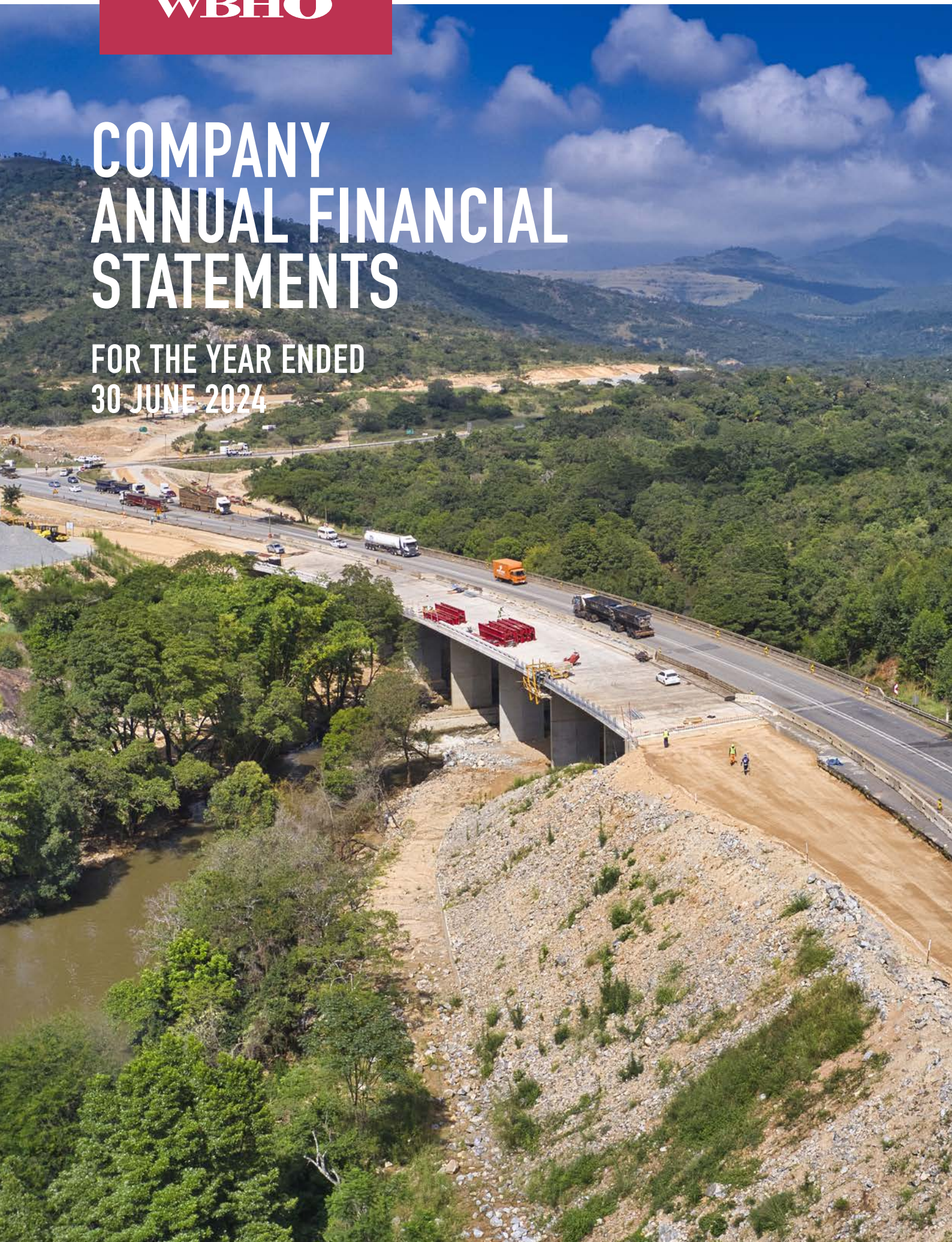


COMPANY ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2024



WILSON BAYLY HOLMES-OVCON LIMITED

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

CONTENTS

1	Statement of responsibility by the board of directors
2	Statement of compliance by the audit committee and company secretary
3	Directors' report
4	Independent auditor's report
6	Statement of financial position
7	Statement of financial performance and other comprehensive income
7	Statement of changes in equity
8	Statement of cash flows
9	Material accounting policies
11	Notes to the financial statements
21	Annexure 1: Investment in subsidiaries

Level of assurance:

The Company financial statements have been audited in compliance with the section 30(2)(a) of the Companies Act of South Africa. The Company annual financial statements were internally prepared under the supervision of the Chief Financial Officer, Andrew Logan CA(SA).

The consolidated financial statements (Group) that includes the relevant information are available on the website of the Company, at the registered office of the Company or on request from the company secretary.

Published: 10 September 2024

STATUTORY INFORMATION

WILSON BAYLY HOLMES-OVCON LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1982/011014/06)
JSE and A2X Share code: WBO
ISIN: ZAE000009932
(WBHO)

REGISTERED OFFICE AND CONTACT DETAILS

53 Andries Street
Wynberg, Sandton, 2090
PO Box 531
Bergvlei, 2012
Telephone: +27 11 321 7200
Fax: +27 11 887 4364
Website: www.wbho.co.za
Email: wbhoho@wbho.co.za

COMPANY SECRETARY

Donnafeg Msiska CA(SA)

AUDITORS

PricewaterhouseCoopers Incorporated

TRANSFER SECRETARIES

JSE Investor Services
One Exchange Square
2 Gwen Lane
Sandown
Sandton, 2196
Telephone: +27 11 713 0800
Fax: +27 86 674 4381

SPONSOR

Investec Bank Limited

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2024

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of Wilson Bayly Holmes–Ovcon Limited (WBHO). The financial statements have been prepared in accordance with the IFRS® Accounting Standards (IFRS), the IFRIC® Interpretations (IFRIC) issued by the IFRS Interpretations Committee (IFRS IC), the JSE Listings Requirements, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, 71 of 2008 of South Africa and are supported by reasonable and prudent judgements and estimates.

