

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this cover.

ACTION REQUIRED BY AVENG SHAREHOLDERS

- If you are in any doubt as to what action you should take, you should consult your CSDP, broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your Aveng shares, please forward this Circular together with the Notice of General Meeting, to the purchaser of your shares, or the CSDP or broker or agent through whom the disposal was effected.
- A virtual general meeting of Aveng, for Shareholders to vote on the Proposed Transaction, will be held entirely by electronic communication on an interactive electronic platform hosted at <https://meetnow.global/ZA>, at 10h00 on Wednesday 18 January 2023. The last day to trade and the record date on which you must be registered as a Shareholder in the Company's register for purposes of being entitled to attend, participate and vote in the General Meeting is Tuesday 10 January 2023 and Friday 13 January 2023 respectively.
- **If you hold Dematerialised Shares which are registered in your "own name" or if you are the registered holder of certificated shares as at the record date:**
- you may attend, participate and vote in the General Meeting. Alternatively, you may appoint a proxy (who need not be a shareholder of the Company) to represent you at the meeting. Any appointment of a proxy may be effected by using the form of proxy attached to the Notice of General Meeting and, in order for the proxy to be effective and valid, must be completed and delivered in accordance with the instructions contained in the form of proxy. In order to receive instructions for joining and exercising voting rights in the General Meeting, you will need to either:
 - o register and be verified online using the online registration portal at <https://meetnow.global/ZA> before commencement of the General Meeting, which Shareholders are requested to do by no later than 10h00 on Tuesday 17 January 2023 to allow for processing; or
 - o apply to Computershare, by sending a request to proxy@computershare.co.za so as to be received by Computershare by no later than 10h00 on Tuesday 17 January 2023.
- **If you hold Dematerialised Shares which are NOT registered in your "own name" as at the record date:**
- and wish to attend, participate and vote in the General Meeting, you must obtain the necessary letter of representation to represent the registered shareholder of your shares from your CSDP or broker. In addition, in order to receive instructions for joining and exercising voting rights in the virtual meeting, you will need to either:
 - o register and be verified online using the online registration portal at <https://meetnow.global/ZA> before commencement of the General Meeting, which Shareholders are requested to do by no later than 10h00 on Tuesday 17 January 2023 to allow for processing; or
 - o apply to Computershare, by sending a request to proxy@computershare.co.za so as to be received by Computershare by no later than 10h00 on Tuesday 17 January 2023;
- and do not wish to attend the General Meeting, but would like your vote to be recorded thereat, you should contact the registered shareholder of your shares through your CSDP or broker and furnish them with your voting instructions; and
- you must not complete the form of proxy.

Copies of this Circular and the Notice of General Meeting, in English, will be available online at the following link <https://www.aveng.co.za> from the date of issue of this Circular to the date of the General Meeting and, upon request, can be obtained from the registered office of Aveng and the offices of the Transfer Secretaries, the addresses of which are set out in the "Corporate Information and Advisors" section of this Circular.

Aveng does not accept responsibility, and shall not be held liable, for any action of, or omission by, any CSDP or broker or agent including, without limitation, any failure on the part of a CSDP or broker or agent of any beneficial owner of ordinary shares to notify such beneficial owner of the details set out in this Circular.



AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000302618
("Aveng" or "the Company")

CIRCULAR TO AVENG SHAREHOLDERS

Relating to the disposal by Aveng Africa Proprietary Limited, a wholly owned subsidiary of the Company, of its Aveng Trident Steel business as a going concern to Trident Steel Africa Proprietary Limited pursuant to the Proposed Transaction, which Proposed Transaction constitutes a Category 1 transaction for Aveng in terms of the JSE Listings Requirements, for a cash consideration as more fully described in this Circular;

and incorporating:

- the Notice of General Meeting; and
- a form of proxy (yellow), for use only by Certificated Shareholders and Dematerialised Shareholders with "Own Name" Registration.

JSE Sponsor



Legal Advisor to Aveng



Transaction Advisor



Reporting Accountant and Auditor



CORPORATE INFORMATION AND ADVISORS

Directors of Aveng

SJ Flanagan (Group Chief Executive Officer)
AH Macartney (Group Finance Director and Chief Financial Officer)
MA Hermanus*
PA Hourquebie*
MJ Kilbride*
BC Meyer*#
B Modise*
ZB Swanepoel*

* *independent non-executive*

Australian citizen

Company Secretary and Registered Office

Edinah Mandizha
3rd Floor,
10 The High Street
Melrose Arch,
Gauteng, 2076
PO Box 6062
Rivonia, 2128

JSE Sponsor

Investec Bank Limited
100 Grayston Drive
Sandown
Sandton, 2196

Transaction Advisor

DG Capital Risk Services Proprietary Limited*
Registration number: 2012/004180/07
66 St Andrew Street
Birdhaven
Johannesburg, 2196

**postal address same as physical address*

Date of incorporation of Aveng

22 November 1944

Place of incorporation

South Africa

Legal Advisor to Aveng

Alchemy Law Africa Proprietary Limited
Block A
7 Eton Road
Sandhurst
Johannesburg, 2196
PO Box 5721
Rivonia, 2128

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Registration No: 2004/003647/07
Level 1 and 2 Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
Private Bag X9000
Saxonwold
Johannesburg, 2132

Independent Reporting Accountant and Auditors

KPMG Incorporated
Registration No: 1999/021543/21
KPMG Crescent
85 Empire Road
Parktown
Johannesburg, 2193
Private Bag 9
Parkview, 2122

Registered Office of Trident Steel Africa Proprietary Limited

20 Stirrup Lane
Woodmead Office Park
Woodmead
Gauteng, 2196
Private Bag X29
Suite 439
Gallo Manor
Gauteng, 2052

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FORWARD LOOKING STATEMENT AND DISCLAIMER

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this forward-looking statement and disclaimer section of this Circular.

This Circular contains statements about Aveng that are or may be forward-looking. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and may generally be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and/or depend on circumstances that may or may not occur in the future. Aveng cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity, solvency and the developments within the industry in which Aveng operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Aveng, as communicated in publicly available documents by Aveng, all of which estimates and assumptions, although believed by Aveng to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Aveng or not currently considered material by Aveng.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made, being the Last Practicable Date. New factors that could cause the business of Aveng to not perform as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. Aveng has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law. Any forward-looking statements have not been reviewed or reported on by the independent reporting accountant and auditor of Aveng.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this salient dates and times section of this Circular.

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| Record date to be eligible to receive the Notice of General Meeting | Friday 25 November 2022 |
| Circular distributed to Shareholders on | Friday 2 December 2022 |
| Last day to trade in Shares in order to be eligible to participate and vote in the General Meeting | Tuesday 10 January 2023 |
| Record date in order to participate and vote in the General Meeting | Friday 13 January 2023 |
| Last day for lodging of forms of proxy for General Meeting with Transfer Secretaries by 10h00 on | Tuesday 17 January 2023 |
| General Meeting to be held at 10h00 on | Wednesday 18 January 2023 |
| Announcement of results of the General Meeting to be released on SENS on | Thursday 19 January 2023 |
| Fulfilment of Conditions Precedent to Proposed Transaction | Friday 24 February 2023 (note 6) |

Notes:

- 1 The above dates and times are subject to amendment. Any such amendment will be released on SENS, to the extent required.
- 2 All times indicated above are South African time and are subject to change. Any changes will be released on SENS.
- 3 Shareholders are reminded that only Dematerialised Shares can be traded on the JSE. No orders to dematerialise or rematerialise Shares will be processed from the Business Day following the Last Day to Trade up to and including the record date to participate and vote in the General Meeting. Such orders will again be processed from the first Business Day after said record date.
- 4 The Company's securities register will be closed for Certificated Shareholders between the Last Day to Trade and the record date to participate and vote in the General Meeting.
- 5 It is requested that the completed forms of proxy be lodged with the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Level 1 and 2 Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, Johannesburg, Gauteng), South Africa, to reach the Transfer Secretaries on or before 10h00 on Tuesday 17 January 2023. If such forms of proxy are not lodged with the Transfer Secretaries by the relevant date and time, they may nevertheless be lodged with the Company Secretary of Aveng immediately before the commencement of the General Meeting, in accordance with the instructions therein, via email: edinah.mandizha@avenggroup.com.
- 6 This date is estimated and subject to change.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, reference to the singular include the plural and vice versa, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite them in the second column.

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| “2022 Annual Financial Statements” | the audited consolidated and separate annual financial statements of Aveng as at and for the year ended 30 June 2022, which are available on Aveng’s website at https://www.aveng.co.za ; |
| “2022 Integrated Report” | Aveng’s integrated report for its financial year ended 30 June 2022, which are available on Aveng’s website at https://www.aveng.co.za ; |
| “Aveng” or “Company” | Aveng Limited, a public company duly incorporated in accordance with the laws of South Africa with registration number 1944/018119/06, and listed on the main board of the JSE under equities code AEG ISIN: ZAE000302618; |
| “Aveng Africa” | Aveng Africa Proprietary Limited, a private company duly incorporated in accordance with the laws of South Africa with registration number 1931/003300/07, and a wholly owned subsidiary of Aveng; |
| “Aveng Group” | collectively, the Company, its subsidiaries and its associate companies; |
| “Aveng Shareholder Loan” | the loan in an amount of R210,000,000 to be advanced by Aveng to BEE Co prior to the Closing Date, in order for BEE Co to make and advance the BEE Co Loan to TSH on the Closing Date; |
| “Aveng Trident Steel” or “Business” | the business known as Aveng Trident Steel, a steel service centre business, conducted in South Africa, primarily focussed on the supply of steel products to the automotive, rail and mining industries, as more fully described in the Sale of Business Agreement; |
| “BEE Co” | TSH BEE Company Proprietary Limited, a private company duly incorporated in accordance with the laws of South Africa with registration number 2022/786633/07, and a wholly owned subsidiary of Aveng; |
| “BEE Co Loan” | the loan in an amount of R210,000,000 to be advanced by BEE Co to TSH on the Closing Date, against the issue of the Demand Guarantee, in order for TSH to indirectly fund the payment by TSA of a corresponding portion of the Purchase Price; |
| “BEE Party” | any person whose level of black ownership is greater than the level of black ownership of Aveng Trident Steel immediately before the Closing Date, as nominated by TSH; |
| “Business Contracts” | the contracts relating to the Business listed in Annexure B1 to the Sale of Business Agreement; |
| “Business Day” | any day other than a Saturday Sunday or official public holiday in South Africa; |
| “Certificated Shareholders” | Aveng Shareholders who hold Certificated Shares; |
| “Certificated Shares” | Aveng Shares which have not been dematerialised, title to which is represented by a share certificate or other document of title; |
| “Circular” | this document distributed to Shareholders, dated Friday 2 December 2022, containing the circular to Aveng Shareholders and annexures thereto, incorporating the Notice of General Meeting and form of proxy; |
| “Closing Date” | means the first day of the calendar month following the date on which the last of the Conditions Precedent is fulfilled or waived, as the case may be; |
| “Companies Act” or “Act” | the Companies Act, 2008; |
| “Conditions Precedent” | the conditions precedent to which the Proposed Transaction and the Sale of Business Agreement are subject, as summarised in paragraph 4 of Part I of this Circular under the sub-heading “Conditions Precedent to the Proposed Transaction” and as more fully set out in clause 3 of the Sale of Business Agreement; |

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| “CSDP” | a central securities depository participant registered in terms of the Financial Markets Act, with whom a beneficial holder of Aveng Shares holds a dematerialised share account; |
| “Demand Guarantee” | a written demand guarantee to be issued by a South African bank or other financial institution meeting with the approval of the Company by no later than the Closing Date, whereby the payment obligations of TSH owed to BEE Co under and in respect of the BEE Co Loan are guaranteed; |
| “Dematerialised Shares” | Aveng Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical documents of title; |
| “Dematerialised Shareholders” | Aveng Shareholders who hold Dematerialised Shares; |
| “Dematerialised “own name” Shareholders” | Aveng Shareholders who hold Dematerialised Shares and who have instructed their CSDP to hold their Aveng Shares in their “own name” on the sub-register; |
| “Directors” or “Board” | the board of directors of Aveng, details of whom are set out inside the front cover of this Circular; |
| “Financial Markets Act” | the Financial Markets Act, 2012; |
| “General Meeting” | the virtual general meeting of Aveng Shareholders to be held entirely by electronic communication on an interactive electronic platform hosted at https://meetnow.global/ZA , at 10h00 on Wednesday 18 January 2023 (or any postponement thereof), convened in terms of the Notice of General Meeting attached to this Circular; |
| “JSE” | the exchange operated by JSE Limited, a public company incorporated in accordance with the laws of South Africa with registration number 2005/022939/06, and licensed as an exchange under the Financial Markets Act; |
| “JSE Listings Requirements” | the Listings Requirements of the JSE, as amended from time to time; |
| “Last Practicable Date” | Friday 25 November 2022, being the last practicable date prior to the finalisation of this Circular; |
| “Lease Agreements” | the property leases relating to the Business listed in Annexure B1 to the Sale of Business Agreement; |
| “Locked Box Accounts” | the unaudited, annual divisional financial statements of the Business as at the Locked Box Date, being for the year then ended 30 June 2022, (i) prepared by the management of the Business on a basis consistent with prior years, with the exception of any deviation necessitated by changes and updates to IFRS and (ii) agreed between Aveng Africa and TSA; |
| “Locked Box Date” | 30 June 2022; |
| “Notice of General Meeting” | the notice of the General Meeting attached to this Circular, which convenes the General Meeting for the purpose of considering and, if deemed fit, approving the resolutions relating to the Proposed Transaction as set out therein; |
| ““own name” Registration” | the registration of Aveng Shareholders who hold Dematerialised Shares and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Aveng Shareholder; |
| “Proposed Transaction” | the outright cash sale of the Business by Aveng Africa to TSA for the Purchase Price with effect from the Closing Date, on the basis set out in the Sale of Business Agreement and as contemplated in this Circular; |
| “Purchase Price” | R690,838,957, being a fixed amount of R700,000,000 minus a cash adjustment of R9,161,043 made in terms of the Sale of Business Agreement, together with VAT thereon at a rate of 0%, which is payable in full by TSA to Aveng Africa on the Closing Date; |
| “Purchaser Cash Portion” | an amount of R42,252,000 forming part of the Business as at the Closing Date; |
| “Register” | the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-registers of Dematerialised Shareholders maintained by the relevant CSDP’s; |

