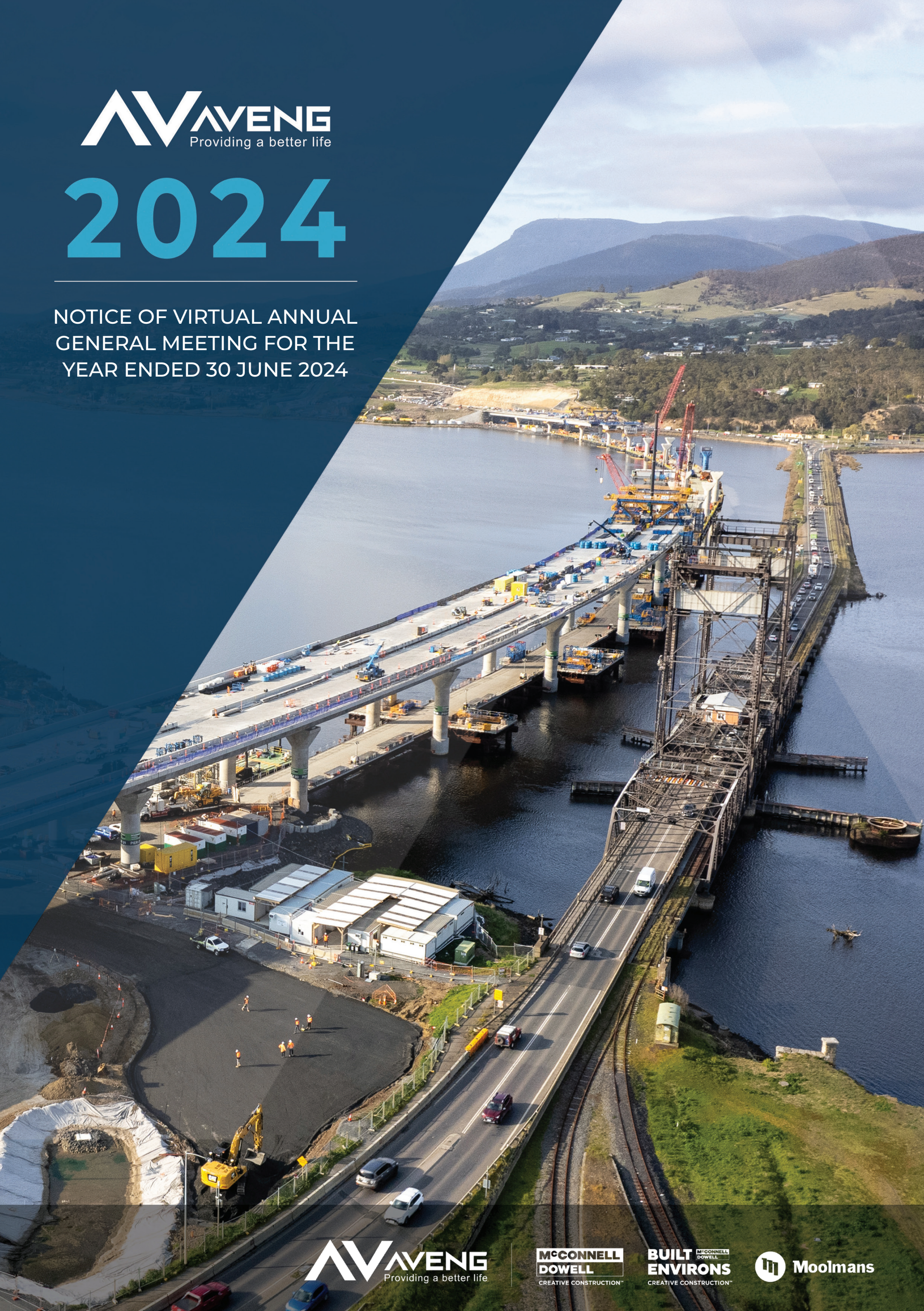
AVENG
Providing a better life

# 2024

## NOTICE OF VIRTUAL ANNUAL GENERAL MEETING FOR THE YEAR ENDED 30 JUNE 2024



AVENG Providing a better life

McCONNELL DOWELL CREATIVE CONSTRUCTION™

BUILT ENVIRONS McCONNELL DOWELL CREATIVE CONSTRUCTION™

Moolmans

# Contents



## SHAREHOLDERS' DIARY – 2025 at a glance

| | |
|---|---|
| Financial year end | 30 June 2025 |
| Interim period | 31 December 2024 |
| Annual general meeting | 6 December 2024 |

## PUBLICATION OF RESULTS

| | |
|---|---|
| Interim financial statements for the period ended 31 December 2024 | On or about 18 February 2025 |
| Annual financial statements for the year ended 30 June 2025 | On or about 19 August 2025 |

# Letter to shareholders

We present to you our FY24 results by way of our summarised consolidated annual financial statements, which are a summary of the information contained in the audited consolidated and separate annual financial statements of the Company, which are available on the Company's website at https://www.aveng.co.za/investor-centre.php.

In addition to the summary of our audited financial statements, this document contains the detailed notice to our 80th virtual Annual General Meeting (AGM) to be held entirely by electronic communication at 09:00 (SAST) on Friday, 6 December 2024.

The virtual AGM will be hosted on an interactive electronic platform, in order to facilitate voting and remote participation by shareholders. Further details, including how to submit votes by proxy before the meeting, are contained in the following notice of the virtual AGM (Notice of AGM).

If you are unable to attend the virtual AGM, you may vote by proxy in accordance with the instructions set out in the Notice of AGM and the form of proxy. The enclosed form of proxy, which is also available on our website at www.aveng.co.za, includes comprehensive instructions on how to complete it. Should you have any questions, please contact our offices.

Shareholders or their proxies who wish to participate and vote in the virtual AGM through the electronic participation platform, must either:

1. Register online using the online registration portal at https://meetnow.global/ZA; or
2. Apply to Computershare, by sending a request to proxy@computershare.co.za, to be received by Computershare by no later than Wednesday, 4 December 2024, in order to allow for processing.

As we have previously indicated, the changing financial reporting requirements and corporate governance demands over the past few years have resulted in voluminous annual reports. In order to promote sustainability, we will not be posting the integrated report to our shareholders.

Our comprehensive integrated report will be on the Company's website for viewing and may be downloaded from www.aveng.co.za on 31 October 2024. Printed copies of the integrated report will be made available to shareholders on request. If you would prefer to receive a printed copy, please contact Edinah Mandizha on +27 (11) 779 2800 or at edinah.mandizha@avenggroup.com.

Yours sincerely

**Edinah Mandizha**
*Group company secretary*

# Salient features – 2024 financial performance

Revenue of
## A$3.1 billion (R37.5 billion)
2023 | A$2.4 billion (R28.9 billion)

Operating earnings of
## A$34.5 million (R424 million)
2023 | A$86.8 million loss (R1.1 billion loss)

Headline earnings of
## A$38.0 million (R466 million)
2023 | A$77.7 million loss (R950 million loss)

Headline earnings per share of
## A$29.6 cents (364 cents (Rand))
2023 | A$61.6 cents loss (753 cents (Rand))

Work in hand of
## A$3.1 billion (R37.3 billion)
2023 | A$4.2 billion (R52.2 billion)

Net cash of
## A$173.7 million (R2.1 billion)
2023 | A$108.4 million (R1.4 billion)

# RESULTS
## For the year ended 30 June 2024

**AVENG LIMITED**
(Incorporated in the Republic of South Africa)
(Registration number: 1944/018119/06) | ISIN: ZAE000302618
SHARE CODE: AEG ("Aveng", "the Company" or "the Group")

## SALIENT FEATURES[1]

**Revenue of**
**A$3.1 billion (R37.5 billion)**
(June 2023: A$2.4 billion[2] (R28.9 billion))

**Operating earnings of**
**A$34.5 million (R424 million)**
(June 2023: A$86.8 million loss[2] (R1.1 billion loss))

**Headline earnings of**
**A$38.0 million (R466 million)**
(June 2023: A$77.7 million loss (R950 million loss))

**Headline earnings per share of**
**A$29.6 cents (364 cents (Rand))**
(June 2023: A$61.6 cents loss (753 cents (Rand))

## OVERVIEW

Aveng showcased its resilience with a return to profitability and positive cash flow generation for the year ended 30 June 2024.

### Return the Group to profitability and positive cash generation

At 30 June 2024, Aveng increased revenue from continuing operations by 27% to A$3.1 billion (R37.5 billion) (June 2023: A$2.4 billion (R28.9 billion)), with a corresponding improvement of over 100% in its operating earnings before capital items to A$34.5 million (R424 million) (June 2023: A$86.8 million loss (R1.1 billion loss)) and an increase in headline earnings to A$38.0 million (R466 million) (June 2023: A$77.7 million loss (R950 million loss)), compared to the prior comparative year. Earnings for the year improved to A$25.7 million (June 2023: A$91.8 million loss).

The Group produced gross earnings of A$175.6 million at a gross margin of 5.7% (June 2023: A$38.8 million at a gross margin of 1.6%), an increase of over 100% as compared to the prior year. Included in the gross earnings in the prior year is the impact of the Batangas LNG Terminal Project (BLNG project) loss of A$104 million. Excluding this loss, the Group recorded gross earnings of A$142.8 million in the prior year. The Group continues to be impacted by the effects of hyper-escalation on projects awarded pre-COVID. The impact has largely been ameliorated by way of various strategies adopted to address this potential risk. The embedded margin in work in hand is expected to improve as these projects are concluded.

The increase in operating earnings was driven by earnings in the *Infrastructure* and *Building* segments, with operating earnings of A$57.4 million (June 2023: A$49 million loss)

**Net Cash of**
**A$173.7 million (R2.1 billion)**
(June 2023: A$108.4 million (R1.4 billion))

**Strategic review concluded with intention to pursue two separate and independent operating and growth strategies**

**Work in hand of**
**A$3.1 billion (R37.2 billion)**
**with higher embedded margin**
(June 2023: A$4.2 billion (R52.2 billion))

**Leadership transition and organisational structural change complete**

[1] All figures have been restated due to a change in the reporting currency from ZAR to A$.
[2] Prior year revenue and operating earnings from continuing operations exclude Trident Steel.

in *Infrastructure* and A$8.6 million (June 2023: A$0.1 million) in the *Building* segment. The *Mining* segment generated operating earnings of A$2.0 million (R24.5 million) (June 2023: A$9.6 million (R110 million) loss) in 2024.

The *Infrastructure* segment is operating with 96% and the *Building* segment with 100% of projects profitable. This illustrates strong operational performance across these portfolios. The *Mining* segment continues to focus on project execution through a focus on improving production levels and operating efficiencies across all its sites.

Building on the first half of the year, the Group continued to deliver a strong operating free cash inflow of A$97.9 million for the full year (June 2023: A$62.7 million outflow).

### Strengthened balance sheet through improved profitability, strong cash generation and debt repayment

Aveng strengthened its balance sheet through improved profitability, strong cash generation and the repayment of debt. The Group closed with a cash balance of A$227.7 million (June 2023: A$189.7 million) after settling A$23 million term debt facility during the year. The Group's debt now comprises asset-backed finance and lease liabilities associated with property, plant and equipment.

The Group closed the year with an improved net cash position of A$173.7 million (R2.1 billion) (30 June 2023: A$108.4 million (R1.4 billion)).

### Improved quality of work in hand with higher embedded margin

The Group continues to win work within its specialist disciplines, with a focus on quality infrastructure, building and mining projects, which are expected to contribute positively to the operational margins. As a result, the Group enters the 2025 financial year in a strong position, with combined work in hand amounting to A$3.1 billion (R37.2 billion), down from the record high work in hand of A$4.2 billion (R52.2 billion) in June 2023. As expected, work in hand in the *Infrastructure* segment has reduced, reflecting the timing of larger infrastructure project awards, particularly for government-funded projects. Tendering activity in the second half returned to required levels in support of future revenue projections at expected margins. Work in hand in the *Building* segment has come off peak levels and remains at a comfortable level to maintain similar revenue levels going forward. The *Mining* segment is currently focused on opportunities to improve volumes and extend contracts with existing clients.

### Enhanced risk management processes having positive impact

As previously described, the risk management processes introduced across the *Infrastructure* and *Building* segments are having a positive impact across the entire portfolio. This includes improved tender preparation and review processes, project reviews and specific proactive attention provided by the Project Management Office (PMO) professionals through the tender and project lifecycle. This has led to an improved project portfolio balanced between risk and opportunity, increased project specific contingencies and risk mitigation strategies now delivering opportunity. This has led to overall margin trending upwards towards expectations.

### Risk reduced on Group legacy items

The Group continues to actively manage the remaining legacy matters. Risk has been reduced with lower guarantee exposures, closing out of project-related liabilities, contractual disputes and claims.

### Strategic review undertaken

A new strategic direction to enhance future value for all businesses has been determined.

## OPERATIONAL PERFORMANCE

Our commitment to ensuring the success of our three businesses, McConnell Dowell, Built Environs and Moolmans, remains unwavering and in line with the objective of ensuring a sustainable future for all three businesses.

Aveng has segmented its existing businesses under three strong operating brands which make up three distinct segments. The *Infrastructure* segment, which comprises McConnell Dowell, operates in three geographical regions – Australia, New Zealand and Pacific Islands, and Southeast Asia; the *Building* segment, which comprises Built Environs, operating in Australia and New Zealand, and the *Mining* segment which comprises Moolmans.

### Infrastructure

For the year ended 30 June 2024, the *Infrastructure* segment achieved a 23% growth in revenue to A$2.4 billion (2023: A$2.0 billion), mainly attributable to revenue growth in its business units in Australia, and New Zealand and Pacific Islands. The business continues to focus on specialised projects in Australia, New Zealand and Pacific Islands, and Southeast Asia, offering engineering and infrastructure solutions in the transport, water and wastewater, ports and coastal, and energy and resources sectors.

McConnell Dowell's Australian business unit achieved a 24% increase in revenue to A$2.0 billion (2023: A$1.6 billion), however, recorded lower comparable operating earnings of A$45 million (2023: A$60 million). Historical cost escalation has contributed to lower margins on some key projects awarded pre-COVID. Cost escalation on certain alliance contracts translated into additional revenue at zero margin. Despite a decline in new work secured and a reduction in expected revenues, the margin for the project portfolio overall is projected to improve. New projects to the value of A$1.2 billion were won in the year. The business unit continues to focus on quality projects which will enhance the consistency of operational margins.

Work in hand fell to A$1.6 billion (2023: A$2.4 billion) as a result of a slowdown in infrastructure awards, which is expected to continue into FY25, primarily due to the effects of cost escalations on our client's available budgets.

The New Zealand and Pacific Islands business unit reported a 17% increase in revenue to A$305 million, and consistent operational excellence resulted in a 29% increase in operating earnings to A$22 million compared to the prior year. This marks consecutive years of above plan performance. The positive results are aligned with the continued strategy, supported by robust performance in the water and wastewater, and ports and coastal sectors.

Work in hand fell in the year to A$339 million (2023: A$434 million). New project awards and changes to existing projects to the value of A$209 million were won in the year.

The Southeast Asia business unit curtailed the substantial operating losses in the year ended 30 June 2023 (A$129 million loss), primarily from the BLNG contract, reporting an operating loss of A$6.3 million for the year ended 30 June 2024, which aligned with the plan. The BLNG project contract is now practically complete, with no further losses anticipated.

The resumption of tendering activities, halted during the peak of COVID-19, has secured A$226 million of new work in the year. The business unit's strategy focuses on leveraging specific disciplines with the appropriate capabilities, strategically located to align with chosen clients.

The *Infrastructure* segment recorded a lost-time injury frequency rate of 0.62 against a target of 0.23 and total recordable injury frequency rate of 3.52 against a target of 3.00.

### Building

Aveng's commercial building business unit, Built Environs, reported an 83% increase in revenue to A$419 million as compared to A$229 million reported in the prior year ended 30 June 2023, aligning with its growth agenda and allowing it to operate at scale across its three regions. Operating earnings of A$8.6 million, as a result of good project execution on key projects, is A$8.5 million higher than the prior year. The business unit has achieved scale and credibility, with margins in line with industry peers.

Work in hand reduced by A$121 million from the reported highest historical value of A$564 million at 30 June 2023, however the business unit continues to pursue selective projects, with a specific focus on the healthcare, recreation, and education sectors, as well as opportunities to collaborate with *Infrastructure* segment clients.

The *Building* segment recorded a lost-time injury frequency rate of 0.41 against a target of 0.23 and total recordable injury frequency rate of 5.71 against a target of 8.69.

### Mining

Moolmans is a tier-one contract mining business offering specialised services to the open-cast mining industry. Moolmans operates primarily in South Africa where continued challenges relating to road and rail infrastructure, ports, electricity and logistical challenges continue to impact our clients' operational plans. Moolmans has extensive experience in the SADC and West African regions and will utilise this experience in seeking opportunities to diversify its operations.

Under new executive management and a corresponding consolidation and reset of operational strategy, the business unit achieved a 14% increase in revenue to R3.3 billion (A$269 million) for the year ended 30 June 2024 (June 2023: R2.9 billion (A$242 million)) despite two contracts scaling down during the year. Moolmans reported marginal operating earnings of A$2.0 million (R24.5 million) (June 2023: A$9.6 million loss (R110 million loss)). Operating margins remain under pressure, despite delivering improved volumes on the Tshipi contract.

New work of R689 million was won in the year and work in hand fell to R5.4 billion (2023: R8.0 billion). Management remains focused on opportunities to improve volumes and profitability and through extension of contracts with existing clients.