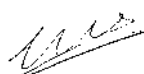
The directors acknowledge that, ultimately, they are responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for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

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

The going concern basis has been adopted in preparing the financial statements. Based on budgets and available cash resources, the directors have no reason to believe that the Company will not be a going concern in the foreseeable future. The viability of the Company is supported by the financial statements of the Group.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Incorporated, who were given unrestricted access to all financial records and the related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The unqualified audit report of PricewaterhouseCoopers Inc. is presented on pages 4 to 5.

The annual financial statements were approved by the board of directors on 9 September 2024 and are signed on its behalf.



Louwtjie Nel

Chairman



Wolfgang Neff

Chief Executive Officer

9 September 2024

STATEMENT OF COMPLIANCE BY THE AUDIT COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2024

MEMBERS

AJ Bester (Chairman)
RW Gardiner
KM Forbay
NN Sonqushu

Each of the members of the audit committee are independent non-executive directors. The committee meets at least four times a year to fulfil its mandate. The internal and external auditors as well as certain members of the executive and senior management attend committee meetings by invitation.

The audit committee has executed its duties and responsibilities in accordance with its terms of reference which are informed by the Companies Act, paragraph 3.84(g) of the JSE Listings Requirements and King IV and are approved by the Board.

The committee performed certain statutory and other duties during the year including:

- monitoring the effectiveness and implementation of internal financial controls and the adequacy of financial reporting;
- ensured that the financial reporting of the group comply with the IFRS® Accounting Standards and the Companies Act, 71 of 2008 of South Africa;
- considered the effectiveness of the Chief Financial Officer and the financial function;
- considered and reviewed the independence of the external auditor and the extent of non-audit services provided;
- reviewed the audit plans for internal and external audit; and
- reviewed the key audit matters and work performed thereon by the external auditors.



Cobus Bester
Audit Committee Chairman

9 September 2024

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2024

I confirm that the Company has lodged with the Registrar of Companies all returns that are required to be lodged by a public company in terms of the Companies Act of South Africa in respect of the year ended 30 June 2024 and that all such returns are true, correct and up to date.



Donnafeg Msiska
Company Secretary

9 September 2024

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2024

The directors present their annual report, which does not form part of the audited financial statements of Wilson Bayly Holmes-Ovcon Limited (Company) for the year ended 30 June 2024.

NATURE OF BUSINESS

The Company is domiciled in South Africa and listed on the securities exchange operated by JSE Limited and on A2X Markets. It is the investment holding company of several subsidiary companies principally engaged in civil engineering and building contracting activities in Africa and the United Kingdom. The consolidated financial statements of the Group are available at the Company's registered address or on its website.

SHARE CAPITAL

The Company has 71 018 425 ordinary shares in issue (2023: 71 018 425) of which 18 330 774 are treasury shares (2023: 18 650 275).

Subject to the regulations of the JSE, 5% of the unissued ordinary shares are under the control of the directors until the annual general meeting (AGM) to be held on 21 November 2024 at which time shareholders will be requested to grant the directors control over 5% of the unissued ordinary shares until the next AGM.

DIVIDENDS

The Company declares dividends dependent upon profits earned and the availability of cash. The Board elected to declare a final dividend of 230 cents per share, which, together with the interim dividend of 230 cents per share, results in a total dividend of 460 cents for the reporting period ending 30 June 2024.

BORROWING POWERS

In terms of the memorandum of incorporation the Company has unlimited borrowing powers.

DIRECTORATE

Details of the Company's directors are available online at www.wbho.co.za. The business physical address, postal address and company secretary details are set out on the first page of the financial statements.

Effective 23 November 2023, Charles Henwood retired as CFO and a director of WBHO. Andrew Logan was appointed as an executive director in the capacity of Chief Financial Officer.

Also, in terms of the memorandum of incorporation, Mr RW Gardiner and Mr H Ntene retire by rotation and offer themselves for re-election.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed under note 5.

AGENT ACCOUNTING

In the previous reporting period, the Company established a black economic empowerment initiative to replace the previous scheme, Akani Investment Holdings (Pty) Ltd. Under the new initiative, the Company created structured entities with whom the Company has entered into contractual agreements to establish the broad-based black economic empowerment transaction (B-BBEE transaction). Refer to note 7.4.

EVENTS AFTER THE REPORTING DATE

The board is not aware of any other matter or circumstance arising since the end of the reporting period not otherwise dealt with in the financial statements, which significantly affects the financial position of the Company as at 30 June 2024 or the results of its operations or cash flows for the year then ended.

GOING CONCERN

The directors are satisfied that the Company has access to adequate resources through its main operating subsidiary, WBHO Construction (Pty) Ltd, to continue in operational existence for the foreseeable future. The going concern basis has been applied in preparing these Company financial statements.

AUDITORS

PricewaterhouseCoopers South Africa Incorporated (PwC) will continue as the Group's auditors for the 2025 financial year in accordance with section 90(6) of the Companies Act. Mr Andries Rossouw will be the individual registered auditor who will undertake the engagement.

SPECIAL RESOLUTIONS

The following special resolutions were passed at the 2023 AGM:

SPECIAL RESOLUTION NUMBER 1

Approval of non-executive directors' fees for the 2024 financial year.

SPECIAL RESOLUTION NUMBER 2

Financial assistance to directors, prescribed officers, employee share scheme beneficiaries and related or inter-related companies and corporations.

