THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 apply throughout this Circular, including this cover page, unless otherwise stated or the context so requires.

Action required:

- This Circular is important and should be read with particular attention to the sections titled "*Important Information*", commencing on page 1 and "*Action required by Shareholders*", commencing on page 3.
- If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all or some of your Metair Shares, please forward this Circular to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

The Metair Board and Metair do not accept responsibility and will not be held liable for any act of, or omission by, any Broker, CSDP or any registered holder of Metair Shares including, without limitation, any failure on the part of the Broker, CSDP or any registered holder of Metair Shares to notify the holder of any beneficial interest in Metair Shares of the details set out in this Circular.

METAIR
INVESTMENTS LIMITED
automotive | industrial | retail

METAIR INVESTMENTS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1948/031013/06
JSE and A2X share code: MTA
ISIN: ZAE000090692
("**Metair**" or the "**Company**" or, together with its Subsidiaries, the "**Metair Group**")

CIRCULAR TO METAIR SHAREHOLDERS

Regarding:

- the Disposal by MIH, a wholly owned Subsidiary of Metair, of its entire shareholding in Metair Türkiye to the Purchaser, which disposal constitutes a Category 1 Transaction for Metair in terms of section 9 of the JSE Listings Requirements;

and incorporating:

- the Notice of General Meeting; and
- a Form of Proxy (*blue*) in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with "*own name*" registration only).

This Circular is available in English only. Copies of this Circular are available from the registered office of both Metair and One Capital Sponsor Services Proprietary Limited, whose addresses are set out in the "*Corporate Information and Advisors*" section of this Circular, during business hours from Monday, 30 September 2024 until Tuesday, 29 October 2024. This Circular is also available on the Company's website (https://www.metair.co.za/investors/circulars/).

Sponsor and Transaction Sponsor to Metair
ONE CAPITAL
Capitalising Expertise®

Sole Financial Advisor to Metair
RMB

South African Legal Advisor to Metair
WEBBER WENTZEL
in alliance with > Linklaters

Independent Auditor
EY Building a better working world

Legal Advisor to Metair
Linklaters

Date of issue: Monday, 30 September 2024

CORPORATE INFORMATION AND ADVISORS

Metair Investments Limited
Place of incorporation: South Africa
Date of incorporation: 13 August 1948

Company Secretary and Registered Office
Ms Sanet Vermaak
Oxford and Glenhove Building No. 2
Suite 7
114 Oxford Road
Houghton Estate
Johannesburg, 2198
South Africa

Sponsor and transaction sponsor
One Capital Sponsor Services Proprietary Limited
(Registration number: 2000/023249/07)
17 Fricker Road
Illovo, 2196
South Africa
(PO Box 784573, Sandton, 2146, South Africa)

South African legal advisors
Webber Wentzel
90 Rivonia Road
Sandton, 2196
South Africa
(PO Box 61771, Marshalltown, Johannesburg, 2107, South Africa)

Legal advisors
Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

Company nominee for Forms of Proxy processing
The Meeting Specialist Proprietary Limited
(Registration number: 2017/287419/07)
JSE Building
One Exchange Square
Gwen Lane
Sandown, 2196
South Africa
(PO Box 62043, Marshalltown, 2107, South Africa)

Metaır Akü Holding Anonim Şirketi
Place of incorporation: Istanbul, Türkiye
Date of incorporation: 15 November 2013

Registered Office of Metaır Akü Holding Anonim Şirketi
Tepeören Mahallesi
Eski Ankara Asfaltı Caddesi
No. 210
Tuzla/Istanbul

Sole Financial advisor
Rand Merchant Bank
(A division of FirstRand Bank Limited)
(A partner firm of Clairfield International)
(Registration number: 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Independent Auditor
Ernst & Young Incorporated
(Registration number: 2005/002308/21)
102 Rivonia Road
Sandton, 2146
South Africa
(Private Bag X14, Northlands, 2146, South Africa)

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
15 Biermann Avenue
Rosebank, 2195
South Africa
(Private Bag X9000, Saxonwold, 2132)

IMPORTANT INFORMATION

The definitions and interpretations commencing on page 5 apply to this section, unless otherwise stated or the context so requires.

FORWARD-LOOKING STATEMENTS

The statements contained in this Circular that are not historical facts are "*forward-looking*" statements. Without limitation, these forward-looking statements can be identified by the use of forward-looking terminology including the terms "*targets*", "*aims*", "*anticipates*", "*believes*", "*estimates*", "*expects*", "*intends*", "*may*", "*plans*", "*projects*", "*should*" or "*will*", or, in each case, their negative, other variations or comparable terminology of similar substance, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements include all statements in relation to matters that are not historical facts. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond Metair's control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements based on Metair's current intentions, beliefs and expectations about, among other things, Metair's results of operations, financial condition, prospects, growth, strategies and the industry in which Metair operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the actual results of Metair's operations, financial condition or liquidity, and the development of the markets and the industry in which they operate or are likely to operate and their respective operations may differ materially from those described in, suggested by, or implied in any forward-looking statements contained in this Circular. Many of these risks and uncertainties relate to factors that are beyond Metair's ability to control or estimate precisely, such as changes in taxation, future market conditions, commodity prices, currency fluctuations, the actions of governmental regulators and other risk factors. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this Circular are made as at the Last Practicable Date. Metair undertakes no duty to update any of the forward-looking statements, whether in light of new information, future events, changes in intention, belief or expectation or any other development arising after the Last Practicable Date, except to the extent required by applicable law and the JSE Listings Requirements.

No statement in this Circular is intended as a profit forecast or a profit estimate, and no statement in this Circular should be interpreted to mean that earnings per Metair Share for the current or future financial years would necessarily match or exceed historical published earnings per Metair Share. Prices and values of, and income from, Metair Shares may decrease or increase. It should be noted that past performance is no guide to future performance.

Any forward-looking statements contained in this Circular have not been reviewed or reported on by the Company's Independent Auditor.

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ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 5 apply to this section, unless otherwise stated or the context so requires.

Please take careful note of the following provisions regarding the actions required by Shareholders.

If you are in any doubt as to what action you should take, please consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately.

If you have disposed of all or some of your Metair Shares, please forward this Circular to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

Implementation of the Disposal requires, among other things, the Resolution to be adopted at the General Meeting by Shareholders. The Metair Board has recommended that Shareholders vote in favour of the Resolution set out in the Notice of General Meeting.

A. VOTING, ATTENDANCE AND REPRESENTATION AT THE GENERAL MEETING

The General Meeting will be held **at 14:00 on Tuesday, 29 October 2024** in order for Shareholders to consider and, if deemed appropriate, approve, with or without modification, the Resolution set out in the Notice of General Meeting.

Metair has determined that the General Meeting will be held at Metair's registered office, Suite 7, Ground Floor, Building No. 2, Oxford and Glenhove, 114 Oxford Road, Houghton Estate, Johannesburg, 2198, Republic of South Africa and through an electronic interactive platform hosted by TMS, as permitted in terms of clause 16.5 of Metair's MOI, the JSE Listings Requirements and section 63(2)(b) of the Companies Act. The electronic interactive platform employed will enable all persons participating in the General Meeting to communicate concurrently with each other and without an intermediary, and to participate reasonably effectively in the General Meeting.

TMS will facilitate remote attendance, participation and voting by Shareholders at the General Meeting and will also act as scrutineer for purposes of the General Meeting.

Although voting will be permitted by way of electronic communication, Shareholders are encouraged to make use of proxies for purposes of voting at the General Meeting.

1. **If you are a Dematerialised Shareholder without "*own name*" registration**

1.1 ***Voting at the General Meeting***

Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and will thereafter cast your vote in accordance with your instructions.

If you do not wish to, or are unable to, attend or appoint a proxy to represent you at the General Meeting, and you have not been contacted by your Broker or CSDP, it is advisable that you contact your Broker or CSDP and furnish them with your voting instructions.

If your Broker or CSDP does not obtain voting instructions from you, they will be obliged to vote in accordance with the provisions of the custody agreement concluded between you and your Broker or CSDP.

You must **NOT** complete the Form of Proxy (*blue*), but rather advise your Broker or CSDP as indicated in paragraph 1.2 below.

1.2 ***Attendance and representation at the General Meeting***

In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to:

- attend, participate in and vote at the General Meeting; and/or
- appoint a proxy (including the chairperson of the General Meeting) to represent you at the General Meeting.

Your Broker or CSDP will procure that the necessary letter of representation is issued for you to attend, participate and vote or appoint a proxy to represent you at the General Meeting.

You will not be permitted to attend, participate in or vote at the General Meeting nor appoint a proxy to represent you at the General Meeting without the necessary letter of representation being issued to you.

2. **If you are a Certificated Shareholder or if you are a Dematerialised Shareholder with "*own name*" registration**

2.1 ***Voting, attendance and representation at the General Meeting***

You may attend, participate in and vote at the General Meeting.

Alternatively, you may appoint a proxy (including the chairperson of the General Meeting) to represent you at the General Meeting by completing the Form of Proxy (*blue*) in accordance with the instructions contained therein and delivering it to TMS, as follows:

- **by post**: PO Box 62043, Marshalltown, 2107, South Africa; or
- **by email**: proxy@tmsmeetings.co.za;

so as to be received, for administrative reasons, **by no later than 14:00 on Friday, 25 October 2024.**

Should the Form of Proxy (*blue*) not be delivered to TMS by this date and time, you will be entitled to deliver your Form of Proxy (*blue*) to the chairperson of the General Meeting before the start of the General Meeting by delivering the relevant Form of Proxy (*blue*) to Metair's company secretary (**by email**: sanet@metair.co.za or **by hand**: Metair Investments Limited, Oxford and Glenhove Building No. 2, Suite 7, 114 Oxford Road, Houghton Estate, Johannesburg, 2198, South Africa).

If you hold Certificated Shares and wish to Dematerialise such Shares, please contact the Transfer Secretaries or your Broker or CSDP.

3. **Electronic participation in the General Meeting by Shareholders**

The General Meeting will also be accessible through electronic communication.

TMS will assist Shareholders with the requirements for electronic attendance, participation in and/or voting at the General Meeting. Subject to the remainder of this "*Voting, attendance and representation at the General Meeting*" section, if you are a Shareholder and wish to electronically attend, participate in and vote at the General Meeting, you are required to contact TMS at proxy@tmsmeetings.co.za or on +27 84 433 4836; +27 81 711 4255; or +27 61 440 0654 as soon as possible, so as to be received, for administrative reasons, **by no later than 14:00 on Friday, 25 October 2024**.

Shareholders participating in the General Meeting in this manner may still appoint a proxy to vote on their behalf at the General Meeting.

The costs of participation in the General Meeting by electronic communication will be for the expense of Shareholders or their proxies and they will be billed separately by their service providers. Neither Metair nor TMS will be held liable for any loss, injury, damage, penalty or claim arising from the use of the electronic communication services or any defect in respect thereof or from a total or partial failure of the electronic communication services for any reason whatsoever, including loss of network connectivity or other network failure due to, *inter alia*, insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent a Shareholder or its proxy from attending, participating in and/or voting at the General Meeting.

Logistical arrangements regarding the virtual/electronic General Meeting are detailed in the "*Virtual meeting guide for Shareholders: How to access the virtual General Meeting*" section of the Circular.

B. GENERAL

Dematerialisation or rematerialisation of and trading in Metair Shares

If you wish to Dematerialise your Metair Shares, please contact the Transfer Secretaries or your Broker or CSDP.

No Dematerialisation or rematerialisation of Metair Shares by Shareholders may take place from the Business Day following the General Meeting LDT up to and including the General Meeting Record Date.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or the context so requires, the words and expressions in the first column have the meanings stated opposite them in the second column:

"**A2X**"	A2X Proprietary Limited (registration number 2014/147138/07), a private company incorporated in South Africa and licensed to operate an exchange under the Financial Markets Act, or the securities exchange operated by A2X Proprietary Limited, as the context may require;
"**A2X Requirements**"	the Listing Requirements of A2X, as amended from time to time;
"**Actual Net Debt**"	the Net Debt as at the Closing Date;
"**Actual Working Capital**"	the consolidated Working Capital Amount of the Mutlu Group;
"**Actual Working Capital Adjustment**"	the difference between the Actual Working Capital and the Target Working Capital Amount;
"**Agreement**" or "**SPA**"	the written agreement headed "*Sale Purchase Agreement*" entered into between MIH, Metair and the Purchaser on Monday, 16 September 2024, which agreement, *inter alia*, sets out the terms of the Disposal;
"**ANS**"	the A2X news service;
"**Authorities**"	any country, national body, state, province, municipality, or subdivision of any of the foregoing, including any official or employee thereof in his capacity as such, any governmental department, or any agency, court, tribunal, entity, commission, board, ministry, bureau, locality or authority of any of the foregoing, including any official or employee thereof in his capacity as such, or any quasi-governmental or private body exercising any regulatory, taxing, importing, exporting or other governmental or quasi-governmental function, including, for the avoidance of doubt, the JSE, the A2X and the Turkish Competition Board, including any official or employee thereof in his capacity as such;
"**Broker**"	any person registered as a "*broking member (equities)*" in terms of the equities rules of the JSE and in accordance with the provisions of the Financial Markets Act;
"**Business Day**"	a day which is not a Saturday, a Sunday or a public holiday in South Africa, Türkiye and the United States of America;
"**Cash**"	the aggregate amount of all cash and cash equivalents under IFRS Accounting Standards of the Mutlu Group as at the Closing Date, comprising: (i) cash in hand, cash at bank, and investments readily realisable into cash; and (ii) bonds, notes, certificates of deposit and commercial paper convertible into cash, but excluding point of sale receivables;
"**Category 1 Transaction**"	a transaction which is categorised as category 1 in terms of paragraph 9.5(b) of the JSE Listings Requirements;
"**Certificated Shareholders**"	holders of Certificated Shares;
"**Certificated Shares**"	Shares that have not been Dematerialised and are represented by share certificates or other Documents of Title;
"**Circular**"	this circular to Shareholders, dated Monday, 30 September 2024 issued by Metair in respect of the Disposal, including all annexures hereto and incorporating the Notice of General Meeting and Form of Proxy (*blue*);

