



**HULAMIN**

Think future. Think aluminium.



# **Audited Annual Financial Statements**

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for the year ended 31 December 2023



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# Directors' statement of responsibility and approval of the annual financial statements

The Board of Directors ("Board") is responsible for the preparation, integrity and fair presentation of the Annual Financial Statements for the year ended 31 December 2023 of Hulamin Limited and its subsidiaries and the related financial information included in this report.

The Board considers that in preparing the Annual Financial Statements it has used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards ("IFRS") that it considers to be applicable have been followed. The Board is satisfied that the information contained in the Annual Financial Statements fairly presents the results of operations for the year and the financial position of the Company and the Group at year-end. The directors further acknowledge that they are responsible for the content of the Integrated Report and its supplementary documents, as well as its consistency with the Annual Financial Statements.

The Board has responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group to enable the directors to ensure that the Annual Financial Statements comply with the relevant legislation.

The preparation of the Annual Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Annual Financial Statements and the reported expenses during the reporting period. Actual results could differ from those estimates.

The Company and its subsidiaries operate in a well-established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Based on the results of a formal documented review of Hulamin's system of internal controls and risk management by the internal audit function during the year, the information and explanations given by management and the comment by the independent auditors on the results of their statutory audit, nothing other than detailed in the Chief Executive Officer and Chief Financial Officer statement has come to the attention of the directors which indicates that, in all material aspects, Hulamin's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable annual financial statements. The opinion of the directors is supported by the Group's Audit Committee.

The going concern basis has been adopted in preparing the Annual Financial Statements. The Board has no reason to believe that the Group or any company within the Group will not continue on the going concern basis in the foreseeable future, based on forecasts, available cash resources and facilities. These Annual Financial Statements support the viability of the Company and the Group. We have also considered the potential implications of the armed conflict in Eastern Europe in the assessment of the Group's ability to continue as a going concern and we believe it will not have a significant adverse effect on our business.

The financial statements have been audited by the independent auditing firm, Ernst & Young Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the Board and sub-committees of the Board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate. The unqualified report appears on pages 12 to 14.

The annual financial statements of the Group and Company set out on pages 15 to 123, which have been prepared on the going-concern basis by K Meghoo CA(SA), under the supervision of our Interim Group Chief Financial Officer, Pravashni Nirghin (CA)SA were approved by the Board on 29 February 2024 and were signed on its behalf by:



**Thabo Patrick Leeuw**

*Chairman*

Pietermaritzburg, KwaZulu-Natal  
3 March 2024



**Meganathan Gounder**

*Chief Executive Officer*

Pietermaritzburg, KwaZulu-Natal  
3 March 2024

## Certificate by the company secretary

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act, that for the year ended 31 December 2023, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief true, correct and up to date.



**Lerato Manaka on behalf of Luvivi (Pty) Ltd**  
Company Secretary

Pietermaritzburg, KwaZulu-Natal  
3 March 2024

## The CEO and CFO's responsibility statement

In terms of Section 3.84(k) of the JSE Limited Listings Requirements, the directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 15 to 123, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS.
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer.
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.
- Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies.
- To the best of our knowledge and belief we are not aware of any fraud involving directors.



**Meganathan Gounder**  
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal  
3 March 2024



**Pravashni Ntshini**  
Interim Chief Financial Officer

Pietermaritzburg, KwaZulu-Natal  
3 March 2024

# Directors' statutory report

## Dear shareholder

The directors have pleasure in presenting their report for the year ended 31 December 2023.

## Nature of business

Hulamin Group (Hulamin) is a leading, focused, mid-stream aluminium semi-fabricator. It purchases primary aluminium and supplies its range of high value, niche rolled products and complex extrusions to manufacturers of finished products in South Africa and over 50 countries around the world. Hulamin's largest activity is aluminium rolling which contributes more than 80% to its revenue, with the balance comprising extruded products and other downstream products. Both the local and export market equally contribute to Hulamin's business.

## Financial results

The financial results of the Group are set out on pages 15 to 107 and of the Company on pages 108 to 123 of the Annual Financial Statements. The segmental analysis is included on page 38. Pertinent extracts of these results are as follows:

- The net profit attributable to shareholders of the Group for the year ended 31 December 2023 amounted to R272 million (2022: net profit of R300 million).
- Earnings per share amounted to 88 cents (2022: earnings per share of 97 cents).
- Headline earnings per share of 88 cents (2022: headline earnings per share of 99 cents).
- Metal price lag ("MPL") profit of R47 million (refer note 2.1(b)) was recorded in 2023 (2022: loss of R26 million).

## Solvency and liquidity

The Group's net borrowings were R804 million (2022: R836 million) and net debt was R867.7 million (2022: R897.6 million) as at 31 December 2023. This represents a net debt to equity ratio of 25% (2022: 28%).

The annual financial statements presented on pages 15 to 123 set out fully the financial position, results of operations and cash flows for the year.

## Dividends

No dividends were declared for the year ended 31 December 2023 (2022: NIL).

## Share capital

There were no changes in the authorised and issued share capital during the year under review.

Details of the authorised, issued and unissued ordinary shares, the share repurchase, and the Group's share incentive schemes are set out in notes 3.4 and 8.1 of the Group financial statements.

## Subsidiaries

Details of Hulamin Limited's interest in its subsidiaries are set out in note 6 (c) of the Group financial statements.

## Directorate and Secretary

The following changes in the directorate and secretary occurred during the year under review:

- Mr GH Watson resigned as Interim CEO with effect from 1 December 2023 and appointed as a Non-Executive Director with effect from 1 December 2023.
- Mr Meganathan Gounder, the CFO at the time, was appointed as the CEO with effect from 1 December 2023.
- Ms Pravashni Nirghin was appointed as the Interim Group Chief Financial Officer with effect from 1 December 2023.
- Zibandakanye Consulting & Projects (Pty) Ltd resigned with effect from 31 July 2023. Luvivi (Pty) Ltd, represented by Ms Lerato Manaka, was appointed as the company secretary with effect from 1 August 2023.

## Directors' statutory report continued

The company secretary's business and postal address appears in the corporate information section.

Brief curricula vitae of the directors are listed on the company's website. Details of directors' remuneration are reflected in note 8.3.1 of the Group financial statements.

### Directors' and prescribed officer's shareholdings

At 31 December 2023, the present directors and prescribed officer of the company beneficially held a total of 307 763 ordinary no par value shares, equivalent to 0.10 percent, in the company (2022: 307 763 ordinary no par value shares, equivalent to 0.10 percent, were held by directors).

Their associates held no ordinary par value shares in the company. Details of the directors' and prescribed officer's shareholdings and interests in the share incentive schemes are set out in notes 8.3.2 and 8.3.3 of the Group financial statements.

There has been no change in the directors' and prescribed officer's shareholdings between 31 December 2023 and 1 March 2024.

### Holding company

Hulamin Limited is the ultimate holding company at 31 December 2023.

### Auditors

Ernst & Young Inc. continued as auditors of Hulamin Limited and its subsidiaries during the current financial year.

### Going concern

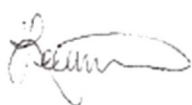
The consolidated financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The directors believe that the Group has adequate resources to continue as a going concern for the foreseeable future.

The directors believe that cash generated by Hulamin's operations, identified cash preservation activities, Hulamin's committed unutilised debt facilities as well as additional funding opportunities will enable the Group to continue meeting its obligations as they fall due. The consolidated financial statements for the year ended 31 December 2023, therefore, have been prepared on the going concern basis.

Considerations used in making this assessment are set out in note 1.8 of the Group financial statements.

### Approval

The annual financial statements of the Group and company set out on pages 15 to 123 have been approved by the Board. Signed on behalf of the Board by:



**Thabo Patrick Leeuw**

*Chairman*

Pietermaritzburg, KwaZulu-Natal  
29 February 2024



**Meganathan Gounder**

*Chief Executive Officer*

Pietermaritzburg, KwaZulu-Natal  
29 February 2024

# Report of the Audit Committee

The Hulamin Group Audit Committee (“the committee” or “Audit Committee”) presents its report in terms of section 94(7)(f) of the Companies Act, No 71 of 2008, as amended (“Companies Act”), and as recommended by King IV code on Corporate Governance (“King IV”), for the financial year ended 31 December 2023.

The Audit Committee is an independent statutory committee appointed by the shareholders. Further duties are delegated to the committee by the Board of the company.

The table below reflects a summary of the activities undertaken by the Audit Committee during the year under review, in terms of its terms of reference and in support of the Board, with the resulting material outcomes from these activities:

Activities	Outcomes
<b>Engagement with the Group’s external auditor</b>	<ul style="list-style-type: none"><li>• Ernst &amp; Young Inc. (“EY”) recommended for reappointment as auditor, and Farouk Ebrahim as the designated auditor, having satisfied itself of the capacity and independence of this firm and the designated auditor;</li><li>• Ensured that there were no scope limitations in respect of audit work performed by EY and that there were no factors that impacted the independence of EY as the external auditors;</li><li>• Determined the fees (note 2.4.5 of the financial statements) to be paid to the auditor and the auditor’s terms of engagement;</li><li>• Ensured that the appointment of the auditor complies with the Companies Act, the applicable JSE Listings Requirements, and any other legislation relating to the appointment of the auditor;</li><li>• Determined the nature and extent of any non-audit services that the auditor may provide to the Group, which in terms of our policy should not exceed 25% of the annual audit fee without specific Audit Committee approval;</li><li>• Pre-approved any proposed agreement with the auditor for the provision of non-audit services to the Group, which are of a material nature as provided for in the Group’s non-audit services policy in respect of the provision of non-audit services: for the year ended 31 December 2023, and for the year ended 31 December 2022, EY was engaged to assist with energy and incentives related projects for which the total cost of the projects did not exceed R250,000;</li><li>• Met separately with EY, without presence of management, three times during the year;</li><li>• Called for the necessary reports and letters issued by the Independent Regulatory Board of Auditors (“IRBA”) of South Africa, a summary of the firm’s monitoring processes and the outcome of any legal or disciplinary proceedings which may have been instituted against the firm or designated auditor by the IRBA and satisfied itself that there were no areas of concern in respect of the reports, letters and summaries considered; and</li><li>• Noted that the external auditor had expressed an unqualified opinion on the Annual Financial Statements for the year ended 31 December 2023.</li></ul>



## Report of the Audit Committee continued

Activities	Outcomes
<b>Compliance with Companies Act requirements</b>	<ul style="list-style-type: none"> <li>Prepared this report in compliance with section 94(7)(f) of the Companies Act. The full mandate, roles and responsibilities of the Committee, as per its formally adopted terms of reference, may be accessed within the Governance Report at: <a href="#">Corporate Governance   About   Hulamin</a>;</li> <li>Stands ready to receive and deal with any concerns or complaints relating to the accounting practices and internal audit of the Company and the Group, the content or auditing of the Annual Financial Statements, the internal financial controls of the Company and the Group or any related matter; and</li> <li>Made submissions to the Board on matters concerning the Company and the Group's accounting policies, financial controls, records and reporting.</li> </ul>
<b>Internal financial controls, internal audit and combined assurance</b>	<ul style="list-style-type: none"> <li>Confirmed that, based on the results of the formal documented review of the design, implementation and effectiveness of the Group's systems of internal financial controls conducted by Group internal audit, approved outsourced internal audit service providers during the 2023 financial year and, in addition, considering information and explanations given by management and discussions with the external auditor on the results of their audits, other than reported further in this document, no material breakdowns in the functioning of the internal financial controls were noted during the year under review;</li> <li>Confirmed that the results of the audit tests conducted indicate that the internal financial controls provide a sound basis for the preparation of financial statements;</li> <li>Considered and confirmed its satisfaction with the effectiveness, competency, capacity and independence of the outsourced internal audit function;</li> <li>Met separately with internal audit (without presence of management) once this year; and</li> <li>Ensured that a comprehensive combined assurance model was applied to the Group's key risks so as to provide a coordinated approach to all assurance activities and confirmed that there were no significant areas of overlap or assurance gaps, and the levels of assurance were considered appropriate.</li> </ul>
<b>Oversight of risk governance and risk management</b>	<ul style="list-style-type: none"> <li>Reviewed and considered the report by internal audit on the effectiveness of the Group's risk management processes; and</li> <li>Reviewed and considered the status of financial reporting risk, information technology, fraud and compliance risk as they relate to financial reporting and internal controls for the year under review, as reported on by the Group's internal and external auditors.</li> </ul>
<b>Integrated reporting</b>	<ul style="list-style-type: none"> <li>Will review the Group's Integrated Report and the sustainability information as disclosed therein to evaluate the integrity of reported information and for consistency with the Annual Financial Statements, prior to its release in due course; and</li> <li>Considered financial-related tip-off reports and management actions to address these.</li> </ul>



## Report of the Audit Committee continued

Activities	Outcomes
<b>Assurance in respect of financial expertise of the Financial Director and finance function</b>	<p>Confirmed the expertise and experience of the:</p> <ul style="list-style-type: none"> <li>Chief Financial Officer, who performs the duties of the Company's Financial Director; and</li> <li>Group's finance function and the senior members of management responsible for the Group's finance function.</li> </ul>
<b>Information &amp; Technology ("I&amp;T") Governance</b>	<ul style="list-style-type: none"> <li>The committee oversees the governance of technology and information by setting the direction on how technology and information should be approached and addressed;</li> <li>The committee reviewed the governance structure, key risks, internal controls and activities of the technology and information function during the year. The key matters which are being attended to relate to a cybersecurity control and resilience improvement programme, and an updated IT strategy, which includes the modernisation of Hulamín's application environment and a digitalisation programme;</li> <li>Performed a critical evaluation of the Group's I&amp;T governance framework to better evaluate, direct and monitor Hulamín's I&amp;T assets, as well as to align I&amp;T services with the Group's current and future business needs; and</li> <li>Monitored the programme to mitigate infrastructure technology security risks and maturity being coordinated centrally and maintained oversight of the mitigation plans introduced to address the risk of material operational and disruptive incidents.</li> </ul>

## Committee members and attendance at meetings

The committee comprises three independent non-executive directors. All members of the committee have the requisite financial knowledge and commercial skills and experience to contribute effectively to committee deliberations. The members were appointed by shareholders at the 2023 annual general meeting of the company in terms of section 94(2) of the Companies Act. The following table of attendance at Audit Committee meetings reflects the Committee's meetings held during the year and the attendance of these meetings by its members during the year:

Audit Committee	02 March 2023	20 March 2023	25 July 2023	07 August 2023	20 November 2023
N Maharajh (Chairman)	✓	✓	✓	✓	✓
CA Boles	✓	✓	✓	✓	✓
Dr B Mehlomakhulu	✓	✓	✓	✓	✓

The overall average attendance for the Audit Committee meetings held during the year was 100%.

## Annual financial statements for the 2023 financial year

The Committee has reviewed the Annual Financial Statements as well as trading statements, preliminary results announcements and interim financial information of the Company and the Group for the year under review and is satisfied that they comply with International Financial Reporting Standards. The Committee also considered the JSE's report titled "Report on proactive monitoring of financial statements in 2023", dated 3 November 2023, and received management's confirmation that the necessary and appropriate actions were taken to ensure the findings and recommendations of this report are implemented and adopted within the Group as appropriate.

## Report of the Audit Committee continued

### Internal controls confirmation

The committee has overseen a process guided by principle 15 of the King Code, by which Hulamin management and internal audit performed a written assessment of the effectiveness of the company's system of internal control, risk management and governance processes, including internal financial controls. This process enabled the committee to ensure that Hulamin's internal assurance services and functions enable an effective control environment, and that these services and functions support the integrity of information for both Hulamin's internal decision-making and for Hulamin's external reports.

The CEO, CFO and the Head of Group Financial Reporting, reviewed the controls over financial reporting, and presented their findings to the Audit Committee. During the current financial year management have not identified any significant deficiencies in internal control over financial reporting controls tested throughout the year.

The Committee satisfied itself that the significant deficiencies have been resolved and have no material effect for the purposes of the preparation and presentation of the financial statements for the year under review and believe that Hulamin's internal controls can be relied upon as a reasonable basis for the preparation of the Annual Financial Statements.

The Committee has received assurance from the Head of Group Financial Reporting on the work performed in the financial year under review to support the Chief Executive Officer and Chief Financial Officer sign off on internal controls, as required by section 3.84(k) of the JSE Listings Requirements. This section requires a statement by the Chief Executive Officer and Chief Financial Officer, confirming that internal financial controls are in place to ensure that material information has been provided to effectively prepare the financial statements. Furthermore, confirmation is to be given that the internal financial controls are adequate, effective, and can be relied upon in compiling the Annual Financial Statements, and if not, that the deficiencies in the design and operational effectiveness of the internal financial controls have been disclosed to the Committee and the external auditors, and that the necessary remedial action has been taken.

The Committee is of the view, based on the representations made by the Chief Executive Officer and the Chief Financial Officer, as well as the other related processes mentioned that the internal financial controls in place for the Group were adequate and effective during the period under review.

### Key audit matter

There were no key audit matters that were identified in the current year.

## Report of the Audit Committee continued

### Group scoping for external audit purposes

The scope of EY's audit for the financial year under review took into consideration the structure of the Group, the respective accounting processes and controls and the industry in which Hulamín operates. The assessment included consideration of financially significant components, based on indicators such as their contribution to Group assets, revenue and profit before tax.

The Audit Committee has reviewed the audit scoping by EY and satisfied itself that the scope provides the reasonable assurance required that all material components of the Group were subjected to external audit inspection.

### Going concern

The Committee has, for the year under review, considered the documented assessment by management of the going concern premise of the Group and has, following this consideration and the combined assurance obtained, recommended to the Board that the Group is a going concern and will remain so for the foreseeable future. As part of this going concern assessment, the Board considered the potential implications of the impact of an increasing LME price in order to determine that it will not have a significant adverse effect on Hulamín's business. This and other potential implications as outlined in note 1.8 of the financial statements will be assessed on a continuing basis.

### Recommendation of the Annual Financial Statements for approval by the Board

At its meeting held on 28 February 2024, the Audit Committee reviewed and recommended the Annual Financial Statements for approval by the Board.

The Audit Committee is satisfied that, for the year under review, it has complied with its statutory responsibilities and the responsibilities assigned to it by the Board.



**Naran Maharajh**

*Chairman of the Audit Committee*

Pietermaritzburg, KwaZulu-Natal  
28 February 2024

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF HULAMIN LIMITED

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#### Report on the Audit of the Consolidated and Separate Financial Statements

##### *Opinion*

We have audited the consolidated and separate financial statements of Hulammin Limited and its subsidiaries ('the group') and company set out on pages 15 to 123, which comprise of the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

##### *Basis for Opinion*

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

##### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

##### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the 128 page document titled "Hulammin Audited Annual Financial Statements for the year ended 31 December 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.



Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Directors for the Consolidated and Separate Financial Statements*

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

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

#### *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

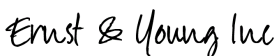
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### *Report on Other Legal and Regulatory Requirements*

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Hulamin Limited for 6 years.

DocuSigned by:  
  
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Ernst & Young Inc.  
Director: Farouk Ebrahim  
Registered Auditor  
Chartered Accountant (SA)

3 March 2024  
Durban

# Consolidated statement of financial position

as at 31 December 2023

	Notes	2023 R'000	2022 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5.1(b)	1 250 384	1 036 601
Right-of-use assets	5.2	56 625	51 864
Intangible assets	5.3	77 550	33 251
Retirement benefit asset	8.2 (c)	55 063	49 365
Deferred tax asset	9.2	72 186	106 109
Investment in insurance arrangement	5.4 (b)	5 504	5 802
Other long-term assets	5.4 (a)	6 618	33 926
Investments accounted for using the equity method	6 (d)	71 556	71 582
		<b>1 595 486</b>	<b>1 388 500</b>
<b>Current assets</b>			
Inventories	4.2	3 129 772	3 439 403
Trade and other receivables	4.3 (b)	1 282 279	1 409 270
Derivative financial assets	7.1 (d)	18 532	3 107
Cash and cash equivalents	4.1	189 855	81 294
Other short-term assets	5.4 (a)	31 515	-
		<b>4 651 953</b>	<b>4 933 074</b>
<b>Total assets</b>		<b>6 247 439</b>	<b>6 321 574</b>
<b>EQUITY</b>			
Stated capital and consolidated shares	3.4(b)	1 817 627	1 817 627
Treasury shares	3.4(e)	(35 863)	(35 863)
BEE reserve	8.1(d)	36 395	32 471
Employee share-based payment reserve	8.1(c)	46 808	38 598
Hedging reserve	7.5	8 042	-
Retained Earnings		1 665 565	1 380 228
<b>Total equity</b>		<b>3 538 574</b>	<b>3 233 061</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	3.2	51 875	46 715
Deferred tax liability	9.2	-	1 474
Retirement benefit obligations	8.2	204 326	206 956
		<b>256 201</b>	<b>255 145</b>
<b>Current Liabilities</b>			
Trade and other payables	4.4	1 446 832	1 814 962
Current borrowings	3.1	994 014	916 839
Lease liabilities	3.2	11 640	15 379
Income tax liability	9.3	178	84 122
Derivative financial liabilities	7.1 (d)	-	2 066
		<b>2 452 664</b>	<b>2 833 368</b>
<b>Total liabilities</b>		<b>2 708 865</b>	<b>3 088 513</b>
<b>Total equity and liabilities</b>		<b>6 247 439</b>	<b>6 321 574</b>

# Consolidated statement of profit or loss

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
<b>Revenue from contracts with customers</b>	2.3 (b)	<b>13 795 628</b>	15 930 269
Cost of goods sold	2.4.1	<b>(11 816 174)</b>	(13 939 931)
Cost of services provided	2.4.1	<b>(95 634)</b>	(102 198)
<b>Gross profit</b>		<b>1 883 820</b>	1 888 140
Selling, marketing and distribution expenses	2.4.1	<b>(738 335)</b>	(807 077)
Administrative and other expenses	2.4.1; 2.4.5	<b>(643 477)</b>	(547 556)
Impairment losses reversed on financial assets	4.3 (c); 2.4.1	<b>1 901</b>	736
Losses on financial instruments related to trading activities	2.4.2	<b>(1 646)</b>	(862)
Other gains/(losses)	2.4.3	<b>29 756</b>	(3 330)
<b>Operating profit</b>		<b>532 019</b>	530 051
Interest income	9.1	<b>13 359</b>	10 755
Interest expense	9.1	<b>(160 703)</b>	(102 211)
<b>Profit before share of joint venture (losses)/ profits</b>		<b>384 675</b>	438 595
Share of net (losses)/profits of joint ventures accounted for using the equity method	6 (d)	<b>(4 046)</b>	1 192
<b>Profit before tax</b>		<b>380 629</b>	439 787
Taxation	9.3.1	<b>(108 828)</b>	(140 077)
<b>Net profit for the year attributable to equity holders of the company</b>		<b>271 801</b>	299 710
Basic earnings/(loss) per share	(cents) 2.2	<b>88</b>	97
Diluted earnings/(loss) per share	(cents) 2.2	<b>83</b>	91



# Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
<b>Net profit for the year attributable to equity holders of the company</b>		<b>271 801</b>	299 710
<b>Other comprehensive income/(loss) for the year</b>		<b>19 618</b>	9 174
Items that may be reclassified subsequently to profit or (loss):		<b>8 042</b>	4 217
Cash flow hedges transferred to the statement of profit or (loss)	7.5 (iii)	<b>8 513</b>	25 673
Cash flow hedges remeasured	7.5 (iii)	<b>2 503</b>	(19 815)
Income tax relating to these items		<b>(2 974)</b>	(1 641)
Items that will not be reclassified to profit or (loss):		<b>11 576</b>	4 957
Remeasurements of retirement benefit obligations	8.2(c), (d), (e)	<b>15 858</b>	6 875
Income tax relating to these items		<b>(4 282)</b>	(1 918)
<b>Total comprehensive profit for the year attributable to equity holders of the company</b>		<b>291 419</b>	308 884

# Consolidated cash flow statement

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	A	<b>685 907</b>	198 430
Interest paid		(159 372)	(100 915)
Interest received		4 431	3 682
Income taxes paid	9.3	(167 712)	(41 017)
Net cash inflow from operating activities		<b>363 254</b>	60 180
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(253 179)	(222 329)
Additions to intangible assets		(58 418)	(8 824)
Proceeds on disposal of property, plant and equipment		909	-
Refund of insurance arrangement relating to change in shareholding	5.4(b)	478	-
Proceeds from repayments of loan granted to investment accounted for using equity method		1 105	8 230
Net cash outflow from investing activities		(309 105)	(222 923)
Cash flows before financing activities ("free cash flow")		<b>54 148</b>	(162 743)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from current borrowings	3.3	77 175	116 763
Payment of principal portion of lease liabilities	3.2	(16 714)	(16 587)
Net cash inflow from financing activities		<b>60 461</b>	100 176
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>114 609</b>	(62 567)
Cash and cash equivalents at beginning of year	4.1	81 294	149 474
Effects of exchange rate changes on cash and cash equivalents	2.4.2	(6 048)	(5 613)
Cash and cash equivalents at end of year	4	<b>189 855</b>	81 294

# Notes to the consolidated cash flow statement

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
<b>A Cash generated from operations</b>			
Profit before tax		<b>380 629</b>	439 787
Net interest cost	9.1	<b>147 344</b>	91 456
Profit before tax after interest		<b>527 973</b>	531 243
Adjusted for non-cash flow items:			
Depreciation of property, plant and equipment	2.4.1	<b>104 625</b>	79 948
Depreciation of right-of-use assets	2.4.1	<b>16 046</b>	12 193
Amortisation of intangible assets	2.4.1	<b>14 119</b>	10 448
Impairment raised/ (reversed) of financial assets		<b>(1 901)</b>	(736)
Loss on disposal of property, plant and equipment	2.4.3	<b>741</b>	7 749
Share of net loss/(profit) of Joint Ventures accounted for using the equity method	6(d)	<b>4 046</b>	(1 192)
Net movement in retirement benefit asset and obligations		<b>7 530</b>	5 858
Value of employee services received under share schemes	2.4.1(a)	<b>15 638</b>	6 503
Foreign exchange (profit)/losses on cash and cash equivalents	2.4.2	<b>6 048</b>	5 613
Currency exchange translation on foreign debtors and creditors		<b>6 820</b>	(5 173)
Fair value adjustment on investment in insurance arrangement	5.4(b)	<b>(181)</b>	(3 757)
Other non-cash items		<b>(2 157)</b>	1 489
<b>Cash generated before working capital changes</b>		<b>699 347</b>	650 186
Changes in working capital	B	<b>(13 440)</b>	(451 756)
<b>Cash generated from operations</b>		<b>685 907</b>	198 430
<b>B Changes in working capital</b>			
Decrease/(Increase) in inventories		<b>279 590</b>	(423 305)
Decrease in trade and other receivables		<b>131 426</b>	38 615
(Increase)/Decrease in derivatives		<b>(14 988)</b>	13 912
(Decrease) in trade and other payables		<b>(409 468)</b>	(80 978)
		<b>(13 440)</b>	(451 756)

# Consolidated statement of changes in equity

for the year ended 31 December 2023

Note	Stated capital and consolidated shares	Treasury shares	Hedging reserve	Employee share-based payment reserve	BEE reserve	Retained earnings	Total equity
	A	B	C	D	E	F	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Balance as at 31 December 2021</b>	1 817 627	(35 863)	(4 217)	48 170	28 547	1 068 611	2 922 875
Net profit for the year	-	-	-	-	-	299 710	299 710
Other comprehensive income net of tax:							
– cash flow hedges	-	-	4 217	-	-	-	4 217
– retirement benefit assets and obligations	-	-	-	-	-	4 957	4 957
Equity settled share-based payment schemes:							
– Value of employee services (note 2.4.1 (a))	-	-	-	2 579	3 924	-	6 503
– Settlement and forfeiture of employee share incentives	-	-	-	(12 151)	-	6 950	(5 201)
<b>Balance as at 31 December 2022</b>	<b>1 817 627</b>	<b>(35 863)</b>	<b>-</b>	<b>38 598</b>	<b>32 471</b>	<b>1 380 228</b>	<b>3 233 061</b>
Net profit for the year	-	-	-	-	-	271 801	271 801
Other comprehensive income net of tax:							
– cash flow hedges	-	-	8 042	-	-	-	8 042
– retirement benefit assets and obligations	-	-	-	-	-	11 576	11 576
Equity settled share-based payment schemes:							
– Value of employee services (note 2.4.1(a))	-	-	-	11 714	3 924	-	15 638
– Settlement and forfeiture of employee share incentives	-	-	-	(3 504)	-	1 960	(1 544)
<b>Balance as at 31 December 2023</b>	<b>1 817 627</b>	<b>(35 863)</b>	<b>8 042</b>	<b>46 808</b>	<b>36 395</b>	<b>1 665 565</b>	<b>3 538 574</b>



# Notes to the statement of changes in equity

for the year ended 31 December 2023

## A Stated capital and consolidation shares

Stated capital represents the Group's issued share capital held by outside shareholders. Consolidation shares represent shares held under various BEE transactions. Further information of the Group's stated capital and consolidation shares is presented in note 3.4.

## B Treasury shares

Shares in the company held by wholly-owned Group companies are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares and the cost of the shares is deducted from Group equity. Dividends received on treasury shares are eliminated on consolidation. No gains and losses are recognised in the Group statement of profit or loss or the statement of comprehensive income on the purchase, sale, issue or cancellation of treasury shares. During the year the Group did not purchase any shares (2022: Nil shares).

## C Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently transferred to revenue as part of the hedging relationship or reclassified to profit or loss as appropriate. The Group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve. Further analysis of the reserve is presented in note 7.5.

## D Employee share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees. On settlement, the value of the reserve is transferred to retained earnings. A deferred tax asset on outstanding grants is recognised where the grants are in-the-money, with the deferred tax on the portion above the fair value of the option being recognised directly in retained earnings. Further details of share options outstanding are provided in notes 8.1(c) and 8.1(d)(ii).

## E BEE reserve

The BEE reserve is used to recognise the grant date fair value of options issued to identified BEE participants and Isizinda BEE participants. Further details of these transactions are provided in notes 8.1(d)(i) and 8.1(d)(ii).

## F Retained earnings

The retained earnings represent the cumulative historic profit and loss reinvested in the Group. No restrictions exist on the use of the retained income.

# Notes to the consolidated financial statements

## for the year ended 31 December 2023

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## Notes to the consolidated financial statements continued

### for the year ended 31 December 2023

#### 1. Accounting policies

##### 1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC interpretations issued by the IFRS IC, SAICA Financial Reporting guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act, No 71 of 2008, as amended, and the Listing Requirements of the JSE Limited.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted per note 1.2(a) to the financial statements.

The consolidated financial statements are prepared using the historical cost basis except for certain items as set out in the accounting policies which follow (see the accounting policies relating to derivative financial instruments, share-based payments, retirement benefit assets and obligations, non-current assets held for sale and investment in insurance arrangement). The consolidated financial statements are presented in South African Rands, and all values are rounded to the nearest thousand (R'000), except when otherwise indicated.

The consolidated financial statements are prepared on the going-concern basis using accrual accounting (refer to note 1.8).

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset, and the net amount reported only when a legally enforceable right to offset exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Accounting policies (as shown throughout this report) are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies resulting from the initial application of a standard or an interpretation are accounted for in accordance with the transitional provisions in the accounting standard. If no such guidance is given, they are applied retrospectively.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.2 New accounting standards

##### (a) New and revised standards and interpretations in issue and not yet effective which are applicable to the Group

Pronouncement	Effective date	Impact
<i>Classification of liabilities as Current or Non-current – Amendments to IAS 1</i>	Effective date is 1 January 2024	<p><b>Amendments</b> to IAS 1 'Presentation of Financial Statements' to specify the requirements for classifying liabilities, subject to covenants, as current or non-current. The amendments clarify:</p> <ul style="list-style-type: none"> <li>• What is meant by a right to defer settlement</li> <li>• That a right to defer must exist at the end of the reporting period contingent on compliance with future covenants within twelve months</li> <li>• That classification is unaffected by the likelihood that an entity will exercise its deferral right</li> <li>• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification</li> <li>• Disclosures requirements for liabilities arising from loan agreements that are classified as non-current</li> </ul> <p>Hulamin does not expect this to have a material impact on the Group financial statements.</p>
<i>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16</i>	Effective date is 1 January 2024	<p><b>Amendments</b> to IFRS 16 "Leases" specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.</p> <p>Hulamin does not expect this to have a material impact on the Group financial statements.</p>

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.2 New accounting standards continued

##### (a) New and revised standards and interpretations in issue and not yet effective which are applicable to the Group

Pronouncement	Effective date	Impact
<i>Lack of exchangeability – Amendments to IAS 21</i>	Effective date is 1 January 2025	<p><b>Amendments</b> to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.</p> <p>Hulamin does not expect this to have a material impact on the Group financial statements.</p>
<i>Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7</i>	Effective date is 1 January 2024	<p><b>Amendments</b> to specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.</p> <p>Hulamin does not expect this to have a material impact on the Group financial statements.</p>
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28</i>	Effective date is 1 January 2024	<p><b>Amendment</b> clarifies that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.</p> <p>Hulamin does not expect this to have a material impact on the Group financial statements.</p>

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.2 New accounting standards continued

##### (b) New and revised standards and interpretations in issue and in effect which are applicable to the Group

Pronouncement	Effective date	Impact
<i>A number of narrow-scope amendments to IAS 1 and IFRS Practice Statement 2</i>	Effective date is 1 January 2023	<p><b>Amendments</b> to IAS 1 'Disclosure of Accounting Policies' amendments aim to help entities provide accounting policy disclosures that are more useful by:</p> <ul style="list-style-type: none"> <li>Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and</li> <li>Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures</li> </ul>
<i>Amendments to IAS 8, IAS 12 and IFRS 17</i>		<p><b>Amendments</b> to IAS 8, 'Accounting estimates' clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.</p> <p><b>Amendments</b> to IAS 12, 'Income Taxes' clarifies the require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.</p> <p><b>IFRS 17</b> is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Group has performed an assessment and determined that since no material insurance contracts are entered into as envisaged by IFRS 17, there is no impact as the insurance constitutes self-insurance.</p> <p>Hulamin does not expect these amendments to have a material impact on the Group financial statements.</p>



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.2 New accounting standards

##### (a) New and revised standards and interpretations in issue and not yet effective which are applicable to the Group

Pronouncement	Effective date	Impact
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12</i>	Effective date is 1 January 2023	<b>Amendments</b> to IAS 12, 'Income Taxes' which narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.  Hulamin does not expect these amendments to have a material impact on the Group financial statements.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.3 Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External valuers are involved for valuation of significant assets. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Impairment of non-financial assets (note 2.4.4)
- Investment in insurance arrangement (note 5.4(b))
- Derivative assets and liabilities (note 7.1)

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.4 Accounting for assets and liabilities

##### (i) Derecognition

Financial assets, or parts thereof, are derecognised when the contractual rights to receive the cash flows have expired, been transferred and/or control has passed.

All other assets are derecognised on disposal or when they no longer meet the definition of an “asset” as prescribed by the Framework. Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or has expired.

#### 1.5 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in note 2.3 Revenue from contracts with customers.

###### Initial recognition and measurement

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

###### Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.5 Financial instruments – initial recognition and subsequent measurement continued

The Group's financial assets at amortised cost includes trade receivables, long-term deposit and cash and cash equivalents.

Financial assets at fair value through profit or loss are subsequently measured fair values at valuation and the associated gains and losses are taken to profit or loss. Financial assets at fair value through OCI are subsequent measured fair values at valuation and the associated gains and losses are taken to OCI.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### Impairment

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience.

##### (ii) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost, financial liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

##### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss, or
- Financial liabilities at amortised cost (loans, borrowings and payables).

Financial liabilities at amortised cost (loans, borrowings and payables) is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

##### Derecognition

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

The accounting policy on derivatives is detailed in note 7.5.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.6 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### (i) Methods of depreciation, useful lives and residual values of assets

Items of property, plant and equipment are depreciated over their useful lives taking into account residual values. The estimated useful lives and residual values are assessed annually taking into account technological innovation, product life cycles, maintenance programmes and projected disposal values. Refer note 5.1 and 5.3.

##### (ii) Post-retirement benefit obligations

Actuarial valuations of post-retirement benefit obligations are based on assumptions which include employee turnover, mortality rates, discount rate, expected long-term rate of return on retirement plan assets, health care costs, inflation rates and salary increments.

Management experts are used to assist with valuations of post-employment benefit obligations. Refer note 8.2.

##### (iii) Share-based payment transactions

The critical estimates and assumptions used in the IFRS 2 calculations are disclosed in note 8.1 of the Group financial statements. Management experts are used to determine the grant date fair value of options granted. Management assesses the likelihood of achieving non-market performance measures based on approved budgets and the five-year business plan.

##### (iv) Impairment of non-financial assets

The critical estimates and assumptions used in the recoverable amount calculations in respect of the assets of the Group are disclosed in note 2.4.4 of the Group financial statements. Forward-looking financial information is based on board-approved business plans.

##### (v) Investment in Isizinda Aluminium (Pty) Ltd ("Isizinda")

The Group holds a 38.7% (2022: 38.7%) interest in Isizinda. Management have determined that the investment in Isizinda does not represent control in terms of the requirements of IFRS 10.

The significant judgements applied in determining whether Hulamin has control or joint control over Isizinda were determined with reference to Isizinda's relevant activities and which parties could direct those activities as outlined in the memorandum of incorporation and the shareholders agreement. The relevant activities are those that significantly impact the economic performance or returns over Isizinda.

The contractual arrangement provides the Group with only the right to the net assets of the joint arrangement, with the voting rights to the assets and obligation for liability of the joint arrangement resting primarily with Hulamin Operations Proprietary Limited. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method. For more detail on the investment in joint venture refer note 6 (d).

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.6 Significant accounting judgements, estimates and assumptions continued

##### (vi) Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Group included the renewal period as part of the lease term for leases of buildings. The Group typically exercises its option to renew for these leases because these buildings are required for staff occupation. For more details on leases refer notes 3.2 and 5.2.

##### (vii) Taxes

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available against which these can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on the recognised and unrecognised portion of the deferred tax is disclosed in note 9.2.

##### (viii) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group has used its incremental borrowing rate with reference to the revolving loan facility. Refer note 3.2.

##### (ix) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. When forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year this can lead to an increased number of defaults in the manufacturing sector, and the historical default rates will be adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer note 4.3(c).

##### (x) Revenue recognition – Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of goods with volume rebates. Refer to note 2.3.

## Notes to the consolidated financial statements continued

### for the year ended 31 December 2023

#### 1. Accounting policies continued

##### 1.7 Foreign currencies

The functional currency of each entity within the Group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the exchange rate ruling on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss in the period in which they arise, except when deferred in equity as qualifying cash flow hedges. The company and Group's functional currency and presentation currency respectively is the South African rand.

##### 1.8 Going concern

The financial statements of the Hulamín Group for the year ended 31 December 2023 have been prepared on the going concern basis.

The Group is of the opinion that it has adequate resources to continue in operation for the foreseeable future based the following factors considered in reaching the conclusion:

- Hulamín Group's 2023 financial performance and position as documented in detail throughout these financial statements
- Trading conditions in 2024 and outlook
- Liquidity and access to funding facilities
- Indicators of uncertainty
- Scenarios and forecasts
- Litigation and claims

##### (a) 2023 financial performance and position

The Group's performance and position has been summarised in the table below:

		2023	2022
<b>Earnings</b>			
Operating profit before interest and tax	R'000	532 019	530 051
Net profit	R'000	271 801	299 710
Earnings per share (Basic)	cents	88	97
Headline earnings per share (Basic)	cents	88	99
Normalised EBITDA	R'000	620 466	666 038
<b>Cash flow and financial position</b>			
Cash flow from operating activities	R'000	363 254	60 180
Cash flow before financing activities ("free cash flow")	R'000	54 148	(162 743)
Net debt	R'000	867 674	897 639
Equity	R'000	3 538 574	3 233 061
Net debt / equity ratio	%	24.5	27.8
Net current assets	R'000	2 199 289	2 099 706
Current ratio	times	1.9	1.7



## Notes to the consolidated financial statements continued

### for the year ended 31 December 2023

#### 1. Accounting policies continued

##### 1.8 Going concern continued

###### Profit and earnings performance

###### Hulamin Operations

The improved trading conditions from 2022 continued into the first 6 months of the reporting period. There was continued focus on its simplification strategy with a focus on CAN products, weaker exchange rate and stabilizing the cost base which positively contributed to the earnings. During the next few months into the second half of the year, there was a downturn in the CAN market due to economic challenges which put slight pressure on cash flow. This cash flow pressure was ably navigated by management together with the support of Hulamin's lenders, suppliers and customers. In the last months of the year, a recovery of the local CAN market was experienced with an uptake of sales furthermore positively contributing to earnings.

Other challenging trading conditions further arose from:

- Rapid and sharp global decline in demand especially CAN and common alloy resulting in significant price pressure (twenty percent)
- Local infrastructure, especially ports, remain a challenge in transporting goods
- Two-week strike experienced by Hulamin

Hulamin Operations continued to benefit from a 15% import duty on rolled aluminium products which was imposed from January 2021. This contributed towards an increase in demand for local products in 2023. This is expected to continue in 2024.

###### Hulamin Extrusions

The strong market performance for H1 of 2023 was underpinned by strong demand in the solar market following the domestic solar panel rebate announced by the government. However, by mid-year there was a downward pressure on volumes as a result of uncertainty in the local marketing leading to the reduction in customer volumes especially due to the impact of load shedding on the economy and issues relating to ports and logistics. In the latter part of the year, volumes increased as one of Extrusion's key customer relocated more work locally and this is expected to increase further into 2024.

Despite these challenges Extrusions returned to strong volumes which have been carried through into the five-year business plan, and the increased certainty thereof is reflected in the discount rate.

##### (b) Trading conditions in 2024 and outlook

The trading conditions in 2024 and outlook are as follows:

###### Domestic market

Demand for aluminium rolled products continued to increase during the latter part of 2023. For 2024 demand is expected to remain strong for most product categories, except common alloy where demand is directly linked to GDP.

###### International market

Hulamin's export sales include canstock, heat-treated plate for general engineering applications, and a substantial volume of distributor products referred to as common alloy. Global demand for aluminium rolled products has stabilised during the course of 2023. Forecasts for 2024 suggest improved demand outlook for H2.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.8 Going concern continued

##### (c) Liquidity and funding

As at 31 December 2023, Hualamin Group's banking facilities of R2.1 billion comprise a committed working capital facility of R1.5 billion and a general banking facility ("GBF") of R600 million. The GBF is comprised of direct facilities of R400 million and indirect facilities (letters of credit and guarantee) of R200 million. This maturity date of the committed working capital facility was extended by three years to December 2026.

The Group's net borrowings were R804 million (2022: R836 million) and net debt was R867.7 million (2022: R897.6 million) at 31 December 2023. This represents a net debt to equity ratio of 25 % (2022: 28%). The current ratio was 1.9 times while the debt-to-equity bank covenant as defined was 0.34 times.

The utilisation of the working capital facility may be restricted by the underlying eligible inventory and receivables.

As noted above, Hualamin closed 2023 with a strong balance sheet, with net debt of R867.7 million and a net debt to equity ratio of 25% and headroom with respect to its financial covenants.

Hualamin has the following measures in place to safeguard the Group's liquidity position:

- Direct borrowing facilities of R2.1 billion
- Three year committed revolving working capital facility of R1.5 billion
- Number of participating banks is four
- Debt to equity financial covenant of less than 0.60 times
- The required level of the current ratio is >1.25 times

##### (d) Indicators of uncertainty

The continuing armed conflict in Eastern Europe, besides adding to pre-existing energy shortages, has resulted in increases in the US Dollar price of aluminium in the first few months of 2023. The Hualamin Group has sufficient available debt facilities to cover any large movements in the LME which may impact working capital.

The Group continuously manages its liquidity by ongoing modelling of scenarios and their implications for net debt relative to borrowing facilities and loan covenants. This is combined with regular engagement with funders, to ensure adequate facilities are available, and with suppliers and customers to ensure that payment terms and credit limits are appropriate.

##### (e) Scenarios and forecasts

Management considered various scenarios through to the end of 2023, which assessed the impact of a moving aluminium price and moving ZAR/USD exchange rate on Hualamin's liquidity.

##### (f) Litigation and claims

The company is not engaged in any significant legal action nor has it any contingent liabilities which could have bearing on the ability to continue operations in the forecast period.

