

PPC Ltd

(Incorporated in the Republic of South Africa)

(Registration number 1892/000667/06)

JSE ISIN: ZAE000170049

JSE code: PPC

ZSE code: PPC

("PPC")



EMPLOYEE EQUITY TRANSACTION

1. INTRODUCTION AND RATIONALE

Shareholders are advised that PPC has concluded an equity transaction ("Transaction") for the benefit of qualifying employees in the employ of PPC's subsidiaries operating in South Africa. In terms of this Transaction, a newly formed PPC Employee Share Ownership Trust ("the Trust") has purchased 10% of PPC South Africa Holdings Proprietary Limited ("PPC SA Holdings") share capital ("the Trust Shares") from PPC for a purchase price of R380 million.

The Trust seeks to recognise and reward employees for the valuable role that they play in PPC's success and demonstrate the company's commitment to achieving South Africa's equity ownership targets. All employees not currently participating in PPC's long-term incentive program will be eligible and participation will be weighted in favour of historically disadvantaged individuals, in line with the spirit of Broad-based Black Economic Empowerment ("B-BBEE"). The Trust has been structured with the objective of providing an opportunity for qualifying employees to benefit for the duration of their employment and replaces previous equity ownership schemes which have since been unwound.

The Transaction will enhance PPC's B-BBEE status and is expected to improve the company's rating to level 1.

Group CEO, Roland van Wijnen, commented, *"PPC has been built upon the shoulders of its employees and this Transaction provides a meaningful way of rewarding those in South Africa who do not participate in PPC's long-term incentive plan to share in the creation of shareholder value. We are pleased that the terms of the Transaction are such that it stands to benefit employees for many years to come"*.

PPC SA Holdings is the holding company through which PPC conducts its South African cement and materials businesses (aggregates, ash and readymix). As part of the Transaction, PPC's shareholding in PPC Group Services Proprietary Limited (the "Founder" or "Group Services"), which provides administrative, information technology and treasury services to the South African group, will also be transferred into PPC SA Holdings.

The board of directors of PPC has approved the provision by PPC of a loan of R380 million and an additional amount of R975,000 in respect of securities transfer tax payable in connection with the

Transaction to the Trust to enable the Trust to discharge the purchase consideration for the Trust Shares in full (the “Loan”). The Loan will be repaid by the Trust from 75% of dividends that it will receive from its shareholding in PPC SA Holdings, with the remaining 25% being capable of distribution to the Trust’s beneficiaries. The dividends that will be shared with the Trust will be generated by PPC’s South African operations, as more fully outlined below.

The Trust will have one independent trustee appointed by the Founder and four additional trustees appointed by the beneficiaries of the Trust, employed by the relevant PPC South African group companies.

2. PURCHASE PRICE AND SATISFACTION THEREOF

The purchase price of R380 million for the acquisition by the Trust of the Trust Shares will be satisfied in full by the advance of the Loan by PPC to the Trust on the closing date, as described in paragraph 3 below. The Loan accrues interest at the South African prime rate of interest and has no final repayment date.

The Loan will be repaid through the future dividends declared by PPC SA Holdings to which the Trust will be entitled as a 10% shareholder in PPC SA Holdings. All dividends paid from PPC SA Holdings to the Trust will be utilised as follows:

- 25% to be distributed to all qualifying beneficiaries of the Trust; and
- 75% to be distributed to PPC (less any tax to be withheld) towards repayment of the Loan.

For the foreseeable future, until such time as the Loan, including capitalised interest, has been fully repaid, qualifying beneficiaries will effectively receive 2.5% of any dividends declared by PPC SA Holdings.

Following the repayment of the Loan in full, qualifying employees will receive 10% of the dividends declared by PPC SA Holdings.

The Founder will cover the costs of operating the Trust.

3. CONDITIONS PRECEDENT AND CLOSING DATE OF THE TRANSACTION

There are no outstanding conditions precedent to the Transaction agreements executed on 4 August 2023 and therefore the Transaction will close on 4 August 2023, in accordance with the terms of the Transaction agreements.

4. WARRANTIES AND OTHER SIGNIFICANT TERMS OF THE AGREEMENT

The Transaction agreements contain reciprocal warranties by each of PPC, PPC SA Holdings and the Trust in favour of each other which are standard for a transaction of this nature and certain additional warranties by PPC in relation to ownership of the Trust Shares.

5. FINANCIAL INFORMATION

The book value of the net assets of PPC SA Holdings as at 31 March 2023, being the date of the latest audited company financial statements of PPC SA Holdings, was R3.772 million. The net loss after tax of PPC SA Holdings for the financial year ended 31 March 2023 was R552,343.

The book value of the net liabilities of Group Services as at 31 March 2023, amounted to R286 million and Group Services made a loss after tax of R20 million for the year ended 31 March 2023.

The financial information on which the above is based, has been prepared in accordance with International Financial Reporting Standards.

PPC will continue to consolidate 100% of PPC SA Holdings and the 2.5% of dividends received by qualifying employees (as detailed in paragraph 2 above) will be disclosed as an additional salary expense in the relevant South African legal entity. The gross debt of the consolidated South African operations will therefore not be affected by the Transaction.

6. CLASSIFICATION OF THE TRANSACTION

The Transaction qualifies as a category 2 transaction in terms of the JSE Limited Listings Requirements. None of the Trust beneficiaries or trustees are related parties as defined in the JSE Listings Requirements.

Sandton

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