"**Closing**"	the implementation of the Disposal pursuant to paragraph 5;
"**Closing Date**"	the last Business Day of the month in which all the Conditions have been fulfilled or waived, subject to paragraph 5.3;
"**Companies Act**"	the Companies Act, No. 71 of 2008;
"**Conditions**"	the conditions precedent to the implementation of the Disposal, as set out in paragraph 5.2;
"**CSDP**"	a "*participant*", as defined in section 1 of the Financial Markets Act, being a person authorised by a licensed central securities depository to perform custody and administration services or settlement services or both in terms of the central depository rules;
"**Dematerialise**" or "**Dematerialisation**" or "**Dematerialised**"	the process by which securities which are evidenced by a certificate or other tangible Documents of Title are converted to securities that are held in collective custody by a CSDP or its nominee in a separate central securities account and are transferable by entry without a certificate or written instrument;
"**Dematerialised Shareholders**"	holders of Dematerialised Shares;
"**Dematerialised Shares**"	Shares that have been Dematerialised;
"**Disposal**"	the disposal by MIH, a wholly-owned subsidiary of Metair, of its entire shareholding in Metair Türkiye to the Purchaser on the terms set out in paragraph 5;
"**Disposal Consideration**"	the total consideration due to MIH in terms of the Disposal, being an amount of US$110 million (approximately R1.95 billion, based on the US$:R exchange rate of R17.76:$1 as at the Signature Date), payable in cash, as adjusted by the Net Debt and Working Capital Amount on the Closing Date, as further detailed in paragraph 5.1;
"**Documents of Title**"	tangible documents of title evidencing ownership of Shares including share certificates;
"**Estimated Net Debt**"	the estimate of the amount of Actual Net Debt, determined no later than 10 Business Days prior to the Closing Date;
"**Estimated Working Capital Adjustment**"	the difference between the Estimated Working Capital Amount and the Target Working Capital Amount;
"**Estimated Working Capital Amount**"	the estimate of the amount of Actual Working Capital, determined no later than 10 Business Days prior to the Closing Date;
"**Financial Markets Act**"	the Financial Markets Act, No. 19 of 2012;
"**Form of Proxy**"	the form of proxy (*blue*) incorporated into this Circular for use by Certificated Shareholders and Dematerialised Shareholders with "*own name*" registration only, for purposes of appointing a proxy to represent such Shareholder at the General Meeting;
"**General Meeting**"	the general meeting of Metair Shareholders to be held at Metair's registered office, Suite 7, Ground Floor, Building No. 2, Oxford and Glenhove, 114 Oxford Road, Houghton Estate, Johannesburg, 2198, Republic of South Africa and through an electronic interactive platform (as more fully set out in section A of "*Action Required by Shareholders*" titled "*Voting, attendance and representation at the General Meeting*" commencing on page 3), **at 14:00**, on **Tuesday, 29 October 2024** (or any postponement or adjournment thereof), to consider and, if deemed appropriate, approve, with or without modification, the Resolution set out in the Notice of General Meeting;
"**General Meeting LDT**"	the last day to trade in Metair Shares in order to be recorded in the Metair Register on the General Meeting Record Date;

"**General Meeting Record Date**"	the date on which a Metair Shareholder must be recorded in the Metair Register in order to be eligible to participate in the General Meeting;
"**Hesto**"	Hesto Harnesses Proprietary Limited (registration number 1989/005854/07), a company incorporated in accordance with the laws of South Africa and a Subsidiary of Metair (refer to annexure 1 for an illustration of the Metair Group structure);
"**IFRS Accounting Standards**"	the International Financial Reporting Standards issued by the International Accounting Standards Board;
"**Indebtedness**"	the aggregate of debt or debt like items under IFRS Accounting Standards of the Mutlu Group (without double counting) as at the Closing Date, consisting of: (i) short-term and long-term bank loans and bank overdrafts or monies raised from financial institutions; (ii) bonds, notes, loan stock, debentures or similar debt instruments; (iii) factoring payables or documentary credit facility; (iv) financial lease payables, excluding any lease liabilities related with IFRS Accounting Standard 16; (v) due but unpaid corporate tax less prepaid corporate taxes; (vi) provision for severance pay liability; (vii) long-term seniority incentive plan liabilities; (viii) outstanding capital expenditure related payables; (ix) capital expenditure for lodging building at the Gediz facility of the Mutlu Group in the amount of US$1 million; (x) any on and off balance sheets provision for liability in relation to legal proceedings; (xi) unpaid transaction related costs; (xii) breakage fees or other penalties/costs in connection with the repayment of the outstanding credit debt of the Mutlu Group (including bank loans, financial leasing and factoring agreements of the Mutlu Group); (xiii) any overdue or deferred payables arising from VAT or social security obligations; (xiv) any interest rate or currency swap agreements or any other hedging or derivate agreement; and (xv) any accrued and unpaid interests for any of the items referred to between (i) and (xiv) (both inclusive) above;
"**Independent Auditor**" or "**EY**"	Ernst & Young Incorporated (registration number 2005/002308/21), a personal liability company incorporated in accordance with the laws of South Africa;
"**JSE**"	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed to operate an exchange under the Financial Markets Act, or the securities exchange operated by the JSE Limited, as the context may require;
"**JSE Listings Requirements**"	the JSE Limited Listings Requirements, being the listings requirements issued by the JSE under the Financial Markets Act to be observed by issuers whose securities are listed on the JSE;
"**Last Practicable Date**"	Friday, 13 September 2024, being the last practicable date prior to the finalisation of this Circular;
"**Long Stop Date**"	Sunday, 16 March 2025, unless extended by the Seller and the Purchaser by agreement in writing;

"**Metair**", "**Company**" or the "**Seller**"	Metair Investments Limited (registration number 1948/031013/06), a public company incorporated in accordance with the laws of South Africa and whose shares are listed on the main board of the JSE and A2X;
"**Metair Board**" or "**Metair Directors**"	the directors of Metair, the names of whom, as at the Last Practicable Date, are set out on page 13, or any one or each of them, as the context may require;
"**Metair Group**"	Metair and its Subsidiaries from time to time, or any one or each of them, as the context may require;
"**Metair Register**"	the Metair securities register established and maintained in accordance with sections 50(1) and (3) of the Companies Act, which includes the sub-registers administered and maintained by the relevant CSDPs and, to the extent applicable, the Metair register of disclosures established and maintained in accordance with section 56(7) of the Companies Act;
"**Metair Share**" or "**Share**"	an ordinary share of no par value in the authorised share capital of Metair;
"**Metair Shareholder**" or "**Shareholder**"	a holder of Metair Shares;
"**Metair Türkiye**"	Metaır Akü Holding Anonim Şirketi (İstanbul Trade Registry number 890387-0), a company incorporated in accordance with the laws of Türkiye, a wholly owned Subsidiary of MIH and the holding company of Metair's Turkish operations;
"**MIH**"	Metair International Holdings Coöperatief U.A. (registration number 851185794), a company incorporated in accordance with the laws of the Netherlands and a wholly owned Subsidiary of Metair;
"**Mutlu Group**"	Metair's Turkish operations, as defined in paragraph 4.4.1;
"**MOI**"	a memorandum of incorporation as envisaged in the Companies Act;
"**Net Debt**"	the consolidated net debt of the Mutlu Group as at the Closing Date, being Indebtedness minus Cash;
"**Notice of General Meeting**"	the notice convening the General Meeting, incorporated into this Circular;
"**Ordinary Resolution**" or "**Resolution**"	the resolution to be proposed at the General Meeting, as contained in the Notice of General Meeting, to be adopted by the Shareholders with the support of more than 50% of the voting rights exercised on the Resolution;
"**Preference Shares**"	the 1 400 cumulative, non-participating, redeemable no par value preference shares in the share capital of Metair having the rights, obligations and privileges set out in the Preference Share Terms;
"**Preference Share Terms**"	the preferences, rights, limitations and other terms associated with the Preference Shares;
"**Purchaser**"	Quexco or a nominated affiliate of Quexco, wholly-owned and controlled, directly or indirectly, by the beneficial owner of Quexco;
"**Quexco**"	Quexco Incorporated (registration number 2029117), a private holding company incorporated in accordance with the laws of the United States of America (refer to paragraph 4.5.1 for details regarding the beneficial ownership of Quexco);
"**R**" or "**Rand**"	South African Rand and cents, the official lawful currency of South Africa;
"**Reference Date**"	the last day of the month immediately preceding the month in which Closing is scheduled to occur;

"**SAICA**"	the South African Institute of Chartered Accountants;
"**SENS**"	the Stock Exchange News Service operated by the JSE;
"**South Africa**"	the Republic of South Africa;
"**Strate**"	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa and registered as a central securities depository under the Financial Markets Act and responsible for the electronic clearing and settlement of trades on the JSE;
"**Subsidiary**"	a "*subsidiary*" as defined in section 3 of the Companies Act provided that the term "*subsidiary*" shall, for purposes of this Circular, not be limited to "*companies*", but shall include any "*juristic person*" (as each of those terms are defined in the Companies Act), and shall include a person incorporated outside South Africa which would, if incorporated in South Africa, be a "*subsidiary*" as defined in the Companies Act;
"**Target Working Capital Amount**"	the US$ amount equal to 33.4% of the consolidated revenues of the Mutlu Group for the 12-month period ending on the Reference Date as derived from the relevant consolidated monthly income statements of the Mutlu Group for the relevant period;
"**TMS**" or "**The Meeting Specialist**"	the Meeting Specialist Proprietary Limited (registration number 2017/287419/07), a private company incorporated in accordance with the laws of South Africa;
"**Turkish Competition Board**"	the board of the Turkish Competition Authority, established pursuant to the law on the Protection of Competition, No. 4054, published in the Official Gazette of Türkiye numbered 22140 and dated 13 December 1994;
"**Turkish Lira**"	the official lawful currency of Türkiye;
"**Türkiye**"	the Republic of Türkiye;
"**Transaction Announcement**"	the announcement published by Metair on SENS and ANS on Tuesday, 17 September 2024, setting out, *inter alia*, the salient terms of the Disposal;
"**Transfer Secretaries**" or "**Computershare**"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa;
"**Treasury Shares**"	the Metair Shares held by Subsidiaries of Metair, which amount to 5 216 028 Metair Shares based on Metair's Condensed Unaudited Consolidated Interim Results for the 6 months ended 30 June 2024, published on SENS on Thursday, 26 September 2024;
"**US$**"	United States Dollars, the official currency of the United States of America;
"**VAT**"	value-added tax levied in terms of the Value Added Tax Act, No. 89 of 1991; and

"**Working Capital Amount**" the amount of the working capital of the Mutlu Group (without double counting) as at the Closing Date, equal to:

A. the sum of:

(i) trade receivables (net of any doubtful receivables);

(ii) credit card and cheques/notes receivables (net of any doubtful cheques/notes receivables) including point of sale receivables;

(iii) deposits and guarantees given by the Mutlu Group (both current and non-current portion);

(iv) inventories (net of any inventory provisions including obsolete, net realisable value or damaged/lost inventory);

(v) advances given and prepayments made by the Mutlu Group excluding capital expenditure related expenses;

(vi) receivables from personnel (excluding non-operational receivables and receivables from shareholders);

(vii) other current receivables (excluding non-operational receivables or receivables from shareholders);

(viii) prepared expenses (both current and non-current portion); and

(ix) VAT receivables;

B. minus:

(i) trade payables excluding factoring payables, capital expenditure payables, payables to shareholders and non-operational payables;

(ii) cheques/notes payables;

(iii) advances received by the Mutlu Group;

(iv) unpaid payables to personnel;

(v) operational tax payables including VAT, customs, withholding but excluding overdue or deferred payables arising from VAT or social security obligations;

(vi) social security payables;

(vii) operational expense accruals including utility, personnel wages, vacation pay, commission accruals;

(viii) deferred revenue and revenue received in advance; and

(ix) other operational current liabilities.

The following shall apply throughout this Circular, unless the context clearly provides otherwise:

1. headings are to be ignored when construing this Circular;
2. words in the singular shall include the plural and *vice versa*, words denoting one gender include the others and expressions denoting natural persons include juristic persons or other entities whether or not having separate legal personality and *vice versa;*
3. any reference to a time of day is a reference to South African Standard Time, unless a contrary indication appears;
4. a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified, replaced or re-enacted;
5. a reference to any agreement or document (including an announcement) referred to in this Circular is a reference to that agreement or document as amended, revised, restated, varied, novated or supplemented from time to time;
6. unless otherwise specified, any reference to a paragraph, page or annexure is a reference to a paragraph, page or annexure of this Circular;
7. should any provision in a definition be a substantive provision conferring rights or imposing obligations on any person, effect shall be given to that provision as if it were a substantive provision in the body of this Circular;
8. unless otherwise specified, where any number of days is prescribed, those days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which event the last day shall be the succeeding Business Day;
9. the use of the word including, include/s, in particular or any similar such word following by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example/s;
10. references to laws or statute or any similar such word shall be deemed to include the JSE Listings Requirements; and
11. no rule of construction shall be applied to the disadvantage of Metair because it was responsible for, or participated in, the preparation of this Circular.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 5 apply to this section, unless otherwise stated or the context so requires.

Event[1,2]	**2024**
Record date to determine which Shareholders are entitled to receive this Circular, on	Friday, 20 September
Publication of this Circular to Shareholders, on	Monday, 30 September
Notice of publication of this Circular published on SENS and ANS, on	Monday, 30 September
Notice of publication of this Circular published in the South African press, on	Tuesday, 1 October
General Meeting LDT, being the last day to trade in Metair Shares in order to be recorded in the Metair Register and thereby be eligible to attend, participate in and vote at the General Meeting, on[3,4]	Tuesday, 15 October
General Meeting Record Date, being the date on which a Shareholder must be recorded in the Metair Register to be eligible to attend, participate in and vote at the General Meeting, on	Friday, 18 October
Forms of Proxy (*blue*) to be received by TMS by 14:00, on[5,6,7]	Friday, 25 October
General Meeting to be held at 14:00, on	Tuesday, 29 October
Results of the General Meeting published on SENS and ANS, on or about	Wednesday, 30 October
Results of the General Meeting published in the South African press, on or about	Thursday, 31 October

Notes:

1. **The dates and times set out in the above timetable (and in this Circular) are subject to change by Metair, with the approval of the JSE, if required. Any such change will be published on SENS, ANS and in the South African press**.
2. All times given in this Circular are in South African Standard Time, unless otherwise stated.
3. Shareholders should note that, since trades in Metair Shares are settled by way of the electronic settlement system used by Strate, settlement will take place 3 Business Days after the date of a trade. Therefore, persons who acquire Metair Shares after the General Meeting LDT, being, Tuesday, 15 October 2024, will not be entitled to attend, participate in or vote at the General Meeting.
4. No Dematerialisation or rematerialisation of Metair Shares by Shareholders may take place on or after the Business Day following the General Meeting LDT until the General Meeting Record Date.
5. Dematerialised Shareholders, other than those with "*own name*" registration, must provide their CSDP with their instructions for voting at the General Meeting by the cut-off date and time stipulated by their CSDP in terms of their respective custody agreements.
6. Any Form of Proxy (*blue*) not delivered to TMS, so as to be received by **14:00 on Friday, 25 October 2024,** may be delivered to the chairperson of the General Meeting before the start of the General Meeting and before such Shareholder's voting rights are exercised at the General Meeting.
7. If the General Meeting is adjourned or postponed, the Forms of Proxy (*blue*) submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

METAIR INVESTMENTS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1948/031013/06
JSE and A2X share code: MTA
ISIN: ZAE000090692
("**Metair**" or the "**Company**" or, together with its Subsidiaries, the "**Metair Group**")

Metair Directors

Thandeka Nozipho Mgoduso (Chairperson)*†
Billy Mawasha (Lead Independent Director)*†
Manfred Hermann Muell*†
Alupheli Kwanele Sithebe*†
Noluvuyo Lulama Mkhondo*†
Pieter Giliam*†
Nondumiso Medupe*†
Samuel Sithole*#
Paul Sean O'Flaherty (Chief Executive Officer)
Anesh Jogia (Chief Financial Officer)

** Independent director*
† Non-executive director
 # Alternate director to Noluvuyo Lulama Mkhondo

CIRCULAR TO METAIR SHAREHOLDERS

1. **INTRODUCTION**

   1.1. In the Transaction Announcement, Shareholders were advised that MIH had entered into the Agreement with Quexco in respect of the Disposal by MIH of its entire shareholding in Metair Türkiye to the Purchaser for the Disposal Consideration.

