



SEPHAKU
HOLDINGS LTD

Notice of annual
general meeting

14 September 2020

CORPORATE INFORMATION

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| Directors | B Williams* (Chairperson) MJ Janse van Rensburg* B Bulo* MM Ngoasheng* NR Crafford-Lazarus° (CEO) Dr L Mohuba KJ Capes° (Métier CEO) PF Fourie (SepCem CEO) |
| | ° <i>Executive</i> * <i>Independent</i> |
| Company secretary | Acorim Proprietary Limited Email: sephaku@acorim.co.za Telephone: +27 11 325 6363 |
| Registered office | Southdowns Office Park First floor, Block A Cnr Karee and John Vorster Streets Irene, X54 0062 PO Box 7651 Centurion 0046 Website: www.sephakuholdings.com |
| Transfer secretaries | Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 PO Box 61051, Marshalltown, 2107, South Africa Telephone: +27 11 370 5000 |
| JSE sponsor | QuestCo Corporate Advisory Proprietary Limited Telephone: +27 11 011 9200 |
| Auditors | BDO South Africa Inc Chartered Accountants (SA) Registered Auditors |
| Bankers | Nedbank |
| Métier Mixed Concrete (wholly owned subsidiary) | Physical address: Romead Business Park, 23 Malone Road, Maxmead, 3610 Postal address: Postnet Suite #546, Private Bag x4, Kloof, 3640 Telephone: +27 31 716 3600 / 0861 638437 Website: www.metiersa.co.za |
| Dangote Cement South Africa Proprietary Limited (Associate) | Physical address: Southdowns Office Park, Block A, Ground Floor Cnr Karee and John Vorster Streets, Irene, X54, 0062 Postal address: PO Box 68149, Highveld, 0169 Telephone: +27 12 684 6300 Website: www.sephakucement.co.za |
| Investor relations officer | Sakhile Ndlovu Email: info@sephold.co.za Telephone: +27 12 612 0210 |

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LETTER TO SHAREHOLDERS

We invite you to attend the Sephaku Holdings Limited annual general meeting (AGM), which will be held by way of electronic communication on Monday, 14 September 2020 at 10:00. We encourage you to participate and vote in the AGM electronically and, for administrative ease, to make use of proxy voting as outlined in the notice of AGM (notice). The AGM is your opportunity to engage with company executives regarding the group's performance for the year ended 31 March 2020.

In light of the COVID-19 outbreak in South Africa, its status as an ongoing pandemic and its declaration as a "national disaster" in terms of the Disaster Management Act, 2002, and (i) the subsequent declaration by President Cyril Ramaphosa of a nation-wide lockdown for 21 calendar days with effect from midnight on Thursday, 26 March 2020 (which was thereafter extended by a further 14 calendar days), and (ii) the announcement by the President on Thursday, 23 April 2020 regarding a phased relaxation of the nation-wide lockdown by way of a risk-adjusted strategy commencing on Friday, 1 May 2020, it may not be possible or responsible to hold the AGM in person.

The board of directors has, in the circumstances, determined that it is necessary, prudent and preferable that the AGM be held by way of electronic participation only, and not by way of a physical meeting. The AGM will accordingly only be accessible through electronic communication, in accordance with the provisions of the Companies Act, 71 of 2008, as amended (the Companies Act) and the company's memorandum of incorporation (MOI). The company has retained the services of The Meeting Specialist Proprietary Limited (TMS) to remotely host the AGM on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders. TMS will also act as scrutineer for the purposes of the AGM.

The integrated annual report will not be mailed to shareholders as part of our strategy to contain costs. However, all the information that you may require for voting at the AGM is included in this booklet, including the detailed notice, the summarised consolidated financial statements and other supporting documentation. The integrated annual report is available on www.sephakuholdings.com/investor-centre/results-and-reports.

If you are not able to participate in the AGM, you may vote by proxy according to the instructions in the notice and form of proxy. For a summary of the shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act refer to Annexure 7 on page 32.

Acorim

Yours sincerely

Acorim Proprietary Limited

Group company secretary

31 July 2020

NOTICE OF ANNUAL GENERAL MEETING



Sephaku Holdings Limited

Incorporated in the Republic of South Africa

Registration number: 2005/003306/06

JSE share code: SEP

ISIN: ZAE000138459

In terms of section 62(3)(a) of the Companies Act, 71 of 2008, as amended (the Companies Act) and, subject to any cancellation, postponement or adjournment, notice is hereby given to shareholders of Sephaku Holdings Limited (SepHold or the company) that the annual general meeting (AGM) will be held by way of electronic communication at 10:00 South African time on Monday, 14 September 2020.

The AGM is for SepHold shareholders to (i) consider and, if deemed fit, adopt with or without modification, the ordinary and special resolutions as set out in this notice of AGM (notice) in the manner required by the Companies Act, as read with the Listings Requirements (Listings Requirements) of the JSE Limited (JSE), and (ii) deal with such other business as may lawfully be dealt with at the AGM.

RECORD DATES

The board of directors of SepHold (the board) in accordance with section 62(3)(a) as read with section 59(1)(b) of the Companies Act, determined that shareholders recorded in the SepHold securities register for determining which shareholders are entitled to:

- receive the notice is Friday, 31 July 2020; and
- participate in, and vote on the resolutions to be proposed at the AGM is Friday, 4 September 2020.

Accordingly, the last day to trade SepHold shares to be recorded in the securities register of SepHold to be entitled to participate in and vote during the AGM will be Tuesday, 1 September 2020.

ACTION BY SHAREHOLDERS

Certificated shareholders or “own name” registered dematerialised shareholders are entitled to participate and vote during the AGM or any adjournment thereof or may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder or member of the board.

Completion of a form of proxy will not preclude such shareholder from participating and voting (in preference to that shareholder’s proxy) during the AGM or any adjournment thereof.

Dematerialised shareholders (not with “own name” registration) must notify their Central Securities Depository Participant (CSDP) or broker of their intention to participate in the AGM for such CSDP or broker to be able to issue them with the necessary letter of representation to enable them to participate in the AGM or should the dematerialised shareholder not wish to participate in the AGM, they should provide their CSDP or broker with their voting instructions.

For administrative purposes only, we request that completed forms be emailed to proxy@tmsmeetings.co.za.

Forms of proxy may also be submitted electronically to the chairperson before the start of the AGM or voting on any particular resolution commences as set out in this notice. During the AGM, each shareholder will have voting rights determined in terms of the voting rights attaching to the shares held by such shareholder as set out in the memorandum of incorporation of the company (MOI). AGM participants will be required to provide identification to the reasonable satisfaction of the chairperson of the AGM.

An official identification document issued by the South African Department of Home Affairs, a driver’s licence or a valid passport will be accepted as sufficient identification. Shareholders who have any doubt as to the action they are required to take in respect of the following resolutions should consult their CSDP, broker, banker, attorney, accountant or other professional advisers immediately.

ELECTRONIC PARTICIPATION

Shareholders who wish to participate electronically in and/or vote at the AGM are required to contact The Meeting Specialist (TMS) on proxy@tmsmeetings.co.za as soon as possible, but in any event no later than 10:00 South African time on Thursday, 10 September 2020. TMS will assist shareholders with the requirements for electronic participation in, and/or voting at, the AGM.

In terms of section 61(10) read with sections 63(2) and (3) of the Companies Act, every shareholders meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. The application form with details on how to participate electronically forms part of this notice and can be accessed from the company website on www.sephakuholdings.com/corporatedocuments.

PURPOSE

The purpose of the AGM is for the following business to be transacted:

- The board will present the annual financial statements of SepHold for the financial year ended 31 March 2020 (2020 AFS), including the reports of the independent auditors, the directors, the remuneration and nomination committee, the social and ethics committee and the audit and risk committee to shareholders;
- The shareholders will consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions (resolutions) set out in this notice (which are to be proposed at the AGM) per the requirements of the MOI of SepHold, the Companies Act, the JSE Listings Requirements, and to the extent applicable, the principles and recommended practices set out in the King Report on Corporate Governance™ for South Africa, 2016 (King IV)*; and
- Consider all matters of SepHold as may lawfully be dealt with at the AGM.

AGENDA

Presentation of AFS

The integrated annual report of SepHold for 2020, incorporating, among other things, the directors' report, the 2020 AFS, the report of the independent auditors, the report of the remuneration and nomination committee, social and ethics committee and the report of the audit and risk committee were made available to shareholders on 11 August 2020.

The 2020 AFS together with the report of the independent auditors and the reports of the directors will be presented to the shareholders at the AGM as required in terms of the Companies Act, read with the Companies Regulations, 2011.

Report from the social and ethics committee

Following regulation 43(5)(c) of the Companies Regulations, 2011, the chairperson of the social and ethics committee or, in his absence, any member of the committee, will present the committee's report to shareholders at the AGM.

ORDINARY RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, all of the ordinary resolutions relating to the business set out below. Unless otherwise stated, the minimum percentage of voting rights required for each of the ordinary resolutions set out below to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by a proxy at the AGM.

Ordinary resolution number 4.1 and ordinary resolution number 4.2 are non-binding resolutions which are of an advisory nature only, and failure to pass these resolutions will not have any legal consequences relating to existing arrangements. In terms of the JSE Listings Requirements, ordinary resolution number 7 must be passed by at least 75% (seventy-five percent) majority of the votes cast in favour of the resolution by shareholders present or represented by a form of proxy at the AGM.

ORDINARY RESOLUTION NUMBER 1

Re-appointment of independent external auditors

Resolved that on the recommendation of the current audit and risk committee, BDO South Africa Inc be and is hereby appointed as the independent external auditors of SepHold (until the conclusion of the next AGM of SepHold). Jacques Barradas, as the individual designated registered auditor, and the audit and risk committee be and is hereby authorised to determine the auditor's remuneration."

Explanatory note

The audit and risk committee assessed the performance and accreditation of the proposed independent auditor and the proposed individual registered auditor (ie the designated auditor) in terms of the applicable regulations and legislation and is satisfied with their independence, accreditation and performance. The audit and risk committee is also satisfied that the audit firm is accredited to appear on the JSE List of Accredited Auditors and that the individual registered auditor of SepHold does not appear on the JSE List of Disqualified Auditors.

The audit and risk committee confirms that independent assessments of the current audit firm and the designated individual auditor of SepHold will continue to be conducted and that the audit and risk committee is cognisant of the timing of audit firm rotation in light of the mandatory audit firm rotation requirements issued by the Independent Regulatory Board for Auditors (IRBA) effective on 1 April 2023.

