2021 INTEGRATED REPORT

WBHO

LOUWTJIE NEL
CHAIRMAN

WBHO once again retained its Level 1 empowerment status in South Africa in FY2021, marking five consecutive years over which we have achieved this rating. At WBHO, we strive to implement a transformation strategy that empowers and uplifts as many previously disadvantaged individuals, communities and businesses as possible.

WOLFGANG NEFF
CHIEF EXECUTIVE OFFICER

It has been an exceptionally challenging year living through the ramifications of Covid-19, not only on our business, but also when observing its effect on employees, colleagues, clients, friends and family.

Operationally, the Group has adapted as best as possible to the varying disruptions caused by Covid-19. Lockdown restrictions continued to impact productivity and to a greater extent, new work procurement throughout the reporting period.

From a health and safety perspective, the observing of all recommended Covid-19 protocols has become the norm. With these strict Covid protocols in place, our projects have managed to operate and in so doing we have continued to deliver most projects to our client's expectations.

CONTENTS

NAVIGATIONAL ICONS

The following icons are applied throughout the report to improve usability and to highlight integration between relevant content elements:

NAVIGATION

Indicates a page or note reference of information which can be found elsewhere in the report

Indicates a reference for information available online at **www.wbho.co.za**

CAPITALS

- Financial capital
- Manufactured capital
- Human capital
- Natural capital
- Intellectual capital
- Social and relationship capital

STAKEHOLDERS

- Clients
- Financial institutions
- Investors
- Government
- Employees
- Communities
- Suppliers and subcontractors

MATERIAL ISSUES

- Market dynamics
- Reputation and culture
- Project procurement and delivery
- Transformation and localisation
- Skills shortages and capacity constraints
- Compliance
- Labour and community unrest
- Covid-19
- Safety and environmental management

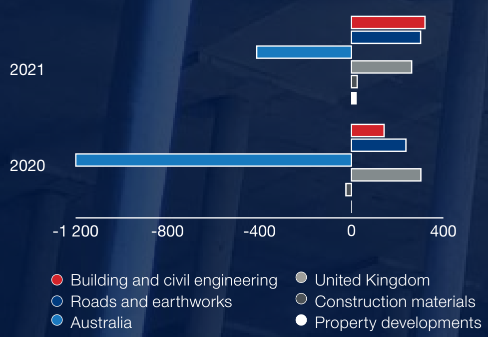
STRATEGIC OBJECTIVES

- **SO1** Flexibility and diversification
- **SO4** Capacity and talent management
- **SO2** Procurement and execution excellence
- **SO5** Safety and environmental management
- **SO3** Reputation and relationships
- **SO6** Transformation and localisation

CONTRIBUTION BY SEGMENT (Rm)

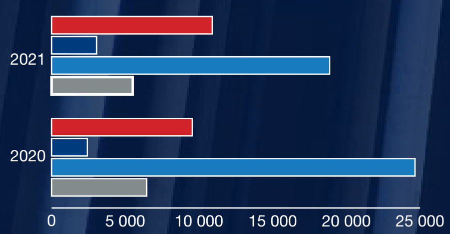
REVENUE

OPERATING PROFIT

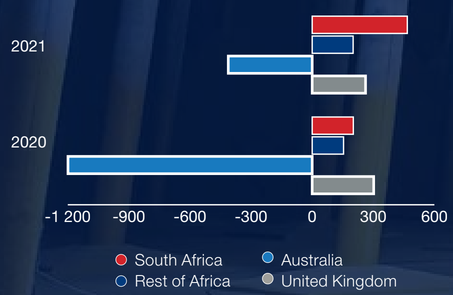


CONTRIBUTION BY GEOGRAPHY (Rm)

REVENUE



OPERATING PROFIT



WWW.WBHO.CO.ZA

PERFORMANCE HIGHLIGHTS

2021

REVENUE

R38 billion

2020: R43 billion

EARNINGS PER SHARE

594 cents

2020: 937 cents (Loss per share)

CASH

R5,7 billion

2020: R7,6 billion

CASH UTILISED IN OPERATIONS

R1,2 billion

2020: R790 million (generated)

OPERATING PROFIT/(LOSS) MARGIN

1,2%

2020: (1,4%)

ORDER BOOK

R28 billion

2020: R35 billion

WBHO is one of the largest construction companies in southern Africa and is listed on the Johannesburg Stock Exchange. Our vision is to be the leading construction company wherever we operate. The driving force behind WBHO is a core of dedicated, hands-on management professionals whose experience spans decades of major construction projects across three continents. Construction activities, that cover the full construction spectrum, are divided into three main operating divisions: Building Construction, Civil Engineering and Roads and Earthworks. WBHO's African offices are strategically located in Johannesburg, Cape Town, Durban and Gqeberha (PE) in South Africa as well as Gaborone in Botswana, Maputo in Mozambique, and Accra in Ghana. Our Australian subsidiary, Probuild, has its headquarters in Melbourne, while our United Kingdom (UK) operations provide services out of London and Manchester.

ABOUT OUR INTEGRATED REPORT

The directors of Wilson Bayly Holmes-Ovcon Limited (WBHO) hereby present the 2021 integrated report. This report is prepared in accordance with the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework (IR framework) and provides stakeholders with a concise and transparent assessment of WBHO's ability to use its expertise to create sustainable value.

SCOPE AND BOUNDARY

REPORTING PERIOD

The WBHO integrated report (IR) is prepared and published annually. This report provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, outlook and governance, covering the year 1 July 2020 to 30 June 2021. Any material events after this date and up to the Board approval date of 20 October 2021 have also been included.

OPERATING BUSINESS

The report covers the primary activities of the Group, its business clusters, key support areas and subsidiaries in the African, Australian and UK operations. There have been no material changes to the structure of the Group during the reporting period.

FINANCIAL AND NON-FINANCIAL REPORTING

The report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to, or associated with, key stakeholders, that have a significant influence on WBHO's ability to create value.

TARGETED READERS

The report is the primary communication to stakeholders and is intended to address the information requirements of the shareholders. The Group also presents information relevant to other key stakeholders, including staff, clients, government and communities.

INTEGRATED THINKING AND MATERIALITY

The value creation story (see **pages 13 to 55**) is structured to reflect the relationship between the various elements involved in achieving stakeholder goals. By analysing the risks and opportunities identified in the operating context, stakeholder engagement process and internally identified risks and opportunities, the Group has determined which matters are most important to WBHO's value creation over the short-, medium- and long-term. WBHO has used these as points of reference to ensure only those matters that could have a substantial effect on the ability to deliver stakeholder value are reported on.

COMBINED ASSURANCE

WBHO applies a combined assurance model to assess and assure various aspects of the business operations, including elements of external reporting. These assurances are provided by management and the Board, internal audit and independent external auditors, BDO South Africa Incorporated. There were no significant restatements from prior periods and external assurance has not been sought on the non-financial disclosures made in this report. The Audit committee is responsible for overseeing the content of this report and recommended the report to the Board for its approval.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to WBHO's financial position, results, operations and businesses. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Consequently, any forward-looking statements have not been reviewed or reported on by the Group's auditors.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility of ensuring the integrity and completeness of this integrated report and its supplementary information, which in the Board's opinion addresses all the issues that are material to the Group's ability to create value and presents the integrated performance of WBHO fairly.

Assisted by its Audit committee, the Board has applied its collective mind to the preparation and presentation of this report and concluded that it is presented in accordance with the International Integrated Reporting Framework.

This integrated report was approved by the Board of directors of WBHO on 20 October 2021 and is signed on its behalf by:

Louwtjie Nel
Chairman

Wolfgang Neff
Chief Executive Officer

20 October 2021

STATEMENT OF COMPLIANCE BY COMPANY SECRETARY

I confirm that the company has lodged all returns, in respect of the year ended 30 June 2021, that are required to be lodged by a public company in terms of the Companies Act of South Africa with the Registrar of Companies, and that all such returns are true, correct and up to date.

Donna Msiska
Company Secretary

20 October 2021

FEEDBACK

For further information, please direct your questions, comments or suggestions to the Group Company Secretary, Donna Msiska on 011 321 7200 or Donna.Msiska@wbho.co.za.

REPORTING SUITE

WBHO remains committed to reporting transparently to a wide range of stakeholders. To view the full suite, please visit the website **www.wbho.co.za.**

Integrated Report (IR)
The Integrated Report is the primary report to the stakeholders. It is structured to show the relationship between the interdependent elements involved in the value creation story, in compliance with:
- The <IR> Framework
- The Companies Act, No. 71 of 2008, as amended (Companies Act of South Africa)
- The JSE Listings Requirements
- King IV Report on Corporate Governance for South Africa 2016 (King IV™)

Audited Consolidated Financial Statements (AFS)
A comprehensive report of the Group's financial performance for the year, in compliance with:
- The Companies Act of South Africa
- The JSE Listings Requirements
- King IV™
- International Financial Reporting Standards (IFRS)

Environmental, Social and Governance Report (ESG)
A detailed account of WBHO's performance for the year, including environmental, social and governance elements, in compliance with:
- The Companies Act of South Africa
- The JSE Listings Requirements
- King IV™
- Global Reporting Initiative (GRI core)

Notice of annual general meeting (AGM)
Supporting information for shareholders to participate in the AGM, in compliance with:
- The Companies Act of South Africa
- The JSE Listings Requirements
- King IV™

MESSAGE FROM THE

CHAIRMAN

LOUWTJIE NEL

It has been undoubtedly a challenging year, not only for WBHO, but also globally as the world's politicians and business leaders have grappled with containing the consequences of the Covid-19 pandemic, the economic impact of which has been devastating for many business and personal livelihoods.

To some extent we, at WBHO, have been fortunate, where unlike the entertainment, leisure and travel industries, we have mostly been able to continue our construction activities across all regions with relatively minor disruptions by comparison. Consequently, we have taken every available step to protect our people from Covid-19 within the workplace while at the same time ensuring business continuity.

What has stood out most for me, has been the resilience and tenacity of our management and staff throughout this period as we continued to deliver projects under difficult circumstances.

REFLECTING ON FY2021

The first half of the reporting period was characterised by a number of material concerns facing the Group. At that time, the uncertainty caused by Covid-19 was at its peak and required the continuous assessment of almost non-existent procurement activity on our business, the impact of which would manifest over the second half of the year as existing projects reached completion without being replaced.

Alongside this worrying consequence of the pandemic that affected all regions of operation, in Australia, we needed to make certain of the physical completion of the loss-making Western Road Upgrade (WRU) project whilst containing escalating costs, and reach finality of the protracted negotiations for the sale of Probuild, our tier one building business in the region. It was made all the more difficult to conclude both of these already challenging issues amidst a global pandemic. The executive team was unable to travel to provide first-hand input into the execution and management of WRU, nor conduct face-to-face negotiations with the potential acquirer of Probuild. The impact of Covid-19 on procurement activity also created increased uncertainty over the future earnings of Probuild that added an additional layer of complexity to the negotiations. Having finally reached agreement toward the end of the 2020 calendar year, it was a major disappointment to have the transaction scuppered at the final turn by the Australian government.

The second half of FY2021 was far more encouraging. Private sector procurement activity in South Africa rebounded and we saw a marked increase in tender activity from State-owned entities under the Government Economic Reconstruction and Recovery Plan. Physical completion was achieved on the final package of WRU and obtained after the reporting period with effect from 30 September 2021. With the sale of Probuild not materialising, we implemented our Australian contingency plan incorporating a revised strategy for Probuild aimed at consolidating and stabilising the business.

Having said that, the half was not without its struggles. A second wave of Covid-19 prolonged any meaningful economic recovery and procurement activity in Australia and the United Kingdom in particular, remained subdued. In Mozambique, all activity at the LNG gas-infrastructure project in Palma was either suspended or terminated due to insurgent activity.

Nonetheless, following a strong recovery in FY2021 from our African operations, a steady performance in the UK and reduced losses in Australia, the Group pleasingly returned to profitability at 30 June 2021. Despite the impact of the troublesome WRU and 443 Queen Street projects, following which we have recognised significant losses over recent reporting periods, the financial position of the Group has remained intact without the need for any external or shareholder funding, which is testament to the underlying strength of our business.

TRANSFORMATION

WBHO once again retained its Level 1 empowerment status in South Africa in FY2021, marking five consecutive years over which we have achieved this rating. At WBHO, we strive to implement a transformation strategy that empowers and uplifts as many previously disadvantaged individuals, communities and businesses as possible. The construction industry is able to create immediate economic stimulus through job creation, transferable skills and procurement spend with small- to medium-sized enterprises (SMMEs). Through our representation at SAFCEC and the Construction Charter Council, we regularly engage with government in support of the wider industry, lobbying for increased public infrastructure spending and the pragmatic implementation of transformation policies.

The Voluntary Rebuild Programme (VRP) was entered into by all of South Africa's listed construction companies in 2016 with the aim of accomplishing an empowered industry through the creation of sizable black-owned construction companies either through the transfer of ownership, or alternatively, organic growth. Sadly, the weak domestic environment and the onset of Covid-19 has undermined these efforts over recent years, during which time we have witnessed the demise of not only a number of listed construction companies but also smaller contractors and subcontractors alike. WBHO has proudly upheld its commitment to the Tirasano Trust, having donated R106 million over the last five years toward the support of transformation initiatives within our industry. Furthermore, we remain on track to facilitate the combined growth of our three VRP partners to equate to 25% of our local turnover by 2024, which is a commendable achievement by all involved under the current circumstances.

GOVERNANCE

FY2021 presented the Board and its subcommittees with a variety of difficult issues to contend with, and we have tackled these challenges in earnest whilst balancing the interests of all of our stakeholders. In this rapidly changing environment, a cohesive, adaptable and well-functioning Board of directors is paramount for sustainable decision making. The Board of WBHO embodies a diverse range of skills and backgrounds that contributes toward independent thought and healthy debate amongst its members. Continuity and corporate knowledge are also key factors and the average tenure of our non-executive directors stands at seven years. There were no changes to the composition of the Board during the reporting period.

Media reports suggest that corruption in South Africa has become almost commonplace and it is all too easy to feel dejected and disheartened at the wilful plundering of the domestic economy at the expense of all South African citizens. The Zondo Commission has been instrumental in exposing much of what we instinctively already knew, yet the scale of this theft has been staggering. If we are to eradicate this curse on our society, it is critical that we lead by example and hold ourselves accountable for the actions that we take. The Board, and the executive and senior management within WBHO, hold themselves to the highest ethical standards and endeavour to ensure this mindset is ingrained into our company culture. We have zero tolerance for illegal and fraudulent behaviour. We conduct annual anti-bribery and corruption training as well as training and refresher courses in respect of competition law and anti-competitive behaviour. WBHO actively supports whistle-blowing through our anonymous tip-off line and Whistle-blowing Policy.

LOOKING AHEAD

The scaling back of our Australian operations with the intent of improving the quality of our regional order book, alongside increased building activity in South Africa, a potential uptick in domestic public infrastructure spending and signs of economic recovery in the UK, all indicate a more positive outlook for the Group in the year ahead. On the other hand, several risks outside of the Group's control may jeopardise our future performance. Key amongst these are timing of award of public infrastructure projects in South Africa, where lengthy adjudication processes have delayed their much needed commencement. The federal government of Australia has set double dose vaccination targets of 70% and 80% of the population aged 16 and over as the thresholds for the next phases of its "National Plan to transition Australia's National Covid-19 Response" – essentially when it expects restrictions to ease, with reduced lockdowns and opening up of borders. It is currently forecast that these targets will be met by the end of 2021 and we are optimistic that the easing of restrictions will boost investor confidence and support increased construction market activity. In the UK, we are now seeing labour shortages and supply chain disruptions arising from Brexit becoming apparent. However, we are alert to these threats and will adjust our approach as circumstances dictate.

APPRECIATION

On behalf of the Board and management, we acknowledge the contribution from each of our staff members toward the Group's improved performance this year. Construction is a demanding industry and we are cognisant of the added strain that coping with Covid-19 has brought to our lives. As the pandemic continued to spread, many WBHO families were impacted and our heartfelt condolences go out to the affected colleagues, families and friends. We remain grateful to all stakeholders for the confidence placed with us to deliver lasting value on their behalf and for the enduring relationships we have developed.

Louwtjie Nel
Chairman

DRDLR

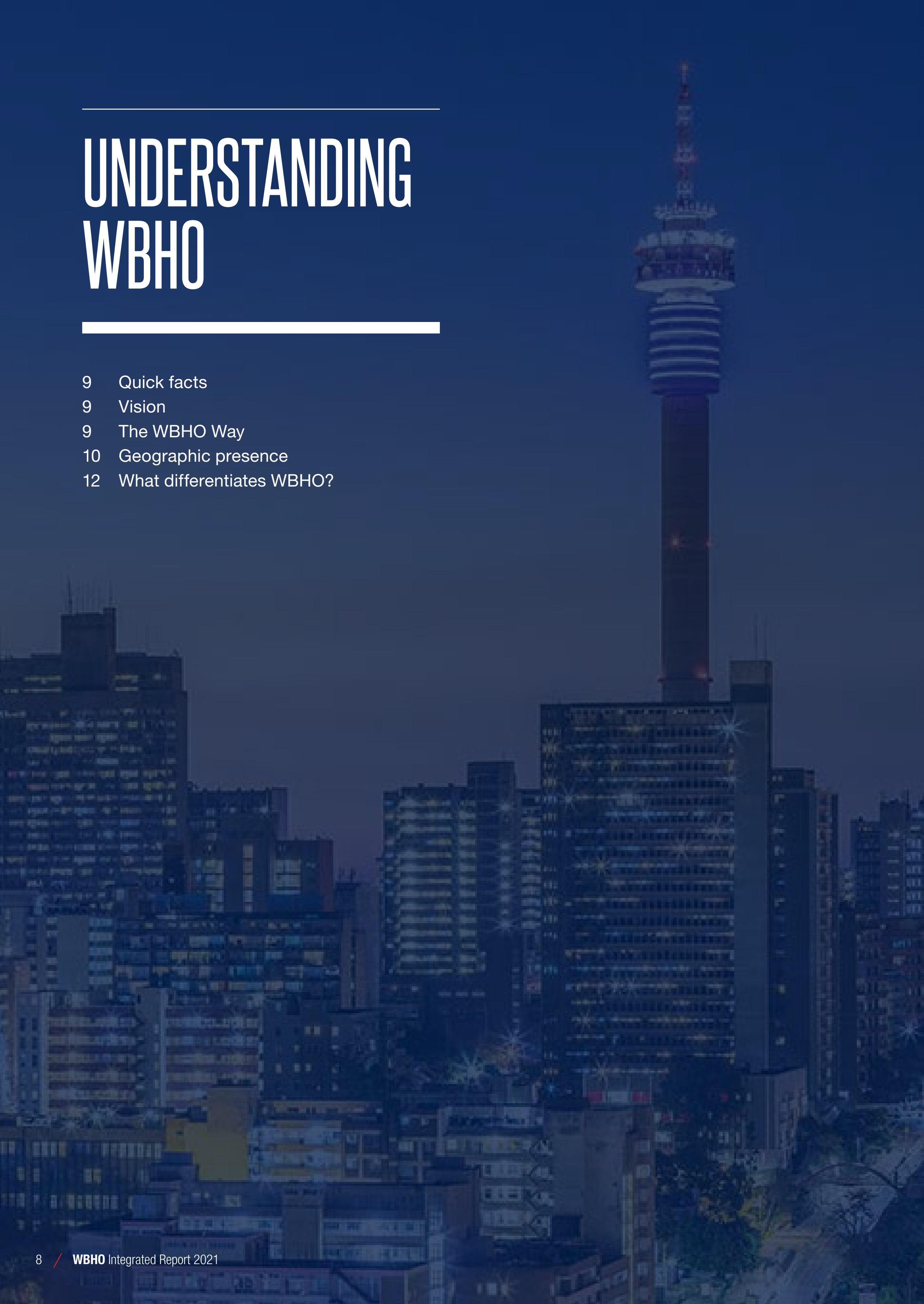
Construction of serviced offices for the Department of Agriculture, Land Reform and Rural Development comprising of a four-storey structure with five office blocks atop two levels of parking

PROJECT VALUE

R1,2 billion

PROJECT DURATION

21 months



UNDERSTANDING WBHO

QUICK FACTS

ESTABLISHED	LISTED ON THE JSE	MARKET CAPITALISATION	B-BBEE STATUS
1970	1994	R7 billion	Level 1

VISION

To be the leading construction company wherever we operate, always striving to be "a pleasure to do business with" by delivering quality solutions in a professional and collaborative manner, every time. We are adaptable enough to "go where the work is" even when conditions are challenging, without compromising our standards.

We navigate competitive market conditions by being flexible and hard working. We focus on nurturing strong client relationships by being approachable and dependable and stand firmly behind our motto of "Rely on our ability".

THE WBHO WAY

Our culture and shared values are enshrined in our Code of Conduct. They are a set of guiding principles known collectively as "The WBHO Way".

1 REPUTATION

Our reputation is one of our greatest assets. We actively work to build a reputation of excellence in our people, systems and products. If our actions in any way contravene our shared values of teamwork, communication, integrity and excellence, it can adversely impact on our positive reputation.

2 QUALITY

Quality is of utmost importance to the Group and both management and employees must pursue this at all times. Performance of duties should be at the expected level of skill, knowledge, experience and judgement.

3 COST-AWARENESS

Management and employees have a responsibility to consider efficiencies where possible, such as cost cutting, value engineering and any other methods that provide our stakeholders with quality structures within set budgets. This responsibility includes taking due care, avoiding waste, and minimising the misuse or abuse of company assets, while limiting the risks to suppliers and subcontractors who engage in projects for the Group.

4 TEAMWORK

We are a team. We succeed together. When we can help our colleagues, we do. When we need help, we ask. We do not ignore a colleague who needs our assistance, even if they have not asked for our help. We are also willing to participate in activities and projects that promote WBHO.

5 CULTURE

We have a positive, "can do" attitude and always "go the extra mile" for our clients. We are flexible, dependable, hardworking and "a pleasure to do business with".

GEOGRAPHIC PRESENCE

AFRICA

REVENUE
R14,0 BILLION
(2020: R12,0 BILLION)

OPERATING PROFIT
R667,2 MILLION
(2020: R355,5 MILLION)

NUMBER OF EMPLOYEES
6 446
(2020: 7 579)

- BUILDING AND CIVIL ENGINEERING
- ROADS AND EARTHWORKS
- BUILDING
- INFRASTRUCTURE AND CIVIL ENGINEERING

UNITED KINGDOM

REVENUE
R5,5 BILLION
(2020: R6,5 BILLION)

OPERATING PROFIT
R262,4 MILLION
(2020: R302,0 MILLION)

NUMBER OF EMPLOYEES
664
(2020: 773)

BYRNE GROUP
Russell WBHO

AUSTRALIA

REVENUE
R18,9 BILLION
(2020: R24,7 BILLION)

OPERATING LOSS
R411,7 MILLION
(2020: R1 199,0 MILLION)

NUMBER OF EMPLOYEES
939
(2020: 1 118)

PROBUILD
WBHO

WHAT DIFFERENTIATES WBHO?

1. **STRONG CULTURE** of professionalism and respect
2. **RESPONSIVE** senior management with extensive industry experience
3. **CONSERVATIVE APPROACH** to risk-taking outside of traditional construction skills set
4. **CAPABILITY** to pursue opportunities across numerous geographies
5. **BROAD TECHNICAL** and sector specialisation
6. **ABILITY** to consistently execute and deliver large-scale projects

SERVICES OR PRODUCTS

We deliver our products and services through four business lines:

BUILDING AND CIVIL ENGINEERING	Industry-leading teams with the ability to execute major public and private projects across numerous sectors in Africa, Australia and the United Kingdom.
ROADS AND EARTHWORKS	Versatile and agile teams attuned to the intricacies of doing business in Africa, with a modern fleet of plant supported by experienced logistics staff. We provide extensive services for major public and private sector projects across various infrastructural applications.
PROJECTS	This team has developed the necessary internal expertise and strategic partnerships with local and international service providers to implement turnkey projects that create value and minimise risk for our clients, as well as procuring work for other business units within the Group.
CONSTRUCTION MATERIALS	Operations that manufacture, supply and install long-steel products to the African construction market.

CREATING VALUE

VALUE-CREATING BUSINESS MODEL

The construction business model consists of the simultaneous, continuous and inter-linked processes of project procurement and execution.

INPUTS

FINANCIAL CAPITAL

R5,5 billion in capital and reserves

Long-term funding of **R252 million**

R5,7 billion in cash resources

R15,2 billion of guarantee facilities

INTELLECTUAL CAPITAL

Skilled, experienced and **technically qualified employees**, industry thought leaders and experts

Business **processes and management** systems

HUMAN CAPITAL

An **engaged and productive** workforce of **8 049** people with relevant skills, knowledge and experience

A **strong culture** of performance embedded – **The WBHO Way**

MANUFACTURED CAPITAL

Plant and equipment of **R1,8 billion** (carrying amount)

Presence in **10** countries

SOCIAL AND RELATIONSHIP CAPITAL

Strategic partnerships with clients, subcontractors and suppliers

Order book of **R27,9 billion** at the end of the year

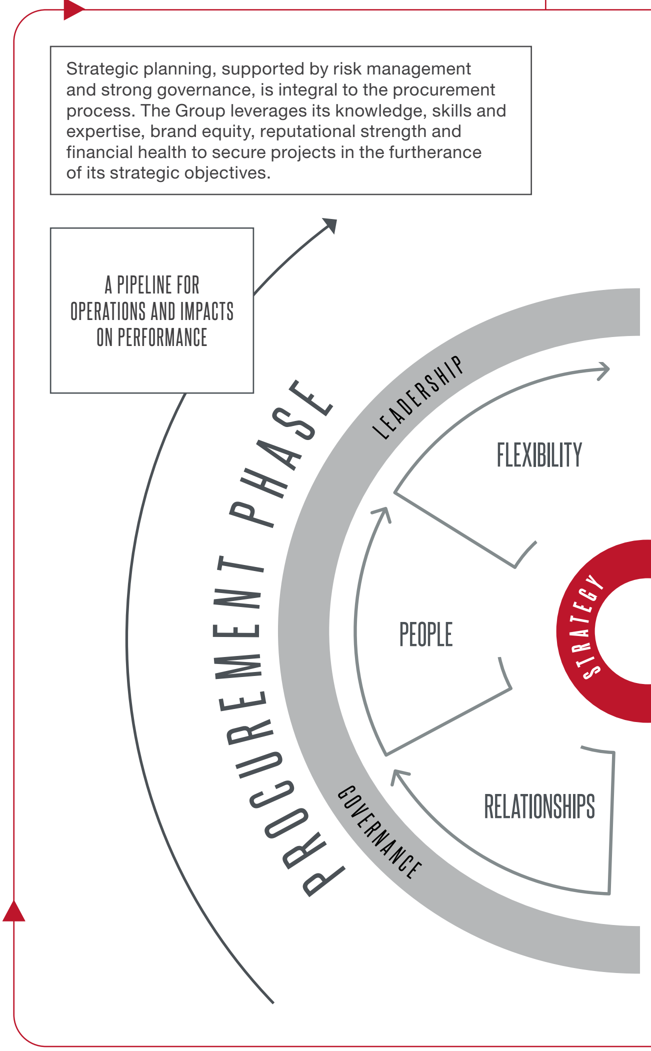
Continuous **engagement** with our communities, governments and regulators

ISO 9001 and **ISO 45001** compliant

NATURAL CAPITAL

Member of **Green Building Council** of South Africa

ISO 14001 compliant



SUPPORT PROCESSES

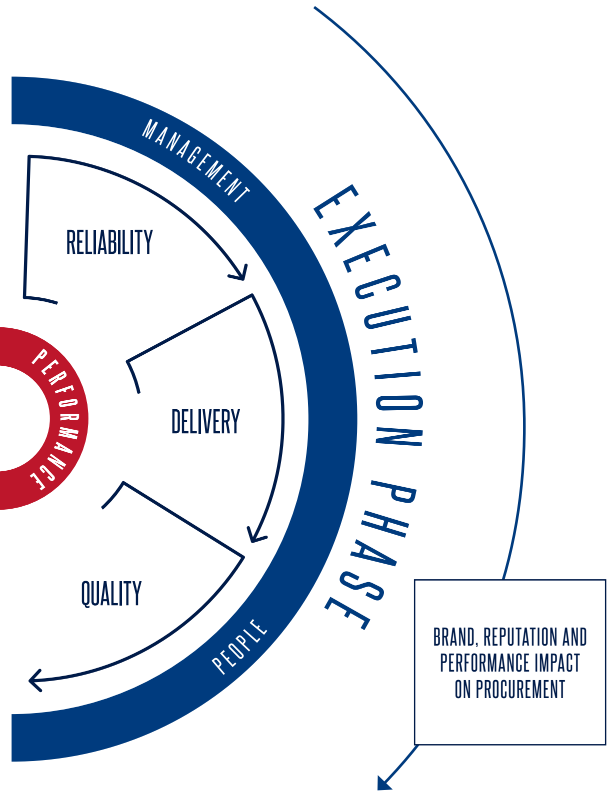
HUMAN RESOURCES

HEALTH AND SAFETY

QUALITY

OUTPUTS AND ACTIVITIES

It is during the execution or operational phase that the brand and reputation of the Group is created and reinforced. Our reliability, delivery and quality, as well as our competence to establish and nurture relationships, support our motto of being "a pleasure to do business with".



SERVICES OR PRODUCTS	SECTORS
BUILDING AND CIVIL ENGINEERING	• Retail • Residential • Commercial • Healthcare • Hotels and entertainment • Civil works and mining infrastructure • Industrial • Energy infrastructure
ROADS AND EARTHWORKS	• Road works • Mining infrastructure • Rail infrastructure • Energy infrastructure • Water infrastructure • Oil and gas
PROJECTS	• Concession arrangements • Turnkey projects • Design and construct projects • Engineer, procure, construct projects • Public-private partnerships
CONSTRUCTION MATERIALS	• Reinforced steel products

SUPPORT PROCESSES

- ENVIRONMENTAL MANAGEMENT
- INFORMATION TECHNOLOGY
- FINANCE AND TREASURY
- RISK MANAGEMENT
- COMPLIANCE AND LEGAL

CREATING VALUE FOR OUR STAKEHOLDERS

	2021	2020
CLIENTS		
Number of projects completed in the year	**113**	123
Total value of projects completed in the year	**R30 billion**	R37 billion
Value of order book	**R27,9 billion**	R35,4 billion
Client satisfaction with quality of work delivered	**93%**	88%
Number of quality audits conducted	**192**	186
Capital expenditure	**R117 million**	R253 million
INVESTORS AND FINANCIAL INSTITUTIONS		
Operating profit/(loss)	**R0,5 billion**	(R0,6 billion)
Cash (utilised in)/retained by operating activities	**(R1,2 billion)**	R0,8 billion
Headline earnings/(loss) per share (cents)	**619,5**	(923,3)
Dividend per share (cents)	**205**	–
Return on capital employed	**11,8%**	(4,4%)
Gearing ratio (including lease liabilities)	**9,9%**	12,0%
EMPLOYEES		
Amount paid in salaries, wages and benefits	**R5,3 billion**	R5,3 billion
Number of work-related employee fatalities	**1**	–
Number of retrenchments	**951**	624
Recordable case rate (RCR)	**0,56**	0,60
Person-days production lost	**84 756**	53 049
Investment in employee learning	**R93,9 million**	R101,0 million#^
Investment in bursary schemes	**R3,6 million**	R6,7 million
Number of bursaries	**80**	107
SUPPLIERS AND SUBCONTRACTORS		
Total procurement spend with black businesses	**R5,1 billion**	R4,9 billion
Procurement spend with black women-owned businesses	**R1,9 billion**	R1,9 billion
Number of work-related subcontractor fatalities	**1**	3
Supplier inspections	**131**	59
Supplier audits	**78**	59
GOVERNMENT AND COMMUNITIES		
Taxes (direct and indirect) paid to South African government	**R2,2 billion**	R2,6 billion
Broad-Based Black Economic Empowerment status	**Level 1**	Level 1
Spending on socio-economic development (R million)	**R5,0 million**	R5,0 million
Total carbon emissions (CO_2e equivalent) (tCO_2e)*	**91 842**	81 454
Waste recycled (tonnes)#^	**73 248**	91 962
Number of reportable environmental incidents	**–**	–

** Excludes Australian operations.*
 # Restated to include Australian operations.
^ Restated to include UK operations.

BIG BEND TO SITEKI

The rehabilitation and upgrading of the MR16 and MR7 roads in Eswatini

PROJECT VALUE

R402 million

PROJECT DURATION

24 months

MATERIAL ISSUES AND OPERATING CONTEXT

The material issues below represent those matters that have the most significant impact on WBHO's ability to create value over time. These may change as new trends and developments shape the macro environment and stakeholders' needs evolve.

The following diagram outlines the basic process through which the Group determines its material issues. While there are three discernible steps or phases to the process, these are not distinct and separate, but overlap and are simultaneous. It is, essentially, a continuous, cyclical process and the output (the Group strategy set by the Board) is regularly reviewed and adjusted based on the feedback received from stakeholders as well as the operational divisions responsible for its implementation.

HOW WE DEFINE OUR MATERIAL ISSUES

IDENTIFY

The first phase in the process is identifying issues that are both substantive and material. This phase consists of gathering information from clients and other stakeholders through formal and informal, regular and *ad hoc* interactions (further detail regarding our engagement with stakeholders is presented on **page 36** of this report). These insights are then incorporated into WBHO's risk management processes along with prevailing economic and market-related conditions, and all relevant operational, legislative and regulatory requirements in order to ascertain the materiality of each issue.

EVALUATE

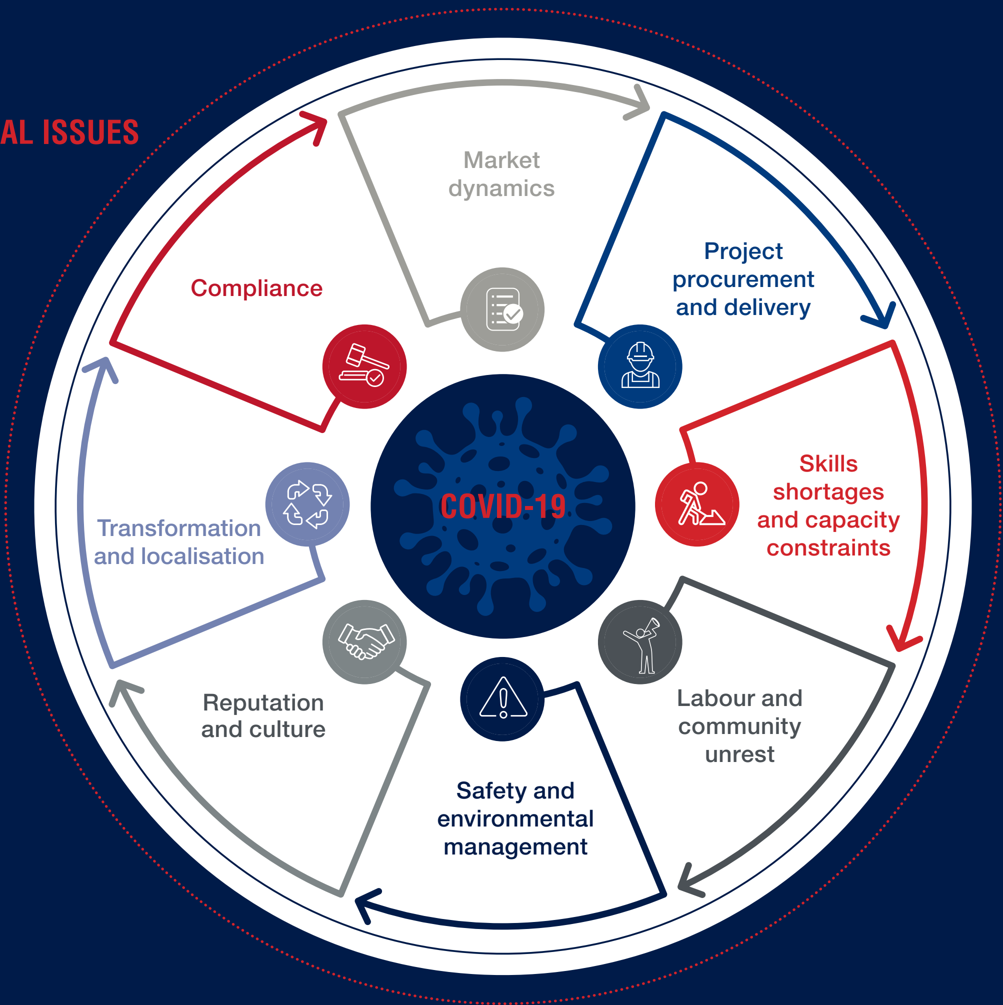
The second phase is the evaluation of the information that has been gathered. This phase consists of both informal and formal reporting channels and is guided by the current strategic priorities of the Group. In essence, management and the relevant departments (such as risk and internal audit) feed the insights that are being gleaned from around the business into the relevant committees for further deliberation and appraisal, in particular, the Operational risk committee, the Audit committee, the Risk committee, and the Executive committee (the work of the Board committees is reported on **page 102** to **112** of this report).

PRIORITISE

The third phase is prioritising the concerns that have been identified to establish the issues that are most material to the Group.

Ultimately, this task is performed by the Board, based on the reports it receives from the various mandated committees. This is a regular process that happens at least once during every reporting period and results in an updated strategic risk matrix and, where necessary, new or revised strategic initiatives (our strategic issues and objectives for the reporting period are discussed on **page 42** to **48** of this report).

MATERIAL ISSUES



For the purposes of this report, the Group classifies the various issues identified through this process into the broad categories of material issues listed above. The Group prioritises these categories of material issues, each of which have a material impact on WBHO's ability to create value. The material issues of the Group are highly inter-related and changes or shifts in the underlying issues of any one category can result in changing dynamics within some or all of the other categories. Changes or movements in the underlying issues within each category are discussed under the respective headings on **pages 20** to **33** of this report.

Last year "Project procurement and delivery", (a strategic risk of the group) was identified as a being a material concern for both management and stakeholders and remained as such in FY2021. The Covid-19 pandemic also remained both a strategic risk and material issue during the year. Although Covid-19 is considered a separate material issue, as it affects most of the existing categories of material issues, the impact thereof is highlighted and discussed under each of these categories.