   1.2. The Disposal constitutes a Category 1 Transaction in terms of section 9 of the JSE Listings Requirements.

   1.3. The Disposal is subject to the fulfilment or waiver of the Conditions, as more fully set out in paragraph 5.2, including the approval by Shareholders of an Ordinary Resolution as envisaged in paragraph 9.20 of the JSE Listings Requirements.

   1.4. To obtain a full understanding of the terms and conditions of the Disposal, this Circular should be read in its entirety.

2. **PURPOSE OF THIS CIRCULAR**

   The purpose of this Circular is to provide Shareholders with: (i) information regarding the Disposal, particularly the terms and conditions of the Disposal and other ancillary matters; and (ii) convene the General Meeting to consider and, if deemed appropriate, approve (with or without modification) the Resolution.

3. **BACKGROUND AND RATIONALE FOR THE DISPOSAL**

   3.1 The Mutlu Group has been an important part of Metair since its acquisition in 2013, enabling an element of geographic and sector diversification within the Metair Group. After careful consideration, Metair commenced a process of reviewing and restructuring the Mutlu Group in 2022. This led to Metair making the decision to dispose of the Mutlu Group. The Disposal rationale is as follows:

3.1.1 **Metair Group operational risk profile enhanced:** The Mutlu Group operates under challenging macroeconomic conditions that, together with the current hyperinflationary environment in Türkiye, has introduced significant complexity and risk to the Metair Group. In 2023, the Mutlu Group faced a number of additional challenges, including a shortage of contract workers and the loss of material export volumes, resulting in a drop in profitability, along with higher debt levels and increased working capital. The decision to dispose of the Mutlu Group derisks the Metair Group, by removing its exposure to the Mutlu Group's challenging operational conditions and hyperinflationary environment, and ultimately enhances the Metair Group's operational risk profile.

3.1.2 **Metair Group balance sheet materially strengthened:** Metair's South African Subsidiaries are highly leveraged, placing pressure on the Metair Group. The proceeds from the Disposal will enable Metair to deleverage its balance sheet by addressing 3 of its key near-term liquidity requirements:

3.1.2.1 re-capitalising Hesto through an optimised capital structure;

3.1.2.2 contributing to the settlement of current debt and enabling the refinancing of the Metair Group debt; and

3.1.2.3 selling the Mutlu Group with its operational debt,

resulting in the Metair Group's balance sheet being materially strengthened as a result of the Disposal, as well as a material interest expense reduction due to the reduced debt.

3.1.3 **Significant value unlock for the Shareholders:** The Disposal provides an opportunity for Metair to realise material value from its investment in the Mutlu Group in the immediate term and for Shareholders to unlock value through a potential rerating of the Metair Share price as a result of the improved Metair Group's operational and financial risk profile and the remaining Metair Group (i.e. excluding the Mutlu Group) being observed independently by the market.

3.1.4 **A refined strategy focused on the Sub-Saharan African sector:** After conclusion of the Disposal, Metair will primarily be an automotive component manufacturing business focused on South Africa, with a strategic focus of being a key player in the Sub-Saharan African mobility sector, which has compelling macroeconomic tailwinds in the medium to long term. The Disposal and subsequent deleveraging will free-up capacity to focus on growth in the sector to drive value for Shareholders.

4. INFORMATION REGARDING METAIR, METAIR TÜRKIYE AND QUEXCO

4.1 Metair

4.1.1 Metair was incorporated and listed on the JSE in August 1948 and listed on A2X as a secondary listing in June 2023.

4.1.2 Metair became a supplier of automotive components to a single original equipment manufacturer ("**OEM**") in South Africa in 1964, being Toyota South Africa. Today the Metair Group manages and controls an international portfolio of 15 companies based in Türkiye, South Africa, Romania, the United Kingdom and Kenya.

4.1.3 The Metair Group operates through two business verticals, being the Automotive Components vertical and the Energy Storage vertical, which manufacture, distribute and retail products for energy storage and automotive components and which serve the global automative industry.

4.1.4 Energy Storage vertical:

4.1.4.1 The Energy Storage vertical manufactures batteries for use in mobility applications and in the telecoms, utility, mining, retail and materials/products handling sections.

4.1.4.2 Automative batteries are supplied to major automative OEMs for installation in new vehicles in South Africa (First National Battery), Europe (Dynamic Battery), Romania (Rombat), Kenya (ABM) and Türkiye (the Mutlu Group).

4.1.4.3 Batteries are sold into the automotive aftermarket through the Company's unique aftermarket channels and franchised retail networks.

4.1.5 Automotive Components vertical:

The Automotive Components vertical produces original equipment (OE) components used in the assembly of new vehicles, as well as spare parts and other products used in the South African automotive aftermarket.

4.2 Products include brake pads, shock absorbers, lights, radiators and air-conditioners as well as generic aftermarket products for use in imported vehicles. Primary customers are the OEMs manufacturing new vehicles in South Africa as well as the local automotive aftermarket.

4.3 An organogram of the Metair Group structure as at (i) the Last Practicable Date; and (ii) following implementation of the Disposal, is set out in annexure 1.

4.4 **Metair Türkiye**

4.4.1 Metair Türkiye forms part of Metair's Energy Storage vertical and operates as the holding company of Metair's Turkish operations, which also consist of Mutlu Holding Anonim Şirketi, Mutlu Akü ve Malzemeleri Sanayii Anonim Şirketi, Mutlu Plastik ve Ambalaj Sanayii Anonim Şirketi and Metair Gayrimenkul Proje Kiralama Anonim Şirketi (collectively herein referred to as the "**Mutlu Group**").

4.4.2 The Mutlu Group manufactures and trades energy storage products and solutions, including lead-acid batteries and lithium-ion batteries for use in mobility applications as well as in the telecoms, utility, mining, retail and materials/products handling sectors.

4.4.3 Automotive batteries manufactured by the Mutlu Group are supplied to major automotive original equipment manufacturers for installations in new vehicles in Türkiye. Batteries are also sold into the automotive aftermarket through the Energy Storage vertical's aftermarket distribution channels and franchised retail networks.

4.4.4 More information pertaining to the Mutlu Group is available on Metair's website at https://www.metair.co.za/, including Metair's: (i) annual financial statements and (ii) annual integrated report ("**Integrated Report**"), for the year ended 31 December 2023 (which are available at https://www.metair.co.za/wp-content/uploads/2024/03/Metair-IAR_2023.pdf).

4.5 **Quexco**

4.5.1 Quexco was founded in 1984 (with its predecessor entity dating back to 1974). It operates as a diversified, private holding company with interests in the lubricants industry and a rich history, having in the past operated in the battery industry expanding over 50 years. The company was founded and is wholly owned and controlled by its current Chairman, Mr Howard Meyers.

4.5.2 Quexco historically held selective investments in lead mining, smelting and recycling businesses as well as battery distribution businesses and through its past affiliates, had operated 17 non-ferrous smelting and refining facilities and three anode and flat roll producing facilities, with operations throughout the European Union, North America and South Africa. In addition, Quexco previously operated Bayou Steel, a steel manufacturer with facilities in LaPlace, Louisiana and Harriman, Tennessee, before selling this business to ArcelorMittal.

4.5.3 Quexco is currently the owner of Bestolife Corporation, a leading producer of lubricants in oil production. Bestolife products are supplied throughout the United States of America, Canada, Mexico, Europe and the Far East, often serving as a single source supplier.

5. TERMS OF THE DISPOSAL

MIH intends to dispose of its entire shareholding in Metair Türkiye to the Purchaser for the Disposal Consideration, as further detailed below.

5.1 **Disposal Consideration**

5.1.1 If the Disposal is approved by Shareholders at the General Meeting, MIH will dispose of its entire shareholding in Metair Türkiye to the Purchaser for the Disposal Consideration, being an amount of US$110 million (approximately R1.95 billion, based on the US$:R exchange rate of R17.76:US$1 as at 16 September 2024, being the signature date of the Agreement ("**Signature Date**")).

5.1.2 The Disposal Consideration will be settled in cash and will be subject to the following adjustments:

5.1.2.1 on the Closing Date, the Disposal Consideration will be adjusted upwards or downwards, as applicable, by the sum of the Estimated Net Debt and the Estimated Working Capital Adjustment;

5.1.2.2 as soon as practicable after the Closing Date and in any event within 60 days thereof, if:

5.1.2.2.1 the Actual Net Debt is:

5.1.2.2.1.1 lower than Estimated Net Debt, the Purchaser shall pay to Metair an amount equal to the difference as an increase in the Disposal Consideration;

5.1.2.2.1.2 higher than the Estimated Net Debt, Metair shall repay to the Purchaser an amount equal to the difference as a reduction in the Disposal Consideration;

5.1.2.2.2 the Actual Working Capital Adjustment is:

5.1.2.2.2.1 higher than the Estimated Working Capital Adjustment, the Purchaser shall pay to Metair an amount equal to the difference as an increase in the Disposal Consideration;

5.1.2.2.2.2 lower than the Estimated Working Capital Adjustment, Metair shall repay to the Purchaser an amount equal to the difference as a reduction in the Disposal Consideration.

5.2 **Conditions to the Disposal**

5.2.1 Implementation of the Disposal is subject to the fulfilment or waiver (to the extent permitted as per paragraph 5.2.2) of the following conditions precedent, by the Long Stop Date:

5.2.1.1 the approval of the Disposal by way of an Ordinary Resolution adopted by the requisite majority of Shareholders at the General Meeting, as contemplated in terms of paragraph 9.20 of the JSE Listings Requirements;

5.2.1.2 the approval or deemed approval of the Turkish Competition Board in respect of the Disposal being received on an unconditional basis; and

5.2.1.3 the relevant Mutlu Group companies having executed a financing agreement with a Turkish bank to be agreed between the Seller and the Purchaser,

(collectively, the "**Conditions**").

5.2.2 ***Waiver and extension of the Conditions***

5.2.2.1 The Conditions set out in paragraphs 5.2.1.1 and 5.2.1.2 are not capable of being waived.

5.2.2.2 The Condition set out in paragraph 5.2.1.3 is capable of waiver by the Purchaser or Seller by agreement in writing at any time before the Long Stop Date.

5.2.2.3 An announcement will be published on SENS, ANS and in the South African press as soon as practicable after all the Conditions have been fulfilled or waived.

5.3 **Closing Date**

The Closing Date of the Disposal shall, in each case unless extended by the Purchaser and the Seller by agreement in writing, be the last Business Day of the month in which all the Conditions have been fulfilled or waived, save that:

5.3.1 if all the Conditions are fulfilled or waived on a date falling after the 20th day of the month; and/or

5.3.2 if the last Business Day of the month in which all the Conditions have been fulfilled or waived is a date falling less than 10 Business Days after the date of the passing of the Resolution,

then the Closing Date shall be the last Business Day of the month immediately following the month in which the Conditions are fulfilled or waived.

5.4 **Other significant terms**

5.4.1 The Agreement contains warranties given by MIH and Metair to the Purchaser, and by the Purchaser in favour of MIH, which are customary for a transaction of this nature, as well as indemnities in relation to (i) pre-closing tax liabilities of the Mutlu Group; (ii) anti-trust proceedings against Metair's subsidiary in Romania and (iii) outstanding occupancy permits in respect of the Mutlu Group's Tuzla facility.

5.4.2 Should any of the following events occur:

5.4.2.1 damage to or the destruction of the whole or substantial part of any of the Mutlu Group's Tuzla facilities or Gediz facilities as a result of earthquake, flood, fire, explosion, military, civilian or terrorist attack or acts of God, as a result of which the Mutlu Group companies are no longer able to operate in any material capacity;

5.4.2.2 the cancellation (or issuance of a notice of cancellation) of the workplace opening and operation permit of the Mutlu Group's Gediz facility by the relevant governmental authority or the operations in the Gediz facility ceasing or being required to cease (whether as a result of an injunction, order or other act of a relevant governmental authority) as a result of non-compliance of the workplace opening and operation permit of the Gediz facility; or

5.4.2.3 any one more constructions in the Tuzla facilities being sealed or removed or ordered to be sealed or removed (whether as a result of an injunction, order or other act of a relevant governmental authority) as a result of the lack of any occupancy permit at the Tuzla facilities resulting in the ceasing of or a material disruption to any operations of the Mutlu Group ("**Tuzla Facilities MAC**") and not being remedied through the obtaining of the relevant occupancy permit or permits such that the relevant operations of the Mutlu Group resume within the earlier of 60 days of such ceasing of relevant operations and the Long Stop Date (as extended, if applicable),

the Purchaser shall, subject to paragraph 5.4.3 below, be entitled, prior to the Closing Date and by notice to the Seller, to terminate the Agreement.

5.4.3 In the event that the Tuzla Facilities MAC occurs, the Closing Date may be extended by the Seller and the Purchaser by agreement in writing.

5.4.4 Metair has guaranteed the due and punctual performance and observance by MIH of its obligations under the Agreement.

5.5 **Categorisation and Shareholder approval requirements**

5.5.1 As the value of the Disposal exceeds the 30% threshold outlined in paragraph 9.5 of the JSE Listings Requirements, the Disposal is categorised as a Category 1 Transaction as contemplated in section 9 of the JSE Listings Requirements. Accordingly, the Disposal is required to be approved by Shareholders by way of an Ordinary Resolution at the General Meeting, as contemplated in paragraph 9.20(b) of the JSE Listings Requirements.

5.5.2 The Disposal does not involve a "*related party*", as defined in paragraph 10.1(b) of the JSE Listings Requirements, therefore there are no "*related party transaction*" implications in terms of section 10 of the JSE Listings Requirements.

5.5.3 Post the successful conclusion of the Disposal, Metair will still qualify and meet the requirements for a listing pursuant to the provisions of the JSE Listings Requirements. Additionally, Metair's Automotive Components vertical will remain integral to Metair's operations post the Disposal.

5.6 **Application of the Disposal Consideration**

The Disposal Consideration will be applied towards deleveraging the Metair Group's balance sheet to a sustainable level, by addressing 3 of its key near-term liquidity requirements:

5.6.1 re-capitalising Hesto through an optimised capital structure;

5.6.2 contributing to the settlement of current debt and enabling the refinancing of the Metair Group debt; and

5.6.3 selling the Mutlu Group with its operational debt,

resulting in the Metair Group's balance sheet being materially strengthened as a result of the Disposal, as well as a material interest expense reduction due to the reduced debt.