# Notes to the consolidated financial statements continued

## for the year ended 31 December 2023

### 1. Accounting policies continued

#### 1.9 Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Management has considered the relevant events during this period and concluded that no events other than the latest change in control noted below:

##### (a) Business combination

In February 2024, Hulamín Operations (Pty) Ltd acquired 58.7% of equity interest for a consideration of R18 million which was previously held by Bingelela Capital (Pty) Ltd, as part of a strategic business decision. This was accounted for in 2023 as a joint venture (Note 6). This resulted in Hulamín Operations holding a 100% shareholding in Isizinda. Isizinda (Pty) Ltd is based in Richards Bay, Kwa-Zulu Natal and is a property-owning company which derives its revenue from rental income.

The initial accounting for the business combination is incomplete, further details will be presented in the 2024 interim financial statements.

### 2. Performance: measures used to assess performance

#### 2.1 Reportable segment analysis

##### (a) Accounting policies and significant judgements

###### Description of segments and principal activities

The Group's reportable segments have been determined in accordance with how the Hulamín Executive Committee, which is the Group's most senior operating decision-making body, allocates resources and evaluates performance and are predominantly based on business segment hierarchy which is representative of the internal reporting used for management purposes.

The Group is organised into two major operating divisions, namely Hulamín Rolled Products and Hulamín Extrusions.

The Hulamín Rolled Products segment, which comprises the Hulamín Rolled Products and Hulamín Containers businesses, manufactures and supplies fabricated and rolled semi-finished aluminium products as well as aluminium foil containers and related products.

The Hulamín Extrusions segment manufactures and supplies extruded aluminium products.

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment, as well as current assets. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments. Transactions between segments are carried out at arm's length and are eliminated on consolidation. Transactions which represent the sale of a particular segment's finished goods to another segment do not occur and as such no inter-segment revenue is earned.

Finance costs, finance income, other income, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Capital expenditure consists of additions of property, plant and equipment and intangible assets.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.1 Reportable segment analysis continued

##### (b) Segmental revenue, earnings and other disclosures

	2023			2022		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000
<b>Revenue from contracts with customers: External</b>	<b>12 916 441</b>	<b>879 187</b>	<b>13 795 628</b>	15 100 262	830 007	15 930 269
<b>Revenue by product market</b>						
Automotive and transport	1 019 685	204 161	1 223 846	1 082 258	179 770	1 262 028
Building and construction	71 417	63 586	135 003	632 773	581 783	1 214 556
General engineering	4 317 724	611 440	4 929 164	5 075 069	68 454	5 143 523
Packaging	7 497 417	-	7 497 417	8 312 865	-	8 312 865
Other	10 198	-	10 198	(2 703)	-	(2 703)
<b>Earnings</b>						
EBITDA**	665 609	1 200	666 809	631 945	694	632 639
Depreciation and amortisation	(117 134)	(17 656)	(134 790)	(90 434)	(12 155)	(102 589)
<b>Operating profit/(loss)</b>	<b>548 475</b>	<b>(16 456)</b>	<b>532 019</b>	541 511	(11 461)	530 050
Interest income	13 359	-	13 359	10 755	-	10 755
Interest expense	(160 656)	(47)	(160 703)	(89 017)	(13 193)	(102 210)
<b>Profit/(loss) before share of joint ventures</b>	<b>401 178</b>	<b>(16 503)</b>	<b>384 675</b>	463 249	(24 654)	438 595
Share of net profit/(loss) of joint ventures	(4 046)	-	(4 046)	1 192	-	1 192
<b>Profit/(loss) before tax</b>	<b>397 132</b>	<b>(16 503)</b>	<b>380 629</b>	464 441	(24 654)	439 787
Taxation	(109 065)	237	(108 828)	(138 424)	(1 653)	(140 077)
<b>Net profit/(loss) for the year</b>	<b>288 067</b>	<b>(16 266)</b>	<b>271 801</b>	326 017	(26 307)	299 710
<b>Reconciliation of net profit/(loss) to headline earnings/ (loss)</b>						
Net profit/(loss) for the year	288 067	(16 266)	271 801	326 017	(26 307)	299 710
(Profit)/loss on disposal of property, plant and equipment	1 118	(377)	741	7 749	-	7 749
Tax effect	(302)	102	(200)	(2 170)	-	(2 170)
<b>Headline earnings/(loss) for the year</b>	<b>288 883</b>	<b>(16 541)</b>	<b>272 342</b>	331 596	(26 307)	305 289

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.1 Reportable segment analysis continued

##### (b) Segmental revenue, earnings and other disclosures continued

	2023			2022		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000
<b>Reconciliation of headline earnings/(loss) to normalised EBITDA**</b>						
Headline earnings/(loss) for the year	288 883	(16 541)	272 342	331 596	(26 307)	305 289
Metal price lag	(47 084)	-	(47 084)	25 670	-	25 670
Tax effect	12 713	-	12 713	(7 188)	-	(7 188)
<b>Normalised headline earnings/(loss) (Note A)</b>	<b>254 512</b>	<b>(16 541)</b>	<b>237 971</b>	<b>350 078</b>	<b>(26 307)</b>	<b>323 771</b>
Share of (net profit)/loss of joint ventures	4 046	-	4 046	(1 192)	-	(1 192)
Interest expense	160 656	47	160 703	89 017	13 193	102 210
Interest income	(13 359)	-	(13 359)	(10 755)	-	(10 755)
Taxation	96 654	(339)	96 315	147 762	1 653	149 415
<b>Normalised EBIT (Note A)</b>	<b>502 509</b>	<b>(16 833)</b>	<b>485 676</b>	<b>574 910</b>	<b>(11 461)</b>	<b>563 449</b>
Depreciation and amortisation	117 134	17 656	134 790	90 434	12 155	102 589
<b>Normalised EBITDA (Note A)</b>	<b>619 643</b>	<b>823</b>	<b>620 466</b>	<b>665 344</b>	<b>694</b>	<b>666 038</b>
<b>Total assets</b>	<b>5 943 910</b>	<b>303 529</b>	<b>6 247 439</b>	<b>6 084 325</b>	<b>237 249</b>	<b>6 321</b>
<b>Total liabilities</b>	<b>2 525 759</b>	<b>183 106</b>	<b>2 708 865</b>	<b>2 986 195</b>	<b>102 318</b>	<b>3 088</b>

\* Earnings before interest and taxation

\*\* Earnings before interest, taxation, depreciation and amortisation and impairment of property, plant and equipment and intangible assets.

	2023			2022		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000
<b>Other disclosures</b>						
Additions to property, plant and equipment and intangible assets	409 855	22 321	432 176	208 074	23 078	231 152
Investment in joint ventures accounted for by the use of equity method	71 556	-	71 556	71 582	-	71 582
<b>Currency Conversion:</b>						
Rand/US dollar average			18.46			16.38
Rand/US dollar closing			18.54			16.96

All non-current assets of the Group are located in, or are attributable to, operations in South Africa.

Revenue from transactions with a single external customer amount to 10% or more of the entity's revenue, the total revenue from such customer amounts to R3.1 billion (2022: R3.6 billion). Note 2.3 provides the geographic breakdown of the Group's revenue.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.1 Reportable segment analysis continued

##### (b) Segmental revenue, earnings and other disclosures continued

###### Note A: Normalised EBIT, normalised EBITDA, headline earnings and normalised headline earnings

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2023 issued by the South African Institute of Chartered Accountants (SAICA).

Normalised EBIT, normalised EBITDA and normalised headline earnings per share are measures which the Hulammin Executive Committee uses in assessing financial performance. These are calculated in a consistent manner as per the 2022 annual financial statements.

Normalised headline earnings per share is calculated by dividing normalised headline earnings by the weighted average number of ordinary shares in issue during the year. Normalised headline earnings is defined as headline earnings excluding:

(i) metal price lag; and

(iii) material non-trading expense or income items which, due to their irregular occurrence, are adjusted for in order to better present earnings attributable to the ongoing activities of the Group. Normalised EBIT and EBITDA are similarly derived.

The presentation of normalised EBIT, normalised EBITDA, headline earnings per share and normalised headline earnings per share is not an IFRS requirement and these may not be directly comparable with the same or similar measures disclosed by other companies.

#### 2.2 Earnings per share

##### Earnings per share, headline earnings per share and normalised headline earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

##### Weighted average number of shares

The weighted average number of shares used in the calculation of basic and diluted earnings per share, headline earnings per share and normalised earnings per share is as follows:

	2023 Number of shares	2022 Number of shares
Weighted average number of shares used for basic EPS*	308 496 091	308 496 091
Bonus shares	4 606 916	1 197 848
Share options	15 155 398	18 413 823
Weighted average number of shares used for diluted EPS**	328 258 405	328 107 762

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

\*\* In 2023 19 762 314 potential ordinary shares were dilutive (2022: 19 611 671 potential ordinary shares were dilutive).

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

Reconciliation of net profit/(loss) (used in calculating earnings per share) for the year to headline earnings/(loss)

	2023		2022	
	Gross	Net of tax	Gross	Net of tax
	R'000	R'000	R'000	R'000
Net profit/(loss) for the year	-	271 801	-	299 710
Adjustments	741	526	7 749	5 579
– Loss/(Profit) on disposal of property, plant and equipment	741	526	7 749	5 579
Headline earnings		272 327		305 289
<b>Earnings per share</b>				
Basic (cents)		88		97
Diluted (cents)		83		91
<b>Headline earnings per share</b>				
Basic (cents)		88		99
Diluted (cents)		83		93
<b>Normalised headline earnings per share</b>				
Basic (cents)		77		105
Diluted (cents)		72		99

#### Information concerning the classification of securities

##### (i) Options

Options granted to employees under the various Hulamín Group schemes as presented in note 8.1 are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required performance condition would have been met based on the company's performance up to the reporting date, and to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share.

55 069 194 (2022: 46 334 405) options were not included in the calculation of diluted earnings per share because they were anti-dilutive for the year ended 31 December 2023. These options could potentially dilute basic earnings per share in the future.

##### (ii) Bonus shares

Rights to deferred shares granted to senior management under the Group's short-term incentive scheme are included in the calculation of diluted earnings per share assuming all outstanding rights will vest. The rights are not included in the determination of basic earnings per share. The total bonus shares options included as being dilutive amounted to 4 450 821 (2022: 2 395 696).



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.3 Revenue from contracts with customers

##### (a) Accounting policies and significant judgements

###### (i) Sale of goods

Revenue from contracts with customers of the Group comprises revenue from the sale of fabricated and semi-fabricated aluminium products.

Sales are recognised when control of the products has transferred to the buyer. The delivery of products and the transfer of risks are determined by the terms of sale, and specifically by the guidance provided under International Chamber of Commerce Terms of Trade, where applicable. This is typically when the goods are handed to the carrier nominated by Hualamin.

As assessment of the concept of “control” as defined in IFRS15 and “risk” as defined in the INCO terms was performed and the point at which “risk” passes from Hualamin is the same point at which “control” is transferred.

Products are often sold with retrospective volume discounts, rebates and early-settlement terms. These rights give rise to a variable consideration. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts, rebates and early settlement discounts. Note 1.6(x) provides insights into variable considerations included in revenue.

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

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

###### (ii) Transportation services

Certain International Chamber of Commerce Terms of Trade used include multiple deliverables such as the sale of goods and the provision of transportation services. For some of these specific terms, control of the goods sold passes before the transportation service has been provided. The revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total service to be provided, because the customer receives and uses the benefit simultaneously. This is determined based on the actual shipping days incurred relative to the standard time to ship to the specified destination. Where revenue is earned on multiple performance obligations the transaction price is allocated to each performance obligation based on the stand-alone selling prices.

###### (iii) Time value of money

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group has applied the practical expedient provided in IFRS 15.63 and does not adjust any of the transaction prices for the time value of money.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### (b) Disaggregation of revenue from contracts with customers

Revenue has been disaggregated into categories that depict how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group presented disaggregated revenue based on the type of goods or services provided to customers and the geographical region.

	2023 R'000	2022 R'000
<b>Analysis of revenue by product market:</b>		
Automotive and transport	1 223 846	1 262 028
Building and construction	135 003	701 227
General engineering	4 929 164	5 656 852
Packaging	7 497 417	8 312 865
Other	10 198	(2 703)
	<b>13 795 628</b>	<b>15 930 269</b>
<b>Geographical analysis of revenue:</b>		
South Africa	7 135 045	7 873 749
North America	2 489 086	3 862 281
Europe	3 101 763	3 485 092
Asia*	(13 635)	187 024
Middle East	203 576	30 453
Australasia	464 476	350 754
South America	414 020	86 305
Rest of Africa	1 297	54 611
	<b>13 795 628</b>	<b>15 930 269</b>

\* The negative net revenue for Asia is due to credit notes processed in the current year which exceeds the gross revenue, the credit notes will be utilised in the 2024 year.

### (c) Disaggregation on timing of revenue recognition

	2023 R'000	2022 R'000
<b>Timing of revenue recognition:</b>		
At a point in time	13 699 994	15 828 126
Over time	95 634	102 143
<b>Total</b>	<b>13 795 628</b>	<b>15 930 269</b>

### (d) Transportation services

There are contracts with customers which require that the Group provides transportation services as a separate performance obligation. The Group acts as a principal in these transactions.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	2023 R'000	2022 R'000
Within one year	3 781	6 416

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.4 Material profit or loss items

The Group has identified several items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

##### 2.4.1. Expenses by nature

	2023 R'000	2022 R'000
Aluminium and other material costs	8 950 067	10 682 057
Utilities and other direct manufacturing costs	843 629	1 625 572
Employment costs	1 472 450	1 314 696
Depreciation on property, plant and equipment	104 625	79 948
Depreciation on right-of-use assets	16 046	12 193
Amortisation of intangible assets	14 119	10 448
Repairs and maintenance	358 248	395 154
Freight and commissions	765 518	664 691
Other operating income and expenditure	767 017	611 267
	<b>13 291 719</b>	<b>15 396 026</b>
<b>Classified as:</b>		
Cost of sales of goods	11 816 174	13 939 931
Cost of providing services	95 634	102 198
Selling, marketing and distribution expenses	738 335	807 077
Administrative and other expenses	643 477	547 556
Net impairment losses on financial assets	( 1 901)	( 736)
	<b>13 291 719</b>	<b>15 396 026</b>

##### (a) Employee benefit costs

The cost of short-term employee benefits is recognised in the statement of profit or loss in the period in which the service is rendered and is not discounted.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost, net interest expense or income and remeasurement.

The Group presents service cost and net interest expense or income in profit or loss. Curtailment gains and losses are accounted for as past service costs.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

	2023 R'000	2022 R'000
<b>Employment costs</b>		
Salaries and wages	1 347 728	1 210 306
Retirement benefit costs:	82 128	72 334
Defined contribution schemes	85 448	74 445
Defined benefit scheme (note 8.2(c))	(3 320)	(2 111)
Post retirement medical aid costs (note 8.2(d))	21 667	20 592
Retirement gratuities (note 8.2(e))	5 289	4 961
Share incentive costs	15 638	6 503
	<b>1 472 450</b>	<b>1 314 696</b>

#### 2.4.2. Gains and losses on financial instruments related to trading activities

The Group is exposed to fluctuations in aluminium prices and exchange rates and hedges these risks with derivative financial instruments. The Group applies hedge accounting to gains and losses arising from certain derivative financial instruments.

Hedges of forecast sales transactions, where effective, are accounted for as cash flow hedges.

The effective portion of cash flow hedge gains and losses are recorded initially in the hedge reserve and released to revenue from contracts with customers when the sale occurs.

Other gains and losses include, *inter alia*, the fair value adjustments arising from fair value hedges, non-hedge accounted derivative financial instruments, non-derivative financial instruments and forward point gains.

	2023 R'000	2022 R'000
Foreign exchange gains on debtors and creditors balances	17 507	12 032
Foreign currency denominated cash balances	(6 048)	(5 613)
Valuation adjustments on non-derivative items	11 459	6 419
Valuation adjustments on derivative items	(13 105)	(7 281)
<b>Gains and losses on financial instruments related to trading activities</b>	<b>(1 646)</b>	<b>(862)</b>

#### 2.4.3. Other gains and losses

	2023 R'000	2022 R'000
Loss on disposal of property, plant and equipment	(741)	(7 749)
Proceeds on insurance claims**	24 335	-
Other*	6 162	4 419
	<b>29 756</b>	<b>(3 330)</b>

\*Other includes a gain which is from the difference between right-of-use asset and lease liability from an early termination of a lease incurred in the current year.

\*\* Proceeds relates to an insurance payout for business interruptions that occurred in July 2021

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.4 Material profit or loss items continued

##### 2.4.4. Impairment of non-financial assets

At each reporting date, the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to the higher of its recoverable amount and zero. Impairment losses are recognised in the statement of profit or loss. After the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

##### (a) Impairment assessment – Cash generating unit

The Group's shares continued to trade on the Johannesburg Stock Exchange at a discount to underlying net asset value during the year under review. In the circumstances, and as required by IAS 36, management have assessed the recoverable amounts of the assets (or cash-generating units to which they belong) net of liabilities at the period end. The recoverable amount was determined to be the value in use. The assessment compared the estimated value in use based on forecast future cash flows to the carrying amount.

##### (i) Hulammin Operations Cash Generating Unit

The key economic and business assumptions used in the value-in-use calculation are consistent with those used in the budget and the five-year business plan approved by the Board of directors.

Key assumptions include:

		2023	2022
<b>Comparison of key assumptions</b>			
Weighted average cost of capital			
– before tax	%	21.4	22.1
– after tax	%	15.6	16.1

		In year five		Compound annual growth rate	
		2023	2022	2023	2022
Annual average	(ZAR/USD)	18.93	17.55	0.5%	1.4%
Sales volume	(tons)	209 975	224 616	4.5%	2.2%
Rolling margins	(USD/ton)	1 883	1 601	1.9%	1.4%
Total manufacturing costs	(RM)	3 826	3 841	6.6%	5.9%
Working capital investment	(USDm)	160	182	1.8%	2.5%

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.4 Material profit or loss items continued

##### 2.4.4. Impairment of non-financial assets continued

###### (a) Impairment assessment – Cash generating unit continued

A pre-tax discount rate of 21.4% (post-tax 15.6%) was used in the calculation and this rate has decreased from the pre-tax 22.1% (post-tax 16.1%) used in 2022. The movement in the discount rate is impacted by:

- Increase in market interest rate to 11.06%; and
- Was offset by a decrease in the company specific risk premium due to improved performance and profitability levels, which marginally offset the impact of higher interest rates.

Currency exchange rates are based on the median of forecasts by major financial and other institutions to 2028 with the ZAR: USD rate rising from an annual average of R18.46 in 2023 to R18.93 in 2028.

Sales volumes are forecast to be slightly higher than volumes achieved in 2023 and will grow at a reasonable increase due to a change in sales mix capitalising on the higher demand for can stock.

Rolling margin forecasts include anticipated changes in both market conditions and the product mix. As a composite of margins and the aluminium commodity price, selling prices are expected to increase with the increase in the price of aluminium.

Demand is expected to remain robust for the targeted product streams in 2023. The 15% import duty on aluminium imports into RSA effective from 2021, is expected to support further improvement in domestic sales volumes in 2024.

###### Sensitivity analysis

The determination of the value in use for Hulamin Operations, and any resulting impairment, is particularly sensitive to:

Sensitivities	2023		2022	
	Impact*	Headroom/ (Impairment)	Impact*	Headroom/ (Impairment)
	Rm	Rm	Rm	Rm
Discount rate – 1 % increase	(490)	65	(442)	(232)
Rolling margins – average reduction of 5%	(2 741)	(2 186)	(1 873)	(1 664)
Exchange rate – R1 strengthening in ZAR/USD	(1 787)	(1 232)	(1 751)	(1 542)

\*Impact is the resultant movement on the computed value in use amount based on change in assumptions. The resultant headroom/(impairment) is shown in the column following.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.4 Material profit or loss items continued

##### 2.4.4. Impairment of non-financial assets continued

###### (a) Impairment assessment – Cash generating unit continued

###### (ii) Extrusions Cash Generating Unit

The strong market performance for H1 of 2023 was underpinned by strong demand in the solar market following the domestic solar panel rebate announced by the government. However, by mid-year there was a downward pressure on volumes as a result of uncertainty in the local marketing leading to the reduction in customer volumes especially due to the impact of load shedding on the economy and issues relating to ports and logistics. In the latter part of the year, volumes increased as one of Extrusion's key customer relocated more work locally and this is expected to increase further into 2024.

Despite these challenges Extrusions returned to strong volumes which have been carried through into the five-year business plan, and the increased certainty thereof is reflected in the discount rate.

Key assumptions include:

		2023	2022
<b>Comparison of key assumptions</b>			
Weighted average cost of capital			
– before tax	%	<b>22.8</b>	22.6
– after tax	%	<b>16.6</b>	16.5
Annual average	(ZAR/USD)	<b>18.59</b>	17.55
Sales volume	(tons)	<b>12 886</b>	13 000
Sales volume growth rate	(%)	<b>1</b>	4
Total manufacturing costs growth rate	(%)	<b>7</b>	6

###### Sensitivity analysis

The determination of the value in use for Extrusions, and any resulting impairment, is particularly sensitive to:

	2023		2022	
	Impact*	Headroom/ (Impairment)	Impact*	Headroom/ (Impairment)
Sensitivities	Rm	Rm	Rm	Rm
Discount rate – 1 % increase	<b>(15)</b>	<b>17</b>	(15)	17
Rolling margins – average reduction of 5%	<b>(9)</b>	<b>23</b>	(12)	20
Exchange rate – R1 strengthening in ZAR/USD	<b>41</b>	<b>73</b>	(26)	6

\*Impact is the resultant movement on the computed value in use amount based on change in assumptions. The resultant headroom/(impairment) is shown in the column following.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.4 Material profit or loss items continued

##### 2.4.4. Impairment of non-financial assets continued

##### (a) Impairment assessment – Cash generating unit continued

##### (ii) Containers Cash Generating Unit

The forecast cashflows include an improved order book for 2024, negotiated increased sales prices and the loss of some customers due to aggressive competition experienced in the market.