The active fleet management strategy uses short-term rentals to support specific capacity requirements on projects. Redundant assets to the value of R163 million (A$13.7 million) have been disposed of in the current year, while assets to the value of R88 million (A$7.8 million) have been impaired.

The *Mining* segment recorded a lost-time injury frequency rate of 0.38 against a target of 0.185 and total recordable injury frequency rate of 0.38 against a target of 0.474.

### Aveng Legacy

Aveng continues to complete the significant task of closing out non-core asset disposals and ensuring that the Group complies with all statutory, legal, technical, commercial and human resources obligations. This primarily relates to Aveng Africa Proprietary Limited. The business unit recorded an operating loss of R61 million (A$5.0 million) (June 2023: R59 million (A$4.9 million)) and cash outflow of R115 million (A$9.4 million) (June 2023: R68 million (A$5.6 million)). The South African performance guarantee exposure decreased to R66 million (A$5.4 million) compared to R82 million (A$6.6 million) in the prior year. Subsequent to year end, the performance guarantee exposure further reduced to R50 million.

## CHANGE IN THE REPORTING CURRENCY

As announced in the interim results presentation, Aveng has evolved into a business with three operating segments, *Infrastructure*, *Building* and *Mining*, with 93% of its revenue sourced from outside South Africa. The Aveng Board bases its performance evaluation and many investment decisions on Australian Dollar financial information, being the predominant transactional currency of the Group. The Board believes that Australian Dollar financial reporting provides a more relevant presentation of the Group's financial position, funding and treasury functions, financial performance and its cash flows.

Based on the above, Aveng has elected to change its reporting currency from the South African Rand (ZAR) to the Australian Dollar (A$), with such change being implemented for the summarised consolidated annual financial statements at 30 June 2024.

It should be noted that the functional currencies of the Group's underlying businesses remain unchanged. Functional currencies refer to the currencies of the primary economic environments in which underlying businesses operate. Foreign exchange exposures will therefore be unaffected by the change, albeit that the effects of such exposures will be presented in Australian Dollars.

To assist investors in understanding the change, the Group has provided restated Australian Dollar financial information for the year ended 30 June 2023 in compliance with International Financial Reporting Standards (IFRS). For more information, please refer to *note 2.25 Changes to the Group accounting policies* in the Group's summarised consolidated financial statements.

# FINANCIAL REVIEW

Aveng reported improved headline earnings of A$38.0 million (R466 million) or A$29.6 cents (364 cents (Rand)) per share (2023: A$77.7 million loss (R950 million) or A$61.6 cents loss (753 cents (Rand)) per share).

Earnings for the year attributable to equity holders of the parent amounted to A$25.7 million (R315 million) or A$20.0 cents (245 cents (Rand)) per share (2023: A$104.0 million loss (R1.1 billion loss) or A$82.4 cents (1 017 cents (Rand)) loss per share).

Reported earnings for the year are A$25.7 million (R315 million) (2023: A$104.0 million (R1.1 billion)) while normalised earnings increased from a loss of A$82.7 million (R1 billion loss) in the prior comparative year to A$25.3 million (R310 million) earnings.

## Statement of comprehensive earnings

### Continuing operations

**Revenue** increased by 27% to A$3.1 billion (R37.5 billion) (2023: A$2.4 billion (R28.9 billion)). Cost escalation on certain alliance contracts translated into additional revenue at zero margin.

**Other earnings** of A$5.9 million (R74 million) (2023: A$9.0 million (R109 million)) consists of unrealised foreign exchange gains earned on financial hedge derivatives, which provide protection against foreign exchange exposure on rental contracts denominated in Euro in the current year and dividends from infrastructure investments held by the Group. The prior year included the accumulated ticking fee of A$6.0 million (R75 million) recognised on the sale of Trident Steel.

**Operating earnings before capital items** of A$34.5 million (R424 million) (2023: operating losses of A$86.8 million (R1.1 billion)) were higher across all operating segments:

- *Infrastructure* – earnings of A$57.4 million (2023: losses of A$49.1 million)
- *Building* – earnings of A$8.6 million (2023: A$0.1 million)
- *Mining* – earnings of R24.5 million (A$2.0 million) (2023: losses of R110 million (A$9.6 million))
- *Aveng Legacy* – losses of R61 million (A$5.0 million) (2023: losses of R59 million (A$4.9 million)
- *Other*, including the Group corporate head office in South Africa and Australia – loss of A$28.5 million (2023: loss of A$23.4 million (includes the accumulated ticking fee of R75 million (A$6.0 million) recognised on sale of Trident Steel)).

Excluding the impact of the BLNG loss of A$104 million, the Group recorded operating earnings of A$17.2 million in the prior year. Any adjusted information excluding the impact of BLNG contained in this report has been prepared for illustrative purposes only and has not been reviewed or reported on by a reporting accountant.

**Capital expenses** amounted to A$7.3 million (R90 million) (2023: capital earnings of A$0.7 million (R9 million)) and includes the net impact of impairments on plant and equipment in the *Mining* segment and loss on sale of assets.

**Net finance charges** increased to A$11.1 million (R136 million) (2023: A$10.3 million (R123 million)). Finance earnings of A$11.6 million (R142 million) increased by A$4.9 million (R65 million) in the year due to higher cash balances and deposit interest rates in Australia. Finance expenses of A$22.7 million (R278 million) increased by A$5.7 million (R78 million) as a result of interest paid on the settlement of a claim related to a legacy matter, higher interest rates, working capital requirements in South Africa, transaction costs for facilities, coupled with the introduction of new asset-backed financing for new heavy mining equipment at Moolmans.

**Basic earnings per share** of A$20.0 cents (245 cents (Rand)) (2023: A$82.4 cents loss (1 017 cents loss (Rand))) were calculated using a weighted average number of shares of 128.4 million shares. The prior year's basic loss per share of A$82.4 cents (1 017 cents (Rand)) was calculated using a weighted average number of shares of 126.1 million shares. The movement of 2.3 million shares is due to the vesting of shares in terms of the equity-settled share-based payment plans.

**Headline earnings** of A$38.0 million (R466 million) (2023: headline loss of A$77.7 million (R950 million loss)) after accounting for the impairment of property, plant and equipment and the derecognition of components at Moolmans and gain on disposal of property, plant and equipment.

**Headline earnings per share** is A$29.6 cents (364 cents (Rand)) calculated using the weighted average number of shares of 128.4 million shares. The prior year's headline loss per share of A$61.6 cents (753 cents (Rand)) was calculated using a weighted average number of shares of 126.1 million shares.

## Statement of financial position

**Property, plant and equipment (PPE)** decreased by a marginal amount of A$0.9 million to A$235.7 million (R2.9 billion) (2023: A$236.6 million (R3.0 billion)). The continued re-investment in the *Mining* segment of heavy mining equipment and the capitalisation of strategic jack-up barges in the *Infrastructure* segment, was offset by depreciation of A$45.9 million (R563 million) and a A$7.8 million (R88 million) impairment on non-critical, redundant assets in the *Mining* segment.

The Group incurred replacement **capital expenditure** of A$61.8 million (2023: A$62.7 million) and expansionary capital expenditure of A$7.1 million (2023: A$48.9 million). The majority of the amount was spent as follows:

- A$26.7 million in the *Infrastructure* segment, relating mainly to the capitalisation of the strategic jack-up barge with the balance on specific projects across the business units; and
- A$35.1 million (R426 million) in the *Mining* segment, primarily in new capital expenditure of A$7.8 million (R93 million) for the Tshipi project, replacement capital expenditure of A$0.6 million (R7 million) and components on the existing fleet of A$26.7 million (R326 million).

**Right-of-use (ROU) assets** increased by A$19.6 million to A$58.5 million (2023: A$38.9 million). The increase is largely due to increased equipment rentals in the *Mining* segment (A$19.3 million) and new vehicle replacements and three office lease renewals in the *Infrastructure* segment (A$23.2 million). This is offset by depreciation of A$24.0 million for the year.

**Net deferred taxation** for the Group increased by A$18.7 million to A$81.4 million (R992 million) (2023: A$62.8 million (R788 million)) due to the recognition of historical tax losses, previously not recognised, mainly in the Aveng Australia closed taxation group. Based on an assessment of future profitability, this tax group is forecast to utilise these tax losses over the next few years.

**Contract assets** for the Group increased by A$108.1 million to A$530.5 million (R6.5 billion) (2023: A$422.4 million (R5.3 billion)) due to increased contract receivables and work in progress, in line with increased activity levels, uncertified revenue and claims comprising timing-related variation orders and contract claims within the *Infrastructure* and *Building* segment.

**Assets held for sale** decreased to zero (2023: A$4.7 million) following the sale of the investment in Imvelo Concession Company Proprietary Limited in the current year.

**External borrowings and other liabilities** decreased by A$27.3 million (R361 million) to A$54.0 million (R659 million) from June 2023 primarily due to the full settlement of the term debt facility of A$23 million in Australia. New asset-backed financing was entered into to support the continued investment in heavy mining equipment through the fleet renewal programme in the *Mining* segment. Unutilised facilities amounted to A$10 million (R121 million).

**Lease liabilities** increased by A$11.5 million to A$103.5 million (R1.3 billion) as a result of new mining equipment lease contracts in the *Mining* segment and new vehicle replacements and three office lease renewals in the *Infrastructure* segment, partially offset by the lease repayments.

**Contract liabilities** increased by A$42.5 million to A$215.0 million (R2.6 billion) (June 2023: A$172.5 million (R2.2 billion)) due to progress billings in *Infrastructure* and *Building* segment.

**Trade and other payables** increased by A$91.8 million (R977 million) to A$467.5 million (R5.7 billion) (June 2023: A$375.7 million (R4.7 billion) mainly as a result of the timing of *Infrastructure* and *Building* project cost accruals and creditors invoice payments.

**Operating free cash flow** amounted to an inflow of A$97.9 million (June 2023: outflow of A$62.7 million) and includes:

- *Cash inflow from operating activities – A$137.4 million (June 2023: A$52.6 million outflow).*
- *Cash outflow from investing activities – A$39.5 million (June 2023: A$10.1 million).*

**Cash and bank balances (net of bank overdrafts)** increased to A$227.7 million (2023: A$190 million). Cash in Australasian operations increased by A$55 million, primarily from early project receipts and variation claims, offset by the A$23 million term debt repayments. The South African liquidity pool cash balance decreased by A$17 million in the year. A$76.5 million is held in joint arrangements.

## STRATEGIC REVIEW

As announced on 12 August 2024, Aveng has been conducting a detailed review of the corporate strategy for the Group with the objective of enhancing stakeholder value and maximising value to shareholders.

The review has concluded that Aveng's two operating businesses (McConnell Dowell and Moolmans) have distinctly different business characteristics and value propositions and as a result should pursue independent and separate operating and growth strategies. This will assist each business to independently access appropriate pools of capital to better support their investment requirements. Aveng therefore intends to pursue, through a combination of transactions, the creation of two independent and separate entities:

- McConnell Dowell (including Built Environs): a leading engineering-led construction and building contractor delivering infrastructure across a diverse range of end markets; and
- Aveng Limited: which holds Moolmans, a tier 1 contract mining business operating in sub-Saharan Africa.

The Board is mindful of its commitments to all stakeholders through this process and intends to support and enhance the prospects of both entities for the benefit of all stakeholders, including clients, suppliers and employees, by enabling the two entities to access the most attractive capital to pursue their separate strategies. In the case of McConnell Dowell, this will involve exploring a potential listing on the Australian Securities Exchange (ASX) and Johannesburg Stock Exchange (JSE). In the case of Moolmans this will involve exploring alternative ownership options and potentially introducing BBBEE capital.

Aveng has appointed advisers, including Macquarie Capital, to assist with the implementation process.

## OUTLOOK

### Infrastructure

McConnell Dowell is positioned well to continue its growth trajectory through a strong secured revenue position and remains focused on managing risks, converting opportunities, disciplined tendering, reliable project execution and delivering profit. The current work in hand provides a robust revenue platform, with over 80% of planned revenue for 2025 secured. Work in hand comprises 77% in the government sector and 23% in the private sector. Newer contracts continue to perform strongly and we note an easing in cost escalation pressure, providing the opportunity for overall margin improvement.

There are signs of a softening transport infrastructure market in Australia, balanced by reduced cost escalation pressures and the emergence of a general trend toward new energy, defence and water and wastewater-related developments. The addressable market across McConnell Dowell's footprint provides a visible pipeline of A$16.3 billion facilitating strategic selection of tender opportunities in support of profitable growth. The business remains focused on converting current tenders of A$1.9 billion in preferred bidder status to award, with a further A$3.4 billion pending decision.

### Building

Built Environs enters the 2025 financial year with solid work in hand. Markets in Australia and New Zealand remain strong, especially in the health, education and recreation sectors. Recent contract awards are expected to perform well on the back of slowing inflationary pressure. Built Environs has a visible pipeline of A$2.6 billion, a preferred bidder status of A$0.6 billion and current tenders of A$0.5 billion pending decision.

### Mining

Moolmans consolidation agenda includes focus on improved operational performance and cash generation. A key factor to success is ensuring that Tshipi's production levels continue to improve, in line with the steady improvement achieved throughout the year. There are significant opportunities for contract and volume extensions with existing clients.

## KEY MESSAGES

- Return to profitability and cash generation.
- Pre-COVID projects nearing completion – post-COVID projects performing well.
- McConnell Dowell (including Built Environs) – aligned to growing defence, energy, water, marine and resource sector opportunities.
- Moolmans – focused on operational improvements and opportunities with existing customers.
- Strategy – to pursue two separate and independent businesses.
- Committed to all stakeholders and the long-term sustainability of all businesses.

## DISCLAIMER

The financial information on which any outlook statements are based has not been reviewed or reported on by the external auditor. These forward-looking statements are based on management's current belief and expectations and are subject to uncertainty and changes in circumstances. The forward-looking statements involve risks that may affect the Group's operations, markets, products, services and prices.

# Summarised consolidated statement of financial position
for the year ended 30 June 2024

| | Notes | 2024 A$'000 | Restated* 2023 A$'000 | Restated* 1 July 2022 A$'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Goodwill arising on consolidation | | **7 929** | 7 929 | **8 873** |
| Property, plant and equipment | | **235 688** | 236 556 | **219 965** |
| Right-of-use assets | | **58 534** | 38 946 | **53 771** |
| Infrastructure investments | | **11 658** | 11 319 | **12 600** |
| Deferred taxation | | **105 274** | 80 164 | **65 484** |
| Lease receivables | | **23 950** | 31 913 | **6 477** |
| Other non-current assets | | **2 343** | 1 573 | **1 420** |
| | | **445 376** | 408 400 | **368 590** |
| **Current assets** | | | | |
| Inventories | | **20 539** | 20 875 | **91 216** |
| Contract assets | 6 | **530 533** | 422 407 | **321 739** |
| Trade and other receivables | | **30 498** | 34 073 | **74 267** |
| Taxation receivable | | **–** | 2 164 | **5 324** |
| Lease receivables | | **8 047** | 6 459 | **799** |
| Cash and bank balances | | **227 678** | 189 667 | **232 209** |
| | | **817 295** | 675 645 | **725 554** |
| Assets Held for Sale | | **–** | 4 683 | **12 777** |
| **TOTAL ASSETS** | | **1 262 671** | 1 088 728 | **1 106 921** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Stated capital | | **546 930** | 544 665 | **542 114** |
| Other reserves | | **(951 542)** | (954 268) | **(976 943)** |
| Retained earnings | | **686 275** | 660 622 | **764 511** |
| Equity attributable to equity-holders of parent | | **281 663** | 251 019 | **329 682** |
| Non-controlling interest | | **295** | 317 | **398** |
| **TOTAL EQUITY** | | **281 958** | 251 336 | **330 080** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Deferred taxation | | **23 834** | 17 390 | **10 736** |
| External borrowings and other liabilities | 7 | **34 936** | 40 161 | **20 319** |
| Lease liabilities | 8 | **72 027** | 68 106 | **68 589** |
| Provisions | | **4 273** | 6 831 | **8 341** |
| Employee-related payables | | **40 268** | 35 582 | **33 452** |
| | | **175 338** | 168 070 | **141 437** |
| **Current liabilities** | | | | |
| Contract liabilities | 6 | **214 957** | 172 475 | **150 754** |
| External borrowings and other liabilities | 7 | **19 090** | 41 108 | **22 360** |
| Lease liabilities | 8 | **31 477** | 23 886 | **23 602** |
| Employee-related payables | | **33 607** | 22 613 | **28 217** |
| Trade and other payables | | **467 526** | 375 739 | **368 146** |
| Provisions | | **32 997** | 33 501 | **40 018** |
| Taxation payable | | **5 721** | – | **887** |
| | | **805 375** | 669 322 | **633 984** |
| Liabilities Held for Sale | | **–** | – | **1 420** |
| **TOTAL LIABILITIES** | | **980 713** | 837 392 | **776 841** |
| **TOTAL EQUITY AND LIABILITIES** | | **1 262 671** | 1 088 728 | **1 106 921** |

* Restated due to the change in presentation currency from ZAR to A$. Refer to *note 2.25 Change in Group accounting policies* for further detail. Refer to *annexure 1* on pages 36 to 37 for ZAR figures.