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| “Sale of Business Agreement” or “Agreement” | the sale of business agreement entered into on 3 October 2022 between TSA, Aveng Africa and Aveng, as amended, in terms of which Aveng Africa will sell the whole of the Business to TSA with effect from the Closing Date subject to the fulfilment of the Conditions Precedent, a copy of which Sale of Business Agreement is available for inspection by Shareholders as per paragraph 17 of Part II of this Circular, and the salient terms of which are set out in paragraph 4 of Part I of this Circular; |
| “Seller Cash Portion” | the amount of R273,080,890, being an amount of cash available in the Business as at the Locked Box Date after adjusting for the Purchaser Cash Portion, which amount will not constitute part of the Business as at the Closing Date and will be retained by Aveng Africa; |
| “SENS” | the Stock Exchange News Service of the JSE; |
| “Share Repurchase Call Option” | the call option to be granted by BEE Co to TSH in terms of which TSH may call on BEE Co to sell back to TSH all of BEE Co’s shares in TSH as more fully described in paragraph 4.3 of Part I of this Circular; |
| “Share Sale Call Option” | the call option to be granted by Aveng to TSH in terms of which TSH may call on Aveng to sell its shares in, and claims against, BEE Co to a BEE Party as more fully described in paragraph 4.3 of Part I of this Circular; |
| “Shares” or “Aveng Shares” | ordinary shares in Aveng; |
| “Shareholders” or “Aveng Shareholders” | holders of Aveng Shares; |
| “Share Certificates” | share certificates evidencing the Shares held by Certificated Shareholders or any other document of title acceptable to the Board in its sole discretion; |
| “South Africa” | the Republic of South Africa; |
| “Strate” | Strate Proprietary Limited, a private company incorporated in accordance with the laws of South Africa with registration number 1998/022242/07, and which is a registered central securities depository responsible for the electronic custody and settlement system used by the JSE; |
| “Ticking Fee” | the fee payable by TSA to Aveng Africa in respect of the period from the Locked Box Date to the Closing Date, calculated at R7,450,000 per month, which is to be settled in cash on the Closing Date together with the Purchase Price; |
| “Transfer Secretaries” or “Computershare” | Computershare Investor Services Proprietary Limited, a private company incorporated in accordance with the laws of South Africa with registration number 2004/003647/07, being the transfer secretaries of Aveng; |
| “TSA” | Trident Steel Africa Proprietary Limited, a private company duly incorporated in accordance with the laws of South Africa with registration number 2022/452259/07; |
| “TSH” | Trident Steel Holdings Proprietary Limited, a private company duly incorporated in accordance with the laws of South Africa with registration number 2022/779765/07; |
| “Ultimate TSH Investor Shareholders” | the consortium of local and US based private capital shareholders in TSH (other than BEE Co) holding collectively 70% of the issued shares in TSH, via intermediary investment companies, as more fully set out in paragraph 4.2 of Part I of this Circular; |
| “VAT” | value added tax as levied in terms of the Value Added Tax Act, 1991. |



AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000302618
("Aveng" or "the Company")

CIRCULAR TO AVENG SHAREHOLDERS

INTRODUCTION AND PURPOSE OF THE CIRCULAR

In the context of its 2018 strategic review announced in February 2018, Aveng followed a thorough and robust interrogation of all parts of the Aveng Group to identify businesses and assets that support its long-term strategy of becoming, on a sustainable basis, an international infrastructure development, resources and contract mining group operating in selected markets. The Aveng Trident Steel business was identified in terms of the abovementioned process as falling outside the ambit of the Aveng future strategy.

On 4 October 2022, Aveng announced on SENS that the Sale of Business Agreement had been concluded, in terms of which Aveng's wholly owned subsidiary, Aveng Africa, agreed to dispose of its Aveng Trident Steel Business as a going concern to TSA for the Purchase Price with effect from the Closing Date, subject to the Conditions Precedent.

The disposal of the Aveng Trident Steel Business constitutes a Category 1 transaction for Aveng which, in terms of the JSE Listings Requirements, is subject to Shareholders' approval by way of an ordinary resolution.

The purpose of this Circular is to provide Aveng Shareholders with the requisite information in accordance with the JSE Listings Requirements, to enable Aveng Shareholders to make an informed decision in respect of the proposed resolution, as set out in the Notice of General Meeting attached to and forming part of this Circular.

PART I – THE DISPOSAL BY AVENG AFRICA OF AVENG TRIDENT STEEL

1. RATIONALE FOR THE DISPOSAL

As part of the Aveng strategic review in 2018, the McConnell Dowell and Moolmans businesses were identified as the core operations in order to ensure a sustainable future for the Aveng Group. Aveng's stated strategy is to be an international infrastructure development, resources and contract mining group operating in selected markets.

The Aveng Trident Steel business was identified as falling outside the ambit of infrastructure development, resources and contract mining and as such formed part of the non-core assets identified for disposal. The implementation of the Proposed Transaction will mark the conclusion of the restructure process allowing management to focus on sustainable long-term growth of its core operations.

In pursuit of this strategic objective, management has since 2018 successfully concluded the restructure of Aveng by completing a number of non-core disposals, restructured its debt through the conversion of a portion of debt to equity and extending the term thereof and restored the Group to profitability. Following the implementation of the Proposed Transaction, Aveng plans to settle all South African legacy senior debt.

The disposal of Aveng Trident Steel, being the last significant non-core operation, represents a significant milestone in Aveng's deleveraging strategy. This will bring the total proceeds received from the non-core asset disposals post 2018 to over R1,8 billion, after considering transaction costs.

The proceeds of the Proposed Transaction will be utilised to accelerate the repayment and settle the remaining South African senior debt of the Aveng Group of R406 million as at 30 September 2022. Importantly, legacy debt will be settled in full, effectively placing Aveng in a net cash position post implementation, resulting in improved liquidity and a strengthened balance sheet. The Proposed Transaction will therefore provide Aveng with a solid foundation for organic growth and potential acquisitions in its core operations as well as facilitating the Moolmans fleet optimisation and renewal programme (as detailed on page 29 of the 2022 Full Year Results Presentation which is available on the Aveng website at <https://www.aveng.co.za>).

2. NATURE OF THE AVENG TRIDENT STEEL BUSINESS

2.1 Description of the Business subject to the Proposed Transaction

Aveng Trident Steel is a steel service centre business, conducted in South Africa, primarily focused on the supply of steel products to the automotive, rail and mining industries. Aveng Trident Steel supplies the following steel products: automotive blanks, special steel, structural and plate, as well as pipe and tube steel products, which are manufactured in South Africa from premises situated at (i) Roodekop (Germiston), (ii) Prospecton and Murrayfield (Durban), and (iii) Gqeberha, South Africa.

2.2 Value of the net assets of the Business subject to the Proposed Transaction

The value of the net assets of Aveng Trident Steel (being the value of the assets of the Business less the liabilities of the Business that will be disposed of) as at 30 June 2022, being the date of Aveng Africa's last consolidated annual financial statements, was R413 million.

2.3 Profits attributable to the net assets subject to the Proposed Transaction

The profit before tax attributable to Aveng Trident Steel for the year ended 30 June 2022, being the period covered by Aveng Africa's last consolidated annual financial statements, was R93 million.

3. TRANSACTION CATEGORISATION AND SHAREHOLDER APPROVAL

At the time of signing the Sale of Business Agreement, the Purchase Price measured against the market capitalisation of Aveng resulted in a percentage ratio of more than 30%. Accordingly, in terms of the JSE Listings Requirements, the Proposed Transaction is classified as a Category 1 Transaction and requires approval by way of an ordinary resolution passed by Aveng Shareholders.

Aveng would still qualify and meet the requirements for a listing on the JSE in terms of the JSE Listings Requirements after implementation of the Proposed Transaction with remaining total assets of approximately R10,9 billion and will continue operations through its existing businesses and subsidiaries.

4. PROPOSED TRANSACTION

4.1 Sale

The Business is disposed of as a going concern with effect from the Closing Date in consideration for the Purchase Price which is payable on the Closing Date against delivery of the Business to TSA. The Business includes all assets owned by Aveng Africa in relation to or otherwise required for the conduct of the Business as recorded in the Locked Box Accounts and subsequently accumulated up to the Closing Date in the ordinary course of business, as well as certain intellectual property rights associated with the name "Trident Steel" and/or associated trademarks. It also includes the liabilities of the Business as recorded in the Locked Box Accounts and subsequently incurred up to the Closing Date in the ordinary course of business. Closing of the Proposed Transaction will be subject to the fulfilment of the Conditions Precedent.

The Seller Cash Portion does not constitute part of the Business as at the Closing Date and will be retained by Aveng Africa.

The Proposed Transaction is subject to undertakings in relation to the interim period between the Locked Box Date and the Closing Date as are customary for a transaction of this nature, including undertakings requiring Aveng Africa to continue to operate the Business in the ordinary course for this period.

Aveng Africa gives warranties and indemnities under the Sale of Business Agreement subject to certain limitations which are customary for transactions of this nature and the full details of which are set out in the Sale of Business Agreement that is available for inspection.

4.2 Overview of the purchaser

TSA is a newly incorporated South African limited liability company, established as a wholly owned subsidiary of TSH, specifically for the purpose to purchase and operate the Business. As at the Closing Date and immediately prior to the Proposed Transaction being implemented, its only asset will be cash raised to fund the Purchase Price. As from the Closing Date it will be the owner of the Business. Similarly, TSH is a newly incorporated South African limited liability company, established specifically for the purpose to hold the shares in TSA. As at the Closing Date, its only asset will be shares in and loans made to TSA (to enable TSA to fund the payment of the Purchase Price).

As at the Closing Date, 70% of the issued shares in TSH will be ultimately held by the Ultimate TSH Investor Shareholders, being a consortium of local and US based private capital shareholders and Aveng Trident Steel management, via intermediary investment companies, as follows:

- (a) Ambassador Enterprises LLC (a US based private equity firm), which will beneficially hold 49% of the shares in TSH;
- (b) Joseph Investments Proprietary Limited and Arbor Capital Investments Proprietary Limited (South African private investors in manufacturing businesses), which will beneficially hold 13% of the shares in TSH; and
- (c) Aveng Trident Steel management (not being directors or prescribed officers of the Company, and thus not related parties to Aveng), which will beneficially hold 8% of the shares in TSH.

Despite enquiries, Aveng has not received any disclosure of any person that qualifies as a related person to Aveng under the JSE Listings Requirements as being involved or being a beneficial owner of any of the entities or persons referred to in paragraphs (a) to (c) above.

As at the Closing Date, when Aveng Africa will cease to own the Business, Aveng will hold 30% of the shares in TSH via BEE Co.

4.3 BBBEE participation

In order to facilitate the introduction of a suitable BEE participant identified by TSH in the Business at a later stage, Aveng will, for a limited period of up to one year from the Closing Date, hold all the shares in BEE Co, a special purpose empowerment company that in turn will hold 30% of the shares in TSA via TSH. This 30% shareholding is reserved for BBBEE participation, and is subject to:

- (a) the Share Sale Call Option, in terms of which TSH will be entitled to call on Aveng to sell its shares in BEE Co to a BEE Party, at a nominal value, and to sell the claims it may have against BEE Co (including the claims under the BEE Co Loan, to the extent not repaid at the time) to the BEE Party, for an amount equal to Aveng's claim against BEE Co as at the closing date of such sale on a rand for rand basis, subject to the applicable statutory and regulatory requirements for such a sale; and
- (b) the Share Repurchase Call Option, in terms of which TSH will be entitled to call on BEE Co to sell back to TSH all of BEE Co's shares in TSH, provided *inter alia* that the BEE Co Loan has been settled in full and that TSH complies with all statutory and regulatory requirements for such a share repurchase.

To the extent that an exercise of either option will, at the time, involve a related party to Aveng, Aveng will ensure the applicable JSE Listings requirements are complied with at the time.

Aveng will also advance the Aveng Shareholder Loan to BEE Co for BEE Co to on-lend the R210,000,000 proceeds thereunder to TSH under the BEE Co Loan. TSH will apply the R210,000,000 proceeds of the BEE Co Loan, together with the equity and loan funding raised by TSH from the Ultimate TSH Investor Shareholders (in an amount of approximately R490,000,000), to fund payment of the Purchase Price in full.

The BEE Co Loan and the loan made by Aveng to BEE Co will both bear interest at 17% per annum. Aveng will thus receive this interest, which is payable monthly in arrears, for so long as these two loans are outstanding.

In the event that neither the Share Sale Call Option nor the Share Repurchase Call Option is exercised by the first anniversary of the Closing Date, TSH must repay the BEE Co Loan to BEE Co (and TSH's payment obligations in this regard will be secured by the Demand Guarantee) and BEE Co must repay the Aveng Shareholder Loan to Aveng and Aveng may then dispose of its shares in and claims against BEE Co to a party of its choice, subject to the applicable statutory and regulatory requirements for such a disposal.

4.4 Closing Date

The Proposed Transaction will, subject to fulfilment or waiver of the Conditions Precedent, be implemented on the Closing Date, being the first day of the calendar month following the date on which the last of the Conditions Precedent is fulfilled or waived. Under the Sale of Business Agreement, TSA will pay the Ticking Fee to Aveng Africa on the Closing Date for the period from the Locked Box Date to the Closing Date.

4.5 Purchase Price and payment

The Proposed Transaction was concluded on the basis of a "locked box" transaction based on the Locked Box Accounts. Under the Sale of Business Agreement, TSA must pay to Aveng Africa the Purchase Price in full on the Closing Date. If the sale of the Business attracts VAT at any other rate than 0%, TSA will be liable to pay the additional VAT as part of the Purchase Price.

On the Closing Date, and following the fulfilment of the Conditions Precedent, the Seller Cash Portion will be retained by Aveng Africa and TSA will be obliged to pay the Purchase Price plus the Ticking Fee to Aveng Africa in cash in full.

4.6 Conditions Precedent

The Sale of Business Agreement, and accordingly the Proposed Transaction, is subject to the fulfilment or waiver of the following outstanding Conditions Precedent:

- (a) the approval of the Proposed Transaction in terms of the Competition Act, 1998;
- (b) the approval of the Proposed Transaction by Aveng Shareholders, as contemplated in the Notice of General Meeting;
- (c) Werksmans Inc. (legal counsel to TSA) furnishing Aveng Africa with written confirmation that TSA has, *inter alia*, paid an amount equal to the Purchase Price into its escrow account and has mandated it to pay over such amount to Aveng Africa on the Closing Date;
- (d) Aveng Africa and TSA having obtained the necessary third-party consents for the transfer of the Business Contracts to TSA and the conclusion and/or implementation of the Proposed Transaction;
- (e) Aveng Africa having obtained the necessary written consents to cede, assign and transfer the Lease Agreements to TSA and/or new lease agreements having been entered into between TSA and the relevant landlords, and the cancellation of any related parent company guarantees issued by Aveng in respect of the Lease Agreements;
- (f) TSA providing Aveng Africa with proof to Aveng Africa's satisfaction that TSA has the requisite banking, trade finance and working capital facilities to continue with operations of the Business as a going concern; and
- (g) Conclusion of transitional services and other ancillary agreements in respect of the Business and the transfer thereof pursuant to the implementation of the Proposed Transaction, as contemplated in the Sale of Business Agreement and such agreements becoming unconditional with their terms.

If a material adverse change occurs in the interim period between the Locked Box Date and the Closing Date, TSA may cancel the Sale of Business Agreement by notice, such a material adverse change being a change in the operations of the Business during such interim period from that prevailing as at the conclusion of the Proposed Transaction which has had or is likely to have the effect of reducing the value of the net assets of the Business by an amount equal to or more than 10%, or reducing the forecasted earnings before interest and taxes of the Business for the year ended on the Locked Box Date by more than 20% in a manner which is not likely to be recovered through normal fluctuations in the variables relating to the Business during the financial period ending 30 June 2023.

5. FINANCIAL INFORMATION

In terms of the JSE Listings Requirements, a Category 1 transaction requires the disclosure of historical financial information on the subject of the disposal, being Aveng Trident Steel, and the consolidated *pro forma* financial information showing the effects of the Proposed Transaction on the Aveng Group's (i) consolidated statement of financial position and the net assets and net tangible assets per share of the Aveng Group, and (ii) consolidated statement of comprehensive earnings and earnings and headline earnings per share of the Aveng Group (including, if applicable, diluted earnings and headline earnings per share).