6. IRREVOCABLE UNDERTAKINGS AND LETTERS OF SUPPORT IN SUPPORT OF THE DISPOSAL[1]

As at the date of this Circular, Metair has obtained

6.1 a binding irrevocable from Value Capital Partners, a Shareholder holding 39 075 118 Metair Shares (including Metair Shares held on behalf of its clients), representing c. 19.64% of the Metair Shares; and

6.2 non-binding letters of support from asset managers acting on behalf of their clients holding 65 285 837 Metair Shares, representing c. 32.81% of the Metair Shares,

(collectively, "**Shareholder Support Documents**") in support of the Resolution, bringing total support in respect of the Resolution to 52.45% of the Metair Shares.

7. FINANCIAL INFORMATION

7.1 Historical Financial Information of Metair Türkiye

The historical financial information of Metair Türkiye for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 is set out in annexure 4 and should be read together with the Independent Auditor's assurance and review reports thereon, as set out in annexure 5 and annexure 6, respectively.

7.2 *Pro forma* financial effects

7.2.1 The table below sets out the *pro forma* financial effects of the Disposal on the Metair Group's earnings, headline earnings, diluted earnings and net asset value and tangible net asset value per Share ("**Summarised *Pro forma* Financial Effects**"). The Summarised *Pro forma* Financial Effects have been extracted from the Metair Group's *pro forma* condensed consolidated income statement and *pro forma* condensed consolidated statement of other comprehensive income for the six months ended 30 June 2024 and the *pro forma* condensed consolidated balance sheet as at 30 June 2024, which are set out in annexure 2 ("***Pro forma* Financial Information**"). This paragraph 7.2 and annexure 2 should be read in conjunction with the Independent Auditor's assurance report thereon, set out in annexure 3.

7.2.2 The *Pro forma* Financial Information has been prepared to illustrate the effect of the Disposal on the Metair Group, had the Disposal been implemented on (i) 1 January 2024, for purposes of the *pro forma* condensed consolidated income statement and *pro forma* condensed consolidated statement of other comprehensive income (including *pro forma* basic earnings, headline earnings and diluted earnings per Share); and (ii) 30 June 2024, for purposes of the *pro forma* condensed consolidated balance sheet (including the net asset value and tangible net asset value per Share).

7.2.3 The *Pro forma* Financial Information is provided for illustrative purposes only, and because of its nature, may not fairly represent the Metair Group's financial performance and position, changes in equity, results of operations or cash flows after the implementation of the Disposal. In this regard, the adjustments reflected in the *Pro forma* Financial Information are only illustrative and are determined with reference to a number of assumptions, as detailed in annexure 2.

7.2.4 The *Pro forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Metair Board. The *Pro forma* Financial Information has been prepared in accordance with IFRS Accounting Standards, the Guide on *Pro Forma* Financial Information issued by SAICA, the JSE Listings Requirements and accounting policies that comply with IFRS Accounting Standards, which are consistent with those applied in the preparation of the condensed unaudited consolidated interim financial statements of Metair for the six months ended 30 June 2024 as well as the annual financial statements of the Metair Group for the year ended 31 December 2023.

1. For the avoidance of doubt, the shareholding disclosed in this paragraph 6 includes shares held by asset managers/fund managers on behalf of their clients. Shareholders are referred to paragraph 12 below for disclosure relating to the Company's major beneficial shareholders.

	Metair 30 June 2024 Reported	After implementation of the Disposal	
		Pro forma	**Percentage change**
Notes	*1*	*2*	*3*
Basic earnings/(loss) per Share (cents)	(3)	(1 964)	–*
Diluted earnings/(loss) per Share (cents)	(3)	(1 952)	–*
Headline earnings/(loss) per Share (cents)	(3)	62	–*
Diluted headline earnings/(loss) per Share (cents)	(3)	61	–*
Net asset value per Share (cents)	2 923	1 662	(43.1)%
Net tangible net asset value per Share (cents)	2 129	1 554	(27.0)%
Weighted average number of Shares in issue (‘000)	194 125	194 125	0.00%
Number of Shares in issue (‘000)	198 986	198 986	0.00%

** Percentage change greater than 1 000%.*

Notes:

1. *The financial information included in the "Metair 30 June 2024 Reported" column is derived from Metair's condensed unaudited consolidated interim financial statements for the six months ended 30 June 2024, as published on Thursday, 26 September 2024 ("**Metair Interim Results**").*
2. *The financial information included in the "After implementation of the Disposal" columns reflect the financial information derived from the Metair Interim Results, adjusted for the Disposal, further details of which are set out in annexure 2. Please refer to the notes in annexure 2 for details pertaining to the adjustments.*
3. *The percentage changes included in the "After implementation of the Disposal" columns compare the financial information included in the "After implementation of the Disposal" columns with the financial information included in the "Metair 30 June 2024 Reported" column.*

Detailed notes and assumptions regarding the *Pro forma* Financial Information are set out in annexure 2.

8. INFORMATION RELATING TO METAIR

8.1 Material loans

As at 30 June 2024, the Metair Group's material loans amount to, in aggregate, R3.7 billion, comprising:

No.	Type of facility	Lender(s)	Secured/ Unsecured	Origination	Loan amount outstanding	Interest rate	Maturity date[1]	Details of any conversion or redemption rights	Terms and conditions of repayment or renewal	Details of security provided
1	Revolving credit facility ("**RCF**")	ABSA Bank Limited (R300 million) Investec Bank (R300 million) Standard Bank of South Africa Limited (R150 million)	Unsecured	General corporate purposes	R750 million	JIBAR[2] plus 2.25%	August 2026	N/A	Subject to covenant requirements which were complied with at 30 June 2024	RCF funding is guaranteed by certain subsidiaries of the Metair Group "cross guarantees"
2	RCF 2	ABSA Bank Limited (R175 million) Investec Bank Limited (R175 million) Standard Bank of South Africa Limited (R175 million)	Unsecured	General corporate purposes	R525 million	JIBAR[2] plus 2.35%	April 2025	N/A	Subject to covenant requirements which were complied with at 30 June 2024	RCF funding is guaranteed by certain subsidiaries of the Metair Group "cross guarantees"
3	Preference Shares	Standard Bank of South Africa Limited	Unsecured	Refinancing short-term bridging facilities raised for the acquisition of the Mutlu Group	R840 million	72% of 3-month JIBAR plus 2.04%	December 2024	N/A	Subject to covenant requirements which were complied with at 30 June 2024. Cumulative mandatorily redeemable no par value preference shares. Dividends (interest) are paid on a semi-annual basis on 30 April and 31 October of each year.	N/A
4.1	Term, call and revolver loans (Turkish Lira) – Spot and monthly repayment loan	AKBank	Unsecured	Operational requirements	TL263 million	45% – 50%	Varying dates between September 2024 and February 2025	N/A	Interest rates are fixed with monthly repayment terms and spot loans.	N/A

No.	Type of facility	Lender(s)	Secured/ Unsecured	Origination	Loan amount outstanding	Interest rate	Maturity date[1]	Details of any conversion or redemption rights	Terms and conditions of repayment or renewal	Details of security provided
4.2	Term, call and revolver loans (Turkish Lira) – Revolving loan	Denzibank	Unsecured	Operational requirements	TL82 million	60%	Varying dates between August 2024 and September 2024	N/A	Revolving facility with variable rates	N/A
4.3	Term, call and revolver loans (Turkish Lira) – Monthly repayment	EximBank	Unsecured	Operational requirements	TL113 million	44%	February 2025	N/A	Fixed interest rates with monthly repayments	N/A
4.4	Term, call and revolver loans (Turkish Lira) – Monthly repayment	Finans Katlim	Unsecured	Operational requirements	TL67 million	47% – 47.5%	January 2025	N/A	Fixed interest rates with monthly repayments	N/A
4.5	Term, call and revolver loans (Turkish Lira) – Spot and monthly repayment loan	FinansBank	Unsecured	Operational requirements	TL152 million	44.5% – 47.50%	September 2024 – January 2025	N/A	Interest rates are fixed with monthly repayment terms and spot loans.	N/A
4.6	Term, call and revolver loans (Turkish Lira) – Spot and monthly repayment loan	Garanti Bank	Unsecured	Operational requirements	TL180 million	44.1% – 55%	April 2025 – October 2025	N/A	Interest rates are fixed with monthly repayment terms and spot loans.	N/A
4.7	Term, call and revolver loans (Turkish Lira) – Spot and monthly repayment loan	IŞ Bank	Unsecured	Operational requirements	TL200 million	43.8% – 60%	November 2024 – March 2025	N/A	Interest rates are fixed with monthly repayment terms and spot loans.	N/A
4.8	Term, call and revolver loans (Turkish Lira) – Revolver and spot loans	Vafibank	Unsecured	Operational requirements	TL115 million	45% – 59%	August 2024 – November 2024	N/A	Revolving facility with variable rates and spot loans at fixed rates	N/A

No.	Type of facility	Lender(s)	Secured/ Unsecured	Origination	Loan amount outstanding	Interest rate	Maturity date[1]	Details of any conversion or redemption rights	Terms and conditions of repayment or renewal	Details of security provided
4.9	Term, call and revolver loans (Turkish Lira) – Revolver and spot loans	YKB	Unsecured	Operational requirements	TL112 million	56.7% – 65.7%	September 2024 – April 2025	N/A	Revolving facility with variable rates and spot loans at fixed rates	N/A
4.10	Term, call and revolver loans (Turkish Lira) – Revolver loans	Ziraat Bank	Unsecured	Operational requirements	TL537 million	55% – 60%	August 2024 – May 2025	N/A	Revolving facility with variable rates	N/A
5.1	Term, call and revolver loans (United States of America Dollar)	Garanti Bank	Unsecured	Operational requirements	US$1.04 million	11.20%	September 2024	N/A	Monthly repayments at fixed rates	N/A
5.2	Term, call and revolver loans (United States of America Dollar)	Vafibank	Unsecured	Operational requirements	US$0.51 million	8.00%	September 2024	N/A	Monthly repayments at fixed rates	N/A
5.3	Term, call and revolver loans (United States of America Dollar)	Ziraat Bank	Unsecured	Operational requirements	US$1.94 million	8% – 9.75%	September 2024 – February 2025	N/A	Monthly repayments at fixed rates	N/A
6.1	Factoring loan	Vakif Faktoring Anonim Şirketi	Unsecured	Debtors – working capital	TL350 million	52.8%	November 2024	N/A	Spot payment (Repayment on exact maturity date)	N/A
6.2	Factoring loan	Vakif Faktoring Anonim Şirketi	Unsecured	Debtors – working capital	TL250 million	52.5%	February 2025	N/A	Spot payment (Repayment on exact maturity date)	N/A
6.3	Factoring loan	QNB Finans Faktoring Anonim Şirketi	Unsecured	Debtors – working capital	TL50 million	56%	February 2025	N/A	Spot payment (Repayment on exact maturity date)	N/A
6.4	Factoring loan	QNB Finans Faktoring Anonim Şirketi	Unsecured	Debtors – working capital	TL100 million	54%	November 2024	N/A	Spot payment (Repayment on exact maturity date)	N/A

No.	Type of facility	Lender(s)	Secured/ Unsecured	Origination	Loan amount outstanding	Interest rate	Maturity date[1]	Details of any conversion or redemption rights	Terms and conditions of repayment or renewal	Details of security provided
7	Term loan (Euro)	ING Bank Romania	Secured	Operational requirements	EUR3 million	1.4%	June 2026	N/A	Capital repayments approximate EUR0.4 million per quarter	Loans are secured over property, plant and equipment
8	Term loan (Euro)	BCR (Commercial Romanian Bank)	Secured	Operational requirements	EUR1.7 million	Euribor plus 1.1%	October 2028	N/A	Payments are monthly commencing in December 2024 until October 2028	Loans are secured over property, plant and equipment
9	Term loan (Romanian Lei)	BCR (Commercial Romanian Bank)	Secured	Operational requirements	Lei3.4 million	ROBOR plus 1.1%	October 2027	N/A	Monthly repayments with the loan maturing in October 2027	Loans are secured over property, plant and equipment
10	Guarantee of Shareholder loan	Yazaki Corporation	Unsecured	The Metair Group provided proportionate financial guarantees, for funding and trade credit support advanced to Hesto by the minority shareholder, Yazaki Corporation.	Shareholder loan: R1 099 million (proportionate share: R823 million) Trade creditors: US$70 million (proportionate share: US$55 million)	N/A	N/A	N/A	The maximum amount of the guarantees are allocated to the earliest period in which the guarantee could be called. The carrying value of the financial guarantee instrument is determined in accordance with IFRS 9 amounts to R45 million.	N/A
11	Guarantee of Bank term loan and RCF	Standard Bank of South Africa Limited	Unsecured	The Metair Group issued a proportionate (74.9%) guarantee on behalf of Hesto, for funding facilities provided by Standard Bank.	R547 million (proportionate share: R409 million)	N/A	N/A	N/A	The maximum amount of the guarantees are allocated to the earliest period in which the guarantee could be called. The carrying value of the financial guarantee instrument is determined in accordance with IFRS 9 amounts to R45 million.	N/A

Notes:

1. *The material loans which fall due within the 12 months following the Last Practicable Date, will be partly settled using the Disposal Consideration, with the remainder being settled in the ordinary course of business from operational cash flows. There are no conversion rights in respect of any of these loans.*
2. *JIBAR rate determined either on a one, three or six month basis, at the discretion of the Metair Group.*

8.2 **Material risks**

8.2.1 A description of the material risks which are specific to the Metair Group, its industry and/or its Shares, are set out on pages 56 to 59 of Metair's Integrated Report 2023, available on Metair's website at https://www.metair.co.za/wp-content/uploads/2024/03/Metair-IAR_2023.pdf.

8.2.2 There have been no material changes to the abovementioned material risks which are specific to the Metair Group, its industry and/or its Shares, since the publication of Metair's Integrated Report 2023.

8.3 **Prospects**

8.3.1 The vision and mission of Metair is to be a key player in the South African mobility sector. Following the Disposal, Metair will primarily be an automotive component manufacturing business focused on South Africa. The Metair Group will remain listed on the Main Board of the JSE and A2X. Furthermore, the Metair Group will be in a position to deleverage the balance sheet and repay a significant portion of debt, which will allow the Metair Group to make further strategic investments. The Disposal will also provide Metair with a key opportunity to re-capitalise Hesto through an optimised capital restructure.

8.3.2 In the opinion of the Metair Board, the Disposal is in line with Metair's strategy and will place the Metair Group in a stronger financial position to allow renewed focus on a single sector in a single jurisdiction.