# Summarised consolidated statement of comprehensive earnings

for the year ended 30 June 2024

| | Notes | 2024 A$'000 | Restated* 2023 A$'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | | **3 055 356** | 2 405 427 |
| Cost of sales | | **(2 879 793)** | (2 366 588) |
| **Gross earnings** | | **175 563** | 38 839 |
| Other earnings | | **5 930** | 9 006 |
| Operating expenses | | **(146 913)** | (134 457) |
| Loss from equity-accounted investments | | **(102)** | (180) |
| **Operating earnings / (loss) before capital items**** | | **34 478** | (86 792) |
| Capital (expenses) / earnings | | **(7 305)** | 681 |
| **Operating earnings / (loss) after capital items** | | **27 173** | (86 111) |
| Finance earnings | | **11 579** | 6 638 |
| Finance expenses | | **(22 669)** | (16 973) |
| **Earnings / (loss) before taxation** | | **16 083** | (96 446) |
| Taxation | 9 | **9 657** | 4 681 |
| **Earnings / (loss) from continuing operations** | | **25 740** | (91 765) |
| **Discontinued operations** | | | |
| Earnings from discontinued operations, net of taxation | | **–** | 10 205 |
| Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition | | **6** | (35 761) |
| Gain / (loss) on disposal of assets Held for Sale and fair value adjustment | | **(86)** | 13 350 |
| **Earnings / (loss) from discontinued operations** | | **(80)** | (12 206) |
| **Earnings / (loss) for the year** | | **25 660** | (103 971) |
| **Other comprehensive earnings** | | | |
| **Other comprehensive earnings to be reclassified to earnings or loss in subsequent periods (net of taxation):** | | | |
| Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition | | **–** | 35 761 |
| Exchange differences on translating foreign operations | | **3 267** | (11 749) |
| **Other comprehensive earnings for the period, net of taxation** | | **3 267** | 24 012 |
| **Total comprehensive earnings / (loss) for the period** | | **28 927** | (79 959) |

* Restated due to the change in presentation currency from ZAR to A$. Refer to *note 2.25 Change in Group accounting policies* for further detail. Refer to *annexure 1* on pages 36 to 37 for ZAR figures.

** Previously described as 'operating earnings / (loss)'. The subtotal has been renamed to 'operating earnings / (loss) before capital items' to ensure a more faithful representation of subtotal.

| | Notes | 2024 A$'000 | Restated* 2023 A$'000 |
|---|---|---|---|
| **Total comprehensive earnings / (loss) for the period attributable to:** | | | |
| Equity-holders of the parent | | **28 949** | (79 878) |
| Non-controlling interest | | **(22)** | (81) |
| | | **28 927** | (79 959) |
| **Earnings / (loss) for the period attributable to:** | | | |
| Equity-holders of the parent | | **25 653** | (103 890) |
| Non-controlling interest | | **7** | (81) |
| | | **25 660** | (103 971) |
| **Other comprehensive earnings for the period, net of taxation** | | | |
| Equity-holders of the parent | | **3 296** | 24 012 |
| Non-controlling interest | | **(29)** | – |
| | | **3 267** | 24 012 |
| **Results per share (cents)** | | | |
| **Basic earnings / (loss) per share** | | | |
| Continuing operations | | **20.0** | (72.7) |
| Discontinued operations | | **–** | (9.7) |
| | | **20.0** | (82.4) |
| **Diluted earnings / (loss) per share** | | | |
| Continuing operations | | **19.5** | (72.7) |
| Discontinued operations | | **–** | (9.7) |
| | | **19.5** | (82.4) |
| **Number of shares (millions)** | | | |
| In issue | | **131.3** | 131.3 |
| Weighted average | | **128.4** | 126.1 |
| Diluted weighted average | | **131.3** | 126.1 |

* Restated due to the change in presentation currency from ZAR to A$. Refer to *note 2.25 Change in Group accounting policies* for further detail.

# Summarised consolidated statement of changes in equity

for the year ended 30 June 2024

| | Stated capital A$'000 | Foreign currency translation reserve A$'000 |
|---|---|---|
| **Year ended 30 June 2023** | | |
| Balance at 1 July 2022 | **542 114** | (985 187) |
| Loss for the period | **–** | – |
| Other comprehensive loss for the period (net of taxation) | **–** | (11 749) |
| Exchange differences on translating foreign operations reclassified to earnings and loss on derecognition | **–** | 35 761 |
| Total comprehensive loss for the period | **–** | 24 012 |
| Equity settled share-based payment – shares granted | **–** | – |
| Equity settled share-based payment – shares vested | **2 551** | – |
| Total contributions and distributions recognised | **2 551** | – |
| Balance at 30 June 2023 | **544 665** | (961 175) |
| **Year ended 30 June 2024** | | |
| Balance at 1 July 2023 | **544 665** | (961 175) |
| Earnings for the period | **–** | – |
| Other comprehensive earnings for the period (net of taxation) | **–** | 3 267 |
| Total comprehensive loss for the period | **–** | 3 267 |
| Equity settled share-based payment – shares granted | **–** | – |
| Equity settled share-based payment – shares vested | **2 265** | – |
| Total contributions and distributions recognised | **2 265** | – |
| Balance at 30 June 2024 | **546 930** | (957 908) |

| Equity-settled share-based payment reserve A$'000 | **Total other reserves A$'000** | Retained earnings A$'000 | **Total attributable to equity holders of the parent A$'000** | Non-controlling interest A$'000 | Total A$'000 |
|---|---|---|---|---|---|
| | | | | | |
| 8 243 | **(976 944)** | 764 512 | **329 682** | 398 | 330 080 |
| – | **–** | (103 890) | **(103 890)** | (81) | (103 971) |
| – | **(11 749)** | – | **(11 749)** | – | (11 749) |
| – | **35 761** | – | **35 761** | – | 35 761 |
| – | **24 012** | (103 890) | **(79 878)** | (81) | (79 959) |
| 1 215 | **1 215** | – | **1 215** | – | 1 215 |
| (2 551) | **(2 551)** | – | **–** | – | – |
| (1 336) | **(1 336)** | – | **1 215** | – | 1 215 |
| 6 907 | **(954 268)** | 660 622 | **251 019** | 317 | 251 336 |
| | | | | | |
| 6 907 | **(954 268)** | 660 622 | **251 019** | 317 | 251 336 |
| – | **–** | 25 653 | **25 653** | 7 | 25 660 |
| – | **3 267** | – | **3 267** | (29) | 3 238 |
| – | **3 267** | 25 653 | **28 920** | (22) | 28 898 |
| 1 724 | **1 724** | – | **1 724** | – | 1 724 |
| (2 265) | **(2 265)** | – | **–** | – | – |
| (541) | **(541)** | – | **1 724** | – | 1 724 |
| 6 366 | **(951 542)** | 686 275 | **281 663** | 295 | 281 958 |

# Summarised consolidated statement of cash flows
for the year ended 30 June 2024

| | Notes | 2024 A$'000 | Restated* 2023 A$'000 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Cash generated / (utilised) from operating activities | 12 | **150 002** | (31 473) |
| Finance expenses paid | | **(22 888)** | (23 927) |
| Finance earnings received | | **11 973** | 6 715 |
| Taxation paid | | **(1 673)** | (3 906) |
| **Cash inflow / (outflow) from operating activities** | | **137 414** | (52 591) |
| **Cash flow from investing activities** | | | |
| Acquisition of property, plant and equipment − expansion | | **(7 784)** | (48 852) |
| Acquisition of property, plant and equipment − replacement | | **(53 973)** | (62 948) |
| Proceeds on disposal of property, plant and equipment | | **8 531** | 6 911 |
| Proceeds on disposal of Trident Steel | | **–** | 88 117 |
| Proceeds on disposal of other assets Held for Sale | | **4 628** | 6 340 |
| **Capital expenditure net of proceeds on disposal** | | **(48 598)** | (10 432) |
| Advance of short-term loan | | **–** | (17 251) |
| Repayment of short-term loan | | **–** | 16 608 |
| Advances in respect of other non-current assets | | **–** | (496) |
| Receipt of capital portion of lease receivable | | **6 629** | 1 510 |
| Dividends received | | **2 476** | 830 |
| Cash movement in investing activities classified as Held for Sale | | **–** | (872) |
| **Cash outflow from investing activities** | | **(39 493)** | (10 103) |
| **Cash flow from financing activities** | | | |
| **Financing activities with debt-holders** | | | |
| Repayment of external borrowings | | **(45 462)** | (50 935) |
| Proceeds from external borrowings | | **16 948** | 92 770 |
| Proceeds from Trade Finance Facility – Held for Sale | | **–** | 38 814 |
| Repayment of Trade Finance Facility – Held for Sale | | **–** | (36 967) |
| Payment of capital portion of lease liabilities | | **(31 798)** | (22 771) |
| **Cash (outflow) / inflow from financing activities** | | **(60 312)** | 20 911 |
| Net increase / (decrease) in cash and bank balances before foreign exchange movements | | **37 610** | (41 783) |
| Foreign exchange movements on cash and bank balances | | **401** | (759) |
| Cash and bank balances at the beginning of the period | | **189 667** | 232 209 |
| **Total cash and bank balances at the end of the period** | | **227 678** | 189 667 |

* Restated due to the change in presentation currency from ZAR to A$. Refer to *note 2.3 Change in Group accounting policies* for further detail.

## 1. CORPORATE INFORMATION

The summarised audited consolidated financial statements (results) of Aveng Limited (the Company) and its subsidiaries (the Group) for the period ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 19 August 2024.

### Nature of business

Aveng Limited is a limited liability company incorporated and domiciled in the Republic of South Africa whose shares are publicly traded. The Group operates in the construction, engineering and mining environments and as a result the revenue is not seasonal in nature, but is influenced by the nature and execution of the contracts currently in progress.

### Change in directorate

- Ms May Hermanus retired as an independent non-executive director effective 17 July 2023.
- Mr Michael Kilbride retired as an independent non-executive director effective 17 July 2023.
- Mr Nicholas Bowen was appointed as an independent non-executive director effective 17 July 2023.
- Mr Sean Flanagan retired as Group chief executive officer effective 29 February 2024 and was appointed as a non-executive director effective 1 March 2024.
- Mr Scott Cummins was appointed as Group chief executive officer effective 1 March 2024.

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP ACCOUNTING POLICIES

The accounting policies below are applied throughout the summarised audited consolidated financial statements.

### 2.1 Basis of preparation

The summarised consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

The summarised consolidated financial statements are presented in Australian dollars and all values are rounded to the nearest thousand (A$) except where otherwise indicated. The accounting policies adopted are consistent with those of the previous year as well as the Group's interim results as at 31 December 2023, except as disclosed in *note 3: Standards and interpretations effective and not yet effective* of the Group's audited consolidated financial statements.

The summarised consolidated financial results do not include all the information and disclosures required in the consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at 30 June 2024 that are available on the Company's website, **www.aveng.co.za**.

The financial results have been prepared by Gregory Beevers CA(SA) under the supervision of the Group CFO, Adrian Macartney CA(SA).

The information disclosed in the summarised consolidated financial statements is derived from the information contained in the audited annual consolidated financial statements which includes the audit report detailing the key audit matters and does not contain full or complete disclosure details. Any investment decisions by shareholders should be based on consideration of the audited annual consolidated financial statements, which is available on the website.

### 2.2 Supplementary information

The Group's presentation currency is Australian Dollars(A$). The supplementary information provided in South African Rand (ZAR) is translated at the closing rate for the summarised consolidated statement of financial position and at the average rate for the summarised consolidated statement of comprehensive earnings.

### Disclaimer:

South African Rand translations included in these financial statements constitutes *pro forma* financial information in terms of the JSE Guidance Letter: *Presentation of pro forma financial information dated 4 March 2010*. The *pro forma* financial information is the responsibility of the board of directors and is presented for illustrative purposes only. The Directors believe the *pro forma* information can assist stakeholders in interpreting the financial performance of the Group in a universally measured currency. Because of its nature, the *pro forma* financial information may not fairly present Aveng's financial position, changes in equity, results of operations or cash flows. The underlying information, used in the preparation of the *pro forma* financial information, has been prepared using accounting policies which comply with IFRS® Accounting Standards and are consistent with those applied in the published group consolidated and separate annual financial statements for the year ended 30 June 2024.

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP ACCOUNTING POLICIES continued

### 2.3 Changes to the Group accounting policies

#### Change in presentation currency

On 15 February 2024, Aveng announced that it had changed the presentation currency of its consolidated financial statements from the South African Rand (ZAR) to the Australian Dollar (A$) with effect from the financial year ended 30 June 2024.

More than 90% of revenue measured on an economic-interest basis (which includes the Group's proportionate share of the revenue of associates and joint ventures) is sourced from outside of South Africa. Coupled with the evolution of the business, the Group's shareholder base now also comprises majority foreign investors to whom financial reporting in SA Rand is of limited relevance.

Internally, the Board also bases its performance evaluation and many investment decisions on A$ financial information. The Board therefore believes that A$ financial reporting provides more relevant presentation of the Group's financial position, financial performance, and its cash flows. A change in presentation currency represents a change in an accounting policy in terms of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* requiring the restatement of comparative information. The comparative information in the audited consolidated annual financial statements has been restated.

In accordance with *IAS 21 The Effects of Changes in Foreign Exchange Rates*, the following methodology was followed in restating historical financial information from South African Rand (ZAR) to Australian dollars (A$):

- Non-A$ assets and liabilities were translated at the relevant closing exchange rate at the end of the reporting period. Non-A$ items of income and expenditure and cash flows were translated at actual transaction date exchange rates.
- Equity items were converted using the following rates:
  - Profit / (loss) for the year and share based payment reserve – historical average rate for the respective year;
  - Dividends, share issues – closest appropriate historical spot rate for which dividends were declared or shares issued;
  - Share buybacks and transfers between equity components – historical weighted average rate; and
  - Stated capital and other reserves – historic rates prevailing at the dates of underlying transactions.
- The foreign currency translation reserve was reset to A$nil as at 1 July 2003, the date on which the Group adopted IFRS Accounting Standards, in line with IFRS 1 First-time Adoption of International Financial Reporting Standards.
- The effects of translating the Group's financial results and financial position into AU dollar were recognised in the foreign currency translation reserve.

Although actual transaction date exchange rates were used to translate previously reported ZAR earnings and cash flows into A$, the Group has provided the average exchange rates of its major functional currencies relative to A$ as an approximation for these rates for reference in the following table. The closing exchange rates of the Group's major trading currencies relative to A$, used when translating the statements of financial position presented in this release into A$, are also detailed in this table.

| | **30 June 2024** | | 30 June 2023 | |
|---|---|---|---|---|
| | **Average rate** | **Closing rate** | Average rate | Closing rate |
| 1 Australian Dollar (A$) = South African Rand (ZAR) | **12.2654** | **12.1716** | 12.5513 | 12.3443 |

The presentation currency for Aveng Limited Company remains ZAR.

### 2.4 Impact of adopting the new standards on the statement of financial position

A number of new standards and interpretations are effective from 1 July 2023. Management's assessment determined that the new standards and interpretations will not have a material effect on the Group's financial statements.

# 3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the annual consolidated and separate 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.

## 3.1 Judgements and estimation assumptions

In the process of applying the Group's accounting policies, the Group has made judgements relating to certain items recognised, which have the most significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which 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 Group based its assumptions and estimates on parameters available when the consolidated and separate 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 Group. Such changes are reflected in the assumptions when they occur.

### 3.1.1 Deferred taxation

Deferred taxation assets are recognised for all unused taxation losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred taxation assets that can be recognised, based upon the likely timing and level of future taxable earnings. If the deferred taxation assets and the deferred taxation liability relate to income taxation in the same jurisdiction, and the law allows net settlement, they have been offset in the statement of financial position.

### 3.1.2 Contract assets / (liabilities)

Positions related to long outstanding contract positions have been judged in conjunction with legal advice and potential timeframes associated with legal action.

Refer to *note 6: Contract assets / (liabilities)* for further detail.

### 3.1.3 Impairment of property, plant and equipment, intangible assets and goodwill arising on consolidation

The Group assesses the recoverable amount of any goodwill arising on consolidation and indefinite useful life intangible assets annually or when indicators of potential impairment are identified in respect of the cash generating unit (CGU) of the Group.

Impairment exists when the carrying amount of a CGU exceeds its recoverable amount. The key assumptions used to determine the fair value less costs of disposal calculation are based on available data (if applicable) from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on assumptions, included in a discounted cash flow model. The cash flows are derived from future budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, the expected future cash inflows and the growth rates used for extrapolation and terminal value purposes.

For further information refer to *note 10: Impairments*.

# 3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES continued

## 3.1 Judgements and estimation assumptions continued

### 3.1.4 Revenue recognition

In the *Infrastructure and Building* segments, the Group uses the input method in determining the satisfaction of the performance obligation over a period of time in accounting for its construction contracts.

In the *Mining* segment, the Group uses an output method in determining the satisfaction of the performance obligation through a contract that requires direct measurement. The Group's technical experts, engineers and contact managers exercise their judgement in estimating progress based on performance of the contract or milestone achieved.

Judgements made in the application of the accounting policies for contracting revenue and earnings or loss recognition include:

- the determination of the point in the progress toward complete satisfaction of the performance obligation;
- the determination of when it is highly probable that revenue will not be reversed in the future for claims and variations;
- estimation of total contract revenue and total contract costs;
- assessment of the amount the client will pay for contract variations;
- estimation of project production rates and programme through to completion;
- the ability to deliver contracts within the requirements of each contract; and
- an estimate of potential risks and opportunities on each contract.

The construction contracts undertaken by the Group may require it to perform extra or change order work, and this can result in negotiations over the extent to which the work is outside the scope of the original contract or the price for the extra work.

Given the complexity of many of the contracts undertaken by the Group, the knowledge and experience of the Group's project managers, engineers and executive management is used in assessing the status of negotiations with the customer, the reliability with which the estimated recoverable amounts can be measured, the financial risks pertained to individual projects, and the associated judgements end estimates employed. Cost and revenue estimates are reviewed and updated monthly, and more frequently as determined by events or circumstances.