MARKET DYNAMICS

IMPLICATIONS FOR VALUE

Construction activity is highly correlated with economic cycles. Fluctuations in gross domestic product (GDP) and gross domestic fixed investment (GDFI), commodity prices, interest rates and consumer and business confidence each impact on investment expenditure and the required infrastructure to meet these trends. The various sectors and geographies within which the Group operates, each have their own intrinsic risk profiles while also being exposed to differing effects of prevailing global and local economic cycles. This in turn, impacts the awarding of construction contracts, capacity utilisation and margins across all business segments.

ASSOCIATED RISKS AND OPPORTUNITIES

- Ever-changing market conditions
  - Global upheaval caused by Covid-19
- Rapid growth or decline in volumes of work procured
- Political instability
- Exchange rate volatility
- Over exposure to individual sectors/regions/clients
- Overtrading in economic upturns
- Volatile earnings and margins
- Payment risk
- Erratic investor sentiment

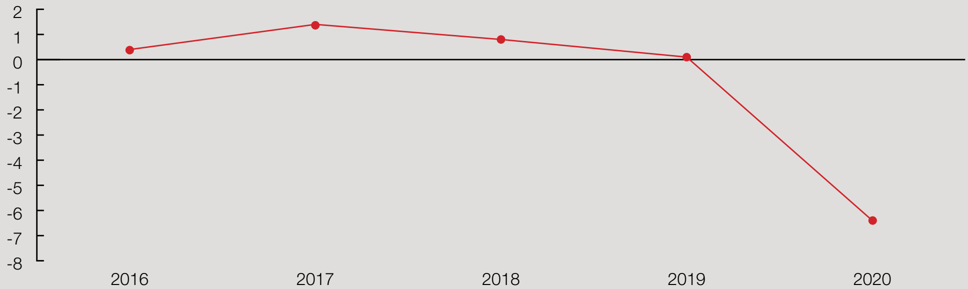
OPERATING CONTEXT

WBHO conducts its operations in South Africa, the rest of Africa, Australia and the United Kingdom.

SOUTH AFRICA

The South African economy recovered reasonably well from the effects of Covid-19 that resulted in an overall decline of 6,4% in GDP for the 2020 calendar year. By 30 June 2021, the economy had recorded its fourth consecutive quarter of growth according to Statistics SA. However, in spite of the gains made over that period, the economy remained 1,4% smaller than pre-pandemic levels.

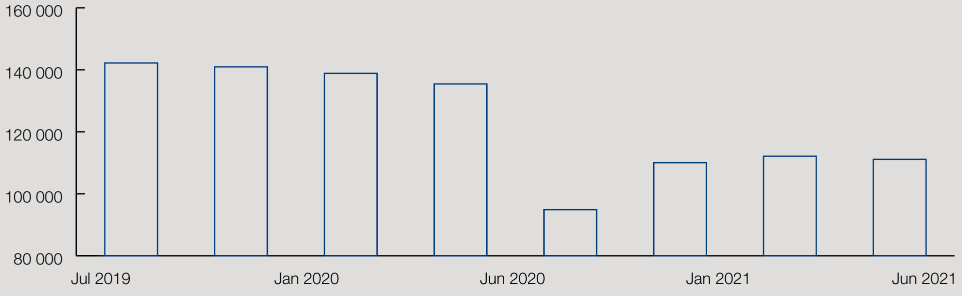
South Africa: Annual GDP growth (%)



The construction sector was particularly hard hit and was the worst performing industry in the economy in 2020, where construction output fell by over 20%, marking the fourth consecutive contraction. Data from Statistics SA indicates that the civil engineering sector fell by 18% and the non-residential building sector by 25% in that year. The harsh reduction in building activity is further evidenced by the 37% year-on-year decrease in the value of building plans passed. A 17,5% decline in gross fixed capital formation together with the fact that the construction industry was not declared an essential service and was subjected to the six-week hard lockdown in Q4:20, are the likely contributing factors toward the sharp decline. The industry was also the most afflicted when it came to employment levels, with wide-scale retrenchments necessary.

While the broader economy has rebounded, the revival has been uneven across sectors. The contribution from the construction sector toward South Africa's GDP is estimated to have fallen to 2,6 % from 3,3% in 2019. Even though construction output is expected to grow by 3,5% by the end of 2021, as the accompanying graph illustrates, the recovery thus far remains well below the already depressed pre-pandemic levels.

South Africa: Quarterly construction GDP



Sources: Statistics South Africa, Standard Bank and Absa Bank research, World Bank, Trading Economics

More positively, the South African government included almost R800 billion in its 2021 budget to be directed toward infrastructure development and there was a noticeable growth in procurement activity from the public sector over the second half of the reporting period. The roadwork sector, renewable energy sector and public-private partnerships for serviced accommodation have been most active in the current tender market. However, government's latest budget highlighted the need for the repair and replacement of existing dam, railway and other transport, as well as water and sanitation infrastructure which could offer additional opportunities for the industry over the near- to medium-term.

A prominent driver behind South Africa's economic recovery has been the mining industry, where an increase in foreign demand as global economies regained traction, saw higher commodity prices and export growth. The mining industry is an important source of work for construction and together with the improvement in market opportunities, a number of new projects were also awarded during the year.

Although the general building market remains subdued, there are pockets of activity within certain sub-sectors and key economic hubs. The trend over recent years has been toward fewer and smaller sized projects, yet more recently several larger projects have reached the market.

Monetary policy has also been supportive of the economy since the outbreak of the pandemic began. The South African Reserve Bank has maintained the repurchasing rate at 3,5% since March 2020, and despite a slight increase in long-term inflation expectations, an increase in interest rates is not anticipated until 2022. The depreciation of the Rand that occurred in the wake of Covid-19 has also reversed which will assist in containing rising construction costs related to the import of equipment and materials.

REST OF AFRICA

The Group's operations in the rest of Africa largely target the resource-intensive sectors within Botswana and Zambia in Southern Africa, Mozambique in East Africa and Ghana in West Africa, while entering other territories on the continent on a project-by-project basis. Construction opportunities within these sectors are dependent on commodity demand cycles, with the effect that growth and prospects can vary significantly from year-to-year. Public sector road and water infrastructure projects as well as private sector building work are pursued where the Group is satisfied that potential payment and contractual risk can be successfully mitigated.

New construction opportunities from the mining sector remained subdued over the course of the reporting period. However, the rise in commodity prices experienced in the latter half of the financial year resulted in the revival of various shelved projects in West Africa that the Group has been tracking. Improved copper and diamond prices also resulted in new mining infrastructure opportunities for the Group in Botswana.

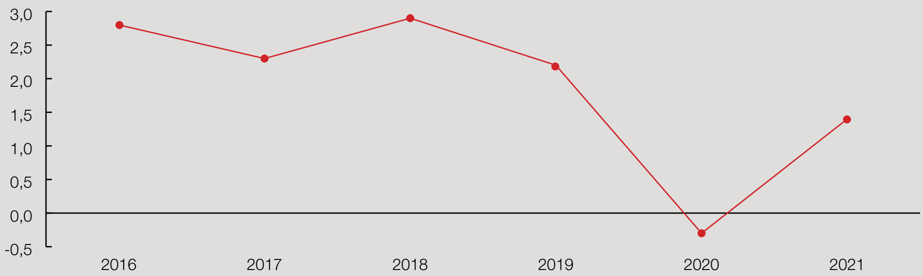
The Mozambican government's inability to contain the insurgent activity in the north of the country ultimately resulted in the energy giants ExxonMobil and Total suspending their liquid natural gas projects in Cabo Delgado. With ExxonMobil investing approximately $30 billion and Total $20 billion, this was to be the largest infrastructure project undertaken in Africa. The combination of widespread violence and threats to foreign businesses have led to international military and security interventions including the deployment of peacekeepers from Rwanda and SADC. These forces appear to have been effective in tackling the jihadist insurgents with the possible resuming of activity on the gas project in 2022.

MARKET DYNAMICS (continued)

AUSTRALIA

The construction industry is a major component of the Australian economy being the third-largest industry and contributing approximately 9% of the nation's GDP and employs approximately 1,2 million people.

Australia: Annual GDP growth (%)

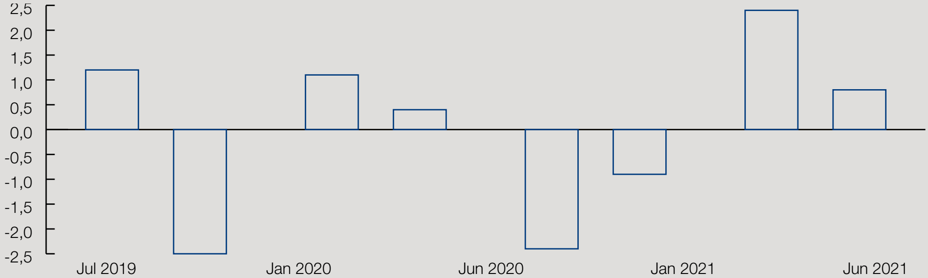


The Australian economy experienced negative economic growth in 2020 for the first time in over three decades as the impact of the Federal Government's Covid Zero containment strategy on the economy unfolded. The strategy included the complete closing of international borders to the outside world and at times state borders within the country. GDP growth fell to -0,3% in 2020, however the construction industry fared worse and output declined by 2,1%. Despite the construction industry being designated an essential service and exempted from lockdown restrictions, construction work was affected by labour availability at worksites, social distancing restrictions and supply chain disruptions. The decline in overall construction activity in 2020 was most severe over H2:2020 and was attributed mostly to falling building activity as public infrastructure spending supported civil engineering works.

China is Australia's largest export market and trade tensions escalated significantly in 2020 and 2021. China applied trade measures during 2020 to a large number of major Australian exports, meanwhile key Australian services exports to China, notably international education and tourism, have also been disrupted as a result of Australia's hard border closures due to the Covid-19 pandemic. Concerns have been mounting over the impact of the deterioration in bilateral trade between the nations on Australia's economy. Yet, despite China's trade measures, Australian exports of goods worldwide has risen and even exports to China improved amid strong demand for iron ore.

Consequently, the Australian economy rebounded strongly during the first half of 2021, helped by broad containment of domestic Covid-19 cases, despite intermittent lockdowns in various Australian cities. This allowed for an upturn in domestic economic activity. Although the construction industry also staged a recovery in H1:2021, this was again driven by the civil engineering sector. Any further recovery was hampered by a third wave of Covid-19. The greater transmissibility of the Delta variant resulted in climbing infections and more severe lockdown restrictions in both of the Group's key operating states of New South Wales (NSW) and Victoria (VIC). The total value of construction work done between July 2020 and June 2021 in NSW increased by just 0,9% while in VIC it decreased by 5,9% according to the Australian Bureau of Statistics.

Australia: Quarterly construction GDP



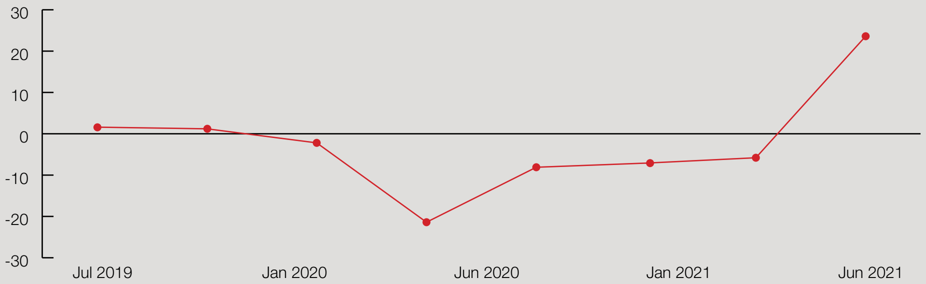
To support the economic recovery, state governments have allocated significant funding towards transport, residential, health and educational infrastructure projects in their 2021/22 budgets. Over the long-term, the industry's growth will likely be supported by an investment of AU$110 billion on transport infrastructure over the next 10 years under the rolling infrastructure plan. This, together with robust commodity prices, will assist civil engineering and infrastructure contractors in Australia, including WBHO Infrastructure.

Non-residential building activity has been a primary market for Probuild, the Group's building business in Australia, over recent years. This sub-sector has now entered a downswing cycle that is forecast to continue for some time. While a downturn was anticipated prior to the outbreak of Covid-19, the pandemic prompted state governments to fast-track approvals and spend more on building works. This means that while private sector work is forecast to decline in the near term, it will be offset to some degree by a temporary boost in public sector funded projects.

UNITED KINGDOM (UK)

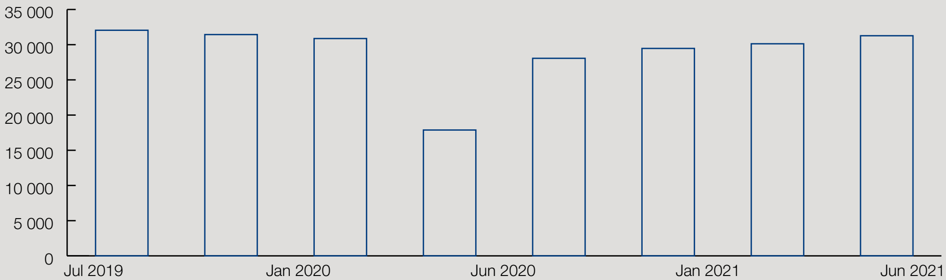
The UK was one of the hardest hit nations by the Covid-19 pandemic, currently recording the fourth highest number of infections and the eight highest number of deaths. Like most countries, the UK government utilised varying levels of lockdown restrictions to contain the spread of the virus. The impact on the economy was severe, with GDP for 2020 falling by 9,8%, the largest annual decline on record. However, the progressive easing of restrictions over the first half of 2021 as vaccination levels climbed, resulted in a surge in GDP growth over Q2:2021. GDP growth for 2021 is now forecast at 7,2% and is expected to reach pre-pandemic levels in early 2022.

UK: Quarterly GDP growth



Prior to the pandemic, the construction sector contributed around £35 billion annually to the UK economy, creating 2,4 million jobs. However, the UK construction industry which was already in decline prior to the pandemic, suffered further through Covid-19 and overall construction output declined for numerous consecutive months. Data from the Office for National Statistics found that construction employment is at the lowest level since 2013, with the workforce dropping to 2,17 million people between July and September 2020. Having staged a strong recovery in Q2:2021, construction output has now regained most of the ground lost demonstrating 30% year-on-year growth over June 2020.

UK: Quarterly construction GDP



MARKET DYNAMICS (continued)

The rebound was, however, centred within certain sub-sectors of the industry, mostly new housing and renovations, driven by vast numbers of people working from home and low interest rates, and the civil engineering sector that was supported by public infrastructure spending, especially on rail and the HS2 project in particular. In fact, infrastructure was the only sector in the UK where construction output was higher in 2021 than it was before the coronavirus pandemic.

Low levels of private investment due to heightened business uncertainty resulted in few commercial building construction opportunities over the reporting period. Yet private investment also improved in Q2:21, jumping 13% year-on-year and is expected to continue its rally alongside the broader economic recovery as consumers and businesses return to the market. This bodes well for the construction industry.

A RICS survey conducted in Q1:21 found that as Covid-19 restrictions were gradually lifted, construction workloads and new hires increased as well as growth in new business enquiries being experienced. A further positive finding from the survey was that after months of compression, an improvement in profit margins was being reported.

As economic activity has strengthened, new challenges facing the construction industry have emerged. Material inventories fell substantially over the latter half of 2020 and the manufacturing sector has been unable to meet the renewed demand in 2021, particularly in respect of timber and steel. The impact of Covid-19 on mills and factories, container shortages, increased red tape at UK ports, and sharp rises in shopping costs are just some of the factors likely to result in longer lead times, as well as higher and increasingly volatile prices. It is not only the pandemic that has caused the materials shortage. The movement of goods and people, was the subject of intense discussion during the Brexit negotiations and European Union imports have decreased substantially since the UK's exit, amplifying material shortages. Unfilled job vacancies and a general skills shortage are a further concern that has manifested as a consequence of Brexit.

Strategic response	Key stakeholders impacted
SO1 Flexibility and diversification	Investors
SO2 Procurement and execution excellence	Employees
	Suppliers and subcontractors

PROJECT PROCUREMENT AND DELIVERY

IMPLICATIONS FOR VALUE

Project procurement and delivery are continuous, inter-linked processes that underpin the Group's ability to create value. Although included as a strategic risk of the Group, project procurement and delivery are viewed as core competencies, and until recently, were not considered a material issue for management and stakeholders. The increased risk of loss-making and underperforming contracts due to a difficult procurement environment, together with the recurring losses in Australia were a material concern in the year under review.

Market dynamics can have a significant impact on the Group's acceptance of risk when pursuing new work opportunities. In cycles of low demand and high competition, a less conservative approach to sector and client risk, contractual risk and specific project risks, including completion programmes, may be adopted to sustain activity levels and maintain workforce capacity. WBHO bids for projects through formal tender processes or direct negotiations with clients. Construction contracts generally take the form of re-measurable construction only contracts, fixed-price construction only contracts or fixed-price design and construct contracts, each with differing risk profiles and contractual terms. Bidding for these projects requires extensive experience as it involves a high degree of estimation, supported by in-depth contractual and engineering knowhow.

The proficient assessment and pricing of project risk is fundamental to submitting competitive bids and procuring new work upon which the sustainability of the Group is dependent. Estimation errors, non-identification of specific project risks, misinterpretation of key specifications and/or the misunderstanding of contractual terms at the time of bid submission, have the potential to negatively affect productivity, create delays and ultimately result in penalties and losses during the execution phase.

Successful project delivery depends upon the effective implementation of the bid by managing both time and cost within the contractual terms. Sub-standard project management, under- or over-resourcing of projects and poor commercial management of the contract can ultimately result in poor productivity, increased costs and the inability to meet contractual completion programmes. Conversely, strong project and commercial management together with innovative onsite engineering solutions create efficiencies, mitigate risk and reduce time and cost.

By its very nature, contractual claims are inherent within the live project environment. The ability to negotiate these claims in a manner that ensures the rights of the contractor are preserved, whilst at the same time maintaining professional and productive relationships with our clients is critical.

ASSOCIATED RISKS AND OPPORTUNITIES

- Margin erosion/improvement
- Loss-making projects
- Highly profitable projects
- Working capital risk
- Reputation and brand damage/enhancement

OPERATING CONTEXT

The weaker economic environment caused by protracted lockdown periods due to Covid-19, resulted in a marked decrease in procurement activity at various stages of the reporting period between the different operating regions of the Group. The fewer number of available projects on which to bid has increased competition for these projects as contractors seek to restore order book levels and keep resources productive. Against the backdrop of this climate, the Group has pursued projects in existing and unfamiliar geographies for new, and in some cases unknown clients, and the margins achievable to win tenders and finalise negotiations have also reduced. There has been a concurrent increase in both procurement and project delivery risk across most regions as a result.

The African operations experienced minimal procurement activity over the first quarter of the financial year. Thereafter, private sector procurement activity within certain sectors of the general building market in South Africa recovered well, alongside the mining sector locally and across the rest of Africa. Public sector market activity also improved, particularly from the South African National Roads Agency. A number of large-scale and mid-sized road construction projects were awarded to contractors during the year with several more awaiting adjudication in the coming months.

MATERIAL ISSUES AND OPERATING CONTEXT
CONTINUED

PROJECT PROCUREMENT AND DELIVERY (continued)

The size and complexity of projects also presents a different set of challenges at procurement and project delivery stages. The risk of under-estimating the resources (both supervisory and operational) required to meet production outputs as well as the misinterpretation of engineering specifications increases significantly on projects of this nature. In the live project environment, the coordination of high volumes of resources across a large footprint alongside subcontractor performance and lead times for mechanical and electrical equipment require extensive project management experience. Mismanagement of any of these factors, or a combination thereof, culminates in the lengthy project delays often associated with these types of projects.

The above mentioned risk has been evident in the Australian operations over recent years. A material bidding error on the Western Roads Upgrade (WRU) Project within the Group's infrastructure business, arose from a misinterpretation of the design specifications, which when combined with other unforeseen delays resulted in a cumulative loss of approximately AU$161 million being recognised on the project.

Within the Australian building business, the 443 Queen Street project, entailing construction of a residential tower in the Brisbane CBD, has also suffered significant losses due to the underestimation at the time of bidding of the time required to execute certain sections of the contract during the construction phase. Legislative changes to the number of work days in the State of Brisbane and supply chain disruptions caused by Covid-19 created further uncontrollable delays. Delays of an uncontrollable nature that are neither the fault of the client or the contractor generally result in further time being granted for completion of the project with no compensation for additional costs. The cumulative loss on this project is now forecast to be AU$48 million.

In the UK, as private sector projects dried, up the Byrne Group positioned itself to concentrate on available public sector infrastructure project, specifically those forming part of the massive HS2 rail project. Disappointingly, few of these bids were successful, however, the resurgence in the private sector commercial market that followed the easing of lockdown restrictions allowed the business to realign itself with this market and focus procurement efforts on this sector.

Strategic response	Key stakeholders impacted
SO1 Flexibility and diversification	Investors
SO2 Procurement and execution excellence	Employees
	Suppliers and subcontractors

SKILLS SHORTAGES AND CAPACITY CONSTRAINTS

IMPLICATIONS FOR VALUE

The construction industry is a fluctuating sector, regularly faced with a shortage or oversupply of skills depending on the amount of work available. Managing the gap between the volume of work-on-hand and the people required to execute that work, while at the same time retaining core teams and skills is essential.

Experienced management and competent artisans are crucial to project execution. Without an adequate base of experienced engineers and quantity surveyors, project delivery risk and commercial risk increase significantly. Developing and retaining skilled personnel is critical in managing these risks and underpins our ability to grow.

ASSOCIATED RISKS AND OPPORTUNITIES

- Impact on quality, delivery and reputation
- Additional costs and delays on projects
- Capacity constraints/excess
- Impact on company culture
- Loss of key personnel

OPERATING CONTEXT

The prevailing economic environment in South Africa over the last decade, that deteriorated further following the impact of Covid-19 (Material Issue: Market Dynamics) and has resulted in a sharp decline in the capacity required within the construction sector. This, together with an increase in social unrest (*see Material issue: community unrest and business forums*), highlighted by the recent widespread looting that occurred in July 2021, has resulted in an exodus of construction professionals over this time, both through emigration or pursuing different careers entirely. The uncertainty arising from Covid-19 also culminated in many businesses reducing their investment in training. With private sector procurement recovering over the second half of the year and several large-scale public infrastructure projects having entered the market, with additional projects pending in the forward-looking pipeline, the potential for a shortage in critical construction skills over the near-term has unfolded.

In the rest of Africa, the secondment of operational staff to regions far from home is a consistent challenge where extended periods away from family make maintaining a work-life balance difficult. Managing these demands on employees was made particularly difficult amid the Covid-19 environment. A limited number of flights to remote areas resulted in extended periods of work before being able to return home for rest and recuperation. On certain projects, travel restrictions and quarantine periods made it problematic to get to the project and onto the sites in question, resulting in delays and reduced productivity.

In Australia, the higher earning potential available within the public infrastructure construction sector has placed immense pressure on retaining key professionals within both the infrastructure and building businesses over recent years, as staff turnover rates have accelerated. This trend has created cost pressure on salaries within the Australian operations. Regular staff turnover on complex projects also affects continuity and impedes productivity. Strict inter-state border controls that restricted the ability of citizens to move between states for work has limited the impact of this tendency this year.

In the UK, as the economy has gained momentum after the easing of lockdown restrictions the repercussions of the decision to leave the EU are becoming visible, particularly in labour markets where skills shortages and increasing vacancies are becoming apparent in the wake of stricter border and immigration controls.

Strategic response		Key stakeholders impacted
SO4	Capacity and talent management	Clients
SO2	Procurement and execution excellence	Employees

LABOUR AND COMMUNITY UNREST

IMPLICATIONS FOR VALUE

The construction industry employs a sizeable labour force, either directly, or through the use of subcontractors. The labour environments in the geographies in which we operate can be highly politicised and sensitive. The South African social landscape is also characterised by high levels of unemployment and poverty. Community and business forum unrest events now occur on a regular basis. Interactions often entail unrealistic expectations in respect of job and work opportunities for those whom they represent and occasionally threats of violence. In addition to this potentially threatening environment, work stoppages impact productivity and create project delays. Project delays impact on the ability of WBHO to successfully complete projects on time. Some clients are also seeking to transfer the responsibility and liability of managing communities and business forums onto contractors, increasing the operational and financial risk to the organisation.

ASSOCIATED RISKS AND OPPORTUNITIES

- Industrial action
- Harm to employees
- Additional costs, project delays and penalties
- Reduced productivity
- Negative investor perceptions
- Impact on quality, delivery and reputation

OPERATING CONTEXT

The level of union representation within the Group remained constant at 24% (FY2020: 25%) this year. In South Africa, 65% of employees are covered by collective bargaining agreements. Wage negotiations are conducted and concluded centrally through various bargaining councils. The existing three year wage agreement negotiated by SAFCEC expired on 31 August 2021, however, negotiations of the new wage agreement are at an advanced stage. WBHO will continue to implement the conditions of the existing agreement until such time as the conditions for the new wage agreement have been finalised. A new one year wage agreement was also concluded with the Gauteng Building Council during the year. In Australia, enterprise bargaining agreements are concluded annually with state-based unions to enable compliance with legislative changes and to remain qualified to work on state federal-funded projects.

"Person days lost", is defined as the number of days lost due to strikes, work stoppages or non-attendance. There has been very little strike activity by the construction labour force in South Africa over recent years. Following new wage agreements having been, or close to being, concluded within both building and civil labour markets in 2021, this trend is expected to continue. The number of person days lost in FY2020 increased sharply by 50%, mostly due to community unrest. WBHO has developed the necessary strategies and protocols to proactively deal with events of this nature, in a manner that causes the least interruption to business activities. These include early engagement with communities and business forums where possible, the appointment of a liaison officer, transparent tender processes for available work packages and insistence on compliant business and tax registrations. As a result, person days lost in South Africa decreased from 43 340 to 9 613 in FY2021. We experienced a significant increase in person days lost in Africa from 9 709 to 75 143, however, this was largely due to the suspension of operations on various projects for Total at its Area 1 LNG Gas Project in Mozambique due to insurgent activity.

In Australia, 37% (FY2020: 27%) of employees are covered by collective bargaining agreements. Enterprise bargaining agreements are concluded annually with state-based unions to enable compliance with legislative changes. This also enables the Australian business to qualify for work on state federal-funded projects. Employees in the UK do not form part of a central bargaining council. Employees are able to join a union directly but fees are paid by the individuals themselves. Membership lists to unions are not maintained by the UK businesses.

There were no work stoppages in either region during the reporting period, however subsequent to the end of the financial year, there was a significant deterioration in the industrial relations environment in Australia following the Victorian State Government mandating Covid-19 vaccinations for construction workers and restricting the use of onsite lunch sheds and facilities by construction workers as a means to limit infections. This resulted in significant strike action and protests ultimately resulting in the State government shutting down the entire industry in Victoria for two weeks.

Strategic response		Key stakeholders impacted
SO3	Reputation and relationships	Clients
SO4	Capacity and talent management	Employees
SO6	Transformation and localisation	Communities

SAFETY AND ENVIRONMENTAL MANAGEMENT

IMPLICATIONS FOR VALUE

Construction is inherently dangerous in nature and WBHO has a duty to ensure the very highest health and safety standards are observed. The Group views the protection of its workforce and the environment as a fundamental human right and a moral imperative which requires continual investment into responsible business practices. A safe and healthy workplace results in an engaged, motivated and productive workforce that mitigates operational stoppages and reduces potential legal liabilities. In addition, maintaining an acceptable safety record is imperative in procuring work within certain sectors, particularly the mining and public infrastructure sectors.

The construction industry is considered a high-impact industry and the Group fully acknowledges its moral and legal responsibility for the safeguarding of the environment and the wellbeing of all of those affected by the operations of the business. Stakeholders are also more aware of "green" issues, increasing the need to operate in a sustainable and responsible manner. The Group employs responsible environmental practices that protect the natural environment from pollution, minimises construction waste and aims to reduce the carbon footprint of the Group. Effective implementation of the ISO14001 certified environmental management system also reduces potential legal liabilities.

ASSOCIATED RISKS AND OPPORTUNITIES

- Project delays
- Reputational damage
- Criminal prosecution
- Financial penalties
- Potential disqualification from tendering in certain sectors
- Competitive advantage when procuring work in certain sectors
- Productive and motivated workforce

OPERATING CONTEXT

The Group takes responsibility for employee and subcontractor welfare, morale and productivity, as well as legal compliance on all of its projects. Although the industry has seen substantial safety improvements over the last decade, fatalities and serious injuries remain prevalent. Driving a culture of zero harm and eliminating fatalities are a critical priority for construction companies, unions and governments in all jurisdictions in which the Group operates.

In a total, 18 persons sustained lost-time injuries (LTIs) from 62 million hours of work over the period. A LTI is an injury where an employee or other person is unable to return to work the next day. Eight (FY2020: 5) employee LTIs and seven (FY2020: 12) subcontractor LTIs occurred within the African operations, resulting in a new record low LTI frequency rate (LTIFR) of 0,36 down from 0,41. There were two (FY2020: 1) employee and 15 (FY2020: 11) subcontractor LTIs in Australia and one (FY2020: 5) employee and two (FY2020: 3) subcontractor lost-time injuries in the UK. Sadly, the Group experienced two onsite fatalities in South Africa. (*Strategic objective: safety and environmental management; the Health and safety section of the supplementary ESG report*)

In Northern Mozambique, where sporadic outbursts of terrorist activity have occurred, the overall project was suspended by the client to ensure the safety of both its own employees and those of all contractors working in the area.

No citations for environmental non-compliance were issued to the Group during the year under review.

Strategic response	Key stakeholders impacted
SO5 Safety and environmental management	Employees Suppliers and subcontractors Communities

MATERIAL ISSUES AND OPERATING CONTEXT
CONTINUED

REPUTATION AND CULTURE

IMPLICATIONS FOR VALUE

The appointment of competent and reliable contractors is critical for clients to ensure the delivery of complex projects safely within contractual timeframes and to the correct specifications and quality. Private sector clients are regularly prepared to negotiate projects with contractors that are consistently able to demonstrate their proficiency, while at the same time adopting a collaborative "can do" approach. Maintaining a positive relationship with key stakeholders and a trustworthy reputation in both the public and private sectors, is critical to ensure repeat work and the credibility to tender on large projects.

ASSOCIATED RISKS AND OPPORTUNITIES

- Damage to the WBHO brand
- Loss of clientele
- Inability to secure repeat business
- Disqualification from tender lists

OPERATING CONTEXT

The duress experienced by large, medium and emerging contractors across all regions in the current environment has impacted the effective and timeous execution of various projects and has become a major concern for stakeholders. In addition, the increased prevalence of significant loss-making projects has resulted in deteriorating construction balance sheets, thus creating further unease over contractors' ability to see challenging projects through to completion. Despite the substantial funding provided from the wider Group in support of the loss-making WRU project and its successful physical completion this year, the project has undermined the reputation of the Australian operations, with some clients enquiring about the financial health of the building and infrastructure businesses when bidding on new projects.

The competitive bidding environment has also led to an increase in contractual claims. With lower margins available on projects, contractors are unable to absorb additional costs in respect of client-related variations and delays, while at the same time, clients are managing project expenditure more carefully in order to contain costs and deliver expected returns. These contractual negotiations can potentially strain relationships. (*Material issues: market dynamics and project procurement and delivery*)

Strategic response		Key stakeholders impacted
SO3	Reputation and relationships	Clients
SO2	Procurement and execution excellence	Government

TRANSFORMATION AND LOCALISATION

IMPLICATIONS FOR VALUE

When applied effectively and ethically, broad-based transformation is a key tool in addressing historical inequalities within South Africa. Strong empowerment credentials are imperative for participation in large public infrastructure projects and WBHO is of the firm belief that transforming the construction sector, and the local economy as a whole, is a necessity.

Across the rest of Africa there is also a strong focus on increasing local participation in public spending, particularly in Mozambique, Botswana and Ghana where certain categories of tenders are restricted to citizen-owned companies only. In Botswana, the government has set up the Citizen Entrepreneurial Development Agency to provide fledgling citizen-based companies with technical, financial and managerial assistance. Ghana has a local content policy applicable to the roadwork and mining sectors which requires incorporating local ownership when bidding for projects. In Mozambique, and other territories, work permits are only issued to expatriates where it can be demonstrated that equivalent skills are not available in-country.

In Australia, most state governments have dedicated programmes aimed at improving Aboriginal employment and livelihoods, with the Aboriginal Participation in Construction (APiC) policy having relevance for the construction sector.

In the UK, while no formal policies exist specifically supporting minority groups in construction, migrant labour and the associated perception that UK citizens are unable to find employment as a result thereof, was a significant catalyst in the decision to leave the European Union (EU).

ASSOCIATED RISKS AND OPPORTUNITIES

- Lower B-BBEE ratings
- Inability to tender on public infrastructure projects
- Failure to meet employment equity targets
- Sanctions from the Department of Labour
- Meeting Voluntary Rebuild Programme obligations
- Preferential allocation of public sector projects in favour of citizen-owned companies

OPERATING CONTEXT

Due to the significant public spending directed toward the construction sector by governments, transformation and localisation remain high on the political agenda.

In South Africa, transformation requirements are continuously changing within the tender market with transformation-driven procurement rules by state-owned entities being inconsistently and sometimes illegally applied and often not in alignment with current legislation or policy. In the previous year, two draft pieces of legislation were released for public comment; namely the Draft Public Procurement Bill (DPPB) and the Draft Employment Equity Amendment Bill (DEEAB).

The fundamental proposal within the DPPB is that the Act will enable the Minister of Finance to prescribe a framework for preferential procurement that can vary on a tender by tender basis meaning businesses will have no clear guidance on the transformation policy of government around which to plan. Businesses need policy certainty with regard to B-BBEE as investing in deliverables such as ownership, employment equity and enterprise and supplier development are long-term investments and decisions. In addition, the fundamental shift of control from statutory law to Government Executive discretion may have the unintended consequence of procurement entities throughout all levels of government the wide range of proposed discretionary powers as an exclusionary tool.

TRANSFORMATION AND LOCALISATION (continued)

The latest draft of the Employment Equity Amendment Bill published on 20 July 2020 includes controversial amendments to the Employment Equity Act 55 of 1998 ("the EEA") which permit far greater intervention by the Minister and more red-tape for employers hoping to do business with the State. The proposed Bill seeks to empower the Minister to identify national economic sectors and determine numerical targets for those sectors and then requires that the numerical targets set by employers comply with the sectoral targets set by the Minister. Secondly, the Bill proposes that before a certificate of compliance to a designated employer may be issued, the employer must have achieved the sectoral targets set by the Minister within three years, hence rendering targets tailored by individual employers to suit their employment equity plans irrelevant.

The amendments included in these draft bills come at a time when business finds itself struggling from the fallout of the Covid-19 pandemic which has had a severe impact on both employers and employees. The South African Government has commenced the roll out of infrastructure spending in an attempt to stimulate the economy. Policy uncertainty and additional red tape when bidding for these projects should be avoided at all cost. Furthermore, widespread retrenchments carried out in response to the lockdown, will likely have impacted negatively on many employers' employment equity plans making compliance with broad-based sectoral targets even more challenging.

Strategic response	Key stakeholders impacted
SO6 Transformation and localisation	Government Employees Communities

COMPLIANCE

IMPLICATIONS FOR VALUE

Across the various operating geographies, new and amended legislation and regulations are continuously being implemented that impact WBHO. These include regulations relating to the construction industry, company and tax law, labour relations, environmental, health and safety standards, and the delivery of social objectives. Major transgressions can have serious consequences for the Group in terms of work stoppages, additional costs, fines, reputational damage and even criminal proceedings. As such, legal and regulatory compliance is a priority for the Board. Compliance with the relevant legislation and regulations in the countries and sectors in which we do business is essential and grants us our licence to operate.

ASSOCIATED RISKS AND OPPORTUNITIES

- Reputational damage
- Legal prosecution
- Financial losses
- Deregistration from government/industry bodies

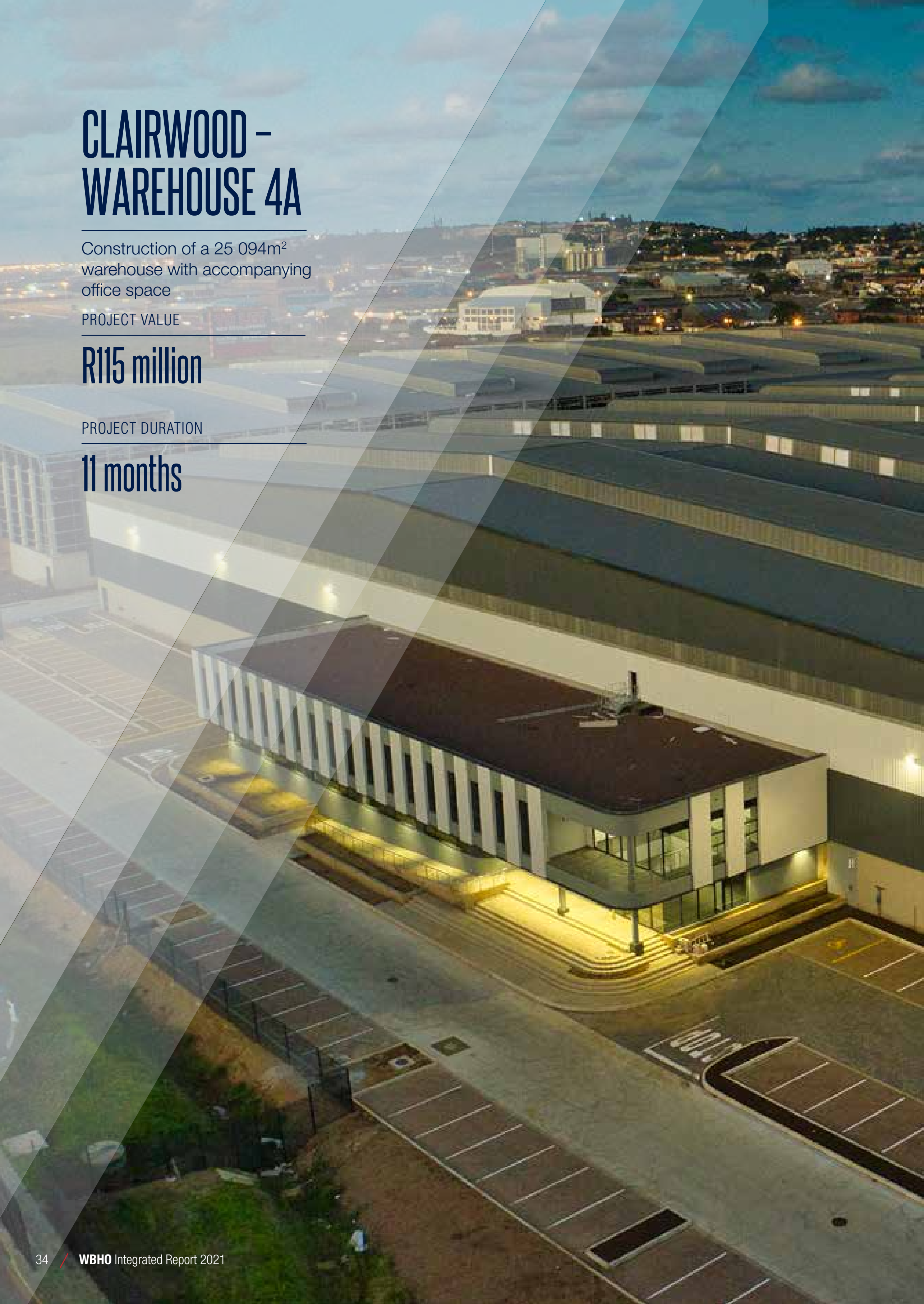
OPERATING CONTEXT

Increasing regulatory measures and continuing uncertainty in the interpretation and application of legal requirements impacts the way we operate, results in greater compliance related costs and affects the nature of the relationship between business and governments.