The *pro forma* financial information, including the assumptions on which it is based, and the historical financial information of Aveng Trident Steel is the responsibility of the Aveng Board.

The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Proposed Transaction may affect the consolidated financial position of the Aveng Group assuming the Proposed Transaction took place on 30 June 2022 and how the Proposed Transaction may affect the consolidated financial performance of the Aveng Group assuming the Proposed Transaction took place on 1 July 2021. Because of its nature, the *pro forma* financial information may not fairly present the Aveng Group's financial position or financial performance subsequent to the Proposed Transaction. The *pro forma* financial information has been prepared in accordance with the Aveng Group's accounting policies, which are compliant with IFRS and consistent with those applied in the audited financial statements of the Aveng Group for the year ended 30 June 2022.

The consolidated *pro forma* financial information is set out in Annexure 2 of this Circular.

The historical financial information of Aveng Trident Steel for the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022, respectively, is set out in Annexure 4 of this Circular.

The Independent Reporting Accountant's assurance report on the consolidated *pro forma* financial information is annexed as Annexure 1 of this Circular.

The Independent Reporting Accountant's audit report on the historical financial information of Aveng Trident Steel for the financial year ended 30 June 2022 and the Independent Reporting Accountant's review reports for the financial years ended 30 June 2020 and 30 June 2021 are set out in Annexure 3 of this Circular.

PART II – GENERAL

1. NATURE OF AVENG'S BUSINESS

Aveng is a limited liability company incorporated and domiciled in South Africa included in the Construction and Materials – Heavy Construction sector of the JSE (Alpha Code: AEG), whose shares are publicly traded. The Aveng Group operates across multiple specialist disciplines in its core infrastructure, construction, engineering and mining sectors. Primary subsidiaries include Aveng Africa, Aveng Moolmans Holdings Proprietary Limited and Aveng Australia Holdings Proprietary Limited.

1.1 Core operations

McConnell Dowell

McConnell Dowell, which is the business that is owned and operated by Aveng's wholly owned subsidiary, Aveng Australia Holdings Proprietary Limited, is an engineering-led specialist multi-disciplinary contractor that delivers complex infrastructure solutions in the energy, marine, resources and water sectors, underpinned by a significant civil/transport infrastructure and building presence in major urban markets. Its offering includes multi-disciplinary expertise across building, civil, fabrication, marine, mechanical pipeline, rail, tunnel and underground construction to clients in Australia, New Zealand and Pacific Islands and Southeast Asia.

Moolmans

Moolmans, which is the business that is owned and operated by Aveng's wholly owned subsidiary, Aveng Moolmans Holdings Proprietary Limited, is a mining contractor, delivering specialised services across the mining value chain. Its offering, primarily, includes primarily open cut mining services in a range of commodities to reputable customers across Africa.

1.2 Non-core operations

In addition to the Aveng Trident Steel Business, the project management office continues to complete the significant task of closing out non-core asset disposals. Aveng is in the process of concluding the disposal of its remaining non-core assets, being a limited number of manufacturing factories and equity-accounted investments.

2. AVENG GROUP PROSPECTS

During 2022, the Aveng strategy has been refined and levers to drive future growth, have been identified. Both core operations, McConnell Dowell and Moolmans, renewed their strategies within the context of these levers and continue to achieve significant strategic milestones. On a path of sustainable profitable long-term growth, the core operations have strong order books, supported by sound growth prospects in their markets.

2.1 Core operations

McConnell Dowell

McConnell Dowell's revenue is expected to grow, supported by work in hand of AUD3,5 billion at 30 September 2022, including 98% of expected FY23 revenue.

Australian market conditions remain strong as private and public sector infrastructure investment continues to be driven by the mining and energy sectors in particular. The market in New Zealand & Pacific Islands and Built Environs continues to offer opportunity whilst Southeast Asia continues to be challenging as it emerges from prolonged Covid-19 restrictions.

Global inflationary pressures continue to be a factor in developing new tender submissions and in managing new and existing contracts. The management team continues to apply a series of mitigating strategies to manage the impact of these through measures such as escalation clauses and rise and fall applicable to the contract as a whole or on agreed items.

(Source: SENS announcement released on 13 October 2022: "McConnel Dowell – New Work Won", which is available on the Aveng website at <https://www.aveng.co.za>)

Moolmans

Moolmans work in hand at July 2022, increased to R3,5 billion, including 78% of expected FY23 revenue.

Moolmans is positioning for longer-term growth opportunities through investment in heavy mining equipment for new and existing contracts. A strategy has been developed to dispose of ageing equipment, replace or procure new equipment and implement an engineering-led approach to improve the average age and economic life of the fleet. The fleet optimisation and renewal programme will be executed in a phased and disciplined manner to ensure a suitable return to shareholders.

(Source: Page 29-30 of the 2022 Full Year Results Presentation, which is available on the Aveng website at <https://www.aveng.co.za>)

2.2 Non-core operations

Current trading and prospects of non-core operations:

Aveng Trident Steel

In FY22, Aveng Trident Steel continued to deliver strong results as a steel service centre business, primarily focused on the automotive sector. Despite a challenging operating environment that included the KwaZulu-Natal riots in July 2021, industrial action in the steel industry, damages incurred by the KwaZulu-Natal floods in April 2022 and the ongoing global shortage of semi-conductors that impacted its OEM (original equipment manufacturers) clients, Aveng Trident Steel reported improved revenues, gross profit, EBITDA and safety performance.

Following the award of new first tier supply contracts for the new Ford Ranger and VW Amarok models as well as increased levels of planned production on existing contracts by other OEMs, prospects for growth remain positive. Aveng Trident Steel's revenue and operating earnings for FY23 are expected to increase as a result and will require additional investment in working capital.

Subsequent to year end, the Group entered into a senior trade finance facility of R450 million, with an agreed interest rate of prime plus 0,875%, with Absa Bank Limited and The Standard Bank of South Africa Limited. The facility enables business growth at Aveng Trident Steel and supports the additional working capital required, matures on 1 October 2023 and will be secured by first ranking security over the inventory and accounts receivable of Aveng Trident Steel. This facility will be settled on or before the Closing Date.

2.3 Other associated costs

Corporate head office costs

Corporate costs are expected to remain steady as the future growth strategy is implemented.

Interest costs

Following the successful completion of the Aveng Trident Steel disposal, Aveng's intention is to use the disposal proceeds to early settle the remaining South African senior debt of the Aveng Group which will reduce its future interest expense. The Moolmans fleet optimisation and renewal programme will be financed by a combination of asset-backed finance facilities and rental agreements, which will in turn result in associated interest costs.

Liquidity management

After the debt repayments from the proceeds of the Proposed Transaction, Aveng will likely be in a net cash position. This will create further liquidity, strengthen the balance sheet and improve the financial position of Aveng.

3. MATERIAL RISKS DISCLOSURE

Material risks relating to Aveng and the Aveng Group can be found on page 18-22 of the 2022 Integrated Report. There have been no new risks that are material to Aveng and the Aveng Group that have arisen since the date of publication thereof.

4. HISTORICAL FINANCIAL INFORMATION

The audited historical financial information for the year ended 30 June 2022 and the reviewed historical financial information for the years ended 30 June 2021 and 30 June 2020 of Aveng Trident Steel has been presented in Annexure 4 of this Circular. The historical financial information of Aveng Trident Steel is the responsibility of the Board. The Independent Reporting Accountant's audit report on the historical financial information of Aveng Trident Steel for the financial year ended 30 June 2022 and the Independent Reporting Accountant's review reports for the financial years ended 30 June 2020 and 30 June 2021 is set out in Annexure 3 of this Circular.

5. DETAIL OF MATERIAL LOANS AND MATERIAL CONTRACTS OF AVENG

Material Loans

Details relating to material loans of Aveng and the Aveng Group can be found in the 2022 Annual Financial Statements and the 2022 Integrated Report. The Proposed Transaction will not result in any change in respect of these material loans (save that the proceeds from the Proposed Transaction will be used to make repayments of the South African senior debt of the Aveng Group) and other than the trade finance facility referred to in paragraph 2.2 of Part II of this Circular (which will be settled on or before the Closing Date) there has been no new loans that are material to Aveng and the Aveng Group that have been borrowed since the date of publication of the 2022 Annual Financial Statements and 2022 Integrated Report. There are no material loans relating to the Business that will transfer to TSA pursuant to the Proposed Transaction.

Material Contracts

Save for the Sale of Business Agreement, there are no other material contracts relating to Aveng Trident Steel entered into, other than in the ordinary course of business, within two years prior to the Closing Date.

6. MAJOR BENEFICIAL SHAREHOLDERS

The following Shareholders hold, directly and indirectly, Shares equal to, or in excess of, 5% of the issued share capital of Aveng as at the Last Practicable Date:

| Shareholder | Total Shares | % |
|---|-------------------|---------------|
| Highbridge Capital Management LLC (US)* | 16 233 479 | 12.95% |
| Whitebox Advisors LLC (US) | 17 218 311 | 13.74% |
| Steyn Capital Management (Pty) Ltd | 7 469 391 | 5.96% |
| ABSA Bank Ltd (ZA) | 9 193 487 | 7.34% |
| Total | 50 114 668 | 39.99% |

* Highbridge Capital Management LLC (US) holds 100% (4 955 979) of the issued class A shares. These shares are unlisted, no par value, redeemable, non-participating, non-voting convertible share in the share capital of Aveng that ranks *pari passu* with the ordinary shares in all other respects.

No shareholder holds a controlling interest in Aveng.

The trading objects of Aveng and its major subsidiaries have not changed over the past five years.

7. DIRECTORS AND PRESCRIBED OFFICER'S INTERESTS

7.1 Directors' interests in the Proposed Transaction

No Directors has a material beneficial interest, whether direct or indirect, in the Proposed Transaction.

No Director, including a director who resigned in the last 18 months, has or had any material beneficial interest, direct or indirect, in any transaction that was effected by the Company during the current or immediately preceding financial year or during any earlier financial year, and which remain in any respect outstanding or unperformed.

7.2 Directors' interests in the Aveng Shares

The direct and indirect beneficial interests in Shares held by all the Directors (including directors who have resigned in the last 18 months) and their associates as at 30 June 2022, are shown below:

| Name | Direct beneficial | Indirect beneficial | Total |
|--------------------------------------|-------------------|---------------------|------------------|
| Executive Directors | | | |
| SJ Flanagan | 755 505 | – | 755 505 |
| AH Macartney | 757 693 | – | 757 693 |
| Executive Directors total | 1 513 198 | – | 1 513 198 |
| Non-Executive Directors | | | |
| MJ Kilbride | 4 588 | – | 4 588 |
| PA Hourquebie | 50 000 | – | 50 000 |
| ZB Swanepoel | 21 800 | – | 21 800 |
| Non-Executive Directors total | 76 388 | – | 76 388 |
| Prescribed Officers | | | |
| L Tweedie | 100 735 | – | 100 735 |
| J Govender | 73 468 | – | 73 468 |
| RV Engelbrecht | 36 734 | – | 36 734 |
| S Cummins | – | 146 936 | 146 936 |
| D Morrison | – | 98 868 | 98 868 |
| Prescribed Officers total | 210 937 | 245 804 | 456 741 |
| Total | 1 800 523 | 245 804 | 2 046 327 |

The direct and indirect beneficial interests in Shares held by all the Directors (including directors who have resigned in the last 18 months) and their associates as at Last Practicable Date, are shown below:

| Name | Direct beneficial | Indirect beneficial | Total |
|--------------------------------------|--------------------------|----------------------------|------------------|
| Executive Directors | | | |
| SJ Flanagan | 1 257 555 | – | 1 257 555 |
| AH Macartney | 1 259 743 | – | 1 259 743 |
| Executive Directors total | 2 517 298 | – | 2 517 298 |
| Non-Executive Directors | | | |
| MJ Kilbride | 4 588 | – | 4 588 |
| PA Hourquebie | 50 000 | – | 50 000 |
| ZB Swanepoel | 21 800 | – | 21 800 |
| Non-Executive Directors total | 76 388 | – | 76 388 |
| Prescribed Officers | | | |
| L Tweedie | 167 674 | – | 167 674 |
| J Govender | 239 777 | – | 239 777 |
| RV Engelbrecht | 119 888 | – | 119 888 |
| S Cummins | 604 779 | 146 936 | 751 715 |
| D Morrison | 302 389 | 98 868 | 342 257 |
| Prescribed Officers total | 1 434 507 | 245 804 | 1 680 311 |
| Total | 4 028 193 | 245 804 | 4 273 997 |

7.3 Directors' Service Contracts

No service contracts were entered into with Directors during the last three years.

7.4 Directors' Remuneration and Benefits

The Directors' remuneration and benefits are set out in the 2022 Annual Financial Statements and the 2022 Integrated Report. There will be no change to basis of the Directors' remuneration and benefits as a result of the Proposed Transaction.

8. APPLICATION OF THE SALE PROCEEDS

The proceeds of the Proposed Transaction will be utilised to accelerate the repayment of and settle the remaining South African debt of the Aveng Group of R406 million as at 30 September 2022. Importantly, legacy debt will be settled in full, effectively placing Aveng in a net cash position post implementation, resulting in improved liquidity and a strengthened balance sheet. The Proposed Transaction will therefore provide Aveng with a solid foundation for organic growth and potential acquisitions in its core operations as well as facilitating the Moolmans fleet optimisation and renewal programme.

From this strong financial base, Aveng will be left with only operational debt and Aveng will be able to fund selective, organic expansionary capital expenditure and working capital within its core operations. Aveng will continue to ensure that it maintains an efficient capital structure.

9. WORKING CAPITAL STATEMENT

The Board is of the opinion that the working capital of Aveng and its subsidiaries is sufficient for the current requirements of Aveng and will be adequate for at least the next twelve months from the date of issue of this Circular.

10. GENERAL MEETING

A General Meeting of the Aveng Shareholders has been convened and will be held entirely by electronic communication on an interactive electronic platform hosted at <https://meetnow.global/ZA>, at 10h00 on Wednesday 18 January 2023, for the purpose of considering and, if deemed fit, passing, with or without modification, the necessary resolutions to give effect to the Proposed Transaction and the matters incidental thereto. The resolutions to be put to the Shareholders for their approval are set out in the Notice of General Meeting distributed to Shareholders together with this Circular.

11. EXPENSES

The estimated costs of preparing and distributing this Circular, holding the General Meeting and Proposed Transaction, including the fees payable to professional advisors, are approximately R16,1 million, excluding VAT, and include the following:

| Nature of Expense | Service Provider | R'000 |
|--------------------------------------|---|--------------|
| Legal advisory fees | Alchemy Law Africa | 7 000 |
| Transaction advisory fees | DG Capital | 7 000 |
| JSE sponsor fees | Investec Bank Limited | 850 |
| Audit and reporting accountancy fees | KPMG | 1 100 |
| Transfer secretarial fees | Computershare Investor Services Proprietary Limited | 45 |
| JSE inspection fees | JSE Limited | 58 |
| Printing and posting | Bastion | 74 |
| Estimated total | | 16 127 |

12. DIRECTORS' OPINION AND RECOMMENDATION

The Directors have considered the terms and conditions of the Proposed Transaction and are of the opinion that the terms of the Proposed Transaction are in the interests of Aveng and its Shareholders.