In addition, many contracts specify the completions schedule requirements and allow for liquidated damages to be charged in the event of failure to achieve that schedule; on these contracts, this could result in the Group incurring liquidated damages.

### 3.1.5 Contingent liabilities

Parent company guarantees issued in the ordinary course of business are at inception accounted for as contingent liabilities in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets (IAS 37)* and disclosed accordingly. Subsequent to the issuance of the guarantee, and a Completion Certificate for the related work, the probability of the related obligation is determined to be remote (and therefore not disclosed in the financial statements unless there are other reasons that make the obligation probability possible).

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

Where there is a possibility of reimbursement on a parent guarantee, this reimbursive right is required to be disclosed (as a contingent asset) separate to the related obligation, only if virtually certain.

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.

For further information refer to *note 13: Contingent liabilities and assets*.

## 3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES continued

### 3.1 Judgements and estimation assumptions continued

#### 3.1.6 Loss making and onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

#### 3.1.7 Uncertainty over income tax treatments

In determining the taxable profit / (loss), tax bases, unused tax losses and tax rates, management assumes that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.

In determining whether tax treatments should be considered independently or on a collective basis, the Group selects the approach that provides better predictions of the resolution of the uncertainty. The Group will reassess the tax treatment if facts and circumstances change.

## 4. GOING CONCERN AND LIQUIDITY

As detailed in *note 2: Basis of preparation and changes to the group accounting policies* and *note 15: Events after the reporting period* to the financial statements, in determining the appropriate basis of preparation of the financial statements, the Board is required to consider whether the Group and Company can continue in operational existence for the foreseeable future. The financial performance of the Group and Company is dependent on the wider economic environment in which it operates.

In concluding this assessment, the Board has taken the following considerations into account:

### Execution of plans

- Return to profitability in the operating performance of the *Infrastructure* segment following the poor operational performance in Southeast Asia in the prior year.
- Continued profitability in the *Building* segment from a breakeven position in prior year.
- Improved operational performance in *Mining* following the prior year operating loss.
- Moolmans continues to invest in heavy mining equipment, with expansion and replacement capital expenditure of A$35.0 million in the current year. The delivery of this equipment continues to improve production levels.
- Full settlement of the Australian term debt facility of A$23.1 million.
- Completion of the sale of the investment in Imvelo Concession Company Proprietary Limited, which brings the non-core asset disposal plan to completion.
- Updated budget and business plans for post year end up to 30 June 2026 for the Group, incorporating the benefits already realised and expected from actions taken, as well as future benefits from improved liquidity to be achieved.
- Sensitivity testing of key inputs included in the operating and liquidity forecasts to ascertain the effect of non-achievement of one or more key inputs (operational business performance), including any effect on the ongoing compliance with covenant requirements in place with banks and other financing arrangements within the Group.
- The continued monitoring of the South African short-term liquidity forecast management process.
- Subsequent to year end, the Group negotiated and signed a term sheet for a new asset-backed debt facility for A$15.5 million. The facility to McConnell Dowell Corporation Limited will include the provision of security over specific assets.

## 4. GOING CONCERN AND LIQUIDITY continued

The Group reported earnings for the 2024 financial year of A$25.7 million and an operating free cash inflow of A$97.9 million. The Group continues to focus on improving operational performance, reducing overhead and improving working capital efficiencies. To this end, a number of Group initiatives have been concluded or are in progress.

The Group has cash (net of bank overdraft facilities) of A$227.7 million at 30 June 2024 (2023: A$189.7 million), of which A$76.5 million (2023: A$79.4 million) is held in joint arrangements. Unutilised facilities amounted to A$10 million (2023: A$31 million).

### Liquidity, solvency and ongoing funding

The Group continues to actively manage the liquidity and cash flow in two distinct liquidity pools, namely the Australian liquidity pool and the South African liquidity pool.

The *Infrastructure* and *Building* segments reported a strong cash balance with sufficient cash and liquidity to support the order book. The term debt of A$23.1 million was fully settled in the current year. The Australia liquidity pool closed with a cash balance of A$232.5 million (2023: A$177.5 million).

The South African Group liquidity pool remains tightly managed. Moolmans continued to finance the purchase of capital expenditure through new asset-backed financing of A$17 million in the year.

Management updated the forecast up to the 2026 financial year end, as well as preparing cash flow forecasts covering a minimum of 12 months from the date of these audited consolidated annual financial statements. These forecasts have been prepared and reviewed by management to ensure that they have been accurately compiled using appropriate assumptions. The budgets, plans and forecasts have, together with the assumptions used, been interrogated, and approved by the Board.

The Group's current assets of A$817.3 million exceeded its current liabilities of A$805.4 million at 30 June 2024.

The Company's current assets of R232 million exceeded its current liabilities of R109 million at 30 June 2024.

The forecasts indicate that the Group will have sufficient cash resources for the foreseeable future. All businesses are expected to perform in line with business plans and are therefore expected to generate sufficient cash to meet their obligations.

The directors have considered all of the above up to the date of approval of these financial statements, including detailed consideration of the current position of all businesses, all business plans and forecasts, including all available information, and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the Group and Company financial statements, and that sufficient liquidity will be available to support the ongoing operations of the Group, and that the realisation of assets and the settlement of liabilities, including contingent liabilities and commitments, will occur in the ordinary course of business. Refer to *notes 7: External borrowings and other liabilities* and *15: Events after the reporting period*.

## 5. SEGMENTAL REPORT

The reportable segments of the Group are components:

- that engage in business activities from which they earn revenues and incur expenses; and
- have operating results that are regularly reviewed by the Group's chief operating decision-makers to make decisions about resources to be allocated to the segments and in the assessment of their performance as required per *IFRS 8 Operating Segments*.

### Change in reportable segments

In terms of *IFRS 8 Operating Segments ("IFRS 8")* an entity is required to continually monitor its significant judgements and related facts and circumstances to determine whether changes in the identification or aggregation of operating segments and ultimately reportable segments are warranted.

Our commitment to ensuring the success of our two businesses, McConnell Dowell and Moolmans, remains unwavering and in line with the objective of ensuring a sustainable future as an international engineering-led contractor focused on infrastructure, resources and contract mining in selected markets.

# 5. SEGMENTAL REPORT continued

## Change in reportable segments continued

Under the new executive structure, Aveng segmented its existing businesses under three strong operating brands, which will make up three distinct segments. The *Infrastructure* segment, which will include McConnell Dowell, operating in three geographical regions – Australia, New Zealand & Pacific Islands and Southeast Asia; the *Building* segment, which will include Built Environs and the *Mining* segment, which will include Moolmans. The operational performance below has been prepared under the existing framework of McConnell Dowell and Moolmans.

Management believe the updated Group structure triggers an updated identification of operating segments in terms of *IFRS 8*.

The following reportable segments were presented which were largely organised and managed separately according to the nature of products and services provided:

- *Infrastructure*;
- *Building;*
- *Mining;*
- *Aveng Legacy; and*
- *Aveng Corporate and eliminations*.

The reportable segments are presented per their classification in the disclosure of the segmental statement of comprehensive earnings and segmental statement of financial position in this note.

Prior year reportable segments have been restated to align with the new reportable segments identified in terms of *IFRS 8*.

Details on the reportable segments are as follows:

### 5.1.1 Infrastructure

This segment comprises McConnell Dowell and operates in three geographical regions – Australia, New Zealand & Pacific Islands, and Southeast Asia.

McConnell Dowell is an engineering-led specialist in multidisciplinary contract work, delivering infrastructure solutions in the resources, energy, marine and water and civil and transport sectors.

### 5.1.2 Building

This segment comprises Built Environs.

Built Environs in an infrastructure-led specialist with experience in the sport, health and science, defence, education, residential, commercial, retail, industrial and infrastructure sectors.

### 5.1.3 Mining

This segment comprises Moolmans, a tier-one contract mining business operating in Africa with a primary focus on open cast mining.

### 5.1.4 Other

This segment comprises Group corporate services in South Africa and Australasia (Aveng Corporate), the balance of corporate held investments and properties, and the close out of assets and liabilities related to the disposals of a limited number of historical contracts not transferred as part of the Aveng Construction: South Africa disposals (Aveng Legacy) in prior years.

Included in Aveng Corporate is the elimination entries required as part of the Group Consolidation.

## 5. SEGMENTAL REPORT continued

| | Notes | Infrastructure 2024 A$'000 | Infrastructure 2023 A$'000 | Building 2024 A$'000 | Building 2023 A$'000 |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| **Revenue** | | **2 417 087** | 1 970 253 | **419 115** | 228 678 |
| Cost of sales | | **(2 272 928)** | (1 944 285) | **(399 239)** | (219 756) |
| **Gross earnings / (loss)** | | **144 159** | 25 968 | **19 876** | 8 922 |
| **Operating earnings / (loss) before capital items** | | **57 386** | (49 084) | **8 637** | 138 |
| Capital earnings / (expenses) | | **–** | 12 | **–** | – |
| Finance earnings | | **6 041** | 3 420 | **1 348** | 237 |
| Finance expenses | | **(2 754)** | (1 271) | **(38)** | (43) |
| **Earnings / (loss) before taxation** | | **60 673** | (46 923) | **9 947** | 332 |
| Taxation | | **5 018** | – | **–** | – |
| **Earnings / (loss) for the period** | | **65 691** | (46 923) | **9 947** | 332 |
| **Discontinued operations** | | | | | |
| **Loss for the period** | | **–** | – | **–** | – |
| **Other material expenses included in cost of sales** | | | | | |
| Sub-contractors | | **1 080 395** | 876 420 | **354 210** | 170 354 |
| Employee costs | | **416 238** | 334 551 | **23 975** | 13 819 |
| Materials | | **384 430** | 342 818 | **13 427** | 26 913 |
| Plant costs | | **231 075** | 202 637 | **–** | – |
| Project costs | | **109 812** | 151 973 | **7 295** | 9 685 |
| **Continuing and discontinued operations** | | | | | |
| **Earnings / (loss) before interest, taxation, depreciation and amortisation (EBITDA)** | | | | | |
| **Operating earnings / (loss) before capital items** | | **57 386** | (49 084) | **8 637** | 138 |
| Depreciation | | **26 621** | 24 898 | **525** | 1 095 |
| Amortisation | | **–** | – | **–** | – |
| **EBITDA** | | **84 007** | (24 186) | **9 162** | 1 233 |
| **Normalised earnings for the period** | 6.2 | **60 673** | (46 935) | **9 947** | 332 |
| **Total assets** | | **891 080** | 668 900 | **40 640** | 46 094 |
| **Total liabilities** | | **673 175** | 522 754 | **84 680** | 61 577 |
| **Capital expenditure** | | **26 734** | 18 976 | **–** | – |

* Prior year information has been restated in order to align with the new reportable segments identified in terms of IFRS 8.
** Included in capital expenses is A$7.8 million relating to the impairment of equipment in the mining segment. Refer to *note 36: Impairments* for further detail.

| | Mining | | Aveng Legacy | | Aveng Corporate | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2024 A$'000** | 2023 A$'000 | **2024 A$'000** | 2023 A$'000 | **2024 A$'000** | 2023 A$'000 | **2024 A$'000** | 2023* A$'000 |
| | **268 835** | 242 347 | **795** | 1 591 | **(50 476)** | (37 442) | **3 055 356** | 2 405 427 |
| | **(253 153)** | (233 776) | **(4 949)** | (5 000) | **50 476** | 36 229 | **(2 879 793)** | (2 366 588) |
| | **15 682** | 8 571 | **(4 154)** | (3 409) | **–** | (1 213) | **175 563** | 38 839 |
| | **2 012** | (9 577) | **(5 052)** | (4 894) | **(28 505)** | (23 375) | **34 478** | (86 792) |
| | **(8 120)**** | (1 112) | **42** | 43 | **773** | 1 738 | **(7 305)** | 681 |
| | **716** | 906 | **20** | – | **3 454** | 2 075 | **11 579** | 6 638 |
| | **(11 148)** | (3 292) | **(983)** | (172) | **(7 746)** | (12 195) | **(22 669)** | (16 973) |
| | **(16 540)** | (13 075) | **(5 973)** | (5 023) | **(32 024)** | (31 757) | **16 083** | (96 446) |
| | **4 591** | 4 295 | **139** | – | **(91)** | 386 | **9 657** | 4 681 |
| | **(11 949)** | (8 780) | **(5 834)** | (5 023) | **(32 115)** | (31 371) | **25 740** | (91 765) |
| | | | | | | | | |
| | **–** | – | **–** | – | **(80)** | (12 206) | **(80)** | (12 206) |
| | | | | | | | | |
| | **–** | 16 | **1 450** | 843 | **(50 476)** | (38 208) | **1 385 579** | 1 009 425 |
| | **66 971** | 66 261 | **517** | 562 | **–** | – | **507 701** | 415 193 |
| | **9 338** | 6 384 | **4** | 1 781 | **–** | – | **407 199** | 377 896 |
| | **5 318** | 6 778 | **–** | – | **–** | – | **236 393** | 209 415 |
| | **–** | – | **–** | – | **–** | – | **117 107** | 161 658 |
| | | | | | | | | |
| | **2 012** | (9 577) | **(5 052)** | (4 894) | **(28 505)** | (6 187) | **34 478** | (69 604) |
| | **42 591** | 35 394 | **–** | – | **159** | 3 136 | **69 896** | 64 523 |
| | **–** | – | **–** | – | **–** | 43 | **–** | 43 |
| | **44 603** | 25 817 | **(5 052)** | (4 894) | **(28 346)** | (3 008) | **104 374** | (5 038) |
| | **(11 624)** | (9 892) | **(5 094)** | (5 066) | **(28 643)** | (21 091) | **25 529** | (82 652) |
| | **278 588** | 286 056 | **6 260** | 3 426 | **46 103** | 84 252 | **1 262 671** | 1 088 728 |
| | **126 656** | 131 554 | **9 506** | 13 068 | **86 696** | 108 439 | **980 713** | 837 392 |
| | **34 982** | 88 245 | **–** | – | **41** | 4 579 | **61 757** | 111 800 |

## 5. SEGMENTAL REPORT continued

The Group operates in four principal geographical areas:

| | South Africa A$'000 | Australia A$'000 | New Zealand and Pacific Islands A$'000 | Southeast Asia A$'000 | Other regions A$'000 | Total A$'000 |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| **Revenue** | **269 632** | **2 216 345** | **425 561** | **143 818** | **–** | 3 055 356 |
| **Operating earnings / (loss)** | **(15 990)** | **29 681** | **24 770** | **(4 215)** | **236** | 34 482 |
| **Capital expenditure** | **35 023** | **16 091** | **8 343** | **2 300** | **–** | 61 757 |
| **Segment assets** | **293 271** | **738 472** | **134 301** | **95 380** | **1 246** | 1 262 671 |
| **2023** | | | | | | |
| **Revenue** | 585 258 | 1 730 840 | 315 958 | 114 692 | 2 279 | 2 749 027 |
| Continuing operations | 243 937 | 1 730 840 | 315 958 | 114 692 | – | 2 405 427 |
| Discontinued operations | 341 321 | – | – | – | 2 279 | 343 600 |
| **Operating earnings / (loss)** | (3 145) | 1 780 | 18 094 | (85 742) | (591) | (69 604) |
| Continuing operations | (20 333) | 1 780 | 18 094 | (85 742)* | (591) | (86 792) |
| Discontinued operations | 17 188 | – | – | – | – | 17 188 |
| **Capital expenditure** | 92 824 | 6 955 | 8 736 | 3 285 | – | 111 800 |
| Continuing operations | 88 409 | 6 955 | 8 736 | 3 285 | – | 107 385 |
| Discontinued operations | 4 415 | – | – | – | – | 4 415 |
| **Segment assets** | 343 831 | 524 957 | 127 039 | 92 306 | 595 | 1 088 728 |

* Includes the impact of the losses on the Batangas LNG project of A$104 million.

### 5.2 Normalised performance measures

The term *normalised* refers to performance measures (earnings for the period and earnings per share) excluding the effects of specific non-recurring items relating to the capital restructure of the Group, *IFRS 5* adjustments and adjustments in respect of non-core assets. Impairment of plant and equipment, although non-recurring, is included in normalised earnings as management considers this important to the underlying sustainable performance of the Group. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature.

Normalised measures are additional measures used by management and should not replace the measures determined in accordance with IFRS Accounting Standards as an indicator of the Group's performance, but rather should be used in conjunction with the most directly comparable IFRS Accounting Standards measures.

# 5. SEGMENTAL REPORT continued

## 5.2 Normalised performance measures continued

Management is responsible for managing performance, underlying risks and the effectiveness of operations. Internally, management uses these normalised performances as measures of segment performance and to make decisions regarding the allocation of resources.

Detailed reconciliation of earnings for the period under IFRS Accounting Standards to normalised results are provided below:

| | Notes | **2024 A$'000** | 2023 A$'000 |
|---|---|---|---|
| **Earnings for the period** | | **25 660** | (103 971) |
| Continuing operations | | **25 740** | (91 765) |
| Discontinued operations | | **(80)** | (12 206) |
| **Non-recurring items** | | | |
| Impairment loss on equity-accounted investments | | **–** | 263 |
| Impairment loss on intangible assets | | **161** | – |
| Reversal of impairment loss on right-of-use assets | | **(985)** | (1 981) |
| Loss / (gain) on disposal of Held for Sale | | **86** | (13 331) |
| Loss on disposal of property, plant and equipment | | **343** | 607 |
| Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition | | **(6)** | 35 761 |
| **Normalised earnings / (loss) for the period[1]** | | **25 259** | (82 652) |
| **Normalised earnings / (loss) per share – basic (cents)[2]** | | **19.7** | (65.5) |
| **Normalised earnings / (loss) per share – diluted (cents)[3]** | | **19.2** | (65.5) |

1 Normalised earnings / (loss) for the period adjusts the earnings for the period for the impact of non-recurring items such as impairment losses, reversal of impairment losses, fair value adjustments of disposal groups classified as Held for Sale and gains or losses recognised on the sale of Held for Sale CGUs and exchange differences on translating foreign operations reclassified to earnings or loss on derecognition. The adjustments for non-recurring items are not expected to re-occur on a continuing basis.