Having reviewed the IRBA's finding and inspection report as well as a summary of internal review findings provided by the auditors, in terms of paragraph 22.15(h) of the JSE Listings Requirements, the audit and risk committee is satisfied that both BDO and Jacques Barradas are accredited in terms of the JSE Listings Requirements and are independent from the company.

* Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

ORDINARY RESOLUTION NUMBER 2**Appointment and re-election of directors**

“**Resolved** to individually re-elect each of the following directors (ordinary resolutions 2.1 to 2.4 to be voted on and adopted as separate resolutions). The board recommends the appointment and re-election, as the case may be, of these directors.”

Ordinary resolution 2.1: “**Resolved** that the re-election of Mr. B Williams, as an independent non-executive director, who retires by rotation at this AGM, but being eligible to do so, offers himself for re-election, is hereby confirmed.”

Ordinary resolution 2.2: “**Resolved** that the re-election of Mr. PF Fourie, as a non-executive director, who retires by rotation at this AGM, but being eligible to do so, offers himself for re-election, is hereby confirmed.”

Ordinary resolution 2.3: “**Resolved** that the appointment of Dr. L Mohuba, as a non-executive director, is hereby confirmed.”

Ordinary resolution 2.4: “**Resolved** that the appointment of Mr. KJ Capes, as an executive director, is hereby confirmed.”

Explanatory note

Under the MOI of SepHold, one-third of all non-executive directors are required to retire at the AGM. Accordingly, they will retire and, being eligible, offer themselves for re-election to serve as directors of SepHold. Accordingly, Mr. B Williams and Mr. PF Fourie will retire and being eligible, offer themselves for re-election to serve as directors of SepHold.

It is hereby brought to the attention of shareholders that Mr. KJ Capes was appointed as executive director of the company with effect from 1 April 2020. Dr. L Mohuba was appointed as non-executive director of the company in January 2020.

The remuneration and nomination committee reviewed the composition of the board against corporate governance, individual performance and diversity requirements and has recommended the re-election and appointment of the directors listed above. The performance of each retiring director has been assessed.

Following such review, the board recommends to shareholders the re-election and appointment of the directors mentioned above, by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act.

Abbreviated *curricula vitae* in respect of each director listed above appears in Annexure 2 of this notice.

ORDINARY RESOLUTION NUMBER 3**Appointment of the chairperson and members of the audit and risk committee**

“**Resolved** to individually elect the following independent non-executive directors (ordinary resolutions 3.1 to 3.3) of SepHold as the chairperson and members of the audit and risk committee until the conclusion of the next AGM of SepHold. The board recommends the appointment of these members.”

Ordinary resolution 3.1: “**Resolved** that, subject to the passing of ordinary resolution 2.1, the appointment of Mr. B Williams as a member of the audit and risk committee, be and is hereby confirmed.”

Ordinary resolution 3.2: “**Resolved** that, the appointment of Ms. MJ Janse van Rensburg as a member and chairperson of the audit and risk committee, be and is hereby confirmed.”

Ordinary resolution 3.3: “**Resolved** that the appointment of Ms. B Bulo as a member of the audit and risk committee, be and is hereby confirmed.”

Explanatory note

In terms of section 94(2) of the Companies Act, an audit committee comprising at least 3 (three) members must be elected by shareholders at each AGM of a public company. Further, in terms of regulation 42 of the Companies Regulations, 2011, at least one-third of the members of a public company's audit committee members at any particular time must have appropriate academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Having reviewed the composition of the audit and risk committee and the qualifications, experience, expertise and independence of each of the members of the audit and risk committee, the remuneration and nomination committee satisfied itself that the members of the audit and risk committee continue to meet the requirements of the Companies Act. The board recognises that King IV recommends against the appointment of a board chairperson to the audit committee. The decision to re-appoint Mr. B Williams to the audit and risk committee was informed by the number of independent, non-executive directors on the board and their availability. Consideration was also made of the SepHold cost reduction programme in deciding not to appoint a new board member to fill the position. The remuneration and nomination committee decided that Mr. B Williams is best qualified to fulfil the position without the appointment of an additional independent, non-executive director to comply with the requisites of the composition of the committee.

The remuneration and nomination committee, with the support of the board, unanimously recommends and supports the re-election of Mr. B Williams, Ms. MJ Janse van Rensburg and Ms. B Bulo to the audit and risk committee.

Abbreviated *curricula vitae* in respect of each member of the audit and risk committee, appears in Annexure 2 of this notice.

NON-BINDING ADVISORY VOTES (COMPRISING NON-BINDING ADVISORY VOTE NUMBERS 4.1 AND 4.2, ALL INCLUSIVE)

Non-binding advisory votes on the SepHold remuneration policy and implementation report

Ordinary resolution 4.1: “Resolved that as a separate non-binding advisory vote that SepHold’s remuneration policy, as set out in Annexure 3, be and is hereby approved.”

Ordinary resolution 4.2: “Resolved that as a separate non-binding advisory vote that the implementation report, as set out in Annexure 3, be and is hereby approved.”

Explanatory note

In terms of King IV, read with the JSE Listings Requirements, the company’s remuneration policy and implementation report must each be tabled to shareholders for a non-binding advisory vote at each AGM of the company. These non-binding advisory votes enable shareholders to express their views on the company’s remuneration policy and on how the company implements the remuneration policy.

The non-binding resolutions are of an advisory nature only, and failure to pass these resolutions will not have any legal consequences relating to existing arrangements. The board will take the outcome of each of the non-binding advisory votes in consideration when considering SepHold’s future remuneration policy and remuneration implementation report. In terms of paragraph 3.84 (j) of the JSE Listings Requirements, the remuneration policy must record the measures that the board commits to take in the event these non-binding resolutions are voted against by 25% (twenty-five percent) or more of the voting rights exercised. SepHold will, as recommended by King IV and required by the JSE, implement certain measures, including:

- an invitation to dissenting shareholders (those who voted against the remuneration policy and/or implementation report) to engage with the company; and
- the manner and timing of such engagement.

After that, the company will engage with the dissenting shareholders to address the matters of concern.

ORDINARY RESOLUTION NUMBER 5

Signature of documents

“Resolved that each director of SepHold, or the company secretary, be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for, or incidental to, the implementation of those resolutions set out in this notice.”

ORDINARY RESOLUTION NUMBER 6

Control of authorised but unissued ordinary shares

“Resolved that the authorised but unissued ordinary shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company (“directors”) and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 36 and 38 of the Companies Act, clause 8.7 of the company’s memorandum of incorporation and the provisions of the JSE Listings Requirements, when applicable.

AMENDED ORDINARY RESOLUTION NUMBER 7

General authority to issue shares for cash

“Resolved that, subject to the Companies Act and the JSE Listings Requirements, SepHold be and is hereby given a general authority to allot and issue the unissued ordinary shares in the capital of SepHold (or options to subscribe for, or securities that are convertible into such ordinary shares) as an issue for cash as and when suitable situations arise and, on such terms, and conditions as they deem fit, subject to the following:

- The authority shall be valid until the date of the next AGM of SepHold, provided it shall not extend beyond 15 (fifteen) months from the date of this AGM;
- Issues in terms of this authority will not, in any financial year, in aggregate, exceed 5% (five percent) of the number of ordinary shares in SepHold’s issued share capital as at the date of this notice being 12 724 322 shares. In the event of a subdivision or consolidation of issued equity securities, this authority must be adjusted accordingly to represent the same allocation ratio;
- The shares, which are the subject of the issue for cash, must be of a class already in issue or, where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- The shares must be issued only to public shareholders (as defined in the JSE Listings Requirements) and not to related parties;
- The maximum discount at which such shares may be issued is 10% (ten percent) of the weighted average traded price of the company’s shares over the 30 (thirty) business days before the date that the price of the issue is agreed between the company and the party subscribing for the securities; and
- Upon any issue of shares for cash which, on a cumulative basis within the validity period of this general authority, constitute 5% (five percent) or more of the number of shares of the class in issue as at the date of this AGM, the company shall by way of an announcement on SENS, give full details thereof in compliance with the JSE Listings Requirements.

This resolution and the restrictions contained herein do not apply to any pro rata rights offer to shareholders. In terms of the JSE Listings Requirements, this resolution requires more than 75% (seventy-five percent) of the voting rights in favour thereof to be adopted.

Explanatory note

The purpose of this ordinary resolution number 7 is to obtain a general authority for, and to authorise, SepHold by way of a general authority in terms of the JSE Listings Requirements and the Companies Act, to issue ordinary shares for cash in SepHold.

The effect of the passing of this ordinary resolution will be to authorise SepHold, from time to time, issue ordinary shares as may be required, *inter alia*, in terms of capital raising exercises and to maintain a healthy capital adequacy ratio.

SPECIAL RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, all of the special resolutions relating to the business set out below. At least 75% (seventy-five percent) of the voting rights exercised on each resolution must be exercised in favour of those resolutions for it to be validly adopted.

SPECIAL RESOLUTION NUMBER 1**General authority to repurchase securities**

“**Resolved that** an acquisition by the company or any subsidiary of the group* is hereby authorised, by way of a general authority, from time to time, to repurchase any of the shares issued by SepHold, upon such terms and conditions and in such amounts as the directors may from time to time determine. It will be subject to the provisions of section 46 and 48 of the Companies Act, the MOI of any subsidiary of the group and the JSE Listings Requirements, which may be amended from time to time. Acquisitions by SepHold of its shares may not, in the aggregate, exceed in any one financial year 20% (twenty percent) of its issued share capital of that class of shares acquired from the date of the grant of this general approval. In respect of any other group entity, such acquisition of SepHold shares may not exceed 10% (ten percent), provided that:

- the repurchase of securities will be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the group entity and the counterparty (reported trades are prohibited);
- this general authority shall be valid only until the next AGM or for 15 (fifteen) months from the date of this resolution, whichever period is shorter;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is affected;
- at any point in time, SepHold may appoint only 1 (one) agent to affect any repurchase on the company's behalf;
- no group entity may repurchase securities during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place in terms of which the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of such programme have been submitted to the JSE in writing before the commencement of the prohibited period;
- SepHold will instruct an independent third party, which makes its investment decisions about the company's securities independently of, and uninfluenced by, the company, before the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- SepHold may only affect the repurchase once a resolution has been passed by the board confirming that the board has authorised the repurchase, that SepHold has applied and passed the solvency and liquidity test as contemplated in section 4 of the Companies Act (test), and that since the test was done, there have been no material changes to the financial position of the group; and
- an announcement will be published on SENS as soon as the company or any subsidiary of the group has acquired securities constituting, on a cumulative basis, 3% (three percent) of the number of securities in issue and for each 3% (three percent) in aggregate of the initial number acquired after that.”

Although there is no immediate intention to affect a repurchase of SepHold's securities, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves, which opportunities may require prompt and immediate action.

Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (twelve) months thereafter:

- the company and the group will be able to pay their debts as they become due in the ordinary course of business;
- the assets of the company and the group will be in excess of the liabilities of the company and the group. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated AFS;
- the share capital and reserves of the company and the group will be adequate for the purpose of the ordinary business of the company and the group;
- the working capital to the company and the group will be adequate for ordinary business purposes; and
- the board will authorise the repurchase, that the company and the group have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group.

* SepHold, Métier Mixed Concrete Proprietary Limited (Métier or the subsidiary) and Dangote Cement SA Proprietary Limited (SepCem or the associate) are collectively referred to as the group.

Other disclosures in terms of paragraph 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are contained in the 2020 integrated annual report of SepHold:

- Major shareholders set out on page 26; and
- The share capital of SepHold set out page 27.

Material change

Other than the facts and developments reported in the 2020 AFS (as set out in the 2020 integrated annual report of SepHold), there have been no material changes in the financial or trading position of the group since the date of the audit report and up to the date of this notice.

Directors' responsibility statement

The directors, whose names are set out in the corporate information section of this notice, collectively and individually accept full responsibility for the accuracy of the information on special resolution number 1 and certify that to the best of their knowledge and belief, there are no facts concerning it that have been omitted which would make any statement about this special resolution false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all the information required by the JSE Listings Requirements.

Explanatory note

The purpose of this special resolution number 1 is to obtain a general authority for, and to authorise, the company or any subsidiary of the group, by way of a general authority in terms of the JSE Listings Requirements and the Companies Act, to acquire SepHold issued ordinary shares which general authority shall be valid until the earlier of the next AGM of SepHold or the variation or revocation of such general authority by special resolution by any subsequent general meeting of SepHold, provided that the general authority shall not extend beyond 15 (fifteen) months of the date of this AGM.

The effect of the passing of this special resolution will be to authorise any group entity to acquire the issued ordinary shares in SepHold. The Board intends to use such authority should prevailing circumstances (including the financial position of the company, tax dispensations and market conditions) in the opinion of the board warrant it. In this regard, the board will take into account, among other things, an appropriate capitalisation structure for the long-term cash needs and the best interest of SepHold.

SPECIAL RESOLUTION NUMBER 2

Non-executive directors' remuneration

"Resolved that to the extent applicable in terms of section 66(9) of the Companies Act, the payment by SepHold of remuneration to its non-executive directors for their services as non-executive directors of SepHold during the financial year ending 31 March 2021 be approved."

2020 – annual fee

| | |
|---------------------------|-----------------|
| Chairperson of the board | R440 000 |
| Independent non-executive | R335 000 |

Proposed fee structure 2021 – annual fee

| | |
|---------------------------|-----------------|
| Chairperson of the board | R440 000 |
| Independent non-executive | R335 000 |

Explanatory note

The Companies Act requires that fees paid to directors for their services as directors be authorised by shareholders by way of a special resolution. The passing of this special resolution will have the effect of approving the directors' fees payable by SepHold for the year ending 31 March 2021, per section 66(9) of the Companies Act.

SPECIAL RESOLUTION NUMBER 3**Financial assistance for any beneficiary participating in any SepHold incentive scheme**

“**Resolved that** shareholders hereby approve of SepHold providing any or indirect financial assistance, as contemplated as such in section 44 of the Companies Act, as may apply to any beneficiary participating in any SepHold group share incentive scheme or a person related to any beneficiary.”

Explanatory note

Section 44 of the Companies Act regulates the provision of financial assistance by the company to any person by way of a loan, guarantee, the provision of security, or otherwise, for or in connection with:

- the subscription of any option, or any securities, issued or to be issued by the company or related or inter-related company; or
- for the purchase of any securities of the company, or a related or inter-related company.

It may be necessary for the company to provide financial assistance to directors and employees who participate in the SepHold share incentive scheme. This assistance is only envisaged under the circumstances where options are exercised, and an election is made to dispose of some or all of these shares to cover the issue price and the resulting income tax liability. On a strict interpretation, financial assistance is provided from the time of exercise of the option until the proceeds of the sale are paid to the company. This is the only assistance envisaged to directors and employees under this section.

SPECIAL RESOLUTION NUMBER 4**Financial assistance for present or future subsidiaries**

“**Resolved that** shareholders hereby approve, in terms of section 45 of the Companies Act, of the provision by SepHold of direct or indirect financial assistance to any of its present or future subsidiaries.”

Special resolutions 3 and 4 are hereby approved provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of 2 (two) years from the date of the adoption of the special resolutions (for the avoidance of doubt, these special resolutions above will be voted on by the shareholders as separate special resolutions) and provided that:

- the recipient(s) of such financial assistance, the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the board of SepHold from time to time;
- the board may not authorise SepHold to provide any financial assistance according to these special resolutions unless the board meets all those requirements of sections 44 and 45 of the Companies Act, which it is required to meet to authorise SepHold to provide such financial assistance; and
- such financial assistance to a recipient thereof is, in the opinion of the board, required for meeting all or any of such recipient’s operating expenses (including capital expenditure), and/or funding the growth, expansion, re-organisation or restructuring of the businesses or operations of such recipient, and/or funding such recipient for any other purpose which, in the opinion of the board of SepHold, is directly or indirectly in the interests of SepHold.

Explanatory note

Section 45 of the Companies Act provides, among other things, that any financial assistance to related or inter-related companies and corporations, including, *inter alia*, to subsidiaries of the company, must be provided only according to a special resolution of the shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient or generally for a category of potential recipients. If a specific recipient falls within that category, the Board of directors must be satisfied that:

- immediately after providing the financial assistance, SepHold would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company; and
- any conditions or restrictions in respect of the granting of financial assistance set out in SepHold’s MOI have been satisfied.

As part of the ordinary conduct of the business, SepHold, where necessary, may provide guarantees and other support undertakings to third parties which enter into financial agreements with its subsidiaries and joint ventures in which the company or members of the group have an interest. In the circumstances and to, among other things, ensure that the group and other related and inter-related companies and entities continue to have access to financing for purposes of refinancing existing facilities and funding their corporate and working capital requirements, it is necessary to obtain approval of the shareholders as set out in this special resolution. This will allow the board, always subject to applicable law, in particular, the solvency and liquidity requirements as set out in the Companies Act, to provide financial assistance to any person for the purposes envisaged in section 44(2) of the Companies Act.

Other business

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to SepHold.

By order of the board

31 July 2020



ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL RESULTS

STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

| | GROUP | |
|--|----------------------|----------------------|
| | 2020 Audited R | 2019 Audited R |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 124 271 483 | 147 059 791 |
| Goodwill | 223 421 981 | 223 421 981 |
| Intangible assets | – | 573 510 |
| Investment in joint ventures | 120 552 | 120 552 |
| Investment in associate | 812 678 672 | 812 201 874 |
| Other financial assets | 10 761 735 | 10 918 381 |
| Right-of-use assets | 42 138 008 | – |
| Other investment | 2 000 000 | 2 000 000 |
| | 1 215 392 431 | 1 196 296 089 |
| Current assets | | |
| Inventories | 16 763 507 | 18 154 356 |
| Current tax receivable | 1 643 331 | 1 175 731 |
| Trade and other receivables | 79 070 855 | 100 849 007 |
| Cash and cash equivalents | 6 381 459 | 2 823 868 |
| | 103 859 152 | 123 002 962 |
| Non-current assets held for sale | 18 503 897 | – |
| Total assets | 1 337 755 480 | 1 319 299 051 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Stated capital | 682 782 720 | 648 003 095 |
| Reserves | 10 643 889 | 14 351 157 |
| Retained income | 407 339 227 | 422 969 425 |
| | 1 100 765 836 | 1 085 323 677 |
| Liabilities | | |
| Non-current liabilities | | |
| Other financial liabilities | 71 846 168 | 81 014 556 |
| Lease liabilities | 45 497 397 | – |
| Deferred income | 199 670 | 877 557 |
| Deferred taxation | 15 848 539 | 21 772 407 |
| | 133 391 774 | 103 664 520 |
| Current liabilities | | |
| Other financial liabilities | 21 640 732 | 40 721 110 |
| Lease liabilities | 7 974 561 | – |
| Operating lease liability | – | 4 085 158 |
| Trade and other payables | 71 672 558 | 80 096 267 |
| Deferred income | 677 887 | 677 887 |
| Bank overdraft | 1 632 132 | 4 730 432 |
| | 103 597 870 | 130 310 854 |
| Total liabilities | 236 989 644 | 233 975 374 |
| Total equity and liabilities | 1 337 755 480 | 1 319 299 051 |
| Net asset value per share (cents) | 432.54 | 521.25 |
| Tangible net asset value per share (cents) | 344.75 | 413.75 |
| Ordinary shares in issue | 254 486 436 | 208 216 175 |

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2020

| | GROUP | |
|--|--|--|
| | Year ended 31 March 2020 Audited R | Year ended 31 March 2019 Audited R |
| Revenue | 727 040 453 | 835 823 568 |
| Cost of sales | (448 827 639) | (515 275 407) |
| Gross profit | 278 212 814 | 320 548 161 |
| Other operating income | 994 265 | 2 999 418 |
| Operating expenses | (283 773 403) | (308 852 077) |
| Operating (loss)/profit | (4 566 324) | 14 695 502 |
| Investment income | 882 879 | 2 532 411 |
| Profit from equity - accounted investment | 476 798 | 46 331 599 |
| Finance costs | (18 712 646) | (16 489 095) |
| (Loss)/profit before taxation | (21 919 293) | 47 070 417 |
| Taxation | 4 546 657 | (3 029 811) |
| (Loss)/profit for the year | (17 372 636) | 44 040 606 |
| Total comprehensive (loss)/income for the year | (17 372 636) | 44 040 606 |
| Total comprehensive (loss)/income for the year attributable to: | | |
| Equity holders of the parent | (17 372 636) | 44 040 606 |
| | (17 372 636) | 44 040 606 |
| Basic (loss)/earnings per share (cents) | (8.12) | 21.21 |
| Diluted (loss)/earnings per share (cents) | (8.12) | 21.19 |