The Directors entitled to vote at the General Meeting recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

13. MATERIAL CHANGES

The Board is not aware of any material changes in the financial or trading position of Aveng following the latest published results for the year ended 30 June 2022.

The Company has not purchased any material assets during the three years prior to the Closing Date other than in the ordinary course of business.

14. LITIGATION STATEMENT

Details relating to material litigation that Aveng and other members of the Aveng Group are involved in can be found in note 45, on "Contingent liabilities and Assets" in the 2022 Annual Financial Statements. There has been no new litigation that is material to Aveng Trident Steel that has been commenced against the Aveng Group since the date of publication thereof. Save as otherwise publicly disclosed, there are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which Aveng is aware, that may have or have had, in the 12-month period preceding the date of this Circular, a material effect on Aveng Trident Steel.

15. AVENG INFORMATION INCORPORATED BY REFERENCE

| Incorporated by Reference | Weblink | Page |
|--|---|-------------|
| Moolmans | https://www.aveng.co.za/2022 Full Year Results Presentation | 29-30 |
| McConnell Dowell | https://www.aveng.co.za/SENS announcement 13 October 2022 | – |
| Material risks relating to Aveng and the Aveng Group | https://www.aveng.co.za/2022 Integrated Report | 16-22 |
| Material loans of Aveng and the Aveng Group | https://www.aveng.co.za/2022 Annual Financial Statements | 74-75, 106 |
| Material litigation involving Aveng and Aveng Group | https://www.aveng.co.za/2022 Annual Financial Statements | 89-90 |

16. ADVISORS' CONSENTS

The parties referred to in the Corporate Information section of this Circular have consented in writing to act in the capacities stated and to their names being stated in the Circular. The Independent Reporting Accountant has consented to the inclusion of their reports in this Circular in the form and context in which they appear, and have not withdrawn their consents prior to the issue of the Circular.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on the Corporate Information and Advisors section of this Circular collectively and individually accept full responsibility for the accuracy of the information given relating to Aveng Group and certify that to the best of their knowledge and belief, there are no facts which 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 this Circular contains all information required by law and the JSE Listings Requirements.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by the Shareholders during normal business hours at the registered office of Aveng and at the offices of the Transfer Secretaries (the addresses of which appear in the “Corporate Information and Advisors” section of this Circular) and/or through a secure electronic manner by arrangement with the Transfer Secretaries, at the election of the Aveng Shareholder requesting inspection, from Friday 2 December 2022 until Wednesday 18 January 2023:

- (a) the Memorandum of Incorporation of the Company and its major subsidiaries;
- (b) the Sale of Business Agreement;
- (c) funding term sheet in relation to the Proposal Transaction dated 3 October 2022;
- (d) the annual financial statements of Aveng for the most recent three financial years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- (e) the Independent Reporting Accountants’ assurance report on the consolidated *pro forma* financial information;
- (f) the Independent Reporting Accountant’s report on the carve-out historical financial information of Aveng Trident Steel;
- (g) the advisors consents as per paragraph 16 of Part II of this Circular; and
- (h) a signed copy of this Circular.

SIGNED AT MELROSE ARCH ON FRIDAY 2 DECEMBER 2022 ON BEHALF OF ALL THE DIRECTORS OF AVENG LIMITED IN TERMS OF WRITTEN RESOLUTIONS PASSED BY SUCH DIRECTORS



AH Macartney
Group Finance Director and Chief Financial Officer

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF THE AVENG GROUP

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF THE AVENG GROUP

To the directors of Aveng Limited

Introduction

The definitions in this Circular, commencing on page 4, to which this letter is attached apply mutatis mutandis to this independent reporting accountant's assurance report on the compilation of the pro forma financial information of the Aveng Group ("Report").

We have completed our assurance engagement to report on the compilation of the pro forma financial information of the Aveng Group by the directors of Aveng Limited ("Directors"). The pro forma financial information as set out in Annexure 2 of this Circular consists of:

- the pro forma net asset value and net tangible asset value per share of the Aveng Group, the pro forma consolidated statement of financial position of the Aveng Group, including a reconciliation showing all of the pro forma adjustments relating to the Aveng Group set out in Annexure 2 of the Circular, (collectively the "Pro forma SOFP"), as if the sale of Aveng Trident Steel ("Proposed Transaction") had taken place on 30 June 2022; and
- the pro forma basic earnings and diluted basic earnings per share, headline and diluted headline earnings per share of the Aveng Group, the pro forma consolidated statement of comprehensive earnings of the Aveng Group and the related notes set out in Annexure 2 of the Circular (collectively "Pro forma SOCI"), as if the Proposed Transaction had taken place on 1 July 2021.

The Pro forma SOFP and the Pro forma SOCI are collectively referred to as the "Pro forma Financial Information" of the Aveng Group for purposes of this Report. The applicable criteria on the basis of which the Directors have compiled the Pro forma financial information is specified in the Listings Requirements of the JSE Limited ("JSE Listings Requirements") and described in Annexure 2 of the Circular.

The purpose of the Pro forma Financial Information is solely to illustrate the impact of the disposal of the Aveng Trident Steel business on the unadjusted audited consolidated financial information for the year ended 30 June 2022, as if the transaction had been undertaken on 1 July 2021 for purposes of the Pro Forma SOCI and 30 June 2022 for purposes of the Pro Forma SOFP. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transaction, subsequent to its implementation, will be as presented in the Pro forma Financial Information of the Aveng Group.

As part of this process, the basic earnings, diluted basic earnings, headline earnings, diluted headline earnings, consolidated statement of comprehensive earnings for the year ended 30 June 2022 and consolidated statement of financial position of the Aveng Group have been extracted by the Directors from Aveng Limited's audited financial information for the year ended 30 June 2022 ("Audited Financial Information").

Directors' Responsibility for the Pro forma Financial Information of the Aveng Group

The Directors of the Aveng Group are responsible for compiling the Pro forma Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the basis of preparation paragraph of Annexure 2 of the Circular. ("Applicable Criteria").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("IRBA Code") which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our procedures performed, about whether the Pro forma Financial Information of the Aveng Group has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Pro forma Financial Information of the Aveng Group has been compiled, in all material respects, on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro forma Financial Information of the Aveng Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro forma Financial Information.

The purpose of the Pro forma Financial Information included in this Circular is solely to illustrate the impact of the Proposed Transaction on the unadjusted Audited Financial Information as if the Proposed Transaction had been undertaken on 1 July 2021 for purposes of the Pro forma SOCI and on 30 June 2022 for purposes of the Pro forma SOFP. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transaction, subsequent to its implementation, will be as presented in the Pro forma Financial Information.

A reasonable assurance engagement to report on whether the Pro forma Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro forma Financial Information of the Aveng Group provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Transaction and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The Pro forma Financial Information reflects the proper application of those pro forma adjustments to the unadjusted Audited Financial Information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Aveng Group, the Proposed Transaction in respect of which the Pro forma Financial Information has been compiled and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

Opinion

In our opinion, the Pro forma Financial Information of the Aveng Group has been compiled, in all material respects, on the basis of the Applicable Criteria.

Restriction on use

This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

KPMG Inc.

Registered Auditor



Per FHC von Eckardstein

Director

Chartered Accountant (SA)

Independent Reporting Accountant

Registered Auditor

25 November 2022

KPMG Crescent

85 Empire Road

Parktown

Johannesburg

2193

PRO FORMA FINANCIAL INFORMATION

The definitions and interpretations commencing on page 4 of the Circular have been used throughout this Annexure. The *pro forma* financial information should be read in conjunction with paragraph 5 of Part I of the Circular.

Set out below is the *pro forma* consolidated statement of financial position, *pro forma* consolidated statement of comprehensive earnings, *pro forma* earnings per share, *pro forma* headline earnings per share, *pro forma* net asset value per share and *pro forma* net tangible asset value per share of the Aveng Group, showing the *pro forma* effects of the Proposed Transaction (the "*pro forma* financial information").

The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Proposed Transaction may affect the consolidated financial position of the Aveng Group, assuming the Proposed Transaction took place on 30 June 2022 and how the Proposed Transaction may affect the consolidated financial performance of the Aveng Group assuming the Proposed Transaction took place on 1 July 2021. Because of its nature, the *pro forma* financial information may not fairly present the Aveng Group's financial position, changes in equity and results of the operations after the Proposed Transaction.

The *pro forma* financial information has been prepared in accordance with the Aveng Group's accounting policies, which are compliant with IFRS and consistent with those applied in the audited financial statements of the Aveng Group for the year ended 30 June 2022.

The *pro forma* financial information has been prepared in accordance with the JSE Listings Requirements and is the responsibility of the Aveng Board

The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's assurance report thereon, which is presented in **Annexure 1**.

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS FOR THE YEAR ENDED 30 JUNE 2022

| | Aveng Group 30 June 2022 Audited (note 1) Rm | Disposal of Aveng Trident Steel <i>Pro forma</i> (note 2) Rm | Profit on disposal of Aveng Trident Steel <i>Pro forma</i> (note 3) Rm | Savings on finance expenses <i>Pro forma</i> (note 4) Rm | Interest earned on loan to BEE Co <i>Pro forma</i> (note 5) Rm | Ticking Fee <i>Pro forma</i> (note 6) Rm | Transaction costs <i>Pro forma</i> (note 7) Rm | Aveng Group after proposed transaction <i>Pro forma</i> Rm |
|---|--|--|---|---|--|--|--|--|
| Revenue | 26 178 | (3 296) | – | – | – | – | – | 22 882 |
| Cost of sales | (24 066) | 2 989 | – | – | – | – | – | (21 077) |
| Gross earnings | 2 112 | (307) | – | – | – | – | – | 1 805 |
| Other earnings | 140 | (106) | – | – | – | 45 | – | 79 |
| Operating expenses | (1 671) | 193 | – | – | – | – | – | (1 478) |
| Loss from equity- accounted investments | (5) | – | – | – | – | – | – | (5) |
| Earnings before non- recurring items | 576 | (220) | – | – | – | 45 | – | 401 |
| Non-recurring items | (180) | 49 | 278 | – | – | – | (16) | 131 |
| Earnings before finance transactions | 396 | (171) | 278 | – | – | 45 | (16) | 532 |
| Finance earnings | 20 | (3) | – | – | 19 | – | – | 36 |
| Finance expenses | (257) | 81 | – | 122 | – | – | – | (54) |
| Earnings before taxation | 159 | (93) | 278 | 122 | 19 | 45 | (16) | 514 |
| Taxation | (29) | – | (22) | – | (1) | (2) | – | (54) |
| Earnings for the year | 130 | (93) | 256 | 122 | 18 | 43 | (16) | 460 |
| Earnings from continuing operations | 155 | (93) | 256 | 122 | 18 | 43 | (16) | 485 |
| Loss from discontinued operations | (25) | – | – | – | – | – | – | (25) |
| Other comprehensive earnings to be reclassified to earnings or loss in subsequent periods (net of taxation): | | | | | | | | |
| Exchange differences on translating foreign operations | 107 | – | – | – | – | – | – | 107 |
| Other comprehensive earnings for the year, net of taxation | 107 | – | – | – | – | – | – | 107 |
| Total comprehensive earnings for the year attributable to: | | | | | | | | |
| Equity-holders of the parent | 237 | (93) | 256 | 122 | 18 | 43 | (16) | 567 |
| Non-controlling interest | – | – | – | – | – | – | – | – |
| | 237 | (93) | 256 | 122 | 18 | 43 | (16) | 567 |
| Earnings for the year attributable to: | | | | | | | | |
| Equity-holders of the parent | 130 | (93) | 256 | 122 | 18 | 43 | (16) | 460 |
| | 130 | (93) | 256 | 122 | 18 | 43 | (16) | 460 |
| Other comprehensive earnings for the year, net of taxation attributable to: | | | | | | | | |
| Equity-holders of the parent | 107 | – | – | – | – | – | – | 107 |
| | 107 | – | – | – | – | – | – | 107 |

PRO FORMA EARNINGS PER SHARE RECONCILIATION

| | Aveng Group 30 June 2022 Audited (note 1) Rm | Disposal of Aveng Trident Steel <i>Pro forma</i> (note 2) Rm | Profit on disposal of Aveng Trident Steel <i>Pro forma</i> (note 3) Rm | Savings on finance expenses <i>Pro forma</i> (note 4) Rm | Interest earned on loan to BEE Co <i>Pro forma</i> (note 5) Rm | Ticking Fee <i>Pro forma</i> (note 6) Rm | Transaction costs <i>Pro forma</i> (note 7) Rm | Aveng Group after proposed transaction <i>Pro forma</i> Rm |
|---|--|--|---|---|--|--|--|--|
| Earnings / (loss) per share (cents) (Note 8) | | | | | | | | |
| From continuing and discontinued operations | | | | | | | | |
| Earnings – basic | 106 | (76) | 209 | 100 | 15 | 35 | (13) | 376 |
| Earnings – diluted | 100 | (72) | 199 | 94 | 14 | 33 | (12) | 356 |
| From continuing operations | | | | | | | | |
| Earnings – basic | 126 | (76) | 209 | 100 | 15 | 35 | (13) | 396 |
| Earnings – diluted | 119 | (72) | 198 | 94 | 14 | 33 | (12) | 374 |
| From discontinued operations | | | | | | | | |
| Loss – basic | (20) | – | – | – | – | – | – | (20) |
| Loss – diluted | (19) | – | – | – | – | – | – | (19) |
| Number of shares (millions) | | | | | | | | |
| In issue | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 |
| Weighted average | 122,5 | 122,5 | 122,5 | 122,5 | 122,5 | 122,5 | 122,5 | 122,5 |
| Diluted weighted average | 129,4 | 129,4 | 129,4 | 129,4 | 129,4 | 129,4 | 129,4 | 129,4 |

**PRO FORMA CONSOLIDATED HEADLINE EARNINGS PER SHARE RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2022**

| Aveng Group 30 June 2022 Audited (Note 1) Rm | Disposal of Aveng Trident Steel <i>Pro forma</i> (Note 2) Rm | Profit on disposal of Aveng Trident Steel <i>Pro forma</i> (Note 3) Rm | Savings on finance expenses <i>Pro forma</i> (Note 4) Rm | Interest on loan from TSH BEE Company to Trident Steel Africa <i>Pro forma</i> (Note 5) Rm | Ticking fee <i>Pro forma</i> (Note 6) Rm | Transaction costs <i>Pro forma</i> (Note 7) Rm | Aveng Group after Proposed Transaction <i>Pro forma</i> Rm | |
|---|--|---|---|---|--|--|--|-------|
| Determination of headline earnings | | | | | | | | |
| Earnings for the period attributable to equity holders of parent | 159 | (93) | 278 | 122 | 19 | 45 | (16) | 514 |
| Impairment of intangible assets | 8 | – | – | – | – | – | – | 8 |
| Impairment of property, plant and equipment | 106 | – | – | – | – | – | – | 106 |
| Loss on disposal of assets Held for Sale | 22 | – | – | – | – | – | – | 22 |
| Gain on disposal of property, plant and equipment | (4) | 3 | – | – | – | – | – | (1) |
| Gain on disposal of Aveng Trident Steel | – | – | (278) | – | – | – | – | (278) |
| Loss on derecognition of components | 161 | – | – | – | – | – | – | 161 |
| Fair value adjustment on properties and disposal groups classified as Held for Sale | (81) | 103 | – | – | – | – | – | 22 |
| Headline earnings – Gross of taxation | 371 | 13 | – | 122 | 19 | 45 | (16) | 554 |
| Taxation | (63) | – | – | – | (5) | (2) | – | (66) |
| Headline earnings – Net of taxation (Note 8) | 308 | 13 | – | 122 | 14 | 43 | (16) | 484 |
| Diluted headline earnings | 308 | 13 | – | 122 | 14 | 43 | (16) | 484 |
| Headline earnings per share from continuing and discontinued operations | | | | | | | | |
| Headline earnings per share – basic (cents) | 251 | 11 | – | 99 | 11 | 35 | (13) | 394 |
| Headline earnings per share – diluted (cents) | 238 | 10 | – | 99 | 11 | 33 | (12) | 379 |
| Issued shares | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 |
| Weighted average shares | 122,5 | 122,5 | 122,5 | 122,5 | 122,5 | 122,5 | 122,5 | 122,5 |
| Diluted shares | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 | 129,5 |

Treasury shares were not included in the calculation of diluted earnings per share and diluted headline earnings per share as their effect is anti-dilutive.