2 Normalised earnings / (loss) per share – basic is calculated by dividing the normalised earnings / (loss) for the period by the weighted average number of shares. Refer to *note 11: Earnings and Headline Earnings* for the determination of the weighted average number of shares.

3 Normalised earnings / (loss) per share – diluted is calculated by dividing the normalised earnings / (loss) for the period by the diluted weighted average number of shares. Refer to *note 11: Earnings and Headline Earnings* for the determination of diluted weighted average number of shares.

## 6. CONTRACT ASSETS / (LIABILITIES)

| | 2024 A$'000 | 2023 A$'000 |
|---|---|---|
| Uncertified claims and variations (underclaims)[1] | **188 819** | 155 757 |
| Contract contingencies | **(28 245)** | (12 758) |
| Progress billings received (including overclaims and early customer receipts)[2/5] | **(214 957)** | (172 475) |
| **Uncertified claims and variations less progress billings received** | **(54 383)** | (29 476) |
| Contract receivables[3] | **360 361** | 269 385 |
| Provision for expected credit loss | **(1 759)** | (191) |
| Retention receivables[4] | **11 357** | 10 214 |
| **Net contract assets** | **315 576** | 249 932 |
| **Disclosed on the statement of financial position as follows:** | | |
| Uncertified claims and variations[1] | **188 819** | 155 757 |
| Contract contingencies | **(28 245)** | (12 758) |
| Contract receivables | **360 361** | 269 385 |
| Retention receivables | **11 357** | 10 214 |
| Provision for expected credit losses | **(1 759)** | (191) |
| **Contract assets** | **530 533** | 422 407 |
| Progress billings received (including overclaims and amounts received in advance)[2/5] | **(214 957)** | (172 475) |
| **Contract liabilities** | **(214 957)** | (172 475) |
| **Net contract assets** | **315 576** | 249 932 |

1 Includes revenue not yet certified – recognised over time / measurement and agreed variations, less provisions and deferred contract costs.
2 Progress billings are amounts billed for work performed above revenue recognised.
3 Amounts invoiced still due from customers.
4 Retentions are amounts invoiced but not paid until the conditions specified in the contract are fulfilled or until defects have been rectified.
5 Advances are amounts received from the customer before the related work is performed. These conditions are anticipated to be fulfilled within the following 12 months.

### Progress billings received (including overclaims and early customer receipts)

Significant changes in the contract liabilities balances during the period are as follows:

| | 2024 A$'000 | 2023 A$'000 |
|---|---|---|
| Revenue recognised that was included in the progress billings received (including overclaims and early customer receipts) at the beginning of the year | **77 746** | 68 514 |
| Increases due to cash received, excluding amounts recognised as revenue during the period | **(120 228)** | (92 488) |

## 7. EXTERNAL BORROWINGS AND OTHER LIABILITIES

| | 2024 A$'000 | 2023 A$'000 |
|---|---|---|
| **Borrowings held at amortised cost comprise:** | | |
| **Credit and term facilities** | – | 25 017 |
| – within one year | – | 25 017 |
| **Asset-backed financing arrangements** | 54 026 | 56 252 |
| – within one year | 19 090 | 16 091 |
| – between two and five years | 34 936 | 40 161 |
| **Total borrowings held at amortised cost** | 54 026 | 81 269 |
| **Interest rate structure** | | |
| **Fixed and variable (interest rates)** | | |
| Fixed – short-term | 21 | 2 071 |
| Variable – long-term | 34 936 | 40 161 |
| Variable – short-term | 19 069 | 39 037 |
| | 54 026 | 81 269 |

| Description | Terms | Rate of interest | 2024 A$'000 | 2023 A$'000 |
|---|---|---|---|---|
| **Credit and term facilities** | | | | |
| Short-term financing (A$) | Settled March 2024 | Fixed interest rate of 7.7% | – | 1 912 |
| Short-term debt facility | Repayable June 2024 | Variable interest rate at BBSY + 4% | – | 23 105 |
| **Asset-backed financing arrangements** | | | | |
| Facilities denominated in A$ | Monthly instalment ending February 2025 | Fixed range of 2.99% to 6.41% | 21 | 159 |
| Hire purchase agreement (USD) | Monthly instalments ending February 2027 | South African Prime + 1.75% | 38 211 | 45 177 |
| Facilities denominated in USD | Up to 24 months | South African Prime + 1.75% | 7 669 | – |
| Hire purchase agreement (ZAR) | Monthly instalments ending March 2027 | South African Prime | 8 125 | 10 916 |
| **Total interest-bearing borrowings** | | | 54 026 | 81 269 |

### Unutilised borrowing facilities

At 30 June 2024, the Group had available A$10 million (includes bank overdraft facilities of A$10 million) (2023: A$31 million (includes bank overdraft facilities of A$16 million)) of unutilised borrowing facilities.

## 7. BORROWINGS AND OTHER LIABILITIES continued

### Asset-backed financing arrangements

### Construction and Engineering: Australasia and Asia

There were no asset-backed finance facilities in the current year (2023: A$0.2 million).

### Mining

The business entered into asset-backed finance arrangements to fund the acquisition of various items of plant and machinery.

The total asset-backed finance facilities amounted to A$54 million. The amount outstanding on these facilities as at year end was A$54 million. These asset-backed arrangements were secured by plant and equipment with a net carrying amount of A$68 million.

The following is summarised financial information of the Group's asset-backed financing arrangements:

| | **2024 A$'000** | 2023 A$'000 |
|---|---|---|
| Asset-backed financing arrangements are payable as follows: | | |
| **Minimum payments due** | | |
| – within one year | **25 114** | 22 308 |
| – in two to five years | **39 509** | 48 524 |
| *Less: future finance charges* | **(10 597)** | (14 580) |
| **Present value of minimum payments** | **54 026** | 56 252 |

## 8. LEASE LIABILITIES

| | **2024 A$'000** | 2023 A$'000 |
|---|---|---|
| **Opening balance** | **91 992** | 92 191 |
| New leases | **42 470** | 34 951 |
| Lease instalments | **(41 842)** | (30 872) |
| Interest on lease liabilities | **10 044** | 8 101 |
| Derecognitions | **(1 101)** | (5 190) |
| Unrealised foreign exchange movements | **1 941** | (7 189) |
| **Closing balance** | **103 504** | 91 992 |
| **Maturity analysis** | | |
| Lease liabilities are payable as follows: | | |
| **Minimum lease payments due** | | |
| – within one year | **37 430** | 29 664 |
| – in two to five years | **77 902** | 76 481 |
| *Less: future finance charges* | **(11 828)** | (14 153) |
| **Present value of minimum lease payments** | **103 504** | 91 992 |
| Non-current lease liabilities | **72 027** | 68 106 |
| Current lease liabilities | **31 477** | 23 886 |

The total cash outflow related to leases for the year amounts to A$70 million (2023: A$48 million).

## 9. TAXATION

| | 2024 A$'000 | 2023 A$'000 |
|---|---|---|
| **Major components of the taxation expense** | | |
| **Current taxation** | | |
| Local income taxation – current year | **571** | 85 |
| Local income taxation – current year – discontinued operations | **–** | 1 006 |
| Local income taxation – current year – recognised in current taxation for prior periods | **24** | – |
| Foreign income taxation or withholding taxation – current year | **8 839** | 2 547 |
| Foreign income taxation or withholding taxation – recognised in current taxation for prior periods | **(494)** | 783 |
| | **8 940** | 4 421 |
| **Deferred taxation** | | |
| Deferred taxation – current year | **(18 529)** | (7 811) |
| Deferred taxation – arising from prior year adjustments | **(68)** | (285) |
| | **(18 597)** | (8 096) |
| | **(9 657)** | (3 675) |

## 10. IMPAIRMENT

The Group performed an annual impairment test at 30 June 2024. The test involved the assessment of internal and external qualitative factors for each CGU that may constitute an indicator of impairment. The test may be extended to individual assets in instances of underutilisation, obsolescence, physical damage or material decline in the economic performance of the assets.

### 10.1 Assets in the scope of *IAS 36 – Impairments*

#### Goodwill arising on consolidation

A compulsory impairment assessment of goodwill allocated to the McConnell Dowell CGU is performed annually. The McConnell Dowell CGU falls under the *Infrastructure and Building* reportable segments. The recoverable amount of the CGU, being the value-in-use based on a discount rate of 16.9% (2023: 15.7%), materially exceeded the carrying amount of the CGU and hence no goodwill impairment loss was recognised in the current year.

#### Other individual assets in the scope of *IAS 36 – Impairments*

An impairment assessment was performed on:

- **Property, plant & equipment at Moolmans, which is part of the *Mining* reportable segment.** Management, through the use of an external evaluator, determined that an impairment of A$7.8 million was required in the current year (30 June 2023: A$nil) relating to owned equipment and vehicles. The impairment arose from instances of underutilisation, obsolescence, physical damage or material decline in the economic performance of specific items of owned equipment and vehicles. The fair value of these assets falls within *Level 2* of the hierarchy identified in *IFRS 13* and was calculated using the prices of similar assets within the market.

### 10.2 Total impairment losses for the year

The total impairment losses for the year per CGU and individual assets are summarised as follows:

| | Property, plant and equipment 2024 A$'000 |
|---|---|
| **Other individual assets in the scope of *IAS 36*** | |
| Aveng Moolmans | **7 786** |

## 11. EARNINGS AND HEADLINE EARNINGS PER SHARE

| | **Number of shares** | **Weighted average number of shares** | Number of shares | Weighted average number of shares |
|---|---|---|---|---|
| Opening balance | **131 291 021** | **129 498 202** | 129 483 343 | 129 483 343 |
| Issue of shares – Equity-settled share-based payment plan | **–** | **1 792 819** | 1 807 677 | 14 858 |
| | **131 291 021** | **131 291 021** | 131 291 020 | 129 498 201 |
| *Less: Treasury shares* | | | | |
| Aveng Limited Share Purchase Trust | **(12 037)** | **(12 037)** | (12 037) | (12 037) |
| Aveng Management Company (Pty) Ltd | **(1 577)** | **(1 577)** | (1 577) | (1 577) |
| Equity-settled share-based payment plan | **(2 897 646)** | **(2 897 646)** | (5 343 186) | (3 418 430) |
| Total treasury shares | **(2 911 260)** | **(2 911 260)** | (5 356 800) | (3 432 045) |
| **Weighted average number of shares** | **128 379 761** | **128 379 761** | 125 934 220 | 126 066 156 |
| *Add: Shares issuable in terms of the equity-settled share-based payment plan* | **2 897 646** | **2 897 646** | – | – |
| **Diluted weighted average number of shares** | **131 277 407** | **131 277 407** | 125 934 220 | 126 066 156 |

| | **Gross of taxation A$'000** | **Net of taxation A$'000** | Gross of taxation A$'000 | Net of taxation A$'000 |
|---|---|---|---|---|
| **Determination of headline earnings** | | | | |
| Earnings / (loss) for the period attributable to equity holders of parent | **–** | **25 653** | – | (103 890) |
| Impairment of loan with joint venture | **161** | **161** | – | – |
| Impairment of property, plant and equipment | **7 786** | **5 684** | – | – |
| Impairment of equity accounted investments | **–** | **–** | 263 | 263 |
| Loss / (gain) on disposal of assets Held for Sale | **86** | **86** | (14 471) | (13 331) |
| Loss / (gain) on disposal of property, plant and equipment | **343** | **256** | 607 | 607 |
| Reversal of impairment loss on right-of-use assets | **(964)** | **(964)** | (1 981) | (1 981) |
| Loss on derecognition of components | **9 726** | **7 100** | 7 506 | 5 480 |
| Exchange differences on translating foreign operations reclassified to earnings and loss on derecognition | **(6)** | **(6)** | 35 761 | 35 761 |
| Insurance proceeds on plant and equipment – Trident Steel | **–** | **–** | (648) | (648) |
| Headline earnings / (loss) | | **37 970** | | (77 739) |
| Diluted Headline earnings / (loss) | | **37 970** | | (77 739) |
| **HEPS from continuing and discontinued operations** | | | | |
| Headline earnings per share – basic (cents) | | **29.6** | | (61.6) |
| Headline earnings per share – diluted (cents) | | **28.9** | | (61.6) |
| Issued shares | | **131.3** | | 131.3 |
| Weighted average shares | | **128.4** | | 126.1 |
| Diluted shares | | **131.3** | | 126.1 |

## 12. CASH GENERATED / (UTILISED) BY OPERATING ACTIVITIES

| | Notes | 2024 A$'000 | 2023 A$'000 |
|---|---|---|---|
| Earnings / (loss) before taxation from continuing operations | | **16 083** | (96 446) |
| Earnings / (loss) before taxation from discontinued operations | | **(80)** | (12 206) |
| **Earnings / (loss) before taxation** | | **16 003** | (108 652) |
| Finance earnings | | **(11 579)** | (6 715) |
| Finance expenses | | **22 669** | 23 927 |
| Dividend earnings | | **(2 476)** | (830) |
| Share of loss from equity-accounted investment | | **102** | 180 |
| **Cash retained from operations** | | **24 719** | (92 090) |
| Non-cash and other movements | 12.1 | **9 653** | 26 329 |
| Depreciation | | **69 896** | 64 523 |
| Amortisation | | **–** | 43 |
| **Cash generated / (utilised) from operations** | | **104 268** | (1 195) |
| Movements in working capital | 12.2 | **45 734** | (30 278) |
| | | **150 002** | (31 473) |

### 12.1 Non-cash and other movements

| | 2024 A$'000 | 2023 A$'000 |
|---|---|---|
| Equity-settled share-based payment expense | **5 355** | 1 242 |
| Impairment loss on property, plant and equipment | **7 786** | – |
| Impairment loss on loan with joint venture | **161** | – |
| Impairment loss on equity-accounted investments | **–** | 263 |
| Derecognition of components included in property, plant and equipment | **9 726** | 7 506 |
| Loss / (gain) on sale of assets Held for Sale | **86** | (14 480) |
| Loss on disposal of property, plant and equipment | **343** | 607 |
| Reversal of impairment loss on right-of-use assets | **(985)** | (1 981) |
| Movement in provisions | **(3 063)** | (8 040) |
| Unrealised foreign exchange losses on borrowings and other liabilities | **(3 213)** | (12 117) |
| Movements in foreign currency translation | **(6 537)** | 17 568 |
| Exchange differences on translating foreign operations reclassified to earnings and loss on derecognition | **(6)** | 35 761 |
| | **9 653** | 26 329 |

### 12.2 Movements in working capital

| | 2024 A$'000 | 2023 A$'000 |
|---|---|---|
| Decrease / (increase) in inventories | **336** | (35 059) |
| Increase in contract assets | **(108 127)** | (100 668) |
| Decrease in trade and other receivables | **3 574** | 11 071 |
| Increase in contract liabilities | **42 482** | 21 721 |
| Increase in trade and other payables | **91 788** | 89 070 |
| Increase / (decrease) in employee-related payables | **15 680** | (1 739) |
| Decrease in working capital Held for Sale | **–** | (14 674) |
| | **45 734** | (30 278) |

## 13. CONTINGENT LIABILITIES AND ASSETS

### Contingent liabilities at the reporting date, not otherwise provided for in interim results, arise from performance bonds and guarantees issued in:

| | 2024 | 2023 |
|---|---|---|
| **South Africa and rest of Africa** | | |
| Guarantees and bonds (ZARm) | **51** | 82 |
| Parent company guarantees (ZARm) | **138** | 116 |
| | **189** | 198 |
| **Australasia and Asia** | | |
| Guarantees and bonds (A$m) | **405** | 436 |
| Parent company guarantees (A$m) | **2** | 2 |
| | **407** | 438 |

### Bank guarantees issued by joint ventures and associates

The Group's share of bank guarantees issued by its joint ventures and associates is less than A$1 000 (June 2023: A$1.3 million).

### Claims and disputes in the ordinary course of business

The Group is, from time to time, involved in various disputes arising in the ordinary course of business. Depending on the merits, disputes can translate into claims and legal proceedings which will be defended by the Group. Exposures may arise in the normal course of business, including contractual penalties associated with ongoing projects.

Where required, adequate provision is made for all liabilities which are expected to materialise, however if the outcome of claims or legal disputes are on balance considered to be possible but not probable, they are not disclosed as a provision.

Based on internal and/or external assessments and/or advice from legal advisers (where appropriate, including counsel), the Board believes that there is significant uncertainty as to whether a future exposure or liability will arise in respect of normal course of business claims or disputes, and as such these are on balance considered to be remote.

The Board believes that Aveng has realistic defences against normal course of business claims and legal disputes, and any adverse decisions in relation to contingent liabilities in this regard will not have a material adverse effect on the financial position of the Group.