Public comment commenced on the new transformation-related legislation in South Africa. (*Material issue: Transformation and localisation*)

All new legislation and regulations promulgated in response to Covid-19 was effectively implemented across all operating geographies and the associated compliance risk successfully mitigated over the reporting period.

Strategic response		Key stakeholders impacted
SO3	Reputation and relationships	Government
SO6	Transformation and localisation	Clients
		Investors



CLAIRWOOD – WAREHOUSE 4A

Construction of a 25 094m² warehouse with accompanying office space

PROJECT VALUE

R115 million

PROJECT DURATION

11 months


STOP

ENGAGING AND CREATING VALUE FOR STAKEHOLDERS

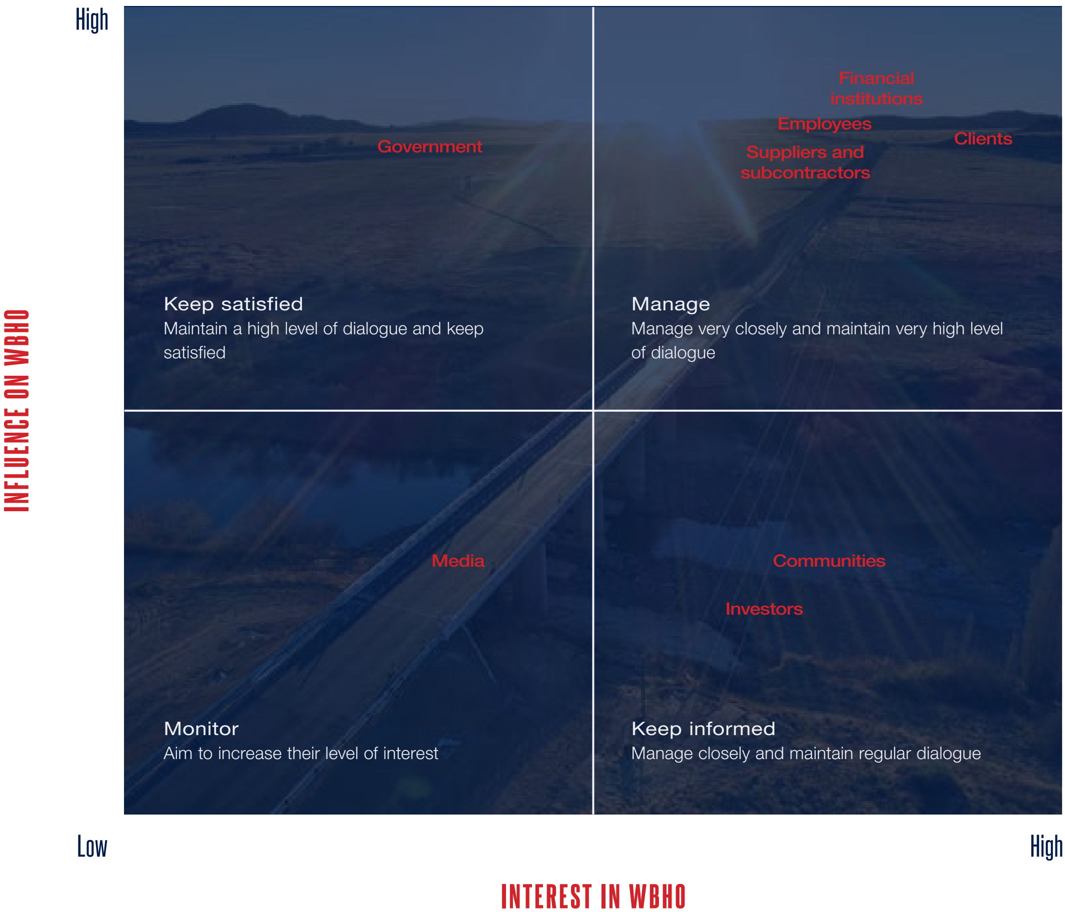
APPROACH

WBHO is committed to transparent reporting in accordance with its duty to all stakeholders. In executing its governance role and responsibilities, WBHO adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders over time. The Board is ultimately accountable for stakeholder engagement. As such, the Group engages regularly with stakeholders to understand their perceptions of WBHO and pinpoint future trends, possible risks, determine material issues and areas for strategic development. Engagement with stakeholders is aimed at building mutually beneficial relationships.

MAPPING WBHO'S STAKEHOLDERS

In prioritising its material stakeholders, WBHO applies the following criteria:

- The degree to which WBHO depends on the relevant stakeholder's support in achieving its strategic goals
- The extent to which the relevant stakeholder can impact performance
- The relative importance of the relevant stakeholder for the group as a whole
- The risk exposure for WBHO by not engaging with the relevant stakeholder.



STAKEHOLDER RELATIONSHIPS

Stakeholders	Relationship	Engagement processes	Main concerns	Strategic response
Clients	Satisfied clients are critical to the ongoing success of the Group. We seek to create and develop strong relationships with our clients through honest, clear and regular communication.	• Client perception surveys • On-site visits • Regular meetings • Media (editorial and advertorial) • Company events • Website updates • Integrated reports	• Quality of work • Capacity to deliver (skills and resources) • Reliability and expertise • Safety • Depth of senior management • Financial strength	SO2 SO3 SO4 SO5
Investors	The financial capital available to the Group enables business continuity and growth, including strategic investments. We aim to provide our shareholders and investors with returns in excess of 20%, which exceed the real growth in the economy and the construction sector, in particular.	• SENS announcements • Printed and electronic media releases • Results presentations • Integrated reports • Company AGMs • Face-to-face/virtual management sessions • Analyst-hosted events	• Revenue growth • Operating margin • Return on investment • Dividends • Order book • Company sustainability • Executive remuneration • Leadership • Corporate governance • Ethics	SO1 SO3
Employees	The success of WBHO is attributable to its people. The Group is committed to providing employees with a safe, industrious and encouraging environment within which they can thrive and grow.	• Internal and on-site meetings • Union meetings • Newsletters • Notice boards and staff memos • Training initiatives • Awareness campaigns • Employee forums	• Remuneration • Career paths and growth opportunities • Training and skills development • Employment equity • Safety • Job security	SO4 SO5
Suppliers and sub-contractors	The ability to deliver quality services to clients relies heavily on the quality of the services and products received from suppliers and subcontractors. As a result, WBHO seeks to develop close working relationships with these stakeholders.	• Regular supplier audits • On-site visits and meetings • Electronic communications • Service level agreements	• Continuity of work • Payment terms • Safety requirements	SO2 SO5
Financial institutions	Financial institutions support WBHO's growth objectives through the provision of banking and guarantee facilities.	• Regular one-on-one/virtual meetings • Presentations • Electronic communications	• Operational performance • Debt-to-equity ratios • Liquidity • Financial and risk management processes	SO1
Government	WBHO regularly works with public sectors in different countries on large-scale infrastructural development projects. Government-appointed regulators are largely responsible for developing and enforcing policies and regulations for the construction industry.	• Tenders • Industry forums • One-on-one/virtual meetings • Presentations • Skills development plans • B-BBEE scorecard submissions • Construction Industry Charter Council	• Regulatory compliance – Safety – Environmental – Competition – Tax collections – Transformation – Employment equity • Job creation • Skills development • Enterprise development	SO6 SO5 SO3
Communities	WBHO seeks to have a positive impact on the communities within which it operates by employing and training local people where possible and constructing local amenities as part of its socio-economic development (SED) commitments.	• Meetings and consultations • Community presentations • Site visits • Environmental impact assessments • Awareness campaigns • Sponsorships • Donations	• Employment opportunities • Environmental impact of our activities • Local SED initiatives	SO6

ENGAGING AND CREATING VALUE FOR STAKEHOLDERS
CONTINUED

SIGNIFICANT STAKEHOLDER ENGAGEMENT UNDERTAKEN DURING THE YEAR

Over the course of the financial year the following significant areas of concern were discussed with stakeholders.

IMPACT OF THE COVID-19 GLOBAL PANDEMIC ON THE OPERATIONS OF THE GROUP

The Covid-19 pandemic remained present across all of the Group's operations for the duration of the reporting period. Lockdown restrictions also remained in place with differing levels of severity dependant on infection rates at a point in time within a particular geography. Although existing projects were able to continue in conformance with applicable regulations and safety protocols, procurement activity reduced significantly.

KEY STAKEHOLDERS IMPACTED

Employees	• Employees were anxious about the impact of the lockdown regulations on job security and their ability to support their families. • WBHO employs over 8 000 staff that entails a high concentration of people, particularly on building sites, where numerous subcontractors are also present. Some employees expressed concern over their exposure to the virus while at work.
Clients	• Covid-19 created significant uncertainty over the feasibility and/or funding of some large-scale projects resulting in prolonged delays prior to project commencement.
Investors **Financial institutions**	• Investors and financial institutions sought clarity on the ongoing impact of the pandemic on activity levels, profitability and liquidity.

RESPONSE

The Group implemented all necessary safety protocols to ensure an as safe as possible working environment for employees in order to limit the spread of the virus. The Group also provided regular educational material to employees to enable them to take suitable precautions both at home and at work.

Management held regular feedback sessions with both investors and financial institutions to provide insight into the operational and economic consequences of Covid-19 in each area of operation, as well as the overall financial position of the Group.

THE UNSUCCESSFUL SALE OF PROBUILD, RECURRING LOSSES IN AUSTRALIA, THE IMPACT OF THE ASSOCIATED FUNDING ON THE FINANCIAL POSITION OF THE GROUP AND THE BROADER STRATEGY FOR THE AUSTRALIAN OPERATIONS

The Group first reported on the loss-making WRU Project within the infrastructure business in Australia at 31 December 2018 at which time a AU$50 million loss was forecast. The total forecast loss had escalated to AU$161 million by 30 June 2021. The Group has guaranteed the performance of the Australian infrastructure business in respect of the WRU Project and to date, has provided AU$141 million in funding to ensure completion of the project. At 31 December 2019, the Group also reported on a AU$12 million dollar loss on the 443 Queen Street project within the building operations of Probuild. The loss had increased to AU$48 million by the end of the current reporting period due to further delays.

At the beginning of the reporting period, the Group advised investors of an unsolicited, non-binding bid for Probuild. The transaction progressed to the point where only regulatory approvals and final shareholder approvals were required. In December 2021, the Australia Foreign Investment Review Board withheld its approval of the transaction. Following the unsuccessful sale of Probuild, the Group implemented a revised business strategy for the business. The strategy entailed the exit from the Western Australia and Queensland building markets and a more conservative bidding strategy to be adopted in Victoria (VIC) and New South Wales (NSW).

KEY STAKEHOLDERS IMPACTED

Investors

- WBHO has traditionally always reported conservatively on problematic projects. Investors were unaccustomed to recurring losses of such scale being forecast at each reporting period.
- Operating margins in Australia have historically always been lower than those achievable within the other operations of the Group. Following the emergence of larger, more complex projects alongside the losses incurred, investors expressed concern over the risk versus return of the Group's presence in the region.
- After the Group announced that the sale of Probuild had not materialised, investors were intent on learning management's future plans for the business, with many still advocating its sale.

Financial institutions

- Given the significant funding provided from South Africa, financial institutions sought assurance that there were no looming liquidity constraints that might affect operational performance on contracts within the African operations for which they had provided guarantee support.

Employees

- Certain operational and administrative employees were affected by retrenchments in the states that Probuild had elected to cease operations, as well as in VIC and NSW where activity levels had contracted due to the more conservative bidding approach adopted and the impact of Covid-19 on business confidence.

RESPONSE

After each reporting period, management held feedback sessions with both investors and financial institutions and provided an updated analysis of the challenges on the loss-making projects, the level of funding still required and any potential impact on liquidity. The Group also provided information in respect of the revised Probuild business strategy and the need to stabilise the business.

Management also engaged with Australian guarantee providers to secure the extension of facilities amid the sale negotiations for Probuild and renewal of the facilities subsequent to it not proceeding.

Discussions were held with affected employees in respect of the decision to cease operations in certain states and the need to reduce capacity in others. These discussions were conducted transparently and honestly with compassion for the difficult situation being faced by those concerned.

AWARD OF SHORT-TERM INCENTIVES TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS IN THE MIDST OF HEIGHTENED UNCERTAINTY PERTAINING TO COVID-19 AND MATERIAL LOSSES IN AUSTRALIA

KEY STAKEHOLDERS IMPACTED

Investors

- A major shareholder in the Group queried the Board's decision to award short-term incentives to executive directors and prescribed officers at a time when the future impact of Covid-19 was uncertain and in the context of the material losses that had been recognised in Australia in FY2020.

RESPONSE

The Lead independent director and chair of the Remuneration committee met with representatives from the shareholder and explained the process that was followed at arriving at the Board's decision. An overview of the Group's Remuneration policy was shared and information was provided on the metrics and targets, and how they were arrived at, when calculating the incentive values. The process undertaken in compiling the personal scorecards of directors was discussed at length and the CEO's actual scorecard was disclosed. At the conclusion of the meeting, the shareholder representatives gave their approval for the incentives awarded with a request that additional information pertaining to the personal scorecards be included in the Remuneration and implementation report for FY2021.

EXPIRY OF THE EXISTING CIVIL ENGINEERING WAGE COLLECTIVE AGREEMENTS

The existing Conditions of Employment, Wage and Task Grade and Exemptions Collective agreements that cover the civil engineering labour market in South Africa expired on the 31 August 2021.

KEY STAKEHOLDERS IMPACTED

Employees

- Unions representing employees initially demanded a three-year, 15% wage hike across the board while employers proposed a wage freeze for 2021 following the economic impact of Covid-19 on the industry. The Building Construction and Allied Workers Union and the National Union of Mineworkers both declared a dispute at the Bargaining Council for the Civil Engineering Industry (BCCEI) after two rounds of negotiations.

RESPONSE

Through the BCCEI the Group participated in the negotiations to conclude a new three year wage agreement with the unions. After protracted negotiation, most issues have been now been agreed and it is anticipated the agreement will be sent for ministerial approval imminently with strike action having been successfully avoided.

THE IMPACT OF PROPOSED EMPLOYMENT EQUITY AND PUBLIC PROCUREMENT LEGISLATION ON THE GROUP AND THE WIDER CONSTRUCTION INDUSTRY

In the previous reporting period, two draft pieces of legislation were released for public comment; namely the Draft Public Procurement Bill (DPPB) and the Draft Employment Equity Amendment Bill (DEEAB). The implications of the bills for the Group are discussed under the *Material issue: Transformation and Localisation* on **pages 31 to 32** of this report.

KEY STAKEHOLDERS IMPACTED

Government

- Additional bureaucratic red tape in bidding for and awarding public tenders may have the effect of hampering the effectiveness of government's planned infrastructure roll-out aimed at stimulating the economy.

Employees

- Any further decline in public sector projects may have the undesirable effect of additional retrenchments being necessary within the construction industry.

RESPONSE

As the largest construction company in South Africa, the Group has representation on both the South African Forum of Civil Engineering Contractors (SAFCEC) as well as the Construction Charter Council. The Group offered its views to these bodies on the potential pitfalls and unintended consequences included in the legislation, which in turn have formulated their responses to Government.

During the current year, a SAFCEC task team has made substantial submissions, supported by statistics and research, to Minister of Labour, Commission of Employment Equity and Business Unity South Africa. SAFCEC also made formal representation to the Parliamentary Portfolio Committee on 14 April 2021 which included legal opinion that the bill in its current form, contradicts sections of the Procurement Bill and existing BEE legislation as well as section 217 of the Constitution. Other industry bodies also made representations to the Committee.

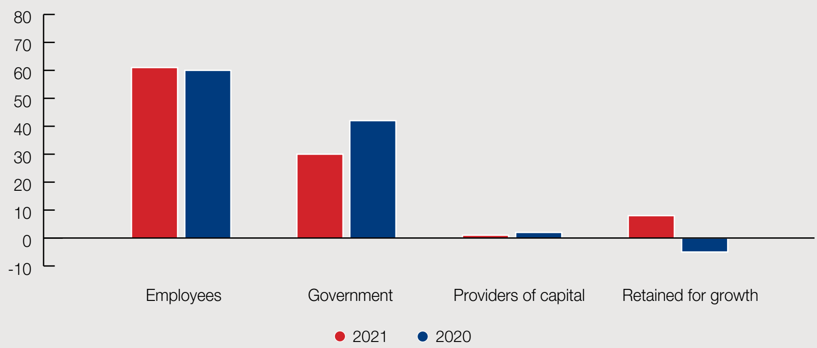
VALUE-ADDED STATEMENT

As part of a greater socio-economic ecosystem, we recognise that we are dependent on robust relationships with key stakeholders. Value-added indicates the wealth WBHO creates through its activities to the following stakeholders: shareholders, employees, debt providers, suppliers and the government.

Rm	2021	2020	
CLIENTS			WEALTH CREATED
Revenue*	**43 872**	48 597	
SUPPLIERS			
Cost of materials and services*	**(36 426)**	(42 408)	
Wealth created	**7 446**	6 189	
EMPLOYEES			WEALTH DISTRIBUTED
Payroll costs	**3 912**	3 672	
Share-based payment expense	**40**	44	
INVESTORS			
Dividends paid to shareholders	**–**	109	
FINANCIAL INSTITUTIONS			
Interest and finance charges	**17**	12	
Lease liabilities and instalment sales	**20**	23	
GOVERNMENT			
Taxes and duties	**2 831**	2 605	
COMMUNITIES			
Socio-economic development	**5**	5	
	6 825	6 470	
WBHO			WEALTH RETAINED
Attributable earnings/(losses) (less dividends paid)	**316**	(607)	
Depreciation	**305**	326	
	621	(281)	

** Including value-added tax and sales tax where applicable.*

Wealth distribution (%)



STRATEGIC OBJECTIVES

Guided by WBHO's vision, the strategic objectives of the Group represent the key attributes we believe are necessary for a successful and sustainable construction business and are linked to underlying strategic initiatives and specific metrics and indicators where applicable.

VISION

To be the leading construction company wherever WBHO operates, always striving to be "a pleasure to do business with" by delivering quality solutions in a professional and collaborative manner, every time. WBHO is adaptable enough to "go where the work is", even when conditions are challenging, without compromising its standards. The Group navigates competitive market conditions by being flexible and hard-working, focusing on nurturing strong client relationships by being approachable and dependable and stand firmly behind the motto of "Rely on our ability".

The following section provides information on the strategic objectives developed by the Board in response to the material issues faced by the Group and to mitigate the strategic risks. In respect of each strategic objective, strategic initiatives are developed and implemented to create value over time. The key performance indicators used to monitor progress and/or measure performance, statistics and targets (where applicable) as well as specific high-level strategic action undertaken during the year under review, are also reported upon. In-depth reporting of the strategic actions implemented during the year are included in the *Message from the CEO*, *Operational Reports* and the *Message from the CFO* later in the Integrated Report as well as the supplementary ESG Report.

SO1 FLEXIBILITY AND DIVERSIFICATION

Due to the fluctuating market conditions that continuously confront the construction industry, flexibility and diversification are fundamental for delivering sustainable value.

Growth objectives are facilitated through the implementation of a long-term diversification strategy across different geographies and industry sectors and at multiple levels of the construction value chain. Through its four business lines, the Group offers construction services to different sectors of the economy in up to 10 countries across three continents. WBHO's strategy needs to be fluid and adaptable, in order to proactively align procurement activities with those markets offering the greatest value. This, in turn mitigates risk and enhances shareholder value by providing stability in earnings. Exposure levels to individual sectors and geographies are carefully managed over the short- to medium-term.

STRATEGIC INITIATIVES

- Geographic diversification and new markets
- Segment diversification and new markets
- Strategic project selection
- Right-sizing in response to market conditions
- Specialised project services and innovation

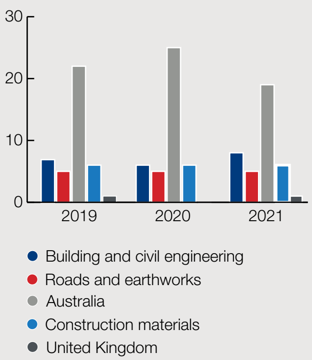
KEY PERFORMANCE INDICATORS

- Revenue growth
- Revenue by operating segment and industry sector
- Revenue by geography
- Order book (by industry sector, operating segment and geography)

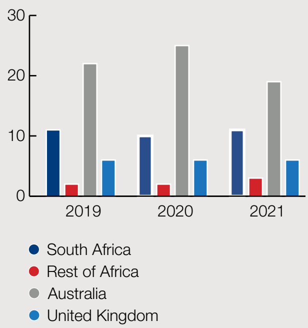
FY2021 SNAPSHOT

- New client engagement across all sectors and geographies within an acceptable risk framework
  - New client relationships developed within the following sectors:
    - Residential
    - Industrial buildings and warehousing
    - Mining
  - Entry into Madagascar mining sector for a new client
- Mining infrastructure opportunities in Tanzania identified to replace reduced Mozambican activity
- Bids submitted for new building work in Mozambique and Lesotho
- Focus on large-scale roadwork, renewable energy and mining infrastructure opportunities
- Effective streamlining of contracting models resulted in successful bidding and execution within sub-R250 million market against mid-tier contractors
- Successful targeting of the industrial/warehousing sectors in Gauteng, KwaZulu-Natal (KZN) and the Eastern Cape
- Entrenching new position in the social housing market in the Eastern Cape with opportunities emerging in Gauteng
- Ongoing development and marketing of fund-design-build models for West African infrastructure projects
- Re-alignment of procurement activity within the UK operations toward private sector as forward-looking pipeline improved
- Revised business strategy implemented within the Australian building business

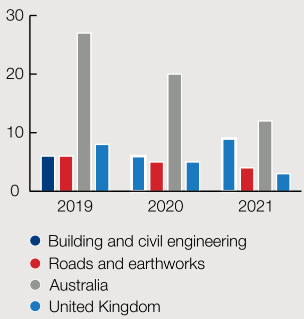
Revenue per segment (Rbn)



Revenue per geography (Rbn)



Order book per segment (Rbn)



STRATEGIC OBJECTIVES
CONTINUED

SO2 PROCUREMENT AND EXECUTION EXCELLENCE

The standard and quality of submitted bids directly impacts operational performance. WBHO seeks to offer a fair price at acceptable levels of risk for all parties involved. During the procurement phase, the Group targets those projects that will best serve WBHO's strategic objectives and create value for stakeholders. During the execution or operational phase that follows, brand equity and the reputation of the Group is cultivated and maintained. Confidence and credibility are generated when clients consistently experience high-quality work which, in turn, enhances WBHO's ability to secure future projects.

STRATEGIC INITIATIVES

- Client and project evaluation
- Tender evaluation and governance
- Selective bidding
- Contract payment terms and hedging
- Regular mid-cycle project cost-to-complete assessments
- Risk management
- Quality audits
- Quality training

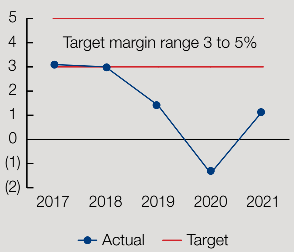
KEY PERFORMANCE INDICATORS

- Operating margin
- Actual versus tender margin analysis
- Number of underperforming and loss-making projects
- ISO 9001: Quality management system (QMS)
  - QMS coverage and audit outcomes
  - Training
  - Cost of rework and waste

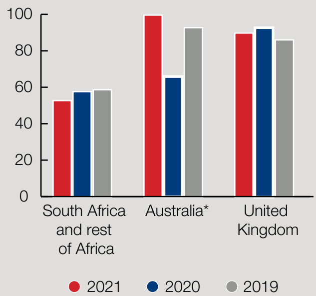
FY2021 SNAPSHOT

- Solid rebound from African operations
- Strong operating margin sustained in the UK despite lower activity levels and impact of Covid-19 on productivity
- Recurring losses reported in Australia due to problematic projects
  - Additional AU$40 million provided for on WRU and 443 Queen Street projects
  - WRU project achieves physical completion with commercial acceptance achieved in October 2021
  - Completion of 443 Queen Street in FY2022
- Bidding restricted to construction-only projects within Australian infrastructure business
- Focus on lower-risk projects now prioritised within Australian building business to improve order book quality

Operating margin (%)



ISO 9001 audit coverage (%)



** The 2020 year has been restated to include WBHOI.*

64% OF COMPLETED PROJECTS IMPROVED ON TENDER MARGIN (2020: 64%)

AU$28m LOSS PROVIDED FOR ON WRU PROJECT IN AUSTRALIA (2020: AU$82)

ISO 9001:2015 CERTIFIED

100% QMS COVERAGE

SO3 REPUTATION AND RELATIONSHIPS

A noticeable presence in the marketplace alongside a proven track record and a reputation for reliability, consistency and value are crucial to establishing and maintaining client relationships and our ability to bid on major projects. Our reputation hinges on our ability to deliver projects to the highest standards and providing an all-inclusive "quality experience". Our commitment to "execution excellence" is achieved by embedding our culture throughout our business in doing things "The WBHO Way". The WBHO Way embodies a set of shared values, including reliability, delivery and a focus on building relationships, which together underpin our motto of "being a pleasure to do business with".

STRATEGIC INITIATIVES

- Proactive stakeholder engagement
- Ethics programmes
- Regulatory compliance programme
- Corporate governance excellence
- Entrenching culture among new employees

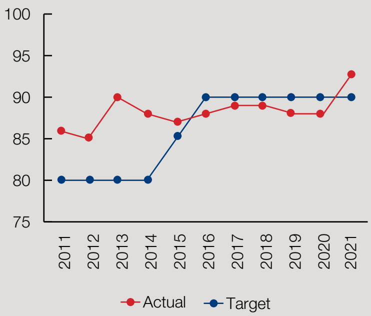
KEY PERFORMANCE INDICATORS

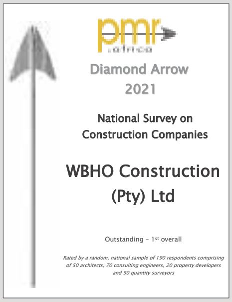
- Client perception survey ratings
- Percentage of negotiated projects
- Percentage of repeat work from clients

FY2021 SNAPSHOT

- New client relationships developed and fortified following competitive bidding and strong execution of projects
- Recognised as a standout contractor amongst industry peers in FY2021. Awarded the PMR Africa 2021 Diamond Arrow Award for an unprecedented 21 consecutive years
- Widely considered one of the few remaining contractors able to execute large complex projects in South Africa
- WBHO, alongside its other group brands (Byrne, and Russell-WBHO) is recognised as the preferred contractor on many engagements, built on a strong culture of consistent delivery, professionalism and respect
- Process to rebuild reputation in Australia after damaging impact of WRU project.
- Responsive senior management
- Client quality perception increased to 93% (FY2020: 88%)
- Effective communication with, and support of, employees through Covid-19 reinforced the Group culture

Customer quality percentage rating (%)





220 EMPLOYEES COMPLETED COMPETITION LAW TRAINING (2020: 177)

17 EMPLOYEES COMPLETED ANTI-BRIBERY AND CORRUPTION TRAINING (2020: 60)

SO4 CAPACITY AND TALENT MANAGEMENT

People management is a key focus area within the Group. Effective employee development earns staff loyalty and their commitment to "The WBHO Way", as well as attaining the organisation's strategic goals of "procurement and execution excellence" and "transformation and localisation".

Bursary schemes, inductions, on- and off-site training interventions and management development programmes help equip staff with the necessary expertise at each key phase of their career development, while also attending to the skills shortages experienced in the construction industry.

The overlapping nature of active and new projects means that they seldom begin and end in a linear manner. The number of staff required at the differing stages of projects varies significantly. The process of dealing with these lags or overlaps is called "managing the gap". The right-sizing of our teams is a continuous process in order to match demand for our services with economic cycles. Effective recruitment processes and solid working relationships with the representative unions are essential in achieving this outcome.

STRATEGIC INITIATIVES

- Succession planning
- Training and skills development initiatives including:
  - Learnerships
  - Bursaries
  - Mentoring
- Management development programmes
- Targeted recruitment
- Optimal resource allocation
- Leadership reviews
- Salary benchmarking
- Ethical labour practices

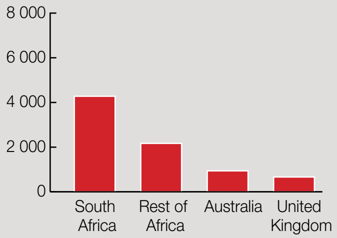
KEY PERFORMANCE INDICATORS

- Employees by region and division
- New hires
- Retrenchments
- Employee turnover (%)
- Investment in training
- Training hours (average)
- Number of employees trained
- Professional registration assistance programmes
- Number of learnerships
- Bursary spend
- Number of students receiving bursaries

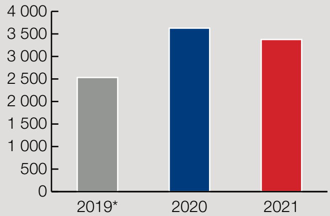
FY2021 SNAPSHOT

- Ongoing reduction in total headcount due to economic impact of Covid-19, suspension of works in Mozambique and revised strategy in Australia
- 15% decrease in total headcount at 30 June 2021 to 8 049 (FY2020: 9 470)
  - 11% decrease in South Africa (FY2020: 26%)
  - 23% decrease in the rest of Africa (FY2020: 6%)
  - 16% decrease in Australia (FY2020: 2%)
  - 14% decrease in the UK (FY2020: 31%)
- 951 retrenchments of permanent employees (FY2020: 624)
- 60% increase in person days lost (South Africa and the rest of Africa only) due to primarily due to suspended activities in Mozambique
- Significant investment in formal and informal training of R94 million (FY2020: R101 million)

Headcount by region



Number of employees trained



** The 2021 and 2020 years represent the Group, whereas only South Africa has been presented in 2019.*

For more on our human capital and skills development practices, see WBHO's separately published **2021 ESG Report.**

SO5 SAFETY AND ENVIRONMENTAL MANAGEMENT

As a contractor with an international footprint, operating across Africa, Australia and the United Kingdom, it is essential that WBHO holds itself to the very highest health and safety standards. Protecting the welfare of employees and subcontractors results in healthy morale and undisrupted productivity. Additionally, a proven safety record is imperative for the procurement of work within certain key markets, particularly mining infrastructure and the public sector.

As a moral corporate citizen, the Group has an ethical and legal duty to minimise and reduce its impact on the environment in the areas in which it operates. Compliance with environmental regulations and legislation strengthens WBHO's reputation and avoids legal and financial consequences.

STRATEGIC INITIATIVES

- Implementation of global industry best practice
- Accident and near-miss reporting
- Effective and transparent incident management
- Visible Field Leadership (VFL) and Directors' Tours programmes
- Safety First initiative
- Medical fitness programme
- Training and awareness programmes
- Safety alert and safety stand-down practices
- Carbon disclosure project
- Water usage management
- Waste management initiatives
- Green Building accreditation

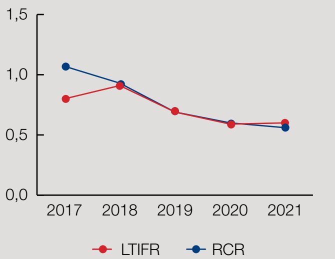
KEY PERFORMANCE INDICATORS

- OHSAS 18001: Safety management system (SMS)
  - Number of LTIs and fatalities
  - LTIFR and RCR
  - Alcohol and drug test results
  - SMS coverage and audit outcomes
- ISO 14001: Environmental management system (EMS)
  - Environmental incidents
  - Carbon emissions
  - EMS coverage and audit outcomes

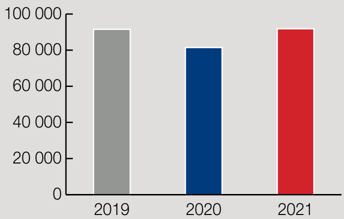
FY2021 SNAPSHOT

- ISO 18001 and 14001 certification maintained across all regions
- Group LTIFR maintained at 0,60 (FY2020: 0,59)
- New record low LTIFR of 0,36 achieved in FY2021 (FY2020: 0,41) within the African operations
- Two fatalities in South Africa (FY2020: three)
- Ongoing awareness interventions
  - 1 080 employees (FY2020: 896) from the Africa operations participated in health and safety training
- Zero reportable incidents recorded nor fines levied for non-compliance with environmental laws and regulations

Lost-time injury frequency rate (LTIFR): Group



Carbon emissions (tonnes CO_2e)*



** Excludes Australian operations, where the reporting of carbon emissions is not required.*

2 FATALITIES (2020: 3)

ISO 14001:2015 CERTIFIED

ISO 45001:2019 CERTIFIED

100% EMS AND SMS COVERAGE (2020: 100%)

For more on our safety and environmental management practices, see WBHO's separately published **2021 ESG Report.**

SO6 TRANSFORMATION AND LOCALISATION

A diversified workforce, the development of skills, succession planning and the transfer of economic benefits to previously disadvantaged individuals and local community members in all regions of operation, as well as cultivating a representative management structure are fundamental to WBHO's long-term sustainability.

STRATEGIC INITIATIVES

- Transformation strategy and implementation programme
- Localisation practices
- Employment equity plan
- Construction Industry Charter Council representation
- Communication and negotiations with the Department of Labour

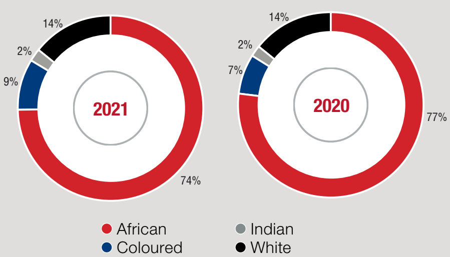
KEY PERFORMANCE INDICATORS

- B-BBEE scorecard rating (by division)
- Workforce by gender, location and contract type
- Procurement spend
- Employment equity targets

FY2021 SNAPSHOT

- WBHO proudly retains Level 1 status for five consecutive years
- 88% black ownership and 40% black women ownership in South Africa
- R5 billion black procurement spend (FY2020: R4,9 billion)
- R64 million invested in the training of black individuals (FY2020: R65 million)
- Development of long-term mutually beneficial relationships with emerging contractors through joint ventures and enterprise development programme
- Ongoing support of VRP initiative in a difficult trading environment:
  - Growth objectives for VRP partners remain attainable
  - R106 million contributed to the Tirisano Trust over five years
- 92% (FY2020: 91%) of the workforce in African countries represented by citizens of the host country (excludes South Africa)
- Formation of 51% citizen-owned company in Ghana
- Ongoing engagement with government in respect of proposed new legislation and potential impact on transformation objectives
- Proactive and transparent community engagement to support localised job creation and upliftment and minimise site disruptions

Demographics of South African employees



Localisation in major African countries (%)

99% BOTSWANA (2020: 97%)	**89%** ZAMBIA (2020: 78%)
96% GHANA (2020: 98%)	**94%** LESOTHO (2020: 95%)
81% MOZAMBIQUE (2020: 83%)	**91%** MADAGASCAR

For more on our transformation journey, see WBHO's separately published **2021 ESG Report.**

HOTEL SKY

Conversion of and existing 28-storey building into a new hotel with associated amenities consisting of seven parking levels and 17 floors of hotel rooms and four floors including pool decks, restaurants and a night club

PROJECT VALUE

R411 million

PROJECT DURATION

22 months

RISK MANAGEMENT

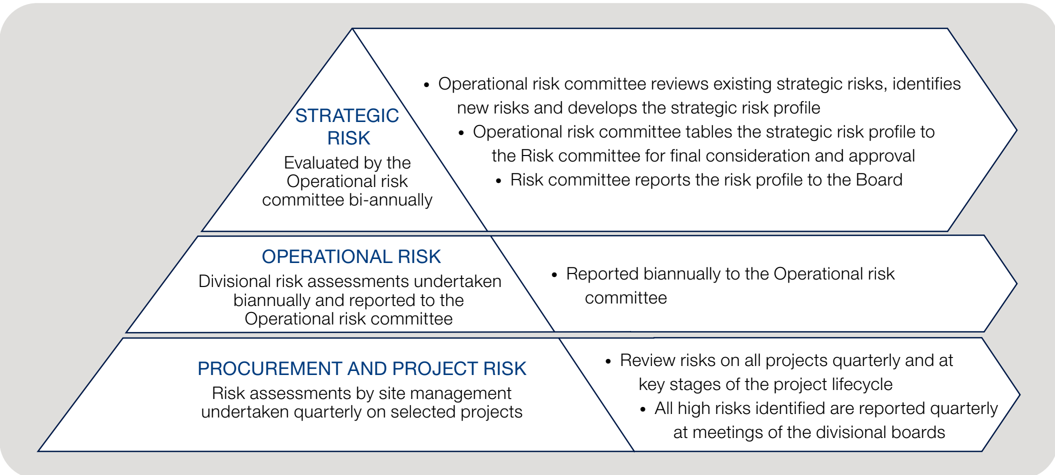
OUR APPROACH

WBHO realises that risk management is a fundamental management practice that is imperative for good corporate governance. While risk cannot be eliminated from business activities, the risk management process provides a methodised way to identify, prioritise and manage risk.

