



SEPHAKU

HOLDINGS LTD

(Incorporated in the Republic of South Africa)

(Registration number: 2005/003306/06)

Share code: SEP

ISIN: ZAE000138459

("SepHold" or "the Company")

Unaudited condensed consolidated interim financial results

for the six months ended

30 September 2022

SepHold is pleased to report on the group's interim financial results for the six months ended 30 September 2022. SepHold, Métier Mixed Concrete (Pty) Ltd ("Métier" or "the subsidiary") and Dangote Cement SA (Pty) Ltd ("SepCem" or "the associate") are collectively referred to as the group.

FORWARD-LOOKING STATEMENTS

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

INVESTOR PRESENTATION WEBCAST AND CONFERENCE CALL

The results webcast and conference call for investors will be at 10:00hs SAST on 16 November 2022. Pre-registration is required and can be done using the following links to obtain the dial-in details: [Sephaku Holdings FY 2023 Interim Results webcast link](#) and [Sephaku Holdings FY 2023 Interim Results conference call pre-registration link](#).

The results presentation will be available on the Company website from 09:45hs SAST on 16 November 2022 at the following link:

<https://sephakuholdings.com/investor-centre/presentations/>

Replay dial-in details

South Africa	010 500 4108
International	+27 10 500 4108
Access code	43307#

SALIENT POINTS

Group¹

- **Group consolidated revenue: R523,6 million**
(H1 2022: R411,8 million)
- **Net profit after tax: R26,7 million**
(H1 2022 net profit after tax: R17,8 million)
- **Basic earnings per share: 10.51 cents**
(H1 2022 basic earnings per share: 6.98 cents)
- **Headline earnings per share: 11.26 cents**
(H1 2022 headline earnings per share: 7.03 cents)
- **Net asset value per share: 461.35 cents**
(H1 2022: 440.24 cents*)

Métier¹

- **EBITDA margin: 11.3% at R59,2 million**
(H1 2022: 10.8% at R44,6 million)
- **EBIT margin: 8.4% at R43,8 million**
(H1 2022: 7.6% at R31,4 million)
- **Profit after tax: R29,5 million**
(H1 2022 profit after tax: R20,1 million)

SepCem²

- **Sales revenue: R1,16 billion**
(H1 2021: R1,19 billion)
- **EBITDA margin: 12.6% at R146,9 million**
(H1 2021: 12.4% at R148,8 million)
- **EBIT margin: 5.3% at R61,8 million**
(H1 2021: 5.7% at R67,7 million)
- **Net profit after tax: R10,5 million**
(H1 2021 net profit after tax: R7,7 million)
- **SepCem 36% equity accounted profit: R3,8 million**
(H1 2022 equity accounted profit: R2,8 million)

* Restated due to prior period error reported in the FY 2022 year-end results. Refer to page 11 for further details

¹ Figures refer to the interim period ended 30 September 2022 for the financial year ending 31 March 2023, and H1 2022 refers to the six months ended 30 September 2021 for the financial year ended 31 March 2022.

² SepCem has a December year-end as a subsidiary of Dangote Cement PLC. Therefore, the figures refer to the six months ended 30 June 2022, and H1 2021 refers to the figures for the interim ended 30 June 2021.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

for the six months ended 30 September 2022



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

“Despite the economic headwinds of increasing input costs and weak demand, Métier performed exceptionally well, achieving an increase in EBITDA of 33% and a 47% increase in net profit. The subsidiary focused on increasing volumes and pricing in all its markets.

Unfortunately, the same cannot be said for SepCem, whose major market predominantly consists of retail customers who purchase bagged cement from building materials merchants. As reflected by the Stats SA data on hardware retail sales and feedback from the merchants, the demand for building materials has been declining for close to a year. This decrease is largely considered the normalisation of demand following the spike experienced during the COVID-19 pandemic. The interest rate increase cycle from the second half of CY 2021 to date and price increases in essential goods have significantly contributed to the decrease in retail demand.

As a group, deleveraging has been the single most important goal in strengthening our balance sheets and enhancing profitability. Improving cost efficiencies and innovative sales strategies have been the key pillars of success. SepCem and Métier continue demonstrating resilience and agility to maintain market share in their respective sectors. Finally, we are confident that we are well positioned to survive the current constrained trading environment and remain cautiously optimistic.”