### Specific claims and disputes

Aveng Africa is presently in dispute with a client for various matters including extension of time claims, escalation claims, claims relating to an agreed penalty free period, a claim relating to defective workmanship, a claim relating to basement penalties. The various claims are proceeding through the dispute process. In addition, the employer terminated the contract on 6 January 2020 and subsequently called on the guarantee of R87 million, following which the insurer paid the employer the guarantee amount and issued a letter of demand, claiming repayment from Aveng Africa, who in turn, paid the insurer. The final account report from the client was received, which Aveng Africa has disputed and since referred to arbitration. Aveng Africa is represented in the matter by specialist legal advisers, including senior counsel. The abovementioned claims are in various stages of dispute resolution processes and will have an impact on the final account dispute. Having regard to the advice received from its advisers, the Board is of the view that all known liabilities have been recognised and that adequate provisions have been recognised.

Aveng Africa, in joint venture with its partner terminated a contract with its client on 30 January 2019, which entitlement to terminate is disputed by the client. On 23 November 2020, the client demanded payment of the performance bond and retention guarantee to the value of R235 million. The insurer paid the client and Aveng Africa repaid the insurer for their portion. Aveng Africa is represented in the matter by specialist legal advisers, including senior counsel. Having regard to the advice received from its advisers, the Board is of the opinion that all known liabilities have been recognised and that adequate provisions have been recognised.

## 13. CONTINGENT LIABILITIES AND ASSETS continued

### Specific claims and legal disputes continued

Aveng Africa along with six other South African contractors, entered into a settlement agreement with the South African Government in 2016 wherein claims for damages by Government departments/entities as a result of historical anticompetitive practices by Aveng Africa would be settled. As a result, Aveng Africa agreed to make twelve annual payments into a trust fund to be set up in terms of the settlement agreement and the purpose of which was to develop and enhance the construction industry including black owned emerging contractors. Summons was issued against Aveng Africa and others, and the parties are defending the matter. The matter is ongoing. Aveng Africa is represented in the matter by specialist legal advisers, including senior counsel.

McConnell Dowell and its joint venture partner, along with its insurers are defending a claim from a client, in which it is alleged that a defect exists on a project in New South Wales. McConnell Dowell is represented in the matter by specialist legal advisers.

## 14. FAIR VALUE OF ASSETS AND LIABILITIES

The Group measures the following financial instruments at fair value:

- Infrastructure investments

### Infrastructure investments

The Group measures its remaining infrastructure investment, Dimopoint Proprietary Limited at fair value through profit or loss. The investment in Imvelo Concession Company Proprietary Limited was classified as Held for Sale in the prior year.

#### (i) Dimopoint Proprietary Limited (Dimopoint)

*Methodology*

The value of the Group's share in Dimopoint was determined on the basis of the underlying long-term contractual rental streams. The fair value was determined based on the underlying investment property portfolio. Methodologies include the market comparable approach that reflects recent transaction prices for similar properties and discounted cash flows. The valuation takes into consideration the selling price, escalations per year, rental income escalation per year and risk- adjusted discount rates.

*Valuation parameters and assumptions*

The following parameters and assumptions were considered in arriving at the valuation:

- In estimating the fair value of the properties, the highest and best use of the properties is taken into account
- Free cash flows based on the underlying long-term contractual rental streams
- Market comparable yields applicable to the underlying investment property portfolio
- A terminal growth rate of 12% was applied

## 14. FAIR VALUE OF ASSETS AND LIABILITIES continued

### Fair value hierarchy

The table below sets out the Group's fair value hierarchy and carrying amounts of assets and liabilities:

| | Carrying amounts A$'000 | Fair value A$'000 | Valuation reference to observable prices Level 1 A$'000 | Valuation based on observable inputs Level 2 A$'000 | Valuation based on unobservable inputs Level 3 A$'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| **Assets recognised at fair value** | | | | | |
| **Assets** | | | | | |
| Infrastructure investments* | **11 658** | **11 658** | – | – | 11 658 |
| **2023** | | | | | |
| **Assets recognised at fair value** | | | | | |
| **Assets** | | | | | |
| Infrastructure investments | **11 319** | **11 319** | – | – | 11 319 |
| Infrastructure investments (Held for Sale) | **4 683** | **4 683** | – | 4 683 | – |

* Movements relate to the unrealised foreign exchange of converting the infrastructure investments from ZAR to A$.

The Group uses Level 3 valuation techniques to measure infrastructure investments. Valuation techniques used are appropriate in the circumstances and for which sufficient data was available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

There were no transfers between the different levels during the period.

There have been no gains or losses recognised attributable to changes in unrealised gains or losses during the year.

### Sensitivity analysis: Financial assets valuations using observable and unobservable inputs

The following table shows the sensitivity of significant unobservable inputs used in measuring the fair value of infrastructure investments:

| | Significant unobservable input | Reasonably possible changes to significant unobservable inputs | Potential effect recorded directly in earnings or loss Increase A$'000 | Decrease A$'000 |
|---|---|---|---|---|
| **2024** | | | | |
| **Infrastructure investments** | | | | |
| Risk-adjusted discount rate: | | | | |
| – Dimopoint Proprietary Limited | **16.0%** | **0.5%** | (324) | 324 |
| **2023** | | | | |
| **Infrastructure investments** | | | | |
| Risk-adjusted discount rate: | | | | |
| – Dimopoint Proprietary Limited | **16.0%** | **0.5%** | (324) | 324 |

## 15. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant matter or circumstance arising after the reporting date up to the date of this report except as stated below:

### 15.1 New asset-backed debt facility

Subsequent to year end, the Group negotiated and signed a term sheet for a new asset-backed debt facility of A$15.5 million. The facility to McConnell Dowell Corporation Limited will include the provision of security over specific assets.

### 15.2 Strategic review

As detailed in the Directors Report, Aveng has been conducting a detailed review of the corporate strategy for the Group with the objective of enhancing stakeholder value and maximising value to shareholders. Macquarie Capital has been appointed to assist with the review and implementation process.

The review has concluded that Aveng's two operating businesses (McConnell Dowell and Moolmans) have distinctly different business characteristics and value propositions and as a result should pursue independent and separate operating and growth strategies. This will assist each business to independently access appropriate pools of capital to better support their investment requirements. Aveng therefore intends to pursue, through a combination of transactions, the creation of two separate entities:

- **McConnell Dowell (including Built Environs):** a leading engineering-led construction and building contractor delivering infrastructure across a diverse range of end markets; and
- **Aveng Limited:** which holds Moolmans, a tier 1 contract mining business operating in sub-Saharan Africa.

The Board is mindful of its commitments to all stakeholders through this process and intends to support and enhance the prospects of both entities for the benefit of all stakeholders, including clients, suppliers and employees, by enabling the two entities to access the most attractive capital to pursue their separate strategies. In the case of McConnell Dowell, this will involve pursuing a listing on the Australian Securities Exchange (ASX) and Johannesburg Stock Exchange (JSE). In the case of Moolmans this will involve exploring alternative ownership options and potentially introducing BBBEE capital.

# Annexure 1 – supplementary summarised consolidated statement of financial position

as at 30 June 2024

| | 2024 Rm | 2023 Rm |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Goodwill arising on consolidation | **100** | 100 |
| Property, plant and equipment | **2 870** | 2 968 |
| Right-of-use assets | **713** | 489 |
| Infrastructure investments | **142** | 142 |
| Deferred taxation | **1 282** | 1 006 |
| Lease receivables | **292** | 400 |
| Other non-current assets | **28** | 20 |
| | **5 427** | 5 125 |
| **Current assets** | | |
| Inventories | **250** | 262 |
| Contract assets | **6 460** | 5 302 |
| Trade and other receivables | **374** | 427 |
| Taxation receivable | **–** | 27 |
| Lease receivables | **98** | 81 |
| Cash and bank balances | **2 772** | 2 381 |
| | **9 954** | 8 480 |
| Assets Held for Sale | **–** | 59 |
| **TOTAL ASSETS** | **15 381** | 13 664 |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Stated capital | **4 801** | 4 776 |
| Other reserves | **1 621** | 1 678 |
| Accumulated losses | **(2 989)** | (3 305) |
| Equity attributable to equity-holders of parent | **3 433** | 3 149 |
| Non-controlling interest | **6** | 6 |
| **TOTAL EQUITY** | **3 439** | 3 155 |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Deferred taxation | **290** | 218 |
| External borrowings and other liabilities | **426** | 504 |
| Lease liabilities | **877** | 854 |
| Provisions | **52** | 86 |
| Employee-related payables | **490** | 446 |
| | **2 135** | 2 108 |
| **Current liabilities** | | |
| Contract liabilities | **2 617** | 2 165 |
| External borrowings and other liabilities | **233** | 516 |
| Lease liabilities | **383** | 300 |
| Employee-related payables | **409** | 284 |
| Trade and other payables | **5 693** | 4 716 |
| Provisions | **402** | 420 |
| Taxation payable | **70** | – |
| | **9 807** | 8 401 |
| **TOTAL LIABILITIES** | **11 942** | 10 509 |
| **TOTAL EQUITY AND LIABILITIES** | **15 381** | 13 664 |

* Supplementary non-IFRS information. Converted at a closing exchange rate of R12.17/A$1 (2023: R12.55/A$1).

# Annexure 1 – supplementary summarised consolidated statement of comprehensive earnings

| | 2024 Rm | 2023 Rm |
|---|---|---|
| **Continuing operations** | | |
| Revenue | **37 450** | 28 865 |
| Cost of sales | **(35 299)** | (28 422) |
| **Gross earnings** | **2 151** | 443 |
| Other earnings | **74** | 109 |
| Operating expenses | **(1 800)** | (1 610) |
| Loss from equity-accounted investments | **(1)** | (2) |
| **Operating earnings / (loss) before capital items** | **424** | (1 060) |
| Capital earnings / (expenses) | **(90)** | 9 |
| **Operating earnings / (loss) after capital items** | **334** | (1 051) |
| Finance earnings | **142** | 77 |
| Finance expenses | **(278)** | (200) |
| **Earnings / (loss) before taxation** | **198** | (1 174) |
| Taxation | **117** | 57 |
| **Earnings / (loss) from continuing operations** | **315** | (1 117) |
| **Discontinued operations** | | |
| Earnings from discontinued operations, net of taxation | **–** | 120 |
| Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition | **–** | (436) |
| Gain / (loss) on disposal of assets Held for Sale and fair value adjustment | **–** | 150 |
| **Loss from discontinued operations** | **–** | (166) |
| **Earnings / (loss) for the year** | **315** | (1 283) |

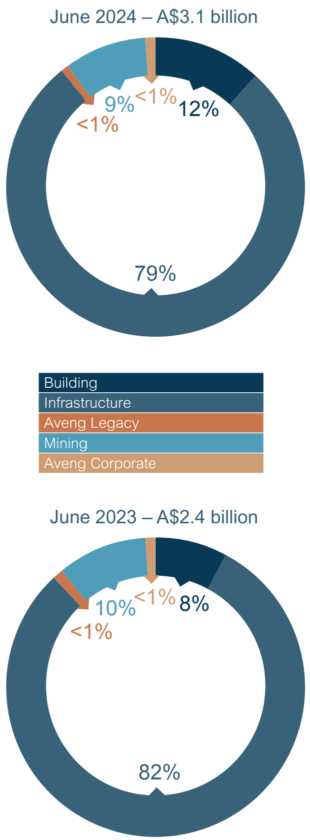
* Supplementary non-IFRS information. Converted at an average exchange rate of R12.27/A$1 (2023: R12.34/A$1).

# Salient features – operating group analysis
for the year ended 30 June 2024

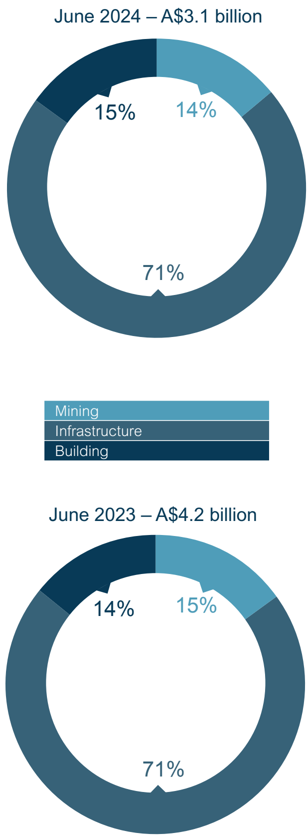
## Operating earnings / (loss) – operating group

| | **2024 A$'000** | 2023 A$'000 | % |
|---|---|---|---|
| Infrastructure | **57 386** | (49 084) | >100 |
| Building | **8 637** | 138 | >100 |
| Mining | **2 012** | (9 577) | >100 |
| Aveng Legacy | **(5 052)** | (4 894) | (3.2) |
| Aveng Corporate and eliminations | **(28 505)** | (23 375) | (21.9) |
| **Operating earnings / (loss) – continuing operations** | **34 478** | (86 792) | >100 |
| Discontinued operations | **–** | 17 188 | (>100) |
| **Operating earnings / (loss)** | **34 478** | (69 604) | >100 |
| Earnings / (loss) attributable to equity holders of the parent | **25 653** | (103 890) | >100 |
| **Headline earnings / (loss)** | **37 970** | (77 739) | >100 |

### Revenue per operating group




### Work in hand per operating group



## AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1944/018119/06)
ISIN: ZAE000302618
Share code: AEG
("Aveng", the "Company" or with its subsidiaries the "Group")

Notice is hereby given that the 80th AGM of the shareholders of Aveng will be held virtually, on Friday, 6 December 2024 at 09:00 to deal with the business as set out below and to consider and, if deemed appropriate, pass the ordinary and special resolutions set out hereunder in the manner required by the Companies Act 71 of 2008 (the Act), as read with the Listings Requirements of the JSE Limited (JSE Listings Requirements), which meeting is to be participated in and voted at by shareholders as at the record date of Friday, 29 November 2024.

Kindly note that in terms of section 63(1) of the Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the virtual AGM. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

In terms of the provisions of the Act and the Company's memorandum of incorporation, ordinary resolutions require the approval of more than 50% of the votes cast, unless stipulated otherwise herein, by shareholders present or represented by proxy at the virtual AGM, while special resolutions require approval by at least 75% of the votes cast. Shareholders are also referred to the explanatory notes on the virtual AGM on pages 47 and 48.

## PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited consolidated and separate annual financial statements of the Company, incorporating the reports of the auditors, the audit committee, and the directors for the year ended 30 June 2024 have been distributed as required and will be presented to shareholders as required in terms of section 30(3)(d) of the Act.

## REPORT OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

In accordance with Companies Regulation 43(5)(c), issued in terms of the Act, the chairperson of the social, ethics and transformation committee or, in his absence, any member of the committee, will present a report to shareholders at the virtual AGM.

## RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, the following resolutions (shareholders are referred to the explanatory notes in relation to the resolutions commencing on page 47):

### Ordinary resolutions

#### Ordinary resolution 1: Election of director

To elect directors who were appointed subsequent to the previous AGM. The director eligible for election is:

1.1 Scott Vincent Cummins

#### Ordinary resolutions 2.1 to 2.3: Re-election of directors

"Resolved to re-elect, by way of separate resolutions, directors who are retiring by rotation in terms of the provisions of the Company's memorandum of incorporation. The directors retiring by rotation and who offer themselves for re-election are:

2.1 MR Philip Hourquebie
2.2 Mr Bradley Meyer
2.3 Mr Sean Flanagan"

#### Ordinary resolutions 3.1 to 3.3: Appointment of audit committee

"Resolved to elect, by way of separate resolutions, the following independent non-executive directors as members of the audit committee from the end of this virtual AGM until the conclusion of the next AGM in terms of section 94(2) of the Act:

3.1 Ms Bridgette Modise;
3.2 Mr Bradley Meyer; and
3.3 Mr Nicholas Bowen."

#### Ordinary resolution 4: Re-appointment of external auditors

"Resolved to appoint, on the recommendation of the current audit committee, KPMG Inc. as independent auditor of the Company, the auditor meeting the requirements of section 90(2) of the Act, until the conclusion of the next AGM."

#### Non-binding ordinary resolution 5: Approval of remuneration policy

"Resolved to approve, through a non-binding advisory vote, the remuneration policy of the Company as set out on pages 62 to 67 of the integrated report at https://www.aveng.co.za/results-reports-presentations.php."

Note:

Should 25% or more of the votes exercised in respect of the non-binding ordinary resolution number 5 be against the resolution, the Company will issue an invitation to those shareholders who voted against this resolution to engage with the Company.

### Non-binding ordinary resolution 6: Approval of remuneration implementation report

"Resolved to approve, through a non-binding advisory vote, the remuneration implementation report of the Company as set out on pages 68 to 73 of the integrated report at https://www.aveng.co.za/results-reports-presentations.php."

Note:

Should 25% or more of the votes exercised in respect of the non-binding ordinary resolution number 6 be against the resolution, the Company will issue an invitation to those shareholders who voted against this resolution to engage with the Company.

### Ordinary resolution 7: Adoption of the Aveng Limited Long-Term Incentive Plan (2024 LTIP)

"Resolved that the Aveng Long-Term Incentive Plan (2024 LTIP), a copy of which has been labelled for identification purposes and tabled at the virtual AGM, be and is hereby approved. The salient features of the 2024 LTIP are set out in annexure A to this notice. Copies of the 2024 LTIP rules will be available for inspection during normal business hours at (i) the registered office of the Company from the date of issue of the 2024 integrated annual report until the date of the AGM and (ii) on Aveng's website at www.aveng.co.za/financials/annual-reports for the same period. The percentage of voting rights required for ordinary resolution 7 to be adopted: at least 75% (seventy-five percent) of the voting rights that are eligible to be exercised on this resolution."

## SPECIAL RESOLUTIONS

### Special resolution 1: General authority to repurchase shares

"Resolved by way of a special resolution that the Company, or one of its wholly owned subsidiaries, be authorised, by way of a general authority, to acquire the Company's own securities, from any person, upon such terms and conditions and in such number as the directors may from time to time decide, subject to the applicable requirements of the Company's memorandum of incorporation, the Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, subject further to the restriction that the number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty percent) of the Company's issued share capital as at the date of passing of this special resolution, or 10% (ten percent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company."