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS
FOR THE YEAR ENDED 30 JUNE 2022**

1. The consolidated statement of comprehensive earnings has been extracted, without adjustment, from the published audited financial information of the Aveng Group for the year ended 30 June 2022, as released on SENS on 23 August 2022.
2. Represents the comprehensive earnings of Aveng Trident Steel for the year ended 30 June 2022, extracted from the audited carve-out historical financial information, as set out Annexure 4. Aveng Trident Steel was classified as a continuing operation in the 2022 Annual Financial Statements. Aveng Trident Steel did not recognise taxation due to the utilisation of 100% of the assessed loss of Aveng Africa at 30 June 2022. Taxation rules applicable as at 30 June 2022 were applied.
3. As set out in the Sale of Business Agreement, Aveng Trident Steel is being disposed of for a purchase price of R691 million, resulting in a profit on disposal of R278 million. Taxation of R22 million is payable in respect of the profit on disposal and has been calculated based on an effective tax rate of 5.4%, given the utilisation of historical assessed losses at Aveng Africa, limited to the utilisation of 80% of the assessed losses. Taxation rules subsequent to 30 June 2022 were applied. This adjustment will not have a continuing effect on the statement of comprehensive earnings.

The profit on disposal was determined as follows:

| Net asset value of Aveng Trident Steel at 30 June 2022 as extracted from the carve-out historical financial information | Rm |
|--|--------------|
| Non-current assets | 535 |
| Current assets (excluding Seller Cash Portion) | 1 170 |
| Current liabilities | (970) |
| Non-current liabilities | (364) |
| Purchaser Cash Portion as per the Sale of Business Agreement* | 42 |
| Net asset value being disposed of | 413 |
| Calculation of profit on disposal | Rm |
| Purchase price | 691 |
| Net asset value | 413 |
| Profit on disposal | 278 |

* as per the Sale of Business Agreement, an amount of R42 252 000 (forty-two million two hundred and fifty-two thousand Rand) will be deemed to be the Purchaser Cash Portion, forming part of the Business as at the Closing Date

4. Represents the savings in finance expenses as the proceeds on disposal will be used to repay existing term debt. The interest savings have been calculated by applying the weighted average borrowing rate of 13.64%. There will be no tax effect, due to the utilisation of 100% of the assessed loss of Aveng Africa at 30 June 2022. Taxation rules applicable as at 30 June 2022 were applied. This adjustment will not have a continuing effect on the statement of comprehensive earnings.
5. Represents the interest that is earned on the BEE Co Loan calculated at 17% per annum, payable monthly in arrears as set out in the Sale of Business Agreement. It has been assumed that the BEE Co Loan will be settled six months from the Closing Date of the Proposed Transaction. Tax of R1 million would be payable in respect of the interest earned, calculated based on an effective tax rate of 13.9% at Aveng Limited, given the utilisation of historical assessed losses. Taxation rules subsequent to 30 June 2022 were applied. This adjustment will not have a continuing effect on the statement of comprehensive earnings. Refer to note 4 to the *pro forma* consolidated statement of financial position for further details relating to the Call Options.
6. Represents the Ticking Fee that will be earned as set out in the Sale of Business Agreement. It has been assumed that the Ticking Fee will be earned for six months at a fee of R7.45 million per month. Tax of R2 million would be payable in respect of the Ticking Fee calculated based on the effective tax rate of 5.4% at Aveng Africa given the utilisation of historical assessed losses, limited to the utilisation of 80% of the assessed losses. This adjustment will not have a continuing effect on the statement of comprehensive earnings.
7. Represents the transaction costs in respect of the Proposed Transaction. There is no tax impact as the costs have been deemed capital in nature. This adjustment will not have a continuing effect on the statement of comprehensive earnings.
8. Basic earnings per share is calculated by dividing the earnings from continuing and discontinued operations by the weighted average number of ordinary shares in issue, less treasury shares. Diluted earnings per share is calculated by dividing the earnings from continuing and discontinued operations by the weighted average number of ordinary shares in issue, adjusted for the dilutive effect of the equity settled share-based payment plan, excluding treasury shares. Basic and diluted earnings per share are calculated by applying the requirements of IAS 33, *Earnings per share* ("IAS 33").

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

| | Aveng Group 30 June 2022 Audited (Note 1) Rm | Disposal of Aveng Trident Steel <i>Pro forma</i> (Note 2a) Rm | Proceeds on sale of Aveng Trident Steel <i>Pro forma</i> (Note 2b) Rm | Investment in TSH <i>Pro forma</i> (Note 3) TRm | Loan to BEE Co <i>Pro forma</i> (Note 4) Rm | Transaction costs <i>Pro forma</i> (Note 5) Rm | Aveng Group after Proposed Transaction <i>Pro forma</i> Rm |
|-------------------------------|--|---|--|---|---|--|--|
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Goodwill | 100 | – | – | – | – | – | 100 |
| Intangible assets | 1 | (1) | – | – | – | – | – |
| Property, plant and equipment | 2 479 | (174) | – | – | – | – | 2 305 |
| Right-of-use assets | 606 | (356) | – | – | – | – | 250 |
| Equity-accounted investments | 6 | – | – | – | – | – | 6 |
| Infrastructure investments | 142 | – | – | – | – | – | 142 |
| Deferred taxation | 738 | – | – | – | – | – | 738 |
| Lease receivables | 73 | – | – | – | – | – | 73 |
| Other non-current assets | 9 | (4) | – | – | – | – | 5 |
| | 4 154 | (535) | – | – | – | – | 3 619 |
| Current assets | | | | | | | |
| Inventories | 1 028 | (844) | – | – | – | – | 184 |
| Contract assets | 3 626 | – | – | – | – | – | 3 626 |
| Trade and other receivables | 837 | (326) | – | – | – | – | 511 |
| Taxation receivable | 60 | – | – | – | – | – | 60 |
| Lease receivables | 9 | – | – | – | – | – | 9 |
| Cash and bank balances | 2 617 | (42) | 210 | – | (210) | (16) | 2 559 |
| | 8 177 | (1 212) | 210 | – | (210) | (16) | 6 949 |
| Assets Held for Sale | 144 | – | – | –* | 210 | – | 354 |
| TOTAL ASSETS | 12 475 | (1 747) | 210 | – | – | (16) | 10 922 |

* At a nominal value

| | Aveng Group 30 June 2022 Audited (Note 1) Rm | Disposal of Aveng Trident Steel <i>Pro forma</i> (Note 2a) Rm | Proceeds on sale of Aveng Trident Steel <i>Pro forma</i> (Note 2b) Rm | Investment in TSH <i>Pro forma</i> (Note 3) TRm | Loan to BEE Co <i>Pro forma</i> (Note 4) Rm | Transaction costs <i>Pro forma</i> (Note 5) Rm | Aveng Group after Proposed Transaction <i>Pro forma</i> Rm |
|--|--|---|--|---|---|--|--|
| EQUITY AND LIABILITIES | | | | | | | |
| Equity | | | | | | | |
| Stated capital | 4 747 | – | – | – | – | – | 4 747 |
| Other reserves | 989 | – | – | – | – | – | 989 |
| Accumulated losses | (2 023) | (413) | 691 | – | – | (16) | (1 761) |
| Equity attributable to equity-holders of parent | 3 713 | (413) | 691 | – | – | (16) | 3 975 |
| Non-controlling interest | 7 | – | – | – | – | – | 7 |
| TOTAL EQUITY | 3 720 | (413) | 691 | – | – | (16) | 3 982 |
| Liabilities | | | | | | | |
| Non-current liabilities | | | | | | | |
| Deferred taxation | 121 | – | – | – | – | – | 121 |
| External borrowings | 229 | – | (229) | – | – | – | – |
| Lease liabilities | 773 | (359) | – | – | – | – | 414 |
| Provisions | 94 | – | – | – | – | – | 94 |
| Employee-related payables | 377 | (5) | – | – | – | – | 372 |
| | 1 594 | (364) | (229) | – | – | – | 1 001 |
| Current liabilities | | | | | | | |
| Contract liabilities | 1 699 | – | – | – | – | – | 1 699 |
| External borrowings | 252 | – | (252) | – | – | – | – |
| Lease liabilities | 266 | (108) | – | – | – | – | 158 |
| Employee-related payables | 318 | (29) | – | – | – | – | 289 |
| Trade and other payables | 4 149 | (833) | – | – | – | – | 3 316 |
| Provisions | 451 | – | – | – | – | – | 451 |
| Taxation payable | 10 | – | – | – | – | – | 10 |
| | 7 145 | (970) | (252) | – | – | – | 5 923 |
| Liabilities held for sale | 16 | – | – | – | – | – | 16 |
| TOTAL LIABILITIES | 8 755 | (1 334) | (481) | – | – | – | 6 940 |
| TOTAL EQUITY AND LIABILITIES | 12 475 | (1 747) | 210 | – | – | (16) | 10 922 |
| Shares in issue (millions) | 129,5 | | | | | | |
| Net asset value per share(cents) (Note 6) | 2 867 | (319) | 534 | – | – | (12) | 3 070 |
| Net tangible asset value per share (cents) (Note 7) | 2 789 | (318) | 534 | – | – | (12) | 2 993 |

NOTES TO THE *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

1. The consolidated statement of financial position has been extracted, without adjustment, from the published audited financial information of the Aveng Group for the year ended 30 June 2022, as released on SENS on 23 August 2022.
- 2a. Represents the derecognition of the net asset value of Aveng Trident Steel as at 30 June 2022, extracted from the audited carve-out historical financial information, as set out Annexure 4.
- 2b. The proceeds of R691 million will be used to early repay existing term debt of R481 million. (R229 million non-current liabilities and R252 million current liabilities).
3. In order to facilitate the introduction of a suitable BEE participant into TSH, Aveng has set up BEE Co in which it holds a 100% interest. The BEE Co has a 30% interest in TSH. BEE Co will only hold its 30% shareholding, for a period no longer than 12 months, until such time as an appropriate BEE partner can be located. As BEE Co holds 20% or more of the voting power of the TSH, it is assumed that Aveng has significant influence over the operations of TSH. As such, Aveng is required to recognise the investment in TSH as an equity accounted investment. The investment will be recognised at a nominal value on initial recognition. Further, as Aveng has subscribed for 30% of the shares in TSH through BEE Co, with the ability and intention to dispose of the investment within one year of the Closing Date, it has classified the investment as Held for Sale at the acquisition date.
4. Aveng will, for a limited period of one year from the Closing Date, advance R210 million of funding to BEE Co. BEE Co will in turn advance TSH in a corresponding amount by means of the TSH BEE Co Loan, against the security of the Demand Guarantee. The loan will be measured at amortised cost as Aveng holds the loan with the objective of collecting contractual cashflows over the period and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, being the agreed interest of 17% on the loan as well as repayment of the R210 million capital after a maximum of 1 year from Closing Date. Further, as the loan is intrinsically linked to the investment described in note 3, and will be required to be repaid by the Purchaser within one year of the Closing Date through the exercise if the Share Repurchase Call Option or Share Sale Call Option ("Call Options"), Aveng has classified the loan as Held for Sale at the acquisition date. As the Call Options do not contain separate exercise prices and are based on the valuation of the Business, they are considered to have a nominal value attributed to them and do not have a significant impact on *pro forma* financial information.
5. Represents the transaction costs in respect of the Proposed Transaction that will be settled from existing available cash.
6. Net asset value per share is calculated as the equity attributable to the equity holders of Aveng divided by the shares in issue, including the treasury shares.
7. Net tangible asset value per share is calculated as the equity attributable to the equity holders of Aveng, excluding goodwill and intangible assets, divided by the shares in issue, including the treasury shares.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CARVE OUT HISTORICAL FINANCIAL INFORMATION OF AVENG TRIDENT STEEL FOR THE YEARS ENDED 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022

To the directors of Aveng Limited

Introduction

The definitions in this Circular, commencing on page 4, to which this letter is attached apply mutatis mutandis to this independent reporting accountant's assurance report on the carve out historical financial information.

At your request, and for the purposes of this Circular, we have audited the carve-out historical financial information of Aveng Trident Steel as at and for the year ended 30 June 2022 and reviewed the carve-out historical financial information of Aveng Trident Steel as at and for the years ended 30 June 2020 and 30 June 2021, prepared in accordance with the Basis of Preparation set out in Annexure 4 which together form the Report on Historical Financial Information of Aveng Trident Steel as at and for the years ended 30 June 2020, 2021 and 2022 (collectively "Report of Historical Financial Information") for the purposes of this report.

The Historical Financial Information comprises of the carve-out statement of financial position and the carve-out statement of comprehensive earnings for the years then ended, a summary of significant accounting policies and notes thereto, as presented in Annexure 4 and has been prepared in accordance with the Basis of Preparation set out in Annexure 4 ("Historical Financial Information").

The Directors of Aveng Limited are responsible for the preparation of the Historical Financial Information, prepared in accordance with Basis of Preparation set out in Annexure 4. The Directors are also responsible for the compilation, contents and preparation of the Circular, including the Historical Financial Information, prepared in accordance with the Basis of Preparation set out in Annexure 4.

KPMG Inc. is the independent reporting accountant to Aveng Limited and Aveng Trident Steel for purposes of the Circular.

Part A - Historical Financial Information as at and for the year ended 30 June 2022

Independent Reporting Accountant's Report on the Historical Financial Information as at and for the year ended 30 June 2022

Opinion

We have audited the Historical Financial Information as at and for the year ended 30 June 2022, which comprises the statement of financial position as at 30 June 2022 and the statement of comprehensive earnings for the year ended 30 June 2022, including a summary of significant accounting policies and the notes thereto, which forms part of the Historical Financial Information presented in Annexure 4 to the Circular (collectively the "Historical Financial Information as at and for the year ended 30 June 2022").

In our opinion, the Historical Financial Information as at and for the year ended 30 June 2022, as set out in Annexure 4 to this Circular, is prepared in all material respects in accordance with the Basis of Preparation which forms part of the Report of Historical Financial Information.