9. INFORMATION RELATING TO METAIR DIRECTORS

9.1 **Metair Directors' interests in Metair Shares**

9.1.1 As at the Last Practicable Date, the Metair Directors and their associates, including those directors who have resigned during the last 18 months held direct and indirect beneficial interests in, in aggregate, 13 485 Metair Shares, representing approximately 0.01% of the total Metair Shares in issue:

	Direct beneficial interest	Indirect beneficial interest	Total	Total Percentage[1]
	Number of Metair Shares			
TN Mgoduso	–	–	–	–
B Mawasha	–	–	–	–
MH Muell	–	–	–	–
AK Sithebe	–	–	–	–
NL Mkhondo	–	–	–	–
PH Giliam	–	–	–	–
N Medupe	–	–	–	–
S Sithole	–	–	–	–
B Mathews[2]	–	–	–	–
R Haffejee[3]	–	–	–	–
S Douwenga[4]	–	–	–	–
PS O'Flaherty	–	–	–	–
A Jogia	13 485	–	13 845	0.01
Total	13 485	–	13 845	0.01

Notes:

1. *Percentage shareholding is calculated as a percentage of the total issued share capital of Metair as at the Last Practicable Date.*
2. *Ms Mathews resigned from the Metair Board with effect from Friday, 28 April 2023.*
3. *Mr Haffejee resigned from the Metair Board with effect from Friday, 31 March 2023.*
4. *Mr Douwenga resigned from the Metair Board with effect from Wednesday, 31 January 2024.*

9.1.2 Save for Mr Jogia's exercise of 2 823 performance shares on 3 April 2024 in accordance with the Metair 2009 Share Plan, as announced on SENS on 4 April 2024, none of the Metair Directors' beneficial interests in the issued share capital of Metair changed between the financial year ended 31 December 2023 and the Last Practicable Date.

9.2 **Metair Directors' emoluments and service contracts**

9.2.1 Information pertaining to the Metair Directors' emoluments for the year ended 31 December 2023 is set out on pages 107 and 150 to 152 of Metair's Integrated Report 2023, available on the Metair website at https://www.metair.co.za/wp-content/uploads/2024/03/Metair-IAR_2023.pdf.

9.2.2 There will be no variation in the remuneration or benefits receivable by any of the Directors as a consequence of the Disposal.

9.2.3 Each of the executive Directors and non-executive Directors have concluded service contracts with the Company with terms and conditions that are standard for such appointments.

9.2.4 No restraints of trade have been imposed by Metair on any Directors in respect of the business conducted by the Company and the contracts of all executive Directors are terminable on three months' notice.

9.3 **Metair Directors' interests in transactions**

No Metair Directors, including any Director who resigned during the preceding 18 months, has or had any material beneficial interest, direct or indirect, in any transactions that were effected by the Metair Group during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

10. MATERIAL CHANGE

There have been no material changes to the financial or trading position of Metair Türkiye, the Company or the Metair Group since the publication of the Company's condensed unaudited consolidated interim financial statements for the six months ended 30 June 2024.

11. MATERIAL CONTRACTS

Other than the Agreement pertaining to the Disposal, there are no material contracts entered into by Metair or its Subsidiaries, including Metair Türkiye, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of business carried on, or proposed to be carried on, during the two years preceding the date of this Circular, or entered into at any time and that contains an obligation or settlement that is material to Metair or its Subsidiaries as at the date of this Circular.

12. MAJOR SHAREHOLDERS

12.1 The following Shareholders are directly or indirectly beneficially interested in 5% or more of the issued share capital of Metair as at the Last Practicable Date:

Shareholder	Number of Metair Shares	Percentage shareholding[1]
Coronation Fund Managers	27 466 322	13.80%
Foord Asset Management	15 050 815	7.56%
Value Capital Partners H4 QI Hedge Fund	14 107 629	7.09%
Old Mutual Limited	11 489 156	5.77%
Total	68 113 922	34.23%

Note:

1. *Percentage shareholding is calculated as a percentage of the total issued share capital of Metair as at the Last Practicable Date.*

12.2 There have been no changes in the controlling shareholder(s) (as defined in the JSE Listings Requirements) and trading objectives of Metair during the previous five years prior to the Last Practicable Date, nor in respect of any of its Subsidiaries.

13. PRELIMINARY EXPENSES

13.1 The expenses relating to the Disposal, including costs of the professional advisors, all of which are exclusive of any applicable VAT and disbursements (unless otherwise indicated), are estimated, as at the Last Practicable Date, to be R55.41 million, comprised as follows:

Description	Payable to	Estimated fee[1] (R'000)
Sole Financial Advisor	Rand Merchant Bank (a division of FirstRand Bank Limited) (a partner firm of Clairfield International)	25 400
Sponsor and transaction sponsor	One Capital Sponsor Services Proprietary Limited	1 000
South African Legal Advisors	Webber Wentzel	1 500
Independent Auditor	Ernst & Young Incorporated	2 900
Legal Advisors	Linklaters LLP	13 460
Tax advisor	PricewaterhouseCoopers Incorporated	692
JSE documentation fees	JSE	150
Printing and publishing costs	INCE	150
Transfer Secretaries	Computershare Investor Services Proprietary Limited	100
General Meeting	The Meeting Specialist	100
Accounting services	PricewaterhouseCoopers Incorporated	1 812
Due diligence	Deloitte	2 660
Brand valuation	Brand Finance	926
Due diligence data room	Datasite	4 562
Total		**55 412**

Note:

1. *All transaction costs stated herein are stated exclusive of VAT and only a portion of VAT levied on said expenses are claimable by Metair. In addition, please refer to the Pro forma Financial Information set out in annexure 2 for the income tax treatment in respect of the transaction costs.*

13.2 Other than set out above, Metair has not incurred preliminary expenses in relation to the Disposal during the three years preceding the date of this Circular.

14. STATEMENTS AS TO WORKING CAPITAL

The Metair Directors have evaluated the Metair Group's working capital requirements as at the Last Practicable Date and are of the opinion that the working capital available to the Metair Group is sufficient for the Metair Group's present working capital requirements and will be adequate for at least the next 12 months from the date of issue of this Circular.

15. LITIGATION STATEMENTS

15.1 As disclosed in Metair's Integrated Report 2023 (https://www.metair.co.za/wp-content/uploads/2024/03/Metair-IAR_2023.pdf), the European Commission is currently investigating alleged anti-competitive behaviour relating to automotive lead-acid starter batteries in the European Economic Area. Metair's Subsidiary in Romania, Rombat, received a Statement of Objections from the European Commission expressing concerns that battery manufacturers, including Rombat, may have potentially violated EU anti-trust rules by exchanging commercially sensitive information within the Eurobat lead premium system to determine the surcharge price element of automotive starter batteries sold to OEMs. The Statement of Objection is also addressed to Metair and MIH, based on a presumption that they exercised decisive influence over Rombat since 14 March 2012. A Statement of Objection is a formal step in investigations by the European Commission into suspected violations of EU anti-trust rules and is done to inform the parties concerned in writing of the objections raised against them. Pursuant to such issue, the parties concerned are afforded the opportunity to examine the documents in the European Commission's investigation file, reply in writing and request an oral hearing to present their comments on the case before representatives of the European Commission and national competition authorities. Together with external legal counsel, Rombat conducted an in-depth analysis of the Statement of Objection in order to prepare an initial response to the European Commission, which was submitted during April 2024. This was followed by an oral hearing at the European Commission in June 2024. It is not clear when the European Commission's final decision will be issued. The setting of a fine involves a complex calculation, with several factors to be considered including various mitigating factors and the inability to pay. The legal maximum limit that can be imposed is an administrative penalty of up to 10% of annual turnover for the year preceding the European Commission's decision.

15.2 Save for the proceedings referred to in paragraph 15.1, the Metair Group is not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, or other material conditions, that may have or have had in the recent past (being the previous 12 months), a material effect on the financial position of Metair and its Subsidiaries. Save for the proceedings referred to in paragraph 15.1, the Metair Group is not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, or other material conditions, that may have or have had in the recent past, (being the previous 12 months) a material effect on the financial position of the Metair Group.

16. OPINION AND RECOMMENDATION OF THE METAIR BOARD

16.1 The Metair Board has considered the terms and conditions of the Disposal and the Resolution and is of the opinion that the Disposal is in the best interest of Metair and Shareholders.

16.2 The Metair Directors are in unanimous support of the Disposal and recommend that Shareholders vote in favour of the Resolution.

16.3 All of the Metair Directors who hold a beneficial interest, directly or indirectly, in Metair Shares, have indicated that they will vote in favour of the Resolution.

17. METAIR DIRECTORS' RESPONSIBILITY STATEMENT

The Metair Directors, whose names are set out on page 13, collectively and individually, insofar as any information included in this Circular relates to the Metair Group, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the JSE Listings Requirements.

18. GENERAL MEETING

The General Meeting will be held at Metair's registered office, Suite 7, Ground Floor, Building No. 2, Oxford and Glenhove, 114 Oxford Road, Houghton Estate, Johannesburg, 2198, Republic of South Africa and through an electronic interactive platform **at 14:00 on Tuesday, 29 October 2024**. Shareholders are referred to section A of the "*Action required by Shareholders*" titled "*Voting, attendance and representation at the General Meeting*" commencing on page 3 for information regarding voting, attendance and representation at the General Meeting.

19. CONSENTS

Each of the corporate advisor, sponsor and transaction sponsor, Independent Auditor, legal advisor, attorneys, The Meeting Specialist and the Transfer Secretaries have consented and have not, prior to the Last Practicable Date, withdrawn their written consent to the inclusion of their names and, where applicable, reports in the form and context in which they appear in this Circular.

20. DOCUMENTS AVAILABLE FOR INSPECTION

The documents listed below (or copies thereof) are available for inspection by Shareholders at the registered office of Metair, during business hours, from the date of issue of this Circular until the date of the General Meeting. Shareholders should contact the Metair company secretary (by email: sanet@metair.co.za) should they wish to inspect the documents. The relevant documents are as follows:

20.1 the MOI of Metair;

20.2 the MOI of Metair Türkiye;

20.3 the historical financial information of Metair Türkiye for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023;

20.4 the Independent Auditor's assurance report on the historical financial information of Metair Türkiye for the two financial years ended 31 December 2022 and 31 December 2023, the text of which is included as annexure 5;

20.5 the Independent Auditor's review report on the historical financial information of Metair Türkiye for the financial year ended 31 December 2021, the text of which is included as annexure 6;

20.6 the Independent Auditor's assurance report on the compilation of the *pro forma* financial information of the Disposal on the Metair Group, the text of which is included as annexure 3;

20.7 the audited annual financial statements of the Metair Group for the three years ended 31 December 2021, 31 December 2022 and 31 December 2023, including the respective audit opinions thereon;

20.8 the condensed unaudited consolidated interim financial statements of Metair for the six months ended 30 June 2024;

20.9 the Agreement;

20.10 the service contracts of directors entered into in the three years preceding the Last Practicable Date;

20.11 the written consents of the professional advisors to Metair;

20.12 the Shareholder Support Documents; and

20.13 a copy of this Circular.

Signed on behalf of Metair and the Metair Board in each case as duly authorised in terms of resolutions passed by the Metair Board.

P O'Flaherty

Executive director (Chief Executive Officer)

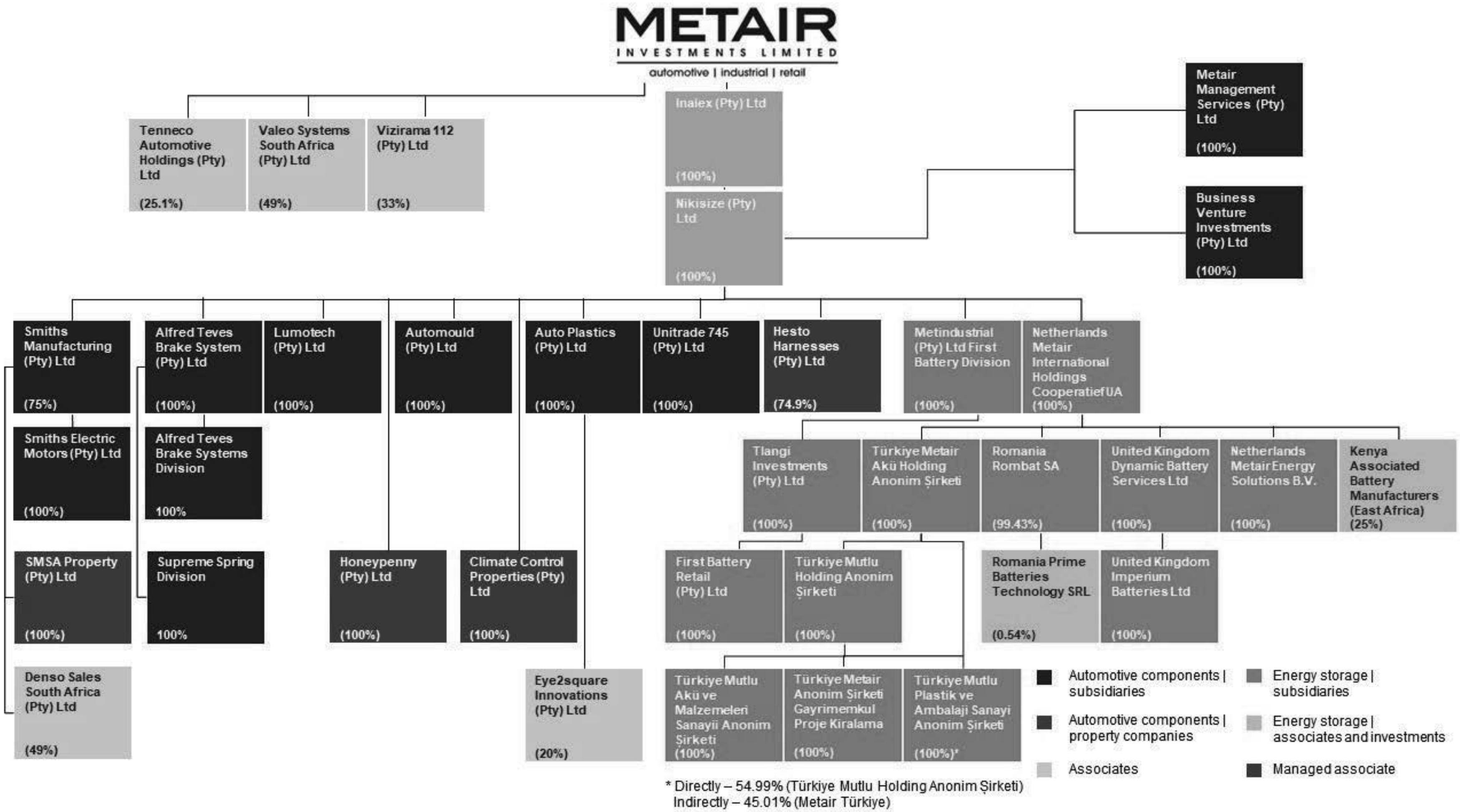
A Jogia

Executive director (Chief Financial Officer)