## ADDITIONAL INFORMATION

It is recorded that the restrictions imposed in terms of the JSE Listings Requirements for a general repurchase of a Company's shares include the following:

- The general authority will only be valid until the Company's next AGM provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this resolution (whichever period is shorter);
- The repurchase must be effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
- Repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- An announcement must be published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of the issued share capital (being the number of shares in issue at the time the general authority is granted), and for each 3% (three percent) in aggregate of the initial number of issued share capital repurchased thereafter, containing the details of such repurchases;
- The Company and / or its subsidiaries may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme established in accordance with the requirements of the JSE Listings Requirements;
- At any point in time, the Company may only appoint one agent to effect any repurchases on its behalf; and
- The Board of directors of the Company (Board) must pass a resolution to authorise the repurchase and the Board must confirm that the Company and its subsidiaries have passed the solvency and liquidity test set out in section 4 of the Act and that since the test was done there have been no material changes to the financial position of the Group.

The Board, having considered the effects of the maximum repurchase permitted, is of the opinion that for a period of 12 (twelve) months after the date of the notice of the virtual AGM and at the actual date of the repurchase:

- the Company and the Group will be able to, in the ordinary course of business, pay its debts;
- the working capital of the Company and the Group will be adequate for ordinary business purposes;
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group; and
- the Company's ordinary share capital and reserves will be adequate for ordinary business purposes.

**Special resolution 2: Non-executive directors' remuneration**

"Resolved as a special resolution:

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

- that the Company be and is hereby authorised to pay remuneration to its non-executive directors for their services as directors, as contemplated in section 66(8) and 66(9) of the Act, as set out below;
- that the remuneration structure and amounts as set out below, be and are hereby approved, for implementation from the period commencing 1 January 2025 until such time as rescinded or amended by shareholders by way of a special resolution."

| Board/committee[1] | Category | Currency | 2024 fee | 2025 proposed fee[2] | % change |
|---|---|---|---|---|---|
| Board | Chairperson (UK-based NED)[3] | GBP | 110 306 | 115 821 | 5.0 |
| | Chairperson (SA-based NED)[3] | ZAR | 1 237 826 | 1 312 096 | 6.0 |
| | Lead independent director[4] | ZAR | 570 719 | 604 962 | 6.0 |
| | Director (SA-based NED)[4] | ZAR | 407 615 | 432 072 | 6.0 |
| | Director (Aus-based NED)[5] | A$ | 140 000 | 145 600 | 4.0 |
| | Director (US-based NED)[5] | US$ | 93 405 | 97 141 | 4.0 |
| | Ad hoc meetings (SA-based NED)[6] | ZAR | 35 763 | 37 909 | 6.0 |
| | Ad hoc meetings (UK-based NED)[6] | GBP | 2 875 | 3 019 | 5.0 |
| | Ad hoc meetings (Aus-based NED)[6] | A$ | 3 321 | 3 454 | 4.0 |
| | Ad hoc meetings (US-based NED)[6] | US$ | 2 142 | 2 228 | 4.0 |
| Remuneration and nomination committee | Chairperson[7] | ZAR | 274 711 | 291 194 | 6.0 |
| | Member[7] | ZAR | 109 202 | 115 754 | 6.0 |
| Safety, health and environment committee | Chairperson[7] | ZAR | 274 711 | 291 194 | 6.0 |
| | Member[7] | ZAR | 109 202 | 115 754 | 6.0 |
| Social, ethics and transformation committee | Chairperson[7] | ZAR | 274 711 | 291 194 | 6.0 |
| | Member[7] | ZAR | 109 202 | 115 754 | 6.0 |
| Audit committee | Chairperson[7] | ZAR | 363 225 | 385 019 | 6.0 |
| | Member[7] | ZAR | 204 441 | 216 707 | 6.0 |
| Risk committee | Chairperson[7] | ZAR | 320 000 | 339 200 | 6.0 |
| | Member[7] | ZAR | 160 000 | 169 600 | 6.0 |
| Investment committee – per meeting fee | Chairperson (UK-based NED) | GBP | – | 1 000 | N/A |
| | Member (SA-based NED) | ZAR | 11 031 | 11 693 | 6.0 |
| | Member (Aus-based NED) | A$ | – | 1 364 | N/A |
| | Member (US-based NED) | US$ | – | 963 | N/A |
| Tender risk committee – per meeting fee | Chairperson (Aus-based NED) | A$ | 6 670 | 6 937 | 4.0 |
| | Member (SA-based NED) | ZAR | 23 212 | 24 605 | 6.0 |
| | Member (UK-based NED) | GBP | 1 450 | 1 523 | 5.0 |
| | Member (Aus-based NED) | A$ | 2 900 | 3 016 | 4.0 |
| | Member (US-based NED) | US$ | 1 830 | 1 903 | 4.0 |

1. Fees based on four scheduled Board meetings and four scheduled committee meetings per annum (excludes tender risk committee meeting attendance, where applicable).
2. The proposed fees exclude VAT which will be charged by any qualifying NED at the prevailing rate.
3. Composite fee for chairperson, inclusive of committee fees but excluding investment committee and tender risk committee meeting fees.
4. The fee for SA-based NEDs is exclusive of committee fees, which are paid separately.
5. Composite fee for Australia- and US-based NEDs, inclusive of committee fees but excluding investment committee and tender risk committee meeting fees.
6. Fee paid per meeting, for Board meetings in excess of the four scheduled meetings per annum.
7. Fee only payable to SA-based NEDs (the non-resident director / chairperson fees are inclusive of all Board and committee meetings).

The Board fees noted on the previous page exclude any VAT which is authorised to be paid, in addition to the Board fees on the previous page, to qualifying non-executive directors.

### Special resolution 3: Financial assistance to related and inter-related companies

"Resolved by way of a special resolution, that the authority of the directors of the Company as previously approved by shareholders as required in terms of sections 44 and / or 45 of the Companies Act of 2008 and the Company's memorandum of incorporation to provide financial assistance to any person, or to all related and inter-related companies within the Aveng Group of companies, at such times and on such terms and conditions as the directors in their sole discretion deem fit and subject to all relevant statutory and regulatory requirements being met, be and is hereby renewed, with such authority to remain in place until rescinded or superseded by way of a special resolution passed at a duly constituted virtual AGM of the Company."

### Ordinary resolution 8: Signing authority

"Resolved to authorise any one director or the company secretary of the Company to do all such things and sign all such documents as are deemed necessary or desirable to implement the resolutions set out in the notice convening the virtual AGM at which this ordinary resolution will be considered and approved at such meeting."

## ADDITIONAL INFORMATION

The following additional information, some of which may appear in the integrated report, is provided in terms of the JSE Listings Requirements for purposes of the general authority to repurchase the Company's shares set out in special resolution 1:

- Directors and management – https://www.aveng.co.za/leadership.php
- Major shareholders – page 52
- Directors' interests in ordinary shares – https://www.aveng.co.za/results-reportspresentations.php
- Share capital of the Company – https://www.aveng.co.za/results-reportspresentations.php
- Directors' report – https://www.aveng.co.za/resultsreports-presentations.php

## DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on the corporate information page, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolutions and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolutions contain all the information required by the JSE Listings Requirements.

## MATERIAL CHANGES

Other than the facts and developments reported on in the integrated report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of signature of the integrated report.

## DIRECTORS' INTENTION REGARDING THE GENERAL AUTHORITY TO REPURCHASE THE COMPANY'S SHARES

The directors have no specific intention, at present, for the Company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the Company and its shareholders.

## PROXIES AND VOTING

Certificated shareholders and dematerialised shareholders with "own-name" registration, participating via electronic communication, are urged to submit their votes by proxy prior to the meeting. Dematerialised shareholders, other than "own-name", participating via electronic communication, should contact their Central Securities Depository Participant (CSDP) or broker with instructions on how they wish to vote.

Certificated shareholders, "own-name" dematerialised shareholders and dematerialised shareholders other than "own-name", who have requested a letter of representation from their CSDP or broker in order to vote during the meeting, who have provided the transfer secretary with their details and email address will be provided with the necessary instructions on how to vote.

It is requested that forms of proxy be forwarded to the transfer secretaries, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196; Private Bag X9000, Saxonwold, 2132), by no later than 4 December 2024 for administrative purposes.

If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to participate via electronic communication do not deliver forms of proxy to the transfer secretaries by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the virtual AGM immediately prior to the virtual AGM, in accordance with the instructions therein, with the company secretary via email: edinah.mandizha@avenggroup.com or may use the electronic voting system provided.

## SHAREHOLDERS OR THEIR PROXIES WHO WISH TO PARTICIPATE AND VOTE IN THE VIRTUAL AGM THROUGH THE ELECTRONIC PARTICIPATION PLATFORM, MUST EITHER:

1. register online using the online registration portal at https://meetnow.global/ZA; or
2. apply to Computershare, by sending a request to proxy@computershare.co.za so as to be received by Computershare by no later than Wednesday, 4 December 2024.

Every shareholder participating virtually or present or represented by proxy and entitled to vote shall be entitled to one vote per ordinary share.

Shareholders or proxies are advised that they will be required to present reasonably satisfactory identification in order to participate in the virtual AGM as required in terms of section 63(1) of the Act. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

For the purpose of resolutions proposed in terms of the JSE Listings Requirements wherein any votes are to be excluded from that resolution, any proxy given by a holder of securities to the holder of such an excluded vote shall be excluded from voting for the purposes of that resolution.

Any shareholder or appointed proxy participating in the virtual AGM is eligible to ask questions.

By order of the Board

**Edinah Mandizha**
*Group company secretary*

Boksburg
31 October 2024

## PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

At the virtual AGM, the directors must present the audited consolidated and separate annual financial statements of the Company for the year ended 30 June 2024 to shareholders, together with the reports of the directors, the audit committee, and the auditors. These are available at https://www.aveng.co.za/investor-centre.php.

## PRESENTATION OF REPORT BY THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

In terms of Regulation 43(5)(c), one of the statutory functions of a social and ethics committee constituted in terms of the Act is to report to shareholders at the Company's AGM on the matters within the committee's mandate. The report of the Group social and ethics committee for the year ended 30 June 2024 is reported in the integrated report and is accessible on the Group's website at https://aveng.co.za/corporate-results-reports-and-presentations/

## RESOLUTIONS

### ORDINARY RESOLUTIONS

#### Ordinary resolutions 1.1 to 1.2: Election of directors

To elect, by way of a separate resolution, directors who were appointed subsequent to the previous AGM. The director eligible for election is:

1.1 Mr Scott Vincent Cummins

#### Ordinary resolutions 2.1 to 2.3: Re-election of directors

To re-elect, by way of separate resolutions, directors who are retiring by rotation in terms of the provisions of the Company's memorandum of incorporation. The directors retiring by rotation are:

2.1 Mr P Hourquebie

2.2 Mr B Meyer

2.3 Mr S Flanagan

The profile of the directors up for election is contained at https://aveng.co.za/board/

#### Ordinary resolutions 3.1 to 3.3: Appointment of audit committee

To elect, by way of separate resolutions, the following independent non-executive directors as members of the audit committee from the end of this AGM until the conclusion of the next AGM in terms of section 94(2) of the Act:

3.1 Ms Bridgette Modise;

3.2 Mr Bradley Meyer; and

3.3 Mr Nicholas Bowen.

The Board of directors of the Company is satisfied that the proposed members of the audit committee meet all relevant requirements.

#### Ordinary resolution 4: Re-appointment of external auditors

KPMG Inc., external auditor of the Company, has indicated its willingness to continue in office and ordinary resolution 4, based on the recommendation of the audit committee, proposes the re-appointment of that firm as the Company's auditors until the conclusion of the next AGM.

#### Non-binding ordinary resolution 5: Approval of remuneration policy

King IV on Corporate Governance™* for South Africa recommends and the JSE Listings Requirements require that the remuneration philosophy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration philosophy and policy of the Company.

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

#### Non-binding ordinary resolution 6: Approval of remuneration implementation report

King IV on Corporate Governance for South Africa recommends and the JSE Listings Requirements require that the remuneration implementation report of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration implementation report of the Company.

### Ordinary resolution 7: Adoption of the Aveng Limited Long-Term Incentive Plan (2024 LTIP)

This resolution seeks to obtain approval from the shareholders of the Company to enable the Company to adopt, authorise and fully implement the 2024 LTIP.

## SPECIAL RESOLUTIONS

### Special resolution 1: General authority to repurchase shares

Section 48 of the Act authorises the Board of directors of a company to approve the acquisition of its own shares subject to the provisions of section 46 and 48 having been met. The JSE Listings Requirements require the shareholders of the Company to approve the authority to repurchase shares and the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the virtual AGM for special resolution 1 to become effective.

### Special resolution 2: Non-executive directors' remuneration

In terms of section 66(8) and section 66(9) of the Act, companies may pay remuneration to directors for their services as directors unless otherwise provided by the memorandum of incorporation and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the Company and as such, the resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the Company.

Pursuant to the binding rulings of the South African Revenue Service, a non-executive director who earns in excess of R1 million in non-executive directors' fees from all appointments in any 12-month consecutive period is required to register for VAT, and charge VAT on such fees, subject to certain exceptions. Accordingly, the amounts noted within the tables represent the Board fees exclusive of VAT which will be charged by any qualifying non-executive director, at the prevailing rate.

### Special resolution 3: Financial assistance to related and inter-related companies

Section 45(2) of the Act authorises the Board to provide direct or indirect financial assistance to a related or inter-related company, subject to subsections (3) and (4) of section 45 of the Act and unless otherwise provided in the Company's memorandum of incorporation. In terms of section 45(3) of the Act, a special resolution of shareholders is required in these instances.

Section 44(2) of the Act authorises the Board to provide financial assistance by way of loan, guarantee, the provision of, security or otherwise to any person for the purpose of, or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company.

The main purpose of the special resolution as set out in the Notice of AGM is to approve the granting of inter-company loans, a recognised and well-known practice, details of which are also set out in the notes to the annual financial statements, as well as providing financial assistance to parties acquiring or subscribing for securities in the Company, typically used in empowerment transactions or funding transactions where another class of shares are issued.

### Ordinary resolution 8: Signing authority

Authority is required to do all such things and sign all documents and take all such action as necessary or desirable to implement the resolutions set out in the Notice of AGM and approved at the virtual AGM. It is proposed that the company secretary and / or directors be authorised accordingly.

## GENERAL

Shareholders and proxies attending the virtual AGM on behalf of shareholders are reminded that section 63(1) of the Act requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.

# AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1944/018119/06)
ISIN: ZAE000302618
Share code: AEG
("Aveng", the "Company" or with its subsidiaries the "Group")

For use by the registered holders of certificated Aveng shares and the holders of dematerialised Aveng shares in their own name at the virtual AGM of the Company to be held on, Friday, 6 December 2024 at 09:00.

Holders of Aveng shares (whether certificated or dematerialised) through a nominee must not complete this form of proxy, but should timeously make the necessary arrangements with that nominee or, if applicable, CSDP or broker, to enable them to attend and vote at the virtual AGM or to enable their votes in respect of their Aveng shares to be cast at the virtual AGM by a proxy or a representative. If they do not wish to attend the meeting, they must provide their nominee, CSDP or broker, as the case may be, with their voting instructions in accordance with the custody agreement entered into with the registered holder.

I/We

(please print)

of (address)

(please print)

being the registered holder(s) of Ordinary shares in the capital of the Company do hereby appoint:

1. or failing him/her,

2. or failing him/her,

the chairperson of the virtual AGM, as my / our proxy to vote on my / our behalf at the virtual AGM which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed at the virtual AGM and at each adjournment of the virtual AGM and to vote for or against the special and ordinary resolutions or to abstain from voting in respect of the shares in the issued share capital of the Company registered in my / our name / s, in accordance with the following instructions (see note 2):

| Proposed resolutions | | For | Against | Abstain |
|---|---|---|---|---|
| 1. | Ordinary resolution 1.1: Election of director – Scott Vincent Cummins | | | |
| 2. | Ordinary resolution 2.1: Re-election of director – Mr Philip Hourquebie | | | |
| | Ordinary resolution 2.2: Re-election of director – Mr Bradley Meyer | | | |
| | Ordinary resolution 2.3: Re-election of director – Mr Sean Flanagan | | | |
| 3. | Ordinary resolution 3.1: Appointment of audit committee member – Ms Bridgette Modise | | | |
| | Ordinary resolution 3.2: Appointment of audit committee member – Mr Bradley Meyer | | | |
| | Ordinary resolution 3.3: Appointment of audit committee member – Mr Nicholas Bowen | | | |
| 4. | Ordinary resolution 4: Re-appointment of external auditors | | | |
| 5. | Non-binding ordinary resolution 5: Non-binding advisory vote to approve the remuneration policy | | | |
| 6. | Non-binding ordinary resolution 6: Non-binding advisory vote to approve the remuneration implementation report | | | |
| 7. | Ordinary resolution 7: Adoption of the Aveng Limited Long-Term Incentive Plan (2024 LTIP) | | | |
| 8. | Special resolution 1: General authority to repurchase shares | | | |
| 9. | Special resolution 2: Non-executive directors' remuneration | | | |
| 10. | Special resolution 3: Financial assistance to related and inter-related companies | | | |
| 11. | Ordinary resolution 8: Signing authority | | | |

Signed at on 2024

Signature

Assisted by me (where applicable)

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

**Please read the notes on the reverse side hereof.**

# 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 member's choice in the space(s) provided, with or without deleting "the chairperson of the virtual AGM" but any such deletion must be initialled by the member. The person whose name appears first on the form of proxy and who is present at the virtual AGM will be entitled to act as proxy to the exclusion of those whose names follow.