By entrenching risk management within Group business processes in a specific and practical manner, a formal means for managing the risks associated with the operating environment is established.

The Board is assisted by the Risk committee and the internal audit function when considering and reporting on strategic, operational and project risks. The Board is ultimately responsible for risk governance and determines the level of risk tolerance within the Group and reviews its risk profile bi-annually.

RISK MANAGEMENT PROCESS



RISK MANAGEMENT METHODOLOGY

PROCUREMENT AND PROJECT RISK

Potential projects are assessed prior to tender submission and defined authority levels are in place for how bids are escalated through the management structures of the Group for approval. As with active projects, tenders are evaluated against time and cost, together with available resources, client assessments, payment risk, margins, country risk and contractual terms that are considered to be unusual.

Major projects are assessed every three months as well as at crucial lifecycle stages of the project. These evaluations take the form of risk and opportunity schedules that focus on the key risks of time, cost, resources, contractual claims and stakeholder relationships. The outcome of these evaluations are tabled and discussed at monthly management meetings. These schedules are also captured into the risk database and the divisional dashboards identify trends and common themes across all the Group's projects.

OPERATIONAL RISK

Operational risks are evaluated at a divisional or business unit level. Giving due consideration to the individual operating environments, risk assessments are made relating to current market dynamics, skills shortages, capacity, talent management and stakeholder relationships (clients, professionals, labour, suppliers and communities). These risks are presented and discussed at a senior management level and appropriate risk mitigation strategies are developed and refined. Once entered into the risk database, these risks are escalated to the Operational risk committee and, ultimately, the Risk committee.

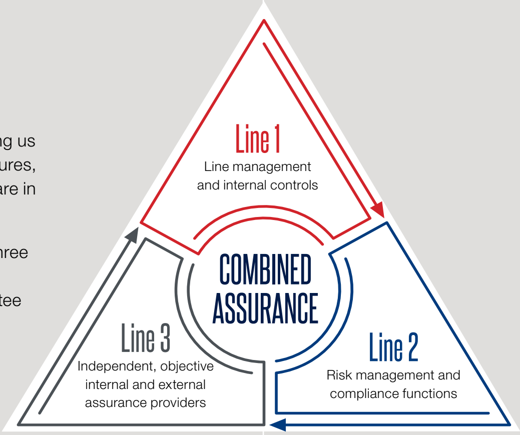
STRATEGIC RISK

The risks and trends incorporated within the operational risk assessments inform the Risk committee's assessment of the risk profile of the Group in the context of delivering its strategic objectives. The macro environment, together with corporate, regulatory and legal compliance risks are also assessed. These risks are presented to the Board, which then determines the overall strategy of the Group.

ASSURANCE

Assurance is an invaluable business tool enabling us to identify potential risks, understand our exposures, and ensure that the right checks and balances are in place to mitigate these risks.

The overarching framework, incorporating the three lines of defence illustrated in the following infographic, was presented to the Audit committee during the year.



The Board, through the Audit committee and supported by the Risk committee, are responsible for ensuring that the combined assurance model is applied to provide a coordinated approach for all assurance activities, in order to appropriately address all the significant risks facing the organisation.

In developing the combined assurance plan, a comprehensive risk assessment was made of the various operational and financial areas of the business, categorising each of these into areas requiring low, medium or high levels of assurance, based on their inherent risk profiles. Those areas identified as requiring medium and high levels of assurance are then incorporated into the audit plans of the various independent assurance providers of the Group, namely the environmental, safety and internal audit teams.

The following table lists the content and processes on which WBHO obtains assurance, together with the providers of this assurance.

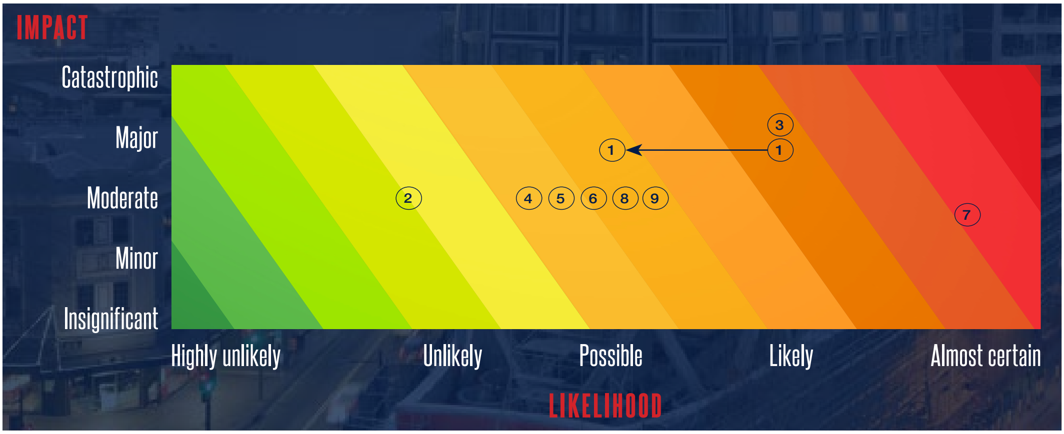
Content and functions	Assurance provider	Level of assurance	Outcome
Annual financial statements	BDO South Africa Incorporated	Level 3	Unqualified audit opinion
B-BBEE rating	EmpowerLogic (Pty) Ltd	Level 3	Level 1 certified
Environmental management	BSI	Levels 2 and 3	ISO 14001 compliant
Occupational health and safety management	BSI	Levels 2 and 3	ISO 45001 compliant
Quality management	TUV Reinland	Levels 2 and 3	ISO 9001 compliant
Internal control environment	Deloitte South Africa	Levels 1 and 3	Reliance on internal controls

RISK TOLERANCE AND RISK APPETITE

WBHO understands and proactively manages risks within set risk appetite and risk tolerance levels in order to optimise business returns. Risk appetite is defined as the amount and type of risk that the organisation is willing to take in order to meet its strategic objectives.

ENTERPRISE RISK MANAGEMENT

The enterprise risk management process records and aggregates the risks and opportunities identified at the project and operational levels of the business, which then informs the assessment of certain strategic risks. Aggregate values at risk are determined both at business unit level and ultimately the Group. Project risks have been standardised to cover numerous individual site circumstances, which allows for consistent reporting and aggregation of risk.



	Risk and impact on value if not managed	Key response or mitigation
1 ↓ Strategic objective: SO1	**Country risk and changing market dynamics** *(uncontrollable)* The Group conducts business across numerous sectors and in various geographical locations. Various factors, including economic cycles, political environments, government policy, and currency volatility impact the markets in which the Group operates. A material deterioration in one or more of these countries or markets could have a severe impact on the size and nature of the Group. The recovery of global economies as the impact of Covid-19 begins to lessen, the implementation of a revised strategy in Australia aimed at de-risking operations, the visible consequences of Brexit now materialising in the United Kingdom and the suspension of works in Mozambique following sporadic terrorist activity have resulted in this risk decreasing from **almost certain to possible** with the impact remaining **major.**	• Structured risk assessment framework in place to ensure operational procedures are aligned with identified risk • Ongoing review of market intelligence in countries with political conflict • Broad diversification across core competencies and geographical expansion or disinvestment • Flexible and responsive management • Strong logistical capabilities to access remote African regions
2 → Strategic objectives: SO3 SO6	**Industrial action** *(uncontrollable)* The South African and Australian labour markets are heavily unionised and unions wield significant influence. Regular industrial action can occur. Industrial action impacts on-site productivity, delivery and financial performance. In South Africa, in the number of man days lost of 84 756 was primarily due to community unrest and the suspension of works in Mozambique due to the terrorist threat (Risks 1 & 7). There has been very little strike activity by the construction labour force in South Africa over recent years. New wage agreements have been, or are close to being, concluded within both building and civil labour markets and thus the risk remains at **unlikely** and **moderate**.	• Open and transparent dialogue with employees and their representatives • Ongoing, and regular engagement with major unions • Negotiation of multi-year wage agreements where possible
3 → Strategic objective: SO2	**Contracting with unreliable clients** *(controllable)* Due to the value and size of construction contracts, failure by clients to meet their payment obligations can significantly impact the Group's cash flow, and result in margin deterioration and delays in project execution. The subdued construction market over recent years has necessitated bidding for new and unknown clients, which alongside the potential impact of Covid-19 on our clients has resulted in this risk remaining **likely** with the impact being **major**.	• Robust due diligence processes in place to ensure clients are properly assessed prior to engagement • Stringent negotiation of payment terms and guarantees • Requirement for payment guarantees on majority of projects

	Risk and impact on value if not managed	Key response or mitigation
4 → Strategic objective: SO2	**Procurement and execution risk** *(controllable)* Procurement and execution risk are closely linked to changes in market dynamics, skills shortages and talent management. In the existing competitive environment, margins have been eroded requiring an increased focus on project execution. The prevalence of these risks is determined with reference to the total residual value at risk across all projects and trend analyses obtained from the risk database. The Group widely utilises the services of suppliers and subcontractors on projects. Downward pressure on subcontractor pricing and the economic impact of Covid-19 has resulted in a number of business failures and increased risk of non-performance. This has serious consequences for projects, which include financial, operational and reputational implications. The pressure to secure new work amid lower procurement activity and two material loss-making projects in Australia have resulted in this risk remaining **possible** and **moderate**.	• Structured planning and resource utilisation processes • Formal tender policy and tender approval authority matrix in place • Due diligence investigations undertaken on critical suppliers and subcontractors • De-risking of bidding strategies in Australia • Stringent monitoring of project performance via thorough forecasting of completion costs at critical stages of the project lifecycle • Implementation of globally accredited quality best practices
5 → Strategic objective: SO5	**Major safety, health or environmental incident** *(controllable)* The construction industry is seen as a high-impact and hazardous sector. Any major incidents that occur have reputational implications for the Group, which can affect its ability to procure work. The Group has implemented internationally recognised best practice systems across all operations and has made good progress in reducing the number of LTIs experienced on projects, however, the risk of a serious safety or environmental incident remains **possible** with a **moderate** impact.	• Implementation of globally accredited, safety and environmental best practices across all operations • Top-down responsibility and accountability to ensure culture is embedded at all levels of operations • Proactive information and knowledge sharing • Ongoing prevention initiatives • Regular training interventions
6 → Strategic objective: SO3	**Non-compliance to laws and regulations** *(controllable)* The Group is subject to numerous legislative and regulatory requirements across various geographies. Covid-19 resulted in the promulgation of extensive new legislation in all geographies temporarily increasing the risk of non-compliance. This has now been successfully mitigated. Non-compliance with any legislation carries significant reputational risk, the potential for fines and penalties and the possible loss of the necessary licences or accreditations needed to procure work. The Group monitors compliance with existing and new regulations and legislation through its regulatory risk matrix. Due to the many inherent variables, the risk remains **possible** and **moderate**.	• Urgent review and implementation of all Covid-19 related legislative requirements • Frequent review of regulatory and legal matrix together with monitoring of non-compliance • Mandatory Competition law and Anti-bribery and corruption training for identified employees • Communication of the Code of Conduct to all new hires
7 ↓ Strategic objective: SO6	**Community unrest** *(uncontrollable)* Poor service delivery and high levels of unemployment significantly affect the quality of people's lives within township and rural communities. Community members are desperate for work and this often results in unrealistic expectations of employment opportunities. In built-up areas various business forums claiming to represent local communities and businesses, regularly cause on-site disruptions. The prevalence of these incidents is now commonplace and WBHO has developed the necessary strategies and protocols to proactively deal with these events in a manner that causes the least interruption to business activities. The likelihood of this risk has now reduced from **almost certain** to **likely** with the impact remaining **moderate**.	• Formal protocols developed on how to: – Engage with communities and business forums prior to construction – Manage relationships throughout the construction phase – Respond to disruptions and threats of violence • Appointment of community liaison officers • Increase on-site security measures

	Risk and impact on value if not managed	Key response or mitigation
8 → Strategic objectives: SO3 SO4 SO6	**Transformation and localisation** *(partially controllable)* Transformation within the construction sector remains high on the government's political agenda. Draft legislation in respect of employment equity and public procurement is not seen as business-friendly and may have implications for work prospects if promulgated in its current form. In most other African countries, localisation practices have become more prevalent. These include limitations on work permits for expatriates, minimum targets for local employment and public procurement spend directed toward majority-owned citizen businesses. The Australian Government has also introduced many policies and programmes aimed at improving the lives of the Aboriginal and Torres Strait Islander people. The Group retained its Level 1 B-BBEE status in South Africa this year, maintains high levels of local employment and works closely with citizen-owned companies in the rest of Africa, and participates in relevant programmes in Australia. However, government policies and regulations governing transformation and localisation within the sector are often unclear and this risk remains **possible** and **moderate**.	• Strategies developed and implemented to meet all elements of the scorecard • Operational focus on elements within their control • Regular monitoring and reporting of performance against targets at management meetings and Transformation Exco • Retention strategy and management development programme for promising individuals of colour in place
9 ↓ Strategic objective:	**Meeting obligations under the Voluntary Rebuild Programme (VRP)** *(partially controllable)* Participants to the VRP that elected to mentor emerging contractors are required to assist in growing the turnover of those contractors cumulatively to 25% of the participant's turnover by 2024, with a sub-minimum of 10% per annum. Penalties may be levied on any shortfall in meeting the sub-minimum targets from 2021. In the current economic environment, particularly following the impact of Covid-19, achieving any form of growth within the construction industry over recent years has been near impossible. Although the emerging contractors under the mentorship of the Group have successfully survived the impact of the pandemic, achieving year-on-year future growth of 10% may not be realistically deliverable. The Group considers the risk of penalties in 2024 to be **possible** and **moderate**.	• Ongoing implementation of mentoring programmes which include: – Assistance with bidding protocols – Assistance with implementation of enhanced OHS policies and procedures – Execution of projects in joint venture and on-site mentoring of employees – Progress towards meeting objectives identified in individual needs analyses • Engagement with government to motivate Covid-19 as a material adverse event under the Agreement

→ Risk unchanged ↓ Risk decreased ↑ Risk increased

For further information on how these risks affect our material issues see **pages 18 to 33** of this report.

DELIVERING VALUE

MESSAGE FROM THE

CHIEF EXECUTIVE OFFICER

WOLFGANG NEFF

Following the substantial losses reported in FY2020, it was satisfying to again deliver a profitable result in FY2021. However, the additional losses recognised in Australia continued to tarnish the overall performance of the Group which included praiseworthy results from the African and UK operations.

It has been an exceptionally challenging year living through the ramifications of Covid-19, not only on our business, but also when observing its effect on employees, colleagues, clients, friends and family on a personal level. I was deeply saddened by the passing of six of our employees at the time of writing. Cobus Robbertse, the general manager of our plant yard in Midrand, South Africa, Graeme Jeffery of our subsidiary, Reinforced Mesh Solutions (RMS) and from within our African operational teams, Silindile Mbense, Valentine Ruthenburg, Suleiman Gierdien and Johannes Maphunye all tragically succumbed to the virus during the year. It was no less difficult to learn of the passing of far too many colleagues, from our clients, professional teams and subcontractors, most of whom I have known and worked with for many years over my career. Subsequent to the end of the reporting period, we also lost through non-Covid-related illnesses, Eddie Mashishi, the original shareholder of our associate company, Edwin Construction and past board member of our main operating subsidiary, WBHO Construction, as well as Dino Singh, the shareholder of Trencon Construction, one of our VRP partners with whom we have completed many prominent projects. I would like to take this opportunity to offer my personal, heavyhearted condolences as well as those of the Board and the entire WBHO family, to the families and friends of all those mentioned, as well as each of our employees who have experienced their own personal loss, as we come to terms with our grief and continue to mourn our loved ones.

Operationally, the Group has adapted as best as possible to the varying disruptions caused by Covid-19. Lockdown restrictions continued to impact productivity and to a greater extent, new work procurement throughout the reporting period. The lower levels of procurement being experienced impacted activity levels in Australia and the UK over the second half of the financial year as existing projects reached completion without being fully replaced.

From a health and safety perspective, the observing of all recommended Covid-19 protocols in respect of social distancing, hand-sanitising and wearing of masks has become the norm and office-based staff have been supported in working from home when required to do so. With these strict Covid protocols in place, our projects have managed to operate and in so doing we have continued to deliver most projects to our client's expectations.

As the CEO of WBHO, it is my responsibility to safeguard the wellness of our people. It is incumbent on me to ensure the greatest good for the greatest number. While we acknowledge there are unanswered concerns surrounding Covid-19 vaccinations, the scientific data available to date demonstrates that, for the majority of us, vaccinations offer good protection against serious illness and hospitalisation from the virus. Based on this premise, WBHO has supported and encouraged our employees in obtaining their vaccinations, including providing onsite clinics at some locations in South Africa. At the time of writing, 83% of both the staff and labour within our African workforce have received at least one dose of their vaccinations which is well above the national average. While we aren't able to obtain these statistics for Australia and the UK, we believe the that majority of our staff in these regions have been vaccinated. A recent survey in Australia highlighted that less than 1% of our Probuild staff were averse to vaccinations.

OPERATING CONTEXT AND PERFORMANCE

Following the substantial losses reported in FY2020, it was satisfying to again deliver a profitable result in FY2021. However, additional losses recognised in Australia continued to tarnish the overall performance of the Group which included praiseworthy results from the African and UK operations.

In South Africa, after the initial shock of Covid-19 subsided, market activity began to improve toward the end of the 2020 calendar year. Having endured a six-month period where many businesses and State-owned entities adopted a cautious wait-and-see approach, especially where large capital expenditure was concerned, the procurement of new projects and the restoration of order book levels was a primary focus.

The Building and civil engineering division successfully concluded a number of ongoing negotiations as welling as winning bids in the tender market. Over R5,7 billion in new work was secured in the second half of the year and a further R1,5 billion shortly after the year end. These awards included various large-scale projects in each of the provinces in which we have a major presence. The order book has strengthened to above pre-pandemic levels and the team has done exceptionally well to stabilise the division so quickly. The retail sector has been subdued for some time now and this was further amplified by reduced foot traffic through existing malls and a surge in online shopping due to Covid-19. Vacant commercial office space has also been growing within major business centres and climbed even higher in the current year as companies sought to reduce rentals even further after lengthy work-from-home periods became necessary. "Remote" and "hybrid" working conditions have become buzzwords and we are aware of numerous large corporates seeking to reduce floor space to accommodate this phenomenon. Despite these prevailing trends, the division secured two large retail projects in the coastal regions, commenced work on the new offices for the Department of Rural Development and Land Reform as well as continuing to be successful in the sub-R250 million commercial office sector. Increased activity from the industrial buildings and warehousing sectors has also mitigated the lower activity experienced from the retail and commercial building markets. From a delivery perspective, it was gratifying to see strong growth accompanied with solid margins within the division.

I was also pleased at the efforts of the Roads and earthworks division to sustain activity levels locally in the absence of the long-awaited adjudication of several mega road infrastructure projects from the South African National Road Agency (Sanral). As frustrating as these processes can sometimes feel, the significant volumes of work that Sanral has recently brought to the industry has been most welcome, and the division still successfully secured almost R1 billion in new roadwork projects over the course of the year. What has been just as encouraging for me, has been the recovery of the mining sector as commodity prices have risen. Mining infrastructure projects made the second largest contribution toward activity levels within the division this year and offer enhanced margins.

We also made more headway into the renewable energy sector, led by our Projects team and supported by both the Roads and earthworks and Civil engineering divisions.

In the rest of Africa, both the Civil engineering and Roads and earthworks divisions focused the majority of their resources on the execution of various projects at the massive LNG gas-infrastructure project in Palma, Mozambique for both an EPC contractor and directly with Total. The projects were fraught with challenges and delays from the outset, ranging from flooding, material shortages, access and quarantine restrictions due to Covid-19, and ultimately an indefinite suspension, and on some projects outright termination, due to a terrorist attack outside of the projects' security cordon, targeting contractors and civilians based in Palma. What left me in awe, was learning of the role our Mozambican team played in the evacuation of not only our own staff, but also fellow contractors and civilians left stranded there. The feedback I received left me exceptionally proud. In spite of the regular disruptions experienced during the year, the Mozambican operations still comprised almost 60% of total activity from the rest of Africa, which gives some indication of the scale of this project. As one can imagine, the regular delays and multiple suspensions on such a large project resulted in numerous contractual claims. The commercial negotiations dealing with these issues are difficult and complex. Nonetheless, we have made good progress, having achieved a final settlement on one project and reaching advanced stages of negotiation on the remaining projects.

The Australian operations faced another difficult year. The failed sale of our building business was a major disappointment, particularly as it was through no fault of the either of the transacting parties. Still, we had always planned for such an eventuality, having developed a revised business strategy that was ready for immediate implementation. Probuild has always demonstrated strong delivery and profitability within its home-base in Victoria, while Sydney and the wider New South Wales state offer the largest construction market. Together with the Australian management team, we felt that these two markets presented the best opportunities for the business and the most optimal use of our resources and management time. Consequently, we will exit the Queensland and Western Australia building markets toward the end of FY2022, once existing projects have been completed. The Australian construction environment has also become increasingly competitive and contractual. In my view, the potential project risk on large mega-building projects outweighs the current margins available. With this in mind, we have adopted a more conservative bidding strategy focused on securing lower-risk and less complicated projects. Based on this approach, it was our intention to see some decline in the order book as we reduced our exposure to high-risk projects. However, sourcing acceptable projects has been made more difficult with procurement activity and the number of available projects being impacted by Covid-19.

A considerable amount of time and effort has also been directed toward managing and monitoring the headway made on the two material loss-making projects in the region.

While obtaining physical completion of the WRU project in March 2020 was a relief, it was disappointingly delivered at significant additional cost. Despite construction activity being complete, it was still necessary to provide for further anticipated costs to attain commercial acceptance. The additional AUD28 million loss recognised on this project in FY2021 was the main driver behind the overall loss of R412 million in Australia. Having achieved commercial acceptance effective 30 September 2021, it is pleasing to finally have this project behind us.

The other distressed project in Australia is the 443 Queens Street project in Brisbane, undertaken by Probuild. We made good progress on this project during the year, however, supply chain disruptions and reduced productivity caused by Covid-19 resulted in the programme slipping by a couple of months and additional forecast costs to reach completion. This project remains on track for completion within the FY2022 reporting period.

Procuring new work was also a major factor in the UK. Strict lockdown restrictions were in place over a large part of the reporting period that resulted in delays in awarding live bids and fewer new opportunities. This lack of replacement work affected both the Byrne Group in London and Russell-WBHO in Manchester. Operationally, both businesses performed well under the prevailing conditions and were able to execute their work-on-hand at solid margins.

CAPACITY AND TALENT MANAGEMENT

Within the construction environment, the size and composition of our teams is dependent on the number and type of projects within our portfolio. Therefore, the size of the workforce fluctuates in response to these requirements. The total workforce reduced by 1 421 staff members in FY2021, representing an 15% overall decrease. The decrease is mainly attributable to Covid-19 and is an overflow of the retrenchment processes that were implemented toward the end of FY2020 in anticipation of lower activity levels across all regions of the Group's operations. Additional retrenchments were necessary in Australia in FY2021 as a consequence of the revised business strategy that was implemented.

In South Africa, shrinking capacity within the construction industry combined with political and social unrest has resulted in a flood of construction skills leaving the country in search of security for themselves and their families. Although Covid-19 restrictions made emigrating more difficult this year, this trend has remained prevalent. Due to the recent processes aimed at reducing the overall workforce, the impact of this ongoing loss of skills within middle management has been contained in FY2021, however, it remains a concern over the longer-term, particularly in light of a pending revival of the industry.

The construction labour market in Australia has been highly competitive over recent years, driven by strong construction markets particularly within the infrastructure sector. Wage growth and increased entitlements for employees has seen a transition of building sector staff to the infrastructure sector. Although Covid-19 lockdown restrictions managed to curb this trend in FY2021, voluntary departures accounted for 66% of staff turnover. This has, however, supported the scaling down of the building business.

In the UK, as vaccination levels have grown and lockdown restrictions have been eased, there has been a noticeable uptick in construction activity and employers are again seeking to hire. Employers are however struggling to fill vacancies following the loss of a significant proportion of European Union workers due to the government's post-Brexit immigration rules and Covid-19 border controls.

Although it was necessary to reduce the capacity of our skilled resource base, retaining our core skilled teams remains critical for our future sustainability. Forging strong and lasting relationships with all employees is a major priority for WBHO. We understand that a healthy relationship with our people translates directly into productivity, efficiency and competitiveness for us as a business and we take our commitment to building these relationships seriously. Alongside offering competitive remuneration and incentive structures we have the necessary processes in place to discuss and develop the career paths of young talent within our various businesses.

In the interests of employee safety, we limited the amount of face-to-face training as far as possible this year, however, several online courses were conducted. Every year, countless hours of informal mentoring are also invested in supporting the development of new talent within the Group.

SAFETY AND ENVIRONMENTAL MANAGEMENT

The Group's safety statistics at 30 June 2021 remained in line with the improved LTIFR of 0,59 achieved in FY2020. The African operations achieved a new record low LTIFR of 0,36 and the UK operations also improved further in the current year.

The steady improvement in our safety record over the last five years can be attributed to the commitment of our senior management to cultivate a safety culture throughout the business that is also extended to our suppliers and subcontractors. Our "Safety First Initiatives" are reviewed and evolve each year. The Visible Field Leadership programme and Directors' Tours continue to play an integral role in demonstrating the commitment from senior management to a proactive and hands-on approach to safety within the business, that is led from the top down.

Sadly, Mr Petros Sipho Sibeko from WBHO and Mr Siphiwe Agreement Kgatla, a subcontractor employee, tragically lost their lives in work-related incidents in South Africa. The Board and management offer their deepest condolences to the family, friends and colleagues of the deceased for their devastating loss.

TRANSFORMATION AND LOCALISATION

Our "localisation and transformation" objectives remain a key focus across all of the geographies in which we operate. We take pride in developing local communities in the areas in which we operate, and have appointed community liaison officers on a number of sites who strive to understand their needs, which in turn also limits disruptions. We also work hard at employing and training local inhabitants in countries where we have a permanent presence.

Most public projects, and increasingly private sector projects as well, have a requirement for "Local Spend" aimed at ensuring that the distribution of wealth generated from these projects directly benefits communities within the area and creates employment opportunities and a transfer of skills. The construction industry employs the highest percentage of unskilled workers of any industry and works in remote areas with high levels of unemployment. Furthermore, it is one of the highest employers of the youth in the country. Hence, as an industry we are able to make a significant contribution toward achieving government's social objectives.

Despite the worthy intentions behind the "Local Spend" philosophy, there have been some unintended consequences for the local operations. The new procurement regulations not only prescribe that a fixed percentage of black-owned SMMEs be used on projects, but in most instances also prescribe that they be employed from the local area, this has had an impact on our enterprise development programme. Participants on the programme can no longer move from project to project alongside our operational teams which has made it difficult for us to invest in their long-term growth and development. Sadly, while local communities gain some benefit from our projects, it is harming the wider industry as smaller black-owned construction businesses struggle to advance to the next tier.

OUTLOOK

As vaccination levels increase in South Africa and the rest of Africa and with the Australian and UK populations already highly vaccinated, we are hopeful that the disruptions caused by Covid-19 will continue to diminish. The current rebound in private fixed investment taking place alongside increased public sector spending, has seen a resurgence in the forward-looking project pipelines in South Africa, certain regions in the rest of Africa and the UK. This has prompted a far more positive outlook over the medium-term for construction opportunities within the Group's traditional markets. I am thus cautiously optimistic that order book levels within the Roads and earthworks and Civil engineering divisions as well as the UK operations should improve.

The softer short-term outlook in Australia allowed us the space to implement our consolidation strategy and reduce capacity over the second half of FY2021. We have much work left to do and hopefully we will be able to travel to Australia soon, following recent news that the Government intends opening up international borders in November.

APPRECIATION

It has been an immense privilege to steer WBHO through these turbulent times and I am grateful to the Board and our shareholders for the faith they have placed in me. It would not be possible without the support and commitment of my management team and the dedicated teams of employees alongside them. It has been, and always will be, a cohesive team effort directed toward ensuring a sustainable values-driven future for the business. A special thanks also, to our many subcontractors, suppliers and clients, as well as the professional consulting teams, with whom we work on a daily basis.

Wolfgang Neff
Chief Executive Officer

VLAKFONTEIN RESERVOIR

Construction of a 158 metre diameter concrete reservoir with associated pipework and valve chambers

PROJECT VALUE

R397 million

PROJECT DURATION

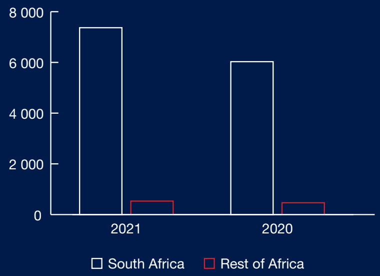
37 months

OPERATIONAL REPORTS

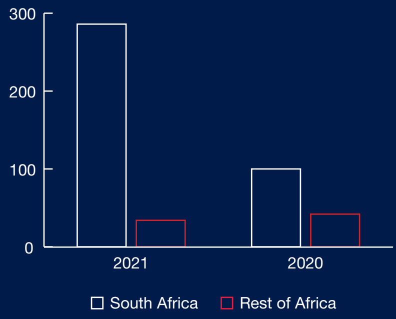
REVENUE (Rm)	OPERATING PROFIT (Rm)	OPERATING MARGIN (%)	CAPITAL EXPENDITURE (Rm)	PROJECTS NEGOTIATED (%)
2021: 7 900	**2021: 320**	**2021: 4,1**	**2021: 9**	**2021: 24**
2020: 6 495	2020: 142	2020: 2,2	2020: 27	2020: 34

NUMBER OF EMPLOYEES	RETRENCHMENTS	TRAINING SPEND (Rm)	LTIFR (per million man-hours worked)
2021: 1 788	**2021: 399**	**2021: 45,8**	**2021: 0,30**
2020: 2 073	2020: 155	2020: 43,0	2020: 0,53

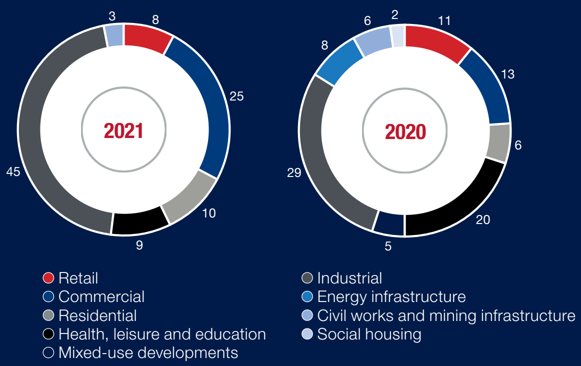
REVENUE (Rm)



OPERATING PROFIT (Rm)



REVENUE BY SECTOR (%)



BUILDING AND CIVIL ENGINEERING

The year in perspective

- Revenue up 22% overall
  - 23% increase in South Africa
    - Primarily within building markets
  - 14% increase from the rest of Africa
    - 200% increase in Mozambique
    - 23% decline in Zambia
    - Minimal activity in Ghana
  - 21% contribution to Group revenue (2020: 15%)
- Operating profit up 125%
- Overall margin of 4,0% (2020: 2,2%) back to pre-pandemic levels
  - 3,8% margin in South Africa
  - 7,1% margin in the rest of Africa

Revenue from the Building and civil engineering division increased by 22% over the preceding year while operating profit increased by a substantial 125% as the division bounced back from the impact of Covid-19 in FY2020, achieving an operating margin of 4%.

The overall headcount for the division decreased from 2 073 to 1 788, following the retrenchment of 399 permanent staff over the period. There were 240 retrenchments within the South African building division that were a continuation of processes implemented in FY2020 amidst the onset of Covid-19. The ability of the division to deliver increased revenue of 23% in South Africa despite reduced capacity, demonstrates the efficiencies the operational teams have accomplished. It was necessary for Civil engineering division to retrench 159 permanent employees this year, however 155 were in the rest of Africa and were unavoidable due to the suspension of works in Mozambique and to a lesser extent, lower activity levels in Zambia.

Capital expenditure was limited to critical items only and reduced to R9 million (FY2020: R27 million) as a result. Although an Exco decision was implemented to restrict face-to-face training in the interest of employee safety due to Covid-19, the training investment from the division increased by 6,5% from R43,0 million to R45,8 million by focusing on mentoring.

In FY2020, the division's LTFIR deteriorated from a record low of 0,25 to 0,53. This included 13 LTIs suffered by subcontractor employees. As a result, the division intensified its monitoring of subcontractor HSE systems and compliance. In FY2021 the LTIFR reduced back to 0,30. LTIs in FY2021 decreased from 14 to seven with over 28 million hours worked. Five related to subcontractor employees, a marked improvement compared to the 13 LTIs experienced in the prior year. Regrettably, one subcontractor employee suffered a fatal injury.

Building

- Improved performance across all regions in South Africa
- Strong second half performance as first six months were supported by deferred activity due to April and May lockdown restrictions in FY2020
- Tender markets remain highly competitive
  - Improvement in general building activity was noticeable
  - Re-emergence of some larger-scale projects
- Strong shift toward industrial buildings and warehousing projects within the Gauteng market alongside an uptick in commercial office activity
  - DRDLR project breaks ground and new mid-sized projects secured
- The Western Cape region delivered good growth from strong existing order book and new large-scale projects secured in the second half of the year
- Recommencement of a key mega-project in KZN and additional phases being awarded, resulted in strong baseload of work together with ongoing growth in warehousing sector
- Solid activity in the Eastern Cape over the first six months that softened in the second half of the year due to a lag between projects being completed and finding replacement work

The first half of the reporting period experienced deferred activity from H2:FY2020, and a lull in procurement over the same period, but a strong second half of the year supported by the award of a number of key projects, raised the full year's revenue by 17% compared to FY2020.

In Gauteng, the division produced solid results in an environment where new work procurement proved challenging. Recently, the industrial building and warehousing sector has emerged as a strong source of activity in the region with revenue from this sector now comprising 51% of overall activity, up from 16% in the comparative period. Following a marked increase in online shopping trends, the sector continues to offer ongoing opportunities. Although commercial office and mixed-use development activity in the region has decreased significantly over the last two years, the division continues to successfully target and secure smaller developments in the sub-R250 million market of this sector having been awarded four new projects in this sub-sector in FY2021. Additionally, in the second half of the reporting period the public-private partnership contract for the design, build, operation and maintenance of a new serviced working environment for the Department of Agriculture, Land Reform and Rural Development (DRDLR) finally broke ground and will provide a solid baseload of work from this sector until the end of FY2022. Retail activity in the region remains subdued with only two mid-sized projects under construction during the period, both of which are substantially complete. A number of other projects within the healthcare, student accommodation and residential sectors were also completed.

The division also delivered a robust performance from the coastal region achieving good growth of 23% over the previous period. Activity levels in the Western and Eastern Cape were supported by strong existing order books while in KZN, the division produced a strong second half result with revenue almost double that of the first half of the reporting period after commencing a number of key targeted projects within the warehousing and retail sectors. These sectors also formed the bulk of work executed in the Eastern Cape while in the Western Cape, commercial offices, mixed-use developments and residential projects were the key drivers of activity.

The procurement of new building projects in the rest of Africa that satisfy the Group's risk profile remains challenging. The refurbishment of a hotel in Lusaka, Zambia remains the only active project after construction of a new logistics container depot for Grindrod in Mozambique was suspended due to terrorist activity in the region and the award of a new project in Botswana continues to be delayed.

Civil engineering

- Solid performance delivered where weaker activity locally and in Zambia was offset by increased activity in Mozambique
- Frustratingly, strong growth for the full year was not realised as Mozambican projects were indefinitely suspended after only six months of work being executed
- New mining projects were secured as prospects for the sector improved on the back of higher commodity prices
- The renewable energy sector supported existing work as well as providing new opportunities
- New marine project secured at the Durban harbour to replace suspended marine project in Mozambique
- Sound execution of a large-scale reservoir for Rand Water has created potential for future work opportunities with this new client

Revenue from the Civil Engineering division was broadly in line with that of the comparative period. In Mozambique, the division's largest project – the construction of the 9 500 man camp which is part of Total's Area 1 of the LNG gas project at Palma, was again suspended in December 2020 after just six months of renewed activity. This suspension followed a previous suspension in FY2020 due to the Covid-19 pandemic. The suspension was then made indefinite in June 2021 and also extends to the newly awarded marine project at the same gas fields. The division is in the process of negotiating the settlement of suspension costs incurred.

Improved commodity prices and Eskom's rejuvenated commitment to its renewable energy programme have resulted in increased opportunities from these sectors. The award of two new mining infrastructure projects and a new windfarm project in South Africa manged to partially offset the abrupt decline in expected revenue from Mozambique. The re-access works at Kusile and ongoing construction of a 158 metre diameter concrete reservoir with associated pipework and valve chambers in joint venture with VRP partner, Motheo Construction, continued throughout the period alongside the manufacture and supply of 80 concrete towers standing 100 metres tall for the Copperton and Garob wind farm near Prieska. The division was subsequently awarded a contract to erect the towers at Prieska by the EPC contractor.

The Group's Projects division has also been active in this sector. Leveraging off its experience in delivering a number of previous solar energy projects, the division has secured various contracts for the installation of the electrical works on the wind farms.

In Zambia, activity continued to decline as existing projects were completed without being replaced.