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

| | GROUP | | | |
|--|---------------------|--|-------------------------|----------------------|
| | Stated capital R | Equity-based share option reserve R | Retained income R | Total equity R |
| Balance at 31 March 2018 | 644 443 723 | 12 025 844 | 378 928 819 | 1 035 398 386 |
| Profit for the year | - | - | 44 040 606 | 44 040 606 |
| Total comprehensive income for the year | - | - | 44 040 606 | 44 040 606 |
| Issue of shares | 3 559 372 | - | - | 3 559 372 |
| Employees' share option scheme | - | 2 325 313 | - | 2 325 313 |
| Balance at 31 March 2019 | 648 003 095 | 14 351 157 | 422 969 425 | 1 085 323 677 |
| Impact of IFRS 16 adoption | - | - | (3 541 400) | (3 541 400) |
| Loss for the year | - | - | (17 372 636) | (17 372 636) |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | (20 914 036) | (20 914 036) |
| Issue of shares | 37,478,911 | - | - | 37 478 911 |
| Rights issue expense capitalised | (2 699 286) | - | - | (2 699 286) |
| Employees' share option scheme | - | (3 707 268) | 5 283 838 | 1 576 570 |
| Balance at 31 March 2020 | 682 782 720 | 10 643 889 | 407 339 227 | 1 100 765 836 |

STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

| | Group | |
|--|---------------------|--------------|
| | 2020 R | 2019 R |
| Cash flows from operating activities | | |
| Cash generated from operations | 34 647 822 | 66 574 487 |
| Interest income | 882 879 | 2 532 411 |
| Finance costs | (10 831 740) | (16 200 978) |
| Taxation paid | (467 600) | (3 763 466) |
| Net cash from operating activities | 24 231 361 | 49 142 454 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (12 373 063) | (19 945 027) |
| Disposal of property, plant and equipment | 2 459 119 | 3 668 768 |
| Loans repaid | 156 645 | 1 100 000 |
| Net cash (used in) investing activities | (9 757 299) | (15 176 259) |
| Cash flows from financing activities | | |
| Proceeds on share issue | 34 779 624 | – |
| Repayment of other financial liabilities | (30 286 588) | (39 687 472) |
| Payments of principal on leases | (6 468 123) | – |
| Payments of interest on leases | (5 843 084) | – |
| Net cash (used in) financing activities | (7 818 171) | (39 687 472) |
| Total cash and cash equivalents movement for the year | 6 655 891 | (5 721 277) |
| Cash and cash equivalents at the beginning of the year | (1 906 564) | 3 814 713 |
| Total cash and cash equivalents at end of the year | 4 749 327 | (1 906 564) |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 March 2020

BASIS OF PREPARATION

The summarised consolidated financial results for the year ended 31 March 2020 (annual reporting period) have been prepared in accordance with the Companies Act, the JSE Listings Requirements, the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council as required by International Accounting Standard 34 *Interim Financial Reporting*.

The results have been prepared on a historical cost basis, except for the measurement of investment property which is carried at fair value.

The accounting policies applied in the preparation of the consolidated annual financial statements, from which the consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated AFS, except for the change in accounting policy as set out below. As a result of the adoption of new and amended standards and interpretations in issue that were effective for the first time in the current reporting period, a number of new policies were introduced. However, the adoption of these new amendments and interpretations did not have a material impact on the results for the current period.

The preparation of the AFS has been supervised by Mr. NR Crafford-Lazarus CA(SA).

AUDIT OPINION

The summarised financial information included in this announcement is extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the summarised financial information and that it has been correctly extracted from the underlying AFS.

The underlying AFS have been audited by the group's external auditors, BDO South Africa Incorporated. A copy of their unqualified report, as well as the AFS, is available for inspection at the company's registered office.

EFFECTS OF CHANGES IN ACCOUNTING POLICIES

IFRS 16 Leases

IFRS 16 is a new standard that replaces IAS 17 *Leases*, and introduces a single lessee accounting model. The main changes arising from the adoption of IFRS 16 which are likely to impact on the group are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short-term leases or leases where the underlying asset has a low value, which are expensed on a straight-line or other systematic basis;
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset;
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options and payments of penalties for terminating the lease;
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any remeasurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model;
- The lease liability is subsequently increased by interest, reduced by lease payments and remeasured for re-assessments or modifications;
- Remeasurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss;
- The lease liability is remeasured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset;
- The lease liability is remeasured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments;
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee remeasures the lease liability by decreasing the carrying amount of the right of lease asset use to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee remeasures the lease liability by making a corresponding adjustment to the right-of-use asset; and
- Right-of-use assets and lease liabilities should be presented separately from the other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 *Leases*.

The table below shows the impact of IFRS 16 on the group on initial application 1 April 2019:

| | 31 March 2019 Closing balance R | IFRS 16 impact R | 1 April 2019 Opening balance R |
|---------------------------|---------------------------------------|------------------------|--------------------------------------|
| Assets | | | |
| Right-of-use assets | – | 49 419 047 | 49 419 047 |
| Equity | | | |
| Retained earnings | (422 969 425) | 3 541 400 | (419 428 025) |
| Liabilities | | | |
| Lease liabilities | – | (58 309 595) | (58 309 595) |
| Operating lease liability | (4 085 158) | 3 971 938 | (113 220) |
| Deferred taxation | (21 772 407) | 1 377 210 | (20 395 197) |

Financial impact after the adoption of IFRS 16:

| | 2020 R |
|--|---------------|
| Statement of Comprehensive Income | |
| Rental | 12 422 956 |
| Depreciation | (8 912 820) |
| Interest | (5 843 084) |
| Net effect on profit/(loss) | (2 332 948) |
| Statement of Financial Position | |
| Assets | |
| Opening balance | 49 419 047 |
| Right-of-use assets | 1 629 015 |
| Accumulated depreciation | (8 912 820) |
| | 42 135 242 |
| Liabilities | |
| Opening balance | (58 309 595) |
| Lease liabilities | (1 630 486) |
| Repayment | 6 478 685 |
| | (53 461 396) |
| Equity | |
| Retained earnings | (418 050 815) |
| Loss for the year IFRS 16 impact | 2 332 948 |
| | (415 717 867) |

Short-term leases and leases of low-value assets

The group have elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that has a lease term of 12 months or less and leases of low-value assets, including information technology (IT) and office equipment. The group and company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amendments to IFRIC 23 *Uncertainty over Income Tax Treatments*

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

The amendments in IFRIC 23 did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2019. The impact of this amendment was not material on the group's current and prior periods since the associate is equity accounted and the joint venture is not equity accounted as the company is dormant.

NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

| | GROUP | |
|---|--|--|
| | Year ended 31 March 2020 Audited R | Year ended 31 March 2019 Audited R |
| Net asset value and tangible net asset value per share | | |
| Total assets | 1 337 755 480 | 1 319 299 051 |
| Total liabilities | (236 989 644) | (233 975 374) |
| Net asset value attributable to equity holders of parent | 1 100 765 836 | 1 085 323 677 |
| Goodwill | (223 421 981) | (223 421 981) |
| Intangible assets | - | (573 510) |
| Deferred tax raised on intangible assets | - | 160 583 |
| Tangible net asset value | 877 343 855 | 861 488 769 |
| Shares in issue | 254 486 436 | 208 216 175 |
| Net asset value per share (cents) | 432.54 | 521.25 |
| Tangible net asset value per share (cents) | 344.75 | 413.75 |
| Earnings, diluted earnings and headline earnings per share (HEPS) | | |
| Reconciliation of basic (loss)/earnings to diluted (loss)/earnings and headline (loss)/earnings: | | |
| Basic(loss)/profit and diluted (loss)/profit from total operations attributable to equity holders of parent | (17 372 636) | 44 040 606 |
| Loss/(profit) on sale of property, plant and equipment | 442 032 | (386 248) |
| Total taxation effect of adjustments | (123 769) | 108 150 |
| Headline earnings and diluted headline earnings attributable to equity holders of parent | (17 054 373) | 43 762 508 |
| Reconciliation of weighted average number of shares: | | |
| Basic weighted average number of shares | 214 047 496 | 207 610 543 |
| Dilutive effect of share options | - | 261 498 |
| Diluted weighted average number of shares | 214 047 496 | 207 872 041 |
| Basic (loss)/earnings per share (cents) | (8.12) | 21.21 |
| Diluted (loss)/earnings per share (cents) | (8.12) | 21.19 |
| Headline (loss)/earnings per share (cents) | (7.97) | 21.08 |
| Diluted headlines (loss)/earnings per share (cents) | (7.97) | 21.05 |

SEGMENT INFORMATION

| | Ready-mixed concrete R | Head office R | Group totals R |
|--|------------------------------|------------------|-------------------|
| 2020 | | | |
| Segment revenue – external revenue | 727 040 453 | – | 727 040 453 |
| Segment cost of sales | (448 827 639) | – | (448 827 639) |
| Segment expenses | (267 152 926) | (16 620 477) | (283 773 403) |
| Profit from equity-accounted investment | – | 476 798 | 476 798 |
| (Loss) on sale of property, plant and equipment | (442 032) | – | (442 032) |
| Segment (loss) after taxation | (614 783) | (16 757 853) | (17 372 636) |
| Taxation | 4 386 074 | 160 583 | 4 546 657 |
| Interest received | 881 377 | 1 502 | 882 879 |
| Interest paid | (17 936 389) | (776 257) | (18 712 646) |
| Depreciation and amortisation | (22 602 601) | (673 282) | (23 239 883) |
| Segment assets | 265 340 375 | 1 072 415 105 | 1 337 755 480 |
| Investment in associate included in the above total segment assets | – | 812 678 672 | 812 678 672 |
| Capital expenditure included in segment assets | 12 373 063 | – | 12 373 063 |
| Segment liabilities | (235 048 871) | (1 940 773) | (236 989 644) |
| 2019 | | | |
| Segment revenue – external revenue | 835 823 569 | – | 835 823 569 |
| Segment cost of sales | (515 275 407) | – | (515 275 407) |
| Segment expenses | (285 895 661) | (22 956 416) | (308 852 077) |
| Profit from equity-accounted investment | – | 46 331 599 | 46 331 599 |
| Profit on sale of property, plant and equipment | 386 248 | – | 386 248 |
| Segment profit after taxation | 21 530 240 | 22 510 366 | 44 040 606 |
| Taxation | (3 672 142) | 642 331 | (3 029 811) |
| Interest received | 2 530 952 | 1 459 | 2 532 411 |
| Interest paid | (16 303 589) | (185 506) | (16 489 095) |
| Depreciation and amortisation | (13 214 303) | (2 347 562) | (15 561 865) |
| Segment assets | 251 252 272 | 1 068 046 779 | 1 319 299 051 |
| Investment in associate included in the above total segment assets | – | 812 201 874 | 812 201 874 |
| Capital expenditure included in segment assets | 19 827 063 | 117 963 | 19 945 026 |
| Segment liabilities | (225 638 902) | (8 336 472) | (233 975 374) |

The only commodity actively managed by Métier Mixed Concrete Proprietary Limited (Métier) is ready-mixed concrete. The group does not rely on any single external customer or group of entities under common control for 10% or more of the group's revenue as disclosed in the AFS.

