – | – | – |
| **Profit for the year** | (293 238) | – | (293 238) |

## 4. PROPERTY, PLANT AND EQUIPMENT

| Group | 2024 Cost R | 2024 Accumulated depreciation R | 2024 Carrying value R | 2023 Cost or revaluation R | 2023 Accumulated depreciation R | 2023 Carrying value R |
|---|---|---|---|---|---|---|
| Land | **2 666 309** | **–** | **2 666 309** | 2 666 309 | – | 2 666 309 |
| Plant and machinery | **117 165 731** | **(69 014 717)** | **48 151 014** | 115 477 725 | (63 251 356) | 52 226 369 |
| Furniture and fixtures | **1 002 998** | **(906 122)** | **96 876** | 1 014 957 | (842 010) | 172 947 |
| Motor vehicles | **203 095 078** | **(75 649 728)** | **127 445 350** | 175 215 456 | (70 530 015) | 104 685 441 |
| Computer equipment | **4 426 806** | **(4 087 819)** | **338 987** | 4 271 314 | (3 752 304) | 519 010 |
| Capital – Work in progress (asset under construction) | **11 169 568** | **–** | **11 169 568** | – | – | – |
| **Total** | **339 526 490** | **(149 658 386)** | **189 868 104** | 298 645 761 | (138 375 685) | 160 270 076 |

| Company | 2024 Cost R | 2024 Accumulated depreciation R | 2024 Carrying value R | 2023 Cost or revaluation R | 2023 Accumulated depreciation R | 2023 Carrying value R |
|---|---|---|---|---|---|---|
| Computer equipment | **155 255** | **(147 305)** | **7 950** | 155 255 | (139 360) | 15 895 |

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Reconciliation of property, plant and equipment

| Group | Opening balance R | Additions – cash R | Additions – non-cash R | Disposals R | Depreciation R | Total R |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Land | **2 666 309** | **–** | **–** | **–** | **–** | **2 666 309** |
| Plant and machinery | **52 226 369** | **1 955 897** | **–** | **(77 401)** | **(5 953 851)** | **48 151 014** |
| Furniture and fixtures | **172 947** | **–** | **–** | **(11 960)** | **(64 111)** | **96 876** |
| Motor vehicles | **104 685 441** | **10 569 171** | **30 153 770** | **(2 860 477)** | **(15 102 555)** | **127 445 350** |
| Computer equipment | **519 010** | **175 012** | **–** | **(2)** | **(355 033)** | **338 987** |
| Capital – Work in progress (asset under construction) | **–** | **11 169 568** | **–** | **–** | **–** | **11 169 568** |
| | **160 270 076** | **23 869 648** | **30 153 770** | **(2 949 840)** | **(21 475 550)** | **189 868 104** |
| **2023** | | | | | | |
| Land | 2 666 309 | – | – | – | – | 2 666 309 |
| Plant and machinery | 58 650 547 | 267 464 | – | (46 987) | (6 644 655) | 52 226 369 |
| Furniture and fixtures | 222 443 | 35 883 | – | (20) | (85 359) | 172 947 |
| Motor vehicles | 74 354 078 | 27 620 754 | 18 935 731 | (3 768 642) | (12 456 480) | 104 685 441 |
| Office equipment | 3 | – | – | (3) | – | – |
| Computer equipment | 723 442 | 299 133 | – | (3 399) | (500 166) | 519 010 |
| | 136 616 822 | 28 223 234 | 18 935 731 | (3 819 051) | (19 686 660) | 160 270 076 |

The non-cash additions relates to the purchase of motor vehicles through instalment sale agreements of R30 153 770 (2023: R18 935 731). Refer to note 21 Instalment sale liabilities for further details.

| Company | Opening balance R | Disposals R | Depreciation R | Total R |
|---|---|---|---|---|
| **2024** | | | | |
| Computer equipment | **15 895** | **–** | **(7 946)** | **7 950** |

| | Opening balance R | Disposals R | Depreciation R | Total R |
|---|---|---|---|---|
| **2023** | | | | |
| Furniture and fixtures | 20 | (20) | – | – |
| Office equipment | 3 | (3) | – | – |
| Computer equipment | 23 844 | (3) | (7 946) | 15 895 |
| | 23 867 | (26) | (7 946) | 15 895 |

### Details of land

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |
| **Property 1** | | | | |
| Terms and conditions | | | | |
| – Purchase price: 1 December 2005 | **2 400 000** | 2 400 000 | **–** | – |
| – Additions since purchase | **266 309** | 266 309 | **–** | – |
| | **2 666 309** | 2 666 309 | **–** | – |

### Pledged as security

Refer to note 17 Cash and cash equivalents and note 21 Instalment sale liabilities for details of property, plant and equipment encumbered as security for borrowings.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company and its respective subsidiaries.

## 5. RIGHT-OF-USE ASSETS

| Group | 2024 Cost R | 2024 Accumulated depreciation R | 2024 Carrying value R | 2023 Cost or revaluation R | 2023 Accumulated depreciation R | 2023 Carrying value R |
|---|---|---|---|---|---|---|
| Land | **60 911 273** | **(35 511 195)** | **25 400 078** | 62 799 828 | (32 596 479) | 30 203 349 |
| Buildings | **36 890 915** | **(22 580 885)** | **14 310 030** | 36 890 815 | (17 822 594) | 19 068 221 |
| **Total** | **97 802 188** | **(58 092 080)** | **39 710 108** | 99 690 743 | (50 419 073) | 49 271 670 |

The Group entered into leasing arrangements for certain of its assets, including land and buildings.

The average lease terms are seven years and the incremental borrowing rate is prime lending rate (2023: average effective borrowing rate was prime lending rate).

Details pertaining to leasing arrangements, where the Group is lessee are presented below:

### Net carrying amounts of right-of-use assets by class of asset

The carrying amounts of right-of-use assets are included in the following line items:

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| Land | **25 400 078** | 30 203 349 | **–** | – |
| Buildings | **14 310 030** | 19 068 321 | **–** | – |
| | **39 710 108** | 49 271 670 | **–** | – |

### Additions to right-of-use assets

During the current year, the Group entered into one (2023: two) new lease agreements. The average lease term for this new agreement is four (2023: four) years. There are no specific restrictions or covenants imposed by the leases, no variable lease payments and no residual value guarantees. There are no leases that have not yet commenced to which the Group is committed.

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| Land | **5 279 853** | 8 278 030 | **–** | – |

### Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets is presented below. It includes depreciation which has been expensed in the total depreciation charge in the statement of profit or loss and other comprehensive income.

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| Land | **10 043 067** | 9 715 448 | **–** | – |
| Buildings | **4 798 348** | 4 788 563 | **–** | – |
| | **14 841 415** | 14 504 011 | **–** | – |
| **Other disclosures** | | | | |
| Interest expense on lease liabilities | **5 071 287** | 6 026 186 | **–** | – |

Interest is at prime lending rate.

Payments associated with short-term leases of offices are recognised on a straight-line basis as an expense in profit or loss. At 31 March 2024, the Group included an amount of R231 525 (2023: R232 892) within operating expenses in the statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

## 5. RIGHT-OF-USE ASSETS (CONTINUED)

### Lease liabilities

Lease liabilities have been included in the lease liabilities line item on the statement of financial position. Refer to note 23 Lease liabilities for the maturity analysis and the reconciliation of lease liabilities.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** **R** | 2023 R | **2024** **R** | 2023 R |
| Non-current liabilities | **33 956 392** | 48 454 562 | **–** | – |
| Current liabilities | **18 736 405** | 15 054 190 | **–** | – |
| | **52 692 797** | 63 508 752 | **–** | – |

## 6. GOODWILL

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| **Group** | **Cost** **R** | **Accumulated impairment** **R** | **Carrying value** **R** | Cost R | Accumulated impairment R | Carrying value R |
| Goodwill on acquisition of the Subsidiary | **223 421 981** | **–** | **223 421 981** | 223 421 981 | – | 223 421 981 |

### Reconciliation of goodwill

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **Group** | **Opening balance** **R** | **Total** **R** | Opening balance R | Total R |
| Goodwill on acquisition of the Subsidiary | **223 421 981** | **223 421 981** | 223 421 981 | 223 421 981 |

### Impairment testing

In accordance with IAS 36, *Impairment of Assets*, goodwill is reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired. Goodwill arose on the acquisition of Métier Mixed Concrete Proprietary Limited ("Métier") and the impairment assessment is performed at a Métier level, with Métier identified as the cash-generating unit (CGU). The recoverable amount of the CGU was determined based on a value-in-use calculation.

The value-in-use discounted cash flow model was applied in assessing the carrying value of goodwill. Cash flows were projected over a three-year period, and a projected terminal year, based on financial budgets or forecasts approved by management. The following approach was followed in forecasting cash flows:

- Future profits were estimated using historical financial results achieved and approved three-year budgets;
- Costs were assumed to grow in line with the projected growth of the CGU and expected inflation;
- Sales growth forecasts were largely based on expected price increases which were derived from historically achieved price increases by the CGU, with cautious increases in volumes estimated; and
- Capital expenditure was limited to replacement capital expenditure spend, in line with the CGUs maintenance programmes.

The following rates were applied in determining the value-in-use:

| | **2024** **%** | 2023 % |
|---|---|---|
| Pre-tax discount rate | **22.79** | 16.86 |
| Terminal value growth rate | **4.6** | 4.6 |

## 6. GOODWILL (CONTINUED)

Discount rates applied are consistent with external sources, and sales and terminal value growth rates reflect expected performance.

No impairment losses were required in the current financial year based on the value-in-use computation.