FORD FRAMELINE

Construction of a factory, basement parking and office space for Ford in the Tshwane Economic Zone

PROJECT VALUE

R702 million

PROJECT DURATION

13 months

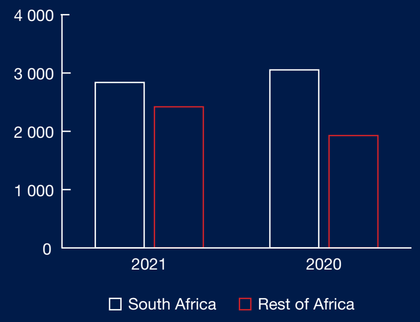

WBHO

OPERATIONAL REPORTS

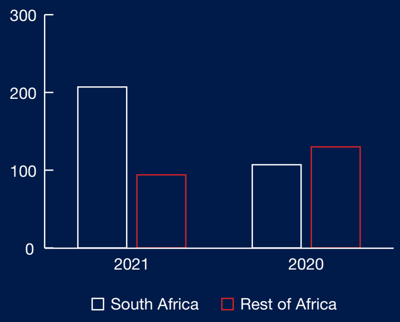
REVENUE (Rm)	OPERATING PROFIT (Rm)	OPERATING MARGIN (%)	CAPITAL EXPENDITURE (Rm)	PROJECTS NEGOTIATED (%)
2021: 5 258	**2021: 300**	**2021: 5,7**	**2021: 77**	**2021: 20**
2020: 4 980	2020: 237	2020: 4,8	2020: 116	2020: 8

NUMBER OF EMPLOYEES	RETRENCHMENTS	TRAINING SPEND (Rm)	LTIFR (per million man-hours worked)
2021: 4 224	**2021: 350**	**2021: 23,9**	**2021: 0,48**
2020: 5 097	2020: 247	2020: 26,8	2020: 0,20

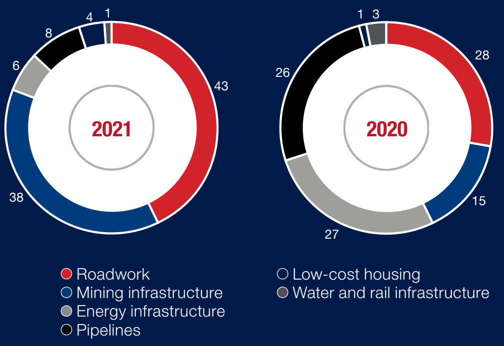
REVENUE (Rm)



OPERATING PROFIT (Rm)



REVENUE BY SECTOR (%)



ROADS AND EARTHWORKS

The year in perspective

- Increase in revenue of 6% (2020: decrease of 6%)
  - 7% decline in South Africa
  - 22% growth from the rest of Africa
    - 136% growth in Mozambique
    - 45% decline in Botswana
  - 14% contribution to Group revenue (2020: 12%)
- Operating profit up by 27%
- Improved margin of 5,7% (2020: 4,8%)
  - 4,8% margin in South Africa
  - 6,7% margin in the rest of Africa

Revenue from the Roads and earthworks division increased by 6% over the comparative period and is broadly back in line with pre-pandemic levels. Revenue generated in South Africa was comparable with FY2020 while revenue from the rest of Africa improved by a further 25%, having grown by 22% in the comparative period. Revenue from the rest of Africa comprised 46% of the division's overall revenue in the current period. The operating margin improved from 4,8% to 5,7%.

The overall headcount for the division decreased from 5 097 to 4 224. This comprised a decrease of 667 employees in the rest of Africa, which in common with the Civil engineering division, was mostly due to the suspension of works in Mozambique, but also influenced by lower activity levels in Botswana. In total 369 (FY2020: 246) permanent employees were retrenched, 116 in South Africa and 253 in the rest of Africa. This year, the division had to balance its capacity levels against available work-on-hand, yet with a number of mega-infrastructure projects due for award, it has also been necessary to retain the necessary skills and capacity to execute large-scale projects of this nature. The division self-performs in excess of 80% of work executed, thus should these mega-projects materialise, it is anticipated that it will re-enter a hiring cycle.

Capital expenditure decreased by R39 million to R77 million in FY2021 (FY2020: R116 million). This reduced investment in plant and equipment follows a decrease of R121 million in FY2020. The cut back in expenditure was aimed at conserving cash reserves during a time of increased uncertainty over future activity levels. The division carefully monitors the age and composition of its fleet of plant and all crucial replacements and strategic new items of plant were approved for purchase as required.

The LTIFR increased from 0,20 to 0,48, where seven LTIs were experienced compared to four in FY2020. Man-hours worked decreased from 19 million to 15 million and one WBHO employee suffered fatal injuries.

Training investment decreased by 10,8% from R26,8 million to R23,9 million. 1 000 employees received formal training.

South Africa

- Activity levels comparable with FY2020
- Roadwork, mining and energy infrastructure sectors most significant contributors
  - Active road projects in all major provinces – R1 billion in new work secured during the period
- Increased commodity prices result in improved activity from within mining sector
  - New mining infrastructure projects and additional works secured amounting to R820 million
- Ongoing projects for Eskom and Sasol – first renewable energy project secured for this division (alongside Projects team)
- Pipeline sector remains stable
  - Offering turnkey solutions to mining and energy sector clients continues to support activity
  - Public sector water infrastructure projects offering opportunities
- Rail market remains heavily depressed but longer-term prospects remain

Roadwork projects, followed by infrastructure projects for the mining and energy sectors, continue to be the primary drivers behind activity in South Africa, accounting for 82% of total revenue. Almost a R1 billion in new roadwork was secured during the year, predominantly in the coastal regions. Roadspan, the division's road surfacing and asphalt and bitumen supply business also delivered improved profitability after adopting a more conservative bidding strategy aimed at reducing payment risk. Within the mining sector, further work was secured for South 32 as well as new projects for Anglo American and Seriti Coal. These projects, alongside ongoing construction of the energy infrastructure projects at FAD 6 project for Sasol and the Medupi and Camden power stations for Eskom, all contributed toward revenue in the period. Providing clients with a turnkey solution for both civil engineering and pipeline construction services on select projects continues to prove successful and the division delivered a number of pipeline projects under this model at various mining, water and energy infrastructure sites during the period. The division also secured two mid-sized stand-alone pipeline projects during the year.

ROADS AND EARTHWORKS
CONTINUED

Rest of Africa

- Substantial growth in Mozambique with works centred at LNG gas-infrastructure project at Palma
- Reduced activity in Botswana as large-scale mining infrastructure projects reach completion
- Low levels of activity in Ghana replaced with a new mining infrastructure project in Madagascar

In the rest of Africa, declining revenue in Botswana due to the completion of several large projects, was fully offset by the substantial growth of 136% in Mozambique. The award of new projects at the LNG gas infrastructure project for Total, as well as an increased scope of works on existing projects supported this exceptional growth. The division's participation in projects related to the 9 500 man camp and process plant terraces were suspended in December 2020. The local Mozambique team played a significant role in assisting both the client as well as fellow contractors and subcontractors in evacuating the area after the first terrorist attacks in the region and was widely commended for its contribution. The division also secured various security-related projects in the region directly with Total. These projects incorporating the erection of a security perimeter fence and the design and construction of two military barracks, continued up until the suspension of the entire project in June 2021 and were subsequently terminated.

Revenue from the West African region remained in line with the comparative period, albeit at relatively low levels of activity. Projects remain limited to activity on the Ahafo and Obuasi mines and two public sector road projects in partnership with citizen-owned companies in Ghana. The West African team successfully targeted and secured a mining infrastructure project for a new client in Madagascar which commenced in the second half of the current financial year.

WATT STREET

Demolition of the existing bridge and interchange followed by construction of the new east-west link road and A grade intersection. New bus rapid transport lanes and a bus station were also constructed below the intersection.

PROJECT VALUE

R272 million

PROJECT DURATION

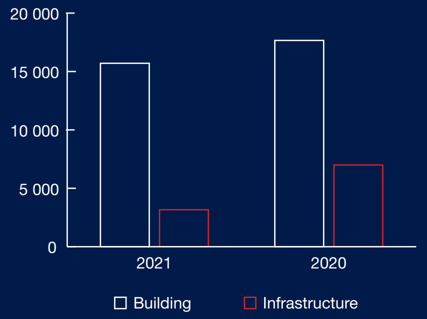
16 months

OPERATIONAL REPORTS

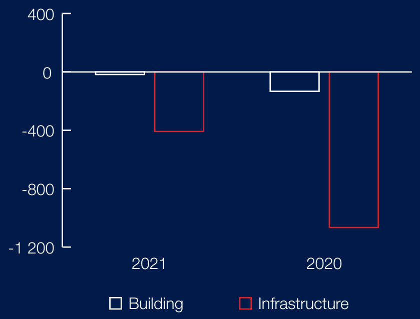
REVENUE (Rm)	OPERATING LOSS (Rm)	OPERATING MARGIN (%)	CAPITAL EXPENDITURE (Rm)	PROJECTS NEGOTIATED (%)
2021: 18 868	**2021: 412**	**2021: (2,2)**	**2021: 22**	**2021: 12**
2020: 24 657	2020: 1 199	2020: (4,9)	2020: 89	2020: 19

NUMBER OF EMPLOYEES	RETRENCHMENTS	TRAINING SPEND (Rm)	LTIFR (per million man-hours worked)
2021: 939	**2021: 97**	**2021: 4,3**	**2021: 1,56**
2020: 1 118	2020: 136	2020: 5,4	2020: 0,84

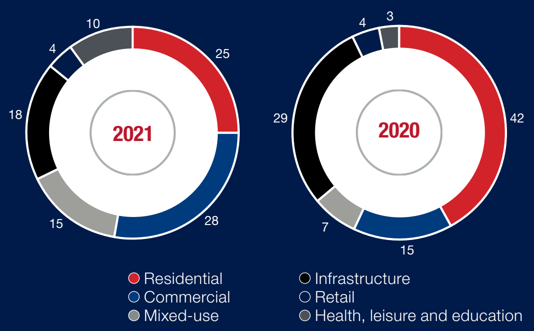
REVENUE (Rm)



OPERATING PROFIT (Rm)



REVENUE BY SECTOR (%)



AUSTRALIA

The year in perspective

- Australian performance hindered by further losses on WRU and 443 Queen Street projects
- Revised business strategy firmly in place within both the building and infrastructure businesses
- Difficulty in procuring new work due to impact of Covid-19 on business confidence
  - In excess of 200 combined days of lockdown periods during the course of FY2021

Revenue from Australia declined by 24% in rand terms and by 30% in Australian dollar terms. This was primarily due to productivity being affected by a number of Covid-19-related lockdown restrictions implemented in both Melbourne and Sydney, decreased revenue within the infrastructure business due to the physical completion of the WRU project and a lower order intake over the period as part of the changes to the business strategy. The combined operating loss reduced from R1,2 billion at 30 June 2020 to R412 million in the current reporting period. Further details in respect of the loss recognised for the reporting period are provided in the relevant sections that follow.

The number of employees in Australia decreased by 179 from 1 118 to 939 in FY2021. The reduction in headcount included the retrenchment of 97 permanent staff members in response to lower levels of activity and the wind down of operations by Probuild in Western Australia and Queensland as part of the implementation of its revised business strategy. High wage growth for construction professionals, particularly within infrastructure construction markets has resulted in increased resignations over recent years. Although staff mobility decreased significantly this year, with employees became increasingly reluctant to work away from home due to constant changes in border restrictions between Australian states, resignations remained high at 192 compared to 174 in FY2020.

The Australian operations place a strong focus on ensuring a robust safety culture within the businesses. Unfortunately, the LTIFR deteriorated from 0,84 to 1,56 in the year. The number of LTIs increased from 12 to 15 with the man-hours worked decreasing from 14 million hours to approximately 11 million hours. After conducting an analysis of the injuries that contributed to the LTIFR over the last 12 months, most were low severity injuries, many of which were identified to specific subcontractors. We have subsequently focused on working with them to enhance their safety culture, implement the risk controls needed to mitigate these types of injuries and active management of return to work practices.

Building

- Revised business strategy implemented after sale of Probuild blocked
  - Focus on lower-risk projects in larger markets of Victoria (VIC) and New South Wales (NSW)
  - Staged exit from Western Australia and Queensland markets with activity limited to completion of existing projects
- VIC and NSW markets comprised 85% of total building revenue in FY2021
- Commercial sector focus on refurbishment and fit-out projects
- Mixed-use and residential developments continued to support activity
- Problematic 443 Queen Street project is forecast for completion in December 2021 with minor works continuing until March 2022

Revenue from the Building business (Probuild) decreased by 18% from AU$1,7 billion at 30 June 2020 to AU$1,4 billion in the current reporting period. Probuild has implemented a revised strategy in terms of which the business will exit the Queensland (QLD) and Western Australian (WA) building markets to focus upon the larger Victorian and New South Wales (NSW) construction markets where bidding activity will be focused on lower risk projects. The strategy aims to establish a more streamlined and profitable building business in contrast to the national growth model previously applied. The lower revenue generated in the current period was impacted by the combined effect of the strategy implementation, reduced productivity on existing projects due to Covid-19, lower procurement activity in the remaining target markets and sectors and an increase in the number of delayed project commencements.

The Australian state governments implemented a low tolerance strategy for Covid-19 infections within communities and have adopted a near-eradication approach to managing the risks associated with the pandemic. This strategy has been particularly prevalent in the state of Victoria, which accounts for more than 60% of building activity. To date, in excess of 200 days of lockdowns have been imposed, and while the construction industry has at times received some leniency, normal building cycles and supply chains have faced significant disruptions. More importantly, the lockdown restrictions have had a material impact on business confidence.

As a result, revenue from Victoria declined by 22% in the current reporting period. Major projects under construction include the large-scale mixed-use residential and hotel development at Westside Place and a commercial tower and associated fit-out for a multi-national pharmaceutical company (a project executed by both Probuild and Monaco Hickey). Activity within the education sector included a new tower at the Victoria University Campus in Melbourne, a number of smaller school building projects secured by Monaco Hickey. The third phase of the Caulfield development has also commenced. By contributing equity to the earlier phases of this development, the venture has proven successful for Probuild, resulting in ongoing new work from a construction perspective as well as delivering good development profitability for the overall business. Following fewer new-build opportunities, the business has focused on refurbishment work as commercial tower owners look to upgrade their office space to attract tenants in a post Covid-19 world when staff are no longer required to work from home. One such example is the Queen and Collins refurbishment project, which was successfully completed in July 2021. The residential component of a mixed-use development at the Malt District and the Sky Garden residential development, both in Melbourne, were also completed and handed over during the period.

The NSW market remained highly competitive and several larger regional NSW contractors are able to compete against Probuild's national brand. In this market, the business is selective on the projects pursued and limits the number of projects under construction at any one time. Ongoing construction includes the Ribbon Hotel project and the MLC Centre, a refurbishment of a mixed-use development for the listed company Dexus. The business successfully completed the Greenland Residential Tower during the current period.

Construction activity in WA is confined to the completion of student accommodation for the Curtin University. In QLD, the forecast completion of the challenging 443 Queen Street residential project for long-standing client, Construction and Building Unions Superannuation (Cbus) has been extended from October 2021 reported in the interim results, to December 2021 with additional work on the carpark rolling into 2022. This has resulted in additional unrecoverable costs and a further provision of AU$12 million has been raised as a result.

Infrastructure and civil engineering

- Decrease in overall activity due to physical completion of WRU project
  - Commercial acceptance achieved in October 2021
- Position in relation to unapproved variations and extension of time claims impacted profitability within the Western Region

Revenue from the civil engineering infrastructure business (WBHOI) decreased by 59% from AU$669 million to AU$275 million following the physical completion of the WRU project. WBHOI reported an overall operating loss of AU$34 million comprising a AU$28 million loss in respect WRU and a AU$6 million loss incurred in the remainder of the business.

Reasonable activity levels were experienced in Western region where revenue generation has been impacted to a lesser extent by Covid-19. The business has remained focused on its traditional mining infrastructure and roadwork markets in the region and secured several sizable projects. Increased public infrastructure spending supported the award of two significant highway upgrade projects.

The second stage of the upgrade to the Great Northern Highway, north of the Ord River commenced during the year. The Great Northern Highway is an important route for the local community and tourists, as well as the mining sector and other export industries that access the Port of Wyndham. Stage 2 of the Project will upgrade approximately 10km of road and construction includes road widening, overlays, installation of culverts, and the replacement and extension of the existing drainage system to address excessive wear and to improve driver road safety. In Perth, WBHOI was awarded (in a 50% joint venture) a AU$90 million contract for the Mitchell Freeway Southbound upgrade. In the mining infrastructure sector, the business executed works for South 32, Tefler Gold Mine which included a new award extending into FY2022 and Mondium, an EPC contractor responsible for the development of Rio Tinto's WTS2 mine. WBHOI also secured new work at the Mardie Salt and Potash project for BCI Minerals.

At the end of the reporting period, WBHOI adopted a conservative position in relation to the value attainable from several unapproved variations and extension of time claims on two of these mining infrastructure projects which negatively impacted operating profit by AU$6 million. One of the projects reached practical completion during FY2021, while the remaining project should be completed in the first half of FY2022.

In Queensland, WBHOI has delivered several sections of the Safety Upgrade Project on the Bruce Highway, the region's principal north-south freight and commuter corridor. In the current year, work continued on the 20km section of road from Prosperine to Bowen and a 6km section from Bowen to Ayr. Construction works are aimed at improving safety, flood resilience, and capacity and will continue well into FY2022.

WESTERN ROADS UPGRADE PROJECT

The WRU project is a single design and construct project consisting of eight packages for upgrade of various roads and intersections in suburban Melbourne. WBHOI is the lead contractor responsible for the delivery of the project to the concession company.

The project has achieved physical completion of all eight of the packages of work with the official opening of the roads taking place in March 2021. No further provisions have been required since the AU$28 million provision raised in the interim reporting period in relation to achieving commercial acceptance. Efforts to achieve commercial acceptance of the project within the public-private partnership contractual arrangement were successful and commercial acceptance was finally achieved with effect from 30 September 2021.

The total loss recognised on the project amounted to AU$161 million. Although the project has significantly impacted the Australian and overall results in recent years, WBHOI has ultimately delivered a high-quality product to the client and through its substantial financial strength, the wider Group has navigated well through this turbulent period.

PROJECT RIBBON

Construction of a 30-storey mixed-use development including a five-star hotel and serviced apartments, a brand new state-of-the-art IMAX theatre and retail offerings on the lower floors

PROJECT VALUE

AU$691 million

PROJECT DURATION

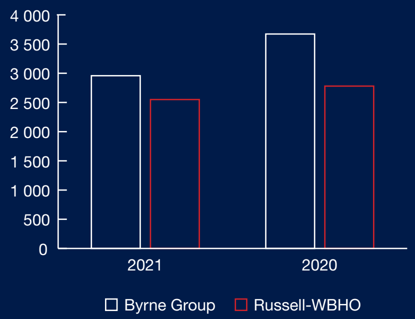
45 months

OPERATIONAL REPORTS

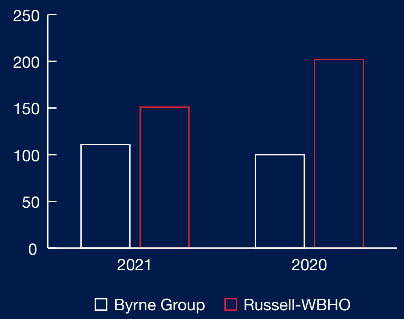
REVENUE (Rm)	OPERATING PROFIT (Rm)	OPERATING MARGIN (%)	CAPITAL EXPENDITURE (Rm)	PROJECTS NEGOTIATED (%)
2021: 5 509	**2021: 262**	**2021: 4,8**	**2021: 9**	**2021: 6** (Byrne Group)
				2021: 75 (Russell-WBHO)
2020: 6 452	2020: 302	2020: 4,7	2020: 5	2020: 17 (Byrne Group)
				2020: 86 (Russell-WBHO)

NUMBER OF EMPLOYEES	RETRENCHMENTS	TRAINING SPEND (Rm)	LTIFR (per million man-hours worked)
2021: 664	**2021: 46**	**2021: 1,6**	**2021: 0,75**
2020: 773	2020: 40	2020: 1,9	2020: 1,64

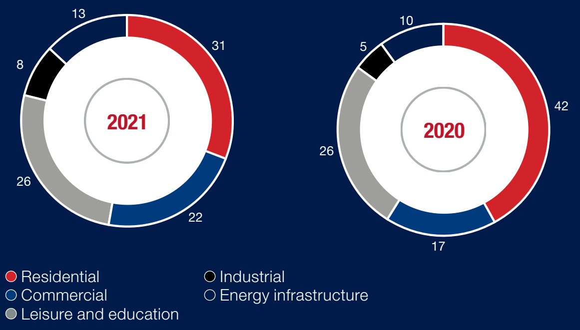
REVENUE (Rm)



OPERATING PROFIT (Rm)



REVENUE BY SECTOR (%)



UNITED KINGDOM

The year in perspective

- The London construction market remained subdued through FY2021 with low levels of procurement activity
  - Private sector cautious of large capital outlay amid sustained Covid-19 lockdown restrictions
  - Decrease in new work orders for three consecutive quarters
  - Slow rollout of public infrastructure spending within our target markets
- Softer Manchester market impacted further by Covid-19
  - Fewer new procurement opportunities
  - Commercial building and hotel sectors most affected
  - Industrial sector showed growth due to increase in online sales

Overall revenue from the UK declined by 15% in rand terms and 19% in pound terms. Delays in the awarding of projects together with fewer available projects in building markets have negatively affected new orders and this is reflected in the declining order book, both at 30 June 2020 and at the end of the current reporting period. While there was a corresponding decrease in operating profit of 13% over the period, the operating margin was successfully maintained at 4,8%.

The total headcount within the UK operations decreased by 109 from 773 to 664. The reduction was in response to limited new replacement work being secured as procurement activity subsided and occurred predominantly within the Byrne Group, as Byrne Bros. executes its own construction works, hence employing the greatest number of staff members, and Ellmers Construction experienced significantly lower revenue.

Having shown a significant improvement in the LTIFR for the combined UK businesses in FY2020, where it decreased from 3,94 to 1,64, further gains were achieved in FY2021 resulting in an LTIFR of 0,75. Only three LTIs were incurred from almost 4 million hours worked.

Byrne Group

- The Group produced a solid performance in a challenging environment
  - Increased activity within Byrne Bros following award of key new project in H1:2021
  - Minimal new work opportunities within the private sector impacted activity within Ellmers
- Construction activity was underpinned by ongoing construction of existing projects
- Representation across all sectors including residential, hotel, energy and commercial buildings

While revenue from the Byrne Group declined by 24% in pound terms from £187 million to £143 million, the business performed well against a backdrop of political uncertainty and the ongoing global pandemic. The decline in revenue was attributable to challenges in sourcing new work within Ellmers' target markets as Byrne Bros. delivered a robust performance increasing revenue by 11% over the comparative period. The reduction in activity within Ellmers was foreseen as Covid-19's fall out inevitably meant current projects experienced significant delays and numerous tender opportunities were indefinitely suspended. In anticipation of the reduced activity, there was a consolidation of the business into a smaller and more fit-for-purpose size.

The overall operating profit of £5,4 million at a margin of 3,8% was a commendable improvement over the £5,2 million operating profit achieved in FY2020 at a margin of 2,8% and reflects the ongoing focus on productivity and operational efficiencies.

Contracts completed by Byrne Bros. during the year include the basement for a new office development at Wood Wharf and a substantial sub- and superstructure package at the new Landmark Peninsula Hotel at 1-5 Grosvenor.

Significant completed projects within Ellmers consist of the conclusion of the Mayfair Park Residences, the Hickman in Whitechapel and several high-end residential apartments at 20 Grosvenor Square. The balance of activity consisted of the off-site modular construction of the washrooms for Google's new offices in Kings Cross and the fit-out of 21 luxury residential apartments at the Peninsula in Belgravia.

Russell-WBHO

- Solid performance from Russell-WBHO
- Second-highest ever revenue achieved in challenging conditions
- Sourcing new work opportunities proved difficult
- Existing construction on various hotel and residential schemes and new work from the industrial sector supported activity

Russell-WBHO delivered another highly successful year despite the ongoing concerns surrounding the global pandemic. While revenue declined by 13% to £123 million in FY2021, this result remains the second-highest revenue delivered in the company's 24-year history. The reduction in revenue, a direct consequence of several forecasted projects being placed on hold due to the pandemic, inevitably resulted in a lower operating profit of £7,7 million at a margin of 6,3% compared to £10,9 million at a margin of 7,7% in FY2020.

UNITED KINGDOM
CONTINUED

Although current construction project activity reviews continue to show Manchester and the wider North West region to be strong markets for construction, the future pipeline has undoubtedly been affected by the pandemic. The tapering of the Manchester market over that last two years has been described as "levelling out" to normalised levels following unprecedented activity in 2018. The office sector has been particularly affected as businesses re-evaluate space requirements considering the expected increase in post-pandemic remote working.

The residential and hotel sectors remain the primary drivers of activity comprising 80% of overall activity supported by smaller projects within the commercial office and industrial sectors.

Ongoing construction within the hotel sector in Manchester consists of the new Clayton Hotel in Portland Street and the Motel One and StayCity hybrid development at 3 St Peters, while residential activity includes the 33-storey Oxygen Towers project for Property Alliance. All projects are due for completion in H1:2022. Notable completions in the period included the £36 million Premier Inn Hotel at Circle Square that forms part of a £750 million regeneration programme in the southern part of Manchester city centre. The business also handed over the final phase of a project for the construction of the Northern Superhub for Lineage Logistics.

In Kent, a £35 million residential project forming part of the regeneration of the Chatham Docks is nearing completion while the £40 million contract for the conversion of historic listed municipal buildings in Liverpool into a 180 room boutique hotel commenced construction and will continue into FY2023.

UNITY PLACE – MILTON KEYNES

Office development comprising two level basement complete with drainage and pumping stations, four main cores constructed using a jumpform system, concrete frame and eight floors of contractor-designed post-tensioned concrete slabs.

PROJECT VALUE

£40,7 million

PROJECT DURATION

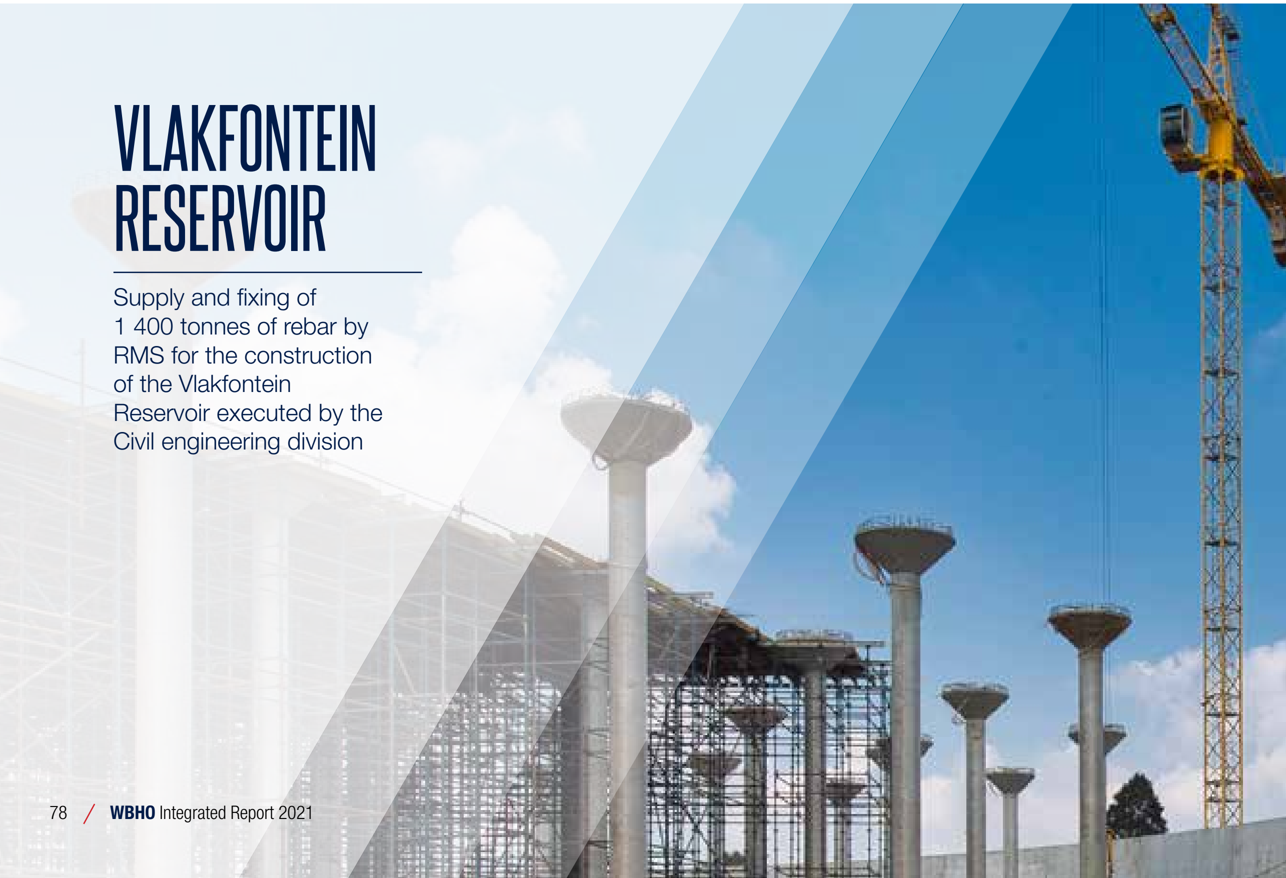
18 months


LO POSSIBILITY.
UNITY PLACE

OPERATIONAL REPORTS

REVENUE (Rm)	OPERATING PROFIT (Rm)	OPERATING MARGIN (%)	CAPITAL EXPENDITURE (Rm)	NUMBER OF EMPLOYEES
2021: 1 058	2021: 25	2021: 2,4	2021: 0,4	2021: 133
2020: 713	2020: 24 loss	2020: (3,4)	2020: 16	2020: 148

RETRENCHMENTS	TRAINING SPEND (Rm)	LTIFR (per million man-hours worked)
2021: 0	2021: 2,4	2021: 0
2020: 46	2020: 2,6	2020: 0,9



VLAKFONTEIN RESERVOIR

Supply and fixing of 1 400 tonnes of rebar by RMS for the construction of the Vlakfontein Reservoir executed by the Civil engineering division

CONSTRUCTION MATERIALS

Reinforced Mesh Solutions (RMS) and VSL Construction Solutions (VSL)

- Volatile steel price and occasional steel shortages
- Subdued and competitive market
- Aggressive pricing at unsustainable margins
- Increased input costs

Trading conditions within the steel supply industry remained exceptionally challenging. An extremely competitive market with the procurement of large-scale supply contracts proving difficult, was exacerbated by a volatile steel price as well as intermittent stock shortages. Reduced commercial office, retail and residential activity within building markets, the largest source of revenue for the Reinforced Mesh Solutions (RMS), have seen lower construction margins which have resulted in persistent downward pressure on subcontractor pricing, including steel supply.

The increase of 61% in revenue achieved in FY2021 stems predominantly from increases in raw material prices and does not reflect an improvement in the operating environment, although a strong focus on the cash sales market in the current year had a positive effect on both revenue and profitability. The increase in operating profit was further assisted by stringent cost cutting across all branches and the reversal of provisions raised in FY2020 that were mitigated by successful outcomes from negotiations in FY2021. With many mid-tier contractors facing financial difficulties, rigorous cash and working capital management remain essential.

Overall volumes from the inland branches improved over the current reporting period, however this should be viewed considering two months were lost to Covid-19 lockdown restrictions in the prior period. Volumes from the coastal branches showed a marginal improvement and are reflective of the current market. The cost cutting measures undertaken resulted in all branches being either profitable or breaking even.

VSL Solutions, which provides post-tensioning for concrete slabs as well as concrete repairs to the construction market, faced another challenging year where new work procurement proved challenging due to delayed project awards and aggressive competitor pricing.

From a safety perspective the business achieved a zero LTIFR having incurred no LTIs from 1,6 million manhours worked. The overall headcount reduce from 148 to 133 employees.

ORDER BOOK AND OUTLOOK

GROUP ORDER BOOK DOWN 21% TO **R28 billion**

59% OF FY2021 REVENUE SECURED FOR FY2022

ORDER BOOK FOR AFRICAN OPERATIONS UP **24%**

AUSTRALIAN ORDER BOOK DOWN **37%**

UK OPERATIONS NOW COMPRISE **10%** OF TOTAL ORDER BOOK

The total order book decreased by 21% from R35 billion to R28 billion which comprises a 40% increase in the order book in South Africa, a 46% decrease in the order book for the rest of Africa (largely due to the suspension of the gas-related infrastructure projects in Mozambique in the last month of the reporting period) a 37% decrease in the Australian order book and a 51% decrease in the order book in the UK. While the substantial decline in the Australian and UK order books may seem alarming at face value, they reflect the lull in procurement activity experienced within the regions over the period and the implementation of the new business strategy in Australia. As such, the lower order book levels do not present any immediate concerns for the Group. Further details in this regard are discussed in the relevant sections that follow.

AFRICA

South Africa

- Order book up 40%
- Improved private sector activity
- Growth driven primarily by building activity
- Strong public infrastructure and renewable energy sector pipelines

Rest of Africa

- Order book down 46%
- Impacted by suspension of works in Mozambique
  - Possible recommencement during FY2022
- Improved outlook for mining sector offering opportunities in existing and new geographies

AUSTRALIA

- Order book down 37%
- Impact of more conservative bidding strategy and Covid-19 on future available work reflected in lower building order book
- Activity will be concentrated in key VIC and NSW markets
- Reduction in infrastructure order book as WRU construction works completed

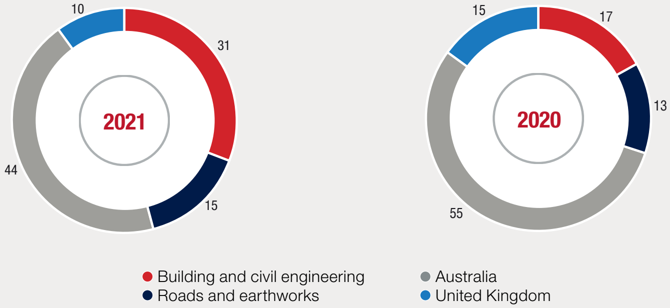
UNITED KINGDOM

- Order book down 50%
- Decline in order book reflects low levels of new work procurement in FY2021 due to Covid-19
- Resurgence in private sector construction opportunities in London over the final quarter of the year
- New project of £68 million secured by Byrne Group
- Further £31 million in imminent awards
- Private sector forward-looking pipeline has improved resulting in positive outlook

ORDER BOOK BY SEGMENT

Rm	%	At 30 June 2020	%	At 30 June 2021	2022	2023 and beyond
Building and civil engineering	17	5 858	**31**	**8 558**	6 117	2 441
Roads and earthworks	13	4 523	**15**	**4 312**	3 111	1 201
Australia	55	19 573	**44**	**12 318**	10 735	1 583
United Kingdom	15	5 407	**10**	**2 699**	2 628	71
Total	100	35 361	**100**	**27 887**	22 591	5 296

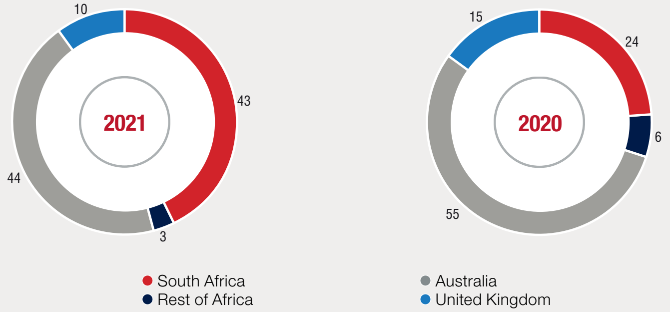
Order book by segment (%)



ORDER BOOK BY GEOGRAPHY

Rm	%	At 30 June 2020	%	At 30 June 2021	2022	2023 and beyond
South Africa	24	8 484	**43**	**11 853**	8 211	3 642
Rest of Africa	6	1 895	**3**	**1 017**	1 017	–
Australia	55	19 573	**44**	**12 318**	10 735	1 583
United Kingdom	15	5 407	**10**	**2 699**	2 628	71
Total	100	35 361	**100**	**27 887**	22 591	5 296

Order book by geography (%)

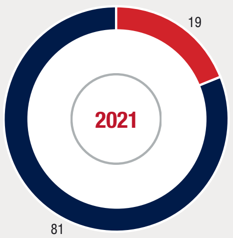


ORDER BOOK AND OUTLOOK
CONTINUED

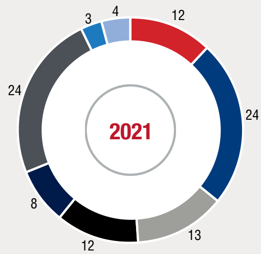
BUILDING AND CIVIL ENGINEERING

Rm	% growth	At 30 June 2021	At 30 June 2020
South Africa	62	**8 360**	5 155
Rest of Africa	(72)	**198**	703
Total	46	**8 558**	5 858

Public versus private (%)



Sector spread (%)



There has been a noticeable improvement in construction opportunities in building markets across South Africa including the emergence of some larger-scale projects. This is reflected not only in the 58% increase in the division's order book but also in the various projects currently being negotiated or bid upon as well as projects in the immediate pipeline.

In Gauteng, the volume of secured projects currently under construction within the industrial building and commercial building sectors together with awards amounting to R1,5 billion secured shortly after the reporting period will support activity well into FY2022 and beyond. Significant awards include a new 165 000m^2 warehouse where Pick n Pay will be the tenant as well as a new data centre. In addition, imminent awards together with near-term opportunities in the student accommodation and residential sectors have the potential to further improve order book levels. The division is also currently executing a number of contracts for new clients bid at very keen margins in order to demonstrate our strong delivery and quality capabilities and develop longer-term relationships.