Key assumptions include:

	2023	2022
<b>Comparison of key assumptions</b>		
Weighted average cost of capital		
– before tax	<b>22.8</b>	23.2
– after tax	<b>16.6</b>	16.9
	<b>18.00</b>	17.55
Sales volume (tons)	<b>1 418</b>	2 011
Sales volume growth rate (%)	<b>7</b>	3
Total manufacturing costs growth rate (%)	<b>6</b>	5

##### Sensitivity analysis

The determination of the value in use for Containers, and any resulting impairment, is particularly sensitive to:

	2023		2022	
Sensitivities	Impact* Rm	Headroom/ (Impairment) Rm	Impact* Rm	Headroom/ (Impairment) Rm
Discount rate – 2 % increase	<b>(9)</b>	<b>36</b>	(4)	12
Rolling margins – average reduction of 5%	<b>(3)</b>	<b>42</b>	(2)	14

\*Impact is the resultant movement on the computed value in use amount based on change in assumptions. The resultant headroom/(impairment) is shown in the column following.



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 2. Performance: measures used to assess performance continued

#### 2.4 Material profit or loss items continued

##### 2.4.5. Administrative and other expenses

The following items are included in administrative and other expenses.

	2023 R'000	2022 R'000
Auditors' remuneration (Internal and external)	13 137	12 363

### 3. Debt/equity: measures to assess Group leverage

#### 3.1 Current borrowings

	2023 R'000	2022 R'000
Revolving working capital facility	994 014	916 839
Effective interest rates are as follows:		
Revolving working capital facility (%)	11.16	9.92

The revolving working capital facility comprise gross borrowings of R994 million (2022: R916 million). Per the agreement signed in 2022 there are no restrictions on credit balances in bank accounts.

The revolving working capital facility and general banking facilities are secured against inventories, trade receivables, bank balances, moveable items of property, plant and equipment and also against credit insurance on trade receivables and against insurance on fixed assets.

The terms of the revolving working capital facility require prior notification for the following specified events:

- Encumbering any assets to secure financial indebtedness in excess of R20 million;
- Making loans or guarantees in excess of R20 million;
- Disposing of assets for which the higher of market value or sales price thereof exceeds R20 million;
- Entering into a merger or corporate restructuring;
- Amendments to the aluminium price and exchange rate hedging strategy; and/or
- Pre-approval is required when incurring additional financial indebtedness in excess of R50 million.

The revolving working capital facility requires that the Group comply with the following financial covenants:

	2023	2022
Current ratio	Greater than 1.25	Greater than 1.25
Debt to equity ratio*	Less than 0.60	Less than 0.60

\* As defined in the contractual agreements.



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 3. Debt/equity: measures to assess Group leverage continued

#### 3.1 Current borrowings continued

The Group has complied with the financial covenants of its borrowing facilities during the 2023 reporting period. The current ratio for the year is 1.9 (2022: 1.7). The debt-to-equity ratio for the year is 0.25 (2022: 0.28). The obligations of the revolving working capital facility have been guaranteed by each of Hulamín Limited, Hulamín Extrusions Proprietary Limited and Hulamín Containers Proprietary Limited. The debt package is held through Hulamín Operations Proprietary Limited.

Bank balances with a carrying value of R167 million (2022: R58 million) were pledged as security for borrowing facilities. For further information on the credit quality of cash, refer to the Financial Risk Management section (note 7).

The fair values of the current borrowings approximate their carrying value based on the short-term nature of these borrowings. The fair value of the borrowings is classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Hulamín does not have any restrictive funding arrangements in terms of JSE LR 8.63(p).

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 3. Debt/equity: measures to assess Group leverage continued

#### 3.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group leases various buildings, forklifts and IT-equipment. Rental contracts typically extend for fixed periods of one to five years but may have further extension options. Rentals periods vary between monthly and quarterly.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

The maturity analysis of lease liabilities is disclosed in note 7.3.

	2023 R'000	2022 R'000
<b>Balance as at 1 January 2023</b>	<b>62 094</b>	52 923
Additions	12 975	19 601
Lease remeasurement	5 160	6 972
Repayment of principal and interest	(21 994)	(22 807)
Interest	5 280	5 403
<b>Balance as at 31 December 2023</b>	<b>63 515</b>	62 094
Current	11 640	15 379
Non-current	51 875	46 715

The following are the amounts recognised in profit or loss:

	2023 R'000	2022 R'000
Depreciation expense of right-of-use assets (note 2.4.1)	16 046	12 193
Interest expense on lease liabilities	5 274	5 403
Expenses relating to short-term leases (included in cost of sales)	6 334	6 507
Expenses relating to leases of low-value assets	2 399	2 087
<b>Total amount recognised in profit or loss</b>	<b>30 053</b>	26 190

The Group had total cash outflows for leases of R16.7 million in 2023 (R16.5 million in 2022). The future cash outflows relating to leases that have not yet commenced are disclosed in note 3.3.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 3. Debt/equity: measures to assess Group leverage continued

#### 3.3 Net debt reconciliation

This section sets out an analysis of net debt and movements in net debt for the year ended 31 December 2023

	2023 R'000	2022 R'000
Net debt comprises:		
Cash and cash equivalents (note 4.1)	189 855	81 294
Current borrowings (note 3.1)	(994 014)	(916 839)
Lease liabilities (note 3.2)	(63 515)	(62 094)
Net debt (note 7.4)	(867 674)	(897 639)
Cash and cash equivalents	189 855	81 294
Gross debt – variable interest rates	(1 057 529)	(978 933)
Net debt	(867 674)	(897 639)

The categories of net debt are reconciled as per the table below:

	Assets		Liabilities from financing activities			Total
	Cash and cash equivalents	Lease liabilities - due within one year	Lease liabilities - due after one year	Borrowings - due within one year	Borrowings - due after one year	
<b>Opening Balance as at 1 January 2022</b>	149 474	(11 467)	(41 456)	(800 076)	-	(703 525)
Cash flows	(62 567)	4 251	13 156	(116 763)	-	(161 923)
Increase in lease liabilities*	-	(8 163)	(18 415)	-	-	(26 578)
Foreign exchange adjustments	(5 613)	-	-	-	-	(5 613)
<b>Closing Balance as at 31 December 2022</b>	81 294	(15 379)	(46 715)	(916 839)	-	(897 639)
Cash flows	114 609	12 851	9 143	(77 175)	-	59 428
Increase in lease liabilities*	-	(9 112)	(14 303)	-	-	(23 415)
Foreign exchange adjustments	(6 048)	-	-	-	-	(6 048)
<b>Closing Balance as at 31 December 2023</b>	189 855	(11 640)	(51 875)	(994 014)	-	(867 674)

\* Refer to note 3.2 for reconciliation of leases.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 3. Debt/equity: measures to assess Group leverage continued

#### 3.4 Stated capital, consolidation shares and treasury shares

Transactions relating to the acquisition and sale of shares in the company, together with their associated incremental direct costs, are accounted for in equity. Other transactions are accounted for directly in equity only if permitted by IFRS.

Consolidated shares represent the A and B class ordinary shares issued to the BEE investor company and the ESOP Trust. Accordingly, the subscription value of these shares is deducted from equity attributable to the equity holders of the company until the shares are cancelled, disposed of or reissued.

##### (a) Authorised

800 000 000 ordinary shares of no par value (2022: 800 000 000 ordinary shares)

31 477 333 A ordinary shares of no par value (2022: 31 477 333 A ordinary shares)

36 072 000 B ordinary shares of no par value (2022: 36 072 000 B ordinary shares)

The A ordinary shares consist of 26 755 733 A2 shares and 4 721 600 A3 shares.

The B ordinary shares consist of 9 018 000 B1 shares, 9 018 000 B2 shares and 18 036 000 B3 shares.

##### (b) Issued

	2023 R'000	2022 R'000
<b>Ordinary shares</b>		
Closing balance: 324 318 436 shares of no par value (fully paid up)	<b>1 817 627</b>	1 817 627
2022: 324 318 436 shares (fully paid up)		
<b>A ordinary shares</b>		
Closing balance 26 755 733 A2 shares and 4 721 600 A3 ordinary shares (fully paid up)	<b>59 656</b>	59 656
2022: 26 755 733 A2 shares and 4 721 600 A3 ordinary shares (fully paid up)		
<b>B ordinary shares</b>		
Closing balance: 9 018 000 B1, 9 018 000 B2, 18 036 000 B3 (fully paid up)	<b>361</b>	361
2022: 9 018 000 B1, 9 018 000 B2, 18 036 000 B3 (fully paid up)		
Total issued stated capital	<b>1 877 644</b>	1 877 644
Consolidated A and B ordinary shares	<b>(60 017)</b>	(60 017)
Stated capital	<b>1 817 627</b>	1 817 627

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 3. Debt/equity: measures to assess Group leverage continued

#### 3.4 Stated capital, consolidation shares and treasury shares continued

##### (b) Issued shares continued

###### Issued shares movement schedule

	2023	2022
	Number of shares	Number of shares
<b>Ordinary shares</b>		
Opening and closing balance	324 318 436	324 318 436
<b>A ordinary shares</b>		
Opening and closing balance	31 477 333	31 477 333
<b>B ordinary shares</b>		
Opening and closing balance	36 072 000	36 072 000

##### (c) A and B ordinary shares

All A ordinary shares and B ordinary shares have voting rights which rank *pari passu* with ordinary shares.

A3 ordinary shares are entitled to dividends whilst all A2 and B ordinary shares have no entitlement to dividends.

##### (d) Unissued

###### (i) Under option to employees:

Details of the employee share incentive schemes, including the share options outstanding at the end of the year, the range of exercise prices and the weighted average contractual lives related thereto, are set out in note 8.1.

###### (ii) Under the control of the directors:

At 31 December 2023, 6 801 529 unissued ordinary shares (2022: 6 801 529) were under the control of the directors, for the purpose, *inter alia*, of existing employee share incentive schemes. Shares under the control of the directors are approved annually at the Annual General Meeting.

##### (e) Treasury shares

During the current year no shares were purchased by the Group. In 2020 7 638 806 shares were purchased on-market in order to hold treasury shares to settle share scheme obligations. These shares were acquired at an average price 178 cents per share, with prices ranging from 220 to 125 cents per share. The total cost R13.8 million including after-tax transaction costs and excluding the vesting of the A1 ordinary shares of R47 thousand in 2020, was deducted from shareholder equity. The total reduction in paid-up capital was R35.8 million.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 4. Working capital: measures used to assess liquidity

#### 4.1 Cash and cash equivalents

Cash and cash equivalents are initially measured at fair value and subsequently carried at amortised cost. Cash and cash equivalents comprise bank balances, cash on hand and deposits held with local banks with original maturities of three months or less.

	2023 R'000	2022 R'000
Bank balances	189 831	81 280
Cash on hand	24	14
	189 855	81 294
Effective interest rate on credit	-	-

The Group has sufficient liquidity available through its direct borrowing facilities. Committed undrawn facilities available at year-end are further detailed in note 7.3. There is no element of significant discount on cash.

Included in bank balances are the following foreign currency denominated accounts:

	2023 R'000	2022 R'000
Euro	17 790	17 409
Pound Sterling	1 170	(568)
US Dollar	149 821	9 210
Total	168 781	26 052

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 4. Working capital: measures used to assess liquidity continued

#### 4.2 Inventories

The Group recognises inventories initially at cost when it has control of the inventories, expects it to provide future economic benefits and the cost can be measured reliably. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Inventories are subsequently measured at the lower of cost and net realisable value.

The cost is determined on the following basis:

Consumable stores: Weighted average.

Raw materials, work in progress and finished goods: First-in-first-out. The inventory balance consists of:

	2023 R'000	2022 R'000
Raw materials	680 948	988 554
Work-in-progress	612 663	1 097 566
Finished goods	1 176 951	844 888
Consumable stores	659 210	508 395
	<b>3 129 772</b>	<b>3 439 403</b>

Inventories with a carrying value of R2.9 billion (2022: R3.2 billion) are encumbered as security for borrowing facilities.

Certain items of inventory were written down to net realisable value. These were recognised as an expense and included in cost of sale of goods in the statement of profit or loss as follows:

	2023 R'000	2022 R'000
Inventory net realisable value adjustment	<b>(10 872)</b>	(31 943)

#### 4.3 Trade and other receivables

##### (a) Accounting policies and significant judgements

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and therefore are all classified as current. Trade receivables are recognised initially at the transaction price. Details of the Group's impairment policies are provided in section (c) below.

Due to the short-term nature of the current receivables, the carrying amount approximates their fair value.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of an overdue debtor to engage in a repayment plan within the Group, and a failure to make contractual payments for a period greater than 120 days past due.

Sundry receivables generally arise from transactions outside of the usual trading activities of the Group.



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 4.3 Trade and other receivables continued

#### (b) Financial and non-financial assets

	2023 R'000	2022 R'000
<b>Financial assets</b>	<b>1 154 074</b>	1 217 083
Trade receivables	<b>1 106 521</b>	1 175 953
Less: Loss allowance	<b>(2 891)</b>	(4 792)
Trade receivables less allowances	<b>1 103 630</b>	1 171 161
Less: Settlement discounts, customer claims, rebates and other	<b>(47 621)</b>	(46 490)
Net Trade receivables	<b>1 056 009</b>	1 124 671
Sundry receivables	<b>98 065</b>	92 412
<b>Non-financial assets</b>	<b>128 205</b>	192 187
Prepayments	<b>119 526</b>	73 590
Value-added taxation receivable	<b>8 679</b>	118 597
	<b>1 282 279</b>	1 409 270

Included in sundry receivables is a specific ECL provision amounting to R145 219 (2022: R580 000). The provision is determined in line with the Group's accounting policy for expected credit losses.

#### (c) Impairment of trade receivables

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The Group has trade receivables for sales of inventory and the provision of services. The sale of goods and provision of services have substantially the same risk characteristics for the same type of customer. The Group has therefore concluded that the expected loss rate relating to sale of goods are a reasonable approximation of the loss rate for the provision of services. The Group also covers all trade receivables through the Credit Guarantee Insurance Company (CGIC) and cover is subject to an uninsured portion of 15% for Hulam Operations (2022:15%), 20% for both Hulam Extrusions and Hulam Containers (2022: 20%) and a franchise loss applicable to the Extrusions business. The CGIC cover is taken out at the inception of the sale and is integral to the enactment of the sale. Therefore, the CGIC cover is included in the calculation of the loss allowance in the 20% of the uninsured portion.

A default event is when the contractual payments are 90 days past due date and the company is unlikely to receive the outstanding balance in full before considering any credit enhancements held by the Group. 90 days past due is considered to be an appropriate indicator of default based on the group's extensive past experience with overdue payments.

The trade receivables are written off when there is no reasonable expectation of recovering the contractual cashflows. Trade receivables written off are not subject to enforcement activity.

The Group performs an assessment at the end of each reporting period of the change in credit risk from when the trade receivables were recognised. This includes an assessment of default by assessing amounts past due from customers, claims received and processed and defaulting customers. As the trade receivables are insured, as detailed above, historical assessment indicates a low risk of default.

The expected credit loss rates are based on the annual sales over the last 60-month period between January 2019 to December 2023 and historical bad debts experienced within this period. Historical bad debts written off plus any potential bad debts that are older than 12 months for each year are divided by the sales for the year to get the percentage of the potential bad debts to sales. The 5-year average of the potential bad debt ratio to sales is then multiplied by the current year's sales to calculate the expected credit loss. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customer to settle the receivables. Current forward-looking information considered by the Hulam Credit Risk Committee includes regional growth and political stability. If forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults, affected trade receivables are specifically provided for.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 4. Working capital: measures used to assess liquidity continued

#### 4.3 Trade and other receivables continued

##### (c) Impairment of trade receivables continued

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses requires judgement. The amount of the expected credit loss is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be representative of the customer's actual default in the future. The expected credit loss has been calculated based on the uninsured portion of the debtor's balance.

On that basis, the loss allowance as at 31 December 2023 was determined as follows for trade receivables:

		Current	30 days	60 days	90 days	120 days	More than 120 days	Total
<b>Exported debtors at 31 December 2023</b>								
Expected loss rate	(%)	-	-	-	-	-	-	-
Gross carrying amount	(R'000)	264 809	74 332	6 723	11	12 833	18 607	377 315
Loss allowance	(R'000)	-	-	-	-	-	-	-
<b>Local debtors at 31 December 2023</b>								
Expected loss rate	(%)	-	-	-	0.72	-	0.75	0.4
Gross carrying amount	(R'000)	620 090	87 406	2 078	2 527	10 192	1 452	723 745
Loss allowance	(R'000)	-	-	-	1 809	-	1 082	2 891

The loss allowance as at 31 December 2022 was determined as follows for trade receivables:

		Current	30 days	60 days	90 days	120 days	More than 120 days	Total
<b>Exported debtors at 31 December 2022</b>								
Expected loss rate	(%)	-	-	-	-	-	-	-
Gross carrying amount	(R'000)	256 410	92 896	8 359	558	3 574	32 553	394 350
Loss allowance	(R'000)	-	-	-	-	-	-	-
<b>Local debtors at 31 December 2022</b>								
Expected loss rate	(%)	-	-	-	-	-	100.00	0.52
Gross carrying amount	(R'000)	628 526	121 584	10 559	4 269	11 873	4 792	781 603
Loss allowance	(R'000)	-	-	-	-	-	4 792	4 792

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 4. Working capital: measures used to assess liquidity continued

#### 4.3 Trade and other receivables continued

##### (c) Impairment of trade receivables continued

The closing loss allowance for trade receivables as at 31 December 2023 reconciles to the opening loss allowance as follows:

	2023 R'000	2022 R'000
<b>Opening balance</b>	<b>4 792</b>	5 529
Utilisation of loss allowance recognised in profit or loss during the year	(1 901)	(737)
<b>Closing balance</b>	<b>2 891</b>	4 792

##### (d) Credit risk of trade receivables

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. The Group's credit risk exposure to customers is mainly influenced by individual customer characteristics. The group's credit risk exposure to customers is mainly influenced by individual customer characteristics and there is no significant concentration of risk related to industry segments. In addition to significant exposures arising from specific customers, credit exposures to both local and overseas customers are detailed below. The establishment and subsequent maintenance of credit limits is, in the majority of cases, based on the specific amount of credit insurance that can be secured for each new customer. The percentage of all trade receivables covered by insurance is detailed below.

As at 31 December 2023, the ageing analysis of trade receivables, which constitute financial assets, is as follow:

	2023 R'000	2022 R'000
Receivables that are not overdue and remain within credit limits	1 032 631	1 086 120
Receivables which have exceeded credit terms and are:	70 999	85 041
Overdue by less than 60 days	57 242	35 370
Overdue by more than 60 days	13 757	49 671
Trade receivables, net of provision for credit losses	1 103 630	1 171 161

	2023 R'000	2022 R'000
Local trade receivables	699 679	716 500
– Balance subject to credit insurance (%)	97	100
Export trade receivables	272 482	338 855
– Balance subject to credit insurance (%)	100	100
	972 161	1 055 555

The reduction in the current years ECL provision is attributable to receipts from debtors that previously were specifically provided for, as they were not subject to CGIC cover.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 4. Working capital: measures used to assess liquidity continued

#### 4.3 Trade and other receivables continued

##### (d) Credit risk trade receivables continued

At 31 December 2023, the group had 15 debtors that owed it more than R13 million each and accounted for approximately 80% of all receivables outstanding (the prior year included 20 debtors that owed it more than R10 million each and accounted for approximately 66% of all receivables outstanding). There is no other significant concentration of risk related to a particular customer or industry segments. As at 31 December 2023, the exposure of the group to trade receivables neither overdue nor impaired (excluding sundry receivables), in local and overseas markets, and the extent to which these are subject to credit insurance cover is as follows:

Individual trade receivables covered by credit insurance are subject to 20% excess on local and export debtors.

Trade and other receivables with a carrying value of R980 million (2022: R1.0 billion) have been ceded as security for borrowing facilities (note 3.1).

#### 4.4 Trade and other payables

	2023 R'000	2022 R'000
<b>Financial Liabilities</b>		
Trade payables	953 091	1 345 070
Sundry accruals and other payables**	400 075	358 384
<b>Non-financial liabilities</b>		
Bonus accrual	56 111	30 746
Leave pay*	37 555	80 762
Current leave obligations expected to be settled after 12 months	-	21 764
Current leave obligations expected to be settled within 12 months	37 555	58 998
	<b>1 446 832</b>	<b>1 814 962</b>

\* The entire amount of the leave pay accrual is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12- months.

\*\* Sundry accruals and other payables include accruals, employee benefit obligations and accrued interest and is due to be settled within 12-months.

Due to the short-term nature of the current payables, the carrying amount approximates their fair value.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 5. Long-term assets: utilisation of fixed and intangible assets

#### 5.1 Property, plant and equipment

##### (a) Accounting policies and significant judgements

Capital works under construction is stated at cost, net of accumulated impairment losses. Plant and equipment is initially recognised at cost and subsequently measured at cost net of depreciation and impairments. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects.

##### (i) Useful lives and residual values

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Buildings	1 to 99 years
Plant and machinery	1 to 64 years
Vehicles	1 to 35 years
Equipment	1 to 35 years
Furniture	1 to 35 years

Depreciation commences when the assets are ready for their intended use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually. During the current year, the useful lives and residual values were assessed by the Asset Management team who have appropriate skills and expertise to make such assessments. No adjustments have been made to these.

##### (ii) Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

##### (iii) Borrowing costs

Borrowing costs include interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year. The amount of borrowing costs capitalised during the year ended 31 December 2023 was R3.8 million (2022: R1.8 million). The weighted average interest rate used for borrowing costs capitalised is 10.7% (2022: 8.7%).