A sensitivity analysis of the key assumptions have been presented below:

| 2024 | Movement | Impact on Recoverable amount (R'million) | Impairment |
|---|---|---|---|
| Discount rate | **+1%** | **(41)** | **Nil** |
| Terminal value growth rate | **-1%** | **(34)** | **Nil** |
| **2023** | | | |
| Discount rate | +1% | (17.7) | Nil |
| Terminal value growth rate | -1% | (51.2) | Nil |

## 7. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

### Company

| Name of company | % voting power 2024 | % voting power 2023 | Carrying amount 2024 R | Carrying amount 2023 R |
|---|---|---|---|---|
| Sephaku Investment Holdings Proprietary Holdings | **100** | 100 | **1** | 1 |
| Métier Mixed Concrete Proprietary Holdings | **100** | 100 | **299 378 028** | 299 378 028 |
| | | | **299 378 029** | 299 378 029 |

### Impairment testing

Subsidiaries are shown at carrying amounts, net of impairment.

Refer to note 6 above for the full details on the assumptions applied by management when reviewing investment in subsidiaries for impairment.

All the subsidiaries are registered and operate within South Africa. Reduced profitability and general economic downturn in the construction industry were identified as indicators of impairment. The same assumptions were applied as with the test for goodwill impairment in the performance of an impairment test on the investment.

## 8. JOINT ARRANGEMENTS

### Joint ventures

The following table lists all of the joint ventures in the Group:

### Group

| Name of company | % ownership interest 2024 | % ownership interest 2023 | Carrying amount 2024 R | Carrying amount 2023 R |
|---|---|---|---|---|
| Cato Ridge Quarry Proprietary Limited | **–** | 50 | **–** | 1 |

SepHold, on behalf of the Group, entered into a joint venture agreement during 2019. Umhlali Quarry Proprietary Limited transferred 50% of their interest in Cato Ridge Quarry Proprietary Limited as per the signed quarry agreement. Continuous objections on environmental grounds has hampered progress of obtaining rights for the quarry and it was decided to transfer ownership back to Umhlali Quarry. The shares transfer concluded during the year under review.

## 9. INVESTMENT IN ASSOCIATE

Sephaku Holdings Limited has 36% ownership interest in Dangote Cement South Africa Proprietary Limited. The Associate is unlisted and is registered and operates within South Africa. SepCem is engaged in mining, exploration and the production and sale of cement.

### Group

| Summary of the Group's interest in associate | Carrying amount 2024 R | Carrying amount 2023 R |
|---|---|---|
| Cost of investment in associate | **635 117 284** | 635 117 284 |
| Proportional increase in investment | **48 571 875** | 48 571 875 |
| Equity-accounted earnings – prior year | **152 631 314** | 154 672 154 |
| Group level: Opening balance of carrying value | **836 320 473** | 838 361 313 |
| Equity-accounted earnings – current year | **14 621 040** | (2 040 840) |
| Group level: Carrying value of investment in associate | **850 941 513** | 836 320 473 |

Due to the fact that the debt service ratio was 1.225 during the 2017 year instead of the required 1.3, negotiations were entered into with Nedbank to reshape the payment profile. This was successfully completed during the second half of 2017 and required a further R95 million contribution by shareholders. DCP made this contribution and in terms of the relationship agreement; SepHold will have to contribute 36% of this on demand or face dilution of approximately 1.2 percentage points. The shareholders are still in agreement with regards to the postponement of the timing of the repayment or dilution. SepHold has a potential liability of R34,2 million or a dilution in investment. SepCem started the CY 2020 financial year with a cash balance of R500 million and was in the process of agreeing a pre-payment of R200 million on its bank debt in order to get relief of R25 million per payment on the next eight scheduled payments. Just before the payment was made, the government-enforced lockdown due to COVID-19 commenced and the overhead costs during this period required all these excess funds. It was envisaged that the impact of COVID-19 on SepCem could be a reduction in EBITDA levels that would not be able to service debt for the current year. The lenders were approached to waive capital payments for the balance of 2020 and receive interest only, but this was only to be considered if shareholders made a contribution of R125 million. DCP undertook to make this contribution in August 2020 and shareholders have agreed to treat this as a shareholders' loan.

### Impairment testing

In terms of IAS 36, *Impairment of assets*, an impairment assessment should be performed if any indicators of impairment are identified. Reduced profitability experienced by the associate over the past few years and the continued economic downturn in the construction industry were factors indicating that the Group's investment in associate may be impaired.

The recoverable amount of the investment in the associate was determined based on a value-in-use calculation.

The value-in-use discounted cash flow model was applied in assessing the carrying value of equity-accounted associate. Cash flows were projected over a three-year period, and a projected terminal year, based on financial budgets or forecasts approved by management. The following approach was followed in forecasting cash flows:

- Future profits were estimated using historical financial results achieved and approved three-year budgets;
- Costs were assumed to grow in line with the projected growth of the CGU and expected inflation;
- Sales growth forecasts were largely based on expected price increases which were derived from historically achieved price increases by the CGU, with cautious increases in volumes estimated on account of future prospects remaining volatile in the recovery of a post-Covid19 economy; and
- Capital expenditure was limited to replacement capital expenditure spend, in line with the accociate's maintenance programmes.

The following rates were applied in determining the value-in-use:

| | 2024 % | 2023 % |
|---|---|---|
| Pre-tax discount rate | **20.1** | 17.7 |
| Terminal value growth rate | **4.6** | 4.6 |

## 9. INVESTMENT IN ASSOCIATE (CONTINUED)

Discount rates applied are consistent with external sources, and sales and terminal value growth rates reflect expected performance.

No impairment losses were required in the current financial year based on the value-in-use computation.

A sensitivity analysis of the key assumptions have been presented below:

| 2024 | Movement | Impact on Recoverable amount (R'million) | Impairment |
|---|---|---|---|
| Discount rate | **+1%** | **(68)** | **Nil** |
| Terminal value growth rate | **-1%** | **(57)** | **Nil** |
| **2023** | | | |
| Discount rate | +1% | (117) | Nil |
| Terminal value growth rate | -1% | (86) | Nil |

**Summarised financial information of Dangote Cement South Africa Proprietary Limited and its subsidiaries**

| | 2024* R'000 | 2023* R'000 |
|---|---|---|
| Non-current assets | **2 560 371** | 2 680 016 |
| Current assets | **1 037 481** | 679 626 |
| **Total assets** | **3 597 852** | 3 359 642 |
| **Total equity** | **1 851 291** | 1 811 823 |
| Non-current liabilities | **(974 279)** | (1 016 010) |
| Current liabilities | **(772 282)** | (531 809) |
| **Total liabilities** | **(1 746 561)** | (1 547 819) |

| | 2024* R'000 | 2023* R'000 |
|---|---|---|
| Revenue for the period | **2 823 157** | 2 454 678 |
| Cost of sales | **(2 453 914)** | (2 209 680) |
| **Gross profit** | **369 243** | 244 998 |
| Operating profit | **181 984** | 104 459 |
| Investment income | **13 354** | 8 486 |
| Finance costs | **(132 532)** | (112 459) |
| **Profit before taxation** | **62 806** | 486 |
| Taxation (expense) | **(20 880)** | (4 667) |
| **Profit/(Loss) after taxation for the period** | **41 926** | (4 181) |
| **Total comprehensive income/(loss) for the period** | **41 926** | (4 181) |
| **Total comprehensive income/(loss) attributable to owners of the parent** | **40 614** | (5 669) |

* *SepCem has a December year-end so as to agree with DCP's year-end. In line with the requirements of IAS 28, the audited year-end results of SepCem as at 31 December 2023 have been included in these financial statements. The use of the different date in applying the equity method is due to the practicality of obtaining the audited March 2024 results timeously.*

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** **R** | 2023 R | **2024** **R** | 2023 R |
| **10. LOANS TO GROUP COMPANIES** | | | | |
| **Subsidiaries** | | | | |
| Sephaku Investment Holdings Proprietary Limited | **–** | – | **12 229** | 11 379 |
| The loan is unsecured, interest-free and is repayable on demand. If there is an expected credit loss allowance it is assumed immaterial. | | | | |

The fair values of the loan is substantially the same as the carrying amounts reflected on the statement of financial position.

| | | | | |
|---|---|---|---|---|
| **Split between non-current and current portions** | | | | |
| Current assets | **–** | – | **12 229** | 11 379 |

### Exposure to credit risk

Loans receivable inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment allowances of IFRS 9 *Financial Instruments*, which requires a loss allowance to be recognised for all exposures to credit risk.

In determining the amount of expected credit losses, the Group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The credit risk of the loan has not changed and no allowance has been made for ECL as it is deemed insignificant.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** **R** | 2023 R | **2024** **R** | 2023 R |
| **11. DEFERRED TAX** | | | | |
| **Deferred taxation (liability)/asset** | | | | |
| Property, plant and equipment | **(26 487 853)** | (24 856 894) | **–** | – |
| Income received in advance and section 24C allowances | **288 750** | 457 931 | **–** | – |
| Lease liabilities | **14 227 055** | 17 147 363 | **–** | – |
| Expected credit loss allowance | **246 408** | 128 156 | **–** | – |
| Accrual for leave pay | **516 846** | 440 652 | **–** | – |
| Right-of-use assets | **(10 721 728)** | (13 303 351) | **–** | – |
| Bonus accrual | **657 874** | 567 000 | **–** | – |
| Pre-payments | **(1 877)** | (13 228) | **–** | – |
| **Total deferred taxation liability** | **(21 274 525)** | (19 432 371) | **–** | – |
| Deferred taxation liability | **(21 274 525)** | (19 432 371) | **–** | – |
| **Reconciliation of deferred taxation asset/(liability)** | | | | |
| At beginning of year | **(19 432 371)** | (17 584 930) | **–** | – |
| Property, plant and equipment | **(1 630 959)** | (1 043 679) | **–** | – |
| Income received in advance and section 24C allowance | **(169 181)** | (1 097 339) | **–** | – |
| Accrual for leave pay | **76 194** | 83 796 | **–** | – |
| Right-of-use assets | **2 581 623** | 1 151 299 | **–** | – |
| Lease liability | **(2 920 308)** | (963 194) | **–** | – |
| Pre-payments | **11 351** | (5 565) | **–** | – |
| Bonus accrual | **90 874** | 27 241 | **–** | – |
| Doubtful debts | **118 252** | – | **–** | – |
| | **(21 274 525)** | (19 432 371) | **–** | – |
| **Unrecognised deferred taxation asset** | | | | |
| Deductible temporary differences not recognised as deferred tax assets | **132 348 317** | 133 664 724 | **132 348 317** | 133 664 724 |

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |

## 12. OTHER FINANCIAL ASSETS

### Other long-term financial assets

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| Union Atlantic Minerals Limited (UAM) (stage 3) | **1 073 054** | 1 073 054 | **1 073 054** | 1 073 054 |
| Cross Company Management Proprietary Limited (CCM) (stage 2) | **9 665 086** | 9 664 936 | **9 665 086** | 9 664 936 |
| | **10 738 140** | 10 737 990 | **10 738 140** | 10 737 990 |
| Less: Impairment | **(600 000)** | (400 000) | **(600 000)** | (400 000) |
| Carrying amounts | **10 138 140** | 10 337 990 | **10 138 140** | 10 337 990 |

These loans are unsecured, bear no interest and are repayable on demand.