COMMENTARY

MÉTIER

Revenue and profitability

Métier's revenue was 27% higher year-on-year ("y-o-y") at R523,6 million (H1 2022: R411,8 million) due to an increase of 16% in volumes and 8% – 10% in pricing. Métier's gross profit increased by 24%, but the margin at 37% was slightly lower than the comparative period of 38% due to a 29% inflationary increase in input costs such as raw materials. The subsidiary managed to control the operating expenses resulting in an increase of 19% y-o-y, comparable to the PPI for intermediary goods, which was 21% in January 2022 and 13% in August 2022.

The EBITDA increased by 34% to R59,2 million (H1 2022: R44,6 million) and EBIT by 40% to R43,8 million (H1 2022: R31,4 million). Due to the prevailing inflationary environment, cost increases are expected to continue for the balance of the financial year. Therefore, management remains diligent in improving cost efficiencies to support profitability. Métier's net profit after tax increased by 47% y-o-y to R29,5 million (H1 2022: R20,1 million).

Debt management

The debt repayment for the interim was R9,3 million, of which R7,2 million was the capital repayment resulting in a balance of approximately R41 million.

SEPHAKU CEMENT

Sales volume and pricing

SepCem's sales volumes were 10% lower y-o-y for the six months ended June 2022. Cement demand has reverted to pre-COVID-19 levels, and the market is characterised by weak demand and excess capacity. During the first quarter of CY 2022, sales were further adversely impacted by high rainfall and a delayed restart in construction activity following the builders' holiday.

Furthermore, Stats SA data shows hardware retail sales have been downward trending since the third quarter of CY 2021. Industry experts consider the trend to be representative of the normalisation of demand from unprecedented high levels from July CY 2020 to June CY 2021, coupled with the negative effect of the contractionary economy on household incomes. The increases in interest rates to curb inflation have resulted in consumers reducing expenditure on non-essential goods. These factors have resulted in intense competition between incumbents, importers, and blenders. Therefore, SepCem focused on optimising sales during the interim by prioritising products with higher margins and on markets where it has a distinctive advantage.

Although imports declined by 35% y-o-y during the interim, 360 Kt was imported between January and June 2022, mainly from Vietnam through the Durban port. Cement clinker import volumes, mainly from the Middle East, were flat at 100 Kt y-o-y. Based on the latest SARS statistics to the end of September 2022, total cement and clinker imports were 608 Kt (September YTD 2021: 990 Kt) and 101 Kt (September YTD 2021: 254 Kt), respectively.

SepCem implemented price increases in January that were sustained in most markets, increasing net selling prices per tonne to between 5% and 8% for the six months ended 30 June 2022. Continued input cost escalation compelled the associate to further increase prices in July 2022. However, due to the adverse market conditions, these latter increases were limited to between 1% and 3% resulting in partial recovery of input cost inflation. SepCem has adopted a targeted pricing model based on market segmentation for the foreseeable future.

Revenue and profitability

SepCem's revenue decreased marginally to R1,16 billion (H1 2021: R1,19 billion) due to the lower sales volumes. The resultant EBITDA was R146,9 million (H1 2021: 148,8 million), and EBIT was R61,8 million (H1 2021: R67,7 million). The fuel price increase of 47% y-o-y, has been the most significant driver of input cost escalation.

Disruption to logistics following severe flooding in April 2022 resulted in transport availability constraints and cost increases in reaching the KwaZulu Natal, Mpumalanga and Limpopo provinces. Despite the inflationary input cost increases, the associate's administration expenses decreased by 13% through numerous efforts to improve cost efficiencies.

SepCem has focused on enhancing the use of alternative fuels, electricity time-of-use optimisation, product extension and efficiency on route-to-market strategies. The associate targeted logistics synergies to grow volumes and to mitigate the hefty delivery cost increases. The net profit after tax was R10,5 million (H1 2021: R7,7 million), resulting in equity-accounted earnings of R3,8 million (H1 2021: R2,8 million).

Debt management

The total instalments for the six months ended June 2022 comprised R139 million capital and R21 million interest resulting in an outstanding capital balance of R528 million. Following a R162 million payment in August of which R11 million was interest, the outstanding capital balance was R377 million. As stated in the Company's FY 2022 results released on 22 June 2022, the R377 million bullet capital instalment was converted to a R400 million three-year term loan at JIBAR plus 3.25% on 1 November 2022 with an initial capital instalment of R33 million due on 31 January 2023. The DCP shareholder loan that accrues interest at JIBAR plus 4% had a balance of R652 million at the end of the interim period.