##### (iv) Strategic spares

Strategic spare parts are consumed in a production process and held for longer than a year. Depreciation commences when the part is installed and put into use.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 5. Long-term assets: utilisation of fixed and intangible assets continued

#### 5.1 Property, plant and equipment continued

##### (b) Property, plant and equipment movement schedule

	Total R'000	Land and buildings R'000	Plant and machinery R'000	Vehicles, equipment and Other R'000	Capital works under construction R'000
<b>2023</b>					
<b>At cost</b>					
Balance at beginning of year	8 394 816	1 037 168	7 033 432	222 650	101 566
Additions	373 758	5 593	20 374	6	347 785
Borrowing costs capitalised	3 862	-	-	-	3 862
Capitalised from capital works under construction	-	28 885	181 567	9 278	(219 730)
Transfers to intangible assets	(58 418)	-	-	-	(58 418)
Disposals	(68 509)	(268)	(67 999)	(242)	-
Balance at end of year	8 645 509	1 071 378	7 167 374	231 692	175 065
<b>Accumulated depreciation and impairment</b>					
Balance at beginning of year	7 358 215	884 413	6 247 263	196 909	29 630
Charge for the year (note2.4.1)	104 625	5 985	94 789	3 851	-
Capitalised from capital works under construction	-	-	-	-	-
Disposals	(67 715)	(235)	(67 238)	(242)	-
Balance at end of year	7 395 125	890 163	6 274 814	200 518	29 630
<b>Carrying value as at 31 December 2023</b>	<b>1 250 384</b>	<b>181 215</b>	<b>892 560</b>	<b>31 174</b>	<b>145 435</b>
<b>2022</b>					
<b>At cost</b>					
Balance at beginning of year	8 241 226	1 035 414	6 743 673	225 928	236 211
Additions	224 596	661	17 900	863	205 172
Borrowing costs capitalised	1 757	-	-	-	1 757
Capitalised from capital works under construction	-	1 093	331 101	556	(332 750)
Transfers to intangible assets	(8 824)	-	-	-	(8 824)
Disposals	(63 939)	-	(59 242)	(4 697)	-
Balance at end of year	8 394 816	1 037 168	7 033 432	222 650	101 566
<b>Accumulated depreciation and impairment</b>					
Balance at beginning of year	7 334 457	879 244	6 054 557	197 738	202 918
Charge for the year (note2.4.1)	79 948	5 169	70 904	3 875	-
Capitalised from capital works under construction	-	-	173 288	-	(173 288)
Disposals	(56 190)	-	(51 486)	(4 704)	-
Balance at end of year	7 358 215	884 413	6 247 263	196 909	29 630
<b>Carrying value as at 31 December 2022</b>	<b>1 036 601</b>	<b>152 755</b>	<b>786 169</b>	<b>25 741</b>	<b>71 936</b>

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 5. Long-term assets: utilisation of fixed and intangible assets continued

#### 5.1 Property, plant and equipment continued

A register of land and buildings is available for inspection at the company's registered office.

Moveable items with a carrying value of R11.3 million (2022: R11.5 million) are encumbered as security for borrowing facilities.

The total depreciation charge is included in cost of sales, R19.1 million (2022: 56.5 million), and inventory, R85.9 million (2022: R22.8 million).

#### 5.2 Right-of-use assets

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and buildings 5 to 20 years

Vehicles, equipment and other 5 to 10 years

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value, which would generally include rental of printers etc. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The lease liabilities relating to the right of use assets are disclosed in note 3.2.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Total R'000	Land and buildings R'000	Vehicles, equipment and other R'000
<b>1 January 2022</b>	37 476	31 275	6 201
Additions	19 609	-	19 609
Lease remeasurement	6 972	-	6 972
Depreciation expense (note 2.4.1)	(12 193)	(1 639)	(10 554)
<b>31 December 2022</b>	51 864	29 636	22 228
<b>1 January 2023</b>	51 864	29 636	22 228
Additions	12 975	404	12 571
Lease remeasurement	7 832	-	7 832
Depreciation expense (note 2.4.1)	(16 046)	(1 877)	(14 169)
<b>31 December 2023</b>	56 625	28 163	28 462

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 5. Long-term assets: utilisation of fixed and intangible assets continued

#### 5.3 Intangible assets

##### (a) Accounting policies and significant judgements

The Group's only intangible asset is computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. These costs are amortised over their estimated useful lives, as follows:

Internally generated      1 to 15 years

Other external              2 to 15 years

Maintenance costs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when technical and commercial feasibility of the asset for use has been established and all the asset recognition criteria are met. Directly attributable costs that are capitalised as part of the software product comprise mainly software development employee costs.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Computer software costs recognised as assets are amortised over their estimated useful lives. Total amortisation is included in cost of sales in the statement of profit or loss.

The weighted average interest rate used for borrowing costs capitalised is 10.7% (2022: 8.7%).

Capital work in progress ("CWIP") included within the total software cost below is R58.4 million (2022: R11.0 million). Once the asset is commissioned, the amortisation of an asset will commence when the asset is brought into use.



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 5. Long-term assets: utilisation of fixed and intangible assets continued

#### 5.3 Intangible assets continued

##### (a) Accounting policies and significant judgements

	Total R'000	Software costs – internally generated R'000	Software costs – purchased R'000
<b>2023</b>			
<b>At cost</b>			
Balance at beginning of year	233 920	119 984	113 936
Additions	58 418	9 384	49 034
Balance at end of year	292 338	129 368	162 970
<b>Accumulated amortisation</b>			
Balance at beginning of year	200 669	88 074	112 595
Charge for the year	14 119	10 791	3 328
Balance at end of year	214 788	98 865	115 923
<b>Carrying value as at 31 December 2023</b>	<b>77 550</b>	<b>30 503</b>	<b>47 047</b>
<b>2022</b>			
<b>At cost</b>			
Balance at beginning of year	225 096	111 160	113 936
Additions	8 824	8 824	-
Balance at end of year	233 920	119 984	113 936
<b>Accumulated amortisation</b>			
Balance at beginning of year	190 220	84 308	105 912
Charge for the year	10 449	3 766	6 683
Balance at end of year	200 669	88 074	112 595
<b>Carrying value as at 31 December 2022</b>	<b>33 251</b>	<b>31 910</b>	<b>1 341</b>

Borrowing costs of R136 822 (2022: R481 000) has been capitalised through completion of projects.

## Notes to the consolidated financial statements continued

### for the year ended 31 December 2023

#### 5. Long-term assets: utilisation of fixed and intangible assets continued

##### 5.4 Other Assets

###### (a) Long-term deposit

A R32.1 million (USD 2 million) deposit was made in 2021 with an insurance company to secure a customs bond in relation to US exports.

During the 2023, a portion of the long-term asset was reclassified to current assets and disclosed as "short term other assets". The deposit is carried at amortised costs and its carrying value reflects fair value. The carrying amount as at 31 December 2023 is R38million (2022: R33.9 million).

	2023 R'000	2022 R'000
<b>Non-current asset</b>		
Opening balance	33 926	32 150
Transferred to current assets	(28 327)	-
Foreign currency translation difference	1 019	1 776
<b>Total</b>	<b>6 618</b>	<b>33 926</b>
<b>Current asset</b>		
Opening balance	-	-
Transferred from non-current assets	28 327	-
Foreign currency translation difference	3 188	-
<b>Total</b>	<b>31 515</b>	<b>-</b>

###### (b) Investment in insurance arrangement

	2023 R'000	2022 R'000
Opening balance	5 802	-
Refund of prior year change in shareholding	(479)	-
Additions	-	2 045
Fair value recognised through profit/loss	181	3 757
Closing balance	5 504	5 802

During the 2022 financial period, Hulamín entered into an insurance arrangement with Mutual Risk Group (MRG) whereby Hulamín became a shareholder of the MRG arrangement. In terms of the arrangement, two cell captive vehicles were established in South Africa (Group Risk Holdings) and the Isle of Man (MRG Insurance license) in order to manage MRG's own risk. The Group Risk Holdings (GRH) is the mutual cell captive insurer, appointed as the lead underwriter of all insurance claims. Hulamín is a direct shareholder in GRH thus classifying such an investment as a financial asset in terms of IFRS 9.

In March 2023, there was a reduction in shareholding of Hulamín's share of equity of these vehicles from 6.25% to 5.75%. This resulted in the Group being paid for the reduction in shareholding.

As at 31 December 2023 the investment at fair value amounted to R5.5 million. The investment is held at fair value through profit and loss using level 3 fair value hierarchy.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 5. Long-term assets: utilisation of fixed and intangible assets continued

#### 5.5 Capital expenditure commitments

Capital commitments include all projects for which specific Board approval has been obtained up to the reporting date. Capital expenditure will be funded by a combination of external borrowings and cash flows from operations. Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2023 R'000	2022 R'000
Property, plant and equipment	25 073	38 445

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 6. Details of investments in subsidiaries and joint venture

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are one or more of the three elements of control. The results of entities controlled by the Group acquired or disposed of during the year are included in the Group statement of profit or loss from the date the Group exercised control, or up until the point it ceases to exercise control. Inter-company transactions, balances and unrealised gains and losses on transactions between Group entities are eliminated on consolidation.

The Group treats transactions with non-controlling interest as transactions with equity holders of the Group. Gains or losses arising from these transactions are recorded in equity.

#### (b) Investment in joint ventures

The Group applies IFRS 11, "Joint Arrangements" to all joint arrangements. Investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for applying the equity method.

Under the equity method of accounting, interest in joint ventures is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equal or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, forms part of the Group's net investment in joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures.

Unrealised gains/losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 6. Details of investments in subsidiaries and joint venture continued

(c) The consolidated financial statements of the Group include:

	Country of incorporation	Percentage equity interest 2023	Percentage equity interest 2022	Principal activities
<b>Subsidiaries</b>				
Hulamin Rolled Products (Pty) Ltd*	South Africa	100	100	Dormant
Hulamin Containers (Pty) Ltd*	South Africa	100	100	Container fabricator
Hulamin Operations (Pty) Ltd	South Africa	100	100	Semi-fabrication and fabrication of rolled aluminium products
Hulamin Extrusions (Pty) Ltd*	South Africa	100	100	Semi-fabrication of extruded aluminium products
Hulamin North America LLC*	United States of America	-	-	Sales office
<b>Joint venture</b>				
Isizinda Aluminium (Pty) Ltd (note 6(d))**	South Africa	38.7	38.7	Property rental company

\* Subsidiaries of Hulamin Operations (Pty) Ltd.

\*\* Isizinda is a joint venture entered into by Hulamin Operations (Pty) Ltd.

#### Structured entities

The following structured entities have been consolidated into the Hulamin Group:

- Imbewu SPV 14 (Pty) Ltd (note 8.1(d)(i))

The following structured entities have been consolidated into Hulamin Operations and to the ultimate holding company (Hulamin Limited)

- The 2015 Hulamin Employee Share Ownership Trust (note 8.1(d)(ii))
- Hulamin North America LLC

Structured entities have no material individual assets or liabilities. All transactions with structured entities eliminate on consolidation. No financial guarantees are provided on behalf of structured entities.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 6. Details of investments in subsidiaries and joint venture continued

#### (d) Interests in Joint Ventures

##### (a) Investment in Isizinda Aluminium Proprietary Limited ("Isizinda")

The Group has a 38.7% investment in joint venture, Isizinda. Isizinda is a separate entity incorporated and operating in South Africa. The primary activity of Isizinda is the management of properties, including the maintenance thereof, disposal of properties and other assets, sourcing, vetting and ongoing maintenance of tenants, and determining the terms for lease agreements.

In determining whether an entity has control or joint control over an investee, one needs to determine what the investee's relevant activities are and who can direct those activities. The relevant activities are those that significantly impact the economic performance or returns over the investee entity. The memorandum of incorporation and shareholders' agreement requires that the management and decision-making over Isizinda's operations requires unanimous consent of all shareholders. Hulamin Operations holds a protective right to prevent dividend payments before settlement of its loan by Isizinda. This protective right does not prevent the counterparty from exercising its rights regarding the management of Isizinda's operations and decision-making thereon.

IFRS 11.8 provides guidance that all parties control an arrangement when they must act together to direct the activities that significantly affect the returns of the arrangement. As the decision-making over Isizinda's relevant activities requires unanimous consent of both Hulamin Operations and Bingelela, neither party can make decisions on Isizinda's operations independently of the other party. Therefore, Isizinda is jointly controlled by Hulamin Operations and Bingelela during the 2023 financial year.

The contractual arrangement provides the Group with only the right to the net assets of the joint arrangement, with the voting rights to the assets and obligation for liability of the joint arrangement resting primarily with Hulamin Operations. Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

A subsequent event occurred in February 2024, Hulamin Operations (Pty) Ltd acquired the equity interest previously held by Bingelela Capital (Pty) Ltd resulting in Hulamin Operations holding a 100% shareholding in Isizinda. This transaction resulted in a business combination. Refer to note 1.9.

The summary of financial information in relation to the joint venture as presented below is disclosed at Hulamin Operations' proportional shareholding of 38.7 percent.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

	2023	2023	2022	2022
	Prop share	Balance	Prop share	Balance
	-38.7%	100%	-38.70%	100%
Summarised financial information in relation to the Group's share of the joint venture is presented below:	R'000	R'000	R'000	R'000
<b>Summarised statement of financial position</b>				
Current assets				
Cash and cash equivalents	32	82	18	47
Other current assets	1 445	3 733	4 067	10 508
Total current asset	1 477	3 815	4 085	10 555
Non-current assets				
Investment property	23 794	61 482	-	-
Property, plant and equipment	5 532	14 295	31 632	81 736
Total non-current asset	29 326	75 777	31 632	81 736
Total non-current liabilities	3 252	8 403	-	-
Financial liabilities (excluding trade payables)	30 162	77 938	28 721	74 213
Total current liabilities	35 967	92 938	35 532	91 814
Net assets	(8 416)	(21 749)	185	477
<b>Summarised statement of comprehensive income</b>				
Rental income	2 897	7 487	2 736	7 069
Depreciation and amortisation	2 300	5 943	-	-
Finance costs	(3 440)	(8 890)	(2 746)	(7 097)
Finance income	7	17	9	23
Loss/(profit) before tax	(5 404)	(13 965)	1 744	4 508
Income tax expense	1 357	3 507	(552)	(1 427)
Loss/(profit) after tax	(4 046)	(10 458)	1 192	3 081
Total comprehensive (loss)/profit	(4 046)	(10 458)	1 192	3 081
Reconciliation of summarised financial information presented to the carrying amount of the joint venture				
Opening net assets on 1 January 2023	(2 336)		(3 823)	
Adjusted total comprehensive loss/(profit) for the year	(4 046)		1 192	
Loan balance attributable to joint ventures	77 938		74 213	
Carrying value	71 556		71 582	
Interest In Joint Venture %	38.7		38.7	

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 7. Financial risk management: measures to mitigate risk

#### Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

The Group's risk management is predominantly controlled by a central treasury department (Group treasury) under policies approved by the Board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

#### 7.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

##### (a) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Group's functional currency, which is South African Rand. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. The Group's risk management policy is to hedge its currency exposure related to import and export transactions, foreign currency assets and liabilities.

The Group uses foreign exchange contracts, transacted with commercial banks, to manage these risks.

For every 5% weakening or strengthening of the South African Rand against the Group's foreign currency exposure as at 31 December, the impact on the after-tax profit and equity for the year would have been higher or lower by R9 million (2022: R7 million) based on the Group's exposure at the balance sheet date. The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains or losses on translation of foreign currency denominated trade receivables and payables and financial assets and liabilities at fair value through profit or loss that are not offset by equivalent gains or losses in forward exchange contracts. There were no forward exchange contracts designated as currency cash flow hedges at the end of 2023.

##### (b) Commodity price risk

The Group purchases and sells aluminium at prices that fluctuated with movements on the London Metal Exchange and as a result the Group is exposed to commodity price risk from the time the aluminium is purchased to when it is sold to a customer (Metal Price Lag). Currently the Group does not enter into any hedges to manage this commodity risk. The potential impact on the after-tax profit and equity for the year would have been higher or lower by R93 million (2022: R102 million) based on the aluminium stock holdings at the balance sheet date, if the Rand price of aluminium weakened or strengthened by 5%. This calculation is based on the assumption that no new aluminium is purchased.

##### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has no significant interest-bearing assets and interest rate risk is solely related to borrowings. The Group's borrowings bear interest at variable rates and the Group has not fixed the interest rate on any of its borrowings. Consequently, every 0,5-percentage point increase or decrease in the interest rate at 31 December would have no fair value effect on after-tax profit (2022: Nil) and no effect on equity (2022: Nil).

The Group is also exposed to future cash flow risks on borrowings. Had interest rates for the year been 0.5 percentage points higher or lower and been applied to the period end net debt, the interest expense for the year would have been higher or lower by R5 million (2022: R4.4 million).



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 7. Financial risk management: measures to mitigate risk continued

#### 7.1 Market risk continued

##### (d) Foreign currency management – firm commitments, trade debtors, creditors and import orders

The following forward foreign exchange contracts and currency options have been entered into cover foreign currency risk on trade debtors, creditors balances and import orders. The forward exchange contracts were not designated as hedging instruments for hedge accounting purposes at the period end. The currency options were designated as hedging instruments for hedge accounting purposes at the period end:

	2023			2022		
	Foreign amount R'000	Rand amount R'000	Fair value asset/ (liability) R'000	Foreign amount R'000	Rand amount R'000	Fair value asset/ (liability) R'000
<b>Forward purchases</b>						
Euro	9 550	(193 669)	2 197	6 460	(117 730)	(870)
Pound Sterling	460	(10 839)	41	1 100	(22 655)	(152)
US Dollar	7 215	(133 111)	641	9 775	(167 290)	(1 350)
		(337 619)	2 879		(307 675)	(2 372)
<b>Forward sales</b>						
Euro	(9 180)	187 230	(1 047)	(8 910)	163 407	2 146
Pound Sterling	-	-	-	(550)	11 280	34
US Dollar	(14 580)	275 969	5 685	(10 000)	171 004	1 237
		463 199	4 638		345 691	3 417
<b>Currency collars</b>						
US Dollar	(46 645)	839 779	9 270	-	-	-
Euro	(28 470)	548 190	1 746	-	-	-
		1 387 969	11 016		38 016	1 045
<b>Net total</b>		125 580	7 516	-		
Maturing in: *						
2023	-	38 016	1 045	-	38 016	1 045
2024	-	1 513 549	-	-		
	-	1 551 565	1 045		38 016	1 045
<b>Grouped as:</b>						
Financial assets	-	-	18 532	-	-	3 111
Financial liabilities	-	-	-	-	-	(2 066)
	-	-	18 532	-	-	1 045

\* Derivative instruments on average hold a maturity of three-months or less.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 7. Financial risk management: measures to mitigate risk continued

#### 7.1 Market risk continued

The Group is exposed to exchange rate fluctuations on the following uncovered export trade debtors at year-end. This exposure arises due to the early closure of financial institutions on 31 December.

	2023 Foreign Amount R'000	2023 Rand Amount R'000	2022 Foreign Amount R'000	2022 Rand Amount R'000
Euro	7 470	153 202	4 631	83 649
Pound Sterling	715	16 905	-	-
US Dollar	4 712	87 357	5 443	92 336
	12 897	257 464	10 074	175 985

#### 7.2 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. All deposits are held with major South African banks and all foreign exchange hedging transactions are undertaken with local banks.

Quantitative data on credit risk is disclosed in the notes to the annual financial statements on derivative financial instruments (under the hedging section of this note) and trade and other receivables (note 4.3).

#### 7.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, flexibility in funding is maintained through ensuring availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve, being the excess of available facilities over forecast net borrowings and available cash balances.

The Group's facility utilisation (including cash reserves) at the period end was:

	2023 R'000	2022 R'000
Revolving working capital facility	1 500 000	1 500 000
General short-term facility	600 000	400 000
Current facilities	2 100 000	1 900 000
Non-current facilities	-	-
Total borrowing facilities	2 100 000	1 900 000
Less: indirect facilities allocated to letters of credit	(200 000)	(150 000)
	1 900 000	1 750 000
Utilised by:		
Current borrowings (note 3.1)	(994 014)	(916 839)
Cash and cash equivalents (note 4.1)	189 855	81 294
Committed undrawn direct facilities and cash	1 095 841	914 455



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 7. Financial risk management: measures to mitigate risk continued

#### 7.3 Liquidity risk continued

Hulamin's borrowing facilities include a general short-term facility of R600 million (2022: R400 million), of which R200 million has been allocated to letter of credits. The revolving working capital facility of R1 500 million (2022: 1 500 million) is a committed facility that matures in December 2025. The total banking facilities is R2 100 million (2022: R1 900 million).

Financial liabilities with maturity dates within the next twelve months comprise current borrowings, trade and other payables, sundry accruals and derivative liabilities.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 7. Financial risk management: measures to mitigate risk continued

#### 7.3 Liquidity risk continued

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than one year R'000	One to three years R'000	Three to four years R'000	Greater than four years R'000	Total R'000
<b>2022</b>					
Current borrowings	916 839	-	-	-	916 839
Trade and other payables (excluding employee benefit payables)	1 703 454	-	-	-	1 703 454
Lease liabilities	12 501	16 486	11 152	44 616	84 755
Derivative financial liabilities	2 066	-	-	-	2 066
	2 634 860	16 486	11 152	44 616	2 707 114
<b>2023</b>					
Current borrowings	994 014	-	-	-	994 014
Trade and other payables (excluding employee benefit payables)	1 353 166	-	-	-	1 353 166
Lease liabilities	18 806	34 516	18 062	44 616	116 000
	2 365 986	34 516	18 062	44 616	2 463 180

\* Borrowing facilities incur interest at variable rates. As fixed contractual terms are not known in future periods, management has estimated interest charges using a best estimate of the forecast rate and applied this to the average balance for the year.

Included in the above amounts payable within a period of less than one year, are borrowings under the revolving working capital facility in the amount of R994 million (2022: R917 million) which are payable within a period of three months (the facility is committed up to December 2025).

#### 7.4 Capital risk management

For the purpose of the Group's capital management, capital includes issued capital, preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value and to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

These objectives result in varying capital ratios, with current and future borrowings being evaluated against the Group's expected operating cash flows and capital investment needs. Capital adequacy and liquidity are managed by monitoring gearing ratios, interest cover and debt service ratios.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 7. Financial risk management: measures to mitigate risk continued

#### 7.4 Capital risk management continued

The Group's gearing ratio at the period end was as follows:

	Notes	2023 R'000	2022 R'000
Current borrowings	3.1	994 014	916 839
Lease liabilities (current and non-current)	3.2	63 515	62 094
Total borrowings		1 057 529	978 933
Less: Cash and cash equivalents	4.1	(189 855)	(81 294)
Net debt		867 674	897 639
Total equity		3 538 575	3 233 061
Total capital		4 406 249	4 130 700
Gearing ratio percentage (net debt over total capital)		19.7	21.7

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. The Group's cash flow forecasts also do not indicate a breach of covenants in the foreseeable future.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022. The gearing ratio decreased to 19.7% (2022: 21.7%) at 31 December 2023. The targeted gearing ratio is below 30%.

#### 7.5 Hedge accounting

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

There will be an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group used the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The Group uses forward exchange contracts and currency options to hedge its exposure to foreign currency. When hedge accounting is applied, the Group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. The changes in the forward element of the foreign currency forwards that relate to hedged items is recorded in profit or loss.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 7. Financial risk management: measures to mitigate risk continued

#### 7.5 Hedge Accounting continued

##### (i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting requirements, they are classified as 'fair value through profit or loss'. They are presented as current assets or liabilities to the extent they are expected to be settled within 12-months after the end of the reporting period.