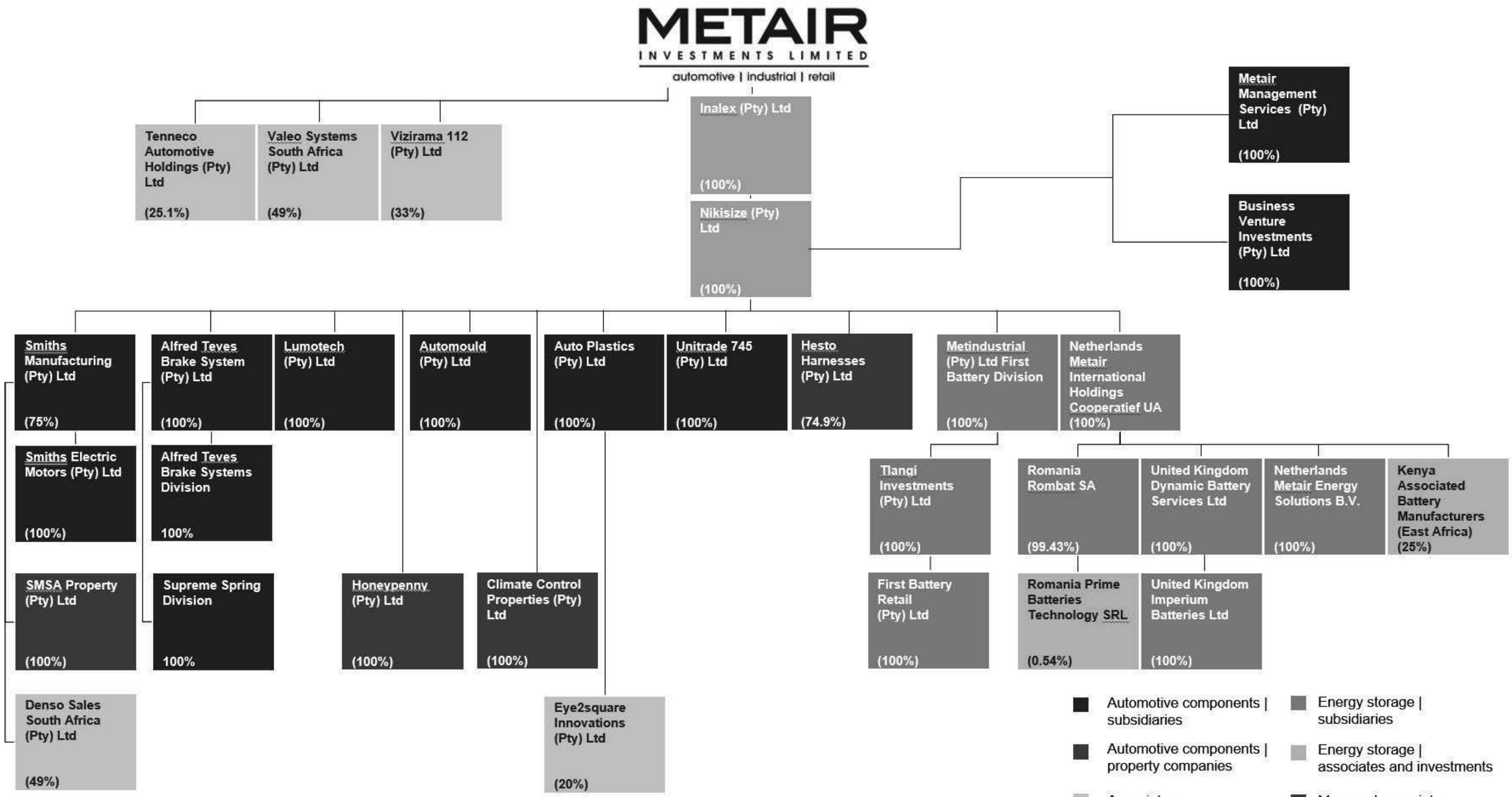
METAIR GROUP STRUCTURE

The definitions and interpretations commencing on page 5 of the Circular to which this annexure is attached, apply to this annexure, unless otherwise stated or the context so requires.

Metair Group structure as at the Last Practicable Date



Metair Group structure post implementation of the Disposal



PRO FORMA FINANCIAL INFORMATION OF THE DISPOSAL ON THE METAIR GROUP

The definitions and interpretations commencing on page 5 of the Circular to which this annexure is attached, apply to this annexure, unless otherwise stated or the context so requires.

Set out below is the *pro forma* condensed consolidated income statement and *pro forma* condensed consolidated statement of other comprehensive income for the six months ended 30 June 2024 and the *pro forma* condensed consolidated balance sheet as at 30 June 2024 of Metair, illustrating the *pro forma* financial effects of the Disposal on the Metair Group ("***Pro forma* Financial Information**").

The *Pro forma* Financial Information has been prepared to illustrate the effect of the Disposal on the Metair Group, had the Disposal been implemented on (i) 1 January 2024, for purposes of the *pro forma* condensed consolidated income statement and *pro forma* condensed consolidated statement of other comprehensive income (including *pro forma* basic earnings, headline earnings and diluted earnings per Share); and (ii) 30 June 2024, for purpose of the *pro forma* condensed consolidated balance sheet (including the net asset value and tangible net asset value per Share).

The *Pro forma* Financial Information is provided for illustrative purposes only, and because of its nature, may not fairly represent the Metair Group's financial performance and position, changes in equity, results of operations or cash flows after the implementation of the Disposal. In this regard, the adjustments reflected in the *Pro forma* Financial Information are illustrative only and are determined with reference to a number of assumptions, as detailed in this annexure.

The *Pro forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Metair Board. The *Pro forma* Financial Information has been prepared in accordance with IFRS Accounting Standards, the Guide on *Pro Forma* Financial Information issued by SAICA, the JSE Listings Requirements and accounting policies that comply with IFRS and which are consistent with those applied in the preparation of the condensed unaudited consolidated interim financial statements of Metair for the six months ended 30 June 2024 as well as the annual financial statements of the Metair Group for the year ended 31 December 2023.

The Independent Auditor's assurance report on the *Pro forma* Financial Information is included in annexure 3.

PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT AND _PRO FORMA_ CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Metair Group results 30 June 2024	Deconsolidation of Mutlu Group *pro forma* entries	*Pro forma* consolidation entries	Disposal Consideration and application of proceeds	Transaction costs	*Pro forma* after the Disposal
Notes	**1**	**2**	**3**	**4**	**5**	
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue	7 951 270	(2 279 688)	14 822	–	–	5 686 404
Cost of sales	(7 141 315)	2 242 652	(3 859)	–	–	(4 902 522)
Gross profit	**809 955**	**(37 036)**	**10 963**	**–**	**–**	**783 882**
Other operating income and dividend income	100 041	5 616	–	–	–	105 657
Distribution, administrative and other operating expenses	(775 861)	231 529	9 248	–	(55 412)	(590 496)
Recycling of FCTR and other reserves	–	–	–	(1 540 461)	–	(1 540 461)
Loss on disposal of subsidiary	–	–	–	(2 392 750)	–	(2 392 750)
Operating profit/ (loss)	**134 135**	**200 109**	**20 211**	**(3 933 211)**	**(55 412)**	**(3 634 168)**
Net monetary gain arising from hyperinflation in Türkiye	308 838	(213 729)	(95 109)	–	–	–
Operating profit/ (loss) after net monetary gain arising from hyperinflation	**442 973**	**(13 620)**	**(74 898)**	**(3 933 211)**	**(55 412)**	**(3 634 168)**
Interest income	46 675	(13 818)	–	–	–	32 857
Interest expense	(492 311)	339 560	–	25 837	–	(126 914)
Share of results and impairment of associates	8 551	–	–	–	–	8 551
Profit/(loss) before taxation	**5 888**	**312 122**	**(74 898)**	**(3 907 374)**	**(55 412)**	**(3 719 674)**
Taxation	(2 636)	(66 589)	(15 796)	–	–	(85 021)
Profit/(loss) for the period	**3 252**	**245 533**	**(90 694)**	**(3 907 374)**	**(55 412)**	**(3 804 695)**
Attributable to:						
Equity holders of the company	(5 266)	245 533	(90 694)	(3 907 374)	(55 412)	(3 813 213)
Non-controlling interest	8 518	–	–	–	–	8 518

	Metair Group results 30 June 2024	Deconsolidation of Mutlu Group *pro forma* entries	*Pro forma* consolidation entries	Disposal Consideration and application of proceeds	Transaction costs	*Pro forma* after the Disposal
Notes	**1**	**2**	**3**	**4**	**5**	
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Other comprehensive income						
Profit/(loss) for the period	**3 252**	**245 533**	**(90 694)**	**(3 907 374)**	**(55 412)**	**(3 804 695)**
Other comprehensive income/(loss):						
Foreign exchange translation movements including the effect of hyperinflation and other reserves	264 776	319 891	(596 065)	1 540 461	–	1 529 063
Net other comprehensive income/(loss)	**264 776**	**319 891**	**(596 065)**	**1 540 461**	**–**	**1 529 063**
Total comprehensive income/(loss) for the period	**268 028**	**565 424**	**(686 759)**	**(2 366 913)**	**(55 412)**	**(2 275 632)**
Attributable to:						
Equity holders of the company	259 681	565 424	(686 759)	(2 366 913)	(55 412)	(2 283 979)
Non-controlling interest	8 347	–	–	–	–	8 347
	268 028	**565 424**	**(686 759)**	**(2 366 913)**	**(55 412)**	**(2 275 632)**
Earnings per Share						
Basic loss per Share (cents)	(3)					(1 964)
Diluted loss per Share (cents)	(3)					(1 952)
Headline (loss)/ earnings per Share (cents)	(3)					62
Diluted headline (loss)/earnings per Share (cents)	(3)					61
Weighted average number of Shares in issue ('000)	194 125					194 125
Weighted average number of Shares in issue (for dilutive purposes) ('000)	195 373					195 373

Headline (Loss)/Earnings Reconciliation

Notes	Metair Group results 30 June 2024	Deconsolidation of Mutlu Group *pro forma* entries	*Pro forma* consolidation entries	Disposal Consideration and application of proceeds	Transaction costs	*Pro forma* after the Disposal
	1	2	3	4	5	
	R'000	R'000	R'000	R'000	R'000	R'000
Profit/(loss) attributable to equity holders of the company	(5 266)	245 533	(90 694)	(3 907 374)	(55 412)	(3 813 213)
Loss on disposal of subsidiary	–	–	–	2 392 750	–	2 392 750
FCTR and other reserves recycle to profit and loss	–	–	–	1 540 461	–	1 540 461
Profit on disposal of property, plant and equipment – net	(290)	–	–	–	–	(290)
Headline earnings/ (loss)	**(5 556)**	**245 533**	**(90 694)**	**25 837**	**(55 412)**	**119 708**

NOTES:

1. Extracted, without adjustment, from the Metair Interim Results, which have not been reviewed or audited, available at: https://www.metair.co.za/wp-content/uploads/2024/09/Metair-Interims-Sept-2024-WEB.pdf.
2. Represents the unaudited results of the Mutlu Group for the six months ended 30 June 2024 extracted from the consolidation workings underlying the Metair Interim Results, which were approved by the Metair Board. The Metair Group is satisfied with quality of the consolidation workings. This will not have a continuing effect.
3. *Pro forma* consolidation entries represent:
   – The reversal of intercompany transactions included in column 1 relating to the Mutlu Group.
   – The reversal of on-acquisition consolidation adjustments included in column 1 relating to the Mutlu Group.

   These adjustments will have a continuing effect.
4. Disposal Consideration and application of proceeds:

   Represents the impact of recognition of the proceeds on disposal as follows:

   The once-off loss on the disposal of the Mutlu Group is R2 393 million. The loss is based on the net US$ cash consideration after agreed closing account adjustments relative to the carrying value of the Mutlu Group as at 30 June 2024. This will not have a continuing effect.

Loss on Disposal:	R'000
Net cash proceeds after adjustments (refer to note 4 to the *pro forma* condensed consolidated balance sheet)	661 638
Less: *pro forma* ordinary shareholder's equity of the Mutlu Group	(2 956 498)
pro forma consolidation entries	(97 890)
Net loss on Disposal before FCTR and ownership reserve recycling*	(2 392 750)

* A FCTR loss and changes in ownership reserve of R1 540 million is realised on the Disposal. This will not have a continuing effect.

No tax is applicable regarding the Disposal.

Interest saving on the utilisation of the Disposal Consideration to settle interest bearing debt at a weighted average rate of 7.8% p.a. less taxation thereon. This will have a continuing effect. For the purposes of this calculation, the repayment is assumed to be made on 1 January 2024.

Borrowings	Value (Refer to note 4.2 to *pro forma* condensed consolidated balance sheet) R'000	Interest rate	Interest amount R'000
Redeemable preference shares	661 638	Carries a dividend rate of 72% of 3 month JIBAR plus 2.04% (margin)	25 837
Finance cost saving			25 837
Net tax expense as a result of the adjustments to finance costs			–

5. Represents once-off transaction costs of R55 million which relate directly to the Disposal. These transaction costs are not deductible for tax purposes. This adjustment will not have a continuing effect.
6. There are no material subsequent events that require adjustments to the *Pro forma* Financial Information.

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

The *pro forma* condensed consolidated balance sheet has been prepared to illustrate the impact of the Disposal of the Mutlu Group as if it were effective 30 June 2024.

	Metair Group results 30 June 2024	Deconsolidation of Mutlu Group *pro forma* entries	*Pro forma* Consolidation entries	Disposal Consideration and application of proceeds	Transaction costs	*Pro forma* after the Disposal
Notes	**1**	**2**	**3**	**4**	**5**	
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Assets						
Non-current assets	**6 357 567**	**(2 721 379)**	**(330 762)**	**–**	**–**	**3 305 426**
Property, plant and equipment	4 257 867	(817 294)	(903 438)	–	–	2 537 135
Intangible assets	1 277 035	(1 778 610)	584 430	–	–	82 855
Loans to associates	228 966	–	–	–	–	228 966
Investment in associates	330 316	–	–	–	–	330 316
Deferred taxation	263 383	(125 475)	(11 754)	–	–	126 154
Current assets	**7 486 176**	**(2 522 977)**	**(24 722)**	**–**	**(55 412)**	**4 883 065**
Inventories	3 348 294	(1 465 810)	(36 191)	–	–	1 846 293
Trade and other receivables	2 635 224	(831 985)	11 469	–	–	1 814 708
Contract assets	429 531	–	–	–	–	429 531
Taxation receivable	23 984	(14 535)	–	–	–	9 449
Derivative financial assets	1 216	–	–	–	–	1 216
Cash and cash equivalents	1 047 927	(210 647)	–	–	(55 412)	781 868
Total assets	**13 843 743**	**(5 244 356)**	**(355 484)**	**–**	**(55 412)**	**8 188 491**
Equity and liabilities						
Share capital	1 497 931	(5 647 513)	5 647 513	–	–	1 497 931
Treasury shares	(100 164)	–	–	–	–	(100 164)
Reserves	(774 794)	4 405 401	(3 141 115)	–	–	489 492
Retained earnings	5 051 309	(1 714 386)	(2 604 288)	661 638	(55 412)	1 338 861
Ordinary shareholder equity	**5 674 282**	**(2 956 498)**	**(97 890)**	**661 638**	**(55 412)**	**3 226 120**
Non-controlling interest	135 667	–	–	–	–	135 667
Total equity	**5 809 949**	**(2 956 498)**	**(97 890)**	**661 638**	**(55 412)**	**3 361 787**

Notes	Metair Group results 30 June 2024	Deconsolidation of Mutlu Group *pro forma* entries	*Pro forma* Consolidation entries	Disposal Consideration and application of proceeds	Transaction costs	*Pro forma* after the Disposal
	1	**2**	**3**	**4**	**5**	
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Non-current liabilities	**1 763 718**	**(19 889)**	**(269 063)**	**–**	**–**	**1 474 766**
Borrowings	1 066 144	(11 082)	–	–	–	1 055 062
Post employment benefits	64 910	(22 671)	–	–	–	42 239
Deferred taxation	448 476	37 606	(269 063)	–	–	217 019
Deferred grant income	127 823	–	–	–	–	127 823
Provisions for liabilities and charges	56 365	(23 742)	–	–	–	32 623
Current liabilities	**6 270 076**	**(2 267 969)**	**11 469**	**(661 638)**	**–**	**3 351 938**
Trade and other payables	2 630 320	(1 163 817)	427 044	–	–	1 893 547
Contract liabilities	49 098	–	–	–	–	49 098
Borrowings	2 980 550	(1 079 192)	(415 575)	(661 638)	–	824 145
Taxation	55 760	(13 264)	–	–	–	42 496
Provisions for liabilities and charges	114 962	(11 696)	–	–	–	103 266
Derivative financial liabilities	17 204	–	–	–	–	17 204
Bank overdrafts	422 182	–	–	–	–	422 182
Total liabilities	**8 033 794**	**(2 287 858)**	**(257 594)**	**(661 638)**	**–**	**4 826 704**
Total equity and liabilities	**13 843 743**	**(5 244 356)**	**(355 484)**	**–**	**(55 412)**	**8 188 491**

Notes	Metair Group results 30 June 2024	Deconsolidation of Mutlu Group *pro forma* entries	*Pro forma* Consolidation entries	Disposal Consideration and application of proceeds	Transaction costs	*Pro forma* after the Disposal
	1	**2**	**3**	**4**	**5**	
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Net asset value per Share (cents)	**2 923**					**1 662**
Net tangible asset value per Share (cents)	**2 129**					**1 554**
Shares in issue ('000)	**198 986**					**198 986**

NOTES:

1. Extracted, without adjustment, from the Metair Interim Results, which have not been reviewed or audited, available at: https://www.metair.co.za/wp-content/uploads/2024/09/Metair-Interims-Sept-2024-WEB.pdf.