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.

INVESTMENT IN ASSOCIATE

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. Dangote Cement PLC (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 previous financial year with a cash balance of R500 million and was in the process of agreeing a prepayment 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 is 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 have been 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 and the Company is currently in negotiation with DCP for the contribution to constitute a shareholder loan, rather than an equity contribution, which will attract the same terms to that of SepCem's bank debt.

During the COVID-19 lockdown SepCem generated four likely scenarios of the way forward. Results seen from level 3 indicate that scenario 2 is the most likely outcome of a post COVID-19 recovery. This scenario was used for impairment testing of the associate. No impairment would be required if this forecast is achieved.

Summary of group interest in SepCem and its subsidiaries

| | Year ended 31 December 2019 R | Year ended 31 December 2018 R |
|--|--|--|
| Non-current assets | 3 137 728 002 | 3 277 241 222 |
| Current assets | 985 419 948 | 896 605 658 |
| Total assets | 4 123 147 950 | 4 173 846 880 |
| Total equity | 1 619 823 998 | 1 624 828 550 |
| Non-current liabilities | (1 544 718 955) | (1 903 059 030) |
| Current liabilities | (958 604 997) | (645 959 300) |
| Total liabilities | (2 503 323 952) | (2 549 018 330) |
| Revenue for the period | 2 184 713 377 | 2 292 157 090 |
| Cost of sales | (1 838 460 514) | (1 852 356 625) |
| Gross profit | 346 252 863 | 439 800 465 |
| Operating profit | 178 680 758 | 280 615 454 |
| Investment income | 26 641 729 | 26 492 846 |
| Finance costs | (234 675 157) | (250 658 856) |
| (Loss)/profit before taxation | (29 352 670) | 56 449 444 |
| Taxation income | 30 677 092 | 72 248 404 |
| Profit after taxation for the year | 1 324 422 | 128 697 848 |
| Total comprehensive income for the year | 1 324 422 | 128 697 848 |

STATED CAPITAL

The total number of 46 270 261 shares for a value of R0.81 per share, issued during the current year related to the rights offer. The company distributed a circular to the company's shareholders dated 27 January 2020 relating to the partially underwritten, renounceable rights offer to raise funds. The rights offer closed on Friday, 14 February 2020 and the directors announced that 43% of the rights offer shares, as well as excess applications for 4%, were subscribed for. The remainder of the shares were allocated to the underwriter as per the underwriting agreement (53%). This resulted in an amount of R37 478 911 being raised and R2 699 287 worth of expenses incurred were capitalised.

The unissued ordinary shares are under the control of the directors.

STATEMENT ON GOING CONCERN

Various cost-saving initiatives have been identified by both operating companies and are in the process of being implemented. This range from reduction in fleet and employment cost across all the operating plants to negotiations with all suppliers of premises and raw materials. With the impact of COVID-19 on the cash resources of both operating companies where overheads were incurred during periods of total lockdown and operating at 50% during level 5 and 4 respectively, both companies concluded negotiations with the banks to service interest, but not capital for the second half of calendar 2020. These savings will assist the group companies to meet their bank debt commitments in the face of the expected reduction in volumes during the current year due to the impact of the government enforced lockdown. The repayment profile agreed on the Métier outstanding debt is also substantially reduced from what was paid over the last five years.

EVENTS AFTER THE ANNUAL REPORTING PERIOD

COVID-19 marginally impacted group performance for the period under review because the national lockdown was implemented during the final week of the financial year from 27 March 2020. During the alert level 5 lockdown from 27 March to 30 April 2020, the group entities complied fully with the government directive and closed all operations to safeguard the health of all employees. The executive management and critical employees worked from home during alert level 5. Métier and SepCem resumed full operations at alert level 3 from 1 June 2020. The pandemic is expected to have a much more significant impact on group performance in the year ending 31 March 2021.

CHANGES TO THE BOARD

Dr. L Mohuba retired from his position as the chief executive officer (CEO) on 31 December 2019, and was appointed as non-executive director in January 2020. KJ Capes was re-appointed to the SepHold board as an executive director and CEO of Métier with effect from 1 April 2020.

COMPANY SECRETARY

There were no changes to the company secretary during the financial year.

By order of the board



Neil Crafford-Lazarus

CEO and financial director (FD)

31 July 2020



Brent Williams

Chairperson – independent
non-executive director

ANNEXURE 2 – BOARD OF DIRECTORS (SUBJECT TO RE-ELECTION AND ELECTION)

Bukelwa Bulo (42)

Independent non-executive director

BBusSc (Finance) and PGDip in Accounting (University of Cape Town), CFA®, Leadership Development Program at Harvard Business School

Bukelwa was appointed a director of SepHold on 26 October 2018. She has over 10 years' experience in private equity with exposure to a wide spectrum of sectors including industrial services and retail.

Bukelwa has expertise in investment and divestment evaluation, deal structuring, strategic and stakeholder management. She is a cofounder of Jade Capital Partnership Proprietary Limited, an investment holding company focused primarily on the property, industrial, construction and building and construction materials sectors. Her current directorships include non-executive directorships on the boards of directors of Franki Geotechnical Proprietary Limited, Capital Appreciation Limited and Netcare Limited.

Brent Williams (56)

Chairperson – independent non-executive director

BA (University of Cape Town), BProc (University of Western Cape), LLM (Harvard University Law School)

Brent was appointed as director and chairperson of SepHold on 3 March 2012. He was admitted as an attorney in 1992 and has held a number of key positions. He is currently the CEO of Cliffe Dekker Hofmeyr.

Dr. Lelau Mohuba (63)

Non-executive director

MBChB (Nelson Mandela School of Medicine, formerly University of Natal)

Lelau is a founding director of SepHold. He became the original chairperson on 3 February 2005 and became CEO on 28 March 2012. He retired as a medical practitioner in 2001 after a 22-year career. His commercial career began in 2002, and since then he has served in various capacities in several entrepreneurial endeavours.

Kenneth John Capes (50)

Executive director and business development director

He has extensive experience in the ready-mixed concrete and aggregates industry. Kenneth spent 20 years in a building and construction materials entity, holding various management positions. He was directly involved in developing the ready-mixed concrete and quarrying business as a general manager. Kenneth's extensive knowledge of, expertise in and passion for concrete manufacture led him to be a cofounder of Métier. Kenneth was re-appointed a director of SepHold on 1 April 2020.

Martie Jacoba Janse van Rensburg (64)

Independent non-executive director

BCompt (University of the Free State), BCompt Hons (University of South Africa), CA(SA), Executive Programme in Strategy and Organisation (Stanford University Business School), TCTA Leadership Development Programme (Gordon Institute of Business Science), AltX Director Programme (JSE & WBS)

Martie was appointed as a director of SepHold on 22 September 2016. Between 1994 and 2008, she was the CFO (five years) and then CEO (10 years) of the Trans Caledon Tunnel Authority. She has served as non-executive director and member or chairperson of audit committees for Bond Exchange of SA, Airports Company South Africa, Johannesburg Water SOC and Denel SOC. She is a non-executive director of the Development Bank of Southern Africa, the IRBA and a non-executive member of the FirstRand Wholesale Credit Committee (International and Specialised Finance) and Ashburton Credit Committee.

Pieter Frederick Fourie (64)

Non-executive director, CEO (Sephaku Cement)

BCom (Accounting) (Executive Development Programme (PRISM) for Global Leaders (IMD, Switzerland)

Pieter was appointed a director of SepHold on 20 November 2009. He has extensive experience in the cement industry and became CEO of Sephaku Cement in May 2007.

ANNEXURE 3 – REMUNERATION POLICY AND DIRECTORS' EMOLUMENTS



Moses Modidima Ngoasheng

Chairperson: remuneration and nomination committee

REMUNERATION REPORT

Chairperson's statement

Introduction

I am pleased to report that over the past three years of consultation with our shareholders, we have enhanced the remuneration policy to better measure and motivate executives in achieving long-term shareholder return. At the annual general meeting held on 12 September 2019, the shareholders approved, by 82.68%, the non-binding advisory resolutions on the SepHold remuneration policy and implementation report.

We believe the support for the resolutions was due to the group's implementation of the feedback from a corporate governance roadshow held in July. The key improvements over the past few years have primarily been on the executive directors' scorecard to include a free cash flow metric, a detailed description on non-financial measures and the inclusion of total shareholder return as a long-term performance measure.

Response to COVID-19

The management and administration of the business continued to function well during the lockdown, with some employees working remotely. To reduce costs in line with significantly reduced activity, all Métier and SepHold employees and management agreed to temporary salary reductions from April to June, ranging from 50% for executives to 15% for middle management. SepCem, as a subsidiary of DCP, adopted a "no-work-no-pay" principle for the same period. The SepHold executives decided to forgo their performance bonuses for FY 2021, as detailed in the implementation plan below. I would like to thank the management and employees for their sacrifice and understanding in these unprecedented times.

JSE special dispensation for dual CEO and FD role

I am pleased to report that in the year under review, we resolved the appointment of the chief executive officer following the retirement of Dr L Mohuba.

As the remuneration and nomination committee, we were tasked with determining the optimal management structure for the group that reflects the prevailing challenging operating environment. To that effect, we explored several possible structures that would not adversely impact SepHold's costs. We determined that the persistent industry downturn has severely limited investment opportunities and this has resulted in reduced activity at SepHold not warranting more than one executive director.

We applied to the JSE and were granted special dispensation for SepHold's FD, Neil Crafford-Lazarus to hold the dual role until 30 June 2020. In June 2020 we re-assessed the situation and recognised that the tough trading circumstances had been exacerbated by the COVID-19 pandemic, necessitating the application for an extension of the special dispensation. The JSE granted the extension until 31 December 2020 after which we will re-evaluate the need for the dual role.

As a committee, we recognised that the FD has not only forgone a salary increment for the past three years but will have additional responsibilities in the coming financial period. This warranted a review of his remuneration package as detailed in the policy below. We primarily used the 2019 PwC directors' remuneration report to guide the decision on the reasonable and appropriate level of remuneration. The 2019 report was particularly useful because it appropriately categorised the listed entities in line with the JSE and further divided the companies into different capitalisation sizes.

Feedback on statutory duties

The remuneration and nomination committee is constituted of myself as chairperson, B Williams, and MJ Janse van Rensburg. The committee fulfils its obligations as contained in the Companies Act, the board charter and memorandum of incorporation, and committee terms of reference. The committee chairperson is elected by the members of the committee.