The UAM loan is in default, however, management is continuously involved in a process of raising finance to advance the prospecting assets that the company has. There was a firm commitment that the loan would be repaid from the first tranche of funding raised. An updated UAM SENS announcement from them (UAM) was released on 12 October 2022 indicating yet another postponement of the first funding received. As a result management did not receive payment as the other items were crucial to the continuance of the process. Management was hopeful that funds would be raised and that payment would be received, but with this further postponement management believes that an expected credit loss (ECL) should be provided for a portion of the loan unlikely to be recovered until such time that funding has been received and exploration can commence. Management reviewed the impairment of the loan and decided to recognise an additional R200 000 loss allowance bringing the full provision to R600 000. UAM management is continuing to look for investors to progress the exploration projects and unlock further value in the company. New investors are being targeted and SepHold management is of the opinion that the adjustments made in the current year reflects a value that could be realised should funding for the project be obtained. If not, the maximum exposure for the Group is immaterial at about 0.7% of non-current assets.

The loan is supported by shares in companies that were funded through the application of funds made available. Management has assessed the value of these underlying shares and are satisfied that the loan would be recoverable in full in the foreseeable future. While the individual loans might not match the specific investments in value, the total value, of the shares could cover the loan. Based on this it was decided not to recognise a loss allowance on this loan.

### Reconciliation of loss allowances

The following table shows the movement in the loss allowance:

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| Opening balance in accordance with IFRS 9 | **400 000** | – | **–** | – |
| Impairment of other financial assets | **200 000** | 400 000 | **–** | – |
| Closing balance | **600 000** | 400 000 | **–** | – |

### Non-current assets

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| At amortised cost | **10 138 140** | 10 337 990 | **10 138 140** | 10 337 990 |

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

It is not management's intention to call for the loans in the next 12 months.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |

## 13. OTHER INVESTMENT

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| Union Atlantic Minerals Limited | **2 000 000** | 2 000 000 | **2 000 000** | 2 000 000 |
| Less: Impairment | **(1 200 000)** | (1 000 000) | **(1 200 000)** | (1 000 000) |
| Carrying amount | **800 000** | 1 000 000 | **800 000** | 1 000 000 |
| Level 3 | | | | |
| Union Atlantic Minerals Limited | **800 000** | 1 000 000 | **800 000** | 1 000 000 |

During FY 2019 Union Atlantic Minerals Limited issued 50 000 000 shares at R0.04 per share to CCM on behalf of SepHold. This was due to the delegation agreement on 28 April 2016 with African Nickel Holdings Proprietary Limited and Incubex Minerals Limited to settle the African Nickel Holdings Proprietary Limited debt of R2 000 000. SepHold uses the CCM stockbrokers' account as a nominee account for its shareholding.

The last price before suspension of trade on the stock exchange was 4 cps.

During the previous financial year management reviewed the value of the investment in UAM. Although the mining right application has been advanced for the asset and funds are being raised to complete the project, management decided to adjust the suspended price to 4 cps as a starting point by applying the equity raise dilution to the value of the company. The impairment raised on these principles resulted in 60% or 1.6c in the value of R800 000.

The maximum exposure to market risk at the reporting date is the carrying amount of the financial assets.

## 14. INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |
| Raw materials, components | **11 218 574** | 12 059 179 | – | – |
| Diesel | **4 318 495** | 4 131 351 | – | – |
| Spare parts | **5 640 553** | 4 314 363 | – | – |
| | **21 177 622** | 20 504 893 | – | – |

Inventories recognised as an expense during the year ended 31 March 2024 amounted to R724 030 739 (2023: R615 819 604).

### Inventory pledged as security

Inventory is pledged as security for the bank overdraft facility as per note 17. There was no overdraft at year-end.

## 15. LOANS RECEIVABLE

Loans receivable are presented at amortised cost at Stage 1 with no loss allowance, as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |
| Loans receivable: KM Truckers | – | 32 374 | – | – |
| The above loan is unsecured, bears interest at 8% per annum and was settled during the current year (2023: is repayable in 36 equal instalments of R10 933). | | | | |
| Loans receivable: PAMA Services | – | 68 556 | – | – |
| The above loan is unsecured, bears interest at 8% per annum and was settled during the current year (2023: is repayable in 36 equal instalments of R23 158). | | | | |
| Loans receivable: Navin's Transport | – | 77 466 | – | – |
| The above loan is unsecured, bears interest at 8% per annum and was settled during the current year (2023: is repayable in 36 equal instalments of R26 166). | | | | |
| Loans receivable: Actebis | – | 97 103 | – | – |
| The above loan is unsecured, bears interest at 8% per annum and was settled during the current year (2023: is repayable in 36 equal instalments of R32 800). | | | | |
| Loans receivable: NTS Transport | – | 263 751 | – | – |
| The above loan is unsecured, bears interest at 8% per annum and was settled during the current year (2023: is repayable in 36 equal instalments of R89 092). | | | | |
| Loans receivable: Umgeni Multi sands | – | 421 923 | – | – |
| The above loan is unsecured, bears interest at 8% per annum and was settled during the current year (2023: is repayable in 36 equal instalments of R142 521). | | | | |
| | – | 961 173 | – | — |
| **Split between non-current and current portions** | | | | |
| Current assets | – | 961 173 | – | |

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** **R** | 2023 R | **2024** **R** | 2023 R |
| **16. TRADE AND OTHER RECEIVABLES** | | | | |
| **Financial instruments:** | | | | |
| Trade receivables | **106 069 862** | 120 348 893 | **–** | – |
| Deposits | **2 007 410** | 932 868 | **–** | – |
| Sundry customers | **10 976** | 449 410 | **–** | – |
| **Non-financial instruments:** | | | | |
| Pre-payments | **154 025** | 198 675 | **146 550** | 145 990 |
| **Total trade and other receivables** | **108 242 273** | 121 929 846 | **146 550** | 145 990 |

### Trade and other receivables pledged as security

Trade and other receivables of R108 095 723 (2023: R121 783 856) were pledged as security for the bank overdraft facility as per note 17.

### Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the Group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

After the 2020 nationwide lockdown, the directors and management embarked on strict cost cutting measures and various turnaround strategies which has had a positive impact on profitability and cash flow of the Company. The implementation of more stringent controls and policies with respect to our credit risk management has resulted in well managed collection of debts from customers with limited losses.

Insurance of debtors is obtained from Santam through a Credit Risk Contingency Policy (effective 01 March 2021). The insurance policy is a general cover of R3 637 131 that is available when any customer defaults on payment and is not limited to a specific customer or age bracket. This contributed favourably in the assessment of credit risk exposure under IFRS 9.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 *Financial Instruments*, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward-looking information and general economic conditions of the industry as at the reporting date. This includes the performance of the country's economy, changes in interest rates and inflation. Due to the national COVID-19 lockdown experienced in 2020, credit risk attitudes have since been more risk adverse. As a result of the credit restrictions and increased risk, management is stricter on credit controls with customer credit limits being in place, reviewed and approved by credit management committees. Defaulting customers were converted to cash customers and credit limits for new customers were limited. More upfront payments are required prior to commencing orders. As a result of these measurements and policies in place the expected credit loss rate reduced. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

Based on the improvement in the construction industry and in the recovery and management of debtors, credit risk policies have been adjusted accordingly and therefore the expected credit loss rate has been adjusted downwards to account for this. There have been no other significant changes in the credit risk management policies and processes since the prior reporting period.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

## 16. TRADE AND OTHER RECEIVABLES (CONTINUED)

**Exposure to credit risk** (continued)

The loss allowance is determined as follows:

| | Current R | More than 30 days past due R | More than 60 days past due R | More than 90 days past due R | More than 120 days past due R | Total R |
|---|---|---|---|---|---|---|
| **At 31 March 2024 the lifetime expected credit loss provision for trade receivables is as follows:** | | | | | | |
| Gross carrying amount | **85 706 728** | **19 136 354** | **457 676** | **287 426** | **2 002 726** | **107 590 910** |
| Less: Insured debtors | **–** | **–** | **–** | **–** | **–** | **–** |
| Gross carrying value uninsured trade receivables | **85 706 728** | **19 136 354** | **457 676** | **287 426** | **2 002 726** | **107 590 910** |
| Expected credit loss rate | **0.00%** | **0.00%** | **90.29%** | **100.00%** | **41.00%** | |
| Lifetime expected credit loss (excluding value added taxation) | **–** | **–** | **(413 219)** | **(287 426)** | **(820 403)** | **(1 521 048)** |
| Total expected credit loss | | | | | | **(1 521 048)** |

| | Current R | More than 30 days past due R | More than 60 days past due R | More than 90 days past due R | More than 120 days past due R | Total R |
|---|---|---|---|---|---|---|
| **At 31 March 2023 the lifetime expected credit loss provision for trade receivables is as follows:** | | | | | | |
| Gross carrying amount | 110 243 605 | 10 480 257 | 203 064 | 101 546 | 111 508 | 121 139 980 |
| Less: Insured debtors | – | – | – | – | – | – |
| Gross carrying value uninsured trade receivables | 110 243 605 | 10 480 257 | 203 064 | 101 546 | 111 508 | 121 139 980 |
| Expected credit loss rate | 0.01% | 3.11% | 100.00% | 100.00% | 100.00% | |
| Lifetime expected credit loss (excluding value added taxation) | (6 208) | (326 373) | (203 064) | (101 546) | (111 508) | (748 699) |
| Contingency provision for expected credit loss | | | | | | (42 388) |
| Total expected credit loss (including contingency provision) | | | | | | (791 087) |

### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |
| **Opening balance in accordance with IFRS 9** | **791 087** | 791 087 | **–** | – |
| Provision raised on new trade receivables | **729 961** | 1 113 629 | **–** | – |
| Amounts written off as uncollectable | **–** | (1 113 629) | **–** | – |
| **Closing balance** | **1 521 048** | 791 087 | **–** | – |

### Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |

## 17. CASH AND CASH EQUIVALENTS

| | | | | |
|---|---|---|---|---|
| Cash and cash equivalents consist of: | | | | |
| Cash on hand | **168 524** | 121 646 | **–** | – |
| Bank balances | **13 235 939** | 4 226 366 | **2 675 840** | 1 572 207 |
| Bank overdraft | **–** | (17 915 207) | **–** | – |
| | **13 404 463** | (13 567 195) | **2 675 840** | 1 572 207 |
| Current assets | **13 404 463** | 4 348 011 | **2 675 840** | 1 572 207 |
| Current liabilities | **–** | (17 915 207) | **–** | – |
| | **13 404 463** | (13 567 195) | **2 675 840** | 1 572 207 |

The fair values of cash and cash equivalents are considered to be equal to the carrying value.

Métier secured an overdraft facility with First National Bank of R80 000 000 during the prior year. Refer to note 35 for credit risk disclosure.

| | | | | |
|---|---|---|---|---|
| The total amount of undrawn facilities available for future operating activities and commitments | **80 000 000** | 62 084 793 | **–** | – |

### Security

The First National Bank (the debt guarantor) overdraft facility is secured as follows:

- General notarial bond to be granted by Métier in favour of the debt guarantor over all its movable assets (including inventory) to the value of R40 000 000.
- Suretyship by SepHold in favour of the debt guarantor for the obligations of Métier to the value of R140 000 000.
- Cession of short-term insurance policies by Métier in favour of the debt guarantor, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor all of its right, title and interest in and to all short-term insurances over its assets.
- Cession of debts by Métier in favour of the debt guarantor, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor, all of its right, title and interest in and to all of its debtors.

Métier will ensure that the interest-bearing debt to earnings before EBITDA will not exceed 2.5 times operating income before interest, tax, depreciation and amortisation of any intangibles (excluding extraordinary items), during any period.

The fair values of the financial liabilities are substantially the same as the carrying amounts reflected on the statement of financial position as they bear interest at market-related rates.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |

## 18. EQUITY

### Share Capital

| | | | | |
|---|---|---|---|---|
| 1 000 000 000 ordinary shares with no par value issued and fully paid | | | | |
| 254 486 436 (2023: 254 486 436) shares at beginning and end of period | **682 965 910** | 682 965 910 | **682 965 910** | 682 965 910 |

No new shares were issued during the current or prior financial year.

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

### Other equity

| | | | | |
|---|---|---|---|---|
| 13 789 293 (2023: nil) Treasury shares held by subsidiary | **(13 914 974)** | – | **–** | – |

During the year under review the Subsidiary acquired a total of 13 789 293 ordinary shares in SepHold at a total amount of R13 914 974, including transaction costs of R92 779, under an approved share buyback scheme. The ultimate intention of management is to cancel the shares once the approved number has been reached.

| | Number<br>R | Weighted exercise price<br>R | Total value<br>R |
|---|---|---|---|
| **19. SHARE-BASED PAYMENTS** | | | |
| **Share options granted on 31 March 2016** | 1 630 000 | 4.40 | 7 172 000 |
| Outstanding at 1 April 2022 | 1 588 333 | | |
| Expired in 2023 | (1 588 333) | | |
| Outstanding at 31 March 2023 | – | | |
| Outstanding at 31 March 2024 | – | | |
| **Share options granted on 30 June 2017** | 1 905 000 | 3.00 | 5 715 000 |
| Outstanding at 31 March 2023 | 1 705 000 | | |
| Outstanding at 31 March 2024 | 1 705 000 | | |
| Total share options outstanding and exercisable at 31 March 2024 | 1 705 000 | | |
| Total share options outstanding and exercisable at 31 March 2023 | 1 705 000 | | |

### Information on options granted on 31 March 2016

On 31 March 2016, 1 630 000 American-style share options with an exercise price of R4.40 were granted. During the prior year 41 667 share options were cancelled due to a resignation. The remainder, 1 588 333 options, expired on 31 March 2023.

### Information on options granted on 1 July 2017

On 1 July 2017, 1 905 000 American-style share options with an exercise price of R3.00 were granted. During the prior year 200 000 share options were cancelled due to a resignation. The remaining share options of 1 705 000 are still outstanding at year-end. These options vested over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 1 July 2024. No option premium was paid on the date of the grant.

### General share options information

At the start of the 2015 financial year, five million share options were available for distribution under the share option scheme. These share options were distributed as follows:

- 1 565 000 share options granted on 10 December 2014
- 1 630 000 share options granted on 31 March 2016
- (100 000) share options returned due to resignation during 2017
- 1 905 000 share options granted on 1 July 2017
- (241 665) share options returned due to resignation during 2021
- (3 053 335) share options expired during 2022 and 2023

A total staff cost of Rnil (2023: R58 190) was recognised during the current year. All vesting expenses for the remaining granted share options were accounted for in the prior year of which an amount of R32 818 relates to directors and key management personnel (refer to note 34). For the current year there was Rnil (2023: R3 223 362 as a result of the expired R4.40 options) transferred from the reserve account.

Refer to the directors' report for the directors' interest in share options.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** **R** | 2023 R | **2024** **R** | 2023 R |

## 20. LOANS FROM GROUP COMPANIES

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| Métier Mixed Concrete Proprietary Limited | **–** | – | **112 871 320** | 112 871 320 |
| The loan is unsecured, interest free and is repayable on demand. | | | | |
| **Reconciliation of loan from subsidiary** | | | | |
| The following table shows the movement in the loan from subsidiary: | | | | |
| **Opening balance in accordance with IAS 7** | **–** | – | **112 871 320** | 112 874 320 |
| Other | **–** | – | **–** | (3 000) |
| **Closing balance** | **–** | – | **112 871 320** | 112 871 320 |

The loan from group company will be settled through a dividend payment from the Subsidiary's retained income of R265 414 474.

## 21. INSTALMENT SALE LIABILITIES

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| **Held at amortised cost** | | | | |
| Wesbank Vehicle Finance | **12 262 770** | – | **–** | – |
| During the year, the Company entered into twenty-four instalment sale agreements with Wesbank Vehicle Finance. The liability is secured by motor vehicles with a carrying amount of R12 111 911. It bears interest at rates linked to prime and is repayable over a term of 60 months with an average monthly repayment of R7 244 per vehicle. Refer to note 4 Property, plant and equipment for further details. | | | | |
| Komatsu Africa Holdings (Pty) Ltd | **10 924 969** | – | **–** | – |
| During the year, the Company entered into five instalment sale agreements with Komatsu Africa Holdings (Pty) Ltd. The liability is secured by motor vehicles with a carrying amount of R11 372 549. It bears interest at rates linked to prime and is repayable over a term of 48 months with an average monthly repayment of R48 920 per vehicle. Refer to note 4 Property, plant and equipment for further details. | | | | |
| Mercedes-Benz Financial Services | **41 422 873** | 46 735 419 | **–** | – |
| During the year, the Company entered into two (2023: twelve) instalment sale agreements with Mercedes-Benz Financial Services. The liability is secured by motor vehicles with a carrying amount of R51 631 749 (2023: R51 298 828). It bears interest at rates linked to prime and is repayable over a term of 60 months with an average monthly repayment of R35 082 per vehicle (2023: R40 817). Refer to note 4 Property, plant and equipment and note 22 below for further details. | | | | |
| | **64 610 612** | 46 735 419 | **–** | – |
| **Split between non-current and current portions** | | | | |
| Non-current liabilities | **47 708 556** | 36 435 398 | **–** | – |
| Current liabilities | **16 902 056** | 10 300 021 | **–** | – |
| | **64 610 612** | 46 735 419 | **–** | – |

## 22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

| Reconciliation of liabilities arising from financing activities – 2024 | Opening balance R | Finance costs R | Total non-cash movement* R | Cash flows principal and interest R | Closing balance R |
|---|---|---|---|---|---|
| Instalment sale liabilities | **46 735 419** | **6 266 400** | **30 262 948** | **(18 654 155)** | **64 610 612** |
| | **46 735 419** | **6 266 400** | **30 262 948** | **(18 654 155)** | **64 610 612** |
| **Reconciliation of liabilities arising from financing activities – 2023** | | | | | |
| Other financial liabilities measured at amortised cost | 48 273 681 | 2 737 524 | 272 727 | (51 283 932) | – |
| Instalment sale liabilities | 31 411 370 | 4 233 275 | 18 935 731 | (7 844 957) | 46 735 419 |
| | 79 685 051 | 6 970 799 | 19 208 458 | (59 128 889) | 46 735 419 |

Lease liabilities also form part of financing activities. For the reconciliation refer to note 23.