Basis for Opinion

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

Emphasis of Matter – Basis of Preparation

We draw attention to the Basis of Preparation which forms part of the Report of Historical Financial Information in Annexure 4, including the approach and the purpose of preparing the Historical Financial Information. As a result, the Historical Financial Information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors of Aveng Limited for the Historical Financial Information

The Directors of Aveng Limited are responsible for the preparation of the Historical Financial Information as at and for the year ended 30 June 2022 in accordance with the Basis of Preparation which forms part of the Report of Historical Financial Information, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the Directors of Aveng Limited determine is necessary to enable the preparation of Historical Financial Information as at and for the year ended 30 June 2022 that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information as at and for the year ended 30 June 2022, the Directors of Aveng Limited are responsible for assessing the ability of Aveng Trident Steel to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of Aveng Limited either intend to liquidate Aveng Trident Steel or to cease operations, or have no realistic alternative but to do so.

Independent Reporting Accountant's Responsibilities for the Historical Financial Information

Our objectives are to obtain reasonable assurance about whether the Historical Financial Information as at and for the year ended 30 June 2022 is free from material misstatement, whether due to fraud or error, and to issue an independent reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Historical Financial Information as at and for the year ended 30 June 2022.

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

- Identify and assess the risks of material misstatement of the Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aveng Trident Steel's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of Aveng Limited.
- Conclude on the appropriateness of the Directors of Aveng Limited's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Aveng Trident Steel's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent reporting accountant's report to the related disclosures in the Historical Financial Information for the year ended 30 June 2022 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent reporting accountant's report. However, future events or conditions may cause Aveng Trident Steel to cease to continue as a going concern.

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

Part B – Historical Financial Information as at and for the years ended 30 June 2020 and 30 June 2021

Independent Reporting Accountant's Report on the Historical Financial information as at and for the years ended 30 June 2020 and 30 June 2021

We have reviewed the Historical Financial Information of Aveng Trident Steel, which comprises the statements of financial position as at 30 June 2020 and 30 June 2021 and the statements of comprehensive earnings for the years ended 30 June 2020 and 30 June 2021, including a summary of significant accounting policies and the notes thereto which forms part of the Historical Financial Information of Aveng Trident Steel as presented in Annexure 4 to the Circular (collectively the "Historical Financial Information as at and for the years ended 30 June 2020 and 30 June 2021").

Responsibilities of the Directors for the Historical Financial Information as at and for the years ended 30 June 2020 and 30 June 2021

The Directors are responsible for the preparation of the Historical Financial Information as at and for the years ended 30 June 2020 and 30 June 2021 in accordance with the Basis of Preparation which forms part of the Report of Historical Financial Information.

Independent Reporting Accountant's Responsibilities for the Historical Financial Information as at and for the years ended 30 June 2020 and 2021

Our responsibility is to express review conclusions on the Historical Financial Information as at and for the years ended 30 June 2020 and 2021 based on our reviews.

Scope of review

We conducted our review in accordance with ISRE 2410, A Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the Historical Financial Information as at and for the years ended 30 June 2020 and 30 June 2021

Based on our reviews, nothing has come to our attention that causes us to believe that the Historical Financial Information as at and for the years ended 30 June 2020 and 30 June 2021, as set out in Annexure 4 to the Circular is not prepared in all material respects in accordance with the Basis of Preparation which forms part of the Report of Historical Financial Information.

Emphasis of Matter – Basis of Preparation

Without modifying our conclusion, we draw attention to the Basis of Preparation which forms part of the Report of Historical Financial Information in Annexure 4, including the approach and the purpose of preparing the Historical Financial Information.

KPMG Inc.

Registered Auditor



Per M Senekal

Director

Chartered Accountant (SA)

Independent Reporting Accountant

Registered Auditor

25 November 2022

KPMG Crescent

85 Empire Road

Parktown

Johannesburg

2193

CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE AVENG TRIDENT STEEL DIVISION OF AVENG AFRICA

Introduction to the carve-out historical financial information

Shareholders are referred to the announcement released on SENS on 13 June 2022 regarding negotiations for the disposal of Aveng Trident Steel (“the Business”), a division of Aveng Africa Proprietary Limited (“Aveng Africa”). Shareholders are advised that in terms of section 9 of the JSE Limited (“JSE”) Listings Requirements, Aveng has entered into a Sale of Business Agreement (“the Agreement”), dated 3 October 2022, to dispose of the business of Aveng Trident Steel as a going concern to Trident Steel Africa Proprietary Limited (“the Purchaser”) for an amount of R691 million, excluding cash on hand (“the Proposed Transaction” or “the Disposal”).

The historical financial information consists of the combined carve-out statement of financial position as at 30 June 2020, 30 June 2021 and 30 June 2022, and the related combined carve-out statements of comprehensive earnings for the years ended 30 June 2020, 30 June 2021 and 30 June 2022, and the notes, comprising a summary of significant accounting policies and other explanatory information of Aveng Trident Steel (collectively referred to as the “carve-out historical financial information”), as set out in **Annexure 4**. The carve-out historical financial information has been prepared as described in the basis of preparation set out below.

The board of directors of Aveng are responsible for the preparation and fair presentation of the audited financial statements of Aveng Limited in accordance with International Financial Reporting Standards (IFRS) from which the carve-out historical financial information has been prepared, and for such internal control as the directors determine is necessary to enable the preparation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

The carve-out historical financial information of Aveng Trident Steel for the years ended 30 June 2020 and 30 June 2021 was reviewed in terms of the International Standard on Review Engagements, 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* and the carve-out financial information of Aveng Trident Steel for the year ended 30 June 2022 was audited in accordance with the International Standards on Auditing. The independent reporting accountant’s reports on the carve-out historical financial information is included in **Annexure 3** to this Circular.

The directors of Aveng are responsible for the preparation, contents and presentation of the carve-out historical financial information and are responsible for ensuring that Aveng complies with the JSE Listings Requirements.

Commentary on the Historical Financial Information

Year ended 30 June 2022

Aveng Trident Steel continued to deliver strong results as a steel service centre business, primarily focused on the automotive sector. Despite a challenging operating environment that included the KwaZulu-Natal riots in July 2021, industrial action in the steel industry, the damages incurred by the KwaZulu-Natal floods in April 2022 and the ongoing global shortage of semi-conductors that impacted its original equipment manufacturer (OEM) clients, Trident Steel reported improvements in revenues, gross profit and safety performance.

Revenue grew by 4% to R3,3 billion (2021: R3,2 billion) after being positively impacted by higher global steel prices, partially offset by lower sales volumes on the back of various business disruptions and the closure of the merchandising business in 2021.

Earnings before non-recurring items (operating earnings) of R220 million was 11% lower due to the reclassification of Aveng Trident Steel as a continuing operation in the 2022 financial year by the Aveng Group in their 2022 Annual Financial Statements and includes depreciation and amortisation of R81 million. The comparative period did not include a charge for depreciation and amortisation due to the classification as Held for Sale under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (IFRS 5).

Subsequent to year end, the Aveng Group entered into a new Trade Finance Facility of R450 million with two South African banks. The facility enables business growth at Aveng Trident Steel and supports the additional working capital required, matures on 1 October 2023 and will be secured by first ranking security over the inventory and accounts receivable of Aveng Trident Steel. This facility was approved in terms of the existing Common Terms Agreement.

Year ended 30 June 2021

All necessary actions relating to the exit of the tube and merchandising divisions were completed during the year ended 30 June 2021. While this resulted in a reduction of revenue for the period to R3,2 billion (June 2020: R3,5 billion), Trident Steel has recorded a substantial increase in operating earnings to R237 million (June 2020: R12 million) before impairments.

Year ended 30 June 2020

As part of the strategic intent to position Aveng Trident Steel as a steel service centre business, the tube and merchandising divisions were exited during the latter part of the 2020 financial year. Revenue increased compared to the previous reporting period. Volumes were flat; however, the business achieved a higher selling price. Aveng Trident Steel continued to contribute positively to the Group's liquidity through improved working capital management.

CARVE-OUT HISTORICAL FINANCIAL INFORMATION

AVENG TRIDENT STEEL

CARVE-OUT STATEMENT OF FINANCIAL POSITION

| | Notes | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|-------------------------------------|-------|----------------------------------|-----------------------------------|-----------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | | 1 | 4 | 4 |
| Property, plant and equipment | 4 | 174 | 70 | 53 |
| Right-of-use assets | 5 | 356 | 586 | 586 |
| Other non-current assets | | 4 | – | – |
| | | 535 | 660 | 643 |
| Current assets | | | | |
| Inventories | 6 | 844 | 641 | 684 |
| Derivative instruments | | – | – | 8 |
| Trade and other receivables | 7 | 326 | 378 | 311 |
| Cash and bank balances | 8 | 42 | 248 | 83 |
| | | 1 212 | 1 267 | 1 086 |
| TOTAL ASSETS | | 1 747 | 1 927 | 1 729 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Retained Earnings | | 413 | 650 | 854 |
| TOTAL EQUITY | | 413 | 650 | 854 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Lease liabilities | 9 | 359 | 417 | 458 |
| Employee-related payables | 10 | 5 | 5 | 6 |
| | | 364 | 422 | 464 |
| Current liabilities | | | | |
| Lease liabilities | 9 | 109 | 109 | 103 |
| Employee-related payables | 10 | 29 | 19 | 5 |
| Trade and other payables | 11 | 832 | 727 | 303 |
| | | 970 | 855 | 411 |
| TOTAL LIABILITIES | | 1 334 | 1 277 | 875 |
| TOTAL EQUITY AND LIABILITIES | | 1 747 | 1 927 | 1 729 |

CARVE-OUT HISTORICAL FINANCIAL INFORMATION

AVENG TRIDENT STEEL

CARVE-OUT STATEMENT OF COMPREHENSIVE EARNINGS

| | | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|--|--------------|--|---|---|
| | Notes | | | |
| Revenue | 12 | 3 296 | 3 163 | 3 531 |
| Cost of sales | 13 | (2 989) | (2 858) | (3 380) |
| Gross earnings | | 307 | 305 | 151 |
| Other earnings | 14 | 106 | 97 | 64 |
| Operating expenses | 15 | (193) | (165) | (203) |
| Operating earnings | | 220 | 237 | 12 |
| Gain on disposal of property, plant and equipment | | 3 | 7 | 9 |
| Fair value adjustment on disposal groups classified as Held for Sale | | (52) | – | – |
| Earnings before financing transactions | | 171 | 244 | 21 |
| Interest earned on bank balances | | 3 | 4 | 19 |
| Other finance expenses | 16 | (81) | (84) | (92) |
| Total comprehensive earnings / (loss) for the year | | 93 | 164 | (52) |

1. BASIS OF PREPARATION AND NOTES RELEVANT TO CARVE OUT FINANCIAL STATEMENTS

The accounting policies below are applied throughout the carve out historical financial statements.

Basis of preparation

The carve-out statement of financial position of the Business as at 30 June 2022, 2021 and 2020 and the carve-out statement of comprehensive earnings of the Business for the year ended 30 June 2022, 2021 and 2020 and the related accounting policies and notes (“**carve out historical financial information**”) have been compiled, in accordance with the special purpose framework set out below, as follows:

The carve out historical financial information has been adjusted to exclude the financial information relating to excluded assets and excluded liabilities of the Proposed Transaction as set out in the Sale of Business Agreement

These Special Purpose Carve-Out Historical Financial Information has been prepared using a combination of the historical cost and fair value basis of accounting.

The preparation of the carve out historical financial information is in accordance with section 8 of the JSE Listing Requirements which requires, *inter alia*, that:

- The report of carve out historical financial information be prepared on the subject of any substantial disposal and must include the additional information required in terms of paragraphs 8.11 and 8.12 of the JSE Listings Requirements, to the extent applicable; and
- The carve out historical financial information be prepared in accordance with the International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The carve out historical financial information has been prepared on a carve-out basis from the accounting records of Aveng Limited, using historical results of operations, assets and liabilities attributable to the Business.

The accounting policies are consistent with those applied in Aveng Limited’s consolidated annual financial statements, except for taxation and equity. These exceptions have been explained as follows:

Taxation

The taxation included in historical financial information is an accumulation of the taxation results per the financial results which form part of the Aveng Trident Steel business, adjusted for the taxation and deferred taxation effect of any adjustments processed to these historical financial numbers due to the sale of Aveng Trident Steel Business. The effective tax rate was calculated based on the aggregated results of the operations of Aveng Africa.

Equity

The retained earnings balance represents the net asset value of the Business being disposed of. There is no share capital presented in the carve out statement of financial position as Aveng Trident Steel operates as a division of Aveng Africa and is not a separate legal entity.

The directors of Aveng Limited are responsible for the report of the carve out historical financial information. These results were prepared under the supervision of Adrian Macartney (Group Chief Financial Officer and Finance Director).

The carve out historical financial information may not be indicative of the financial position and results of operations that would have been presented if the Business existed as a separate group during the periods presented. The Business included in these aggregated historical carve-out financial statements have not operated as a single entity or group. Therefore, the aggregated historical carve-out financial statements may not necessarily be indicative of the disposal Business' future financial position and results of.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies below are applied throughout the carve-out historical financial statements.

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (NOTES 4 AND 5)

Property, plant and equipment, including right-of-use assets, are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. Land is not depreciated.

Buildings and other items of property, plant and equipment are depreciated on a straight-line basis over their useful lives to an estimated residual value. Right-of-use assets recognised under IFRS 16 are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Where significant components of an item have different useful lives to the item itself, these parts are depreciated separately if the component's cost is significant in relation to the cost of the remainder of the asset.

The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the company incurs either when the item is acquired or as a consequence of having used the item during a particular period.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the corporation and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to earnings or loss during the reporting period in which they are incurred. If a replacement part is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to be realised from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in earnings or loss in the year in which the item is derecognised.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

| Item | Depreciation % / period |
|-------------------------------------|---|
| Owned Buildings | 2% |
| Owned plant, equipment and vehicles | 5% to 33% |
| Right-of-use assets | Shorter of lease period and asset's useful life as per owned categories |

Impairment and reversal of impairment of property, plant and equipment and right-of-use assets

The Business assesses, at each reporting date, whether there is an indication that a non-financial asset (other than inventories and deferred tax assets) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Business estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive earnings in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, Business estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive earnings unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

INVENTORIES (NOTE 6)

Inventories are valued at the lower of cost and net realisable value generally determined on the first-in first-out (FIFO) basis and weighted average in respect of certain stock categories. The cost of manufactured goods and work-in-progress, in addition to direct materials and labour, include a proportion of production overheads based on normal operating capacity and the appropriate stage of completion.

Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

FINANCIAL ASSETS (NOTE 7 AND 8)

Financial and non-financial assets

The Business measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

For assets and liabilities that are recognised in the carve-out historical financial statements on a recurring basis, the Business determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same and discounted cash flow analysis or other valuation models.

Initial recognition and measurement

The Business initially recognises financial assets when the Business becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value plus in the case of assets not measured at fair value through profit or loss, directly attributable transaction costs. Subsequently financial assets, excluding derivatives, are classified as measured at amortised cost or fair value, depending on the Business's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Derivatives are subsequently measured at fair value through profit or loss. Changes in the fair value of derivatives used to economically hedge the Business's foreign exchange exposure are recognised in other earnings in the earnings or loss component of the statement of comprehensive earnings.

A financial asset qualifies for amortised cost, using the effective interest method net of any impairment loss if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

The assessment of business model is made at portfolio level as this reflects best the way the business is managed and information is provided to management.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Business commits to purchase or sell the asset.

The Business's financial assets are classified as trade and other receivables and cash and bank balances.

The Business's financial assets are classified and measured as follows:

Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost.