POST-PERIOD

Following the DCP results announcement for the nine months ended 30 September 2022 released on 28 October 2022, SepCem's revenue decreased to R1,83 billion (2021: R1,94 billion) and EBITDA to R192 million (2021: R243 million). The pervasive low demand resulted in a 15% decrease in sales volumes compared to the nine months ended 30 September 2021.

OUTLOOK

The cement and mixed concrete sectors are expected to experience intense competition unless there is traction in the proposed government infrastructure initiatives or the imposition of safeguard tariffs against cement imports.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 September 2022 Unaudited R'000	6 months ended 30 September 2021 Unaudited R'000	12 months ended 31 March 2022 Audited R'000
Revenue	523 612	411 847	785 791
Cost of sales	(329 486)	(254 615)	(484 063)
Gross profit	194 126	157 232	301 728
Other income	470	720	4 323
Operating expenses	(157 298)	(131 674)	(271 820)
Operating profit	37 298	26 278	34 231
Investment income	1 089	1 268	2 037
Profit from equity accounted investments	3 789	2 777	28 992
Finance costs	(6 918)	(6 318)	(12 852)
Profit before taxation	35 258	24 005	52 408
Taxation	(8 512)	(6 244)	(7 832)
Profit for the period	26 746	17 761	44 576
Total comprehensive income for the period	26 746	17 761	44 576
Basic earnings per share (cents)	10.51	6.98	17.52
Diluted earnings per share (cents)	10.51	6.98	17.52

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2022 Unaudited R'000	30 September 2021 Unaudited Restated* R'000	30 September 2020 Unaudited Restated* R'000	31 March 2022 Audited R'000
ASSETS				
Non-current assets				
Property, plant and equipment	155 243	135 405	108 151	136 617
Goodwill	223 422	223 422	223 422	223 422
Investment in associate*	842 150	812 146	763 251	838 361
Investment in joint ventures	–	121	121	–
Right-of-use assets	50 744	59 083	58 194	53 536
Other non-current assets	9 303	15 586	19 024	11 664
Total non-current assets	1 280 862	1 245 763	1 172 163	1 263 600
Current assets				
Inventories	20 106	18 443	19 403	18 077
Trade and other receivables	122 371	93 791	116 958	87 191
Current tax receivable	–	399	–	–
Cash and cash equivalents	36 784	19 045	9 864	29 477
Other current assets	2 827	3 516	4 889	3 659
Total current assets	182 088	135 194	151 114	138 403
Total assets	1 462 950	1 380 957	1 323 277	1 402 004
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent*	1 174 085	1 120 348	1 052 319	1 147 281
Non-current liabilities				
Other financial liabilities	35 000	48 182	64 680	34 863
Instalment sale liabilities	37 197	22 282	–	25 385
Lease obligations	53 621	59 681	53 586	54 898
Deferred tax	20 192	18 652	17 541	17 585
Total non-current liabilities	146 010	148 797	135 807	132 731
Current liabilities				
Other financial liabilities	6 255	6 789	9 638	13 411
Instalment sale liabilities	9 043	4 602	–	6 026
Lease obligations	11 126	12 306	17 305	12 179
Trade and other payables	112 816	88 040	107 649	90 048
Current tax payable	3 615	–	–	328
Other current liabilities	–	75	559	–
Total current liabilities	142 855	111 812	135 151	121 992
Total liabilities	288 865	260 609	270 958	254 723
Total equity and liabilities	1 462 950	1 380 957	1 323 277	1 402 004
Net asset value per share (cents)	461.35	440.24	413.51	450.82
Tangible net asset value per share (cents)	373.56	352.45	325.71	363.03
Ordinary shares in issue	254 486 436	254 486 436	254 486 436	254 486 436

* Refer to note Prior period error on page 11 for further details

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 September 2022 Unaudited R'000	6 months ended 30 September 2021 Unaudited R'000	12 months ended 31 March 2022 Audited R'000
Cash flows from operating activities			
Cash generated from operations	42 899	33 253	66 023
Interest income	934	975	1 520
Taxation paid	(2 618)	(7 100)	(9 029)
Net cash from operating activities	41 215	27 128	58 514
Cash flows from investing activities			
Purchase of property, plant and equipment	(9 754)	(12 511)	(14 359)
Sale of property, plant and equipment	3 253	321	1 024
Loans advanced	–	3	–
Proceeds from repayment of loans	–	–	2 059
Net cash (used in)/from investing activities	(6 501)	(12 187)	(11 276)
Cash flows from financing activities			
Repayment of principal on instalment sales	(4 116)	(337)	(2 487)
Repayment of interest on instalment sales**	(1 682)	(253)	(1 412)
Repayment of principal on other financial liabilities	(7 155)	(16 484)	(23 311)
Repayment of interest on other financial liabilities**	(2 142)	(2 772)	(4 859)
Finance costs – other	–	–	(2)
Payments of principal on leases	(9 355)	(5 645)	(12 135)
Payments of interest on leases	(2 957)	(3 157)	(6 307)
Net cash (used in) financing activities	(27 407)	(28 648)	(50 513)
Total cash movement for the period	7 307	(13 707)	(3 275)
Cash at beginning of period	29 477	32 752	32 752
Cash at end of period	36 784	19 045	29 477