* *Total non-cash movements of Rnil (2023: R272 727) are included in finance costs and R30 262 948 (2023: R18 935 731) are additions to instalment sale liabilities.*

## 23. LEASE LIABILITIES

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| **Minimum lease payments due** | | | | |
| – within one year | **22 711 496** | 19 941 583 | **–** | – |
| – between two to five years | **38 667 951** | 54 335 550 | **–** | – |
| | **61 379 447** | 74 277 133 | **–** | – |
| less: future finance charges | **(8 686 650)** | (10 768 381) | **–** | – |
| **Present value of lease payments** | **52 692 797** | 63 508 752 | **–** | – |

| Reconciliation of lease liabilities – Group | Opening balance R | Additions R | Finance costs R | Repayments – principal element on leases R | Repayments – interest element on leases R | Total R |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Lease liabilities | **63 508 752** | **5 279 854** | **5 071 287** | **(16 095 809)** | **(5 071 287)** | **52 692 797** |

| Reconciliation of lease liabilities – Group | Opening balance R | Additions R | Finance costs R | IFRS 16 Modification/ re-measurement R | Repayments – principal element on leases R | Repayments – interest element on leases R | Total R |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| Lease liabilities | 67 076 136 | 8 278 029 | 6 026 186 | 1 742 078 | (13 587 491) | (6 026 186) | 63 508 752 |

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| Non-current liabilities | **33 956 392** | 48 454 562 | **–** | – |
| Current liabilities | **18 736 405** | 15 054 190 | **–** | – |
| | **52 692 797** | 63 508 752 | **–** | – |

## 23. LEASE LIABILITIES (CONTINUED)

The Group entered into leasing arrangements for certain of its assets, including land and buildings. The average lease term is four years (2023: four years) and the incremental borrowing rate is the prime lending rate (2023: average effective borrowing rate was the prime lending rate). The leases entered into do not provide flexibility in the form of termination options but there are options to renew the leases. There are no specific restrictions or covenants imposed by the leases, no variable lease payments and no residual value guarantees. There are no leases that have not yet commenced to which the Group is committed. Refer to note 5 for further details.

Lease term per category – land and buildings

Land 3 – 10 years

Building 2 – 8 years

The Group's obligations under leases are secured by the lessor's charge over the leased assets.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |
| **24. TRADE AND OTHER PAYABLES** | | | | |
| **Financial instruments:** | | | | |
| Trade payables | **78 575 964** | 86 427 035 | **109 404** | 131 245 |
| Credit cards liabilities | **649** | 3 042 | **649** | 3 042 |
| Accrued expenses | **729 761** | 2 781 221 | **–** | 41 615 |
| Accrued audit fees | **500 000** | 500 000 | **500 000** | 500 000 |
| Sundry suppliers | **4 212 042** | 3 882 668 | **–** | – |
| **Non-financial instruments:** | | | | |
| Accrual for salary-related expenses | **4 740 730** | 4 156 328 | **389 912** | 424 284 |
| Income received in advance | **2 673 611** | 4 240 101 | **–** | – |
| Value added taxation | **2 638 717** | 3 600 322 | **175 757** | 475 475 |
| | **94 071 474** | 105 590 717 | **1 175 722** | 1 575 661 |

### Fair value of trade and other payables

The fair value of trade and other payables is substantially the same as the carrying amounts reflected on the statement of financial position, as the financial instruments are short-term in nature.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 R** | 2023 R | **2024 R** | 2023 R |
| **25. REVENUE** | | | | |
| **Disaggregation of revenue from contracts with customers** | | | | |
| The Group disaggregates revenue from customers as follows: | | | | |
| **Sale of goods** | | | | |
| Revenue from the sale of goods | **1 163 603 065** | 980 710 786 | **–** | – |
| **Rendering of services** | | | | |
| Management fees | **–** | – | **23 470 000** | 20 000 000 |
| **Total revenue from contracts with customers** | **1 163 603 065** | 980 710 786 | **23 470 000** | 20 000 000 |
| **Timing of revenue recognition** | | | | |
| **At a point in time** | | | | |
| Revenue from the sale of goods | **1 163 603 065** | 980 710 786 | **–** | – |
| **Over time** | | | | |
| Management fees | **–** | – | **23 470 000** | 20 000 000 |
| **Total revenue from contracts with customers** | **1 163 603 065** | 980 710 786 | **23 470 000** | 20 000 000 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note(s) | **2024 R** | 2023 R | **2024 R** | 2023 R |
| **26. OTHER OPERATING INCOME** | | | | | |
| Bad debts recovered | | **211 262** | 423 679 | **–** | – |
| Other sundry income | | **69 428** | 938 412 | **–** | – |
| Rent received | | **617 196** | 329 440 | **–** | – |
| Profit on sale of property, plant and equipment | | **2 339 801** | 1 872 518 | **–** | – |
| Income received in advance written off | | **2 951 111** | – | **–** | – |
| | | **6 188 798** | 3 564 049 | **–** | – |
| **27. OTHER OPERATING GAINS/(LOSSES)** | | | | | |
| **Gains/(losses) on disposals, scrappings and settlements** | | | | | |
| Property, plant and equipment | 4 | **–** | (26) | **–** | (26) |
| Right-of-use assets | 5 | **–** | 231 147 | **–** | – |
| | | **–** | 231 121 | **–** | (26) |
| **Fair value losses** | | | | | |
| Financial assets at fair value through profit or loss | 13 | **(200 000)** | (1 000 000) | **(200 000)** | (1 000 000) |
| **Total other operating losses** | | **(200 000)** | (768 879) | **(200 000)** | (1 000 026) |
| **28. INVESTMENT INCOME** | | | | | |
| **Interest income** | | | | | |
| **Investments in financial assets:** | | | | | |
| Bank | | **1 714 283** | 1 994 865 | **252** | 184 |
| Loans receivables | | **861 053** | 236 437 | **–** | – |
| **Total interest income** | | **2 575 336** | 2 231 302 | **252** | 184 |
| **29. FINANCE COSTS** | | | | | |
| Lease liabilities | 23 | **5 071 287** | 6 026 186 | **–** | – |
| Bank overdraft | | **143 331** | – | **1** | – |
| Current borrowings – transaction cost amortised | | **–** | 272 727 | **–** | – |
| Other financial liabilities | | **–** | 2 789 022 | **–** | – |
| Instalment sale liabilities | 21 | **6 375 577** | 4 233 275 | **–** | – |
| **Total finance costs** | | **11 590 195** | 13 321 210 | **1** | – |

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** **R** | 2023 R | **2024** **R** | 2023 R |

## 30. TAXATION

### Major components of the taxation expense

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| **Current** | | | | |
| Local income tax – current period | **16 910 896** | 8 466 042 | **88 857** | – |
| Adjustments in respect of prior years | **66 204** | – | **66 204** | – |
| | **16 977 100** | 8 466 042 | **155 061** | – |
| **Deferred** | | | | |
| Originating and reversing temporary differences | **1 842 153** | 1 847 442 | **–** | – |
| | **18 819 253** | 10 313 484 | **155 061** | – |

### Reconciliation of the taxation expense

| | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|
| Reconciliation between accounting profit and tax expense: | | | | |
| Profit/(loss) before taxation | **85 444 197** | 35 880 641 | **1 283 768** | (293 238) |
| Tax at the applicable tax rate of 27% | **23 069 933** | 9 687 773 | **346 617** | (79 175) |
| **Tax effect of adjustments on taxable income** | | | | |
| Under provision of income tax prior year | **66 204** | – | **66 204** | – |
| Other grants and incentives | **(5 110)** | (31 175) | **–** | – |
| Loss on disposal of assets | **–** | 107 992 | **–** | 7 |
| Fair value adjustment | **54 000** | 270 000 | **54 000** | 270 000 |
| (Utilisation of assessed loss)/deferred taxation not raised on assessed taxation loss | **(366 588)** | (334 333) | **(366 817)** | (334 333) |
| (Profit)/loss from equity-accounted investment | **(3 947 681)** | 551 027 | **–** | – |
| Fines and penalties | **–** | 1 008 | **–** | – |
| Donations | **2 174** | 38 455 | **–** | – |
| Capital gain | **20 864** | – | **–** | – |
| Interest and penalties relating to taxes | **1 057** | 19 790 | **1 057** | 19 790 |
| Share options | **–** | 15 711 | **–** | 15 711 |
| Impairment of loan | **54 000** | 108 000 | **54 000** | 108 000 |
| Transaction costs | **–** | 73 636 | **–** | – |
| Learnership allowance | **(129 600)** | (194 400) | **–** | – |
| | **18 819 253** | 10 313 484 | **155 061** | – |

The estimated tax loss (Company) available for set-off against future taxable income is R132 348 518 (2023: R133 664 723).

| | Note(s) | Group 2024 R | Group 2023 R | Company 2024 R | Company 2023 R |
|---|---|---|---|---|---|
| **31. CASH GENERATED FROM/(USED IN) OPERATIONS** | | | | | |
| Profit/(loss) before taxation | | **85 444 197** | 35 880 641 | **1 283 768** | (293 238) |
| **Adjustments for:** | | | | | |
| Depreciation | 4 & 5 | **36 316 965** | 34 190 671 | **7 946** | 7 946 |
| Gains on disposals and remeasurement of assets | 27 | **–** | (231 147) | **–** | – |
| (Profit)/loss from equity-accounted investments | 9 | **(14 621 040)** | 2 040 840 | **–** | – |
| Interest income | 28 | **(2 575 336)** | (2 231 302) | **(252)** | (184) |
| Finance costs | 29 | **11 590 195** | 13 321 210 | **1** | – |
| Fair value losses | 13 | **200 000** | 1 000 000 | **200 000** | 1 000 000 |
| Net impairments and movements in credit loss allowances | 12 & 16 | **929 961** | 400 000 | **200 000** | 400 000 |
| (Profit)/loss on sale of property, plant and equipment | 4 | **(2 339 801)** | (1 872 492) | **–** | 26 |
| Share options recorded against salary expense | 19 | **–** | 58 190 | **–** | 58 190 |
| **Changes in working capital:** | | | | | |
| Inventories | 14 | **(672 729)** | (2 428 055) | **–** | – |
| Trade and other receivables | 16 | **12 957 613** | (34 738 950) | **(559)** | (15 327) |
| Trade and other payables | 24 | **(11 519 240)** | 15 542 796 | **(399 941)** | (1 602 109) |
| Loans receivables | 15 & 28 | **1 822 226** | 3 896 038 | **–** | – |
| | | **117 533 011** | 64 828 440 | **1 290 963** | (444 696) |
| **32. TAXATION PAID** | | | | | |
| Balance at the beginning of the year | | **(2 277 547)** | (328 087) | **–** | – |
| Current taxation for the period recognised in profit or loss | | **(16 977 100)** | (8 466 042) | **(155 061)** | – |
| Balance at end of the period | | **(561 275)** | 2 277 547 | **(31 520)** | – |
| | | **(19 815 922)** | (6 516 582) | **(186 581)** | – |