Cash and bank balances

Cash and bank balances comprise cash on hand and bank balances that are subsequently measured at amortised cost. Bank overdrafts are offset against positive bank balances where a legally enforceable right of offset exists and there is an intention to settle the overdraft and realise the net cash. For the purposes of the statement of cash flows, cash and bank balances consist of cash and bank balances defined above net of outstanding bank overdrafts.

Presentation of Impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Derecognition

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Business has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Business has transferred substantially all the risks and rewards of the asset, or (b) the Business has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Business has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Business's continuing involvement in the asset. In that case, the Business also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Business has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Business could be required to repay.

Impairment of financial assets

The impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments at Fair Value through Other Comprehensive Earnings, but not to investments in equity instruments.

Under *IFRS 9*, Expected Credit losses(ECLs) are recognised in either of the following stages:

- 12 Month ECLs: those are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: those are ECLs that result from all possible default events over the expected life of the instrument.

The Business has elected to measure the loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs subsequent to initial recognition, the Business considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and an analysis, based on the Business's historical experience and information, including credit assessment and forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the contractual cash flows due to the entity in accordance with the contract and all the cash flows that the Business expects to receive, discounted at the effective interest rate of the financial asset).

Credit-impaired financial assets

At each reporting date, the Business has assessed whether financial assets within the scope of *IFRS 9* impairment requirements are credit impaired.

Debt instruments not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of credit-impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Accordingly, this accounting policy relates to Trade and other receivables and Cash and bank balances.

Objective evidence that financial assets are impaired includes, but is not limited to:

- default or delinquency by a debtor in interest or principal payments;
- restructuring of an amount due to the Business on terms that the Business would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy or other financial reorganisation;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets such as changes in arrears or economic conditions that correlate with defaults.

FINANCIAL LIABILITIES (NOTE 10 AND 11)

Initial recognition and measurement

The Business initially recognises financial liabilities when the Business becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified as measured at amortised cost or fair value, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Business determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. The Business's financial liabilities include trade and other payables, employee-related payables and derivatives that are liabilities.

The Business has not designated any financial liabilities upon initial recognition as at fair value through profit or loss, except those financial liabilities that contain embedded derivatives that significantly modify cash flows that would otherwise be required under the contract.

Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in earnings.

Provisions

A provision is recognised when the business has a present legal or constructive obligation as a result of past events for which it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee benefits

Short-term employee benefits

All short-term benefits are charged as an expense in the period in which the related service is rendered by employees. A liability is recognised for the amount expected to be paid if the business has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and this amount can be estimated reliably. The liability under short term benefits is accounted for as the undiscounted amount expected to be paid in exchange for the services received.

Post-retirement benefits

The Business has a number of defined contribution plans for its eligible employee. These funds are governed by the Pension Funds Act, 1956 as amended.

The overall expected rate of return on assets is determined based on market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

The risks pertaining to the defined contribution plans does not lie with the Business regarding the sufficiency of the plan assets or returns on these assets.

Payments to defined contribution retirement benefit plans are charged as an expense in the reporting period to which they relate.

Other long-term employee benefits

Other long-term employee benefits include items such as the Business's long-term disability benefits as well as the portion of the Business's leave pay benefits not expected to be settled wholly within twelve months after the annual reporting period in which the employees render the related service.

Termination benefits

Termination benefits are expensed at the earlier of when the Business can no longer withdraw the offer of those benefits and when the Business recognises costs for a restructuring. If benefits are not expected to be settled wholly within twelve months of the reporting date, then they are discounted.

LEASE LIABILITIES (NOTE 9)

Business as a lessee

Determining the lease term

The Business has determined the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and the periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The lease term includes any rent-free periods provided to the lessee by the lessor.

Short-term leases and leases of low value assets

The Business has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property, plant and equipment that have a lease term of 12 months or less and leases of low-value assets. The Business recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Separation of lease components

At inception or on reassessment of a contract that contains a lease component, the business allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. However, for the leases of land and buildings in which it is a lessee, the business has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Right-of-use assets

The business recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the depreciation method as detailed in the Property, plant and equipment accounting policy.

Lease payments

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Business is reasonably certain to exercise, lease payments in an optional renewal period if the Business is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Business is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method.

Remeasurement

A lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Business's estimate of the amount expected to be payable under a residual value guarantee or if the Business changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Business presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and a lease liability in lease liabilities in the statement of financial position.

REVENUE (NOTE 12)

Sale of goods

Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Business expects to be entitled to in exchange for those goods, recovery of the consideration is probable, the associated costs and possible return of goods that can be estimated reliably. The Business has concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

Variable consideration

If the consideration in a contract includes a variable amount, the Business estimates the amount of consideration to which it will be entitled to in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The rights of return and volume rebates give rise to variable consideration

Revenue is measured at the consideration at which the Business is expected to be entitled to, excluding discounts, rebates and VAT.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the carve-out financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimation assumptions

In the process of applying the accounting policies, the Business has made judgements relating to certain items recognised, which have the most significant effect on the amounts recognised in the carve-out financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below.

The Business based its assumptions and estimates on parameters available when the carve-out financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Business. Such changes are reflected in the assumptions when they occur.

Contingent liabilities

Where a claim on the guarantee has been made by the respective client, the probability of the obligation is assessed in detail by management.

Reimbursements from cross indemnities may not be disclosed in the financial statements unless a claim is made by a client on the corresponding obligation, and the reimbursement is considered probable.

4. PROPERTY, PLANT AND EQUIPMENT

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|--|----------------------------------|-----------------------------------|-----------------------------------|
| Property, plant and equipment | 174 | 70 | 53 |
| Total | 174 | 70 | 53 |
| Reconciliation of property, plant and equipment | | | |
| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
| Owned plant, equipment and vehicles | | | |
| Cost | | | |
| Opening balance | 901 | 999 | 1 030 |
| Additions | 24 | 17 | 18 |
| Disposals | (10) | (112) | (41) |
| Reclassifications | (5) | (3) | (8) |
| | 910 | 901 | 999 |
| Accumulated depreciation and impairment | | | |
| Opening balance | (831) | (946) | (992) |
| Current year depreciation | (12) | – | – |
| Depreciation previously not recognised | (6) | – | – |
| Reversal of impairment | 103 | – | – |
| Disposals | 10 | 112 | 41 |
| Reclassifications | – | 3 | 5 |
| | (736) | (831) | (946) |
| | 174 | 70 | 53 |

5. RIGHT-OF-USE ASSETS

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|--|----------------------------------|-----------------------------------|-----------------------------------|
| Right-of-use assets | 356 | 586 | 586 |
| | 356 | 586 | 586 |
| Reconciliation of right-of-use assets | | | |
| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
| Property, plant, equipment and vehicles | | | |
| Cost | | | |
| Opening balance | 586 | 586 | – |
| Adoption of IFRS 16 <i>Leases</i> | – | – | 586 |
| Derecognitions | (23) | – | – |
| | 563 | 586 | 586 |
| Accumulated depreciation and impairment | | | |
| Opening balance | – | – | – |
| Current year depreciation | (68) | – | – |
| Depreciation previously not recognised | (147) | – | – |
| Derecognitions | 8 | – | – |
| | (207) | – | – |
| | 356 | 586 | 586 |

6. INVENTORIES

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Raw materials | 479 | 317 | 267 |
| Work-in-progress | 1 | – | 1 |
| Finished goods | 332 | 293 | 383 |
| Consumables | 32 | 31 | 33 |
| | 844 | 641 | 684 |

Inventory to the value of R30 million was written off in the year ended 30 June 2022. This was due to the severe floods which occurred in KwaZulu-Natal in April 2022. The full value written off was recovered through insurance proceeds received post year-end.

7. TRADE AND OTHER RECEIVABLES

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|--------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Financial Assets | | | |
| Trade receivables | 277 | 380 | 316 |
| Provision for expected credit losses | (1) | (10) | (10) |
| Sundry debtors | 43 | 5 | – |
| Non-financial assets | | | |
| Prepayments | 7 | 3 | 5 |
| | 326 | 378 | 311 |

The carrying amount of trade and other receivables approximates its fair value due to its short-term maturity.

Credit terms

Trade and other receivables comprise amounts owing to the Business in the normal course of business. Terms vary in accordance with contracts of supply and service and across business units, but are generally on 30 to 60 day terms from date of invoice. Indebtedness is generally interest free while within the terms of the original contract.

Expected credit losses on Trade and other receivables

As at 30 June 2022, the Company has trade and other receivables of R227 million (2021: R 380 million; 2020: R 316 million). The provision for expected credit losses on trade receivables amounts to R1 million (2021: R 10 million; 2020: R10 million).

8. CASH AND BANK BALANCES

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Cash and bank balances | 42 | 248 | 83 |
| | 42 | 248 | 83 |

Finance earnings

Cash at banks earn finance earnings at floating rates based on daily bank deposit rates.

Expected credit losses

The expected credit loss provision for cash and bank balances is immaterial.

9. LEASE LIABILITIES

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|--|--|---|---|
| Opening balance | 526 | 561 | – |
| Adoption of IFRS 16 | – | – | 586 |
| Lease instalments | (95) | (91) | (85) |
| Interests on lease liabilities | 52 | 56 | 60 |
| Derecognition of lease liabilities | (15) | – | – |
| | 468 | 526 | 561 |
| Maturity analysis | | | |
| Lease liabilities are payable as follows: | | | |
| Minimum lease payments due | | | |
| – within one year | 101 | 97 | 91 |
| – in two to five years | 512 | 608 | 410 |
| – more than five years | – | 22 | 317 |
| Less: future finance charges | (145) | (201) | (257) |
| Present value of minimum lease payments | 468 | 526 | 561 |
| Non-current liabilities | 359 | 417 | 458 |
| Current liabilities | 109 | 109 | 103 |

The total cash outflow related to leases for the year amounts to R100 million (2021: R97 million; 2020: R99 million). Refer to note 13: Cost of sales and note 15: Operating expenses for the expense recognised for short-term and low-value leases.

10. EMPLOYEE-RELATED PAYABLES

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|-------------------------|--|---|---|
| Non-current liabilities | 5 | 5 | 6 |
| Current liabilities | 29 | 19 | 5 |
| | 34 | 24 | 11 |

Employee entitlements

Employee entitlements are obligations raised for the various employee incentive plans in place at Aveng Trident Steel. Included in employee entitlements are short and medium-term incentive plan obligations, along with statutorily determined retrenchment commitments.

Leave pay benefits

Leave pay benefits are amounts due to employees for accumulated leave balances, the timing of which is uncertain at year-end. The discounting element of these obligations was realised through profit and loss in the current year.

Reconciliation of employee-related payables

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|---|----------------------------------|-----------------------------------|-----------------------------------|
| Employee entitlements | | | |
| Opening balance | 19 | 5 | 6 |
| Recognised / (reversed) in earnings or loss | 26 | 14 | 8 |
| Utilised | (14) | – | (9) |
| Closing balance | 31 | 19 | 5 |

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|---|----------------------------------|-----------------------------------|-----------------------------------|
| Leave pay benefits | | | |
| Opening balance | 5 | 6 | 8 |
| Recognised / (reversed) in earnings or loss | (2) | (1) | 5 |
| Utilised | – | – | (7) |
| Closing balance | 3 | 5 | 6 |

11. TRADE AND OTHER PAYABLES

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Trade payables | 541 | 400 | 186 |
| Sundry expenses | 26 | 28 | 36 |
| Promissory notes | 264 | 298 | 80 |
| Other provisions | 1 | 1 | 1 |
| | 832 | 727 | 303 |

Trade and other payables comprise amounts owing to suppliers for goods and services supplied in the normal course of business.

Promissory notes are issued by the Group to manage working capital levels and do not represent funding facilities and are accounted for as trade payables. These Promissory notes bear interest between a range of 9.72% and 12.52% per annum (2021: 12.49% and 15.55% per annum; 2020: 10.84% and 16.04% per annum). Terms vary in accordance with contracts of supply and service but are generally settled on 60 to 61 day terms.

The carrying amounts of trade and other payables approximate their fair values due to its short-term maturity.

12. REVENUE

The Business's revenue is derived from the sale of goods to customers. Revenue can be classified into the following categories:

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|---------------|--|---|---|
| Sale of goods | 3 296 | 3 163 | 3 531 |
| | 3 296 | 3 163 | 3 531 |

13. COST OF SALES

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|---|--|---|---|
| Short-term and low value lease charges | – | 1 | 7 |
| Depreciation of property, plant and equipment | 11 | – | – |
| Depreciation of right-of-use assets | 60 | – | – |
| Employee cost | 79 | 80 | 104 |
| Employee benefits | 10 | 10 | 12 |
| Materials | 2 806 | 2 781 | 3 247 |
| Other | 23 | (14) | 10 |
| | 2 989 | 2 858 | 3 380 |

14. OTHER EARNINGS

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|------------------------------------|--|---|---|
| Discount received | 43 | 40 | 58 |
| Foreign exchange (losses) / gains* | (7) | 18 | (35) |
| Rent received | 29 | 39 | 33 |
| Other income | 41 | – | 8 |
| | 106 | 97 | 64 |

* Includes gains on forward exchange contracts.

15. OPERATING EXPENSES

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|--|--|---|---|
| Short-term and low value lease charges | 5 | 5 | 7 |
| Rationalisation and restructuring | – | – | 16 |
| Bad debts | 10 | 15 | 13 |
| Insurance | 11 | 12 | 14 |
| Depreciation of property, plant and equipment | 1 | – | – |
| Depreciation of right-of-use property, plant and equipment | 8 | – | – |
| Employee costs | 60 | 58 | 83 |
| Employee benefits | 29 | 20 | 6 |
| Rates, Water, Electricity and Sanitation | 18 | 18 | 19 |
| Consulting fees | 1 | 1 | 1 |
| Auditors Remuneration | 4 | 2 | 3 |
| Other | 46 | 34 | 41 |

16. OTHER FINANCE EXPENSES

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Interest on other debt instruments | 29 | 28 | 32 |
| Interest on lease liabilities | 52 | 56 | 60 |
| | 81 | 84 | 92 |

17. COMMITMENTS

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|--------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Authorised capital expenditure | | | |
| – Contracted | 7 | 2 | – |
| Total capital expenditure | 7 | 2 | – |

18. CONTINGENT LIABILITIES

Claims and legal disputes in the ordinary course of business

The Business is, from time to time, involved in various claims and legal proceedings arising in the ordinary course of business. The Board does not believe that adverse decisions in any pending proceedings or claims against the business will have a material adverse effect on the financial position or future operations of the business. Provision is made for all liabilities which are expected to materialise and contingent liabilities are disclosed when the outflows are probable.

19. RISK MANAGEMENT

The Business is exposed to currency, credit, liquidity and interest rate risks. In order to manage these risks, the Business may enter into transactions which make use of financial instruments. The Business has developed a risk management process to facilitate, control and monitor these risks. This process includes formal documentation of policies, including limits, controls and reporting structures.

Management is responsible for risk management activities within the Business. The Aveng executive, as well as the business management meet regularly to review market trends and develop strategies.

Aveng Group Treasury, in conjunction with the business management is responsible for monitoring currency, interest rate and liquidity risk under policies approved by the Board of directors. Aveng Group Treasury, in conjunction with the business management identifies, evaluates and hedges financial risks in close cooperation with the Business.