To contribute to the group's implementation of the strategic objectives, the committee achieved the following:

- Approved the group succession plans for executive positions
- Approved the SepHold and Métier short-term incentive plans
- Approved the King IV-aligned remuneration policy
- Reviewed the committee charter to align with King IV

In the fourth quarter of the financial year, we focused on the appropriate remuneration for Kenneth Capes as the Métier CEO (executive director). Kenneth was re-appointed to the position on 1 April 2020 after a brief hiatus. Competitive remuneration is critical in attracting and retaining high-performing individuals due to the shortage of technical skills in the building and construction materials industry. The board is therefore committed to continuous improvement in the remuneration framework but believes that the policy stated below is effective and appropriate for the current level of trading. The policy will, therefore, be maintained until there is a material change in business activities to warrant a review of the scorecard. In our view, the remuneration policy has achieved its stated objective.

Moses Modidima Ngoasheng

Chairperson: remuneration and nomination committee

Remuneration policy

The group applies a total-cost-to-company approach in remunerating all its employees, and the main objectives of the remuneration framework are to:

- Appropriately reward employees for services provided
- Ensure equitable and fair remuneration
- Ensure that variable remuneration is aligned to performance
- Implement a competitive remuneration structure that:
 - Is tailored to the specific circumstances of the group
 - Is referenced to appropriate benchmarks
 - Reflects the market and industry practices
- Comply with all relevant legal requirements

The total guaranteed package is based on an employee's level of demonstrated competency, qualifications, experience and performance. The total guaranteed package of employees new to a position is normally at the low end of the salary range. As the employee demonstrates increased experience, learning and performance, the package is adjusted based on the objective outcome of performance reviews.

The following summarises the performance measurement criteria:

Entry point: New to the job or building the skill.

Needs improvement: The skill needs enhancing to improve performance.

Effective: Meets expectations.

Excellent: Exceeds expectations.

World-class: Expert and fully competent.

The table below summarises the main components of the reward package for group employees. SepCem applies a different framework as a subsidiary of Dangote Cement PLC.

| Objective | Practice |
|--|--|
| <p>Total guaranteed package</p> <ul style="list-style-type: none"> • Remunerate above the market and industry average for key positions. • Remunerate market-related salaries for all other positions. • Review total guaranteed pay annually on 1 March. | <ul style="list-style-type: none"> • The level of skill and experience, the scope of responsibility and the total remuneration package are considered when rewarding employees. • Appropriate market percentiles based on skills, experience and competitiveness are applied. |
| <p>Short-term incentive (STI)</p> <ul style="list-style-type: none"> • To motivate employees and incentivise the delivery of performance over the financial year. • The appropriateness of measures and weightings are reviewed annually to ensure ongoing support of the strategy. | <ul style="list-style-type: none"> • Performance over the financial year is measured against targets set in the balanced scorecards. • Target bonus (30%, 50% and 70%) of the total guaranteed pay aligned with the level achieved as defined in the performance management policy. • The executive committee annual bonus is paid in cash in July each year for performance over the previous financial year. |
| <p>Long-term incentive (LTI)</p> <ul style="list-style-type: none"> • To motivate and incentivise delivery over the long term. • Continued support of the company strategy is through awards relating to total shareholder return. The vesting of these awards is against a pre-determined framework. | <ul style="list-style-type: none"> • Performance over three financial years is measured against targets for the performance period with vesting ranging between 0%, 50%, 100% and 200% of the total guaranteed pay. The award will consist of a share award bought in the open market. |
| <p>Termination benefits</p> <ul style="list-style-type: none"> • To retain executive management. | <ul style="list-style-type: none"> • The CEO role is on a permanent contract, and there will be no unusual obligation for the group at retirement, which is set at 65 years. • The CEO's and FD's employment contracts have a provision for a minimum payment equivalent to annual remuneration on termination of employment due to change of control. The share incentive scheme also provides for early vesting of options in case of change of control. |

SepHold executive management performance criteria

The board-approved performance indicators to measure executive management's performance are reviewed annually. The indicators are broadly categorised into financial (75%) and non-financial measures (25%).

STI SCORECARD

Financial measures (75%)

| Performance indicator | Weighting % | Performance condition detail | Minimum (30%) | Target (50%) | Stretch (70%) |
|--|-------------|---|----------------------------------|--|--|
| Real* growth in headline earnings per share (HEPS) | 37.5 | HEPS growth over the previous year above inflation | Real HEPS growth of more than 0% | Real HEPS growth greater than 4% per annum | Real HEPS growth greater than 8% per annum |
| Gearing, debt covenants and free cash flow | 37.5 | Measuring 1. Total debt to equity 2. Debt service coverage ratio 3. Free cash flow | Company-specific | Company-specific | Company-specific |

Non-financial measures (25%)

| Performance indicator | Weighting % | Performance criteria | Executive(s) responsible |
|---|-------------|---|--------------------------|
| Implementation of corporate governance best practices. | 15 | Level of group compliance and standards achieved • JSE compliance • Application of King IV principles • Attainment of BBBEE rating • Achievement of safety and environment targets as determined by the company will be measured against a portfolio of evidence | CEO, FD and MD |
| Achievement of job-specific personal goals. The achievement of job-specific personal goals as determined by the company will be measured against a portfolio of evidence. | 10 | Stakeholder engagement and relationship management • Satisfactory resolution of main stakeholder issues | CEO |
| | | Optimisation of group funding structures to enable sustainability during negative cycle and value accretive expansion during positive cycle Investigating and mitigating risk on alternative funding sources for deals • Achieve targeted debt:equity ratio • Compliance with all debt loan covenants • Increase free cash flow | FD |
| | | Operational executives to demonstrate the ability to: • Utilise and maintain core competencies • Develop human capital and sustain an effective high-performance organisational culture • Promote ethical practices • Establish robust organisational controls | Métier MD |

* Real relative to CPI.

LTI SCORECARD

| Performance indicator | Weighting % | Performance condition detail | Minimum (50%) | Target (100%) | Stretch (200%) |
|--------------------------------|-------------|---|---------------|---------------|----------------|
| Total shareholder return (TSR) | 100 | TSR is measured against the median of six comparable companies. | Median | Median +15% | Median +40% |

The LTI scheme is applicable from FY 2021 to replace the option scheme that ended in FY 2018 that will vest until July 2022. To eliminate dilution of shareholders' interests through the option scheme, the new LTIs are awarded in cash after a three-year vesting period during which the executive's performance is assessed against the key performance indicators. The cash awarded is then utilised to purchase shares in the market to align the executives to shareholder interest. The executives are required to hold the shares for two years, during which they will benefit from capital appreciation and any dividends paid.

Illustration of single total remuneration figure for minimum, target and stretch performance

Due to the prolonged downturn in the construction sector, the executive directors' basic remuneration has not been adjusted upwards for the past three years. The table below summarises the assumption of the delivery of the minimum, target and stretch performance achievement on total remuneration of the SepHold and Métier CEOs in a single total figure.

SepHold CEO/FD

| 2021 | TGP R | Base normalised excl. COVID-19 salary deductions ¹ R | STI | LTI | Total R |
|---------------|-----------|---|------------------|--------------|------------|
| Base | 4 395 000 | 4 550 000 | Executives will | The LTIs | 4 395 000 |
| Min (30%) | 4 395 000 | 4 550 000 | not be receiving | will only be | 4 395 000 |
| Target (50%) | 4 395 000 | 4 550 000 | a performance | measurable | 4 395 000 |
| Stretch (70%) | 4 395 000 | 4 550 000 | bonus for | from FY 2021 | 4 395 000 |
| | | | the year | | |

¹ The remuneration and nomination committee increased the FD's TGP to R350 000 for FY 2021 as from 1 April 2020.

Métier CEO

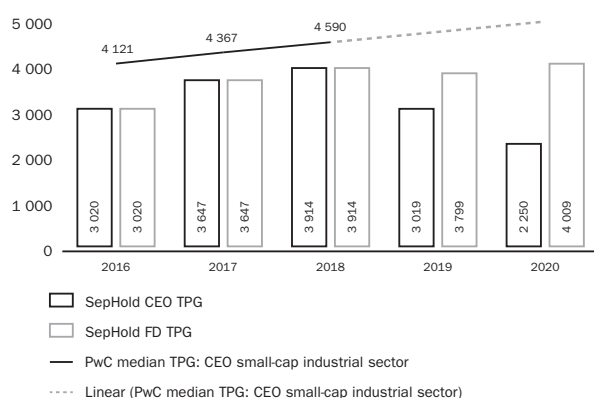
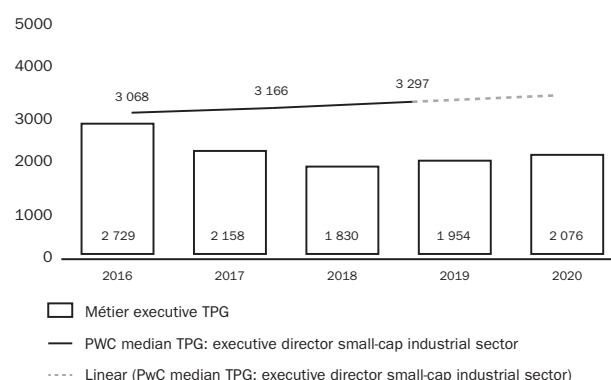
| 2021 | TGP R | Base normalised excl. COVID-19 salary deductions ¹ R | STI | LTI | Total R |
|---------------|-----------|---|------------------|--------------|------------|
| Base | 2 745 000 | 2 925 000 | Executives will | The LTIs | 2 745 000 |
| Min (30%) | 2 745 000 | 2 925 000 | not be receiving | will only be | 2 745 000 |
| Target (50%) | 2 745 000 | 2 925 000 | a performance | measurable | 2 745 000 |
| Stretch (70%) | 2 745 000 | 2 925 000 | bonus for | from FY 2021 | 2 745 000 |
| | | | the year | | |

¹ The Métier CEO was appointed on 1 April 2020 on a TGP of R225 000 per month.

Determination of the guaranteed executive base salary

The board, through the remuneration and nomination committee, researched the guaranteed base salary benchmark extensively and used the PwC's 2019 executive directors' remuneration and practices report. The report reveals that for 2018 the JSE industrial sector small cap chief executive officers' total guaranteed package (TGP)¹ increased by a median 3.8% from the upper (R5 990 000) to the lower quartile (R3 486 000) resulting in an average of R4 590 000. The executive directors' TGP in the same category increased at the same level as the CEO's, resulting in an average increase of R3 297 000 for a range of R2 331 000 to R4 210 000. No remuneration consultants were engaged during the period.

¹ TGP refers to all components of remuneration that are guaranteed, including the base salary and benefits that typically accrue monthly such as retirement (pension), medical and travel allowances.