## 33. RELATED PARTIES

### Relationships

| | |
|---|---|
| Subsidiaries | Refer to note 7 |
| Associates | Refer to note 9 |
| Major shareholder of SepCem | Dangote Industries Limited |
| Companies with common shareholders | Incubex Minerals Limited<br>SepFluor Limited |
| Key management personnel of the Group | Refer to directors as listed below |
| Companies with common directors | Cross Company Management Proprietary Limited<br>Cato Ridge Quarry Proprietary Limited<br>Union Atlantic Minerals Limited<br>WKRD Properties Proprietary Limited<br>Plazatique Corp 27 CC |
| Directors | B Williams<br>MM Ngoasheng<br>MJ Janse van Rensburg<br>B Bulo<br>Dr. L Mohuba<br>NR Crafford-Lazarus<br>KJ Capes |

| | Group | | Company | |
|---|---|---|---|---|
| | **2024**<br>**R** | 2023<br>R | **2024**<br>**R** | 2023<br>R |
| **Related party balances** | | | | |
| **Loan accounts – Owing (to) by related parties** | | | | |
| Métier Mixed Concrete Proprietary Limited | **–** | – | **(112 871 320)** | (112 871 320) |
| Union Atlantic Minerals Proprietary Limited (note 12) | **473 054** | 673 054 | **473 054** | 673 054 |
| Cross Company Management Proprietary Limited (note 12) | **9 665 086** | 9 664 936 | **9 665 086** | 9 664 936 |
| Sephaku Investment Holdings Proprietary Limited | **–** | – | **12 229** | 11 379 |
| **Amounts included in Trade receivable (Trade Payable) regarding related parties** | | | | |
| Dangote Cement South Africa Proprietary Limited^ | **(11 897 342)** | (11 563 576) | **–** | – |
| **Related party transactions** | | | | |
| **Purchases from (sales to) related parties including VAT** | | | | |
| Dangote Cement South Africa Proprietary Limited | **167 000 547** | 142 322 380 | **–** | – |
| **Rent paid to (received from) related parties** | | | | |
| Plazatique Corp 27 CC^^ | **1 268 181** | 1 202 067 | **–** | – |
| WKRD Properties Proprietary Limited^^ | **1 147 570** | 1 067 507 | **–** | – |
| **Management fees paid to (received from) related parties^^^** | | | | |
| Métier Mixed Concrete Proprietary Limited | **–** | – | **(23 470 000)** | (20 003 000) |
| Dangote Cement South Africa Proprietary Limited | **–** | – | **–** | (999 560) |
| **Utilities paid to related parties** | | | | |
| Plazatique Corp 27 CC | **872 899** | 777 861 | **–** | – |
| WKRD Properties Proprietary Limited | **1 049 305** | 408 806 | **–** | – |

^ *Goods were purchased from the Associate during the year based on price lists in force and terms that would be available to third parties.*

^^ *The amounts included represent the actual transactions as per the lease agreements. The IFRS 16 treatment for these form part of note 23.*

^^^ *Management services were received on a cost-plus basis. All other transactions were made on normal commercial terms.*

All other transactions were made on normal commercial terms.

## 34. DIRECTORS' EMOLUMENTS

### Executive

| Directors' emoluments | Basic salary R | Prior year performance bonuses* R | Travel allowances R | Pension fund R | Long-term share incentives R | Total R |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| **Services as director** | | | | | | |
| NR Crafford-Lazarus | **4 112 000** | **1 200 000** | **150 000** | **351 000** | **2 275 000** | **8 088 000** |
| KJ Capes | **3 445 494** | **1 300 000** | **–** | **310 095** | **1 995 000** | **7 050 589** |
| | **7 557 494** | **2 500 000** | **150 000** | **661 095** | **4 270 000** | **15 138 589** |

| Directors' emoluments | Basic salary R | Prior year performance bonuses* R | Travel allowances R | Pension fund R | IFRS 2 share-based payments expense (note 19) R | Total R |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| **Services as director** | | | | | | |
| NR Crafford-Lazarus | 4 143 800 | 2 000 000 | 142 500 | 326 700 | 16 409 | 6 629 409 |
| KJ Capes | 2 908 506 | 2 000 000 | – | 240 300 | – | 5 148 806 |
| | 7 052 306 | 4 000 000 | 142 500 | 567 000 | 16 409 | 11 778 215 |

* *The bonus paid in FY 2024 relates to the FY 2023 performance.*

### Non-executive

| Directors' emoluments | Fees for services as director R | Total R |
|---|---|---|
| **2024** | | |
| **Services as director** | | |
| B Williams | **475 000** | **475 000** |
| MM Ngoasheng | **390 000** | **390 000** |
| MJ Janse van Rensburg | **390 000** | **390 000** |
| B Bulo | **390 000** | **390 000** |
| Dr. L Mohuba | **390 000** | **390 000** |
| | **2 035 000** | **2 035 000** |

| Directors' emoluments | Fees for services as director R | IFRS 2 share-based payments expense (note 19) R | Total R |
|---|---|---|---|
| **2023** | | | |
| **Services as director** | | | |
| B Williams | 475 000 | – | 475 000 |
| MM Ngoasheng | 360 000 | – | 360 000 |
| MJ Janse van Rensburg | 360 000 | – | 360 000 |
| B Bulo | 360 000 | – | 360 000 |
| Dr. L Mohuba | 360 000 | 16 409 | 376 409 |
| | 1 915 000 | 16 409 | 1 931 409 |

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Categories of financial instruments

| Group | Note(s) | Assets at fair value (level 3) R | Amortised cost R | Non-financial instruments R | Total R |
|---|---|---|---|---|---|
| **Categories of financial assets** | | | | | |
| **2024** | | | | | |
| Trade and other receivables | 16 | **–** | **108 088 248** | **154 025** | **108 242 273** |
| Cash and cash equivalents | 17 | **–** | **13 404 463** | **–** | **13 404 463** |
| Other investments | 13 | **800 000** | **–** | **–** | **800 000** |
| Other financial assets | 12 | **–** | **10 138 140** | **–** | **10 138 140** |
| | | **800 000** | **131 630 851** | **154 025** | **132 584 876** |
| **2023** | | | | | |
| Loans receivable | 15 | – | 961 173 | – | 961 173 |
| Trade and other receivables | 16 | – | 121 731 171 | 198 675 | 121 929 846 |
| Cash and cash equivalents | 17 | – | 4 348 011 | – | 4 348 011 |
| Other investments | 13 | 1 000 000 | – | – | 1 000 000 |
| Other financial assets | 12 | – | 10 337 990 | – | 10 337 990 |
| | | 1 000 000 | 137 378 345 | 198 675 | 138 577 020 |

| Company | Note(s) | Assets at fair value (level 3) R | Amortised cost R | Non-financial instruments R | Total R |
|---|---|---|---|---|---|
| **Categories of financial assets** | | | | | |
| **2024** | | | | | |
| Loans to group companies | 10 | **–** | **12 229** | **–** | **12 229** |
| Trade and other receivables | 16 | **–** | **–** | **146 550** | **146 550** |
| Cash and cash equivalents | 17 | **–** | **2 675 840** | **–** | **2 675 840** |
| Other investments | 13 | **800 000** | **–** | **–** | **800 000** |
| Other financial assets | 12 | **–** | **10 138 140** | **–** | **10 138 140** |
| | | **800 000** | **12 826 209** | **146 550** | **13 772 759** |
| **2023** | | | | | |
| Loans to group companies | 10 | – | 11 379 | – | 11 379 |
| Trade and other receivables | 16 | – | – | 145 990 | 145 990 |
| Cash and cash equivalents | 17 | – | 1 572 207 | – | 1 572 207 |
| Other investments | 13 | 1 000 000 | – | – | 1 000 000 |
| Other financial assets | 12 | – | 10 337 990 | – | 10 337 990 |
| | | 1 000 000 | 11 921 576 | 145 990 | 13 067 566 |

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### Categories of financial instruments (continued)

| Group | Note(s) | Leases R | Amortised cost R | Non-financial instruments R | Total R |
|---|---|---|---|---|---|
| **Categories of financial liabilities** | | | | | |
| **2024** | | | | | |
| Trade and other payables | 24 | **–** | **84 018 416** | **10 053 058** | **94 071 474** |
| Instalment sale liabilities | 21 | **–** | **64 610 612** | **–** | **64 610 612** |
| Lease liabilities | 5 & 23 | **52 692 797** | **–** | **–** | **52 692 797** |
| | | **52 692 797** | **148 629 028** | **10 053 058** | **211 374 883** |
| **2023** | | | | | |
| Trade and other payables | 24 | – | 93 593 967 | 11 996 751 | 105 590 718 |
| Instalment sale liabilities | 21 | – | 46 735 419 | – | 46 735 419 |
| Lease liabilities | 5 & 23 | 63 508 752 | – | – | 63 508 752 |
| Bank overdraft | 17 | – | 17 915 207 | – | 17 915 207 |
| | | 63 508 752 | 158 244 593 | 11 996 751 | 233 750 096 |

| Company | Note(s) | Amortised cost R | Non-financial instruments R | Total R |
|---|---|---|---|---|
| **Categories of financial liabilities** | | | | |
| **2024** | | | | |
| Trade and other payables | 24 | **610 052** | **565 669** | **1 175 721** |
| Loans from group companies | 20 | **112 871 320** | **–** | **112 871 320** |
| | | **113 481 372** | **565 669** | **114 047 041** |
| **2023** | | | | |
| Trade and other payables | 24 | 675 902 | 899 759 | 1 575 661 |
| Loans from group companies | 20 | 112 871 320 | – | 112 871 320 |
| | | 113 547 222 | 899 759 | 114 446 981 |

### Capital risk management

The Group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The Group's gearing ratio of 16% is well below the Group comfort ratio of 25%.