The Business actively monitors the following risks:

19.1 Capital risk management

The primary objective of the Business's capital management policy is to ensure that the Business maintains healthy capital ratios, such as return on invested capital (ROIC), debt to equity and return on equity, in order to support its Business.

The Business manages its capital structure and makes adjustments to it in response to changes in economic conditions. To maintain or adjust the capital structure, the Business may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 30 June 2022, 30 June 2021 and 30 June 2020.

19.2 Liquidity risk

Liquidity risk is the risk that the Business will be unable to meet a financial commitment in any location or currency, as and when they fall due. The Business manages its liquidity risk through its management and in collaboration with Aveng Group treasury. Cash flow forecasting is performed by the Business and consolidated by the Aveng Group Treasury.

19.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Business does not have exposure to interest rate risks due to the fact that the Business does not have external debt obligations with variable interest rates.

The Business's policy is to manage interest rate risk through both fixed and variable, long and short instruments.

Deposits, cash balances and promissory notes all carry interest at rates that vary in response to prevailing market rates in the respective geographical areas of the business's operations.

No financial instruments are entered into to mitigate the risk of interest rates.

19.4 Credit risk

The Business's only material exposure to credit risk is in its receivables (refer to note 7: Trade and other receivables) and deposits and cash balances (refer to note 8: Cash and bank balances).

Deposits and cash balances are all kept at rated financial institutions within a credit limit policy which is subject to regular review. The Business trades only with recognised, creditworthy third parties. It is the Business's policy that all customers who wish to trade on credit terms are subject to contractual terms and credit verification procedures.

19.4.1 Expected Credit losses on Trade Receivables and Amounts due from Contract Customers

An impairment analysis in line with the requirements of IFRS 9 *Financial Instruments* is performed at the end of the reporting date using a forward-looking 'expected credit loss' (ECL) model. This model uses a PD/LGD/EAD approach to calculate the expected credit losses. The Business segments its portfolio of trade receivables and amounts due from contract customers into various segments based on shared risk characteristics to ensure homogeneous grouping of counterparties. The classification of counterparties into the various segments is based on their country of operation, whether the counterparty is rated by an external rating agency, and the segment in which the counterparty operates. The classification is limited to categories established in the Basel II Accord and SARB regulations (i.e. Externally rated entities, unrated public institutions. Other unrated corporate entities and other unrated retail entities). The Business uses judgement to appropriately notch down the ratings assigned to various categories of debt into categories appropriate to the business's credit risk.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The impact on the Business is that the credit risk has increased, however not significantly.

19.4.2 Trade and other receivables

Ageing analysis of trade and other receivables

| | <90 days Rm | Past due* Rm | Total Rm |
|---|---------------------------|-------------------------|---------------------|
| 30 June 2022 | | | |
| Trade receivables | 274 | 3 | 277 |
| Sundry receivables | 43 | – | 43 |
| Provision for expected credit losses – specific debtors | (1) | – | (1) |
| Net trade and other receivables | 316 | 3 | 319 |
| 30 June 2021 | | | |
| Trade receivables | 358 | 22 | 380 |
| Sundry receivables | 5 | – | 5 |
| Provision for expected credit losses | (10) | – | (10) |
| Net trade and other receivables | 353 | 22 | 375 |
| 30 June 2020 | | | |
| Trade receivables | 258 | 58 | 316 |
| Provision for expected credit losses | (10) | – | (10) |
| Net trade and other receivables | 248 | 58 | 306 |

* Represents accounts past due based on due date in accordance with the contractual payment terms.

19.4.3 Trade and other receivables impaired

As at 30 June 2022, trade receivables with a nominal value of R1 million (2021: R10 million; 2020: R10 million) (expected credit losses) were provided for in a provision account.

The maximum exposure to credit risk in relation to trade and other receivables:

| | 30 June 2022 Audited Rm | 30 June 2021 Reviewed Rm | 30 June 2020 Reviewed Rm |
|---|--|---|---|
| Trade and other receivables | 277 | 380 | 316 |
| Provision for expected credit losses | (1) | (10) | (10) |
| | 276 | 370 | 306 |
| Reconciliation of provision for expected credit losses | | | |
| Opening balance | 10 | 10 | 7 |
| Raised during the year | 10 | 10 | 14 |
| Utilised during the year | (19) | (10) | (11) |
| | 1 | 10 | 10 |

19.5 Maturity profile of financial instruments

The maturity profile of the recognised financial instruments are summarised below. These profiles represent the discounted cash flows that are expected to occur in the future.

| | Less than one year Rm | One to five years Rm | Beyond five years Rm | Total Rm |
|---|-----------------------------|----------------------------|----------------------------|--------------|
| Financial Instruments | | | | |
| 30 June 2022 | | | | |
| Non-derivative financial liabilities | | | | |
| Lease liabilities | 109 | 359 | – | 468 |
| Trade and other payables | 832 | – | – | 832 |
| | 941 | 359 | – | 1 300 |
| 30 June 2021 | | | | |
| Non-derivative financial liabilities | | | | |
| Lease liabilities | 109 | 413 | 4 | 526 |
| Trade and other payables | 727 | – | – | 727 |
| | 836 | 413 | 4 | 1 253 |
| 30 June 2020 | | | | |
| Non-derivative financial liabilities | | | | |
| Lease liabilities | 103 | 435 | 23 | 561 |
| Trade and other payables | 303 | – | – | 303 |
| | 406 | 435 | 23 | 864 |

20. SUBSEQUENT EVENTS

As at 30 June 2022 Aveng Trident Steel had submitted insurance claims for business interruptions and asset damage due to the April 2022 floods which occurred in Kwazulu-Natal. Subsequent to year, insurance claims to the value of R52 million had been determined with regards to business interruption. Claims to the value of R13 million and R3,5 million for asset damage had also been submitted subsequent to year end.

NOTICE OF GENERAL MEETING

This Notice of General Meeting is important and requires your immediate attention.

If you are in any doubt as to the action you should take in relation to this Notice of General Meeting, please consult your CSDP, broker, banker, legal advisor, accountant or other professional advisor immediately. If you have disposed of all of your Aveng Shares, please forward this Notice of General Meeting to the purchaser of your shares, or the CSDP or broker or agent through whom the disposal was effected.



AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000302618
("Aveng" or "the Company")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached shall bear the same meanings herein, where appropriate and applicable.

Notice is hereby given that a virtual General Meeting of the Company will be held entirely by electronic communication on an interactive electronic platform hosted at <https://meetnow.global/ZA> at 10h00 on Wednesday 18 January 2023, to consider and, if deemed fit, to pass, with or without modification, the resolution set out below in the manner required by the Companies Act, 2008 and the JSE Listings Requirements.

- **If you hold Dematerialised Shares which are registered in your "own name" or if you are the registered holder of certificated shares as at the record date:**
 - you may attend, participate and vote in the General Meeting. Alternatively, you may appoint a proxy (who need not be a shareholder of the Company) to represent you at the meeting. Any appointment of a proxy may be effected by using the form of proxy attached hereto and, in order for the proxy to be effective and valid, must be completed and delivered in accordance with the instructions contained in the form of proxy. In order to receive instructions for joining and exercising voting rights in the General Meeting, you will need to either:
 - register and be verified online using the online registration portal at <https://meetnow.global/ZA> before commencement of the General Meeting, which Shareholders are requested to do by no later than 10h00 on Tuesday 17 January 2023 to allow for processing; or
 - apply to Computershare, by sending a request to proxy@computershare.co.za so as to be received by Computershare by no later than 10h00 on Tuesday 17 January 2023.
- If you hold Dematerialised Shares which are NOT registered in your "own name" as at the record date:
 - and wish to attend, participate and vote in the General Meeting, you must obtain the necessary letter of representation to represent the registered shareholder of your shares from your CSDP or broker within the cut off time stipulated in the custody agreement entered into with your CSDP or broker. In addition, in order to receive instructions for joining and exercising voting rights in the virtual meeting, you will need to either:
 - register and be verified online using the online registration portal at <https://meetnow.global/ZA> before commencement of the General Meeting, which Shareholders are requested to do by no later than 10h00 on Tuesday 17 January 2023 to allow for processing; or
 - apply to Computershare, by sending a request to proxy@computershare.co.za so as to be received by Computershare by no later than 10h00 on Tuesday 17 January 2023;
 - and do not wish to attend the General Meeting, but would like your vote to be recorded thereat, you should contact the registered shareholder of your shares through your CSDP or broker and furnish them with your voting instructions ; and
 - you must not complete the form of proxy.

Shareholders are referred to the Circular to which this Notice of General Meeting is attached, which sets out the information and explanatory material that they may require in order to determine whether to participate in the General Meeting and vote on the resolution set out below. In addition to the information and explanatory material recorded in the Circular, the attention of the Shareholders is drawn to the following salient dates and times:

| | |
|---|--|
| Record date to be eligible to receive the Notice of General Meeting | Friday 25 November 2022 |
| Circular distributed to Shareholders on | Friday 2 December 2022 |
| Last date to trade in Shares in order to be eligible to participate and vote in the General Meeting | Tuesday 10 January 2023 |
| Record date in order to participate and vote in the General Meeting | Friday 13 January 2023 |
| Last day for lodging of forms of proxy for General Meeting with Transfer Secretaries by 10h00 on | Tuesday 17 January 2023 |
| General Meeting to be held at 10h00 on | Wednesday 18 January 2023 |
| Announcement of results of the General Meeting to be released on SENS on | Thursday 19 January 2023 |
| Fulfillment of Conditions Precedent to Proposed Transaction | Friday 24 February 2023 (estimated date) |

All participants (including proxies) at the General Meeting will be required to provide reasonably satisfactory identification in accordance with section 63(1) of the Companies Act before being entitled to participate or vote in the General Meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licences, and passports.

Ordinary Resolution 1: Approval of the Proposed Transaction in terms of the JSE Listings Requirements

"RESOLVED THAT Aveng Africa is authorised to dispose of the Business and to implement the Proposed Transaction in terms of the Sale of Business Agreement and as disclosed in the Circular."

Reason and Effect

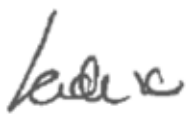
The reason for Ordinary Resolution 1 is that the disposal by Aveng Africa (a wholly owned subsidiary of Aveng) of its Trident Steel Business meets the definition of a category 1 disposal as contemplated in section 9 of the JSE Listings Requirements and, accordingly, requires approval by way of an ordinary resolution of Aveng Shareholders. Absent the approval of Aveng Shareholders, Aveng Africa is not permitted to implement the Proposed Transaction.

In terms of Aveng's Memorandum of Incorporation more than 50% of votes cast by all Aveng Shareholders present or represented by proxy at the General Meeting must be obtained in respect of the ordinary resolution to approve the Proposed Transaction.

Voting and proxies

Shareholders are entitled to attend, speak and vote at the General Meeting. Each Shareholder is entitled to appoint one or more proxies to attend, speak and vote in their stead at the General Meeting. A proxy need not be a Shareholder.

By order of the Aveng Board



Edinah Mandizha

Group company secretary

Melrose Arch

Friday 25 November 2022



AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000302618
("Aveng" or "the Company")

FORM OF PROXY

All terms defined in the Circular to which the Notice of General Meeting is attached shall bear the same meanings in this Form of Proxy where appropriate and applicable.

THIS FORM OF PROXY IS ONLY FOR USE BY:

- Certificated Shareholders; and
- Own-name Dematerialised shareholders.

If you are a Dematerialised Shareholder holding Shares, other than with Own-name Registration, do not use this form. Shareholders holding Dematerialised Shares, other than with Own-name Registration, should furnish their voting instructions to their appointed CSDP or broker in the form and before the cut off time as stipulated in the custody agreement entered into between the Shareholder and the CSDP or broker.

I/We

(please print full names)

Telephone number:

Mobile number:

Email:

of

(please state address)

being the holder(s) of Ordinary Shares in the issued share capital of the Company, do hereby appoint

1.

or failing him/her

2.

or failing him/her

3. the chairman of the General Meeting

as my/our proxy to attend and speak and vote for me/us on my/our behalf at the General Meeting of the Company which will be held entirely by electronic communication on an interactive electronic platform hosted at <https://meetnow.global/ZA> at 10h00, on Wednesday 18 January 2023, or any other adjourned or postponed date, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolution to be proposed at the General Meeting, and to vote on such resolution in respect of the Ordinary Shares registered in my/our name(s) in accordance with the following instructions (see note 2):

| | Insert an 'X' or number of Shares | | |
|---|-----------------------------------|---------|---------|
| | For | Against | Abstain |
| Ordinary Resolution 1 Approval of the Proposed Transaction in terms of the JSE Listings Requirements "RESOLVED THAT Aveng Africa is authorised to dispose of the Business and to implement the Proposed Transaction in terms of the Sale of Business Agreement and as disclosed in the Circular." | | | |

Signed at _____ on _____ 2023

Signature _____

Assisted by me (where applicable) _____

Each Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in place of that Shareholder at the General Meeting.

Please read the following summary of the rights contained in section 58 of the Companies act and the following notes to this form of proxy.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 13 below);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 4 below);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 2 below);
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to –
 - o the relevant shareholder; or
 - o the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so; and
- if a company issues an invitation to its shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:
 - o the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
 - o the invitation or form of proxy instrument supplied by the company must:
 - bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
 - contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name and, if desired, an alternative name of a proxy chosen by the shareholder; and
 - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;
 - o the Company must not require that the proxy appointment be made irrevocable; and
 - o the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to the above.

NOTES TO THE FORM OF PROXY

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space(s) provided, with or without deleting "the chairperson of the General Meeting" but any such deletion must be initialled by the Shareholder. The person whose name appears first on the form of proxy and who is present at General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the General Meeting as he / she deems fit. A Shareholder may instruct the proxy to vote fewer than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A Shareholder who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the Shareholder's votes exercisable at the General Meeting.
3. Forms of proxy are requested to be lodged with or posted or emailed to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132) (proxy@computershare.co.za) to be received on or before 10h00 on Tuesday 17 January 2023. Alternatively, such forms of proxy may be submitted to the company secretary (edinah.mandizha@avenggroup.com) immediately before the commencement of the General Meeting.
4. The completion and lodging of this form of proxy will not preclude the Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointment in terms thereof, should each Shareholder wish to do so.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (example, for a company, close corporation, trust, pension fund, deceased estate) must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.
6. An alteration or correction made to this form of proxy must be initialled by the signatory or signatories.
7. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrar of the Company.
8. Where there are joint holders of shares in the Company, any one of such persons may, alone, sign this form of proxy in respect of such shares as if such person was the sole holder but, if more than one of such joint holders submits a form of proxy, the form of proxy, if accepted by the chairperson of the General Meeting, submitted by the holder whose name appears first in the Company's share register will be accepted to the exclusion of any other forms of proxy submitted by any other joint holder/s.
9. The chairperson of the General Meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairperson of the General Meeting is satisfied as to the manner in which the Shareholder wishes to vote.
10. A proxy need not be a Shareholder of the Company.
11. Aveng's Memorandum of Incorporation provides that on a show of hands every person present and entitled to exercise voting rights, shall have only one vote, irrespective of the number of voting rights such person would otherwise be entitled to exercise. However, to enable electronic voting, it will be proposed that voting takes place by poll.
12. On a poll, every person present at the meeting, whether in person or by proxy, shall have one vote for every share in respect of which it is entitled to exercise voting rights.
13. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
14. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.
15. If the General Meeting is adjourned or postponed, valid forms of proxy for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