2. Represents the unaudited results of the Mutlu Group for the six months ended 30 June 2024 extracted from the consolidation workings underlying the Metair Interim Results, which were approved by the Metair Board. The Metair Group is satisfied with the quality of the consolidation workings.
3. *Pro forma* consolidation entries represent:
   – The reversal of intercompany balances included in column 1 relating to the Mutlu Group.
   – The reversal of on-acquisition consolidation adjustments included in column 1 relating to the Mutlu Group.
4. Represents the impact of recognition of the proceeds on Disposal as follows:

   4.1 The Disposal Consideration and application of proceeds illustrates the possible financial effects as if the Disposal had taken place on 30 June 2024.

   Actual net debt and working capital will be determined at the Closing Date. The total net cash (proceeds) is summarised as follows:

	R'000
Disposal Consideration (fixed sales price of US$110 million per the Agreement)^	**2 003 100**
Cash free and debt free basis^:	(1 566 691)
Less reported borrowings and cash and cash equivalents^	(1 295 202)
Less net debt adjustments^*	(271 489)
Add net working capital adjustments^**	225 229
Net proceeds after purchase price adjustments and before transaction costs	661 638

   ^1US$:ZAR18.21 at 30 June 2024.

   * Adjustments relate mainly to debt and debt like items as per the Agreement, but calculated at 30 June 2024.

   ** Adjustments to net working capital are as per the Agreement, but calculated at 30 June 2024.

   Sensitivity analysis

   A 15% increase or decrease in the agreed closing adjustments at 30 June 2024, would have the following impact on the net cash proceeds. The analysis assumes that all other variables, in particular exchange rates, remain constant. Furthermore, the fixed disposal consideration price of US$110 million remains unchanged in the analysis.

	As at 30 June 2024 Base case R'000	**15% increase Scenario 1 R'000**	**15% decrease Scenario 2 R'000**
Net cash proceeds (refer to note 4.1)	661 638	460 419	862 858
Impact on *pro forma* condensed consolidated income statement and equity:			
Attributable loss for the period	(3 813 212)	(4 022 289)	(3 604 153)
Basic loss per share (cents)	(1 964)	(2 072)	(1 857)
Headline earnings per share (cents)	62	58	66

   4.2 The *pro forma* adjustments comprise adjustments based on the following principal assumptions:

   The allocation of proceeds (net cash per note 4.1) will be based on the actual position as per the Closing Date of the Disposal.

   For purposes of the *pro forma* condensed consolidated financial statements, these adjustments have been calculated using the financial position as at 30 June 2024.

   The net proceeds will be utilised by Metair to reduce external borrowings as follows:

	R'000
Settle short term interest-bearing borrowings ***	661 638

   *** Redeemable preference shares (originally raised on the acquisition of Mutlu).

5. Represents once-off transaction costs 55 412

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF THE METAIR GROUP

*The definitions and interpretations commencing on page 5 of the Circular to which this annexure is attached **do not** apply to this annexure 3.*

"To the Directors of Metair Investments Limited

Report on the Assurance Engagement on the Compilation of Pro forma Financial Information Included in a Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Metair Investments Limited and its subsidiaries (collectively, the "**Metair Group**"), by the directors.

The *pro forma* financial information, as set out in Annexure 2 on pages 30 to 36 of the circular consists of the *pro forma* condensed consolidated statement of financial position as at 30 June 2024, the *pro forma* condensed consolidated statement of comprehensive income for the six months ended 30 June 2024 and related notes (collectively the "***Pro forma* Financial Information**"). The applicable criteria on the basis of which the directors have compiled the *Pro form*a Financial Information are specified in the JSE Limited ("**JSE**") Listings Requirements and described in Annexure 2 on pages 30 to 36 of the circular.

The *Pro forma* Financial Information has been compiled by the directors to illustrate the impact of the corporate action or event, described on page 12 of the circular on the Group's financial position as at 30 June 2024, and the Group's financial performance for the period then ended, as if the corporate action or event had taken place at 30 June 2024 and for the period then ended. As part of this process, information about the Group's financial position, and financial performance has been extracted by the directors from the Group's unaudited interim financial statements for the six months ended 30 June 2024, on which no auditor's report was issued.

Directors' Responsibility for the Pro forma Financial Information

The directors are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 2 on pages 30 to 36 of the circular.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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)*.

The firm applies International Standard on Quality Management 1 (ISQM 1) *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* which requires the firm to design, implement and operate a system of quality management, including documented policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and described in Annexure 2 on pages 30 to 36 of the circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Circular*, which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the Group as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *Pro forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the corporate action or event in respect of which the *Pro forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

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

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 2 on pages 30 to 36 of the circular.

Ernst & Young Inc.
Director: Dawie Venter
Registered Auditor
Chartered Accountant (SA)

Johannesburg

23 September 2024"

HISTORICAL FINANCIAL INFORMATION OF METAIR TÜRKIYE FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022 AND 31 DECEMBER 2023

The definitions and interpretations commencing on page 5 of the Circular to which this annexure is attached, apply to this annexure, unless otherwise stated or the context so requires.

BASIS OF PREPARATION

The historical financial information consists of the consolidated balance sheet, consolidated income statements and consolidated statements of other comprehensive income, consolidated statements of changes in equity, consolidated statement of cash flows, detailed notes and the accounting policies of Metair Türkiye for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 (collectively referred to as the "**Historical Financial Information**"), and has been extracted and compiled from Metair Türkiye's translated (from Turkish Lira into Rands) consolidated annual financial information for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021, prepared in accordance with IFRS Accounting Standards.

The Historical Financial Information for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 has been specifically prepared for the purpose of this Circular in order to comply with section 8.4 of the JSE Listings Requirements. The Historical Financial Information was prepared in accordance with IFRS Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council for the purpose of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements.

The additional disclosure required in terms of paragraph 8.12 of the JSE Listings Requirements has been included in the Historical Financial Information of Metair Türkiye.

The directors of Metair are responsible for the preparation and fair presentation of the audited and reviewed Historical financial information in accordance with IFRS Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council from which this Historical Financial Information has been prepared, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The directors of Metair are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Metair complies with the JSE Listings Requirements.

Ernst & Young Inc., the Independent Auditor, has issued an Independent Auditor's assurance report on the Historical Financial Information for the two financial years ended 31 December 2022 and 31 December 2023 and an Independent Auditor's review report on the Historical Financial Information for the financial year ended 31 December 2021, which are included as annexures 5 and 6 to this Circular.

MUTLU GROUP FINANCIAL REVIEW

The Mutlu Group (Metaır Akü Holding Anonim Şirketi and all its wholly owned subsidiaries) sells batteries to Original Equipment Manufacturers (OEMs) that include in new vehicles, service aftermarket demand in their local markets and export batteries into other markets.

Türkiye's inflation rate accelerated significantly in the first half of 2022. The Mutlu Group's business is largely dollarised, with more than 80% of inputs and more than 50% of sales in hard currencies (and therefore not directly affected by Turkish inflation). Strategies are in place to manage hyperinflation locally. However, this development triggered hyperinflation accounting, which had a significant impact on the Mutlu Group's reported results.

The Mutlu Group's 2021 results were not restated. The 2022 period has no impact on net profit, however the indexing effect results in reclassification of operating profit to a 'net monetary gain', mainly because cost of sales is adjusted from date of cost incurred and not the date of actual sale of a battery. Please refer to note 22 for more detail.

Although Türkiye's central bank cut its benchmark interest rate in 2022 by 1.5 percentage points to 9% despite the country's high inflation rate, the Turkish banking system has not passed on the lower interest rates to customers due to the high inflation. There are currently no restrictions on remittances of dividends from Türkiye and access to foreign currencies remains unrestricted. The Turkish government has issued new banking regulations which include a rule that forces exporters to sell 40% of their foreign-currency revenue to the central bank. The Mutlu Group has assessed the impact of the financial regulations and is developing measures to minimise interest rate and foreign exchange volatilities.

Revenue has declined by 21% in 2023 to R3.8 billion (2022: R4.8 billion; 2021: R3.9 billion) mainly due to lower aftermarket volumes (including exports) as well as currency translation effects arising from Turkish Lira to South African Rand.

Mutlu Group EBIT (earnings before interest and taxation, calculated as profit before interest, taxation) increased by 468% to R52.3 million (2022: -R11.1 million; 2021: R643.2 million). EBIT margin was 1% (2022: 0%; 2021: 16%), which was impacted by operational inefficiencies and strikes, the non-cash impact of hyperinflation accounting adopted.

Net finance expenses increased 112% to R506 million (2022: R239 million; 2021: R71 million) due to increased borrowing rates, specifically in Türkiye, where market interest rates ranged between 45% – 55%, combined with higher net debt levels to support customer expansion and high working capital investments. Net monetary gains arising from hyperinflation accounting restatements amounted to R382 million (2022: R169 million).

In 2023, Geo-political tensions, high inflationary and other economic pressures dampened automotive battery sales in our energy business. The Mutlu Group imposed self-sanction protocols to terminate export sales to Russia and, combined with cancellations from a key customer in the US, export volumes fell by 69% (1.2 million units) to 0.5 million units. A difficult labour environment in Türkiye unfortunately also resulted in a shortage of contract workers during the last quarter of 2023. The situation was resolved, but production was constrained for 2.5 months. Given our firm commitments to prioritise OEM customers, the Mutlu Group local aftermarket sales suffered a decrease of 34% to 1.0 million units (2022: 1.6 million units). Total Mutlu Group automotive sales volume amounted to 3.3 million batteries (2022: 4.9 million).

The Historical Financial Information was authorised for issue by the Metair Board on Monday, 16 September 2024.

CONSOLIDATED BALANCE SHEET

	Notes	2023 R'000	2022 R'000	2021 R'000
ASSETS				
Non-current assets		**2 442 792**	2 049 009	618 640
Property, plant and equipment	5	**770 790**	616 661	215 092
Intangible assets	6	**1 607 686**	1 413 243	389 227
Deferred taxation	11	**64 316**	19 105	14 321
Current assets		**2 482 313**	2 847 341	1 948 525
Inventory	7	**1 519 744**	1 054 287	718 498
Trade and other receivables	8	**702 217**	1 055 704	754 329
Taxation		**12 503**	–	–
Cash and cash equivalents	9	**247 849**	737 350	475 698
Total assets		**4 925 105**	4 896 350	2 567 165
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	20	**5 129 066**	4 202 387	2 511 033
Foreign currency translation reserve	21.1	**(4 085 509)**	(3 295 491)	(2 996 687)
Retained earnings	21.1	**1 843 411**	1 620 532	1 792 280
Ordinary shareholders equity		**2 886 968**	2 527 428	1 306 626
Total equity		**2 886 968**	2 527 428	1 306 626
Non-current liabilities		**81 769**	176 870	79 093
Borrowings and financial liabilities	10	**31 157**	–	9 749
Post-employment benefits	18	**23 556**	55 251	32 551
Deferred taxation	11	**6 073**	106 376	23 722
Provisions for liabilities and other charges	13	**20 983**	15 243	13 071
Current liabilities		**1 956 368**	2 192 053	1 181 446
Trade and other payables	12	**1 048 299**	1 170 183	765 331
Borrowings and financial liabilities	10	**883 042**	1 002 305	380 350
Taxation		**13 889**	10 292	28 048
Provisions for liabilities and other charges	13	**11 138**	9 273	7 717
Total liabilities		**2 038 137**	2 368 923	1 260 539
Total equity and liabilities		**4 925 105**	4 896 351	2 567 165

CONSOLIDATED INCOME STATEMENTS

	Notes	2023 R'000	2022 R'000	2021 R'000
Revenue	1	**3 800 808**	4 817 014	3 907 057
Cost of sales		**(3 296 466)**	(4 472 006)	(2 989 900)
Gross profit		**504 342**	345 008	917 157
Other operating income	3	**12 012**	6 200	5 090
Distribution expenses		**(174 092)**	(158 640)	(109 063)
Administrative and other operating expenses		**(289 988)**	(203 738)	(169 926)
Operating profit/(loss)	3	**52 274**	(11 170)	643 258
Interest income	2	**21 350**	13 224	11 795
Interest expense	2	**(506 164)**	(239 149)	(71 061)
Net monetary gain arising from hyperinflation in Türkiye	22	**382 411**	169 471	–
(Loss)/profit before taxation		**(50 129)**	(67 624)	583 992
Taxation	4	**(20 482)**	(95 089)	(134 864)
(Loss)/profit for the year		**(70 611)**	(162 713)	449 128
Attributable to:				
Equity holders of the company		**(70 611)**	(162 713)	449 128
		(70 611)	(162 713)	449 128

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	2023 R'000	2022 R'000	2021 R'000
(Loss)/profit for the year		**(70 611)**	(162 713)	449 128
Other comprehensive loss:				
Items that will not be reclassified to profit or loss:				
– Remeasurement loss on defined benefit plans	18	**(24 304)**	(31 241)	(4 780)
– Taxation effect	11	**4 861**	6 248	956
		(19 443)	**(24 993)**	**(3 824)**
Other comprehensive (loss)/income for the year net of taxation		**(19 443)**	(24 993)	(3 824)
Attributable to:				
Equity holders of the company		**(19 443)**	(24 993)	(3 824)
– Remeasurement loss on defined benefit plans		**(19 443)**	(24 993)	(3 824)
Total comprehensive (loss)/income for the year		**(90 054)**	(187 706)	445 304
Attributable to:				
Equity holders of the company		**(90 054)**	(187 706)	445 304