The capital structure and gearing ratio of the Group at the reporting date was as follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note(s) | **2024 R** | 2023 R | **2024 R** | 2023 R |
| Loans from group companies | 20 | **–** | – | **112 871 320** | 112 871 320 |
| Instalment sale liabilities | 21 | **64 610 612** | 46 735 419 | **–** | – |
| Lease liabilities | 23 | **52 692 797** | 63 508 752 | **–** | – |
| Trade and other payables | 24 | **94 071 476** | 105 590 717 | **1 175 721** | 1 575 661 |
| **Total borrowings** | | **211 374 885** | 215 834 889 | **114 047 041** | 114 446 981 |
| Less: Cash and cash equivalents | 17 | **(13 404 463)** | 13 567 195 | **(2 675 840)** | (1 572 207) |
| **Net borrowings** | | **197 970 422** | 229 402 084 | **111 371 201** | 112 874 774 |
| Equity | | **1 225 616 071** | 1 172 906 101 | **882 832 375** | 881 703 668 |
| Gearing ratio | | **16%** | 20% | **13%** | 13% |

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### Financial risk management

### 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.

The Group is exposed to credit risk on loans receivable, trade and other receivables, cash and cash equivalents and loan commitments.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instrument.

### Trade receivables

Trade receivables consist of a large number of customers mainly in the construction industry. Due to a number of hardships experienced in the construction industry over the past year management increased its risk management efforts on trade receivables by obtaining general risk cover from Santam for non-specific customers. The Group applies the IFRS 9 simplified approach in measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. These lifetime ECL are estimated using a provision matrix. The provision matrix has been developed by making use of historical default experience of debtors but also incorporates forward-looking information and general economic conditions of the industry as at the reporting date. In order to mitigate the risk of financial loss from defaults, management has reacted differently to prior years and were stricter on credit controls with customer credit limits being in place, reviewed and approved by credit management committees. Defaulting customers were converted to cash customers and credit limits for new customers were limited. More upfront payments are required prior to commencing orders. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

### Loans receivable

The Group recognises a loss allowance for ECL on all loans receivable measured at amortised cost in accordance with IFRS 9. The amount of ECL is updated at each reporting date to reflect the changes in credit risk since initial recognition of the respective loans. The Group measures the loss allowance at an amount equal to lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, the loss allowance for that loan is measured at 12-month expected credit losses (12-month ECL).

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments.

The maximum exposure to credit risk is presented in the table below:

| | | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|---|
| **Group** | Note(s) | **Gross carrying amount R** | **Credit loss allowance R** | **Amortised cost /fair value R** | Gross carrying amount R | Credit loss allowance R | Amortised cost /fair value R |
| Loans receivable | 15 | **–** | **–** | **–** | 961 173 | – | 961 173 |
| Trade and other receivables | 16 | **109 609 296** | **(1 521 048)** | **108 088 248** | 122 522 258 | (791 087) | 121 731 171 |
| Cash and cash equivalents | 17 | **13 404 463** | **–** | **13 404 463** | 4 348 011 | – | 4 348 011 |
| | | **123 013 759** | **(1 521 048)** | **121 491 711** | 127 831 442 | (791 087) | 127 040 355 |

| | | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|---|
| **Company** | Note(s) | **Gross carrying amount R** | **Credit loss allowance R** | **Amortised cost /fair value R** | Gross carrying amount R | Credit loss allowance R | Amortised cost /fair value R |
| Loans to group companies | 10 | **12 229** | **–** | **12 229** | 11 379 | – | 11 379 |
| Trade and other receivables | 16 | **146 550** | **–** | **146 550** | 145 990 | – | 145 990 |
| Cash and cash equivalents | 17 | **2 675 840** | **–** | **2 675 840** | 1 572 207 | – | 1 572 207 |
| | | **2 834 619** | **–** | **2 834 619** | 1 729 576 | – | 1 729 576 |

The carrying amount of financial assets represents the maximum exposure to credit risk.

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### Liquidity risk

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The tables that follow analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The cash flows are undiscounted contractual amounts.

| Group | Note(s) | Less than 1 year R | 1 to 2 years R | 2 to 3 years R | 3 to 5 years R | Total R | Carrying amount R |
|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Instalment sale liabilities | 21 | **–** | **23 670 862** | **19 682 048** | **12 020 696** | **55 373 606** | **47 708 556** |
| Lease liabilities | 23 | **–** | **20 431 428** | **9 474 282** | **8 762 241** | **38 667 951** | **33 956 392** |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 24 | **91 433 004** | **–** | **–** | **–** | **91 433 004** | **91 433 004** |
| Instalment sale liabilities | 21 | **23 656 561** | **–** | **–** | **–** | **23 656 561** | **16 902 056** |
| Lease liabilities | 23 | **22 711 496** | **–** | **–** | **–** | **22 711 496** | **18 736 405** |
| | | **137 801 061** | **44 102 290** | **29 156 330** | **20 782 937** | **231 842 618** | **208 736 413** |

| Group | Note(s) | Less than 1 year R | 1 to 2 years R | 2 to 3 years R | 3 to 5 years R | Total R | Carrying amount R |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Instalment sale liabilities | 21 | – | 15 098 685 | 14 816 621 | 13 000 776 | 42 916 082 | 36 435 398 |
| Lease liabilities | 23 | – | 21 276 504 | 19 114 043 | 13 954 003 | 54 344 550 | 48 454 562 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 24 | 93 593 966 | – | – | – | 93 593 966 | 93 593 966 |
| Instalment sale liabilities | 21 | 14 816 621 | – | – | – | 14 816 621 | 10 300 021 |
| Lease liabilities | | 15 054 190 | – | – | – | 15 054 190 | 15 054 190 |
| Bank overdraft | 17 | 17 915 207 | – | – | – | 17 915 207 | 17 915 207 |
| | | 141 379 984 | 36 375 189 | 33 930 664 | 26 954 779 | 238 640 616 | 221 753 344 |

| Company | Note(s) | Less than 1 year R | Total R | Carrying amount R |
|---|---|---|---|---|
| **2024** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 24 | **999 963** | **999 963** | **999 963** |
| Loans from group companies | 20 | **112 871 320** | **112 871 320** | **112 871 320** |
| **2023** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 24 | 1 100 187 | 1 100 187 | 1 100 187 |
| Loans from group companies | 20 | 112 871 320 | 112 871 320 | 112 874 320 |

## 35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Without the Subsidiary loan the Company does not face any liquidity risk and are able to settle their current obligations as they become due. This is discussed in detail in note 36 Going concern.

In the Group the prior year's current liabilities exceeded the current assets. This is mainly due to the fact that the long-term portion of financing was repaid during FY 2023 and replaced with a bank overdraft. Long-term debt reduced by R48 million while the bank overdraft at year-end was R18 million. The overdraft is only utilised over month end and is repaid in the first half of the month. This position will further improve during the current year and as cash is generated from profits, the current assets will again exceed the current liabilities. During the period that these timing differences occur the R80 million overdraft facility provides enough headroom to ensure that all foreseeable cash requirements will be met.

### Market risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Market risk arises from the Group's use of interest-bearing and tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk). The Group is not exposed to any currency risk as there are no foreign currency transactions.

### Interest rate risk

The Company and the Group are exposed to interest rate risk through their variable rate cash balances, as well as their other financial liabilities and instalment sale liabilities. Surplus cash flows exposed to interest rate risk are placed with institutions and facilities which yield the highest rate of return.

### Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

### Group

At 31 March 2024, if the interest rates on cash and cash equivalents had been 1% (2023: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R 515 067 (2023: R446 260) higher or lower, mainly as a result of higher or lower interest income on funds invested on call. The resulting taxation effect would have been R139 068 (2023: R120 490).

At 31 March 2024, if the interest rates on borrowings had been 1% per annum (2023: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R 1 159 019 (2023: R1 332 121) higher or lower, as a result of higher or lower interest expense on floating rate borrowings. The resulting taxation effect would have been R312 935 (2023: R359 673).

### Company

At 31 March 2024, if the interest rates on cash and cash equivalents had been 1% (2023: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R50 (2023: R37) higher or lower, mainly as a result of higher or lower interest income on funds invested on call. The resulting taxation effect would have been Rnil.

At 31 March 2024, if the interest rates on borrowings had been 1% per annum (2023: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been Rnil (2023: Rnil) higher or lower, as a result of higher or lower interest expense on floating rate borrowings. The resulting taxation effect would have been Rnil.

## 36. GOING CONCERN

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

The directors believe that the Group and the Company have adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group and the Company are in a sound financial position and have access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Company's current liabilities exceeds the current assets, however if the loan from the Subsidiary is required to be repaid, the board will approve Métier to pay a dividend to SepHold. The dividend received will be utilised to repay the loan in full. The directors are not aware of any new material changes that may adversely impact the Group and the Company.

As mentioned under the debt management portion of Métier, the term facility was repaid in the previous financial year and replaced with an overdraft facility of R80 million. The overdraft is only occasionally utilised over month end and is repaid in the first half of the month during the previous financial year. This position improved during the current year and as cash was generated from profits, the current assets again exceed the current liabilities. The R80 million overdraft facility provides enough headroom to ensure that all foreseeable cash requirements will be met.