** Refer to note Reclassification of finance costs on the statements of cash flow on page 12 for further details

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Opening balance as previously reported	682 783	11 118	377 698	1 071 599
Adjustments				
Prior period error (page 11)	–	–	(19 280)	(19 280)
Balance at 30 September 2020 as restated – unaudited	682 783	11 118	358 418	1 052 319
Total comprehensive income for the period	–	–	49 563	49 563
Rights issue expenses refunded	183	–	–	183
Employees' share option scheme	–	(66)	406	340
Balance at 31 March 2021 – Audited	682 966	11 052	408 387	1 102 405
Total comprehensive income for the period	–	–	17 761	17 761
Employees' share option scheme	–	182	–	182
Balance at 30 September 2021 – Unaudited	682 966	11 234	426 148	1 120 348
Total comprehensive income for the period	–	–	26 817	26 817
Employees' share option scheme	–	(5 330)	5 446	116
Balance at 31 March 2022 – Audited	682 966	5 904	458 411	1 147 281
Total comprehensive income for the period	–	–	26 746	26 746
Employee share option scheme	–	58	–	58
Balance at 30 September 2022 – Unaudited	682 966	5 962	485 157	1 174 085

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

BASIS OF PREPARATION

The condensed consolidated interim financial results for the six months ended 30 September 2022 (interim reporting period) have been prepared in accordance with IAS 34: Interim Financial Reporting, the requirements of the JSE Limited Listings Requirements, the Companies Act, 71 of 2008, as amended, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The interim financial results are prepared in accordance with International Financial Reporting Standards (IFRS). The results have been prepared on a historical cost basis. The accounting policies for the interim reporting period are consistent with those applied in the annual financial statements for the group for the year ended 31 March 2022.

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

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

NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	6 months ended 30 September 2022 Unaudited R'000	6 months ended 30 September 2021 Unaudited Restated* R'000	12 months ended 31 March 2022 Audited R'000
Net asset value and tangible net asset value per share			
Total assets	1 462 950	1 380 957	1 402 003
Total liabilities	(288 865)	(260 609)	(254 722)
Net asset value attributable to equity holders of parent	1 174 085	1 120 348	1 147 281
Goodwill	(223 422)	(223 422)	(223 422)
Tangible net asset value	950 663	896 926	923 859
Shares in issue	254 486 436	254 486 436	254 486 436
Net asset value per share (cents)	461.35	440.24	450.82
Tangible net asset value per share (cents)	373.56	352.45	363.03

* Refer prior period error on page 11 for further details

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE *continued*

	6 months ended 30 September 2022 Unaudited R'000		6 months ended 30 September 2021 Unaudited R'000		12 months ended 31 March 2022 Audited R'000	
	Gross	Net	Gross	Net	Gross	Net
Reconciliation of basic earnings to diluted earnings and headline earnings:						
Profit attributable to ordinary equity holders of the parent entity		26 746		17 761		44 578
IAS 33 earnings		26 746		17 761		44 578
IAS 16 loss on the disposal of plant and equipment	704	507	176	126	390	281
Add IAS 36 impairment of other non-current assets		1 400		–		121
Headline earnings attributable to equity holders of the parent		28 653		17 887		44 980
Reconciliation of weighted average number of shares:						
Basic weighted average number of shares		254 486 436		254 486 436		254 486 436
Diluted weighted average number of shares		254 486 436		254 486 436		254 486 436
Basic earnings per share (cents)		10.51		6.98		17.52
Diluted earnings per share (cents)		10.51		6.98		17.52
Headline earnings per share (cents)		11.26		7.03		17.67
Diluted headline earnings per share (cents)		11.26		7.03		17.67



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

SEGMENT INFORMATION

The segments identified are based on the operational and financial information reviewed by management for performance assessment and resource allocation. There has been no change in the basis of operational segmentation or in the basis of measurement of segment profit or loss since the 2022 annual financial statements.