SPECIAL RESOLUTION NUMBER 3

General authority to repurchase company shares.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2024

To the Shareholders of Wilson Bayly Holmes-Ovcon Limited

Report on the audit of the company financial statements

Our opinion

In our opinion, the company financial statements present fairly, in all material respects, the financial position of Wilson Bayly Holmes-Ovcon Limited (the Company) as at June 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Wilson Bayly Holmes-Ovcon Limited's company financial statements set out on pages 6 to 21 comprise:

- the statement of financial position as at 30 June 2024;
- the statement of financial performance and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the company financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview

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

Materiality

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

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

Key audit matters

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

We have determined that there are no key audit matters in respect of the company financial statements to include in our report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "WBHO Company Annual Financial Statements and WBHO Group Annual Financial Statements for the year ended 30 June 2024", which includes the Directors' Report, the Statement of Compliance by the Audit Committee and the Statement of Compliance by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "WBHO Integrated Report 2024", which is expected to be made available to us after that date. The other information does not include the consolidated and company financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the company financial statements

The directors are responsible for the preparation and fair presentation of the company financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the company financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

Auditor's responsibilities for the audit of the company financial statements

Our objectives are to obtain reasonable assurance about whether the company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these company financial statements.

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

- Identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the company financial statements, including the disclosures, and whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Wilson Bayly Holmes-Ovcon Limited for 1 year.



PricewaterhouseCoopers Inc.
Director: AJ Rossouw
Registered Auditor
Johannesburg, South Africa

10 September 2024

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	2024 R	2023 R
ASSETS			
Non-current assets			
Investments in subsidiaries	1	42 737 628	42 737 628
Total		42 737 628	42 737 628
Current assets			
Amounts owing by group companies	2	190 649 908	236 795 630
Cash and cash equivalents		14 007 261	14 586 048
Interest receivable		89 056	104 626
Admin fee receivable		4 900 047	–
Inter-company receivable		–	111 509
Value-added tax		40	39 355
Current tax assets		2 602 114	2 602 114
Total		212 248 426	254 239 282
Total assets		254 986 054	296 976 910
EQUITY			
Capital and reserves			
Share capital		30 251 109	30 251 109
Retained earnings		219 632 157	151 920 152
Total		249 883 266	182 171 261
LIABILITIES			
Current liabilities			
Amounts owing to group companies	2	3 408 522	113 276 759
Unclaimed dividends		1 408 664	1 273 219
Accruals		285 595	255 664
Current tax liabilities		7	7
Total		5 102 788	114 805 649
Total equity and liabilities		254 986 054	296 976 910

STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	2023 R
Dividends received		214 000 000	–
Admin fees received		4 900 047	–
Non-executive director fees and reporting costs		(5 226 567)	(4 425 790)
Bank charges		(17 103)	(7 516)
Consulting fees		(357 694)	(1 178 165)
Scholarship costs		(2 103 535)	(43 908)
Other costs		(149 295)	(3 665)
Akani 2 distribution		(12 909 374)	–
Payroll costs		(241 451)	(158 827)
Operating profit/(loss)		197 895 028	(5 817 871)
Finance income		1 197 689	400 015
Finance costs		(36)	–
Profit/(loss) before tax		199 092 681	(5 417 856)
Income tax expense	4	–	(62 302)
Profit/(loss) for the year		199 092 681	(5 480 158)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Number of ordinary shares issued	Share capital R	Retained earnings R	Total equity R
Balance at 30 June 2022	59 890 514	31 113 714	139 918 441	171 032 155
Share issue in respect of Akani 2	14 511 669	145 117	–	145 117
Share buy-back in respect of Akani 1	(3 383 758)	(33 838)	–	(33 838)
Treasury shares acquired	–	(973 884)	–	(973 884)
Recognition of reserves within the Broad-based Share Incentive Trust (BBESI) [^]	–	–	17 481 869	17 481 869
Loss for the year	–	–	(5 480 158)	(5 480 158)
Balance at 30 June 2023	71 018 425	30 251 109	151 920 152	182 171 261
Profit for the year	–	–	199 092 681	199 092 681
Dividend paid (note 3)	–	–	(131 380 676)	(131 380 676)
Balance at 30 June 2024	71 018 425	30 251 109	219 632 157	249 883 266

The company has 100 000 000 authorised ordinary shares of no par value and 20 000 000 redeemable preference shares of no par value.

[^] results from agency accounting treatment applied at 6 June 2023. Refer to note 7.4 and note 8.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	2023 R
Cash flow from operating activities			
Operating loss before dividends received		(16 104 972)	(5 417 856)
Dividends received		144 800 000	–
Adjusted for non-cash items:			
Admin fee received		(4 900 047)	–
Net finance costs		–	(208 283)
Working capital movements:			
Increase/(decrease) in unclaimed dividends		132 416	(4 829)
Decrease in inter-company receivables		111 509	16 468
Decrease/(increase) in value-added tax receivable		39 315	(143 829)
Increase in accruals		29 931	255 664
Receipts from group companies		81 239 500	2 471 003
Payments to group companies		(75 770 500)	–
Cash generated by operations		129 577 152	(3 031 662)
Income tax paid		–	(1 098 853)
Finance costs		(36)	–
Finance income		1 213 258	218 332
Dividend paid	3	(131 369 162)	–
Net cash flow from operating activities		(578 787)	(3 912 183)
Cash flow from financing activities			
Recognition of cash balance in BBESI [^]		–	14 975 946
Net cash flow from financing activities		–	14 975 946
(Decrease)/increase in cash and cash equivalents for the year		(578 787)	11 063 763
Cash and cash equivalents at the beginning of the year		14 586 048	3 522 285
Cash and cash equivalents at the end of the year		14 007 261	14 586 048

[^] results from agency accounting treatment applied at 6 June 2023. This balance was classified as a financing activity as it results from a transaction with equity participants. Refer to note 7.4 and note 8.

MATERIAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2024

REPORTING ENTITY

Wilson Bayly Holmes-Ovcon Limited is a company domiciled in South Africa. The address of the Company is 53 Andries Street, Wynberg, Sandton, 2090. The Company is an investment holding Company and does not contribute to the financial performance of the Group. The Group is principally engaged in civil engineering and building construction activities in Africa and the United Kingdom as well as owning a number of subsidiary companies and participating in joint arrangements engaged in similar activities both locally and internationally. The consolidated financial statements of the Group are available at the Company's registered address or on its website.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the IFRS® Accounting Standards (Accounting standards), the IFRIC® Interpretations (IFRIC) issued by the IFRS Interpretations Committee (IFRS IC), the JSE Listings Requirements, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, 71 of 2008, of South Africa.

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis. The accounting policies adopted have been consistently applied to all the periods presented. The financial statements have been prepared on the going concern basis.

These financial statements are separate financial statements.

The financial statements are presented in South African Rands, which is the functional currency of the Company.

CHANGES TO ACCOUNTING POLICY DISCLOSURES

An amendment to the IFRS Accounting Standards disclosure requirements pertaining to accounting policies became effective in current reporting period. The change requires that only material accounting policies be disclosed. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Management has performed a review of the accounting policy disclosures identifying those that are immaterial or irrelevant disclosures which have then been removed. This assessment was based on the guidance contained within the IFRS Accounting Standards.

An entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and:

- the entity chose the accounting policy from one or more options permitted by the Accounting standards;
- the accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy; or
- the accounting required is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES

In preparing the financial statements, management is required to make estimates and assumptions that affect the application of the Company's accounting policies and recognised amounts of assets, liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. There have not been any significant estimates applied to the financial statements.

AGENCY ACCOUNTING

Refer to note 7.4 and note 8.

INVESTMENT IN SUBSIDIARIES

Subsidiaries are entities controlled by the Company. The Company obtains control of a subsidiary when it becomes exposed to, or gains rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. These investments are carried at cost less accumulated impairment.

FINANCIAL INSTRUMENTS

Accounting for financial instruments

Financial instruments of the Company comprise of amounts owing by and to group companies, interest and admin fee receivables, cash and cash equivalents, accruals and unclaimed dividends.

Recognition

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Classification

The Company classifies financial assets on initial recognition on the basis of the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are classified at amortised cost if the asset is held within a business model with the objective to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Company's financial assets and financial liabilities are classified at initial recognition at amortised cost.

Initial measurement

Receivables that are not subject to significant financing components are initially measured at the relevant transaction prices. All other financial assets and financial liabilities are initially measured at fair value, including transaction costs.

Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities of the Company are measured at amortised cost using the effective interest method.

MATERIAL ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECLs) for financial assets that are measured at amortised cost.

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

Measurement of expected credit losses

The simplified approach is used to measure expected credit losses, which uses a lifetime expected loss allowance for all trade and other receivables. Historic ECL percentages are calculated using the probability of default (PD) and loss-given default (LGD) of a financial asset. The PD and LGD represent the likelihood of the occurrence of a default and the quantum of any losses arising from that default. To consider if a default to has occurred the Company considers there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the performance and behaviour of the borrower, including changes in the operating results of the borrower; and
- significant changes in the value of the collateral supporting the obligation.

In determining the PDs and LGDs in respect of long-term receivables, the Company considers past payment history, historical financial information and any collateral held (including the liquidity thereof). The Company considers market conditions specific to the counterparty as well as macro-economic forecasts, including GDP growth rates, interest and inflation rates as well as debt-to-GDP ratios where appropriate when determining forward-looking ECLs. Judgement is applied when assessing the potential impact of macro-economic forecasts on each individual credit risk profile.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. ECLs are measured at the present value of cash shortfalls arising from a credit default event, discounted at the effective interest rate of the financial asset.

Derecognition

Financial assets or a portion thereof are derecognised when the Company's rights to the cash flows expire, when the Company transfers all the risks and rewards related to the financial asset or when the Company loses control of the financial asset.

Financial liabilities or a portion thereof are derecognised when the obligations specified in the contract are discharged, cancelled or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

REVENUE

Dividend income

The Company recognises dividend income when the right to receive payment is established and can be estimated reliably.

Finance income

Finance income is recognised using the effective interest method.

Admin fees received

The company recognises other income when the outcome of a transaction involving the rendering of services can be estimated reliably. Other income associated with the transaction is recognised when the related expense is recognised and is therefore recoverable.

INCOME TAX

Income tax for the period comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items directly recognised in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable on the taxable income for the year using substantively enacted tax rates and includes any adjustments to tax payable in respect of prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received. Dividend tax is withheld at a rate of 20% from all shareholders registered unless a shareholder qualifies for an exemption or at a lower rate in terms of double taxation agreements.

Deferred tax

Deferred taxes recognised in respect of temporary differences between the carrying amounts for financial reporting purposes and the tax base used for tax purposes.

Deferred tax is not recognised on temporary differences relating to:

- temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences relating to investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be generated against which any available tax losses and deductible temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

STANDARDS AND INTERPRETATIONS

The Company has applied the following standards for the first time in the current reporting period:

Standard	Effective date for annual periods commencing on or after:	Description
Disclosure of Accounting Policies (Amendment to IAS 1)	1 January 2023	The amendment replaces the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendment provides guidance on when accounting policy information is considered material. This amendment will not have an impact on the amounts disclosed in the financial statements.
Definition of Accounting Estimates (Amendment to IAS 8)	1 January 2023	The amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. No impact as the principle is already applied correctly by management.
IFRS 17 Insurance Contracts	1 January 2023	The IASB issued IFRS 17 to replace IFRS 4 and covers the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 is applicable to the parent company guarantees that the holding Company issues to its subsidiaries. Management has assessed the impact of IFRS 17 on these parent company guarantees and has determined that the new standard will not have an impact on the amounts disclosed in the financial statements of the Company as these guarantees are immaterial.