In the Western Cape, the overall construction market remains exceptionally competitive, however the division continues to successfully negotiate new projects with existing clients. Having secured a number of key large-scale projects in FY2021, the division is well positioned for the year ahead. Major projects secured this year and continuing into FY2022 include the Harbour Arch residential development and the River Club mixed-use development, both of which offer the potential for future work on additional phases. The student accommodation sector is also offering opportunities in the region. Two new projects were secured from within this sector after the reporting period with further new projects on the horizon.

Trading conditions within the KZN building market also remain challenging, yet as in the Western Cape, the division has successfully negotiated the retail phase of the Oceans mixed-use development in Umhlanga in addition to the current hotel and residential component currently under construction. This mega-development together with further work secured at the Clairwood and Northfield logistics parks within the industrial sector will provide a solid baseload of work over the next two years. In the wake of the wide-scale looting and community unrest experienced in the province in July of this year, the division has also offered its assistance in the rebuild of a number of facilities.

Following the completion of several projects in the second half of FY2021, activity in the Eastern Cape will likely soften in the coming year. Nonetheless, the division successfully secured new projects for the construction of the Boardwalk Mall and a new building for the Ocean Science Department of the Nelson Mandela University in the second half of the reporting period. Further opportunities in the social housing, hotel, commercial office and student accommodation sectors are being pursued.

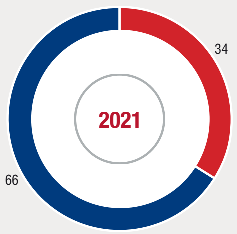
Building opportunities in Ghana remain limited, however, the division successfully secured a new project for the construction of an office development in Accra. The refurbishment of the hotel in Zambia is targeted for completion in December 2021. Delays in the award of a new project in Botswana, on which the division is the preferred bidder, will hopefully be resolved in the coming months. The division is also actively pursuing a new project in Lesotho associated with the next phase of the Lesotho Highlands Water Project as well as exploring opportunities in East Africa.

Even though levels of secured work in South Africa have improved, following the suspension of works in Mozambique and subdued activity in Zambia, the order book of the Civil Engineering division declined by 25% overall. Existing work within the mining infrastructure, water infrastructure and renewable energy sectors will support activity into FY2022. These sectors also offer opportunities for new work later in the year. The division is also targeting various prospects in Zambia that have the potential to revive activity in the region.

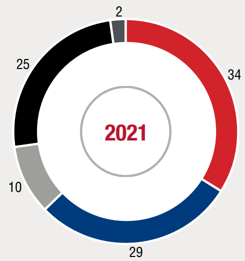
ROADS AND EARTHWORKS

Rm	% growth	At 30 June 2021	At 30 June 2020
South Africa	5	**3 493**	3 331
Rest of Africa	(31)	**819**	1 192
Total	(5)	**4 312**	4 523

Public versus private (%)



Sector spread (%)



The Roads and Earthworks division has sustained its order book levels in all regions other than Mozambique, where the suspension of the gas-related infrastructure works has had a significant impact. While order book levels in South Africa have yet to demonstrate growth, the general outlook continues to look positive. In addition to the roadwork contracts secured in the current period, the division has submitted bids in excess of R30 billion on new road projects still to be adjudicated.
The division is well placed on a number of these projects valued at approximately R5 billion, with the results expected to be announced within the next few months. In addition, new roadwork projects amounting to approximately R15 billion are expected to reach the market over the next 12 months. The recent rebound in commodity prices has seen strong profitability from the country's major mining houses and a corresponding increase in capital expenditure. The division is pursuing additional works on its existing contracts as well as tracking new opportunities scheduled to reach the market later in the new financial year. Within the energy infrastructure sector, Sasol is expected to release further phases of its Black Products Project, and with the division's successful track record on the initial phases, it is well placed to compete for this potential new work. Eskom has also announced new work to be completed at both the Medupi and Kusile power stations and the renewable energy sector is also likely to be a source of new construction opportunities over the short and medium term. New mid-sized opportunities, alongside existing work, are sufficient to sustain activity levels for the pipeline teams in the coming year and the division is hopeful that the client's negotiations with the communities in the Richards Bay area will be resolved in this reporting period, allowing for the re-commencement of the suspended Zulti Pipeline project on which the division continues to perform care and maintenance activities.

Activity in Botswana is expected to remain at FY2021 levels. Procurement enquiries within the mining sector have shown a marked increase over recent months and it is predicted that tangible new opportunities will reach the market over the course of the new financial year. These projects if awarded would likely only support activity in future reporting periods.

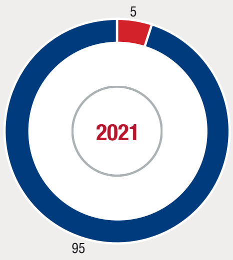
Sourcing significant volumes of replacement work in Mozambique over the short-term will likely prove challenging and as a result the division has begun pursuing opportunities in Uganda and Tanzania within East Africa. Work for Total at Area One of the gas fields in Mozambique is not forecast to resume before FY2023.

The rebound in commodity prices has also seen improved procurement activity within the mining sector in Ghana and the division has submitted updated pricing on a few long-delayed mining infrastructure projects in the region with further projects expected to be bid upon in the second half of the year. The division is the preferred bidder on some imminent rail work for a long-standing client, also in Ghana. In Madagascar, there is potential for additional works to be secured on the division's existing mining infrastructure project. Longer-term prospects include design and build road projects in Liberia and the Ivory Coast that are being pursued in conjunction with the Group's Projects division.

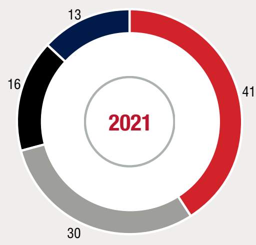
AUSTRALIA

Rm	% decline	**At 30 June 2021**	At 30 June 2020
Building	(38)	**10 686**	17 320
Infrastructure	(28)	**1 632**	2 253
Total	(37)	**12 318**	19 573

Public versus private (%)



Sector spread (%)



The Australian government's hard-line approach to managing Covid-19 through a combination of border restrictions, snap lockdowns and mandatory work-from-home regulations for many sectors, has had a considerable impact on property markets as well as other industries such as the leisure industry. Border restrictions have resulted in hundreds of thousands of foreign students, tourists, and investors unable to gain entry to the country. Population levels in the two major cities of Melbourne and Sydney have shown negative growth as a result. The impact of lockdown restrictions on the retail, hotel and leisure and commercial office sectors of building markets has been prevalent across global economies. These conditions have created high levels of business uncertainty in Australia and have significantly reduced demand and delayed the award of new projects in these key sectors of the construction industry.

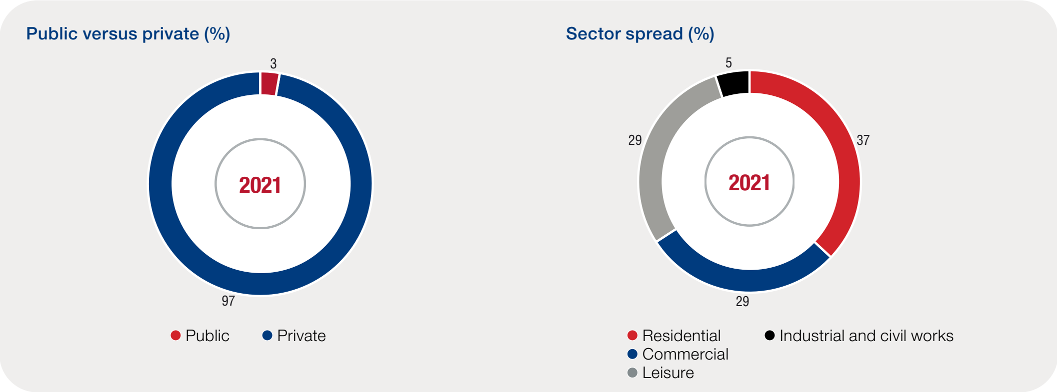
Although Covid-19 has no doubt created difficulties in replenishing order book levels in Victoria and NSW, in light of the Group's strategy and efforts aimed at consolidating the building business, where no new work has been pursued in both QLD and WA and lower-risk bidding strategies have been adopted in the remaining targeted states, the decrease of 37% in the Australian order book is not considered a major threat to the sustainability of the Australian business.

Based on current levels of secured work, revenue from Australia is expected to decline further in the year ahead. In response to reduced activity levels, the business has restructured its operations and taken the necessary steps to align overhead costs with a smaller and more focused business envisioned.

The Infrastructure and civil engineering order book at 30 June 2021 amounts to AU$151 million of which AU$118 million relates to the Western region, up from AU$74 million in the prior period. The current work on hand consists of construction-only roadwork and mining infrastructure projects within the business's traditional procurement model. WBHOI is also well positioned for a further AU$45 million of additional work on an existing project, expected to commence in H2:FY2022.

UNITED KINGDOM

Rm	% decline	At 30 June 2021	At 30 June 2020
Byrne Group	(44)	**1 659**	2 987
Russell-WBHO	(57)	**1 040**	2 420
Total	(50)	**2 699**	5 407



The marked decline of 50% in the combined order book of the UK operations reflects the low levels of procurement activity experienced during the reporting period when varying levels of Covid-19 lockdown restrictions caused market uncertainty particularly within the private sector. This uncertainty resulted in projects reaching completion not being fully replaced.

This lull in securing new work will continue to impact activity levels through H1:FY2022. However, the easing of restrictions over the last quarter of FY2021 and the final lifting of them in early July has seen a significant resurgence in private sector construction opportunities and overall activity levels should remain broadly in line in pound terms with those of FY2021.

Within the Byrne Group, procurement activity that has largely been focused on public sector civil engineering projects through FY2021 has now shifted heavily toward private sector opportunities, particularly within the commercial office sector. Strong existing relationships have afforded the business the opportunity to enter into single-source negotiations on a sizeable value of projects with a number of clients. The commencement of these projects in the second half of the new reporting period should likely provide a solid baseload of new work heading into FY2023. Ellmers Construction, which felt the brunt of declining activity in FY2021, was awarded a £68 million contract for the construction of the new 199 room, Marlybone Hotel in London and a further £31 million fit-out contract shortly after the reporting period. These projects are not reflected in the order book at 30 June 2021.

In Manchester, the short-term outlook for Russell-WBHO is likely to remain subdued while the hotel and commercial office sectors take time to recover. The residential sector continues to offer opportunities and the industrial and logistics sectors are now experiencing something of a boom due to the pandemic boosting online retail to new highs. The resulting demand for warehouse and temperature controlled storage space is expected to continue to rise, providing opportunities for Russell-WBHO which has significant expertise in this sector. Projects that will generate revenue in FY2022 include the sizeable projects at Portland Street, St Peter's Square, Store Street and the Municipal building in Liverpool.

MEDUPI POWER STATION

Construction and lining of new pollution control dams 6 and 7 and an effluent trench and service roads.

PROJECT VALUE

R165 million

PROJECT DURATION

12 months

MESSAGE FROM THE

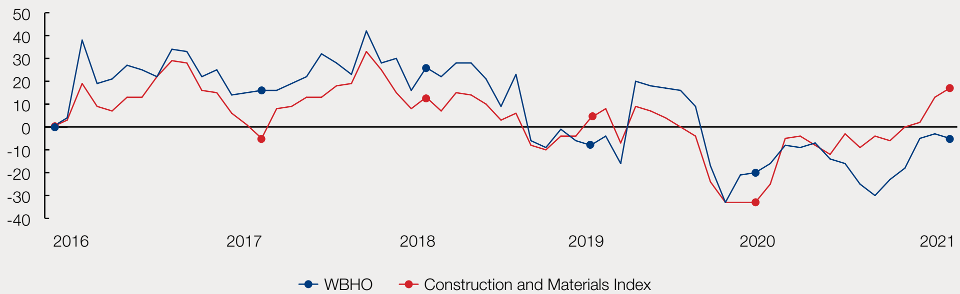
CHIEF FINANCIAL OFFICER

CHARLES HENWOOD

> **The Group achieved a much improved result for FY2021 and having reduced the scale of losses in Australia, returned to profitability. The stronger results were also supported by a rejuvenated performance from the African operations which have recovered well from the impact of Covid-19, increasing both revenue and profitability over the reporting period. Although activity in the UK tapered over the second half of the financial year, both the Byrne Group and Russell-WBHO delivered solid results.**

Shrinking construction markets characterised by a zero-growth environment, diminished public infrastructure spending and the onset of Covid-19 saw the industry shed approximately 45% of its value on the Construction and Materials Index over the five years to 30 June 2020. The industry has recovered reasonably well over the course of FY2021.

WBHO share price versus Construction and Materials Index



The WBHO share price has consistently outperformed the Construction and Materials Index until recently. While the share price initially recovered well from the sudden drop brought on by the global pandemic, investor confidence has been undermined following the recurring losses recognised on two difficult projects in Australia. WBHO's ability to fund these losses without the need for raising additional debt or capital facilities and a noticeable increase in public sector spending alongside fewer remaining industry players should improve the outlook for WBHO over the medium-term.

The condensed financial information included in the table below is extracted from the full audited financial statements of the Group which are available on the Company's website. The information is provided for reference purposes when reading this report.

Condensed financial statements (R'000)	2021	2020	2019	2018	2017
Revenue	**38 331 413**	43 080 295	40 614 297	35 028 475	31 906 660
Operating profit/(loss) before non-trading items	**517 958**	(541 341)	561 235	1 045 397	986 297
Non-trading items	**(60 827)**	(43 986)	(48 394)	(14 536)	(205 729)
Operating profit/(loss)	**457 131**	(585 327)	512 841	1 030 861	780 568
Profits and losses from equity-accounted investees	**101 572**	109 284	51 958	(4 830)	68 916
Deemed loss on disposal of equity-acounted investee	**(8 350)**	–	–	–	–
Net finance income	**73 527**	165 851	183 447	168 467	240 894
Income tax expense	**(273 330)**	(197 921)	(199 253)	(351 053)	(319 161)
Profit/(loss) for the year	**350 550**	(508 113)	548 993	843 445	769 546
Property, plant and equipment	**1 763 539**	2 054 254	1 936 709	1 883 072	1 635 349
Right-of-use assets	**320 638**	406 690	–	–	–
Goodwill	**1 005 631**	1 085 894	921 103	531 117	523 613
Equity-accounted investees	**885 410**	1 105 159	346 916	373 136	446 924
Long-term receivables	**265 023**	283 598	1 069 822	745 059	650 246
Deferred taxation	**797 094**	733 583	903 657	667 779	631 799
Inventories	**405 600**	364 992	–	–	–
Contract assets	**1 054 546**	864 638	1 423 218	1 816 792	758 001
Trade and other receivables	**6 162 925**	6 212 471	6 716 352	6 213 877	5 635 000
Current tax assets	**102 817**	199 549	–	–	–
Cash and cash equivalents	**5 680 717**	7 599 344	5 951 985	5 992 461	5 545 583
Non-current asset held-for-sale	**31 200**	–	495 066	400 563	407 392
Total assets	**18 475 140**	20 910 172	19 764 828	18 623 856	16 233 907
Shareholders' equity	**5 528 779**	5 676 447	5 872 186	5 811 639	5 300 505
Non-controlling interests	**96 456**	205 173	261 645	207 517	139 895
Total equity	**5 625 235**	5 881 620	6 133 831	6 019 156	5 440 400
Lease liabilities	**273 797**	352 336	–	–	–
Long-term liabilities	**252 115**	305 984	193 164	169 718	192 637
Deferred taxation	**29 447**	27 979	174 131	27 527	57 211
Contract liabilities	**2 490 026**	2 998 037	2 206 511	2 337 660	1 673 161
Trade and other payables	**7 505 691**	8 912 917	8 627 016	8 293 976	6 931 937
Provisions	**2 281 192**	2 368 563	2 414 682	1 764 968	1 913 262
Current tax liabilities	**17 637**	62 736	15 493	10 851	25 299
Total liabilities	**12 849 905**	15 028 552	13 630 997	12 604 700	10 793 507
Cash flows from:					
Operating activities	**(1 241 911)**	753 780	1 147 906	927 687	822 173
Investing activities	**218 276**	138 212	(867 136)	(308 871)	(180 448)
Financing activities	**(364 305)**	(230 478)	(444 500)	(219 924)	(531 136)

KEY FINANCIAL STATISTICS AND RATIOS

		2021	2020	2019	2018	2017
Revenue (decrease)/growth (%)	Target > 10%	**(11,0)**	6,1	15,9	9,8	4,1
Operating profit margin (%)	Target > 3 – 4,5%	**1,2**	(1,3)	1,4	3,0	3,1
Earnings/(loss) per share (cents)		**594,2**	(936,6)	938,7	1 534,3	1 345,6
Headline earnings per share (cents)		**619,5**	(923,3)	932,3	1 414,6	1 307,9
Dividend per share (cents)		**205**	–	190	475	475
Current ratio (times)		**1,1**	1,1	1,1	1,2	1,2
Debt/equity ratio (%)		**9,9**	12,0	2,7	2,9	2,0
Effective tax rate (%)		**43,8**	(63,8)	26,0	29,4	29,3
Return on capital employed (%)	Target > 20%	**11,8**	(4,4)	12,4	19,8	22,3
Closing share price (cents)		**11 300**	10 100	10 989	14 950	13 999
Market capitalisation (R'm)		**6 768**	6 049	6 578	8 970	8 846
Number of employees		**8 049**	9 470	12 121	11 018	9 837

FINANCIAL IMPACT OF COVID-19

In the previous reporting period, the Group incurred significant non-recoverable costs and expenses directly attributable to the Covid-19 pandemic amounting to R397 million. These included payroll expenditure during lockdown periods, standing time in respect of plant and equipment, retrenchment costs and direct project costs related to the implementation of Covid-19 protocols.

While overall productivity was impacted in the current reporting period through supply chain disruptions, quarantine periods for infected employees and employees who have had close contact with infected persons, as well as remote working conditions for office-based employees, construction activity continued mostly uninterrupted through the lockdown periods implemented across all regions. As such, no significant holding costs or further retrenchment costs have been incurred. Direct project costs relating to the implementation of Covid-19 protocols that are not recoverable from clients have affected profitability, particularly in Australia. The unpredictable State specific snap lockdowns will continue to impact profitability in Australia until the vaccine levels required to ease restrictions are achieved.

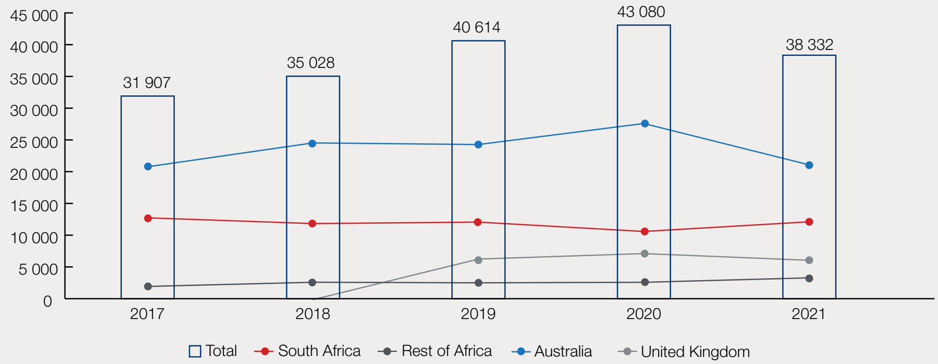
REVENUE

Group revenue declined by 11% to R38 billion in FY2021, down from R43 billion achieved in the previous year. An increase of 14% in revenue from South Africa was further complimented by a 26% increase in revenue from the rest of Africa. The South African operations benefited from a full 12 months of trading, where in the prior year, the hard lockdown restrictions together with the time taken to remobilise had a significant impact on activity levels. The Group delivered substantial growth in Mozambique from activity on the gas infrastructure projects in Palma, this despite numerous delays related to Covid-19 and insurgent activity. Regrettably, an attack on contractors and civilians in Palma ultimately resulted in all activity being indefinitely suspended or alternatively terminated.

Revenue from Australia decreased by 24% following the implementation of a more conservative bidding strategy and various Covid-19 snap lockdowns in Melbourne. A lull in procurement activity over the period in the UK saw activity levels taper off in the second half of the financial year resulting in revenue declining by 15%.

Over the course of FY2021, the local currency strengthened from R11,86 to R10,87 against the Australian dollar and from R21,25 to R19,86 against the pound, however, average exchange rates in FY2021 were weaker than those of FY2020, where the rand weakened considerably after the onset of Covid-19. The weaker average exchange rates in FY2021 resulted in a positive foreign currency translation effect on revenue of R2 billion.

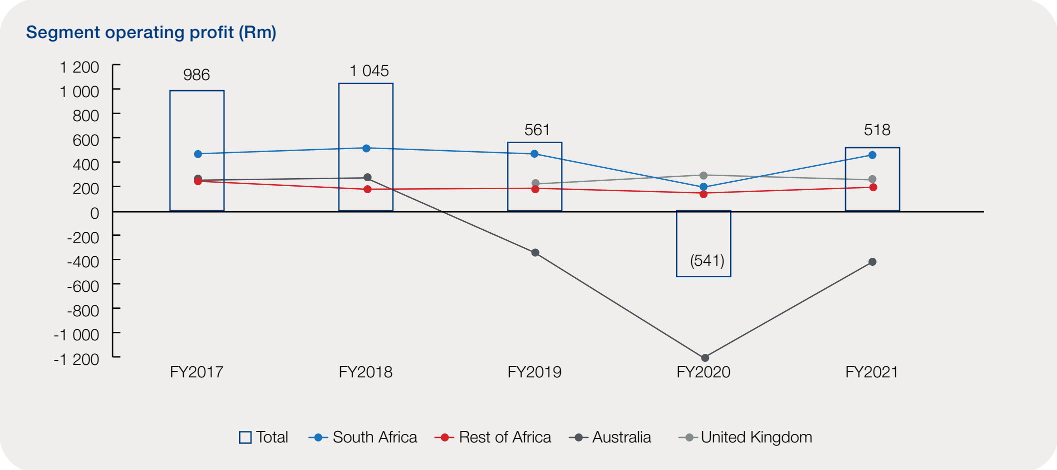
Revenue by geography (Rm)



OPERATING PROFIT

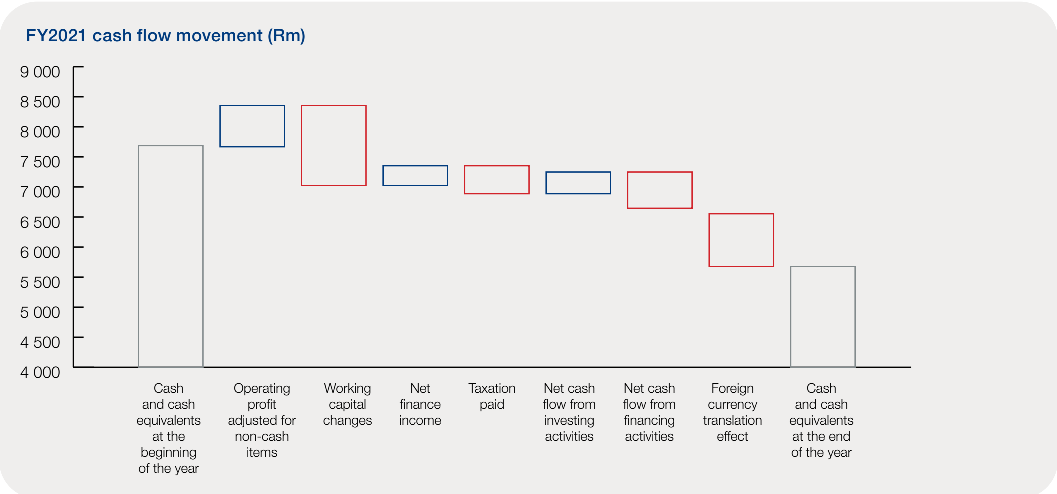
The Group returned to an operating profit position this year of R457 million after a loss of R585 million was recognised in FY2020. Operating profit from South Africa more than doubled from R202 million to R467 million at an operating margin of 4,3%, supported by improved profitability across all divisions with a notable performance from the Building and civil engineering division. Profitability from the rest of Africa grew from R154 million to R201 million on increased activity levels as well as a better operating margin of 6,6% compared to 6,3% in FY2020. In Australia, the operating loss decreased from R1,2 billion to R412 million. Despite lower activity levels and the additional losses provided for on 443 Queen Street, the Australian building business successfully reported a profit before tax in the current reporting period when including profits earned on the Sky Gardens property development. Operating profit from the UK decreased by R40 million from R302 million to R262 million due to the reduction in revenue, however margins were maintained above 4,5%.

Detailed information on the performance of the respective business units can be found on **pages 62 to 79.**



CASH BALANCES AND NET FINANCE INCOME

Predictably, total cash balances decreased from R7,6 billion to R5,7 billion in FY2021. The decrease in local cash balances to R1,5 billion (2020: R1,9 billion) reflects the impact of the ongoing funding into Australia in support of the WRU project which incorporated a further AU$87 million being transferred in FY2021 bringing the total funding to AU$141 million. Foreign cash balances decreased to R4,1 billion from R5,7 billion in FY2020, comprising a decrease of R1,8 billion in Australia and increases of R166 million in the rest of Africa and R34 million in the UK. The decrease in cash balances in Australia represents the cash settlement of provisions raised in respect of the WRU project, and cash out flows associated with changes in working capital. The currency translation effect on foreign cash balances amounted to a reduction in cash of R530 million.



In recognition of our funding commitments into Australia, astute liquidity management and cash preservation has been a priority throughout FY2021. This is clearly reflected in the lower levels of capital expenditure and mezzanine financing arrangements disclosed later in this report.

Cash utilised in operations amounted to R1,2 billion compared to R790 million generated in the comparative period due to significant outflows associated with changes in our working capital requirements. These changes consisted primarily of decreases in the trade payables and contract liabilities balances in Australia.

MESSAGE FROM THE CHIEF FINANCIAL OFFICER
CONTINUED

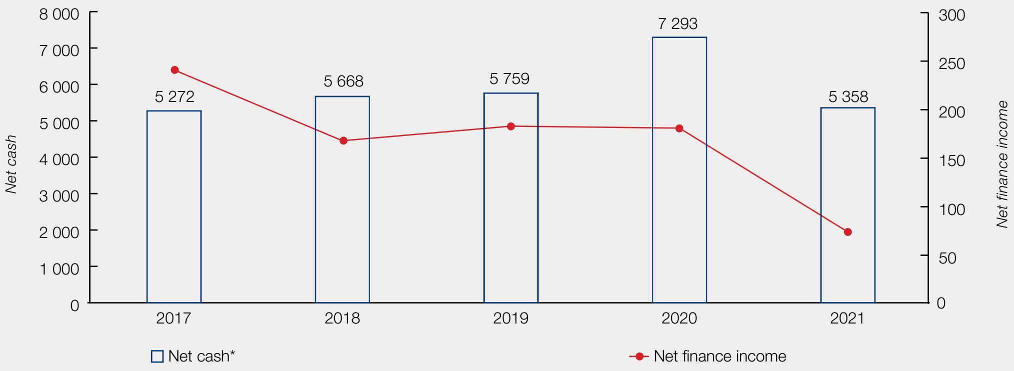
The decrease of R508 million in contract liabilities and R1,4 billion in trade payables was due to the decrease in activity levels in the Australian building business. The decrease in contract liabilities in Australia was partially offset by a R99 million increase from the UK operations and a R48 million increase within the African operations.

The increase in contract assets of R190 million is predominantly due to increased uncertified revenue within the Australian infrastructure business. Contract assets increased from R103 million to R468 million within WBHO Infrastructure and includes some reliance on the outcome of pending litigation with the design consultants and utility providers on the WRU project. Contract assets within the remaining operations decreased from R549 million to R374 million and comprise primarily of materials on-site and timing differences between the date of certification and the end of the reporting period.

Cash outflows associated with financing activities amounted to R364 million and comprised the purchase of shares from non-controlling shareholders in Russell-WBHO, Probuild and WBHOI. The non-controlling shareholders of Russell-WBHO exercised a third put option for the sale of an additional 10% interest in the business, increasing the Group's shareholding from 80% to 90%. A consideration of £6,6 million (R136 million) was paid for the shares. Instalment and lease payments in the period amounted to R158 million.

As investment activities during the year were largely curtailed, cash inflows from existing investments amounting to R218 million supported cash balances.

Net finance income versus net cash (Rm)



** Cash and cash equivalents less interest-bearing debt.*

WBHO invests its core and strategic cash balances only with A-rated money market funds with 24 hour liquidity, and overnight call facilities with major financial institutions. Net finance income declined to R74 million from R166 million in FY2020. The decline arose primarily from lower interest rates on deposits as income earned on cash deposits reduced by R86 million.

INCOME TAX EXPENSE AND TAXATION BALANCES

Increased profitability from the African operations resulted in an increased income tax expense of R273 million (FY2020: R198 million) of which R347 million relates to current tax payable and R74 million relates to deferred tax refundable in future periods. No deferred tax asset was created in respect of the additional losses incurred within the infrastructure business in Australia as it is improbable that the full extent of such losses would be utilised within the next five years. This resulted in an effective tax rate of 44%.

Rm	FY2021	FY2020
Net deferred tax asset	**768**	706
Net current tax asset	**85**	137

The net deferred tax asset comprises tax losses of R339 million (FY2020: R215 million) available for set off against future taxable income and timing differences of R433 million (FY2020: R491 million). Deferred tax assets have not been recognised on tax losses in subsidiaries amounting to R1,7 billion (FY2020: R1,3 billion).

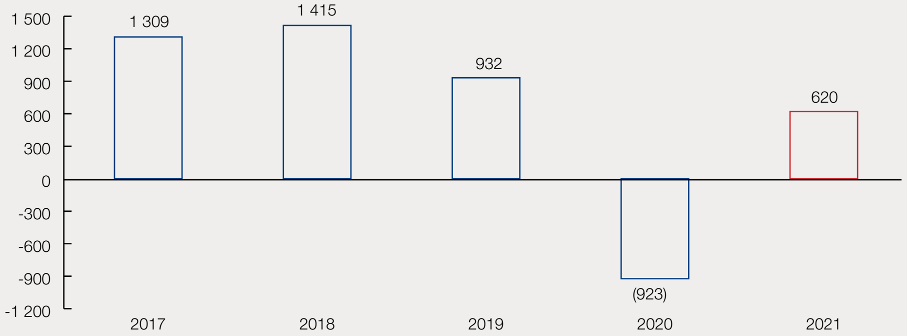
The current tax balance consists of foreign tax credits of R24 million (FY2020: R38 million), taxation refundable of R73 million (FY2020: R161 million) and a tax liability of R18 million (FY2020: R62 million).

Tax compliance and reporting has becoming increasingly onerous, particularly for organisations with multi-national operations. WBHO adopts a practical and ethical tax structure, employing both dedicated internal tax professionals as well as making use of suitable specialist tax consultants to ensure the Group is able to meet its tax obligations across all international tax jurisdictions.

EARNINGS AND RETURN ON CAPITAL

Earnings per share increased by 163% from a loss of 937 cents per share at 30 June 2020 to earnings of 594 cents per share this year. Headline earnings per share increased by 167% from a loss 923 cents per share to a 620 cents per share. Headline earnings for the year amounted to R329 million (FY2020: Headline loss of R491 million). An adjustment of R29 million was made to attributable earnings for an impairment of goodwill and deemed loss on disposal in respect of the Group reacquiring 100% control of iKusasa Rail SA. An amount of R16 million net of tax and non-controlling interests was deducted from attributable earnings in respect of profits from the sale of property, plant and equipment.

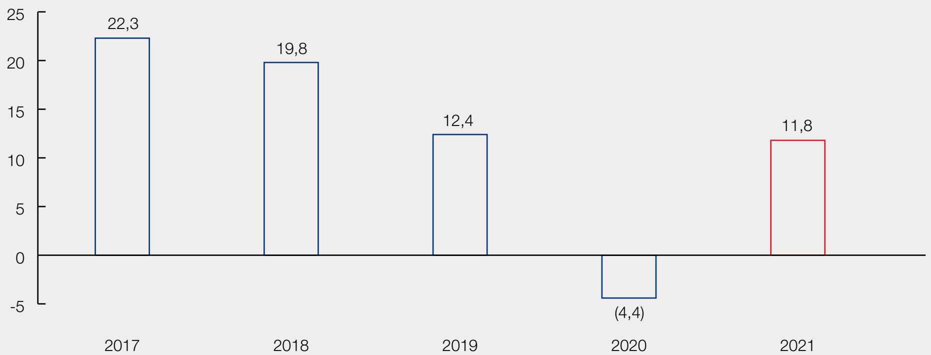
Headline earnings per share (cents)



RECONCILIATION OF HEADLINE EARNINGS FOR THE YEAR ENDED 30 JUNE

R'000	Audited FY2021	Audited FY2020
Attributable earnings from continued operations	315 996	(497 827)
Adjusted for		
FCTR recycled through profit and loss	–	14 250
Tax effect	–	(3 990)
Loss on deemed disposal of equity-accounted investee	8 350	–
Goodwill impaired	20 635	–
Profit from the disposal of property, plant and equipment	(25 145)	(4 510)
Non-controlling interests	4 351	150
Tax effect	4 575	1 204
Equity-accounted investees:		
Profit/(loss) from the disposal of property, plant and equipment	954	(64)
Tax effect	(267)	18
Headline earnings/(loss) from operations	329 449	(490 769)

Return on capital employed (%)



The Group delivered a return on capital employed (ROCE) of 11,8% (FY2020: -4,4%). While this reflects a sharp improvement over the prior year, it remains below our target return of 20% as returns have been drastically affected by recurring losses in Australia since FY2019.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment predominantly comprises the Group's fleet of construction plant. Amid lower activity levels within the Roads earthworks division over recent years and increased market uncertainty surrounding Covid-19, capital expenditure has been contained to essential replacements and project specific expansion in order to preserve cash reserves and minimise external debt. This approach is reflected in the decline in the net book value of property, plant and equipment in FY2021. Disposals of R273 million exceeded capital expenditure for the year of R117 million by R156 million. R22 million of the capital expenditure was financed. Depreciation of R223 million (FY2020: R253 million), a transfer of property to held-for-sale amounting to R36 million and exchange rate effects of R206 million comprised the remaining decrease in net book value.

Rm	**FY2021**	FY2020
Property, plant and equipment	**1 764**	2 054
Depreciation	**223**	250
Right-of-use assets	**321**	407
Depreciation	**82**	76

Rm	Approved 2022	Actual **2021**	2020
Capital expenditure			
Replacement	243	**73**	180
Expansion	46	**44**	73
Total	289	**117**	253

A reliable and effective fleet is compulsory to meet the productivity targets on mining infrastructure and road projects. The Group has developed a plant replacement philosophy based on the optimum useful lives for strategic items of plant that is aligned with demand and activity levels. Following increased procurement activity within both the mining and road sectors, a capex spend of R289 million has been approved for FY2022. Each capex request is assessed on its merits, taking cognizance of activity levels, the cost and availability of similar plant within the rental market and the prospects of future projects requiring plant with the same application. R18 million of the approved budget had been spent by the date of the published annual financial statements.

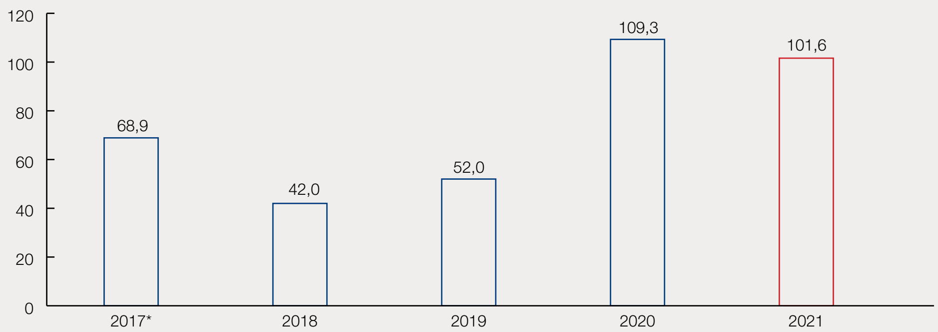
EQUITY-ACCOUNTED INVESTMENTS

The Group utilises its financial strength to support property developments, develop engineering, procurement and construction projects and invest in concession projects, in order to unlock construction opportunities for its operations, while at the same time creating higher-margin income streams.

Investments in concession projects create annuity income, while returns on property investments are realised once construction of the development has been completed and transfer of the properties takes place.

The table below sets out the different types of investments undertaken by the Group, amounts invested and loans advanced as well as any profits realised or losses incurred during the financial year:

Entity	Industry	Country	Effective %	Investment and loans Rm	Share of after-tax profit/(loss) 30 June 2021 Rm	Share of after-tax profit/(loss) 30 June 2020 Rm
Construction						
Edwin Construction	Infrastructure	South Africa	49	84,1	**8,8**	4,0
iKusasa Rail SA	Railway maintenance and construction	South Africa	–	–	**–**	(8,0)
IACS	Construction	South Africa	29,3	3,8	**–**	–
Concessions						
Dipalopalo	Serviced accommodation	South Africa	27,7	53,9	**–**	–
DFMS Joint Venture	Serviced accommodation	South Africa	14,6	7,4	**3,1**	2,1
Tshala Bese Uyavuna	Serviced accommodation		32,5	0,8	**–**	–
Gigajoule International	Gas supply	Mozambique	26,6	202,1	**31,6**	23,2
Gigajoule Power	Power	Mozambique	13	150,8	**18,6**	9,5
Property developments						
Catchu Trading – phase 1	Property development	South Africa	50	24,3	**–**	22,6
Catchu Trading – phase 2	Property development	South Africa	50	30,6	**–**	–
Caulfield	Property development	Australia	30	3,2	**3,8**	55,7
The Glen Sky Garden	Property development	Australia	20	98,6	**28,9**	–
Property developers						
Russell Homes Limited	Residential schemes and house builder	United Kingdom	31,7	226,7	**6,7**	0,2
Expected credit loss				(0,9)		–
Total				885,4	**101,6**	109,3



** Excluding losses of R47million in respect of the Byrne Group which became a subsidiary on 30 June 2018*

CONSTRUCTION

Edwin Construction, a specialist mid-tier road construction business, delivered improved performance following an increase in activity levels within the sector. The Group received a dividend of R9,8 million during the year.