The fair value of derivative assets and derivative liabilities are calculated as the difference between the contracted value and the value to maturity at the year-end date. The value to maturity of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

##### (ii) Derivatives and hedging activities

As part of its risk management strategy, the Group has identified a series of risk categories with corresponding hedging strategies using derivatives.

Hedge accounting is adopted when all the IFRS requirements are fulfilled, which includes documenting at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. In addition, the Group documents the assessment, both at hedge inception and on an ongoing basis, of the hedge effectiveness. Transactions that are entered into in accordance with the Group's hedging objectives, but which do not qualify for hedge accounting, are referred to in these financial statements as economic hedge relationships.

A cash flow hedge is the hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss. If a cash flow hedge meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in the statement of comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cashflow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial or financial liability, the associated gains or losses accumulated in equity are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses accumulated in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

The hedging reserve accumulates all movement in the fair value of financial instruments designated as hedges of transactions that have yet to be recognised on the balance sheet. When the underlying transaction is recognised, the related accumulated hedging reserve is released to the income statement and reflected in revenue. The release of the hedge reserve follows the hedged item represented by probable forecast sales transactions.

## Notes to the consolidated financial statements continued

### for the year ended 31 December 2023

## 7. Financial risk management: measures to mitigate risk continued

### 7.5 Hedge Accounting continued

A summary of the fair value of the Group's financial instruments used to mitigate foreign exchange and commodity price risk is shown below:

	2023 R'000	2022 R'000
Foreign currency management – probable forecast sales	11 016	-
Foreign currency management – firm commitments, trade debtors, creditors and import orders	7 516	1 045
	18 532	1 045
Grouped as:		
Financial assets	18 532	3 111
Financial liabilities	-	(2 066)
	18 532	1 045

The credit quality of all derivative financial assets is sound and there have been no defaults in past years. None are overdue nor impaired and the Group does not hold collateral on derivatives. The Group's maximum exposure to counterparty credit risk on derivative assets at 31 December 2023 is R18.5 million (2022: R3.1 million).

The fair value measurement classification of the above financial instruments is level 2 (observable inputs) in accordance with the fair value hierarchy prescribed by IFRS 13. Key inputs used in the determination of fair value relate to London Metal Exchange aluminium prices and currency exchange rates.

#### (iii) Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	Spot Component of LME futures R'000	Cost of Hedging R'000	Currency Collars R'000	Total Hedge Reserve R'000
<b>Opening balance January 2022</b>	339	(4 556)	-	(4 217)
Add: Change in fair value of hedging instrument recognised in OCI	3 242	(23 057)	-	(19 815)
Less: Reclassified to profit or loss – on hedge maturity	(3 712)	29 385	-	25 673
Add: Deferred tax	131	(1 772)	-	(1 641)
	-	-	-	-
<b>Opening balance January 2023</b>	-	-	-	-
Add: Change in fair value of hedging instrument recognised in OCI	(8 513)	-	11 016	2 503
Less: Reclassified to profit or loss – on hedge maturity	8 513	-	-	8 513
Add: Deferred tax	-	-	(2 974)	(2 974)
<b>Closing Balance December 2023</b>	-	-	8 042	8 042

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 7. Financial risk management: measures to mitigate risk continued

#### 7.6 Hedge Accounting continued

##### (iv) Amount recognised in profit or (loss)

During the year the following amounts were recognised in profit/(loss) in relation to derivative instruments that were hedge accounted for:

	2023 R'000	2022 R'000
Cash flow hedges included in revenue	8 513	3 712
	8 513	3 712

##### (v) Hedge ineffectiveness

Expected causes of hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments.
- If actual sales in a particular month are less than the designated hedges
- The counterparties' credit risk differently impacting the fair value movements of the hedging

### 8. Benefits and remuneration: our investment in our people

#### 8.1 Share-based payments

##### (a) Employee schemes

The Group's employee share incentive schemes are accounted for as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant and recognised in profit or loss on the straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market vesting conditions.

Fair value is measured using the Monte Carlo Simulation, Black-Scholes and binomial tree valuation models.

##### (b) BEE transactions

BEE transactions where the Group receives or acquires goods or services as consideration for the issue of equity instruments of the Group are treated as share-based payment transactions.

BEE transactions where employees are involved are measured and accounted for on the same basis as share-based payments, as disclosed above.

Transactions in which share-based payments are made to parties other than employees are measured by reference to the fair value of equity instruments granted if no specific goods or services are received. Vesting of the equity instrument occurs immediately and an expense and related increase in equity is recognised on the date that the instrument is granted. No further measurement or adjustments are required as it is presumed that the BEE credentials are received upfront. Incremental costs that are directly associated with the BEE transaction are expensed immediately in the determination of profit or loss.



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people

#### 8.1 Share-based payments

##### (c) Information relating to employee share scheme grants continued

###### (i) Equity-settled Conditional Share Plan (Bonus shares)

Under the Equity-settled Conditional Share Plan (Bonus shares), participating employees are granted conditional awards. The vesting of the award is conditional on the employee continuing employment with the company or any other employer company until the vesting date.

Grant price	Estimated weighted average fair value per right	Expiring three years from	Number of conditional awards at December 2022	Conditional awards granted in 2023	Conditional awards vested in 2023	Conditional awards forfeited/lapsed in 2023	Number of conditional awards at December 2023	Conditional time constrained
Nil	3.10	14 Dec 2022	2 395 696	–	13 449	258 602	2 123 645	2 123 645
Nil	3.00	24 Mar 2023		2 450 551		123 375	2 327 176	2 327 176
			2 395 696	2 450 551	13 449	381 977	4 450 821	4 450 821

The volume-weighted average share price during the year for Hulamin shares was R2.94 (2022: R3.20).

The estimated fair value costing of these conditional share awards at the grant date was based on the following significant inputs:

	2022	2023
Share price at grant date	(R) 3.10	3.00
Risk-free interest rate	(%) 7.77	7.47
Expected volatility	(%) N/A	N/A
Expected dividends	(%) 1.50	1.50
Expected remaining life (Months)	(months) 24	27
Contractual life (Months)	(months) 36	36

Vesting conditions:

- Time Three years
- Non-market None
- Market None

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.1 Share-based payments continued

##### (c) Information relating to employee share scheme grants continued

##### (ii) Equity-settled Conditional Share Plan (Performance shares)

Under the Equity-settled Conditional Share Plan (Performance shares), participating employees are granted conditional awards. These awards are converted into shares in Hualamin on the achievement of Return on Capital Employed (ROCE) and Total Shareholders' Return (TSR) performance conditions over a three-year period.

Grant price	Estimated weighted average fair value per right	Expiring three years from	Number of conditional awards at December 2022	Conditional awards granted in 2023	Conditional awards vested in 2023	Conditional awards forfeited/lapsed in 2023	Number of conditional awards at December 2023	Conditional time constrained
Nil	0.68	20 August 2020	4 287 275	–	–	4 287 275	–	–
Nil	1.83	26 May 2021	6 141 810	–	492 641	704 805	4 944 364	4 944 364
Nil	2.96	14 December 2022	3 538 757	–	18 330	378 179	3 142 248	3 142 248
Nil	2.87	24 March 2023		5 441 321	–	239 811	5 201 510	5 201 510
			13 967 842	5 441 321	510 971	5 610 070	13 288 122	13 288 122

The volume-weighted average share price during the year for Hualamin shares was R2.94 (2022: R3.20).

The estimated fair value costing of these conditional share awards at the grant date was based on the following significant inputs.

		2020	2021	2022	2023
Share price at grant date	(R)	0.99	2.24	3.10	3.00
Risk-free interest rate	(%)	4.08	4.95	7.77	7.47
Expected volatility	(%)	57.93	65.68	N/A	N/A
Expected dividends	(%)	5.13	2.12	1.50	1.50
Expected remaining life	(months)	–	5	24	27
Contractual life	(months)	36	36	36	36

Vesting conditions:

- Time Three years
- Non-market ROCE weighted 100% (67% for pre 2022 schemes)
- Market TSR weighted 0% (33% for pre 2022 schemes)

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.1 Share-based payments continued

##### (iii) Equity-settled Conditional Share Plan (Retention shares)

Under the Equity-settled Conditional Share Plan (Retention shares), participating employees are granted conditional awards. The vesting of the award is conditional on the employee continuing employment with the company or any other employer company until the vesting date.

Grant price	Estimated weighted average fair value per right	Expiring three years from	Number of conditional awards at December 2022	Conditional awards granted in 2023	Number of conditional awards at December 2023	Conditional time constrained
Nil	3.93	02 December 2022	131 587		<b>131 587</b>	<b>131 587</b>
Nil	2.76	30 November 2023	–	<b>189 832</b>	<b>189 832</b>	<b>189 832</b>
			131 587	<b>189 832</b>	<b>321 419</b>	<b>321 419</b>

The volume-weighted average share price during the year for Hulamin shares was R2.94 (2022: R3.20).

The estimated fair value costing of these conditional share awards at the grant date was based on the following significant inputs:

		2022	2023
Share price at grant date	(R)	3.00	<b>2.90</b>
Risk-free interest rate	(%)	7.97	<b>7.65</b>
Expected volatility	(%)	N/A	<b>N/A</b>
Expected dividends	(%)	1.55	<b>1.63</b>
Expected remaining life	(months)	23	<b>35</b>
Contractual life	(months)	36	<b>36</b>

Vesting conditions:

- Time Three years
- Non-market None
- Market None

##### (iv) Amounts recognised in the statement of financial position are as follows:

	2023 R'000	2022 R'000
<b>Employee Share-based payment reserve</b>		
Balance at beginning of the year	<b>38 598</b>	48 170
Value of employee services	<b>11 713</b>	2 579
Settlement and forfeiture of employee share incentives	<b>(3 503)</b>	(12 151)
<b>Balance at end of year</b>	<b>46 808</b>	38 598

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.1 Share-based payments continued

##### (d) BEE Equity Transactions

###### (i) Strategic Partners

Hulamin concluded agreements with BEE partners in December 2020 to extend the original BEE transaction used to facilitate the acquisition of an equity interest in Hulamin. The BEE partners consist of Eligible Employees and long-standing Strategic Partners.

The fair value of the transaction was determined using a Black Scholes valuation model using the following significant inputs:

	BEE Transaction	BEE Extension Transaction
Share price at grant date	R5.49	R1.76
Expected option life	Five years	Five years and two months
Lock in period	Three years	N/A
Risk free rate	8.58%	5.00%
Expected volatility	43.15%	54.90%
Expected dividends	0.50%	Nil
Expected remaining life	0 months	26 months
Contractual life	60 months	62 months

Vesting conditions:

- Time Five years
- Non-market None
- Market Share price

## Notes to the consolidated financial statements continued

### for the year ended 31 December 2023

#### 8. Benefits and remuneration: our investment in our people continued

##### 8.1 Share-based payments continued

###### (ii) Hulamín Employee Share Ownership Plan (ESOP)

The ESOP Trust subscribed for an additional 4 721 600 A3 shares in December 2020 and together with the existing 26 755 733 A2 ordinary shares forms part of the BEE transaction. Under the scheme, participating employees are granted conditional awards. The vesting of the award is conditional on the employee continuing employment with the company until the vesting date.

The estimated fair value costing of these conditional share awards at the grant date was based on the following significant inputs:

	BEE Transaction	BEE Extension Transaction
Share price at grant date	R5.49	R1.76
Risk free rate	8.58%	5%
Expected volatility	43.15%	54.90%
Expected dividends	0.50%	Nil
Expected remaining life	0 months	26 months
Contractual life	60 months	62 months

Note 3.4 (b) details the number of A ordinary shares issued and converted to listed ordinary shares as part of the BEE Transaction. Vesting conditions:

- Time Five Years and Two months
- Non- market None
- Market Share price

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.1 Share-based payments continued

##### (iii) Isizinda Aluminium (Pty) Ltd (Isizinda)

Isizinda Employee Share Incentive Scheme Trust (the Trust)

On 2 February 2016, the Trust purchased a 2.53% interest in Isizinda, in equal portions from Bingelela and Hulamin. The interest held by the Trust was treated as a grant of an equity option. The fair value of the option at the grant date was R 1.1 million, which was determined on an indirect basis with reference to the intrinsic value of the business. The closure of this Trust was completed in the first quarter of 2022.

(iv) Amounts recognised in the statement of financial position are as follows:

	2023	2022
	R'000	R'000
<b>BEE Reserve</b>		
Balance at beginning of the year	32 471	28 547
Value of employee service	3 924	3 924
Balance at end of year	36 395	32 471

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.2 Retirement Benefits

##### (a) Accounting policies and significant judgements

###### (i) Pension obligations

The Group provides retirement benefits to employees in the form of both defined contribution plans and defined benefit plans. The assets of all retirement schemes are held separately from those of the Group and are administered and controlled by trustees.

Contributions to defined contribution schemes are charged to profit or loss when incurred.

The cost of providing benefits to the Group's defined benefit plan are determined and provided using the projected unit credit actuarial valuation method. Remeasurements, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The retirement benefit obligation recognised in the Group statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. The plan remains in a sound financial position and is governed by the Pension Funds Act, 1956 (Act No. 24 of 1956).

###### (ii) Post-retirement medical aid benefits and retirement gratuities

Provisions for post-retirement medical aid benefits and gratuities payable on retirement are calculated on an actuarial basis. Actuarial gains or losses are recognised in the same manner as those of pension obligations.

###### (iii) Retirement Benefit Schemes

The Group contributes towards retirement benefits for substantially all permanent employees who are required to be a member of one of the retirement benefit plans, either pension fund or provident fund, elected by the Group. These schemes are governed by the relevant fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of the Group. The scheme assets are administered by trustees, each of which includes elected representatives.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.2 Retirement benefits continued

##### (b) Provident fund

The Group's contributions to the Metal Industries Provident Fund scheme, a defined contribution plan, amounted to R23.7 million (2022: R20.8 million) and were expensed during the year.

##### (c) Hulamin Pension Fund

During 2012, members and pensioners accepted an offer made by the fund to convert the benefits of all in-service members from defined benefit to defined contribution and to transfer the liabilities for the payment of pensions to an insurer. The Group has no further exposure to actuarial or investment risk relating to the defined contribution section of the fund.

In addition to an enhancement of benefits granted by the fund to members and pensioners on conversion, the fund also provided certain members with a further benefit which targeted (but provided no guarantee of), at the date of conversion, equivalent benefits on retirement in terms of the defined contribution basis as would have been obtained had the member remained on the defined benefit basis (the "retirement benefit equalisation value").

Assets relating to the surplus apportionment to the company are held in the employer surplus account.

The company provides no guarantee in terms of the investment returns that are earned on members' retirement benefit equalisation values. The retirement benefit equalisation value benefit accrues with service and is therefore accounted for as a defined benefit plan in terms of IAS 19 (revised). The Group holds no actuarial or investment risk relating to the retirement benefit equalisation value benefit.

An actuarial valuation of the Group's defined benefit obligation (in relation to the retirement benefit equalisation value) and assets in the employer surplus account was performed in accordance with IAS 19 (revised) at 31 December 2023. The next valuation will be performed at 31 December 2024.

	2023 R'000	2022 R'000
<b>(i) Amounts recognised in the statement of financial position are as follows:</b>		
Fair value of plan assets (represents amounts held in employer surplus account)	81 586	73 464
Present value of funded obligations	(26 523)	(24 099)
	55 063	49 365
<b>(ii) Movement in the defined benefit obligation is as follows:</b>		
Defined benefit obligation at beginning of year	24 099	25 388
Current service cost	2 282	2 666
Interest cost	3 049	2 917
Remeasurements:		
Actuarial (gains) arising from changes in financial assumptions	(1 901)	(3 021)
Actuarial losses/(gains) arising from experience adjustments	519	(2 268)
Benefits paid	(1 525)	(1 583)
Defined benefit obligation at end of year	26 523	24 099



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.2 Retirement benefits continued

	2023 R'000	2022 R'000
(iii) Movement in the fair value of plan assets (amounts held in employer surplus account) is as follows:		
Fair value of plan assets at beginning of year	73 464	72 701
Interest income	8 651	7 694
Remeasurements:		
(Losses)/profit on plan assets, excluding amounts included in interest income	996	(5 348)
Benefits paid	(1 525)	(1 583)
Fair value of plan assets at end of year	81 586	73 464
The fair value of plan assets comprises the employer surplus account		
Quoted market price in an active market:		
Market risk portfolio	72 142	67 003
Conservative portfolio	1 270	384
Money market and cash	-	6 077
	73 412	73 464
Balances in respect of the retirement benefit equalisation value	67 747	67 747
(iv) The amounts recognised in the statement of profit or loss are as follows:		
Defined benefit plan (retirement benefit equalisation value)	(3 320)	(2 111)
Current service cost	2 282	2 666
Net interest income	(5 602)	(4 777)
Defined contribution plan	1 525	1 583
Employer contribution from reserves (utilisation of employer surplus account)	-	-
Employer cash contribution	1 525	1 583
	(1 795)	(528)

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.2 Retirement benefits continued

##### (c) Hulamin Pension Fund continued

	2023 R'000	2022 R'000
<b>(v) Amounts recognised in other comprehensive income are as follows:</b>		
Actuarial (gains) arising from changes in financial assumptions	<b>(1 901)</b>	(3 080)
Actuarial losses/(gains) arising from experience adjustments	<b>519</b>	(2 268)
Gains/(losses) on plan assets, excluding amounts included in interest income	<b>996</b>	5 348
	<b>(386)</b>	-
The average duration of the benefit obligation at 31 December 2023 is 15.5 years (2022: 16.5 years).		
<b>(vi) Principal actuarial assumptions at the end of the reporting period</b>		
Discount rate (%)	<b>12.30</b>	11.90
Future inflation rate (%)	<b>6.20</b>	6.30
Sensitivity of discount rate:		
1% increase in discount rate – effect on current service cost	<b>(292)</b>	(307)
1% increase in discount rate – effect on the obligation	<b>(3 356)</b>	(3 225)
1% decrease in discount rate – effect on current service cost	<b>345</b>	366
1% decrease in discount rate – effect on the obligation	<b>3 964</b>	3 841

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant.

The average duration of the benefit obligation at 31 December 2023 is 15.5 years (2022: 16.5 years).

In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity, the same method has been applied as when calculating the liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

##### (d) Post-retirement Medical Aid Benefits

The Group has undertaken to contribute to the medical aid costs after retirement of employees engaged prior to 30 June 1996. The obligation is unfunded.

There was a change in the future company subsidy increases for in-service members and pensioners who retired on or after 1 Jan 2016 to the greater of Consumer Price Index ("CPI") inflation plus 1% and the average annual salary increase granted by the Company to its active employees. The change in the subsidy increase assumption for in-service employees and pensioners who retired after 1 January 2016 is 6.9% compared to 5.9% actually used in the previous report. This change in assumption has resulted in an actuarial loss of R8.8 million at 31 December 2022.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.2 Retirement benefits continued

##### (d) Post-retirement Medical Aid Benefits continued

	2023 R'000	2022 R'000
(i) Amounts recognised in the statement of financial position are as follows:		
Present value of unfunded obligations	174 825	177 760
Liability in the balance sheet	174 825	177 760
(ii) The liability can be reconciled as follows:		
Balance at beginning of year	179 811	179 096
Change in accounting estimate	-	8 746
Total expense accrued	21 667	20 592
Remeasurements:		
Actuarial (gains) arising from changes in financial assumptions	(7 968)	(12 955)
Actuarial (gains) arising from experience adjustments	(3 714)	(989)
Benefit payments	(14 971)	(14 679)
Balance at end of year	174 825	179 811
(iii) Amounts recognised in the statement of profit or loss are as follows:		
Interest costs	20 599	19 432
Current service costs	1 068	1 160
	21 667	20 592
(iv) Amounts recognised in other comprehensive income are as follows:		
Remeasurements:		
Actuarial (gains) arising from changes in financial assumptions	(7 968)	(12 955)
Actuarial (gains) arising from experience adjustments	(3 714)	(989)
Actuarial loss arising from change in estimate	-	8 746
	(11 682)	(5 198)

#### Principal risks

Through its post-retirement medical aid subsidy benefit, the Group is exposed to several risks, principally changes in:

#### Financial assumptions:

- Discount rate, which is set having regard to the market yield on suitable government bonds considering the estimated duration of the liability.
- Long-term price inflation rate, which is measured by the relationship between the yields of conventional and inflation-linked government bonds, considering the estimated duration of the liability.
- Medical inflation rate (medical subsidy rate)

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.2 Retirement benefits continued

##### (d) Post-retirement Medical Aid Benefits continued

###### Demographic assumptions:

- Withdrawal, pre-retirement mortality and ill-health retirement rates
- Post-retirement mortality
- Family statistics

The demographic assumptions used in the valuation of the liability are consistent with those of the prior year. Principal actuarial assumptions at the end of the reporting period are as follows:

	2023 R'000	2022 R'000
Discount rate (%)	12.30	11.90
Future company subsidy rate – in service (%)	6.20	6.30
Future company medical subsidy increase – pensioners (%)	7.95	8.05
Sensitivity of future company subsidy rate:	-	-
1% increase in future company subsidy rate – effect on the aggregate of the service and interest costs	2 026	2 210
1% increase in future company subsidy rate – effect on the obligation	15 145	16 892
1% decrease in future company subsidy rate – effect on the aggregate of the service and interest costs	(1 768)	(1 914)
1% decrease in future company subsidy rate – effect on the obligation	(13 241)	(14 680)
Sensitivity of discount rate:	-	-
1% increase in discount rate – effect on current service cost	(230)	(268)
1% increase in discount rate – effect on the obligation	(13 328)	(14 261)
1% decrease in discount rate – effect on current service cost	228	271
1% decrease in discount rate – effect on the obligation	15 181	16 612

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity, the same method has been applied as when calculating the liability recognised within the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The average duration of the benefit obligation at 31 December 2023 is 9.0 years (2022: 9.5 years). This number is analysed as follows:

- Active members 14.7 years (2022: 16 years)
- Retired members 7.5 years (2022: 7.8 years)

	2023 R'000	2022 R'000
Estimated benefits payable by the Group in the next financial year	15 991	15 561

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.2 Retirement benefits continued

##### (e) Retirement gratuities

The Group has in the past made discretionary payments, on retirement, to eligible employees who have remained in service until retirement age and have completed a minimum service period. This constructive obligation is unfunded.