At the date of authorisation of these financial statements, there are a number of new standards, amendments and interpretations which will only be effective after 30 June 2024 and have not been early adopted by the Company. The adoption of the standards, amendments and interpretations below are not expected to have a material impact on the Company in the future reporting periods.

Standard	Effective date for annual periods commencing on or after:	Description
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2024	The amendments clarify that the classification of liabilities as current or non-current is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. It further states that classification is unaffected by an entity's intention to exercise its right to defer settlement of a liability. The amendment further clarifies the definition of a settlement to be a transfer to the counterparty that results in the extinguishment of the liability.
IFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 will replace IAS 1 Presentation of financial statements. The new standards carries forward many of the requirements of IAS 1 and introduces new requirements to: • present specified categories and defined subtotals in the statement of profit or loss • provide disclosures on management-defined performance measures in the notes to the financial statements; • improve aggregation and disaggregation. Management has not yet assessed the impact IFRS 18 but this standard is expected to have an impact of the presentation and disclosure of the financial statements

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

		2024 R	2023 R
1	INVESTMENTS IN SUBSIDIARIES (annexure 1)		
	SHARES AT COST LESS ACCUMULATED IMPAIRMENT LOSSES		
	WBHO Construction (Pty) Ltd	42 737 628	42 737 628
		42 737 628	42 737 628
	During the current reporting period, no indicator of impairment was assessed to be present. Current period accumulated impairment: nil (2023: nil)		
2	AMOUNTS OWING BY/(TO) GROUP COMPANIES		
	AMOUNTS OWING BY GROUP COMPANIES		
	WBHO Management Trust (note 7.2)	187 219 807	236 795 630
	WBHO Construction (Pty) Ltd	3 430 101	–
		190 649 908	236 795 630
	The above loans are unsecured, bear no interest and have no fixed terms of repayment.		
	The receivable from the WBHO Management Trust is recognised based on the legal terms of the contract with the Management Trust. The assessment of the loss allowance is disclosed in note 7.2.		
	AMOUNTS OWING TO GROUP COMPANIES		
	WBHO Construction (Pty) Ltd	–	109 948 207
	Loans from special purpose entities (annexure 1)	3 408 522	3 328 552
		3 408 522	113 276 759
	The above loans are unsecured, bear no interest and have no fixed terms of repayment.		
3	DIVIDEND PAID		
	Interim dividend in respect of the period ended 31 December 2023: 230 cents (31 December 2022: nil)	131 380 676	–
		131 380 676	–
4	INCOME TAX EXPENSE		
	SOUTH AFRICAN NORMAL TAX		
	Current taxation		
	Current year	–	62 302
	Total tax charge	–	62 302
	RECONCILIATION OF TAX RATE:		
	South African normal tax rate	27.00%	27.00%
	Adjusted for:		
	Non-taxable dividends received	(29.03%)	–
	Non-deductible expenses in the production of non-taxable income	1.76%	–
	Deferred tax asset not recognised	0.39%	(27.69%)
	Effect of trust tax rate	(0.12%)	(0.46%)
	Effective tax rate	–	(1.15%)

The majority of the income of the Company relates to dividends received that is exempt for tax purposes.

Subsequently there is an accumulated tax loss of R6 822 376 (2023: R6 331 286). It is unlikely that the Company's taxable temporary differences will reverse in the foreseeable future to allow the utilisation of the deferred tax asset and therefore no deferred tax asset has been raised at year-end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

5 RELATED PARTIES

5.1 IDENTIFICATION OF RELATED PARTIES

The Company has identified related party relationships with its subsidiaries (annexure 1), directors (note 5.3 - 5.4) and prescribed officers (note 5.5 - 5.6) as well as other group entities that are external to the Company.

5.2 RELATED PARTY TRANSACTIONS AND BALANCES

Details of transactions and balances with related parties are as follows:

	2024 R	2023 R
Dividends received		
WBHO Construction (Pty) Ltd	214 000 000	–
Admin fee received		
WBHO Construction (Pty) Ltd	4 900 047	–
Dividends paid		
WBHO Management Trust	5 419 989	–
WBHO Share Trust	77 970	–
	5 497 959	–
Admin fee receivable		
WBHO Construction (Pty) Ltd	4 900 047	–
Amounts owing by group companies		
WBHO Management Trust	187 219 807	236 795 630
WBHO Construction (Pty) Ltd	3 430 101	–
	190 649 908	236 795 630
Amounts owing to group companies		
WBHO Construction (Pty) Ltd	–	109 948 207
WBHO Share Trust	3 348 276	3 270 306
Akani Investment Holdings (Pty) Ltd	60 246	58 246
	3 408 522	113 276 759

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

5 RELATED PARTIES (CONTINUED)

5.3 DIRECTORS' EMOLUMENTS

Short-term benefits to directors and prescribed officers include travel, site and sundry allowances and medical aid contributions. Short-term incentives are annual bonuses approved by the Group's remuneration committee. Post-employment benefits are provident fund contributions. Prescribed officers are key management personnel.

The remuneration of the executive directors and prescribed officers is paid by subsidiaries of the Company.