Comparison of SepHold executive remuneration to JSE median for industrial small cap sector (R000)**Comparison of Métier executive remuneration to JSE median for industrial small cap sector (R000)**

Non-executive directors' remuneration

Elements and purpose

The group aims to attract and retain suitably skilled and experienced non-executive directors. An appropriate level of competitive remuneration is necessary to reward them for their time and commitment. The non-executive directors are remunerated by way of an annual fee paid in recognition of membership of the board and its committees. The non-executive directors, including the group's chairperson, do not receive any other employment benefits, performance-related remuneration, or any form of compensation for loss of office. The fee structure is reviewed and benchmarked annually to ensure that the proposed fees are aligned to market levels and support the attraction and retention of high-quality individuals.

Service contracts

None of the directors has a written service contract with the group and all of the directors rotate in terms of the memorandum of incorporation.

Non-binding shareholder advisory vote

In terms of the JSE Listings Requirements 3.84(j), the remuneration policy must record the measures that the board of directors commits to take in the event these non-binding resolutions are voted against by 25% or more of the voting rights exercised. The company will, as recommended by King IV and required by the JSE, provide for the following:

- an invitation to dissenting shareholders (those who voted against the policy and/or implementation report) to engage with the group; and
- the manner and timing of such engagement.

After that, the remuneration and nomination committee will engage with the shareholders to address the matters of concern.

Implementation report

There were no deviations in the implementation of the policy as set out. The total FY 2020 STI bonuses were R718 000 in line with the FY 2019 performance against target measures. The 13th cheques suspended in FY 2019 have been allocated to the appropriate year although they were paid out in FY 2020. This disclosure accurately reflects the award in the appropriate year.

Executive directors remuneration

| Executive | Base salary R | Prior year STI R | Travel allowances R | Pension fund R | IFRS staff cost relating to share- based payments vesting expense (non-cash) R | Total remuneration R |
|--------------------------|------------------|---------------------|---------------------------|-------------------|---|----------------------------|
| 2020 | | | | | | |
| Dr L Mohuba ¹ | 1 907 148 | 300 000 | – | 92 852 | 298 112 | 2 598 112 |
| NR Crafford-Lazarus | 3 712 017 | 418 000 | 150 000 | 147 151 | 392 836 | 4 820 004 |
| | 5 619 165 | 718 000 | 150 000 | 240 003 | 690 948 | 7 418 116 |
| 2019 | | | | | | |
| L Mohuba | 3 145 366 | 760 000 | – | 123 802 | 593 140 | 4 622 308 |
| NR Crafford-Lazarus | 3 649 200 | 760 000 | 150 000 | 123 802 | 581 136 | 5 264 138 |
| KJ Capes | 720 000 | – | – | – | – | 720 000 |
| | 7 514 566 | 1 520 000 | 150 000 | 247 604 | 1 174 276 | 10 606 446 |

¹ Apportioned for nine months following the retirement of the CEO on 31 December 2020.

Further details on the directors' interests in share options, refer to pages 54 and 55 of the AFS.

Reconciliation of CEO and FD's FY 2019 bonus

| Measure of performance | Weight % | Actual performance achieved | Metric % | Awarded % |
|--|----------|-----------------------------|----------|-----------|
| Financial measures | | | | |
| Real growth in HEPS | 30 | Flat | 0 | 0 |
| EBITDA | 25 | 64% of budget | 0 | 0 |
| Gearing/covenants | 20 | Not achieved | 0 | 0 |
| Non-financial measures | | | | |
| Safety, environment and transformation | 15 | Achieved 80% of the target | 12 | 6 |
| Personal goals | | | | |
| – CEO | 10 | Achieved 70% of target | 7 | 3.5 |
| – FD | 10 | Achieved target | 10 | 5 |
| Total awarded % | | | | |
| – CEO | | | | 9.5 |
| – FD | | | | 11 |

Prescribed officer's remuneration

| Executive | Base salary R | Prior year STI R | Travel allowances R | Pension fund R | IFRS staff cost relating to share-based payments vesting expense (non-cash) R | Total remuneration R |
|-------------|------------------|---------------------|------------------------|-------------------|--|-------------------------|
| 2020 | | | | | | |
| WJ du Toit | 1 873 758 | 230 046 | 25 200 | 177 223 | 122 029 | 2 428 256 |
| 2019 | | | | | | |
| WJ du Toit | 1 761 567 | 242 769 | 25 200 | 166 692 | 146 383 | 2 342 611 |

Non-executive directors' fees

| | Fees R | Remuneration R | Performance bonus R | IFRS staff cost relating to share-based payments vesting expense (non-cash) R | Total R |
|-------------------------|------------------|-------------------|------------------------|--|------------------|
| 2020 | | | | | |
| B Williams | 440 000 | – | – | – | 440 000 |
| MM Ngoasheng | 335 000 | – | – | – | 335 000 |
| MJ Janse van Rensburg | 335 000 | – | – | – | 335 000 |
| B Bulo | 335 000 | – | – | – | 335 000 |
| L Mohuba ¹ | 83 750 | – | – | 99 371 | 183 121 |
| PF Fourie ² | – | 5 594 213 | 1 947 514 | – | 7 541 727 |
| | 1 528 750 | 5 594 213 | 1 947 514 | 99 371 | 9 169 848 |
| 2019 | | | | | |
| B Williams | 440 000 | – | – | – | 440 000 |
| PM Makwana ³ | 167 500 | – | – | – | 167 500 |
| MM Ngoasheng | 335 000 | – | – | – | 335 000 |
| MJ Janse van Rensburg | 335 000 | – | – | – | 335 000 |
| B Maluleke | 335 000 | – | – | – | 335 000 |
| RR Matjiu ⁴ | – | – | – | 111 910 | 111 910 |
| PF Fourie | – | 4 451 315 | 1 758 559 | – | 6 173 910 |
| | 1 612 500 | 4 451 315 | 1 758 559 | 111 910 | 7 898 320 |

¹ Non-executive director for Q4 pro rata fees. Dr L Mohuba stepped down as chief executive officer of the company on 31 December 2019 and was appointed as non-executive director in January 2020.

² PF Fourie is a non-executive director of SepHold and an executive director of the associate company, SepCem. All remuneration paid to him by SepCem has been disclosed above.

³ Resigned 1 October 2018; therefore, his director fees for services were paid pro rata for six months.

⁴ Resigned 12 November 2018.

ANNEXURE 4 – SHAREHOLDERS’ ANALYSIS

SHAREHOLDERS HOLDING GREATER THAN 5% OF THE ISSUED SHARE CAPITAL AT YEAR-END

| | Number of shares | % |
|--|------------------|-------|
| Safika Resources Proprietary Limited (dematerialised) | 30 734 981 | 12.08 |
| Citiclient Nominees No8 NY GW | 27 061 078 | 10.63 |
| Safika Resources Proprietary Limited Nominees (certificated) | 19 043 228 | 7.48 |

RANGE OF SHAREHOLDINGS

| | Number of shareholders | % of shareholders | Number of shares |
|---------------------------|------------------------|-------------------|--------------------|
| Share range | | | |
| 1 – 1 000 | 711 | 41.10 | 196 431 |
| 1 001 – 10 000 | 527 | 30.46 | 2 095 530 |
| 10 001 – 50 000 | 244 | 14.10 | 6 063 337 |
| 50 001 – 100 000 | 84 | 4.86 | 5 954 829 |
| 100 001 – 500 000 | 102 | 5.90 | 23 450 045 |
| 500 001 – 1 000 000 | 25 | 1.44 | 17 075 456 |
| 1 000 001 shares and over | 37 | 2.14 | 199 650 898 |
| Total | 1 730 | 100.00 | 254 486 526 |

PUBLIC AND NON-PUBLIC SHAREHOLDERS

| | Shares held | % | Number of shareholders |
|--------------------------------|--------------------|---------------|------------------------|
| Public | 227 205 424 | 89.28 | 1 724 |
| Non-public | 27 281 012 | 10.72 | 6 |
| – Directors’ direct holdings | 13 674 186 | 5.37 | 3 |
| – Directors’ indirect holdings | 13 566 826 | 5.33 | 2 |
| – Directors’ associates | 40 000 | 0.02 | 1 |
| | 254 486 436 | 100.00 | 1 730 |

Further details on the directors’ shareholding, refer to pages 54 and 55 of the AFS.

ANNEXURE 5 – STATED CAPITAL AND RELATED PARTY TRANSACTIONS

STATED CAPITAL

| | GROUP | | COMPANY | |
|--|--------------------|-------------|--------------------|-------------|
| | 2020 R | 2019 R | 2020 R | 2019 R |
| Authorised | | | | |
| 1 000 000 000 ordinary shares with no par value | | | | |
| Issued – ordinary shares with no par value | | | | |
| 208 216 175 (2019: 206 342 821) shares at beginning of period | 648 003 095 | 644 443 723 | 648 003 095 | 644 443 723 |
| 46 270 261 (2019: 1 873 354) shares issued during the period | 37 478 911 | 3 559 372 | 37 478 911 | 3 559 372 |
| Rights issue expenses capitalised | (2 699 286) | – | (2 699 286) | – |
| 254 486 436 (2019: 208 216 175) shares at end of period | 682 782 720 | 648 003 095 | 682 782 720 | 648 003 095 |

SHARE-BASED PAYMENTS

| | Number | Weighted exercise price R | Total value R |
|--|-------------|------------------------------------|------------------|
| Share options granted on 29 June 2012 | | | |
| Outstanding at 31 March 2019 | 3 500 000 | 1.90 | 6 650 000 |
| Expired in 2020 | (2 623 354) | | |
| Outstanding at 31 March 2020 | – | | |
| Share options granted on 31 August 2012 | | | |
| Outstanding at 31 March 2019 | 1 500 000 | 1.90 | 2 850 000 |
| Expired in 2020 | (750 000) | | |
| Outstanding at 31 March 2020 | – | | |
| Share options granted on 10 December 2014 | | | |
| Outstanding at 31 March 2019 | 1 565 000 | 6.80 | 10 642 000 |
| Expired in 2020 | – | | |
| Outstanding at 31 March 2020 | 1 465 000 | | |
| Share options granted on 31 March 2016 | | | |
| Expired in 2019 | – | | |
| Outstanding at 31 March 2019 | 1 630 000 | 4.40 | 7 172 000 |
| Outstanding at 31 March 2020 | 1 630 000 | | |
| Share options granted on 30 June 2017 | | | |
| Expired in 2019 | – | | |
| Outstanding at 31 March 2019 | 1 905 000 | 3.00 | 5 715 000 |
| Outstanding at 31 March 2020 | 1 905 000 | | |
| Total share options outstanding at 31 March 2019 | 8 373 354 | | |
| Total share options outstanding at 31 March 2020 | 5 000 000 | | |
| Total share options exercisable at 31 March 2019 | 4 893 354 | | |
| Total share options exercisable at 31 March 2020 | 3 186 667 | | |