The refinancing of the SepCem Nedbank and consortium loan of R376 714 000 was granted by Nedbank and Standard Bank during the previous financial year. The loan was serviced according to the repayment profile and was at less than R200 million by the end of April 2024. The working capital facility of R200 million remains unutilised and SepCem therefore also has enough headroom to ensure that all foreseeable cash requirements will be met.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and the Company.

## 37. EVENTS AFTER THE REPORTING PERIOD

### Property acquisition

Métier concluded an agreement on 5 April 2024 to acquire a property which is situated at 39 Vulcan Place, Phoenix Industrial Park, Phoenix, KwaZulu-Natal for a cash consideration of R21 million. Métier has been leasing a portion of the Phoenix Property from the Seller for 17 years and will now utilise the full property going forward. The existing lease expires on 31 March 2025.

## 38. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

| | Group | |
|---|---|---|
| | **2024 R** | 2023 R |
| **Net asset value and tangible net asset value per share** | | |
| Total assets | **1 458 265 479** | 1 428 366 114 |
| Total liabilities | **(232 649 408)** | (255 460 013) |
| Net asset value attributable to equity holders of parent | **1 225 616 071** | 1 172 906 101 |
| Goodwill | **(223 421 981)** | (223 421 981) |
| Tangible net asset value | **1 002 194 090** | 949 484 120 |
| Shares in issue | **254 486 436** | 254 486 436 |
| Less: Treasury shares | **(13 789 293)** | – |
| Total shares outstanding | **240 697 143** | 254 486 436 |
| Net asset value per share (cents) | **509.19** | 460.89 |
| Tangible net asset value per share (cents) | **416.37** | 373.10 |

| | Group | | | |
|---|---|---|---|---|
| | **2024 Gross R** | **2024 Net R** | 2023 Gross R Restated | 2023 Net R Restated |
| **Reconciliation of basic earnings to diluted earnings, headline earnings and normalised earnings:** | | | | |
| Profit attributable to ordinary equity holders of the parent entity | | **66 624 944** | | 25 567 156 |
| **IAS 33 earnings** | | **66 624 944** | | 25 567 156 |
| Less profit on the disposal of plant and equipment (note 26) | **(2 339 801)** | **(1 708 055)** | (1 872 518) | (1 366 938)** |
| Less share of 'look-through' adjustments of associate: | **(491 086)** | **(358 493)** | 510 480 | 372 650** |
| – (Profit)/loss on the disposal of plant and equipment | **(236 160)** | **(172 397)** | 510 480 | 372 650** |
| — Insurance proceeds on plant and equipment | **(254 926)** | **(186 096)** | – | – |
| Headline earnings and diluted headline earnings attributable to equity holders of parent | | **64 558 396** | | 24 572 868 |
| Add IFRS 9 equity investment measured at fair value through profit or loss (note 13) | | **200 000** | | 1 000 000 |
| Add IFRS 9 loan receivable at amortised cost (note 12) | | **200 000** | | 400 000 |
| Normalised headline earnings attributable to equity holders of parent | | **64 958 396** | | 25 972 868 |
| Basic weighted average number of shares | | **251 080 413** | | 254 486 436 |
| Diluted weighted average number of shares | | **251 080 413** | | 254 486 436 |
| Basic earnings per share (cents) | | **26.54** | | 10.05 |
| Diluted earnings per share (cents) | | **26.54** | | 10.05 |
| Headline earnings per share (cents) | | **25.71** | | 9.66** |
| Normalised headline earnings per share (cents) | | **25.87** | | 10.21 |
| Diluted headline earnings per share (cents) | | **25.71** | | 9.66 |

** *Headline earnings per share (HEPS) has been restated to account for 'look-through' adjustments at the equity-accounted associate which was previously not taken into account and for a correction to the loss on disposal of plant and equipment which was previously reported as R231 121, gross (R168 718, net). HEPS was previously reported at 9.98 cents per share.*

## 39. SEGMENT INFORMATION

| | Ready-mix concrete R | Head office R | Group totals R |
|---|---|---|---|
| **2024** | | | |
| Segment revenue – external revenue | **1 163 603 065** | **–** | **1 163 603 065** |
| Segment raw materials | **(724 030 739)** | **–** | **(724 030 739)** |
| Segment transportation | **(146 953 255)** | **–** | **(146 953 255)** |
| Segment production expenses | **(28 747 130)** | **–** | **(28 747 130)** |
| Segment employee benefit expenses | **(89 598 872)** | **(13 158 574)** | **(102 757 446)** |
| Segment administration and other operating expenses | **(46 453 126)** | **(3 565 225)** | **(50 018 351)** |
| Profit from equity-accounted investment | **–** | **14 621 040** | **14 621 040** |
| Profit/(Loss) on sale of property, plant and equipment | **2 339 801** | **–** | **2 339 801** |
| Segment profit/(loss) after taxation | **69 290 157** | **(2 665 213)** | **66 624 944** |
| Taxation | **(18 664 192)** | **(155 061)** | **(18 819 253)** |
| Interest received | **2 575 084** | **252** | **2 575 336** |
| Interest paid | **(11 590 194)** | **(1)** | **(11 590 195)** |
| Depreciation and amortisation | **(36 309 019)** | **(7 946)** | **(36 316 965)** |
| Segment assets | **369 701 968** | **1 088 563 511** | **1 458 265 479** |
| Investment in associate included in the above total segment assets | **–** | **850 941 513** | **850 941 513** |
| Capital expenditure included in segment assets | **54 023 418** | **–** | **54 023 418** |
| Segment liabilities | **(231 473 707)** | **(1 175 701)** | **(232 649 408)** |
| **2023** | | | |
| Segment revenue – external revenue | 980 710 786 | – | 980 710 786 |
| Segment raw materials | (615 819 604) | – | (615 819 604) |
| Segment transportation | (123 225 547) | – | (123 225 547) |
| Segment production expenses | (26 407 195) | – | (26 407 195) |
| Segment employee benefit expenses | (78 870 841) | (10 763 071) | (89 633 912) |
| Segment administration and other operating expenses | (41 844 065) | (2 973 573) | (44 817 638) |
| Loss from equity-accounted investment | – | (2 040 840) | (2 040 840) |
| Profit/(Loss) on sale of property, plant and equipment | 2 103 665 | (26) | 2 103 639 |
| Segment profit/(loss) after taxation | 42 752 427 | (17 185 267) | 25 567 160 |
| Taxation | (10 313 484) | – | (10 313 484) |
| Interest received | 2 231 118 | 184 | 2 231 302 |
| Interest paid | (13 321 210) | – | (13 321 210) |
| Depreciation and amortisation | (34 182 725) | (7 946) | (34 190 671) |
| Segment assets | 355 548 562 | 1 072 817 552 | 1 428 366 114 |
| Investment in associate included in above total segment assets | – | 836 320 473 | 836 320 473 |
| Capital expenditure included in segment assets | 47 158 965 | – | 47 158 965 |
| Segment liabilities | (253 884 352) | (1 575 661) | (255 460 013) |

The only commodity actively managed by Métier is ready-mixed concrete.

The Group does not rely on any single external customer or group of entities under common control for 10% or more of the Group's revenue.

SepCem is an associate of SepHold. No segment report has been presented for cement (the commodity) as the amounts attributable to cement (the commodity) have been included in the head office segment.

# SHAREHOLDERS' ANALYSIS

## SEPHAKU HOLDINGS LIMITED

**Ordinary shares as at 31 March 2024**

| | |
|---|---|
| Number of ordinary shares issued during the financial year: | **254 486 436** |
| Total holders: | **8 160** |

### Issued capital

| Type of shares | Number of shareholders | % of shareholders | Number of shares |
|---|---|---|---|
| Certificated shares | 123 | 1.51 | 27 080 401 |
| Dematerialised shares | 8 037 | 98.49 | 227 406 035 |
| **Total issued capital** | **8 160** | **100.00** | **254 486 436** |

| Shareholders holding greater than 5% of the issued share capital at year-end | Number of shares | % |
|---|---|---|
| Citiclient Nominees No8 NY GW | 35 147 322 | 13.81 |
| Safika Resources Proprietary Limited (Dematerialised) | 30 734 981 | 12.08 |
| Safika Resources Proprietary Limited (Certificated) | 19 043 228 | 7.48 |
| Métier Mixed Concrete Proprietary Limited | 13 789 293 | 5.42 |
| Mr. RC Williams | 13 756 492 | 5.41 |

### Range of shareholdings

| Share range | Number of shareholders | % of shareholders | Number of shares |
|---|---|---|---|
| 1 – 1 000 | 6 669 | 81.73 | 777 870 |
| 1 001 – 10 000 | 913 | 11.19 | 3 383 926 |
| 10 001 – 50 000 | 365 | 4.47 | 8 727 363 |
| 50 001 – 100 000 | 86 | 1.05 | 6 122 522 |
| 100 001 – 500 000 | 83 | 1.02 | 17 968 579 |
| 500 001 – 1 000 000 | 16 | 0.20 | 11 321 417 |
| 1 000 001 shares and over | 28 | 0.34 | 206 184 759 |
| **Total** | **8 160** | **100.00** | **254 486 436** |

### Breakdown by domicile

| Domicile | Number of shareholders | % of shareholders | Number of shares |
|---|---|---|---|
| Non-resident shareholders | 56 | 0.69 | 47 182 675 |
| Resident shareholders | 8 104 | 99.31 | 207 303 761 |
| **Total** | **8 160** | **100.00** | **254 486 436** |

| Public and non-public shareholders | Shares held | % | Number of shareholders |
|---|---|---|---|
| Public | 217 686 432 | 85.54 | 8 154 |
| Non-public | 36 800 004 | 14.46 | 6 |
| – Directors' direct holdings | 15 880 668 | 6.24 | 3 |
| – Directors' indirect holdings | 20 879 336 | 8.20 | 2 |
| – Directors' associates | 40 000 | 0.02 | 1 |
| | 254 486 436 | 100.00 | 8 160 |

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HOLDINGS LTD