	Directors' fees	Salaries	Short-term benefits	Short-term incentives	Post-employment benefits	Total emoluments
	R	R	R	R	R	R
2024						
Executive						
EL Nel	–	1 682 000	506 480	9 310 000	593 050	12 091 530
WP Neff	–	3 134 200	523 535	15 222 000	836 933	19 716 668
CV Henwood*	–	1 200 000	235 051	–	325 380	1 760 431
AC Logan^	–	1 553 000	139 126	12 076 000	413 688	14 181 814
	–	7 569 200	1 404 192	36 608 000	2 169 050	47 750 443
Non-executive						
AJ Bester	1 064 250	–	–	–	–	1 064 250
RW Gardiner	1 338 313	–	–	–	–	1 338 313
KM Forbay	749 575	–	–	–	–	749 575
H Ntene	768 675	–	–	–	–	768 675
NN Sonqushu	533 775	–	–	–	–	533 775
	4 454 588	–	–	–	–	4 454 588
Total	4 454 588	7 569 200	1 404 192	36 608 000	2 169 050	52 205 031

* retired 23 November 2023

^ appointed 23 November 2023

	Directors' fees	Salaries	Short-term benefits	Short-term incentives	Post-employment benefits	Total emoluments
	R	R	R	R	R	R
2023						
Executive						
EL Nel	–	1 492 000	502 755	9 860 000	593 050	12 447 805
WP Neff	–	2 709 600	492 945	15 120 000	724 838	19 047 383
CV Henwood	–	2 628 000	565 306	15 006 000	714 384	18 913 690
	–	6 829 600	1 561 006	39 986 000	2 032 272	50 408 878
Non-executive						
SN Maziya~	401 638	–	–	–	–	401 638
AJ Bester	880 427	–	–	–	–	880 427
RW Gardiner	1 267 784	–	–	–	–	1 267 784
KM Forbay	645 036	–	–	–	–	645 036
H Ntene	657 130	–	–	–	–	657 130
NN Sonqushu"	296 425	–	–	–	–	296 425
	4 148 440	–	–	–	–	4 148 440
Total	4 148 440	6 829 600	1 561 006	39 986 000	2 032 272	54 557 318

~ resigned 23 November 2022

" appointed 5 December 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

5 RELATED PARTIES (CONTINUED)

5.4 DIRECTORS' SHAREHOLDING

The interests of directors and those of their families in the share capital of the Company are as follows:

Number of ordinary shares	2024			2023		
	Direct	Indirect	Total	Direct	Indirect	Total
EL Nel	200 200	600	200 800	300 200	1 000	301 200
WP Neff	90 626	900	91 526	90 626	14 260	104 886
CV Henwood*	–	–	–	110 064	–	110 064
AC Logan^	21 828	–	21 828	–	–	–
	312 654	1 500	314 154	500 890	15 260	516 150

* Resigned on 23 November 2023

^ Appointed on 23 November 2023

Long-term incentive scheme (LTIs)	2024		2023	
	Share-based payment expense		Performance shares	
	R	R	'000	'000
EL Nel	201 338	451 000	–	22 500
WP Neff	4 142 645	2 987 000	166 000	148 500
CV Henwood	–	2 890 000	–	144 500
AC Logan	1 765 578	–	70 000	–
	6 109 561	6 328 000	236 000	315 500

The share-based payment expense is paid by WBHO Construction (Pty) Ltd.

5.5 PRESCRIBED OFFICERS

	Salaries	Short-term benefits	Short-term incentives	Post-employment benefits	Total emoluments
	R	R	R	R	R
2024					
PJ Foley"	9 521 400	3 227 331	8 000 000	466 752	21 215 483
SN Gumede	2 316 000	498 610	5 000 000	620 928	8 435 538
AF De Necker	2 636 000	550 885	10 000 000	705 408	13 892 293
CA Jessop	2 806 000	580 179	10 000 000	476 850	13 863 029
	17 279 400	4 857 005	33 000 000	2 269 938	57 406 343
2023					
PJ Foley"	7 965 278	2 199 905	7 000 000	650 496	17 815 679
SN Gumede	2 142 000	495 191	5 000 000	528 396	8 165 587
AF De Necker	2 396 000	433 427	10 000 000	642 048	13 471 475
CA Jessop	2 554 000	512 326	10 000 000	435 270	13 501 596
	15 057 278	3 640 848	32 000 000	2 256 210	52 954 336

" paid in Pound Sterling

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

5 RELATED PARTIES (CONTINUED)

5.6 PRESCRIBED OFFICERS' SHAREHOLDING

The interests of prescribed officers and those of their families in the share capital of the Company are as follows:

Number of ordinary shares ('000)	2024			2023		
	Direct	Indirect	Total	Direct	Indirect	Total
PJ Foley	50 000	–	50 000	50 000	–	50 000
SN Gumede	–	18 080	18 080	–	4 087	4 087
AF De Necker	81 791	–	81 791	55 203	–	55 203
CA Jessop	60 463	37 843	98 306	47 169	24 549	71 718
	192 254	55 923	248 177	152 372	28 636	181 008

Long-term incentive scheme	2024		2023	
	Share-based payment expense		Performance shares	
	R	R	'000	'000
PJ Foley	3 295 228	2 533 000	132 500	125 000
SN Gumede	2 028 722	1 472 000	82 500	75 000
AF De Necker	3 664 339	2 660 000	146 500	132 000
CA Jessop	3 664 339	2 660 000	146 500	132 000
	12 652 627	9 325 000	508 000	464 000

The long-term incentives are part of the WBHO share plan (note 7).

There were no other transactions with directors or prescribed officers or entities in which directors or prescribed officers have a material interest. There have been no changes to directors' shareholding between the reporting date and the date of this report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

OVERVIEW

The Company's activities expose it to limited credit risk. The Company's strategy remains the same as in the prior period and there has been no change to its risk profile.