2. A member'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 virtual AGM as he / she deems fit. A member 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 member 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 member's votes exercisable at the virtual AGM.

3. Forms of proxy are requested to be lodged with or posted to the Company's share registrar, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132) to be received by no later than 09:00 on Wednesday, 4 December 2024 for administrative purposes. Alternatively, such forms of proxy may be furnished to the company secretary via email (edinah.mandizha@avenggroup.com) before the appointed proxy exercises any of the relevant shareholder's rights at the virtual AGM.

4. The completion and lodging of this form of proxy will not preclude the member from attending the virtual AGM and speaking and voting in person thereat to the exclusion of any proxy appointment in terms thereof, should each member wish to do so.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (eg, for a company, close corporation, trust, pension fund, deceased estate) must be attached to this form of proxy unless previously recorded by the Company's share registrar or waived by the chairperson of the virtual AGM.

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 virtual AGM, 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 virtual AGM may accept any form of proxy which is completed other than in accordance with these notes if the chairperson of the virtual AGM is satisfied as to the manner in which the member wishes to vote.

10. A proxy need not be a member of the Company.

11. A proxy may not delegate his / her authority to act on behalf of the shareholder, to another person.

12. Every shareholder present virtually or represented by proxy or a duly authorised representative shall have one vote for every share held by such shareholder.

# Shareholders' analysis
for the year ended 25 June 2024

## Registered shareholder spread

| Shareholder spread | Number of holders | % of total shareholders | Number of shares | % of issued capital |
|---|---|---|---|---|
| 1 – 1 000 shares | **27 283** | 88.80 | 1 124 343 | 0.88 |
| 1 001 – 10 000 shares | **2 693** | 8.77 | 8 820 814 | 6.94 |
| 10 001 – 100 000 shares | **651** | 2.12 | 18 924 733 | 14.89 |
| 100 001 – 1 000 000 shares | **80** | 0.26 | 24 005 276 | 18.88 |
| 1 000 000 shares and above | **16** | 0.05 | 74 259 875 | 58.41 |
| **Total** | **30 723** | **100** | **127 135 041** | **100** |

## Beneficial shareholder categories

| Category | Total shareholding | % of issued capital |
|---|---|---|
| Private investor | **47 793 276** | 37.59 |
| Hedge fund | **41 555 463** | 32.69 |
| Trading position | **12 815 734** | 10.08 |
| Mutual fund | **6 968 364** | 5.48 |
| Unit trusts | **5 700 261** | 4.48 |
| Pension funds | **3 592 795** | 2.83 |
| ESOP LTIP | **2 897 646** | 2.28 |
| Unclassified | **2 035 480** | 1.60 |
| Corporate holding | **1 701 736** | 1.34 |
| Custodians | **1 495 486** | 1.18 |
| Insurance companies | **379 335** | 0.30 |
| University | **132 771** | 0.10 |
| Stockbrokers | **27 501** | 0.02 |
| Charity | **20 000** | 0.02 |
| Exchange-traded fund | **19 193** | 0.02 |
| **Total** | **127 135 041** | **100** |

# Shareholders' analysis
for the year ended 25 June 2024

## Beneficial shareholders holding more than 3%

| Beneficial shareholders | Total shareholding | % of total shareholders |
|---|---|---|
| Highbridge Capital Management | **16 233 479** | 12.77 |
| Whitebox Advisors | **17 218 311** | 13.54 |
| Absa Group | **9 214 024** | 7.25 |
| Steyn Capital | **7 262 482** | 5.71 |
| Ninety One | **5 651 730** | 4.45 |
| **Total** | **55 580 026** | **43.72** |

## Public and non-public shareholdings

| Shareholder type | Number of holders | % of total shareholders | Number of shares | % of issued capital |
|---|---|---|---|---|
| Non-public shareholders | **12** | 0.04 | 7 470 433 | 5.9 |
| Directors and prescribed officers | **8** | 0.03 | 5 166 065 | 4.1 |
| Aveng Limited Share Purchase Trust | **1** | <0.01 | 12 037 | <0.01 |
| Aveng Management Company Proprietary Limited | **1** | <0.01 | 1 577 | <0.01 |
| Aveng equity-settled share-based payment plans | **1** | <0.01 | 2 273 585 | 1.8 |
| Community Investment Trust | **1** | <0.01 | 17 173 | <0.01 |
| Public shareholders | **30 711** | 99.96 | 119 664 608 | 94.1 |
| **Total** | **30 723** | **100** | **127 135 041** | **100** |

## Geographic split of investment managers and company-related holdings

| Region | Total shareholding | % of total shareholders |
|---|---|---|
| South Africa | **85 920 217** | 67.58 |
| United States of America and Canada | **21 962 881** | 17.28 |
| United Kingdom | **1 220 041** | 0.96 |
| Rest of Europe | **4 181 531** | 3.29 |
| Rest of World | **13 850 371** | 10.89 |
| **Total** | **127 135 041** | **100** |

## Geographic split of beneficial shareholders

| Region | Total shareholding | % of total shareholders |
|---|---|---|
| South Africa | **87 793 073** | 69.05 |
| United States of America and Canada | **32 672 455** | 25.70 |
| United Kingdom | **2 445 841** | 1.92 |
| Rest of Europe | **4 121 849** | 3.24 |
| Rest of World | **101 823** | 0.08 |
| **Total** | **127 135 041** | **100** |

## Introduction

The current Long-Term Incentive Plan 2022 (**LTIP 2022**) was adopted by shareholders in 2021 and modified to allow for conditional rather than forfeitable share allocations for Australian-based participants in 2022. There has been one grant to participants under this plan, which will vest in September 2024 and September 2025, respectively, subject to the achievement of performance conditions and continued employment. There are currently six senior executive participants in the LTIP 2022.

With the significant changes to Aveng's executive management composition implemented in 2024, a review has been conducted into Aveng's Long-Term Incentive arrangements with the aim of simplifying the structure and ensuring that outcomes directly relate to long-term shareholder interests.

The purpose of these salient features is to set out the proposed main principles of a new Aveng Limited Long-Term Incentive Plan 2024 (**2024 LTIP**). The manner in which the committee intends to implement the first award (which is intended to be made post the 2024 AGM subject to shareholder approval at that AGM), is set out in the Company's remuneration report (part 2). Once the 2024 LTIP is approved by shareholders, no further awards will be made under the LTIP 2022.

## Overview of the proposed 2024 LTIP

### Purpose

The purpose and intent of the 2024 LTIP are to:

- drive performance and entrench the Company's "pay for performance" culture;
- recognise contributions made by senior executives and provide an incentive for their continued performance and relationship with the Company by providing them with the opportunity of receiving shares in the Company;
- create an incentive that aligns the reward of executives with the interests of shareholders;
- better balance the respective contributions of the business units of the Company with executive LTI participation and reward; and
- ensure that the Company attracts and retains the core competencies required for formulating and implementing the Company's business strategies.

### Eligibility for participation

The 2024 LTIP is designed for a small number of senior executives as determined by the remuneration committee (**the committee**).

### Basis of awards to participants

The 2024 LTIP is proposed to comprise the following instruments: share appreciation rights (**SARs** or **Appreciation Awards**), conditional shares and forfeitable shares (collectively **Performance Awards**).

It is intended that the first award will comprise SARs, which will be awarded in the following ways:

- 50% of the grant at a premium price of 1.2 x, the 30-day volume weighted average price on the trading day immediately preceding the award date. The premium price multiplier will act as the performance hurdle for this portion of the grant.
- 50% of the grant at a premium price of 1.3 x, the 30-day volume weighted average price on the trading day immediately preceding the award date. The premium price multiplier will act as the performance hurdle for this portion of the grant.

Future awards could, at the discretion of the committee, be awarded as follows:

- **Conditional shares** may be awarded in place of SARs at the committee's discretion. Where conditional shares are awarded, the participant shall only be entitled to shareholder rights in respect of such conditional shares after vesting and settlement thereof. Vesting is subject to the satisfaction of employment and performance conditions as specified in the award letter.
- **Forfeitable shares** may be awarded in place of SARs at the committee's discretion. Where forfeitable shares are awarded the participant, except for the vesting restrictions envisaged below, will have all other shareholder rights, including voting and dividend rights, in respect of forfeitable shares and will rank pari passu with existing shares. Vesting is subject to the satisfaction of employment and performance conditions as specified in the award letter.
- **Phantom awards** may be used in instances where a cash-settled instrument is preferable, or where the use of shares is problematic, and will contain the same provisions as the Appreciation Awards and Performance Awards, as applicable.

Participants will give no consideration for the award, settlement, vesting or exercise of awards under the 2024 LTIP.

The committee will determine which employees are eligible to receive an award. Selection to participate in an award does not give rise to any right or expectation of any future award.

The basis upon which the award is made will take into account, inter alia, (a) the performance and level of the employee, (b) the employee's total guaranteed pay and grade (c) retention requirements and (iv) market benchmarks.

## Exercise of SARs

Upon vesting the participant has the election to exercise SARs for a period up to six years following the award date. Upon exercise of the SARs, shares will be settled to such a participant, calculated in accordance with the LTIP 2024 rules (**Plan Rules**).

## Holding period

In respect of SARs that vest and are exercised before a three-year period, those shares will be subject to a holding period until the end of the third year from the date of grant.

## Malus and clawback

Malus may be applied by the committee up to the vesting date. Clawback will apply subsequent to the vesting date and will be regulated in terms of the Company's existing policy in this regard. The trigger events that could result in malus and clawback being invoked are contained in the remuneration report.

## Termination of employment

The termination of participants' employment due to resignation, or dismissal from the employ of the Company will be classified as "fault terminations" and the participants will forfeit all unvested and unexercised awards.

The termination of participants' employment due to retirement, retrenchment, disability, voluntary separation, death, or sale of an employer company will be classified as "no-fault terminations". For unvested awards based on the above termination of employment conditions, except for termination due to retirement, the general vesting rule (subject to committee discretion) will be that there is pro rata vesting in terms of the number of months employed relative to the total number of months in the vesting period. Awards subject to performance conditions will be tested against the most likely outcome of the performance conditions to the date of termination. If a participant holds unvested SARs on the termination date and the termination is as a result of retirement, the participant will continue to participate as if employment was not terminated.

The holding period applicable to shares will continue to apply in the event of a fault termination while it will cease to apply in the event of a no-fault termination.

## Change of control

In the event of a change of control of the Company before the vesting date, the awards shall vest on a prorated basis, and to the extent applicable, be settled as soon as possible after occurrence of the change of control, unless the committee in its absolute discretion determines otherwise.

The Appreciation Awards and Performance Awards to vest will be calculated in terms of the following formula:

> *Number of awards vesting = number of performance awards / appreciation awards awarded x number of full months from award date to change of control date / number of months in the vesting period x performance condition outcome measured with reference to the financial year immediately preceding the change of control date or based on the best estimated outcome at the time.*

The committee will have the discretion to specify a date following such vesting by when the participants will be able to exercise the SARs. To the extent that awards are not exercised by this date, they will lapse.

The portion of the awards that do not vest on the change of control, will continue to be subject to the terms of the award letter relating thereto unless the committee, in its absolute discretion, determines that the terms of the award letter relating thereto are no longer appropriate, in which case the committee may make such adjustment to the number of awards or take such other action as may be required, including setting a new performance condition. The discretion of the committee is limited to converting awards into share awards in respect of shares in one or more other companies, or paying the participant a cash amount in lieu of shares, provided the participant is not worse off.

Notwithstanding the provisions applicable to a change of control or to a no-fault termination, upon the termination of employment of a participant due to no-fault or as a result of a change of control, the committee may exercise its discretion relating to the vesting, exercise and/or settlement of awards, taking into account any existing contractual arrangements pertaining to the participant's employment with the Company.

## Limits and adjustments

The overall aggregate Company limit for 2024 LTIP combined with unvested awards under the LTIP 2022 will not exceed 6 500 000 shares which equates to approximately 5% of the current issued share capital of the Company. The provisions relating to the aggregated limits are regulated in the LTIP 2022 and 2024 LTIP rules. In terms of the 2024 LTIP, new shares issued in settlement will consume the 5% limit. Shares purchased in the market, including treasury shares originally purchased in the market for settlement of the 2024 LTIP, or awards settled in cash will not contribute toward the 2024 LTIP limit.

The maximum number of shares which may be settled to any individual participant in aggregate under 2024 LTIP, may not exceed 1 292 000 shares, which represents approximately 1% of the current issued share capital of the Company. In the event that the value of an award granted to an individual participant exceeds the number of shares that may be settled to a participant under this limit, the balance of the award will be settled in cash.

The committee must, where required, adjust the numbers of shares for purposes of such limits (without the prior approval of shareholders in a general meeting), to take account of a subdivision or consolidation of the shares of the Company.

The committee may, where required, adjust the numbers of shares for purposes of such limits to take account of a capitalisation issue, a special dividend, a rights issue or reduction in capital of the Company.

The auditors shall confirm to the JSE in writing that any adjustment made has been properly calculated on a reasonable and equitable basis, in accordance with the Plan Rules and must be reported on in the Company's financial statements in the year during which the adjustment is made.

The issue of shares as consideration for an acquisition, and the issue of shares for a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Company limit and the individual limit.

## Variation in share capital

In the event of a rights offer, capitalisation issue, unbundling or any other corporate action or other event affecting the share capital of the Company, or in the event of the Company making distributions including a distribution in specie or a payment in terms of section 46 of the Companies Act (other than a dividend paid in the ordinary course of business out of distributable reserves) before the vesting date in respect of awards of conditional shares or exercise date of SARs, the committee may make such adjustment to the number of SARs or the award price (or a combination of both) or the number of conditional shares comprised in the relevant award as it deems appropriate. Such adjustment should place the participant in no worse position as he was prior to such an event occurring.

In the event of a rights offer, the holder of forfeitable shares will participate as normal shareholders in such event, subject to the provisions of the Plan Rules.

The committee shall notify the participants of any adjustments which are made under the Plan Rules. Where necessary, in respect of any such adjustments, the auditors, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the committee in writing that these are calculated on a reasonable basis in accordance with the Plan Rules. The auditors shall, in addition, confirm in writing to the JSE whether these adjustments were calculated in accordance with the Plan Rules. Any adjustments made will be reported on in the Company's annual financial statements in the year during which the adjustment is made.

The issue of shares as consideration for an acquisition, the issue of shares for cash and a vendor consideration placing will not be regarded as a circumstance requiring adjustment.

## Amendments

The committee may in its discretion alter, vary or add to the terms and conditions of the 2024 LTIP as it deems appropriate. These amendments may only affect awards which have already been made if they are to the advantage of participants and subject to the JSE Listings Requirements.

Subject to JSE notification and approval, the committee may make minor amendments for ease of the administration of the 2024 LTIP, to comply with or take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable taxation or regulatory treatment of any company in the Group, or any present or future participant.

The committee may terminate the 2024 LTIP at any time, but awards before such termination will continue to be valid and as described in the provisions of the 2024 LTIP.

Notwithstanding the above, none of the provisions in the Plan Rules relating to:

- the category of persons who are eligible for participation in the share plan;
- the basis for determining awards;
- the number of shares that may be utilised for the share plan;
- the number of shares that may be used for purposes of awards in respect of an individual employee or participant;
- the amount, if any, payable upon acceptance of an award, vesting and/or settlement;
- the adjustment of awards in the event of a variation of shares of the Company of a change of control;
- the procedure to be adopted in respect of the vesting of conditional shares and SARs in the event of a change of control as stipulated in Rule 13;
- the voting, dividend, transfer and other rights attaching to the award, including those arising upon a liquidation of the Company; or
- the procedure to be adopted in respect of the vesting of awards in the event of a termination of employment;

may be amended by the Company without the prior approval of the JSE and by ordinary resolution of 75% of the shareholders of the Company, in a general meeting, excluding all the votes attached to treasury shares and shares owned and controlled by the existing participants and which may be impacted by the change.

## Award parameters for the first award (FY25 award)

The Company's remuneration report contains the details of the manner in which the Company intends to implement the FY25 award, including the SAR award premium, an overview of the performance periods and conditions, vesting period and the manner in which the holding period will be implemented.

# Corporate information

## Executive directors
SC Cummins (Group CEO),
AH Macartney (Group FD and CFO)

## Non-executive directors
PA Hourquebie (independent chair),
B Modise (lead independent),
N Bowen (independent),
SJ Flanagan,
BC Meyer (independent),
D Noko (independent)

## Company secretary
Edinah Mandizha
Telephone +27 (0) 11 779 2800
Email edinah.mandizha@avenggroup.co.za

## Business address and registered office
2 Merlin Rose Avenue
Parkhaven, Boksburg
Gauteng, 1459, South Africa

## Company registration number
1944/018119/06

## Share codes
Share code: AEG
Share ISIN: ZAE 000302618

## Auditor
KPMG Inc.
Registration number: 1999/021543/21
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa
Telephone +27 (0) 11 647 7111

## Principal bankers
The Standard Bank of South Africa Limited
Australia and New Zealand Banking Group

## Corporate legal advisers
Alchemy Law Africa (Pty) Ltd
Pinsent Masons
Dalal and Associates

## Sponsor
Valeo Capital Proprietary Limited
Registration number: 2021/834806/07
Unit 12 Paardevlei Specialist Medical Centre
Paardevlei
Somerset West
Western Cape, 7130, South Africa

## Registrars
Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue
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