RELATED PARTIES

| | GROUP | | COMPANY | |
|---|---------------------|-------------|----------------------|---------------|
| | 2020 R | 2019 R | 2020 R | 2019 R |
| Related-party balances | | | | |
| Loan accounts – owing by/(to) related parties | | | | |
| Métier Mixed Concrete Proprietary Limited | – | – | (124 041 874) | (142 828 494) |
| Cross Company Management Proprietary Limited | 9 688 681 | 9 845 327 | 9 688 681 | 9 845 327 |
| Sephaku Investment Holdings Proprietary Limited | – | – | 10 379 | 10 249 |
| Union Atlantic Minerals Limited | 1 073 054 | 1 073 054 | 1 073 054 | 1 073 054 |
| Amounts included in trade receivables/(trade payables) regarding related parties | | | | |
| Dangote Cement South Africa Proprietary Limited | (10 027 849) | (3 247 449) | 25 966 | – |
| Related-party transactions | | | | |
| Purchases from related parties | | | | |
| Dangote Cement South Africa Proprietary Limited | 74 966 979 | 86 018 809 | – | – |
| Rent paid to/(received from) related parties | | | | |
| Plazatique Corp 27 CC | – | 1 156 696 | – | – |
| WKRD Properties Proprietary Limited | – | 737 907 | – | – |
| Métier Mixed Concrete Proprietary Limited | – | – | (3 442 084) | (3 309 696) |
| Dangote Cement South Africa Proprietary Limited | 312 945 | 299 900 | 312 945 | 299 900 |
| Fees paid to/(received from) related parties for management services, overheads and salaries | | | | |
| Métier Mixed Concrete Proprietary Limited | – | – | (8 400 000) | (8 400 000) |
| Dangote Cement South Africa Proprietary Limited | – | – | (472 231) | – |
| Consulting fees paid to/(received from) related parties | | | | |
| Plazatique Corp 27 CC | – | 200 000 | – | – |
| Utilities paid to/(received from) related parties | | | | |
| WKRD Properties Proprietary Limited | – | 788 419 | – | – |
| Plazatique Corp 27 CC | – | 519 217 | – | – |
| Métier Mixed Concrete Proprietary Limited | – | – | (682 407) | (1 303 264) |
| Dangote Cement South Africa Proprietary Limited | – | – | (45 500) | – |
| Administration fees paid to/(received from) related parties | | | | |
| WKRD Properties Proprietary Limited | – | 7 800 | – | – |
| Interest paid to related parties | | | | |
| Métier Mixed Concrete Proprietary Limited | – | – | 1 207 380 | 1 323 100 |

ANNEXURE 6 – DIRECTORS’ RESPONSIBILITY STATEMENT AND MATERIAL CHANGES STATEMENT

DIRECTORS’ RESPONSIBILITY STATEMENT

Directors, whose names appear in the Corporate Information section of this notice, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required in terms of the JSE Listings Requirements.

MATERIAL CHANGES STATEMENT

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of SepHold and its subsidiaries since the company’s year-end as at 31 March 2020 up to the date of this notice.



ANNEXURE 7 – FORM OF PROXY

For use only by shareholders who:

- hold shares in certificated form (certificated ordinary shareholders); or
- have dematerialised their ordinary shares (dematerialised ordinary shareholders) and are registered with “own name” registration,

at the annual general meeting (AGM) to be held electronically on Monday, 14 September 2020 at 10:00.

Dematerialised ordinary shareholders holding ordinary shares other than with “own name” registration who wish to attend the AGM by way of electronic communication must inform their Central Securities Depository Participant (CSDP) or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the relevant Letter of Representation to participate electronically at the AGM or by proxy. If they do not wish to attend the AGM or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

These ordinary shareholders must not use this form of proxy.

Participants will be able to vote during the AGM through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the AGM, must provide The Meeting Specialist Proprietary Limited with the information as set out in the Electronic Participation Form, forming part of the notice. Each Participant, who has complied with the requirements as set out in the Electronic Participation Form, forming part of the notice, will be contacted between Friday, 11 September and Monday, 14 September 2020 via email/mobile and will be provided with a unique link to enable them to participate in the virtual AGM.



Sephaku Holdings Limited

Incorporated in the Republic of South Africa

Registration number: 2005/003306/06

JSE share code: SEP

ISIN: ZAE000138459

I/we (please print names in full) _____

of (address) _____

Contact numbers (landline) _____

(mobile) _____

Email address _____

being the registered holder(s) of _____ ordinary shares in the capital of Sephaku Holdings does hereby appoint:

1. _____ or failing him/her;

2. _____ or failing him/her;

the chairperson of the AGM as my/our proxy to act for me/us and on my/our behalf at the AGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

| | Number of ordinary shares | | |
|--|---------------------------|---------|---------|
| | For | Against | Abstain |
| Ordinary resolutions | | | |
| 1. Re-appointment of independent external auditors | | | |
| 2. Appointment and re-election of directors | | | |
| 2.1 Re-election of Mr. B Williams as a director | | | |
| 2.2 Re-election of Mr. PF Fourie as a director | | | |
| 2.3 Appointment of Dr. L Mohuba as a director | | | |
| 2.4 Appointment of Mr. KJ Capes as a director | | | |
| 3. Appointment of the chairperson and members of the audit and risk committee | | | |
| 3.1 Appointment of Mr. B Williams as a member of the audit and risk committee | | | |
| 3.2 Appointment of Ms. MJ Janse van Rensburg as a member and chairperson of the audit and risk committee | | | |
| 3.3 Appointment of Ms. B Bulu as a member of the audit and risk committee | | | |
| 4. Advisory endorsement of remuneration policy and implementation report | | | |
| 4.1 Endorsement of the remuneration policy | | | |
| 4.2 Endorsement of the remuneration implementation report | | | |
| 5. Signature of documents | | | |
| 6. Control of authorised but unissued ordinary shares | | | |
| 7. General authority to issue shares for cash | | | |
| Special resolutions | | | |
| 1. General authority to repurchase securities | | | |
| 2. Non-executive directors' remuneration | | | |
| 3. Financial assistance for any beneficiary participating in any Sephaku Holdings group share incentive scheme | | | |
| 4. Financial assistance for present or future subsidiaries | | | |

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable. A member entitled to participate in and vote at the AGM may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of Sephaku.

Signed at _____ on _____ 2020

Signature: _____

Assisted by me (where applicable) _____

Landline number _____ Mobile number _____

NOTES TO THE FORM OF PROXY

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the subregister in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairperson of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given. For administrative purposes only, we request that forms of proxy be emailed to TMS on proxy@tmsmeetings.co.za, by no later than 10:00 on Thursday, 10 September 2020 (or 48 hours before any adjournments of the AGM, which date, if necessary, will be notified on the Stock Exchange News Service). Forms of proxy may also be submitted electronically to the chairperson via email to proxy@tmsmeetings.co.za before the start of the AGM.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the chairperson of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from participating at the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairperson of the AGM.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of ordinary shares:
 - any one holder may sign the form of proxy;
 - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should emailed to TMS at proxy@tmsmeetings.co.za.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
15. Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, 71 of 2008, as amended (the Companies Act):

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders meeting.

A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the "Notes to the Form of Proxy".

ANNEXURE 8 – ELECTRONIC PARTICIPATION IN THE SEPHAKU HOLDINGS LIMITED ANNUAL GENERAL MEETING (AGM)



Sephaku Holdings Limited
 Incorporated in the Republic of South Africa
 Registration number: 2005/003306/06
 JSE share code: SEP
 ISIN: ZAE000138459

Shareholders or their proxies who wish to participate in the AGM by way of electronic communication (Participants) must notify the company's meeting scrutineers by submitting the form below (the application) via email to the company's meeting scrutineers The Meeting Specialist Proprietary Limited (TMS) to proxy@tmsmeetings.co.za by no later than 10:00 on Thursday, 10 September 2020.

- Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant (CSDP), broker or custodian in the manner and time stipulated in their agreement with their CSDP, broker or custodian:
 - to furnish them with their voting instructions; and
 - in the event that they wish to participate in the AGM electronically, to obtain the necessary authority to do so.

Participants will be able to vote during the AGM through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the AGM, must provide TMS with the information requested below.

- Each Participant, who has complied with the requirements below, will be contacted between Friday, 11 September and Monday, 14 September 2020 via email/mobile with a unique link to enable them to participate in the virtual AGM.
- The cost of the Participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone or internet service provider.
- For administrative purposes, Participants are requested to submit the application by 10:00 on Thursday, 10 September 2020.
- The Participant's unique access credentials will be forwarded to the email/cell number provided below.

| APPLICATION FORM | |
|---|--|
| Full name of shareholder | |
| Full name of shareholder representative (if applicable) | |
| Registration number/identity number/passport of shareholder or representative | |
| Email address | |
| Mobile number | |
| Telephone number | |
| Name of CSDP, broker or custodian (If shares are held in dematerialised format) | |
| Shareholder number/SCA number/broker account number/own name account number or custodian account number | |
| Number of shares | |
| Signature | |
| Date | |

By signing this form, I agree and consent to the processing of my personal information above for the purpose of participation in the AGM.

Important: You are required to attach a copy of your identity/passport document when submitting the application.

TERMS AND CONDITIONS FOR PARTICIPATION AT THE SEPHAKU HOLDINGS LIMITED AGM VIA ELECTRONIC COMMUNICATION

The cost of dialling in using a telecommunication line/webcast/web streaming to participate in the AGM is for the expense of the Participant and will be billed separately by the Participant's own telephone or internet service provider.

- The Participant acknowledges that the telecommunication lines/webcast/web streaming are provided by a third party service provider and indemnifies Sephaku Holdings Limited, JSE Limited and TMS and/or its third party service providers against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines/webcast/web streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against, and indemnifies Sephaku Holdings Limited, JSE Limited and TMS and/or its third party service providers, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web streaming and connections linking the telecommunication lines/webcast/web streaming to the AGM.
- Participants will be able to vote during the AGM through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the AGM, must act in accordance with the requirements set out above.
- Once the Participant has received the link to the electronic participation platform and/or the electronic voting platform, the onus to safeguard this information remains with the Participant.
- The application will only be deemed successful if this application form has been fully completed and signed by the Participant and delivered or emailed to TMS at proxy@tmsmeetings.co.za.

Shareholder name: _____

Signature: _____

Date: _____



SEPHAKU
HOLDINGS LTD