	2024	2023
	R	R
Financial instruments at amortised cost		
Amounts owing by group companies (note 2)	190 649 908	236 795 630
Inter-company receivable	–	111 509
Interest receivable	89 056	104 626
Admin fee receivable	4 900 047	–
Cash and cash equivalents	14 007 261	14 586 048
	209 646 272	251 597 813
Loans from group companies (note 2)	(3 408 522)	(113 276 759)
Unclaimed dividends	(1 408 664)	(1 273 219)
Total carrying value	204 829 086	137 047 835

MATURITY ANALYSIS

All financial assets and liabilities are current and are expected to realise in the next 12 months including the amounts owing to/from Group companies as per note 2.

FAIR VALUE

At 30 June the carrying amount of the all the financial instruments approximated their value unless otherwise disclosed. The Company does not trade in financial instruments.

CREDIT RISK

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's exposure to current receivables and cash and cash equivalents maintained with financial institutions.

Amounts owing by group companies - ECL assessment

The Company is exposed to credit risk through amounts advanced to group entities (note 2). As the settlement of these loans is managed and controlled by the Company, specific expected credit losses are recognised only when there are clear forward-looking indicators of impairment. R187 million of the amounts owing by Group companies relates to the loan with the WBHO Management Trust which was advanced to facilitate the employee share schemes within the Group. Repayment of the loan is dependent on dividend declarations and the vesting of allocated shares. Vesting only occurs when the share price of the Company exceeds the allocation price and therefore the timing and amount of repayment remains uncertain. Management has assessed the vesting of these shares to be highly probable based on the share price of the Company at the reporting period and does not expect the WBHO Management Trust to fail to meet this obligation. This loan has been assessed to have a low credit risk and no expected credit losses have been provided for, in the current or previous reporting periods, as these were immaterial.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

7 EMPLOYEE BENEFITS

7.1 EQUITY-SETTLED SHARE INCENTIVE SCHEMES

The WBHO Share Plan

Share Appreciation Rights (SARs)

Annual allocations determined by the Remuneration Committee are made to participants at the remuneration committee's discretion based on the fair market value of the shares on the allocation date. Rights may be settled, in shares, subject to the achievement of the performance criteria at the vesting date in equal thirds on the 3rd, 4th and 5th anniversaries, but need not be exercised until the 7th anniversary. On settlement, the value accruing to the participants is the full appreciation of the share price over the vesting period.

The performance target threshold comprises the average growth in headline earnings per share (HEPS) compared to the average CPI plus 3%, calculated annually in three-year cycles.

During the current and prior year, no share appreciation rights were issued.

Performance Shares (PS)

Performance shares are awarded annually to participants for no consideration. Vesting commences on the 3rd anniversary of the award to the extent that the Group has met the specified performance criteria. Being a full value share element without a strike price, the number of shares that vest depend on the performance of the Group over the three year period.

Performance criteria	Weight	Threshold	Target vesting	Stretch
Return on capital employed (ROCE)	50%	14%	16%	20%
Relative total shareholder return (TSR)	50%	7th position	5th position	2nd position

Actual performance against the criteria at 30 June 2023 (Offer 2020) and 30 June 2024 (remaining offers):

	Offer 2020 PS	Offer 2021 PS	Offer 2022 PS	Offer 2023 PS
Return on capital employed	24.2%	31.8%	35.9%	34.8%
Relative total shareholder return	7th	3rd	2nd	4th

	Number of conditional awards	Number of awards vested and/or forfeited	Issue date	Strike price (cents)	Vesting period	Share-based payment expense	Future expense to be recognised
Performance shares							
2020*	336 500	336 500	18/11/2020	14 328	3 years	3 011 114	–
2021	529 500	5 000	25/11/2021	11 027	3 years	9 626 755	4 011 148
2022	413 000	5 000	24/11/2022	9 907	3 years	12 990 047	18 402 566
2023	418 000	–	24/11/2023	12 574	3 years	11 173 195	46 288 952
Total						36 801 111	68 702 666

*560,834 performance shares vested in November 2023 at an exercise price of R123.57 (2023: R95.17) relating to the award of performance shares in November 2020. The award achieved threshold for TSR with a ranking of seventh against the peer grouping and with an average ROCE of 24.2% over the period of achieved stretch, resulting in 167.67% of the allocation vesting.

In calculating the share-based payment expense, valuations were performed using the Binomial model. To calculate the future share price the Geometric Brownian model was used and a three-year rolling volatility applied.

The following assumptions were made in determining the share-based payment expense:

	Offer 2023	Offer 2022	Offer 2021	Offer 2020
Volatility (%) (Volatility has been calculated using the historical WBHO share prices over the vesting periods)	40.9	37.7	35.5	37.2
Risk-free rate (%)	8.6-8.8	7.0-7.7	5.3-6.2	4.5-5.3
Dividend yield (%)	1.6	1.0	1.3	2.5
Attrition rate (%)	7.5	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

7 EMPLOYEE BENEFITS (CONTINUED)

7.2 THE WBHO MANAGEMENT TRUST

The trust is a structured entity through which options are offered to qualifying employees with the aim of retaining existing talent within the Group. The vesting period for the options is five years with a two year exercise period. These options are exercisable when the share price exceeds the allocation price and employees can elect to vest the shares at any time during the two year period. The share options are equity-settled and are valued using the Binomial model. The following estimates and assumptions were used in the calculation of the share-based payment expense:

	Share options 2016	Share options 2020	Share options 2021
Grant date share price	145.0	114.0	119.1
Exercise price	110.4	109.5	109.5
Volatility (%) (Calculated using historical WBHO share prices over the vesting periods)	25.0	33.9	35.5
Risk-free rate (%)	8.5	7.5	7.3
Dividend yield (%)	2.5	2.5	2.6
Attrition rate (%)	5.0	7.5	7.5

During the current year 475,000 options were exercised in the Management Trust relating to Offer 2015 and Offer 2016. The exercise prices varied from a low of R119.00 to a high of R160.91. The weighted-average exercise price was R132.37.