	2023 R'000	2022 R'000
(i) Amounts recognised in the statement of financial position are as follows:		
Present value of unfunded obligations	31 553	29 196
Liability in the balance sheet	31 553	29 196
(ii) The liability can be reconciled as follows:		
Balance at beginning of year	29 196	28 885
Total expense accrued	5 289	4 961
Remeasurements:		
Actuarial (gains) arising from changes in financial assumptions	(1 337)	(2 129)
Actuarial (gains)/losses arising from experience adjustments	(461)	533
Gratuity payments	(1 134)	(3 054)
Balance at end of year	31 553	29 196
(iii) Amounts recognised in the statement of profit or loss are as follows:		
Interest costs	3 601	3 212
Service costs	1 688	1 749
	5 289	4 961
Amounts recognised in other comprehensive income are as follows:		
Actuarial (losses) arising from changes in financial assumptions	(1 337)	(2 129)
Actuarial gains/(losses) arising from experience adjustments	(461)	533
	(1 798)	(1 596)

## Notes to the consolidated financial statements continued

### for the year ended 31 December 2023

#### 8. Benefits and remuneration: our investment in our people continued

##### 8.2 Retirement benefits continued

###### (e) Retirement gratuities

###### (i) Principal risks

Through its retirement gratuity benefit, the Group is exposed to several risks, principally changes in:

###### Financial assumptions:

- Discount rate, which is set having regard to the market yield on suitable government bonds considering the estimated duration of the liability.
- Long-term price inflation rate, which is measured by the relationship between the yields of conventional and inflation-linked government bonds, considering the estimated duration of the liability.
- Salary inflation in excess of price inflation

###### Demographic assumptions:

- Withdrawal, pre-retirement mortality and ill-health mortality rates
- Post-retirement mortality
- Family statistics

The demographic assumptions used in the valuation of the liability are consistent with those of the prior year.

Changes in the principal financial assumptions are detailed below.

Principal actuarial assumptions at the end of the reporting period are as follows:

	2023 R'000	2022 R'000
Discount rate (%)	12.30	11.90
Future salary inflation rate (%)	6.20	6.30
Sensitivity of future salary inflation rate:	-	-
1% increase in future salary inflation rate – effect on the aggregate of the service and interest costs	560	565
1% increase in future salary inflation rate – effect on the obligation	2 873	2 894
1% decrease in future salary inflation rate – effect on the aggregate of the service and interest costs	(497)	(498)
1% decrease in future salary inflation rate – effect on the obligation	(2 559)	(2 565)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant.

In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity, the same method has been applied as when calculating the liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The average duration of the benefit obligation at 31 December 2023 is 9.1 years (2022: 9.9 years).

Estimated retirement gratuities, payable by the Group during the next financial year are R2.8 million (2022: R1.2 million).

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.3 Directors' remuneration and interest

##### 8.3.1 Directors' remuneration

(i) Directors' and prescribed officer's remuneration during the 2023 financial year

	Retainer fees	Attendance fees	Cash Bonus package	Bonus payments	Medical aid contributions	Retirement fund contributions	Subtotal	Value of options granted (Note 1)	Total
Director	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Non-executive</b>									
TP Leeuw	634 682	344 760	–	–	–	–	979 442	–	979 442
VN Khumalo (note 2)	289 489	248 050	–	–	–	–	537 539	–	537 539
SP Ngwenya	229 445	113 010	–	–	–	–	342 455	–	342 455
GH Watson (note 3)	57 133	117 202	–	–	–	–	174 335	–	174 335
N Maharajh	438 008	281 590	–	–	–	–	719 598	–	719 598
CA Boles	370 348	220 460	–	–	–	–	590 808	–	590 808
B Mehlomakulu	423 075	280 110	–	–	–	–	703 185	–	703 185
RL Larson	650 846	265 744	–	–	–	–	916 591	–	916 591
	<b>3 093 026</b>	<b>1 870 926</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4 963 952</b>	<b>–</b>	<b>4 963 952</b>
<b>Executive</b>									
GH Watson (note 3)	–	–	6 214 780	4 079 400	145 801	–	10 439 981	–	10 439 981
M Gounder (note 4)	–	–	3 480 340	2 081 051	224 094	434 218	6 219 703	1 388 648	7 608 351
	<b>–</b>	<b>–</b>	<b>9 695 120</b>	<b>6 160 451</b>	<b>369 895</b>	<b>434 218</b>	<b>16 659 684</b>	<b>1 388 648</b>	<b>18 048 332</b>
	<b>3 093 026</b>	<b>1 870 926</b>	<b>9 695 120</b>	<b>6 160 451</b>	<b>369 895</b>	<b>434 218</b>	<b>21 623 636</b>	<b>1 388 648</b>	<b>23 012 284</b>

Note 1 The value of the equity-settled options granted is the annual expense determined in accordance with IFRS 2, 'Share-based Payments'.

Note 2 Directors' fees due to a shareholder nominee on the Hulamini board are paid to the employer organisation and not to the nominee.

Note 3 Mr GH Watson retired as Interim CEO with effect from 30 November 2023 and was reappointed to the Board as a Non-Executive Director with effect from 1 December 2023.

Note 4 Mr M Gounder was appointed as the CFO until 30 November 2023, and subsequently as CEO with effect from 1 December 2023

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.3 Directors' remuneration and interest

##### 8.3.1 Directors' remuneration

Executive Committee members' remuneration (excluding acting executive committee members) during the 2023 financial year (Note 1)

	Cash package	Bonus and performance-related payments (Note 2)	Medical aid contributions	Retirement fund contributions	Subtotal	Value of options granted	Total
	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total	22 694 520	9 076 953	1 255 912	2 830 303	35 857 688	6 942 974	42 800 661

Note 1 Excluding executive directors.

Note 2 The bonus payments reflected above are in relation to the 2023 year, paid in 2023/2024.



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.3 Directors' remuneration and interest

##### 8.3.1 Directors' remuneration continued

(i) Directors' and prescribed officer's remuneration during the 2022 financial year

Director	Retainer fees	Attendance fees	Cash package	Retirement and related payments (Note 1)	Bonus payments	Medical aid contributions	Retirement fund contributions	Subtotal	Value of options granted (Note 2)	Total
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Non-executive</b>										
TP Leeuw	602 038	443 240	–	–	–	–	–	1 045 278	–	1 045 278
VN Khumalo (note 3)	274 570	176 870	–	–	–	–	–	451 440	–	451 440
SP Ngwenya	233 453	140 280	–	–	–	–	–	373 733	–	373 733
GHM Watson (note 4)	390 500	227 177	–	–	–	–	–	617 667	–	617 667
N Maharajh	386 910	243 580	–	–	–	–	–	630 490	–	630 490
CA Boles	351 277	262 740	–	–	–	–	–	614 017	–	614 017
B Mehlomakulu	377 811	261 500	–	–	–	–	–	639 311	–	639 311
RL Larson	571 444	402 923	–	–	–	–	–	974 367	–	974 367
	3 188 003	2 158 310	–	–	–	–	–	5 346 313	–	5 346 313
<b>Executive</b>										
RG Jacob (note 5)			4 168 350	4 660 827	575 171	143 313	520 425	10 068 086	–	10 068 086
GH Watson (note 4)			3 315 889		–	93 195		3 229 084	–	3 229 084
M Gounder			3 100 600		653 418	156 530	386 750	4 297 298	1 208 039	5 505 337
	–	–	10 404 839	4 660 827	1 228 589	393 038	907 175	17 594 468	1 208 039	18 802 507
	3 188 003	2 158 310	10 404 839	4 660 827	1 228 589	393 038	907 175	22 940 781	1 208 039	24 148 820

Note 1 Retirement costs include notice pay, leave pay and gratuity on retirement.

Note 2 The value of the equity-settled options granted is the annual expense determined in accordance with IFRS 2, 'Share-based Payments'.

Note 3 Directors' fees due to a shareholder nominee on the Hulamin board are paid to the employer organisation and not to the nominee.

Note 4 Mr GH Watson resigned from the Board as a Non-Executive Director with effect from 3 August 2022 and was appointed Interim CEO with effect from 4 August 2022.

Note 5 Mr RG Jacob retired with effect from 30 September 2022. Refer to note 1.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.3 Directors' remuneration and interest continued

##### 8.3.1 Directors' remuneration continued

Executive Committee members' remuneration (excluding acting executive committee members) during the 2022 financial year (Note 1)

	Cash	Bonus and performance- related payments (Note 2)	Medical aid contributions	Retirement fund contributions	Subtotal	Value of options granted	Total
	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total	22 282 568	2 873 917	1 238 227	2 787 089	29 181 801	5 896 783	35 078 584

Note 1 Excluding executive directors.

Note 2 The bonus payments reflected above are in relation to the 2022 year, paid in 2022/2023.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.3 Directors' remuneration and interest

##### 8.3.2 Interest of directors and prescribed officers in share-based instruments

###### (i) Employee Conditional Share Plan (Bonus share)

	Number of conditional awards granted in 2022	Number of conditional awards at December 2022	Number of conditional awards granted in 2023	Number of conditional awards at December 2023	Conditional awards time constrained
<b>Executive directors</b>					
M Gounder	135 976	135 976	82 357	218 333	218 333
	135 976	135 976	82 357	218 333	218 333
Grant price	R3.10	R3.00			
Grant date	14 Dec 2022	24 Mar 2023			

###### (ii) Employee Conditional Share Plan (Performance shares)

	Number of conditional awards granted in 2021	Number of conditional awards granted in 2022	Number of conditional awards at December 2022	Number of conditional awards at 2023	Number of conditional awards at December 2023	Conditional awards time constrained
<b>Executive directors</b>						
M Gounder	523 606	265 714	789 320	397 762	1 187 082	1 187 082
	523 606	265 714	789 320	397 762	1 187 082	1 187 082
Grant price	R2.24	R3.10	R3.00			
Grant date	26 May 2021	14 Dec 2022	24 Mar 2023			

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 8. Benefits and remuneration: our investment in our people continued

#### 8.3 Directors' remuneration and interest

##### 8.3.3 Interest of directors and prescribed officers of the company in share capital

The aggregate holdings as at 31 December 2023 of those directors of the company holding issued ordinary shares of the company are detailed below:

	Direct beneficial shares	Indirect beneficial shares	Shares total
As at 31 December 2023			
<b>Executive</b>			
GHM Watson		177 763	177 763
	–	177 763	177 763
<b>Non-executive</b>			
C A Boles	60 000		60 000
TP Leeuw		70 000	70 000
	60 000	70 000	130 000
<b>Total</b>	<b>60 000</b>	<b>247 763</b>	<b>307 763</b>

	Direct beneficial shares	Indirect beneficial shares	Shares total
As at 31 December 2022			
<b>Executive</b>			
GHM Watson	-	177 763	177 763
	-	177 763	177 763
<b>Non-executive</b>			
C A Boles	60 000	-	60 000
TP Leeuw		70 000	70 000
	60 000	70 000	130 000
<b>Total</b>	<b>60 000</b>	<b>247 763</b>	<b>307 763</b>

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 9. Other: detailed disclosure requirements

#### 9.1 Net finance costs

	2023 R'000	2022 R'000
Interest expense	160 703	102 211
Current borrowings interest	159 285	98 564
Interest on lease liabilities	5 280	5 404
Interest capitalised	(3 862)	(1 757)
Interest income	(13 359)	(10 755)
Net finance costs	147 344	91 456

#### 9.2 Deferred tax

Deferred tax is provided on temporary differences arising between tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The deferred tax assets and liabilities have been computed at the tax rate of 27%.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 9. Other: detailed disclosure requirements continued

#### 9.2 Deferred tax continued

	2023 R'000	2022 R'000
<b>Deferred tax asset</b>		
At beginning of year	106 109	129 586
Statement of profit or loss:		
Current year credit/(charge)	(23 350)	(13 014)
Change in tax rate adjustment	-	(3 247)
Prior year credit/(charge)	(1 843)	(3 825)
Deferred tax charge in other comprehensive income	(7 256)	(3 391)
Balance transferred from deferred tax liabilities	(1 474)	-
At end of year	72 186	106 109
Comprising:		
Fixed assets	(41 758)	(20 422)
Retirement benefit obligations and other provisions	57 196	55 528
Provisions and leave accrual	45 236	41 566
Lease liabilities	17 841	17 579
Right-of-use asset	(16 025)	(14 936)
Share schemes	2 236	1 800
Assessed loss	20 897	13 057
Other	(13 437)	11 937
	72 186	106 109

For the year ended 31 December 2023, the Group had both assessed losses and deductible temporary differences for which a deferred tax asset was recognised as there was sufficient taxable temporary differences and sufficient taxable profits in future to absorb a portion of the tax asset.

During the 31 December 2023 period, based on an assessment of future cash flows and taxable profits, management is of the view that there are sufficient future taxable profits and taxable temporary differences to utilise a portion of the deferred tax asset and, as a result, the Group has recognised R72.1 million (2022: R106.1 million) deferred tax assets.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 9. Other: detailed disclosure requirements continued

#### 9.2 Deferred tax continued

The Group's unrecognised assessed loss as at 31 December 2023 is R42.4 million (2022: R38.5 million)

	2023 R'000	2022 R'000
<b>Deferred tax liability</b>		
At beginning of year	1 474	902
Statement of profit or loss:	-	-
Current year credit/(charge)	( 1 474)	572
Balance transferred from deferred tax liability	-	-
At end of year	-	1 474
Comprising:		
Provisions and leave pay accruals	-	-
Derivative instruments – not designated as hedging instruments	-	1 474
	-	1 474

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 9. Other: detailed disclosure requirements continued

#### 9.3 Taxation

##### 9.3.1 Income tax expense

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to taxable income. Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

Non-deductible expenses for the current and comparative year comprise of legal and professional expenses incurred in respect of capital projects.

	2023 R'000	2022 R'000
South African normal taxation:		
<b>Current</b>		
Current year charge	91 968	120 005
Prior year under/(over) provision	(8 179)	(201)
<b>Deferred</b>		
Current year (credit)/charge	23 296	13 202
Change in tax rate adjustment	-	3 246
Prior year (over)/under provision	1 743	3 825
	<b>108 828</b>	140 077
South African income tax is levied on the company and its subsidiaries		
<b>Tax rate reconciliation</b>		
Normal rate of taxation	% 27.0	28.0
Adjusted for:		
Allowances not included in the statement of profit and loss	% (0.3)	(0.2)
Prior year over provision	% (1.9)	0.8
Expenses not deductible for tax purposes	% 1.4	0.6
Change in tax rate adjustment	% -	0.7
Deferred tax asset not recognised	% 2.4	1.9
Effective rate of taxation	<b>28.6</b>	31.8



## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 9. Other: detailed disclosure requirements continued

#### 9.3 Taxation continued

##### 9.3.2 Income tax liability

	2023 R'000	2022 R'000
Balance at the beginning of the year	84 122	5 735
Current tax raised for the year	91 967	119 404
Tax (paid)/refunded	(167 713)	(41 017)
Prior year adjustment	(8 198)	-
Balance at end of the year	178	84 122

#### 9.4 Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Further details of such transactions and balances can be found in the Company financial statements. Details of transactions between the Group and the pension fund are disclosed below:

	2023 R'000	2022 R'000
Lease rental expense paid to joint venture	4 061	3 432
Utilities and services charge paid to joint venture	11 571	11 857
Loan to Isizinda	77 938	74 213
Interest income from Isizinda	8 892	7 072

Transactions with key management personnel, which comprises directors (executive and non-executive), prescribed officers and members of the executive committee, are detailed in note 8.3. There are no contracts with key management personnel except as detailed in note 8.3.

## Notes to the consolidated financial statements continued

for the year ended 31 December 2023

### 9. Other: detailed disclosure requirements continued

#### 9.5 Financial assets and financial liabilities

	Financial instruments at amortised cost R'000	Financial instruments at fair value through profit or loss R'000	Derivatives applied under hedge accounting R'000	Total R'000		Financial instruments at amortised cost R'000	Financial instruments at fair value through profit or loss R'000	Total R'000
<b>2023</b>					<b>2022</b>			
<b>Current assets</b>					<b>Current assets</b>			
Trade and other receivables	1 282 278	-	-	1 282 278	Trade and other receivables	1 409 270	-	1 409 270
Derivative financial assets	-	18 532	-	18 532	Derivative financial assets	-	3 107	3 107
Other short-term assets	31 515	-	-	31 515	Other short-term assets			
Cash and cash equivalents	189 855	-	-	189 855	Cash and cash equivalents	81 294	-	81 294
	1 503 648	18 532	-	1 522 180		1 490 564	3 107	1 493 671
<b>Non-current assets</b>					<b>Non-current assets</b>			
Investment in insurance arrangement	-	5 504	-	5 504	Investment in insurance arrangement		5 802	5 802
Other long-term assets	6 618	-	-	6 618	Other long-term assets	33 926	-	33 926
	6 618	5 504	-	12 122		33 926	5 802	39 728
<b>Current liabilities</b>					<b>Current liabilities</b>			
Trade and other payables	1 446 832	-	-	1 446 832	Trade and other payables	1 814 962	-	1 814 962
Borrowings	994 014	-	-	994 014	Borrowings	916 839	-	916 839
Lease liabilities	11 640	-	-	11 640	Lease liabilities	15 379	-	15 379
Derivative financial instruments	-	-	-	-	Derivative financial instruments		2 066	2 066
	2 452 486	-	-	2 452 486		2 747 180	2 066	2 749 246
<b>Non-current liabilities</b>					<b>Non-current liabilities</b>			
Lease liabilities	51 875	-	-	51 875	Lease liabilities	46 715	-	46 715
	51 875	-	-	51 875		46 715	-	46 715

The Group's exposure to various risks associated with the financial instruments is discussed in note 7. The associated inputs to the fair value calculation, where applicable, is provided in note 7. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above. All other non-financial assets and liabilities are disclosed in their respective notes

## Company statement of financial position

as at 31 December 2023

	Notes	2023 R'000	2022 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	4.1	2 607 640	2 606 155
Deferred tax asset	6.1	12 052	12 892
		<b>2 619 692</b>	2 619 047
<b>Current assets</b>			
Trade and other receivables	6.4	18	132
		<b>18</b>	132
<b>Total assets</b>		<b>2 619 710</b>	2 619 179
<b>EQUITY</b>			
Share capital	3.1	1 877 644	1 877 644
BEE reserve		42 011	38 087
Employee share-based payment reserve		30 051	31 871
Retained earnings		625 301	623 821
<b>Total equity</b>		<b>2 575 007</b>	2 571 423
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Post-retirement medical aid benefits	5.1	44 642	47 756
		<b>44 642</b>	47 756
<b>Current Liabilities</b>			
Trade and other payables	6.4	61	-
		<b>61</b>	-
<b>Total liabilities</b>		<b>44 703</b>	47 756
<b>Total equity and liabilities</b>		<b>2 619 710</b>	2 619 179

## Company statement of profit or loss and other comprehensive income

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
<b>Revenue from contracts with customers</b>		<b>14 029</b>	16 702
Interest expense		-	(753)
Administrative and other expenses	2.2	<b>(14 029)</b>	(16 703)
<b>Operating (loss) before taxation</b>		-	(754)
Taxation	6.2	<b>(214)</b>	(792)
<b>Net (loss) for the year attributable to equity holders of the company</b>		<b>(214)</b>	(1 546)
<b>Other comprehensive income for the year</b>			
Items that will not be reclassified to profit or loss		<b>1 694</b>	2 561
Remeasurements of post-retirement benefit obligation	5.1	<b>2 320</b>	3 557
Income tax effect		<b>(626)</b>	(996)
<b>Total comprehensive profit for the year attributable to equity holders of company</b>		<b>1 480</b>	1 015

## Company statement of changes in equity

for the year ended 31 December 2023

	Stated capital and consolidated shares	Employee share-based payment reserve	BEE reserve	Retained earnings	Total equity
	R'000	R'000	R'000	R'000	R'000
<b>Balance as at 31 December 2021</b>	1 877 644	37 054	34 163	622 806	2 571 667
Net loss for the year	-	-	-	(1 546)	(1 546)
Other total comprehensive income for the year after tax:	-	-	-	2 561	2 561
Value of employee services of subsidiaries-net of forfeiture	-	(5 183)	3 924		(1 259)
<b>Balance as at 31 December 2022</b>	<b>1 877 644</b>	<b>31 871</b>	<b>38 087</b>	<b>623 821</b>	<b>2 571 423</b>
Net loss for the year	-	-	-	(214)	(214)
Other total comprehensive income for the year after tax:	-	-	-	1 694	1 694
Value of employee services of subsidiaries-net of forfeiture	-	(1 820)	3 924	-	2 104
<b>Balance as at 31 December 2023</b>	<b>1 877 644</b>	<b>30 051</b>	<b>42 011</b>	<b>625 301</b>	<b>2 575 007</b>

## Company cash flow statement

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated/(utilised) before working capital changes</b>	A	<b>7 562</b>	(6 478)
Post retirement medical aid benefits paid		<b>(6 077)</b>	(6 234)
Net cash inflow/ (outflow) from operating activities		<b>1 485</b>	(12 712)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease/(Increase) in loan to subsidiaries	4.1	<b>2 439</b>	
(Increase)/decrease in investment in subsidiaries	4.1	<b>(3 924)</b>	12 712
Cash flows (outflow)/inflow before investing activities		<b>(1 485)</b>	12 712
<b>Net (decrease)/increase in cash and cash equivalents</b>		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-
<b>A: CASH GENERATED/(UTILISED) BEFORE WORKING CAPITAL CHANGES</b>			
<b>Operating loss before taxation</b>		-	(754)
Adjusted for:			
Post retirement medical aid actual expense	5.1	<b>5 283</b>	5 236
Value of employee services received under share schemes		<b>2 104</b>	(1 259)
Other non-cash items		-	-
<b>Cash generated before working capital changes</b>		<b>7 387</b>	3 223
<b>Changes in working capital</b>		<b>175</b>	(9 701)
Cash generated/(utilised) from operations		<b>7 562</b>	(6 478)
<b>B: CHANGES IN WORKING CAPITAL</b>			
Decrease/(Increase) in trade and other receivables		<b>114</b>	(132)
Increase/(Decrease) in trade and other payables		<b>61</b>	(9 569)
		<b>175</b>	(9 701)

Cash flow movements above represents expenditure settled on behalf of Hulamini Limited by subsidiary, Hulamini Operations (Pty) Ltd.