On 1 July 2020, the Group re-acquired the 51% interest from the empowerment partner in iKusasa Rail SA (Pty) Ltd. The acquisition price was determined using a value-in-use method based on expected future cash flows from both secured and unsecured rail projects. The consideration payable was applied against the vendor financing loan and the outstanding balance of that loan was settled in cash in the current financial year. The investment had been accounted for as an equity-accounted investment up until the date of the change in shareholding. In terms of IFRS 3: Business combinations, where control is achieved in stages, a deemed disposal of the investment was recognised at a loss of R8,3 million.

CONCESSIONS

The operational phase of the serviced accommodation concession for Statistics South Africa delivered expected profits during the period while interest of R7,1 million was received on the loan to the Dipalopalo Concession.

The Projects team, together with our strategic partners, successfully reached financial close on a 28-year serviced accommodation concession for the Department of Rural Development and Land Reform. Thus far, R800 thousand has been invested for a 32,5% interest in the concession. A further equity injection of R92 million in the form of a shareholder loan is committed at the tail end of the construction period.

The Matola Gas Company sells and distributes gas in Mozambique and Gigajoule Power is a concession company supplying electricity generated from a gas-fired power station, in which Gigajoule International is a shareholder. Both businesses continue to perform well within their respective markets. A combined after-tax profit of R50,2 million was recognised during the year and a cash dividend of R61 million was also received.

PROPERTY DEVELOPMENTS AND PROPERTY DEVELOPERS

Phase one of the Trilogy Apartments in Tshwane, developed by Catchu Trading is 97% sold with 10 units remain unsold. Phase two of the development remains on hold.

In Australia, construction of the Glen Sky Garden above the Glen shopping centre in Melbourne was completed and profits of R28,9 million pertaining to completed sales were accounted for. Foreign interest in purchasing units was a key driver behind initial sales. The strict border controls implemented by the Australian government as part of the Covid-19 response, together with decreased levels of consumer confidence have hampered the sale of the remaining units with a number of cancellations having been received.

Russell Homes achieved revenue of £15 million in the year (FY2020: £18 million) as a result of the continued slowdown in housing sales although profit before tax recovered to £1,3 million from £15 000. Finance income of £266000 was received in respect of the loan of £7,7 million from Russell-WBHO to Russell Homes Limited.

LONG-TERM RECEIVABLES

Rm	FY2021	FY2020
Mezzanine financing arrangements	**255**	301
IFRS 16 lease receivable	**13**	17
Other long-term receivables	**183**	237
	451	555
Less:		
Expected credit loss allowance	**(1)**	(2)
Current portion	**(185)**	(269)
Total	**265**	284

In addition to its equity-accounted investments, the Group provides mezzanine financing to key clients where opportunities exist to unlock developments and procure work. Interest is levied at rates higher than those available from financial institutions and acceptable security is obtained. In lieu of the significant funding required for Australia and the impact of Covid-19, no new financing arrangements were approved in the current year. Cash settlements in respect of mezzanine financing arrangements amounted to R68,5 million.

Other long-term receivables include loans to employees for shares of R174 million (FY2020: R192 million), of which R56 million is expected to be settled over the short-term. The final instalment of R8,7 million in respect of consideration receivable due from the loss of control of Edwin Construction – a transaction concluded in FY2017, is due for settlement in FY2022.

PROVISIONS, LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Rm	FY2021	FY2020
Provisions	**2 281**	2 369
Lease liabilities	**345**	431
Long-term liabilities	**330**	405
Less: Current portion	**(149)**	(177)
	252	306

Long-term liabilities consist of R99 million (FY2020: R162 million) in respect of instalment sale agreements over plant and equipment, R117 million (FY2020: R128 million) in respect of the present value of the remaining Settlement Agreement liability concluded with the Government of South Africa and a property development loan of R112 million (FY2020: R112 million) over the Group's 50% interest in the Units on Park student accommodation in Tshwane. Lease liabilities of R345 million have been recognised over property and vehicles in terms of IFRS 16: Leases. The majority of the lease liabilities relate to leased premises in Australia and the UK.

Financial guarantees issued to third parties amount to R8,5 billion compared to R10,1 billion in FY2020. At 30 June 2021, the Group had guarantee facilities of R15,2 billion placed with various financial institutions of which R8,5 billion has been utilised, leaving an unutilised amount of R6,7 billion. Parent company guarantees to the value of R681 billion have also been issued.

EVENTS AFTER THE REPORTING PERIOD

Snap lockdowns in the States of New South Wales and Victoria in Australia, have continued to affect the construction industry after 30 June 2021 as sites have been required to work with reduced capacity or have closed completely for *ad hoc* periods of time.

The Group achieved project-wide commercial acceptance on the WRU project with effect from 30 September 2021. This is an important milestone that will result in the release of performance securities issued by the Group over the project and the final milestone payment due.

OUTLOOK AND GOING CONCERN

The continued losses incurred in Australia together with the ongoing impact of Covid-19 on all areas of operation and on future work procurement, meant that the going concern assessment was a significant consideration for management and the Board. A combination of increased public sector spending, the private sector's ability to adapt to the current conditions and rising vaccination rates in some regions, have supported the Group's recovery in the current reporting period. Further evidence of a recovery is in the replenished order books of certain of the Group's operations, together with a far stronger forward-looking pipeline of imminent projects upon which to bid. The softer short-term outlook in Australia due to rising Covid-19 infection rates and ongoing lockdowns has allowed the Group space to implement its consolidation strategy.

In addition to assessing the forward-looking pipeline of the Group, a 12-month rolling cash flow forecast prepared considering the following information:

- The sufficiency of provisions raised on onerous contracts and associated future cash outflows;
- Budgets and forecast cash flows for the period up to 30 September 2022;
- Current order book levels of secured work to be executed;
- New order intake between the end of FY2021 and the authorisation date of the financial statements;
- Imminent project awards as well as the number and availability of short- and mid-term projects in the forward-looking pipeline;
- The existing cost base of the Group and external debt;
- Available financial facilities and existing cash reserves;
- The rolling cash flow forecasts that take into account the remaining expected funding of the Australian operations.

Despite operating cash outflows amounting to R1,2 billion in FY2021, overall cash balances of R5,7 billion were retained. The net tangible asset value (shareholders' equity less goodwill) of the Group was also maintained at R4,6 billion. Consequently, there are no solvency concerns for the overall Group.

APPRECIATION

The finance teams across the Group have worked tirelessly this year to ensure the financial well-being of their respective operations as well as maintaining a strong internal control environment and minimal disruptions to the business when required to work from home. The Australian team in particular put in many late nights to meet the due diligence requirements for the unsuccessful sale of Probuild. My heartfelt thanks to all of you for your commitment this year. I'd also like to acknowledge the support and guidance received from the Board and members of the Audit committee during the year.

Charles Henwood
Chief Financial Officer

CAMDEN FINE ASH DAM

Supply and installation of 700 000m² of HDPE liner and construction of a 300 000m² coal drain.

PROJECT VALUE

R186 million

PROJECT DURATION

9 months

PROTECTING VALUE

MESSAGE FROM THE

LEAD INDEPENDENT DIRECTOR

ROSS GARDINER

The Board actively promotes strong principles of honesty and integrity within WBHO. Long-term sustainable value creation is built on ethical leadership and we strive to embed an ethical culture within every level of our business.

The onset of the Covid-19 pandemic brought with it high levels of uncertainty and anxiety that necessitated swift leadership and at times, difficult decision-making. We have acted with the utmost responsibility and care in protecting and supporting the staff of WBHO, as well as with compassion when required.

The Board is conscientious of the responsibilities and duties conferred upon it by the Companies Act, JSE Listing Requirements and King IV™, and accepts fundamental responsibility for ensuring that the strategy, risk, performance and sustainability of the Group are inseparable and weighed against the interests of all stakeholders. The implementation of robust corporate governance processes are designed to protect executives and employees when fulfilling their duties and instil stakeholder confidence in our business.

We understand that the trust of stakeholders can be lost in an instant and we aim to visibly demonstrate that, as a business, we truly live ethically. WBHO steadfastly maintains zero tolerance for corruption and we actively encourage our staff to use our whistleblowing lines. Incidents are reported directly to the CEO and independent internal audit function for assessing the level of investigation required. A summary of all incidents and the outcome of any investigations are also presented to the Audit committee quarterly. I am content that we have acted decisively where we have identified wrongdoing. Contracting with unreliable or questionable parties is one of our strategic risks and hence this philosophy is also carried through to our client and supplier relationships.

The Board provides continuous oversight of significant matters, acting as an independent check and balance for the executive management team, whose main responsibility remains the management of the business. The ability to provide appropriate and effective judgement and guidance to management is significantly enhanced by having a skilled and diverse Board which possesses a breadth of experience across a number of industries, supported by an appropriate mix of gender, race, knowledge and perspectives.

As a Board, we ensure that corporate governance is appropriate and relevant to the size, nature and complexity of the Group's operations, whilst still encouraging robust practices within the context of economic performance. I am comfortable that the Board and its committees have successfully discharged their duties and responsibilities this year in accordance with their charters and mandate.

Ross Gardiner
Lead independent director

BOARD OF DIRECTORS

WBHO recognises that accountability and transparency are fundamental to investor trust and that good governance contributes to value creation in the short-, medium- and long-term. A summarised account of the work done by the Board during the 2021 financial year follows, and describes how the Board has applied principles of good governance in order to enable and support the Company's value creation process.

Refer to the separately published **ESG Report** for the detailed governance report

BOARD OF DIRECTORS

The WBHO Board of Directors is responsible for developing the strategy of the organisation with management. It retains full and effective control of the Company and is responsible for the implementation of the strategy of the Group.

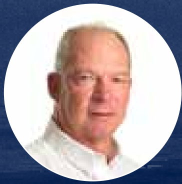
BOARD COMPOSITION

The Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. The diversity in its membership across various attributes creates value by promoting better decision-making and effective governance.

LEADERSHIP ROLES AND FUNCTIONS

The role of the Chairman is distinct and separate from that of the Chief Executive Officer ensuring that appropriate balances of power and authority exist on the Board. The Board is led by an Executive Chairman and therefore, in compliance with JSE Listings Requirements and King IV™, a lead independent director has been appointed.

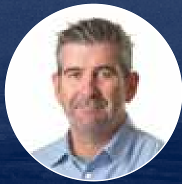
EXECUTIVE



LOUWTJIE NEL (60)

Chairman

Qualifications: BSc Eng
Board member since: 1 August 2008
Skills, expertise and experience: Engineering
Industry experience: 32 years
Other significant directorships: WBHO Group companies



WOLFGANG NEFF (50)

Chief Executive Officer

Qualifications: BSc Eng (Civil), Pr.Eng, Pr.CPM
Board member since: 20 November 2019
Skills, expertise and experience: Engineering
Industry experience: 26 years
Other significant directorships: WBHO Group companies

NON-EXECUTIVE

ROSS GARDINER (58)

Lead independent non-executive

Qualifications: BSc (Hons) (Mining and Petroleum Engineering)
Board member since: 23 January 2014
Skills, expertise and experience: Mining, engineering and risk management
Industry experience: 36 years
Other significant directorships: New Africa Mining Fund 3 (Pty) Ltd

COBUS BESTER (62)

Independent non-executive

Qualifications: BCom (Acc) Hons, CA(SA)
Board member since: 1 November 2017
Skills, expertise and experience: Finance, taxation, governance and risk management
Industry experience: 33 years
Other significant directorships: Bombela Operating Company (Pty) Ltd

KAREN FORBAY (51)

Independent non-executive

Qualifications: BCom, BCom (Hons) Economics and Finance, BCom (Hons) Accounting, Hdip (Tax), Post Graduate Diploma (Leadership)
Board member since: 1 November 2017
Skills, expertise and experience: Governance, finance and taxation
Industry experience: 3 years
Other significant directorships: KMF and Associates (Pty) Ltd

SAVANNAH MAZIYA (53)

Independent non-executive

Qualifications: BA (Hons), MBA
Board member since: 25 October 2006
Skills, expertise and experience: Finance and mining
Industry experience: 16 years
Other significant directorships: Bunengi Holdings (Pty) Ltd, Sibanye-Stillwater Ltd, Rand Water, WSP Group Africa, Parsons Brinckerhoff Africa (Pty) Ltd

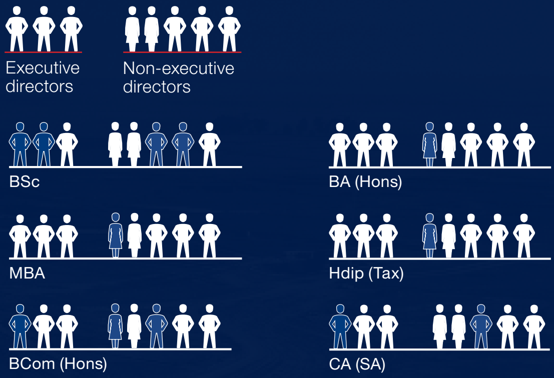
CHARLES HENWOOD (58)
Chief Financial Officer

Qualifications: BCom, BCompt (Hons), CA(SA)
Board member since: 9 November 2011
Skills, expertise and experience: Finance **Industry experience:** 31 years
Other significant directorships: WBHO Group companies

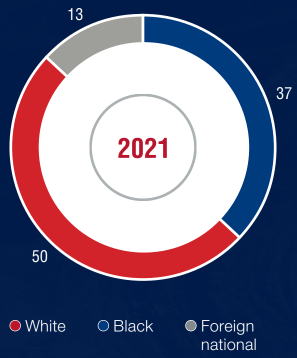
HATLA NTENE (67)
Independent non-executive

Qualifications: BSc (Surv), Dip.Con. Econ, Dip.Civ.Eng, Pr.CPM, PRQS, PMAQS
Board member since: 1 November 2017
Skills, expertise and experience: Quantity surveyor and governance
Industry experience: 31 years
Other significant directorships: Calgro M3 Holdings (Pty) Ltd, The Don Group Ltd, Mvua Property Partners (Pty) Ltd, Aecom South Africa Group Holdings (Pty) Ltd

BOARD COMPOSITION



DEMOGRAPHICS (%)



37% OF THE BOARD MEMBERS ARE BLACK

75% OF THE BOARD MEMBERS ARE MALE

25% OF THE BOARD MEMBERS ARE FEMALE

EXECUTIVE DIRECTOR TENURE ON THE BOARD

NON-EXECUTIVE DIRECTOR TENURE ON THE BOARD

4 years	7 years	15 years
SHORTEST	AVERAGE	LONGEST

GOVERNANCE REPORT

GOVERNANCE FRAMEWORK

WBHO's governance framework, as set out below, enables the Board to maintain effective control while delegating authority through its Board committees and the Executive committee.

BOARD

Responsible for strategic leadership and guidance and ensuring that the Company remains a robust, successful business, responsive to stakeholders and accountable to shareholders.

BOARD COMMITTEE

AUDIT COMMITTEE	RISK COMMITTEE	SOCIAL AND ETHICS COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
Oversight of financial risk management and ensuring the integrity of financial reporting	Oversight of the risk management framework and combined assurance reporting	Oversight of good corporate citizenship, encompassing ethical, legal, social and environmental governance	Oversight of all remuneration policies and practices	Oversight of identifying and sourcing appropriately skilled directors, ensuring that an evaluation process is implemented across all subcommittees and main Board directors

CEO

EXECUTIVE COMMITTEE

(comprising the executive directors and prescribed officers)

Responsible for implementing the strategy of the Group and assisting the CEO in managing the day-to-day operations. In addition, mandates are given to the committees below to oversee specific areas of importance on behalf of the Executive committee (Exco).

INFORMATION TECHNOLOGY STEERING COMMITTEE	CREDIT COMMITTEE	TRANSFORMATION COMMITTEE	SKILLS DEVELOPMENT COMMITTEE	VRP RISK COMMITTEE
Responsible for ensuring effective, appropriate IT governance and support	Responsible for assessing all capital projects against financial, technical and strategic objectives	Responsible for implementing initiatives to achieve the strategic transformation objectives of the Group	Responsible for ensuring the training and skills development programmes of the Group are coordinated and effective	Responsible for monitoring progress against VRP targets and developing strategy to ensure the ultimate obligation is achieved

BOARD EFFECTIVENESS

Through the Board, WBHO endorses, and is committed to, the recommendations of the King Report on Corporate Governance for South Africa (King IV™); the dictates of the Companies Act of South Africa, No. 71 of 2008; and the JSE Listings Requirements. WBHO recognises that being a "good corporate citizen" requires the organisation to deliberate and act with fairness, responsibility, transparency and accountability.

The Board has five standing committees through which it executes some of its duties namely: Audit, Risk, Social and ethics, Remuneration and the Nomination committees. Each committee has adopted formal terms of reference and is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year. The Audit committee and Remuneration committee reports are included in this report. For more on the membership, attendance at meetings, key focus areas in the year and planned focus areas for FY2022 for the remaining committees, refer to the detailed governance report included in the separately published ESG Report.

Separate Audit and Remuneration committees have been established in Australia. During the year, a Remuneration committee was established in the UK, while the establishment of an Audit committee will be finalised in FY2022. Formal procedures currently exist to provide governance over the areas for which an Audit committee would be responsible and these are reported upon at the relevant Board subcommittees.

A Delegation of Authority Framework is in place and the Board is satisfied that the framework contributes to role clarity and effective exercise of its responsibilities.

The table below summarises the key activities undertaken by the Board in the year as well as planned focus areas for FY2022.

	Desired outcomes	Activities in the year	Specific planned focus areas for FY2022
Leadership, ethics and corporate citizenship	• An ethical and effective leadership, resulting in the delivery of strategic objectives and positive outcomes • Maintain WBHO's responsible corporate citizenship status • Establish and monitor an ethical culture	• Conducted reviews of the Board Charter, committee terms of reference and policies including division of responsibility and independence of non-executive directors • An external evaluation of the Board and its committees was performed during the year under review • Further enhanced the existing provisions for declaring conflicts of interest with particular focus on the tender process • Began a process for defining and identifying related parties and included it as a standing item in future Risk committee meetings • Displayed independent and effective judgement on material matters • Reviewed the Code of Conduct and Delegation of Authority Framework • Monitored the implementation all Covid-19-related controls and precautions	• Implement the Group compliance framework • Implement the recommendations from the Board evaluation report. • Ongoing review of conflicts of interests and compliance requirements • Implement a Related Party Policy throughout WBHO • Ongoing review of Covid-19-related impacts and compliance requirements
Strategy, performance and reporting	• Realisation of WBHO's core purpose and values through its strategy • A well-considered strategy, taking into account the operating environment, risks and opportunities, with the intent to deliver sustained long-term value • Appropriate alignment and monitoring of key performance measures and targets for assessing the achievement of the strategic objectives • Providing reliable external reports that enable stakeholders to make an informed assessment of the Group's performance	• Monitored the performance and implementation of the approved strategy • Approved key performance metrics and targets for FY2021 • Reviewed detailed divisional business reports at the interim reporting period to highlight any emerging issues and risks • Approved the FY2021 budget • Approved the FY2021 Integrated Report, annual financial statements and published results announcements • Reviewed solvency, liquidity and going-concern status • Convened a number of special board meetings to deliberate and strategise over Project Empire, a material transaction for the sale of Probuild Construction in Australia. Ultimately, the transaction did not materialise	• Monitor progress of the completion of legacy major loss-making projects in Australia and associated legal proceedings for the recovery of claims • Review and interrogate the strategic direction and objectives in relation to risks, opportunities, resources and relationships at the annual Board strategy session

	Desired outcomes	Activities in the year	Specific planned focus areas for FY2022
Risk, oversight and compliance	• Strengthened diversity in thought, experience and independence of the Board and its committees • Continuous improvement in the performance and effectiveness of the Board • Compliance with WBHO policies and country specific laws and regulations throughout WBHO in each country of operation • Substantial compliance with the spirit and principles of King IV™	• No new independent non-executive directors were appointed in the year • Monitored progress made in terms of gender and role diversity • Considered the requirements of the Promotion of Access to Information Act (PAIA) and the Protection of Personal Information Act (POPIA) • Through the Audit committee, reviewed internal audit reports covering compliance with country and Group specific policies and procedures. • Identified and assessed potential risk of non-compliance throughout the Group on a regular basis.	• Continuously assess the current mix of the Board to determine if it adequately addresses the needs of the business and represents the demographics of the nation • An annual assessment of the independence of the board is performed. • Ensure compliance with the Diversity Policy of the Group. • Developed a Privacy Policy in accordance with the Protection of Personal Information Act and amended the PAIA Manual to comply with the requirements of POPIA • Ongoing review of the compliance or legislative risk matrix for each country in which WBHO has a permanent presence • An independent Board and subcommittee evaluation was performed during the year
Remuneration	• Fair, responsible and transparent remuneration practices • Alignment of executive director and stakeholder interests	• Reviewed the Remuneration policy and Implementation plan against WBHO's strategic objectives • Gave specific attention to the performance measures of the short-term and long-term incentive schemes and approved the necessary targets • Approved the value of the short-term incentive pool	• Ongoing review of remuneration structures against industry norms and performance of the Group
Stakeholder relations	• Stakeholder -inclusive approach in the execution of governance roles and responsibilities • Reasonable needs, interests and expectations of stakeholders, balanced with the best interests of the Group over time	• Identified material stakeholders and oversaw the extent of stakeholder engagement • Oversaw facilitation by management of regular and pertinent communication with shareholders	• Ongoing monitoring of stakeholder engagement
Corporate governance	• Appropriate governance structures and processes to ensure effective control of the Company	• Considered the independent assessment of long tenure directors • Implemented virtual Board and committee meetings and strengthened electronic communication in response to Covid-19 and social distancing requirements. • Reviewed and monitored ongoing remedial actions to align the IT Governance Framework with international best practice following the IT governance assessment conducted in previous years • Considered the independent assessment of long tenure directors • Implemented virtual Board and committee meetings and strengthened electronic communication in response to Covid-19 and social distancing requirements. • Reviewed and monitored ongoing remedial actions to align the IT Governance Framework with international best practice following the IT governance assessment conducted in previous years	• Review of the corporate governance framework and the delegation of authority policy by the Board • Annual assessment of the independence of long tenure directors and their reappointment in terms of King IV™

AUDIT COMMITTEE REPORT

MESSAGE FROM THE AUDIT COMMITTEE CHAIRMAN

COBUS BESTER

Dear shareholders,
I am pleased to present the Audit committee report for the 2021 financial year. In addition to fulfilling the statutory and other duties and responsibilities conferred upon us, we closely monitored the material financial risks confronted by the Group that originated in FY2020. At the centre of these risks, was ensuring oversight of the additional losses incurred on two projects in Australia and the impact of the associated funding thereof on the financial position, liquidity and going concern of the Group in the midst of the economic hardship brought about by Covid-19.

In these uncertain times, vigilant and proactive financial management alongside transparent communication with stakeholders is essential. Each year we evaluate the suitability of the expertise and experience of the Chief Financial Officer, review the expertise, resources and experience of the finance function as a whole while also obtaining regular independent reports on the appropriateness and effectiveness of the Group's internal control environment from the internal and external auditors. As a committee, we are able to confirm that the financial processes and controls of the Group are sufficiently robust to ensure the integrity of WBHO's financial reporting.

This report provides details of how the committee satisfied its various statutory obligations during the year, how it assessed the effectiveness of the internal auditors and the appointment, independence and effectiveness of the external auditors. The report also reflects on significant matters that arose in the year and how the committee addressed those.

We gave specific attention to various accounting and IFRS technical matters that arose during the year, including addressing queries on our 2020 financial statements from the JSE as part of their 'Pro-active monitoring of annual financial statements'. We engaged the process in a collaborative and positive manner and after providing clarification on a variety of technical issues we also included certain improvements to our disclosures in the 2021 financial statements. In addition, we monitored the progress of the ongoing initiatives undertaken to enhance our IT governance and obtained confirmation from the internal auditors on the resolution of all medium- and high-risk findings within their reports. The number of projects achieving satisfactory or better internal audit reports increased from 81% of projects audited to 83%. 17% of projects required improvement in the controls implemented over certain areas while no projects were reported to have a weak control environment.

While the committee will continue to operate within its mandate and address all regular matters reserved for its consideration, we will also focus on the following areas in FY2022:

- Monitoring the final completion of the loss-making WRU and 443 Queen Street projects
- Monitoring the financial performance of the Australian operations under the context of the revised business strategy
- Monitor and assess the liquidity and working capital position of the Group
- Oversee the finalisation of the enhanced IT governance policies and procedures implemented

In closing, I would like to thank my fellow committee members for their contribution and support at committee meetings as well as to commend Charles Henwood, the Chief Financial Officer, and the entire finance team for their role in navigating this exceptionally challenging year and for their commitment to ensuring robust financial management and transparent reporting on the difficult issues confronted.

Cobus Bester
Audit committee Chairman

AUDIT COMMITTEE REPORT

The Audit committee's primary purpose is to provide financial oversight on behalf of the Board in compliance with the statutory duties and responsibilities prescribed by the Companies Act, JSE Listings Requirements and King Codes.

AUDIT COMMITTEE RESPONSIBILITIES

The committee has adopted appropriate formal terms of reference and is responsible for:

- Performing its statutory duties as prescribed by the Companies Act, with specific reference to audit quality, auditor independence and financial policies and reporting concerns
- Considering the financial performance, financial position and cash flows of the Group on a quarterly basis
- Overseeing, assessing and approving the internal and external audit functions with respect to appointment, work plans, quality of work executed, matters arising from the work performed and independence
- Reviewing the expertise, resources and experience of the finance function and evaluating the suitability of the expertise and experience of the Chief Financial Officer
- In conjunction with the Social and ethics and Risk committees, considering the risk management framework and policy as they relate to financial reporting risks, internal financial controls and fraud, IT and non-compliance risks as they relate to financial reporting as well as the adequacy of the risk management process
- Overseeing the combined assurance framework and plan, including the quality of, and reporting by, assurance services provided within the Group as well as any external assurance providers in order to ensure the integrity of information for internal and stakeholder decision-making, as well as the adequacy and effectiveness of internal controls
- Recommending to the Board for approval, the interim and annual financial statements as well as the Integrated Report including the committee's assessment of the solvency and liquidity of the Group

The committee confirms that it has discharged its responsibilities as mandated by the Board, its statutory duties in compliance with the Companies Act and the JSE Listings Requirements, and aligned with best practice in corporate governance, as advocated by King IV™.

The Audit committee specifically addressed the following matters in FY2021:

Focus area	Activities and explanation
Funding of material loss-making contracts and any impact of Covid-19 on solvency, liquidity and going concern	In conjunction with management, at each quarterly meeting the committee reviewed and evaluated the 12-month forward-looking cash forecasts of the Group, levels of external debt and available financial facilities. The forecasts took into consideration the funding required from South Africa to support the expected costs to complete the loss-making projects in Australia as well as any other significant non-operating cash flows. The impact of Covid-19 was not considered material in FY2021. The committee also reviewed a schedule of all loss-making and underperforming projects within the Group to ensure that the procurement and execution strategies of the Group remained robust.
Taxation	The committee reviewed the tax policy of the Group. Obtained and considered a quarterly tax report from management and monitored the outcome of audits by revenue authorities. Considered the tax accrual review undertaken by BDO and noted that no significant matters of concern were reported. The committee also reviewed and considered the recognition and recoverability of deferred tax assets in respect of assessable losses.
Timing and impact of the mandatory audit firm rotation	In June 2017, the Independent Regulatory Board for Auditors (IRBA) issued a rule prescribing that external auditors of Public Interest Entities must comply with mandatory audit firm rotation (MAFR) with effect from 1 April 2023. The Audit committee considered whether to early-adopt MAFR or to adopt it from April 2023 as required. The committee concluded that a new external audit firm will be appointed for the audit of the 2024 financial year-end. An announcement of the progress and shortlisted audit firms will be announced at the 2022 AGM.
IT governance	In FY2021, management implemented various changes to policies and procedures to further enhance governance of the IT control landscape, enterprise architecture and the quality of operations and IT support to the business. The committee followed the progress of the project and received regular feedback from management. These enhanced processes are now substantially in place and have been verified by an external party and assessed for their suitability for an organisation of WBHO's nature. External confirmations were obtained with regard to the security of internal and external systems and threats identified were resolved. Cybercrime was also discussed and management will assess the need for insurance cover for such an event at the next insurance renewal.
Corporate governance	The committee assessed how best to meet its obligations in approving the consolidated annual financial statements for the Group in terms of section 3.84(g) of the JSE Listings Requirements The committee assessed the internal control processes over the consolidation of the various entities including the preparation of subsidiary packs, compiled in accordance with IFRS and signed off by the relevant external auditors prior to consolidation. Management also prepared a reconciliation of Revenue and operating profit from the management accounting reports to the financial statements which was submitted to the committee. The Committee also confirmed that the necessary processes were in place for the CEO and CFO to sign the Responsibility Statement in terms of section 3.84(k) of the JSE Listings Requirements.

COMPOSITION AND ATTENDANCE AT MEETINGS

During the year under review the committee members comprised independent non-executive directors. All members have the requisite business, financial and leadership skills for their positions.

Composition	Appointed	Meeting attendance	Other regular attendees
Cobus Bester (Chairman)	1 November 2018	4/4	• Chief Executive Officer • Chief Financial Officer • Finance • Information technology • Internal auditors • External auditors
Karen Forbay	1 November 2018	4/4	
Ross Gardiner	28 April 2014	4/4	
Savannah Maziya	29 August 2018	4/4	

Refer to **pages 102 to 103** for detailed qualifications and experience of committee members.

Designated advisors may be invited to meetings from time to time. The Chairman also met separately with management and the external auditors and internal auditors prior to each meeting. During the year under review, no closed sessions with management or internal and external auditors were held for committee members only.

INTERNAL AUDIT

The Group outsources its internal function to Deloitte, both in Africa and Australia. The internal audit function in the United Kingdom is currently managed in-house.

During the year the committee:

- Confirmed the independence of the internal auditor
- Approved the fees payable for services rendered by the internal auditor
- Reviewed the internal audit plan for the year
- Reviewed the audit reports of audits conducted and made appropriate enquiries of management and the Chief Audit Executive on significant audit findings
- The Chairman held regular feedback meetings with the Chief Audit Executive
- Assessed the skills, qualifications and experience of a newly appointed Chief Audit Executive effective from 1 June 2021

EXTERNAL AUDITORS

In respect of the external auditor, the committee:

- Satisfied itself that the external auditor was independent as set out in section 94(8) of the Companies Act. The independence of the external auditors is regularly reviewed as prescribed by the Independent Regulatory Board of Auditors (IRBA). The requisite assurance was provided by the external auditor to support and demonstrate its claim to independence.
- Determined the fees payable and terms of engagement for the FY2021 audit as well as the nature and extent of any non-audit fees that the external auditor provided to the group. All non-audit-related services are governed by a formal approval framework.
- Reviewed and approved the external audit plan giving specific attention to the key audit matters and the proposed scope.
- Held separate meetings with the external auditor without management being present at which no matters of concern were raised.
- Received and reviewed external audit reports for the year pertaining to the annual financial statements for the year ended 30 June 2021. An unqualified audit opinion was expressed.
- Assessed the quality of the external audit undertaken, and overall, the Audit committee is satisfied with the quality of the external audit services performed for the year, after having:
  - Made enquiries with management regarding their overall experience of the external audit services. No significant matters were raised with the committee.
  - Reviewed the reports submitted as well as the quality of engagement with the external auditors at committee meetings.
- Reviewed and considered the findings from IRBA on BDO as an audit firm as well as its partners.
- Considered whether to early-adopt the mandatory audit firm rotation or to adopt it from April 2023 as required. The committee concluded that a new external audit firm will be appointed for the audit of the 2024 financial year-end. An announcement of the shortlisted audit firms will be announced at the 2022 AGM.
- After review of the information provided by BDO as required per paragraph 22.15(h) of the JSE Listings requirements and in consultation with management, agreed to recommend to the Board for approval at the AGM, the re-appointment of BDO South Africa Inc. as the external auditors for the 2022 financial year and confirm that Mr J Schoeman is not required to rotate from his position, but be confirmed as the designated lead partner for the forthcoming year.

COMMENTS ON AUDIT MATTERS

With respect to the key audit matters addressed by BDO in their external audit report, the committee provides some insight at a high level as to the oversight function of the committee:

RECOGNITION OF CONTRACT REVENUE AND RELATED CONTRACT ASSETS AND LIABILITIES

Revenue and margin recognition on construction contracts requires significant judgement to determine current and future financial performance. The committee assessed the methodology and judgement applied by management in determining the contractual performance obligations and whether they are delivered over time or at a point in time.
In the case of performance obligations delivered over time,

the committee focused on the measurement of progress on contracts. The committee discussed the matter with the external auditors, considered the audit procedures and evidence obtained to support management's judgements.

The committee is satisfied that the methodology and judgements applied by management are in accordance with IFRS.

VALUATION OF GOODWILL

WBHO has recognised material values of goodwill (being the excess of the fair values of acquired assets and liabilities over the net consideration paid) on acquisitions in Australia and the UK. By its nature, the testing of goodwill for impairment involves significant judgement.

After due consideration of the sizeable loss-making contract within Probuild Constructions Pty Ltd in Australia, and the impact of Covid-19 on the future earnings of all acquisitions, the committee considered the appropriateness of key assumptions applied to valuation models in the assessment of goodwill for FY2021. The committee is satisfied that the models and assumptions applied were appropriate and consistently applied. No impairment charge was recognised in the year.

COMPLETENESS AND ADEQUACY OF CONTRACT AND OTHER PROVISIONS

Construction companies are exposed to various claims, possible legal disputes and other construction-related provisions during and after the construction phase. Determining the levels of required provisions requires judgement based on past experiences and known current factors.

The committee considered management's representation of current obligations and potential claims related to construction activities. The committee also considered the representation made by the Group legal function of known and potential claims against the Group. The committee is satisfied that the provisions recognised are adequate to meet the contractual obligations of the Group.

ONEROUS CONTRACTS

The financial performance of the Group was impacted by additional provisions recognised in respect of future costs to attain commercial acceptance on the WRU project and further delays to the estimated final completion of the 443 Queen Street project. Having achieved physical completion of the WRU project during the year, the value and risk attached to this provision reduced significantly. The 443 Queen Street project was adversely affected by Covid-19 during the period. The inter-state travel restriction caused delays in material supply and meant that the Queensland subcontractor workforce could not be supplemented by additional resources from Melbourne to meet the required production output.

The committee considered the appropriateness of management's assumptions and forecasts applied in the determination of the remaining anticipated future costs. The committee is satisfied that based on known information, the methodology and judgements applied by management are adequate.

ANNUAL CONFIRMATIONS

The principal matters attended to by the committee during the year included:

- **Annual financial statements and integrated report**
  The committee is satisfied that WBHO's financial reporting procedures are operating appropriately. The committee reviewed and considered the annual financial statements as well as the 2021 Integrated Report and recommended them for approval by the Board.

  The committee, in the finalisation of the annual financial statements, also considered matters, including those emanating from the JSE's ongoing communication of emerging shortcomings in financial reporting garnered form their pro-active monitoring process in respect of accounting policies and financial reporting as well as specific points raised in the recent review of the Group's 2020 annual financial statements.

- **Solvency and liquidity**
  The committee reviewed quarterly assessments by management of the going concern premise of the company before communicating to the Board that the company and Group will be a going concern for the foreseeable future.

- **Evaluation of the expertise and adequacy of the Chief Financial Officer (CFO) and the finance function**
  Considered and satisfied itself of the appropriateness of the expertise and adequacy of resources within the finance function of the Group and specifically of the CFO.

- **Effectiveness of internal controls**
  Using WBHO's combined assurance model and assurance obtained from the various assurance providers across the three lines of defence as a basis, the committee recommended to the Board that it issues a statement as to the adequacy of the Group's internal control environment.

  The committee also considered the effectiveness of the Chief Audit Executive and internal audit function and monitored adherence to the annual internal audit plan. The committee satisfied itself that the internal audit function is independent and had the necessary resources, standing and authority to discharge its duties.

MESSAGE FROM THE REMUNERATION COMMITTEE CHAIRMAN

SAVANNAH MAZIYA

Dear shareholders,
WBHO returned to profitability in FY2021. Pleasingly, WBHO bedded down the right-sizing of the business undertaken in the prior year and managed the consequences of Covid-19 extremely well although the decision by the Australia Foreign Investment Review Board not to allow the sale of Probuild was extremely disappointing. The ongoing funding of the Australian business has been managed well with the operational divisions from other regions generating positive cash flows in support of the required funding. The Covid-19 restrictions on travel placed extra strain on management in overseeing the completion of the Western Roads Upgrade Project (WRU) and 443 Queen Street projects in Australia. The financial performance of these two projects has again severely affected both the short- and long-term incentives of the Group's senior management. Short-term incentives for executive management are calculated in accordance with the Remuneration policy which resulted in positive calculated amounts. We experienced some difficulty in determining appropriate targets for the FY2021 year due to the prior year being negatively affected by the impact of Covid-19 and the material losses suffered in Australia. The operating profit target was determined with reference to the FY2019 actual performance adjusted for an estimated increased operational cost resulting from Covid-19. The committee also approved the award of short-term incentives to employees within the African operations in acknowledgement of their efforts in successfully navigating the Covid-19 pandemic and returning profitability to pre-Covid-19 levels amidst the turbulent environment experienced throughout the year.

The overarching responsibility of the Remuneration committee is to ensure that the principles of accountability, transparency and good governance are followed for all remuneration-related matters across WBHO. The committee ensures that WBHO has the appropriate remuneration policies and practices in place to attract, motivate and retain the right talent, especially at executive and operational level, and to ensure that there is an appropriate link between executive remuneration and the Group's performance against its strategic objectives. The committee must also annually review the skills profile of the Group and its leadership team as well as undertake annual evaluations of the performance of WBHO's executive directors and management.