The table below provides details of the long-term incentives awarded to employees other than directors and prescribed officers:

	2024	2023
Total options allocated	1 644 500	2 197 000
As at 1 July 2023	2 197 000	2 197 000
Vested in the current year	(475 000)	—
Forfeited during the year	(77 500)	—
Shares available for future allocations	1 161 146	1 083 646
Share-based payment expense recognised in profit or loss	10 077 958	10 077 958
Future share-based payment expense	16 594 648	26 672 606

7.3 CASH-SETTLED SHARE INCENTIVE SCHEME

Phantom share scheme

A retention scheme in which key qualifying individuals are allocated phantom shares and must remain in the employment of the Group for three years from the date of award. Employees will receive the cash equivalent of the growth in the linked share price, namely the WBHO share price, from the date of allocation to the date of vesting.

On 1 July 2022, 913 000 phantom shares were issued to 71 employees for R79.50. At 30 June 2024, 861 000 (2023: 899 000) phantom shares remained.

In calculating the share-based payment expense of R35 million for 30 June 2024 (2023: R11 million), the Black Scholes model was used to perform the valuation. An annual valuation is performed to determine the value of the liability at year end. Accordingly, the assumptions made at the date of allocation and at 30 June 2024 are:

	30 June 2024	30 June 2023
Share price on valuation date (ZAR)	160.1	104.5
Strike price (ZAR)	79.5	79.5
Risk-free rate (%)	8.0	8.8
Dividend yield (%)	1.4	2.0
Volatility (%)	39.1	41.0
Attrition rate(%)	7.5	7.5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

7 EMPLOYEE BENEFITS (CONTINUED)

7.4 AKANI 2 EMPLOYEE SHARE INCENTIVE SCHEME

In June 2023, the Group established a black economic empowerment initiative to replace the previous scheme described. Under the new initiative, the Group created structured entities with whom the Group has entered into contractual agreements to establish the broad-based black economic empowerment transaction (B-BBEE transaction).

Akani 2 Holdings (Pty) Ltd (Akani 2) was established and the Company issued subscription shares to Akani 2. The ordinary shares of Akani 2 were issued to the following entities:

- 90% to the WBHO Broad-Based Employees Share Incentive Trust (BBESI Trust);
- 8% to the Akani Share Incentive Trust (ASI Trust); and
- 2% to the Akani Defined Beneficiary Trust (ADB Trust).

The BBESI Trust and ASI Trusts operate for the benefit of employees who meet certain minimum qualifying criteria which include having been employed within the Group for a minimum of five years.

The ADB Trust operates for the benefit of black women, youth and black people living in rural and under developed areas, and is aimed at creating social development in these areas.

The Company has elected to treat Akani 2 and the Trusts as agents of the Company and to apply a look-through approach when accounting for these entities. On this basis, these entities are treated as if they are an extension of the Company and the assets and liabilities of these entities are accounted for as assets and liabilities of the Company. The shares of the Company held by the special purpose entities, are treated as treasury shares and have been disclosed in the statement of changes in equity.

When determining that these entities act as an agent on behalf of the Company, consideration has been given to the following:

- the entities have been established solely for the purpose of fulfilling the black economic empowerment initiative of the Group;
- the only party with whom the entities engage is the Company; and
- the beneficiaries of the black economic empowerment initiative are the employees of the Group.

Akani 2 participates in dividends declared by the Company, and in turn will distribute dividends to the ASI and BBESI trusts. The trusts mentioned above will make a distribution to the ultimate beneficiaries, being the qualifying employees of the Group, at the discretion of the trustees.

During the year, the Company paid a dividend of R14.8 million to Akani 2. BBESI made a distribution of R12 million to its beneficiaries and ASI made a distribution of R890 180 to its beneficiaries.

8 CHANGE IN ACCOUNTING POLICIES

The Company elected to treat the entities related to the Akani 2 employee incentive scheme as agents of the Company (note 7.4). In applying agency accounting, the results of Akani 2 and the related Trusts, are included in these financial statements. The effective date of the adoption of the accounting treatment was 6 June 2023. This accounting treatment differs from the treatment applied to previous employee incentive schemes, which were accounted for as separate entities and consolidated in the Group financial statements.

Management is of the view that the agency accounting treatment will provide users with more relevant information about the operations of the Company. The Broad-Based Employee Share Incentive Trust had existing balances as at 6 June 2023 and these balances were taken on by the Company.

9 EVENTS AFTER THE REPORTING DATE

The board is not aware of any other matter or circumstance arising since the end of the reporting period not otherwise dealt with in the financial statements, which significantly affects the financial position of the Company as at 30 June 2024 or the results of its operations or cash flows for the year then ended.

ANNEXURE 1 – INVESTMENTS IN SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

	Issued capital	Effective holding		Shares at cost		Amounts owing by/(to) subsidiaries	
		2024	2023	2024	2023	2024	2023
		%	%	R	R	R	R
Held directly							
WBHO Construction (Pty) Ltd	R 900,000	100	100	42 737 628	42 737 628	3 430 101	(109 948 207)
WBHO Industrial Holdings (Pty) Ltd	R 1	100	100	–	–	–	–
Special purpose entities							
WBHO Management Trust		–	–	–	–	187 219 807	236 795 630
WBHO Share Trust		–	–	–	–	(3 348 276)	(3 270 306)
Akani Investment Holdings (Pty) Ltd		–	–	–	–	(60 246)	(58 246)
				42 737 628	42 737 628	187 241 386	123 518 871

All the entities listed above are incorporated in South Africa.

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