## Notes to the company financial statements

for the year ended 31 December 2023

### 1. General

#### 1.1 Basis of preparation

The company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC interpretations, SAICA Financial Reporting guides, the requirements of the Companies Act, no. 71 of 2008, as amended, and the Listing Requirements of the JSE Limited.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted per note 1.2 to the Group financial statements all of which had no material impact on the company's reported results or financial position.

The separate financial statements are prepared using the historical cost basis except as set out in the accounting policies which follow (see the accounting policy relating to share based payments).

The financial statements are prepared on the going-concern basis using accrual accounting (refer to note 1.8 of the Group financial statements for reference to the going-concern assessment).

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset, and the net amount reported only when a legally enforceable right to set off the amounts exists, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies resulting from the initial application of a standard or an interpretation are accounted for in accordance with the transitional provisions in the accounting standard. If no such guidance is given, they are applied retrospectively.

#### 1.2 Accounting for assets and liabilities

##### Recognition of assets and liabilities

Financial instruments are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets are recognised based on trade dates.

##### Derecognition of assets and liabilities

Financial assets or parts thereof are derecognised when the contractual rights to receive the cash flows have expired, been transferred and or control has passed.

All other assets are derecognised on disposal, or they no longer meet the definition of an "asset" as prescribed by the Framework. Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or has expired.

## Notes to the company financial statements continued

for the year ended 31 December 2023

### 1.3 Judgements made by management

The key judgements, assumptions and sources of estimation uncertainty at the statement of financial position date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

#### 1.3.1 Post-employment benefit obligations

Actuarial valuations of post-employment benefit obligations are based on assumptions which include employee turnover, mortality rates, discount rate, expected long-term rate of return on retirement plan assets, healthcare costs, family statistics, inflation rates and salary increments. Management experts are used to assist with valuations of post-employment benefit obligations. Refer note 5.1.

#### 1.3.2 Share-based payment transactions

The critical estimates and assumptions used in the IFRS 2 calculations are disclosed in note 8.1 of the Group financial statements. Management experts are used to determine the grant date fair value of options granted. Management assesses the likelihood of achieving non-market performance measures based on approved budgets and business plan.

#### 1.3.3 Provision for expected credit losses of intercompany loans

The company determines the maximum period over which expected impairment losses should be measured as the longest contractual period where an entity is exposed to credit risk. In the case of loans repayable on demand, the contractual period is the very short period needed to transfer cash once demanded.

In a scenario where the subsidiaries have sufficient highly available liquid assets to repay the loan, the credit losses are likely to be very close to zero. Judgement is required to determine whether a borrower has available facilities at reporting dates to determine the magnitude of the allowance which should be raised.

If the subsidiaries are unable to immediately repay the loan if demanded by Hulamın, Hulamın might expect that it would maximise recovery of the loan by allowing the subsidiary time to pay, instead of forcing the borrower to liquidate or sell some or all of its assets to repay the loan immediately.

The expected credit loss rates are based on the expectation of a default occurring in the 12 months and the net asset value of the company. The net asset value or the value in use is used to determine the amount to be raised as a credit loss on the loan.

There is a rebuttable presumption that a significant increase in credit risk (SICR) has occurred if an amount is 30 days past the demand date.

A default event is when the contractual payments are 90 days past due date and the company is unlikely to receive the outstanding balance in full before considering any credit enhancements held by the company. 90 days past due is considered to be an appropriate indicator of default based on the group's extensive past experience with overdue payments.

The intercompany loans are written off when there is no reasonable expectation of recovering the contractual cashflows and if it is past the due date of more than one year and the debtor is not subject to enforcement activity

If the subsidiary at reporting date does not have sufficient liquid assets available, Hulamın will need to determine what its recovery scenarios are to determine the exposure at default. Management has considered that they will not require a 'fire sale' of the assets but would allow the subsidiary time to settle the debt based on the free cash flows generated from the latest business plan for the entity.

Management will adopt a 'repay over time' strategy. Management will utilise future cash flow forecasts to determine the necessary time required to repay the loan and as such, the loss given default would be limited to the effect of discounting the amount due on the loan.



## Notes to the company financial statements continued

for the year ended 31 December 2023

### 2. Accounting policies continued

#### 1.4 Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Management has considered the relevant events during this period and concluded that there are no adjusting events as determined in accordance with IAS 10, 'Events after the reporting period' exist.

##### (a) Business combination

In February 2024, Hulamin Operations (Pty) Ltd acquired 58.7% of equity interest for a consideration of R18 million which was previously held by Bingelela Capital (Pty) Ltd. This was accounted for in 2023 as a joint venture (Note 6 to the Group financial statements). This resulted in Hulamin Operations holding a 100% shareholding in Isizinda. Isizinda (Pty) Ltd is based in Richards Bay, Kwa-Zulu Natal and is a property-owning company which derives its revenue from rental income.

The initial accounting for the business combination is incomplete as it is a recent acquisition. Further details on the business acquisition will be presented in the 2024 interim financial statements.

### 2. Performance

#### 2.1 Measures used to assess performance

##### 2.1.1 Revenue from contracts with customers

Revenue of the company comprises management fees and agency fees earned from related companies within the Group. Management and agency fees are earned from Hulamin Operations Proprietary Limited.

Management fees are earned on expenditure incurred such as consulting fees, directors' fees, etc. Revenue is measured at the transaction price.

Management and agency fees are recognised as the services are performed and this is a monthly charge.

##### 2.1.2 Interest income

Interest income comprises interest earned on loan to subsidiary. Interest income is accrued on a time basis using the effective interest rate method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

#### 2.2 Expenses by nature

	2023 R'000	2022 R'000
Post-employment medical aid costs	4 702	4 426
JSE listing costs	1 021	-
Directors travel costs	1 333	-
Other costs*	1 955	6 808
	9 011	11 234
<b>Directors emoluments</b>		
Non-executives' fees	5 018	5 469
	5 018	5 469
	14 029	16 703

\* Included in other for 2022 are JSE listing costs of R712k and Directors travel costs of R520k

## Notes to the company financial statements continued

for the year ended 31 December 2023

### 3. Debt/equity: Measures to assess Group leverage

#### 3.1 Share capital and share premium

Transactions relating to the acquisition and sale of shares in the company, together with their associated incremental direct costs, are accounted for in equity. Other transactions are accounted for directly in equity only if permitted by the standards.

##### Authorised

800 000 000 ordinary shares of no par value (2022: 800 000 000 ordinary shares of no par value)

31 477 333 A ordinary shares of no par value (2022: 31 477 333 ordinary shares of no par value)

36 072 000 B ordinary shares of no par value (2022: 36 072 000 ordinary shares of no par value)

The A ordinary shares consist of 26 755 733 A2 shares and 4 721 600 A3 shares.

The B ordinary shares consist of 9 018 000 B1 shares, 9 018 000 B2 shares and 18 036 000 B3 shares.

	2023 R'000	2022 R'000
<b>Ordinary shares</b>		
Opening and closing balance: 324 318 436 ordinary shares of no par value (2022: 324 318 436 ordinary shares of no par value)	1 817 627	1 817 627
<b>A ordinary shares</b>		
Opening and closing balance: 26 755 733 A2 shares and 4 721 600 A3 shares of no par value	59 656	59 656
<b>B ordinary shares</b>		
Opening and closing balance: 9 018 000 B1, 9 018 000 B2 and 18 036 000 B3 shares of no par value (2022: 9 018 000 B1, 9 018 000 B2 and 18 036 000 B3 shares of no par value)	361	361
	<b>1 877 644</b>	1 877 644

##### A and B ordinary shares

All A ordinary shares and B ordinary shares have voting rights which rank *pari passu* with ordinary shares.

A3 ordinary shares are entitled to dividends whilst all A2 and B ordinary shares have no entitlement to dividends.

##### Unissued

##### Under option to employees:

Details of the employee share incentive schemes including the share options outstanding at the end of the year, the range of exercise prices and the weighted average contractual lives related thereto, are set out in note 8.1 of the Group financial statements.

##### Under the control of the directors:

At 31 December 2023, 6 801 529 unissued ordinary shares (2022: 6 801 529) were under the control of the directors, for the purpose, *inter alia*, of existing employee share incentive schemes.

## Notes to the company financial statements continued

for the year ended 31 December 2023

### 3. Debt/equity: Measures to assess Group leverage continued

#### 3.1 Share capital and share premium continued

##### Issued shares movement schedule

	2023 Number of shares	2022 Number of shares
<b>Ordinary shares</b>		
Opening and Closing balance	324 318 436	324 318 436
<b>A ordinary shares</b>		
Opening and Closing balance	31 477 333	31 477 333
<b>B ordinary shares</b>		
Opening and Closing balance	36 072 000	36 072 000

### 4. Investments: Investments in subsidiaries and joint venture

#### 4.1 Investment in subsidiaries

Subsidiaries are all entities over which the Group has control, generally accompanying a shareholding of more than one half of the voting rights.

The company financial statements recognise interests in subsidiaries, which include loans granted to subsidiaries by the company, at cost, except in the case of certain limited Group reorganisations where net assets are disposed. In these instances, interests in subsidiaries will be based on the carrying amount of the net assets disposed.

The company applied the expected credit loss model in considering the loss allowance required at the respective year end. The maximum period over which expected loss allowances should be measured is the longest contractual period over which the company is exposed to credit risk. As the loan is repayable on demand, the exposure to credit risk is the period between an assumed demand at the financial year-end and the period it would take the subsidiary to settle the outstanding balance. The company is therefore not exposed to credit risk and no loss allowance has been provided for on the outstanding loan balance.

	2023 R'000	2022 R'000
Investment in shares in subsidiaries	1 651 624	1 647 700
Loan to subsidiary	956 016	958 453
	2 607 640	2 606 153

## Notes to the company financial statements continued

for the year ended 31 December 2023

### 4.1 Investment in subsidiaries continued

Included in the investment in shares in subsidiaries is an investment in cumulative redeemable preference shares issued by Hulamin Operations Proprietary Limited.

No impairment (2022: Nil) was recognised on the loan to subsidiary in the current year as the carrying amount of the investee's assets exceeded the carrying amount of the investment. The carrying value of the loan approximates fair value.

The effective interest rate on the loan to subsidiary for the year was 0% variable interest (2022: 0%). No repayment terms have been set, and consequently no portion of the loan is considered past due.

The loan to subsidiary is subordinated in favour of Nedbank as security for Group borrowings. The company holds the following direct and indirect investments:

	Country of incorporation	Percentage equity interest 2023	Percentage equity interest 2022	Principal activities
<b>Subsidiaries</b>				
Hulamin Rolled Products (Pty) Ltd*	South Africa	100	100	Dormant
Hulamin Containers (Pty) Ltd*	South Africa	100	100	Container fabricator
Hulamin Operations (Pty) Ltd	South Africa	100	100	Semi-fabrication and fabrication of rolled aluminium products
Hulamin Extrusions (Pty) Ltd*	South Africa	100	100	Semi-fabrication of extruded aluminium products
Hulamin North America LLC*	United States of America	-	-	Sales office
<b>Joint venture</b>				
Isizinda Aluminium (Pty) Ltd (note6(d) of Group financial statements)**	South Africa	38.7	38.7	Property rental company

\* Subsidiaries of Hulamin Operations (Pty) Ltd.

\*\* Isizinda is a joint venture entered into by Hulamin Operations (Pty) Ltd.

## Notes to the company financial statements continued

### for the year ended 31 December 2023

#### 4.1 Investment in subsidiaries continued

##### Structured entities

The following structured entities have been consolidated into the Hulamín Limited:

- a. Imbewu SPV 14 (Pty) Ltd (note 8.1(d)(i) of Group financial statements)

The following structured entities have been consolidated into the Hulamín Operations and to the ultimate Parent holding company (Hulamín Limited)

- b. The 2015 Hulamín Employee Share Ownership Trust (note 8.1(d)(ii) of Group financial statements)
- c. Hulamín North America LLC

Structured entities have no material individual assets or liabilities. All transactions with structured entities eliminate on consolidation. No financial guarantees are provided on behalf of structured entities.

## Notes to the company financial statements continued

for the year ended 31 December 2023

### 5. Benefits and remuneration: Our investment in employees

#### 5.1 Post-retirement medical aid benefits

The company has undertaken to contribute to the medical aid costs after retirement of employees engaged prior to 30 June 1996. The obligation is unfunded.

	2023 R'000	2022 R'000
Amounts recognised in the statement of financial position are as follows:		
Present value of unfunded obligations	44 642	47 756
Liability in the statement of financial position	44 642	47 756
The liability can be reconciled as follows:		
Balance at beginning of year	47 756	52 262
Total expense accrued	5 283	5 236
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	(1 265)	(2 312)
Actuarial (gains) arising from experience adjustments	(1 055)	(1 196)
Benefit payments	(6 077)	(6 234)
Balance at end of year	44 642	47 756
Amounts recognised in the statement of profit or loss are as follows:		
Interest costs	5 283	5 236
	5 283	5 236
Amounts recognised in other comprehensive income are as follows:		
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	(1 265)	(2 312)
Actuarial (gains) arising from experience adjustments	(1 055)	(1 196)

#### Principal risks

Through its post-retirement medical aid subsidy benefit, the Group is exposed to several risks, principally changes in:

##### Financial assumptions

- Discount rate, which is set having regard to the market yield on suitable government bonds, taking into account the estimated duration of the liability.
- Long-term price inflation rate, which is measured by the relationship between the yields of conventional and inflation-linked government bonds, taking into account the estimated duration of the liability.
- Medical inflation rate (company subsidy rate)

##### Demographic assumptions

- Post-retirement mortality
- Family statistics

## Notes to the company financial statements continued

for the year ended 31 December 2023

### 5. Benefits and remuneration: Our investment in employees

#### 5.1 Post-retirement medical aid benefits

The demographic assumptions used in the valuation of the liability are consistent with those of the prior year. Changes in the principal financial assumptions are detailed below.

##### Principal financial assumptions:

	2023 R'000	2022 R'000
Discount rate	12	12
Future company subsidy rate – in service	6	6
Future company subsidy rate – pensioners	8	8

##### Sensitivity of future medical inflation rate

	2023 R'000	2022 R'000
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs	307	342
1% increase in future medical inflation rate – effect on the obligation	2 496	2 874
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs	(279)	(310)
1% decrease in future medical inflation rate – effect on the obligation	(2 267)	(2 604)
The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity, the same method has been applied as when calculating the liability recognized within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year. The average duration of the benefit obligation at 31 December 2023 is 6 years (2022: 6.2 years )	6.0	6.2
Estimated benefits payable by the company in the next financial year	6 614	6 717

## Notes to the company financial statements continued

for the year ended 31 December 2023

### 6. Other: Other detailed disclosure requirements

#### 6.1 Deferred tax

Deferred tax is provided on temporary differences arising between tax bases of the assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

During the 31 December 2023 period, based on an assessment of future cash flows and taxable profits, management is of the view that there are sufficient future taxable profits and taxable temporary differences to utilise a portion of the deferred tax asset and, as a result, the Group has recognised R12.1 million (2022: 12.8 million) deferred tax assets.

The Group's unrecognised assessed loss as at 31 December 2023 is R1.9 million (2022: 1.5 million).

	2023 R'000	2022 R'000
<b>Deferred tax asset</b>		
At beginning of year	12 892	14 633
Deferred tax in the statement of profit or loss:		
Current year charge	(214)	(279)
Change in tax rate adjustment	-	(513)
Deferred tax charge in other comprehensive items	(626)	(949)
<b>At end of year</b>	<b>12 052</b>	12 892
Comprising:		
Post retirement medical aid provisions	12 052	12 892
	12 052	12 892
Deferred tax asset to be recovered after more than 12 months	12 052	12 892
Deferred tax asset to be recovered within 12 months	-	-
	12 052	12 892



## Notes to the company financial statements continued

for the year ended 31 December 2023

### 6. Other: Other detailed disclosure requirements continued

#### 6.2 Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to taxable income. Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

		2023 R'000	2022 R'000
South African normal taxation:			
<b>Deferred</b>			
Change in tax rate adjustment		-	523
Current year		214	269
		214	792
<b>Tax rate reconciliation</b>			
Normal rate of taxation	%	27	28
Adjusted for:			
Allowances not included in the statement of profit and loss	%	-	-
Deferred tax reduction in deferred tax asset not recognised	%	-	(36)
Change in tax rate adjustment	%	-	(69)
Expenses not deductible for tax purposes	%	-	(28)
Effective rate of taxation		27	(105)

#### 6.3 Related party transactions

The related parties to the company include all transactions between the company and its subsidiary Hulamin Operations (Pty) Ltd.

The nature of the related party transactions with Hulamin Operations (Pty) Ltd, in the ordinary course of business, are reflected below:

	2023 R'000	2022 R'000
Loan balance owing by subsidiary	956 016	958 455
Management fees received from subsidiary	14 029	16 702

## Notes to the company financial statements continued

for the year ended 31 December 2023

### 6. Other: Other detailed disclosure requirements continued

#### 6.4 Financial assets and financial liabilities

During the year the company, in the ordinary course of business had the following financial assets and liabilities. This primarily consists of sundry creditors in the form of accrued VAT payable and sundry debtors in the form of prepayments. Refer to disclosure below:

##### Financial and non-financial assets

	2023 R'000	2022 R'000
<b>Financial assets</b>		
Sundry receivables	18	132
	18	132
<b>Financial Liabilities</b>		
Sundry payables	61	-
	61	-

### 7. Financial risk management

The company's risk management is incorporated in the Group's risk management process and is predominantly controlled by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments. Further detail can be obtained in Note 7 of the consolidated annual financial statements.



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# Analysis of shareholders

## Share price

	Number of ordinary shareholders	Percentage of total	Number of shares	Percentage of issued shares
<b>Ordinary shareholders</b>				
1 – 1 000	7 214	74.44	987 296	0.30
1 001 – 10 000	1 551	16.00	6 168 192	1.90
10 001 – 100 000	760	7.84	25 334 376	7.81
100 001 – 1 000 000	126	1.30	37 687 036	11.26
Over 1 000 000 shares	40	0.41	254 141 536	78.36
	9 691	100.0	324 318 436	100.0
<b>Public/non-public shareholders</b>				
Non-public shareholders	4	0.04	110 433 828	34.05
Directors of the company	2	0.02	307 763	0.05
Extended family of Directors	0	n/a	–	n/a
Strategic holding (more than 10%)	1	0.01	94 587 954	29.17
Treasury Stock	1	0.02	15 822 345	4.82
Public shareholders	9 686	99.95	213 740 570	68.30
Total listed shareholders	9 691	100.00	324 318 436	100.00
<b>Beneficial shareholders holding more than 3% of share capital</b>				
Industrial Development Corporation			94 587 954	29.17
Biccard, JL			29 756 622	9.18
Ninety One			16 193 301	4.99
Hulamin Operations (Pty) Ltd			15 822 345	4.88
Camissa Asset Management			10 405 498	3.21
Total			166 765 720	51.43
<b>A and B ordinary shareholders (refer to note 3.4 in the annual financial statements)</b>				
<b>Hulamin ESOP</b>				
A2 ordinary (voting and beneficial)			26 755 733	39.61
A3 ordinary (voting and beneficial)			4 721 600	7.00
<b>BEE strategic partners</b>				
B1 ordinary (voting and beneficial)			9 018 000	13.35
B2 ordinary (voting and beneficial)			9 018 000	13.35
B3 ordinary (voting only)			18 036 000	26.70
Total non-listed A and B ordinary shareholders			67 549 333	100.00

Hulamin volume weighted average share price by month during 2023 (cents per share)



## Shareholders' diary

		Diary 2024	Diary 2023
Financial year-end		<b>31 December</b>	31 December
Annual general meeting		<b>25 May</b>	25 May
Financial reports	Interim results	<b>19 August</b>	August
	Annual results	<b>4 March</b>	March
	Annual financial statements	<b>March</b>	March

# Corporate information

## Hulamin Limited

(Incorporated in the Republic of South Africa)  
Registration number: 1940/013924/06  
Share code: HLM  
ISIN: ZAE000096210  
Founded: 1940  
Listed: 2007  
Sector: Industrial Metals and Mining

## Business address and registered office

Moses Mabhida Road  
Pietermaritzburg  
3200

## Postal address

PO Box 74  
Pietermaritzburg  
3200

## Contact details

Telephone: +27 33 395 6911  
Facsimile: +27 33 394 6335  
Website: [www.hulamin.co.za](http://www.hulamin.co.za)  
Email: [hulamin@hulamin.co.za](mailto:hulamin@hulamin.co.za)

## Securities exchange listing

South Africa (Primary)  
JSE Limited

## Transfer secretaries

Computershare Investor Services Proprietary Limited  
Private bag X9000  
Saxonwold  
2132  
South Africa

## Auditors

Ernst & Young Inc. 102 Rivonia Road, Sandton  
2146  
Private Bag X14, Sandton, 2146  
Practice number: 918288  
Telephone: +27 11 772 3000  
Facsimile: +27 11 772 4000 Website: <http://www.ey.com>

## Sponsor

Questco Corporate Advisory Proprietary Limited  
Ground Floor, Block C  
Investment Place  
10th Road  
Hyde Park  
2196  
Telephone: +27 11 011 9200  
Email: [sponsor@questco.co.za](mailto:sponsor@questco.co.za)  
Website: [www.questco.co.za](http://www.questco.co.za)

## Directorate

### Non-executive directors

CA Boles\*  
VN Khumalo  
RL Larson\*  
TP Leeuw, Chairman\*  
N Maharajh\*  
Dr B Mehlomakulu\*  
SP Ngwenya  
GHM Watson<sup>+</sup>  
GC Zondi (Alternate)

### Executive directors

M Gounder, Chief Executive Officer<sup>^</sup>  
P Nirghin, Interim Chief Financial Officer<sup>#</sup>

\* Independent non-executive directors.

+ Served as Interim CEO from 30 September 2022 to 30 November 2023 and will continue to serve as non-executive director from 1 December 2023.

<sup>^</sup> Appointed Chief Executive Officer on 1 December 2023.

<sup>#</sup> Appointed Interim Chief Financial Officer on 1 December 2023.

## Company Secretary

Luvivi (Pty) Limited\*  
Email: [secretarial@hulamin.co.za](mailto:secretarial@hulamin.co.za)  
\* Appointed as Company Secretary on 1 August 2023.

## Corporate information and investor relations

BA Mngadi  
Email: [Ayanda.Mngadi@hulamin.co.za](mailto:Ayanda.Mngadi@hulamin.co.za)