In FY2021, the Remuneration committee specifically focused on:
- Shareholder engagement, specifically with regard to the decision to award bonuses in FY2020
- Reporting of related party transactions and determining the suitable board committee to oversee related party transactions and risk
- Decision to pay bonuses in accordance with the Remuneration policy in respect of the FY2020 performance after:
  – Assessing the Group and divisional operating performance
  – Determining that the Australian performance should not penalise all employees
  – Applying the remuneration strategy taking cognisance of fairness to all employees
  – Assessing the sustainability of WBHO
  – Giving consideration to the payment of salaries over various lockdown periods
  – Executive personal scorecards
  – Adjusting the calculated bonuses for executive directors
- Reviewing the 2021 short-term incentive targets, giving consideration to the reasonableness thereof and ensuring a suitable stretch target, which resulted in no changes being made.
- Consideration of the 2021 short-term incentive metrics, taking cognisance of the poor performance in the prior year
- Discussed succession planning for the WBHO Construction Board representatives and Company Secretary and reviewed the implementation of the succession plan for the Australian operations
- Considering the effect of the Covid-19 pandemic on all employees
- Reviewing and approving changes to the Remuneration policy for TSR and ROCE 2019 changes and malus and claw back policy
- Monitoring remuneration practices and reports ensuring alignment with the requirements of the Remuneration policy
- Reviewing the annual remuneration report to be disclosed in this Integrated Report
- Remuneration packages and benefits for executive directors including any termination benefits payable
- Ensuring that executive remuneration packages are effective in delivering WBHO's strategy and the right behaviour
- Review of targets with regard to long-term incentives with the decision not to change based on external advice provided to the Remco and historical performance
- Considering the award of long-term incentives in terms of the Long-term Incentive Policy and as advised
- Managing the delayed vesting of long-term incentives, due to the anticipated sale of Probuild
- Implementation of a remuneration committee in the UK for the Byrne Group and Russell-WBHO

In FY2022, specific attention will be placed on:
- Long-term incentive targets to ensure delivery of long-term sustainable objectives and fair to participants
- Improved communication with shareholders to ensure Remco policy is understood and takes cognisance of shareholders' concerns
- Ensuring a safe and stimulating work environment for employees
- Ongoing review and assessment of gender equality within the organisation

APPRECIATION

I would like to thank my colleagues on the committee for their assistance this year in delivering upon our important responsibilities and for striving for progressive remuneration policies and practices. I extend my thanks also to the executive team for their dedication and hard work over the year.

Savannah Maziya
Remuneration committee Chairman

REMUNERATION COMMITTEE REPORT

REMUNERATION GOVERNANCE

The Remuneration committee (Remco) is tasked by the Board to independently approve and oversee the implementation of a Remuneration policy that will encourage the achievement of the Group's strategy and grow stakeholder value on a sustainable basis.

RESPONSIBILITIES

The committee has adopted an appropriate formal terms of reference and is responsible for:

- Determining, agreeing and developing the Group's general policy on non-executive, executive and senior management remuneration
- Ensuring that the Group remunerates directors and executives fairly and responsibly and that disclosure of director remuneration is accurate, complete and transparent
- Monitoring compliance with the remuneration policy

MEMBERSHIP

The committee comprises three independent non-executive directors. All members have the requisite business, financial and leadership skills for their positions. There were no changes to the committee membership in the year.

For detailed qualifications and experience of non-executive committee members see **page 102.**

For details of attendance at committee meetings see **page 73** of the ESG Report.

REMUNERATION CONSULTANTS

Where appropriate, the Remco obtains advice from independent remuneration consultants. The Group utilised the services of Deloitte as independent remuneration consultants in determining the quantum and mix of long-term incentives (LTI) awards for FY2021. The Remco also reviewed the targets for short- and long-term incentives for FY2021. The targets for short- and long-term incentives for the 2021 financial year have not been adjusted.

> The committee confirms that the Remuneration policy has been fully complied with in the current year without any deviation therefrom. We are also satisfied that the policy achieved its objectives in the year

NON-BINDING ADVISORY VOTE ON WBHO'S REMUNERATION POLICY AND IMPLEMENTATION REPORT

In terms of the JSE Listings Requirements, shareholders are required to cast a non-binding advisory vote on the Remuneration policy and the Implementation report as presented in this report. Voting results on our Remuneration policy and the Implementation report at the FY2018, FY2019 and FY2020 annual general meetings were as follows:

	Remuneration policy (%)			Implementation report (%)		
	Votes for	Votes against	Votes abstained	Votes for	Votes against	Votes abstained
10 February 2021	97,32	2,68	0,05	75,46	24,54	0,05
20 November 2020	93,50	6,50	0,03	93,41	6,59	0,03
21 November 2019	96,02	3,98	0,01	96,55	3,45	0,01

Should shareholders exercising 25% or more of the voting rights, vote against the Remuneration policy and Implementation report at the upcoming AGM, the Group shall extend an invitation to dissenting shareholders in its voting results announcement, to address the reasons for their vote and indicate the manner and timing of such engagement.

REMUNERATION AND IMPLEMENTATION REPORT

REMUNERATION PHILOSOPHY AND POLICY

WBHO's remuneration philosophy defines how its remuneration practices seek to be fair, responsible, transparent and compliant with legislative requirements within all the jurisdictions in which the Group operates. Furthermore, it seeks to encourage and reward long-term sustainable performance that is aligned to the Group's strategy as well as ensure the achievement of the desired culture across WBHO. The key elements of the remuneration strategy and policy have been articulated in a remuneration policy.

WBHO's strategy, vision, business model, culture, objectives and targets have been defined. The Group's strategy has been developed by the executive and senior management teams and approved by the WBHO board. Management is responsible for delivering against this mandate and managing the business on a day-to-day basis to achieve the stated objectives. Overall, this feeds into the evaluation of performance against a set of pre-determined metrics that forms part of the remuneration cycle. All employee-related processes from recruitment to monitoring performance against agreed metrics have been accordingly aligned.

The Remuneration policy recognises that WBHO considers its employees to be the most important factor contributing towards its continued success and, through its application, aims to fairly remunerate all employees and reward individual performance in a way that is able to attract, motivate and retain key personnel.

The Group's Remuneration policy, which is available online under the governance section of the company's website at **www.wbho.co.za/governance**, defines the principles to be applied when determining remuneration for employees, including both executive and non-executive packages. A primary purpose of the policy is to align the interests of senior executives with the interests of shareholders and with the business strategy formulated by the Board, particularly with regard to how performance-based rewards are utilised to drive performance. There were no changes to the policy during the year.

GENDER EQUALITY

WBHO is committed to gender equality, and our policy is to pay men and women equally for equivalent roles.

GUIDING PRINCIPLES

WBHO's remuneration philosophy is informed by the following guiding principles:

Guaranteed remuneration packages aligned to a performance-oriented philosophy, benchmarked against comparable industry packages, and for executive directors and senior managers, set below the median	Short-term incentives which reward high-performing employees for their performance contribution to the Group, divisional cluster and division in which they work based on a scorecard of economic, social and environmental targets	Long-term incentives which reward both company performance and individual/team/project performance

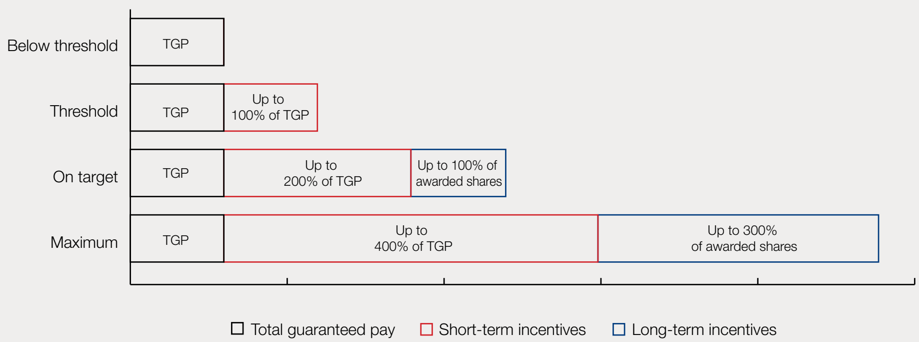
KEY ELEMENTS OF THE REMUNERATION POLICY

The key elements of WBHO's remuneration framework and structure which guides payments to all employees are summarised below.

Element	Eligibility	Implementation
TOTAL GUARANTEED PACKAGE (TGP) Reflects an individual's skills, performance, location in relation to place or residence and experience and is benchmarked against comparable industry packages.		
Basic salary		
Hourly-paid employees	Cash-settled	Determined annually at the Industry Bargaining Council through negotiations between industry and employee representatives, with increases effective in September of each year, for South African employees.
Salaried employees	Cash-settled	Determined annually taking cognisance of inflationary pressures, Group and individual performance and in most instances includes a 13th cheque based on pensionable salary. Increases are effective in March of each year for South African operations and in July for the Australian and UK operations.
Executive directors and prescribed officers	Cash-settled	Determined annually, recognising the role and responsibility for the delivery of strategy and performance. The guaranteed pay levels of executive directors are set below the median level in order to minimise the gaps in salary between executive directors and key senior operational management and maintain cohesion within the team, while taking cognisance of comparable guaranteed executive pay levels within the industry.
Benefits		
All employees		Competitive, market-aligned benefits including provident fund contributions, medical aid, leave pay, vehicle allowances, subsistence allowances and various other allowances appropriate to an employee's role and location.
SHORT-TERM INCENTIVES (STIs) (VARIABLE PAY) STIs reward the individual performance of employees taking cognisance of their relevant roles and responsibilities, are assessed annually based on performance at 30 June, approved by the Remco, and payable in November or December of each year.		
Hourly-paid employee	Cash-settled	Bonuses are determined at Industry Bargaining Council levels through a process of negotiations between industry and employee representatives.
Salaried employees	Cash-settled	Annual appraisal by management in accordance with the Group's performance management processes taking cognisance of the overall performance of the Group and individual performance of the relevant division and employee.
Prescribed officers and senior management	Cash-settled	Assessed against a predetermined target for headline earnings per share, their relevant division's contribution to the Group and other economic, social and environmental targets and carrying a heavier weighting than TGP.
Executive directors	Cash-settled	Assessed based on the financial performance of the Group against predetermined targets set by the Board as well as personal scorecard objectives and carrying a heavier weighting than TGP. The key performance indicators on which evaluations are based are as follows: **Financial: (70% weighting):** • Operating profit • Headline earnings per share growth • Return on capital employed (ROCE) • Cash generation **Personal: (30% weighting) (not limited to the following):** • Transformation • Safety and environmental • Leadership/relationships • Reputation

Element	Eligibility	Implementation
LONG-TERM INCENTIVES (LTIs) The purpose of the LTIs is to retain and reward employees for their contribution toward the creation of shareholder value over the long term.		
Hourly-paid and salaried employees	Share incentive awards Akani share scheme	**Share incentive** An empowerment share scheme rewarding individuals with service in awards excess of five years. A fixed number of shares are allocated to employees. The dividends from the allocated shares are utilised to acquire actual shares on the open market which then vest after five years. Additionally, a proportion of the scheme allocated shares may vest with employees after five years depending on the share price performance over the period in accordance with a pre-determined formula.
Senior and middle management	Full recourse shares and/or share options	**Share options** May be issued to select individuals in acknowledgement of their contribution towards the performance of the Group and to achieve the Group's retention strategies. The options have a five-year vesting period and individuals are given two years post-vesting to exercise the option. No dividends accrue to the employees until the options are exercised.
	Employee share purchase plan	**Employee share purchase plan** In Australia, shares under this scheme are sold to individuals at market value. Loans are advanced at statutory interest rates in order to purchase the shares. A five-year vesting period applies and employees are required to remain in employment in order to retain their shares. The potential for capital growth in the shares is aligned with the financial performance of the business along with the talent retention objectives.
Executive directors, prescribed officers and senior management	Share incentive awards	**Share incentive awards** Aligned with the performance of the Group and benchmarked against comparable listed entities on the Johannesburg Securities Exchange. The components of the WBHO Share Plan are: • Performance shares where value is created through growth or maintenance of returns relative to competitors • Share appreciation rights where value is created through share price growth.

Remuneration scenarios for executive directors at differing performance levels



EXECUTIVE DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Senior management, including executive directors, receive remuneration appropriate to their scope of responsibility and contribution to operating and financial performance, considering industry norms, external market and country benchmarks. The annual packages of senior management include a guaranteed base salary and benefits as well a variable portion including short-term cash and long-term cash or share incentives.

GUARANTEED PAY

Guaranteed pay levels of executive directors and senior management are deliberately set below the median level of comparable executive guaranteed remuneration within the construction industry in order to prevent large gaps in salary developing between executive directors and key senior operational management. It is the belief of the Group that such gaps (often found in other companies) are counter-productive in a construction company where working as a cohesive team is crucial to success.

VARIABLE PAY

Performance-based variable pay carries a significantly heavier weighting than guaranteed pay particularly when rewarding the operational performance of senior directors and key management, with the result that short-term incentives can form the major portion of their total remuneration, although their total remuneration (guaranteed and variable pay in combination) is aligned with industry norms. The remuneration scenarios for executive directors at difference performance levels are reflected in the diagram on **page 115.**

MALUS AND CLAWBACK

In May 2020, the Remco introduced a Malus and Clawback Policy permitting the reduction or clawback of vested and unvested STI and LTI awards by the committee under the following circumstances:

- A material misstatement resulting in an adjustment in the audited consolidated accounts of the Group or the audited accounts of any member company of the Group where the Board is satisfied that the employee has contributed to and is responsible for such misstatement; and/or
- Where any information used to determine the quantum of an incentive remuneration amount was based on an error, or inaccurate or fraudulent information.

Below is an illustration of the different potential outcomes on the total remuneration for the Chief Executive Officer, when applying the various targets for both STIs and LTIs to the financial performance of the Group for the year ended 30 June 2021:

Maximum performance incentive	STI	LTI
Threshold	100% of TGP	0% to 99% of awards
On target	200% of TGP	100% to 299% of awards
Maximum	400% of TGP	300% of awards

The maximum potential award for each target has been applied in calculating the amounts below.

	Threshold R'000	Target R'000	Stretch R'000
Chief Executive Officer			
TGP	3 393	3 393	3 393
STI	3 393	6 786	13 572
Performance shares (Offer 2017)[1]	–	1 243	3 729
Share appreciation rights[2] (Offer 2014[1] and 2016)	–	–	–
Total	6 786	11 422	20 694

[1] *Calculated based on the value of the performance share awards at 30 June for the allocation that vested in that financial year.*

[2] *Two-thirds of the 2014 allocation are subject to vesting as the HEPS hurdle was achieved in a prior year, but have not been exercised by the participants. The 2016 allocation currently meets none of the vesting criteria.*

CONTRACTS AND RESTRAINTS OF TRADE

The service contracts of executive directors are on the same terms as the standard contracts of employment of the Group and do not contain any additional termination of employment obligations nor any restraint of trade provisions.

NON-EXECUTIVE DIRECTORS' FEES

The remuneration of non-executive directors is determined on an annual basis based on proposals from Remco, after being compared with that of selected peer companies. The recommendations from Remco are submitted to the Board for ratification prior to inclusion in the notice to the annual general meeting for formal shareholder approval and apply with effect from 1 October of that financial year.

Non-executive directors sign service contracts with the company upon appointment. Non-executive remuneration is determined and paid quarterly, based on the annual fee. A penalty is deducted for non-attendance at any meeting. Any additional time spent on company business is paid at a fixed hourly rate. Any travel and accommodation expenses of non-executive directors are not included in the fees and paid by WBHO.

IMPLEMENTATION REPORT

This section of the report explains the implementation of the remuneration policy by providing details of the remuneration paid to executives and non-executive directors for the financial year ended 30 June 2021.

GUARANTEED PAY ADJUSTMENTS

Taking into consideration the prevailing market conditions, affordability, shareholders' expectations and performance, the Remuneration committee approved inflationary increases for South African senior management and executives of 4,2% (FY2020: 4,3%). The average increase for the remainder of employees in South Africa was 4,5% (FY2020: 5%).

> The Committee is satisfied that the appropriate salary adjustments have been implemented to place the organisation's remuneration levels in line with best practice and its remuneration philosophy.

Probuild and WBHO Infrastructure employees (including senior management) received average increases of 3,6% and 3,1% respectively. No increases were awarded in FY2020 due to the substantial losses incurred in that year. Included in the increases for the Australian operations was a mandatory 0,5% superannuation increase.

In the United Kingdom, employees within the Byrne Group received an increase of 2,2% in FY2021 (FY2020: 0%). The employees of Russell-WBHO (including senior management) received an average increase of 2,3% (FY2020: 0%).

EMPLOYEE BENEFITS

R'000	FY2021	FY2020
Salaries and wages	**4 866 784**	4 893 003
Benefits and other contributions	**426 211**	424 937
	5 292 995	5 317 940

Total STIs paid during the year amounted to R295 million (FY2020: R354 million) and include amounts paid to directors and prescribed officers.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

SINGLE TOTAL FIGURE OF REMUNERATION

The table below discloses the total remuneration for the reported financial year and the previous financial year and includes guaranteed pay, the short-term incentives accrued for the financial years presented ending 30 June and paid in November of the following financial year, and the long-term incentives that vested in the financial years presented.

	2021				2020			
R'000	**TGP**	**STI**	**Vested LTI**	**Total**	TGP	STI	Vested LTI	Total
Executive directors								
MS Wylie[1]	**–**	**–**	**–**	**–**	820	–	–	820
EL Nel[2]	**2 951**	**6 015**	**2 822**	**11 788**	3 155	3 918	2 210	9 283
WP Neff[3]	**3 393**	**7 050**	**1 634**	**12 077**	1 848	4 746	1 263	7 857
CV Henwood	**3 407**	**6 910**	**2 673**	**12 990**	3 217	3 940	2 021	9 178
	9 751	**19 975**	**7 129**	**36 855**	9 040	12 604	5 494	27 138
Prescribed officers								
AF de Necker[4]	**3 035**	**5 800**	**1 634**	**10 469**	1 663	4 125	1 263	7 051
PJ Foley[5]	**9 121**	**5 600**	**2 673**	**17 394**	7 795	3 600	2 021	13 416
SN Gumede	**2 583**	**3 000**	**–**	**5 583**	2 464	2 000	–	4 464
CA Jessop[4]	**3 006**	**6 000**	**1 634**	**10 640**	1 810	3 700	1 263	6 774
EA Mashishi	**2 619**	**2 000**	**1 634**	**6 253**	2 503	1 600	1 263	5 366
	20 364	**22 400**	**7 575**	**50 339**	16 235	15 025	5 810	37 069
	30 115	**42 375**	**14 704**	**87 194**	25 274	27 629	11 304	64 207

[1] Retired as Executive Chairman with effect from 20 November 2019.

[2] Appointed as Executive Chairman with effect from 20 November 2019.

[3] Appointed as Chief Executive Officer with effect from 20 November 2019.

[4] *Appointed on 1 December 2019.*
[5] *Seconded to the UK and is remunerated in pound sterling.*

SHORT-TERM INCENTIVES

The financial targets set by the Board for FY2021 in respect of each key performance indicator, as well as the performance against these targets are disclosed in the table below:

Targets

KPI	FY2021 Threshold	FY2021 Target	FY2021 Stretch	FY2020 Threshold	FY2020 Target	FY2020 Stretch
Operating profit (Rm)[1]	**477**	**513**	**596**	561	603	702
HEPS growth (%)	**0**	**5,6**	**8,6**	0	5,7	8,7
ROCE (%)	**14,0**	**17,5**	**21,0**	14,0	17,5	21,00
Cash generation (Rm)	**7 599**	**7 751**	**7 979**	5 952	6 071	6 250
Personal scorecard (%)	**30**	**60**	**120**	30	60	120

[1] *The Remco and executive directors were cognisant that a year-on-year comparison would yield a distorted performance in FY2021 due to the unusual losses incurred on two problematic projects in Australia in FY2020. Therefore, the threshold for operating profit was based on the 30 June 2019 audited operating profit of R561 million adjusted downward for the extra operational cost of Covid-19 expected to be incurred. Had the prior year results been used to determine the targets for operating profit they would have been based on the audited operating loss of R541 million.*

Performance

KPI	Results	Result achieved	2021 Score (%)	2020 Score (%)
Operating profit (Rm)[1]	518	Target exceeded	**53**	–
HEPS growth (%)	167,7	Stretch exceeded	**54**	–
ROCE (%)	11,8	Not achieved	**–**	–
Cash generation (Rm)	5 681	Not achieved	**–**	42
Total score			**107**	42
Maximum attainable score			**280**	280

[1] *Calculated using the audited operating profit of R467 million adjusted for non-trading items comprising of the share-based payment expense and profits and losses associated with the deemed disposal of an equity-accounted investee and its subsequent recognition as a subsidiary, in a manner consistent with the principles of the remuneration policy and past implementation thereof.*

The individual performance of the executive directors and prescribed officers is assessed when calculating their short-term incentive. The individual performance measures are as follows:

Category	Objective	Weighting	Factors considered
Leadership	The extent to which leadership has been provided in achieving the objectives of the Group, cultivating an ethical environment and ensuring that the business applies best practices.	40	• Maintaining a strong safety culture which requires achieving a Group LTIFR of 0,6% or lower • No reportable environmental incidents during the period • Maintaining morale amongst the Australian team during a difficult period. • Providing the necessary management support to make sure that the UK acquisitions continue to perform well • Ensuring a low turnover of senior management in the current period. • Effectively managing the cash flow effects of Covid-19 and the cash flow requirements of the Australian operations
Business strategy	The ability to implement the long-term strategy of the business, giving specific consideration to: • capability to identify and implement alternatives to traditional methods • use of technical and corporate knowledge to define effective strategies that deliver upon the financial and socio-economic objectives of the Group.	40	• Managing replenishment of order books in the various regions and securing work for FY2022 • UK acquisition strategy has been entrenched and the region is performing above expectations for each acquisition • Effect alternative transactions to preserve cash • Providing necessary support and leadership to the Australian team to achieve commercial completion of the Western Roads Upgrade (WRU) • Completion of negotiations for sale of Probuild subject to the approval of the Australian Foreign Investment Review Board (FIRB) that ultimately disallowed the transaction • Managing the reputational effects of the unsuccessful sale of Probuild on the Australian operations • Implementing strategies to manage the Australian guarantee facilities that were affected by the proposed sale and losses incurred on WRU project
Management and support	The extent to which: • Stakeholder engagement and employee relationships have been achieved • Successful management of the business within the relevant frameworks, policies, laws and regulations.	40	• Revised and implemented the Safety First Interventions programme effectively. • Successfully implementing succession plans in the UK and Australian operations. • Maintenance of a Level 1 B-BBEE Scorecard • Implementation and revision of the Employment Equity Plan. • Effective implementation of required Covid-19 procedures. • Successful evacuation of all WBHO employees from Palma, Mozambique during the insurgency and safekeeping of plant.
		120	

The personal scorecard components of the executive directors are as follows:

	Leadership	Business strategy	Management and support	Score	Effective score (%)	
EL Nel	33	30	34	97	81	Target achieved
WP Neff	34	33	34	101	84	Target achieved
CV Henwood	33	30	34	97	81	Target achieved

The overall scorecards for each executive director are disclosed in the table below:

KPI	Personal scorecard	Financial scorecard	Total % score	Maximum % of TGP	Actual STI per score	Actual STI awarded
EL Nel	97	107	204	400	6 015	6 015
WP Neff	101	107	208	400	7 050	7 050
CV Henwood	97	107	204	400	6 910	6 910

While the maximum percentage of TGP attainable for the calculation of STIs may appear above market norms, stakeholders are reminded that the TGP of executive directors is deliberately set below the median which necessitates a higher STI percentage. The actual STI awarded as a percentage of the maximum potential award is approximately 51% for EL Nel and CV Henwood and 52% for WP Neff.

In consideration of the poor performance from the Australian operations in the prior year, the Remco adjusted the calculated STIs for EL Nel and CV Henwood downward by R500 000 each in FY2020. The payment of the held back amounts was to be re-assessed upon finalisation of the WRU project. Due to the continuing problems on the WRU project, the amounts held back were forfeited by both EL Nel and CV Henwood in the current year.

LONG-TERM INCENTIVES

During the year Nil (FY2020: 204 500) share appreciation rights and 356 500 (FY2020: 197 000) performance shares were allocated to executive directors, prescribed officers and key members of management.

Share appreciation rights

Share appreciation rights vest in equal tranches over three years and may be exercised on the third, fourth and fifth anniversaries from the time of allocation, but need not be exercised until the seventh anniversary. On settlement, the value accruing to participants is the full appreciation of the share price over the vesting period.

The hurdle to be met before the SARs can vest is the average growth in adjusted headline earnings per share (HEPS) compared against the average CPI plus 3%. The average calculation is determined annually in three-year cycles. At 30 June, the hurdle criteria for the 2016, 2017 and 2018 tranches had not been met.

Tranche	Threshold (cents)	Actual (cents)	Share price on allocation date (R)	Share price at 30 June 2020 (R)	Result
2014*	1 643,59	619,5	115,40	113,00	See below
2016	1 960,14	619,5	147,47	113,00	Hurdle not achieved
2017	1 758,01	619,5	146,76	113,00	Hurdle not achieved
2018	1 754,31	619,5	143,00	113,00	Hurdle not achieved
2019	1 063,84	619,5	141,50	113,00	Hurdle not achieved

** Two-thirds of this allocation are subject to vesting as the HEPs hurdle was achieved in the prior year, however, none of the participants have exercised their vesting rights as the share price has not appreciated. One-third of the allocation will not vest as the HEPs hurdle was not achieved at 30 June 2020.*

Performance shares

The performance shares contain a full value element, essentially having no strike price and vest on the third anniversary from the time of the award. The number of shares that vest depend on the extent to which the specified criteria are met over the three-year measurement period.

ROCE is a measure of the Group's profitability and the efficiency with which its capital (equity plus borrowings) is employed.

Total shareholder return (TSR) is calculated as the increase in value of a portfolio of shares, including dividends received, over the period that the performance shares are held. TSR is measured against a comparative peer grouping initially consisting of Aveng, Murray & Roberts, Raubex, Stefanutti Stocks, Hudaco, Barloworld and Pretoria Portland Cement. After being placed into business rescue, Basil Read and Group 5 were replaced by KAP Industrial Holdings and Nampak in the 2020 financial year. The TSR for the allocation made in December 2018 is still measured with Basil Read and Group 5 included.

The targets for each performance criterion are set by the Board and are disclosed in the table below:

Performance criteria	Weighting	Threshold	Target	Stretch
ROCE (applicable from Offer 2019 onwards)	50%	14%	16%	20%
Adjusted ROCE (applicable to Offers 2016 to 2018)	50%	14%	19%	23%
TSR	50%	7th position	5th position	2nd position
Potential award		0% – 99% of TGP	100% – 299% of TGP	300% of TGP

The table below discloses the actual performance against the set criteria for Offers 2017 to Offer 2020. The performance for the year ended 30 June 2020 is applicable to Offer 2017. This offer vested in March 2021. The actual performance for the period ended 30 June 2021 applies to the remaining offers.

Performance criteria	Offer 2017 Performance shares	Offer 2018 Performance shares	Offer 2019 Performance shares	Offer 2020 Performance shares
ROCE	9,3%	6,58%	3,66%	11,8%
TSR	2nd	4th	5th	10th
Result				
ROCE	Not achieved	Not achieved	Not achieved	Not achieved
TSR	Stretch met	Target exceeded	Target met	Not achieved
Award	150%	83%	50%	0%

Long-term incentives vested during the year

Performance shares

Offer 2017	
Award price	R146,76
Award date	7 December 2017
Vesting price	99,00
Vesting date	8 March 2021
Achieved	150% of the awarded shares vested

	Number of awards	Number of vested shares	Value of shares at vesting date
Executive directors			
EL Nel	19 000	28 500	2 821 500
WP Neff	11 000	16 500	1 633 500
CV Henwood	18 000	27 000	2 673 000
Prescribed officers			
AF de Necker	11 000	16 500	1 633 500
PJ Foley	18 000	27 000	2 673 000
CA Jessop	11 000	16 500	1 633 500
EA Mashishi	11 000	16 500	1 633 500
Total	99 000	148 500	14 701 500

	Offer 2014[1]	Offer 2016[2]	Offer 2017[3]		Offer 2018	
Award price	R115,40	147,47	146,76		144,85	
Award date	2015/03/16	2016/12/07	2017/12/07		2018/12/13	
Vesting date – performance shares	–	–	2021/03/08		2021/12/13	
Vesting date – share appreciation rights	From 16 March 2019 to 16 March 2022	From 2019/12/07 to 2023/12/07	From 2020/12/07 to 2024/12/07		From 2021/12/13 to 2025/12/13	
Threshold met	–	–	150%		83%	
Name	**Number of awards**	**Number of awards**	**Number of awards**	**Market value at issue date**	**Number of awards**	**Market value at issue date**
Executive directors						
EL Nel						
Performance shares	–	–	19 000	2 788 440	17 000	2 462 450
Share appreciation rights	13 333	17 500	20 000	–	18 500	–
WP Neff						
Performance shares	–	–	11 000	1 614 360	12 000	1 738 200
Share appreciation rights	7 333	10 000	12 000	–	13 000	–
CV Henwood						
Performance shares	–	–	18 000	2 641 680	16 000	2 317 600
Share appreciation rights	12 667	16 000	18 000	–	17 500	–
Prescribed officers						
AF De Necker						
Performance shares	–	–	11 000	1 614 360	12 000	1 738 200
Share appreciation rights	7 333	10 000	12 000	–	13 000	–
PJ Foley						
Performance shares	–	–	18 000	2 641 680	16 000	2 317 600
Share appreciation rights	12 667	16 000	18 000	–	17 500	–
SN Gumede						
Performance shares	–	–	–	–	6 000	869 100
Share appreciation rights	–	–	–	–	6 000	–
CA Jessop						
Performance shares	–	–	11 000	1 614 360	12 000	1 738 200
Share appreciation rights	7 333	10 000	12 000	–	13 000	–
EA Mashishi						
Performance shares	–	–	11 000	1 614 360	12 000	1 738 200
Share appreciation rights	7 333	10 000	12 000	–	13 000	–
Total performance shares awarded	–	–	99 000	14 529 240	103 000	14 919 550
Total share appreciation rights awarded	68 000	89 500	104 000	–	111 500	–
Total awards	68 000	89 500	203 000	14 529 240	214 500	14 919 550

[1] Two-thirds of this allocation are subject to vesting as the HEPs hurdle was achieved in prior year, however, share price appreciation was not achieved, resulting in zero shares vested to date. One-third of the allocation will not vest as the HEPs hurdle was not achieved at 30 June 2019.

[2] Neither the HEPs nor the share appreciation hurdle was achieved for this allocation with the final tranche subject to vesting at 7 December 2021.

[3] The performance shares could not be vested three years from date of allocation per the rules of the scheme as the Group was in a cautionary period and trading by the directors and prescribed officers was prohibited in terms of the JSE Listings Requirements.

[4] The thresholds achieved at 30 June 2021 have been used to calculate fair value on the awards still to vest. Offers 2019 and 2020 are subject to vesting in November 2022 and November 2023 respectively, therefore the percentages used in the calculation of fair value may be different to those at the vesting dates.

	Offer 2019		Offer 2020		Awards subject to vesting during the year	Awards forfeited during the year	Total		
	142,58 2019/11/18 2022/11/18 From 2022/11/18 to 2026/11/18 50%		102,34 2020/11/18 2023/11/18 No allocation of share appreciation rights 0%						
	Number of awards	Market value at issue date	Number of awards	Market value at issue date	Number of awards	Number of awards	Number of awards at 30 June 2021	Vesting position as at 30 June 2021[4]	Fair value at 30 June 2021[4]
	18 000	2 566 440	22 500	2 302 670	(19 000)	–	57 500	23 110	2 611 430
	18 000	–	–		–	(12 500)	74 833	–	–
	21 000	2 994 180	31 500	3 223 738	(11 000)	–	64 500	20 460	2 311 980
	22 500	–	–		–	(7 000)	57 833	–	–
	19 000	2 709 020	29 500	3 019 057	(18 000)	–	64 500	22 780	2 574 140
	20 000	–	–		–	(11 667)	72 500	–	–
	19 000	2 709 020	28 500	2 916 716	(11 000)	–	59 500	19 460	2 198 980
	20 000	–	–		–	(7 000)	55 333	–	–
	19 000	2 709 020	28 500	2 916 716	(18 000)	–	63 500	22 780	2 574 140
	20 000	–	–		–	(11 667)	72 500	–	–
	7 000	998 060	15 000	1 535 114	–	–	28 000	8 480	958 240
	7 000	–	–		–	–	13 000	–	–
	19 000	2 709 020	28 500	2 916 716	(11 000)	–	59 500	19 460	2 198 980
	20 000	–	–		–	(7 000)	55 333	–	–
	13 000	1 853 540	15 000	1 535 114	(11 000)	–	40 000	16 460	1 859 980
	14 000	–	–		–	(7 000)	49 333	–	–
	135 000	19 248 300	199 000	20 365 839	(99 000)	–	437 000	152 990	17 287 870
	141 500	–	–	–	–	(63 833)	450 666	–	–
	276 500	19 248 300	199 000	20 365 839	(99 000)	(63 833)	887 666	152 990	17 287 870

NON-EXECUTIVE DIRECTORS' REMUNERATION

WBHO compensates and remunerates non-executive directors in a manner that enables it to attract and retain high-calibre and professional directors to ensure that the Board has the necessary skills required to execute on its mandate. Fees are determined by Remco and ratified by the main Board and shareholders. During the year two special Board meetings were held in respect of the sale of Probuild in Australia. These additional meetings disproportionately increased the total value of directors' fees in comparison to the prior period.

Directors' fees for the year are reflected below:

R'000	FY2021	FY2020
AJ Bester	**631**	598
KM Forbay	**499**	455
RW Gardiner	**937**	840
SN Maziya	**684**	557
H Ntene	**585**	505
	3 336	2 955

Fees are considered annually and approved by shareholders at the AGM. Voting at the last three AGMs are reflected below.

Non-executive directors' fees	Votes for	Votes against	Votes abstained
10 February 2020	99,58%	0,42%	0,03%
20 November 2019	96,64%	3,36%	0,00%
21 November 2018	98,12%	1,66%	0,01%

The average percentage increase proposed for directors' fees is 4% (FY2020: 5,0%). The proposed fees for non-executive directors in respect of FY2022 are disclosed below.

	FY2022	FY2021
Lead independent director	408 100	**392 400**
Non-executive director	255 600	**245 700**
Chairman of Audit committee	387 400	**372 500**
Chairman of Risk committee	189 400	**182 100**
Chairman of Remuneration committee	189 400	**182 100**
Chairman of Social and ethics committee	189 400	**182 100**
Committee members (per meeting)	35 400	**34 000**

DIRECTORS' AND PRESCRIBED OFFICERS' SHAREHOLDING

	FY2021			FY2020		
'000	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total
Executive directors						
EL Nel^	**321**	**1**	**322**	348	1	349
WP Neff	**34**	**–**	**34**	34	–	34
CV Henwood	**106**	**–**	**106**	106	–	106
	461	**1**	**462**	488	1	489
Non-executive directors						
NS Maziya+	**–**	**242**	**242**	–	242	242
	–	**242**	**242**	–	242	242
Prescribed officers						
AF de Necker	**69**	**–**	**69**	48	–	48
PJ Foley	**102**	**–**	**102**	102	–	102
CA Jessop^	**41**	**16**	**57**	32	16	48
EA Mashishi#	**13**	**–**	**13**	18	–	18
	225	**16**	**241**	222	16	238
	686	**259**	**945**	710	259	969

^ *The indirect shares are held by related parties.*

+ *Indirect shares disclosed in the above table represent allocated shares in respect of the empowerment initiative of the Group and do not represent the number of shares likely to vest upon fulfilment of the vesting conditions. The number of WBHO shares that will ultimately vest is dependent on the market value of the shares on the vesting date, based on a pre-determined threshold. Using the share price at 30 June 2021, the director would receive no allocated shares in terms of the formula, however, they would receive 8 250 shares acquired with dividends earned.*

EA Mashisi held a 33% (FY2020: 33%) interest in Edwin Construction (Pty) Ltd. Mr Mashishi resigned from the Board of WBHO Construction (Pty) Ltd on 15 July 2021.

OTHER LONG-TERM INCENTIVE SCHEMES

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

'000	WBHO Management Trust	Black partners	Employees
Total shares/options allocated ('000)	1 517	725	1 059
Options/shares allocated in the current year ('000)	597	–	201
Dividend shares purchased ('000)	n/a	–	–
Vested in the current year ('000)	–	–	(20)
Shares to be bought back ('000)	–	–	(1 370)
Shares available for future allocations ('000)	1 764	–	235

Further details in respect of the above schemes are available online in the consolidated annual financial statements under the investor section of the Company's website at **www.wbho.co.za/investors.**

REFERENCE INFORMATION

Abbreviations and acronyms	
B-BBEE	Broad-based black economic empowerment
Black	African, Indian and Coloured
GDP	Gross domestic product
IFRS	International Financial Reporting Standards
IT	Information technology
LTI	Long-term incentive
King IV™	King IV Report on Corporate Governance for South Africa, 2016
MOI	Memorandum of Incorporation
LTIFR	Lost-time injury frequency rate
RCR	Recordable case rate
SAFCEC	South African Forum of Civil Engineering Contractors
SANRAL	South African National Roads Agency
SED	Socio-economic development
STI	Short-term incentive
VRP	Voluntary Rebuild Programme
WRU project	Western Roads Upgrade project

Financial definitions	
Current ratio	Current assets/current liabilities
EBIDTA	Number of issued shares x close share price at year end
Gross profit margin	Gross profit/revenue
HEPS	Headline earnings per share
Market capitalisation	Number of issued shares x close share price at year end
Net profit margin	Net profit/revenue
Net working capital	Sum of inventory and trade receivables less trade payables
NPAT	Net profit after tax
ROCE	Return on capital employed
Solvency ratio	(Current assets less cash and cash equivalents)/current liabilities

SHAREHOLDERS' DIARY

Financial year end	30 June
Final results announced	September
Integrated report published	October
Interim results announced	February
DIVIDEND	
INTERIM	
Approval	February
Payable	April
FINAL	
Approval	August/September
Payable	October

STATUTORY INFORMATION

WILSON BAYLY HOLMES-OVCON LIMITED

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

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COMPANY SECRETARY

Donnafeg Msiska
CA(SA)

AUDITORS

BDO South Africa Incorporated

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