	Ready-mixed concrete R'000	Head office and consolidation R'000	Group totals R'000
For the 6 months ended 30 September 2022 – Unaudited			
Segment revenue – external revenue	523 612	–	523 612
Segment cost of sales	(329 486)	–	(329 486)
Segment expenses	(150 763)	(6 535)	(157 298)
Profit from equity-accounted investment	–	3 789	3 789
Loss on sale of property, plant & equipment	(704)	–	(704)
Segment profit/(loss) after taxation	29 493	(2 747)	26 746
Taxation	(8 512)	–	(8 512)
Interest received	1 089	–	1 089
Interest paid	(6 918)	–	(6 918)
Depreciation and amortisation	(15 320)	(4)	(15 324)
Segment assets	383 401	1 079 549	1 462 950
Investment in associate included in the above total segment assets	–	842 150	842 150
Capital expenditure included in segment assets	30 837	–	30 837
Segment liabilities	(287 604)	(1 261)	(288 865)
For the 6 months ended 30 September 2021 – Unaudited			
Segment revenue – external revenue	411 847	–	411 847
Segment cost of sales	(254 615)	–	(254 615)
Segment expenses	(126 559)	(5 115)	(131 674)
Profit from equity-accounted investment	–	2 777	2 777
Profit on sale of property, plant & equipment	176	–	176
Segment profit/(loss) after taxation	20 099	(2 338)	17 761
Taxation	(6 244)	–	(6 244)
Interest received	1 268	–	1 268
Interest paid	(6 318)	–	(6 318)
Depreciation and amortisation	(13 201)	–	(13 201)
Segment assets*	326 416	1 054 541	1 380 957
Investment in associate included in the above total segment assets*	–	812 146	812 146
Capital expenditure included in segment assets	39 733	–	39 733
Segment liabilities	(259 574)	(1 035)	(260 609)

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

* See note on the next page for further details on the change in the prior period segment assets and investment in associate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

PRIOR PERIOD ERROR

As previously reported during the 2022 annual financial statements (note 45 of published AFS), the group discovered that the deferred tax asset of the associate, SepCem, had been erroneously overstated due to the incorrect calculation of temporary differences relating to certain capital allowances in prior years (2020 and earlier).

The error had no impact on profit or loss and cash flows for the periods ended 30 September 2021 and 30 September 2020.

The following table summarises the impact on the group's interim financial statements for 30 September 2020:

	Group		
	Previously reported R'000	Adjustments R'000	As restated R'000
Assets			
Non-current assets			
Investment in associates	782 531	(19 280)	763 251
Total non-current assets	1 191 443	(19 280)	1 172 163
Total assets	1 342 557	(19 280)	1 323 277
Total equity	1 071 599	(19 280)	1 052 319
Total equity and liabilities	1 342 557	(19 280)	1 323 277
Net asset value and tangible net asset value per share			
Total assets	1 342 557	(19 280)	1 323 277
Total liabilities	(270 958)	–	(270 958)
Net asset value attributable to equity holders of parent	1 071 599	(19 280)	1 052 319
Goodwill	(223 422)	–	(223 422)
Tangible net asset value	848 177	(19 280)	828 897
Shares in issue	254 486 436	–	254 486 436
Net asset value per share (cents)	421.08	(7.57)	413.51
Tangible net asset value per share (cents)	333.29	(7.57)	325.72

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

RECLASSIFICATION OF FINANCE COSTS ON THE STATEMENTS OF CASH FLOW

The decision made by management during the 2022 financial year to present the interest portion in financing activities instead of operating activities resulted in the reclassification of finance costs of R3 025 019 for the group in the prior interim period.

The full details are as follows:

	Group		
	Previously reported R'000	Re-classification R'000	30 September 2021 R'000
Statements of cash flows			
Cash flows from operating activities			
Finance costs	(3 025)	3 025	–
Net cash from operating activities	24 103	3 025	27 128
Cash flows from financing activities			
Repayment of interest on instalment sales	–	(253)	(253)
Repayment of interest on other financial liabilities	–	(2 772)	(2 772)
Net cash used in financing activities	(25 623)	(3 025)	(28 648)

	6 months ended 30 September 2022 Unaudited R'000	6 months ended 30 September 2021 Unaudited R'000	12 months ended 31 March 2022 Audited R'000

REVENUE

Revenue from contracts with customers			
Goods transferred at a point in time	523 612	411 847	785 791

INSTALMENT SALE LIABILITIES

Held at amortised cost			
Mercedes-Benz Financial Services	46 240	26 884	31 411

During the period, the group entered into an additional 11 instalment sale agreements with Mercedes-Benz Financial Services. These bear interest at rates linked to prime and are repayable over a term of 60 months with an average monthly repayment of R44 151. The additional liability is secured by motor vehicles with a carrying amount of R21 120 461.

Split between non-current and current portions			
Non-current liabilities	37 197	22 282	25 385
Current liabilities	9 043	4 602	6 026
	46 240	26 884	31 411

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

IMPAIRMENT OF OTHER NON-CURRENT ASSETS

Included in Other non-current assets are the following items against which provisions were raised:

	6 months ended 30 September 2022 Unaudited R'000	6 months ended 30 September 2021 Unaudited R'000	12 months ended 31 March 2022 Audited R'000
Other financial assets			
Union Atlantic Minerals Limited (UAM)	673	1 073	1 073

The loan is unsecured, bears no interest and is repayable on demand.

The UAM loan is in default, however, management is continuously involved in a process of raising finance to advance the prospecting assets that the company has. There was a firm commitment that the loan would be repaid from the first tranche of funding raised. An updated UAM SENS announcement from them (UAM) was released on 12 October 2022 indicating yet another postponement of the first funding received. As a result management did not receive payment as the other items were crucial to the continuance of the process. Management was hopeful that funds would be raised and that payment would be received, but with this further postponement management believes that an expected credit loss (ECL) should be provided for a portion of the loan unlikely to be recovered and impair the value of the investment until such time that funding has been received and exploration can commence. Management reviewed the impairment of the loan and decided to provide for a R400 000 ECL.

Other investment			
Union Atlantic Minerals Limited (UAM)	1 000	2 000	2 000

During the interim period management reviewed the value of the investment in UAM. Although the mining right has been obtained for the asset and funds are being raised to complete the project, management decided to adjust the suspended price to 4 cps as a starting point by applying the equity raise dilution to the value of the company. The impairment raised on these principles resulted in a 50% reduction or 2 cps in the current value to R1 million.

The total effect of these provisions resulted in a 5% decrease of the half year's results.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

STATEMENT OF GOING CONCERN

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

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the interim financial results have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

STATED CAPITAL

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

No shares were issued during the period under review.

All the authorised and issued shares have no par value.

EVENTS AFTER THE INTERIM REPORTING PERIOD

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

RELATED PARTIES

Relationships

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

During the six months ended 30 September 2022, the group companies entered into the following transactions with related parties:

	6 months ended 30 September 2022 Unaudited R'000	6 months ended 30 September 2021 Unaudited R'000	12 months ended 31 March 2022 Audited R'000
Related party balances			
Amount owed to associate included in trade payables	(15 163)	(8 720)	(10 925)
Loan accounts to companies with common directors	8 303	10 759	8 703
Related party transactions			
Purchases from associate	72 849	38 062	75 826
Rent and utilities paid to companies with common directors	1 607	1 348	2 830

CHANGES TO THE BOARD

There were no changes to the board of directors during the interim reporting period under review.

CHANGE TO THE COMPANY SECRETARY

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

On behalf of the board

Pretoria

Chief executive officer

NR Crafford-Lazarus

Chairperson

B Williams

14 November 2022

Enquiries contact:

Sakhile Ndlovu

Sephaku Holdings

Investor Relations

012 684 6300

info@sephold.co.za

Sponsor to Sephaku Holdings:

Questco Corporate Advisory (Pty) Ltd

CORPORATE INFORMATION

Directors	B Williams [°] (chairman) MJ Janse van Rensburg [°] B Buló [°] MM Ngoasheng [°] Dr L Mohuba [^] NR Crafford-Lazarus* (chief executive officer and financial director) KJ Capes* (Métier chief executive officer)
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[°]Independent ^{}Executive [^]Non-executive*

Company secretary	Acorim Proprietary Limited Telephone: +27 11 325 6363
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SepHold registered office	Southdown Office Park First floor, Block A Corner Karee and John Vorster Streets Irene, X54, 0062 Telephone: +27 12 684 6300 Email: info@sephold.co.za
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Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 PO Box 61051, Marshalltown, 2017, South Africa Telephone: +27 11 370 5000
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JSE sponsor	Questco Corporate Advisory Proprietary Limited Telephone: +27 11 011 9200
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ABOUT SEPHAKU HOLDINGS LIMITED

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

www.sephakuholdings.com



SEPHAKU
HOLDINGS LTD