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Stated capital R'000	FCTR reserve R'000	Retained earnings R'000	Attributable to equity holders of the company R'000	Total equity R'000
Year ended 31 December 2023						
Balance as at 1 January 2023	20, 21	**4 202 387**	**(3 295 491)**	**1 620 532**	**1 620 532**	**2 527 428**
Net loss for the year	21.2	**–**	**–**	**(90 054)**	**(90 054)**	**(90 054)**
Total comprehensive loss for the year		**–**	**–**	**(90 054)**	**(90 054)**	**(90 054)**
Foreign currency translation, including the effect of hyperinflation	21.1	**926 679**	**(790 018)**	**312 933**	**312 933**	**449 594**
Balance as at 31 December 2023		**5 129 066**	**(4 085 509)**	**1 843 411**	**1 843 411**	**2 886 968**
Year ended 31 December 2022						
Balance as at 1 January 2022	20, 21	2 511 033	(2 996 687)	1 792 280	1 792 280	1 306 626
Net loss for the year	21.2	–	–	(187 706)	(187 706)	(187 706)
Total comprehensive loss for the year		–	–	(187 706)	(187 706)	(187 706)
Foreign currency translation, including the effect of hyperinflation	21.1	1 691 354	(298 804)	113 193	113 193	1 505 743
Dividend	21.2	–	–	(97 235)	(97 235)	(97 235)
Balance as at 31 December 2022		4 202 387	(3 295 491)	1 620 532	1 620 532	2 527 428
Year ended 31 December 2021						
Balance as at 1 January 2021	20, 21	2 511 033	(2 153 900)	1 409 527	1 409 527	1 766 660
Net profit for the year	21.2	–	–	445 304	445 304	445 304
Total comprehensive income for the year		–	–	445 304	445 304	445 304
Foreign currency translation, including the effect of hyperinflation	21.1	–	(842 787)	(62 549)	(62 549)	(905 336)
Balance as at 31 December 2021		2 511 033	(2 996 687)	1 792 280	1 792 280	1 306 626

CONSOLIDATED STATEMENTS OF CASH FLOW

	Notes	2023 R'000	2022 R'000	2021 R'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from/(utilised in) operations	14.1	**124 015**	174 895	361 767
Interest paid	14.4	**(506 164)**	(239 149)	(71 061)
Taxation paid	14.2	**(68 825)**	(106 417)	(104 266)
Dividends paid	14.3	**–**	(156 753)	–
Net cash (outflow)/inflow from operating activities		**(450 974)**	(327 424)	186 440
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment (excludes leased assets)	5	**(131 354)**	(183 176)	(109 423)
Acquisition of intangible assets	6	**(20 874)**	(24 001)	(8 107)
Interest received	2	**21 350**	13 224	11 795
Net cash (outflow)/inflow from investing activities		**(130 878)**	(193 953)	(105 735)
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowings repaid	14.5	**(1 089 595)**	(909 778)	(157 574)
Borrowings raised	14.5	**1 354 642**	1 768 888	410 806
Lease payments	14.5	**(15 382)**	(15 382)	(4 350)
Net cash inflow from financing activities		**249 665**	843 728	248 882
Net (decrease)/increase in cash and cash equivalents		**(332 187)**	322 351	329 587
Cash and cash equivalents at the beginning of the year	9	**737 350**	475 698	329 587
Exchange loss and hyperinflation effect on cash and cash equivalents		**(157 314)**	(60 699)	(183 476)
Cash and cash equivalents at end of the year	9	**247 849**	737 350	475 698

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. **REVENUE**

A. Revenue streams

The Mutlu Group generates revenue primarily from the sale of automotive batteries and industrial products to its customers.

	2023 R'000	2022 R'000	2021 R'000
Revenue from contracts with customers	**3 800 808**	4 817 014	3 907 057

B. Disaggregation of revenue

The Mutlu Group derives revenue from the sale and transfer of goods and services over time and at a point in time. In the following tables, revenue is disaggregated by primary geographical markets (domiciled sales), major products and service lines and the timing thereof.

	2023 Revenue as reported R'000	2022 Revenue as reported R'000	2021 Revenue as reported R'000
Primary geographical markets			
Türkiye	**3 800 808**	4 817 014	3 907 057
	3 800 808	4 817 014	3 907 057
Major product and service lines			
Automotive batteries	**3 612 688**	4 614 210	3 818 042
Industrial and non-automotive products	**188 120**	202 804	89 015
	3 800 808	4 817 014	3 907 057
Timing of revenue recognition			
Products transferred at a point in time	**3 800 808**	4 817 014	3 907 057
	3 800 808	4 817 014	3 907 057

1. **REVENUE** (continued)

B.Disaggregation of revenue from contracts with customers (continued)

		Reportable segments		
		Automotive		Industrial
ENERGY STORAGE VERTICAL	**Total revenue R'000**	**Local R'000**	**Direct Export R'000**	**Local R'000**
2023				
Primary geographical markets				
Türkiye	**3 800 808**	**3 062 204**	**550 484**	**188 120**
	3 800 808	**3 062 204**	**550 484**	**188 120**
Major product and service lines				
Automotive batteries	**3 612 688**	**3 062 204**	**550 484**	**–**
Industrial batteries	**188 120**	**–**	**–**	**188 120**
	3 800 808	**3 062 204**	**550 484**	**188 120**
Timing of revenue recognition				
Products transferred at a point in time	**3 800 808**	**3 062 204**	**550 484**	**188 120**
2022				
Primary geographical markets				
Türkiye	4 817 014	3 050 883	1 563 327	202 804
	4 817 014	3 050 883	1 563 327	202 804
Major product and service lines				
Automotive batteries	4 614 210	3 050 883	1 563 327	–
Industrial batteries	202 804	–	–	202 804
	4 817 014	3 050 883	1 563 327	202 804
Timing of revenue recognition				
Products transferred at a point in time	4 817 014	3 050 883	1 563 327	202 804
2021				
Primary geographical markets				
Türkiye	3 907 057	2 653 705	1 164 337	89 015
	3 907 057	2 653 705	1 164 337	89 015
Major product and service lines				
Automotive batteries	3 818 042	2 653 705	1 164 337	–
Industrial batteries	89 015	–	–	89 015
	3 907 057	2 653 705	1 164 337	89 015
Timing of revenue recognition				
Products transferred at a point in time	3 907 057	2 653 705	1 164 337	89 015

1. **REVENUE** (continued)

C. Contract balances

The following section provides information about receivables, contract assets and contract liabilities:

	2023 R'000	**2022 R'000**	**2021 R'000**
Receivables, which are included in 'trade and other receivables' (note 11)	**653 766**	965 413	691 846

C.1 Contract costs

Incremental costs incurred to satisfy new contracts or obligations are assessed for capitalisation under IFRS 15. The Mutlu Group also incurs training costs from time to time. Although they represent fulfilment costs to satisfy a customer contract, are recoverable and specific, these costs are not allowed to be capitalised per the IFRS Accounting Standards. Costs to fulfil contracts in progress form part of inventory.

The Mutlu Group did not incur any nomination fee expenses during the year.

D. Performance obligations and summary of revenue recognition policies

The following tables highlight the key considerations under IFRS 15, by business vertical, from which the Mutlu Group generates its revenue. The full revenue accounting policies can be found within the Mutlu Group's overall accounting policies.

Products and services	**Nature, timing of satisfaction of performance obligations and significant payment terms**
Automotive batteries	The Mutlu Group recognises revenue when the customer takes possession of the battery (point in time). This usually occurs upon delivery to the customer's premises. For certain distributor arrangements, the amount of revenue recognised is adjusted for the expected refunds to be granted to the distributor, which are estimated based on the historical data for specific sale channels in which the goods are redirected. No cash refunds are made but credit notes are issued. These arrangements are treated as a sale with a right of return, a form of variable consideration. Export sales "inco-terms" are usually free on board and recognised upon shipment of the batteries. Payments terms for sale of batteries varies according to sale channels and are up to 90 days for distributors, 45 to 60 days for OEMs and up to 90 days upon shipment for exports.
Industrial products	Under industrial revenue streams, customers do not take control for the product until they are completed. Revenue is recognised on formal acceptance by the customer (point in time), usually upon delivery to the customer's premises. Payment terms are 60 and 90 days from delivery.
Warranty	All contracts include standard warranty clauses to guarantee that products comply with agreed specifications. Warranty provisions are recognised by the Mutlu Group. There are no extended warranties.
Financing components	The Mutlu Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Mutlu Group does not adjust any of the transaction prices for the time value of money. Payment terms are within industry norms.

1. **REVENUE** (continued)

	2023	2022	2021
	R'000	R'000	R'000
2. NET FINANCE COSTS			
Interest income			
Bank deposits	**21 299**	12 872	11 698
Other	**51**	352	97
	21 350	13 224	11 795
Interest expense			
Bank borrowings and overdraft	**(477 929)**	(223 236)	(60 891)
Leases and instalment sale arrangements	**(3 468)**	(75)	(509)
Defined employee benefits schemes and other	**(24 767)**	(15 838)	(9 661)
	(506 164)	(239 149)	(71 061)
Net finance expense	**(484 814)**	(225 925)	(59 266)

Interest is recognised as it accrues in profit or loss using the effective interest method.

	2023 R'000	2022 R'000	2021 R'000
3. OPERATING PROFIT			
Operating profit is stated after taking into account the following:			
Other operating income			
Rent received	**36**	–	52
Derivatives at fair value through profit or loss:			
– Fair value loss – FECs	**(2 485)**	–	–
Insurance claims	**1 871**	2 977	682
Sundry income	**12 590**	3 223	4 356
	12 012	6 200	5 090
Expenses by nature			
Auditors' remuneration:			
– Audit fees and disbursements	**1 259**	889	613
Depreciation and amortisation (notes 5 and 6)	**114 221**	93 299	58 246
(Profit)/loss on disposal of property, plant and equipment	**(1 037)**	–	–
Managerial, technical service and professional fees	**23 336**	20 247	8 887
Foreign exchange losses/(gains)	**63 019**	28 924	52 038
Transport and distribution costs	**120 471**	122 093	85 535
Raw materials, consumables used and production overheads	**2 784 799**	4 099 618	2 693 196
Employee benefit expense	**578 761**	404 999	323 456
Administrative and other expenses	**75 717**	64 315	46 918
Total cost of sales, distribution expenses, administrative and other operating expenses	**3 760 546**	4 834 384	3 268 889
Employee benefit expense			
Wages, salaries and directors' fees	**502 984**	352 571	278 639
Social security costs	**71 385**	50 023	41 430
Other post-employment defined benefits (note 18)	**4 392**	2 405	3 388
	578 761	404 999	323 457
Number of persons employed by the Mutlu Group at the end of the year			
Hourly	**1 168**	1 243	1 165
Monthly	**191**	226	214
	1 359	1 469	1 379
Directors' emoluments			
Non-executive directors			
Fees	**369**	250	602

	Fees R'000	Fees R'000	Fees R'000
Non-executive directors			
B Mawasha	**132**	125	234
MN Muell	**237**	125	368
	369	250	602

		2023 **R'000**	2022 R'000	2021 R'000
4.	**TAXATION**			
	Normal taxation			
	Current:			
	– Current year	**58 553**	81 486	112 818
	Deferred:			
	– Current year	**(35 482)**	13 603	27 535
	– Rate change	**(2 589)**	–	(5 489)
		20 482	95 089	134 864
		%	%	%
	Reconciliation of taxation rate:			
	Standard rate	**25.0**	23.0	25.0
	Effect of change in taxation rate	**5.2**	1.4	(1.0)
	Non-deductible expenses	**(48.7)**	(26.5)	1.0
	– Non-deductible expenses on corporate and legal costs	**(48.7)**	(26.5)	1.0
	Foreign dividend withholding/other taxes	**(35.5)**	–	–
	Utilisation of previously unrecognised tax losses	**3.1**	11.9	0.1
	Research and development tax credits	**8.6**	6.7	(0.6)
	Learnership allowances	**–**	3.0	–
	Investment tax credit – Türkiye (Mutlu)	**37.7**	–	(1.4)
	Tax effect of hyperinflation in Türkiye	**(36.3)**	(160.2)	–
	Effective rate	**(40.9)**	(140.7)	23.1

Corporate income tax rate ("**CIT**") substantially enacted, effective at 31 December and utilised for determining taxation is as follows:

	2023 **%**	2022 %	2022 %
Türkiye	**25.0**	23.0	25.0

Estimated assessed tax losses which can be carried forward into future years and set off against future taxable income amounted to R50 million (2022: null, 2021: null). Although balances are not lost, utilisation of assessed losses are of taxable income in Türkiye. On 12 March 2023, the Turkish government imposed an earthquake tax which resulted earthquake tax which resulted in R18 million additional taxes at Mutlu.

The tax effects relating to items of other comprehensive income are disclosed in notes 14 and 26.

	Land and buildings R'000	Plant, Machinery and equipment* R'000	Vehicles and furniture and fittings** R'000	Right-of-use Assets R'000	Total R'000
5. **PROPERTY, PLANT AND EQUIPMENT**					
2023					
At cost	**330 806**	**870 821**	**200 717**	**41 861**	**1 444 205**
Less: Accumulated depreciation and impairment	**(119 950)**	**(434 721)**	**(108 337)**	**(10 407)**	**(673 415)**
	210 856	**436 100**	**92 380**	**31 454**	**770 790**
2022					
At cost	286 614	672 286	163 234	593	1 122 727
Less: Accumulated depreciation and impairment	(98 880)	(333 998)	(72 978)	(210)	(506 066)
	187 734	338 288	90 256	383	616 661
2021					
At cost	99 088	439 279	81 924	5 546	625 837
Less: Accumulated depreciation and impairment	(42 672)	(320 817)	(43 172)	(4 084)	(410 745)
	56 416	118 462	38 752	1 462	215 092

	Land and buildings R'000	Plant, Machinery and equipment* R'000	Vehicles and furniture and fittings** R'000	Right-of-use Assets R'000	Total R'000
Reconciliation of movement:					
Year ended 31 December 2023					
Opening net book value	**187 734**	**338 288**	**90 256**	**383**	**616 661**
Transfers***	**2 858**	**(4 478)**	**1 620**	**–**	**–**
Additions	**3 296**	**113 859**	**14 198**	**41 190**	**172 543**
Disposals	**–**	**–**	**–**	**2**	**2**
Depreciation	**(7 948)**	**(56 439)**	**(25 674)**	**(10 169)**	**(100 230)**
Foreign currency translation, including the effect of hyperinflation (refer to note 22)	**24 916**	**44 870**	**11 980**	**48**	**81 814**
Closing net book value	**210 856**	**436 100**	**92 380**	**31 454**	**770 790**
Year ended 31 December 2022					
Opening net book value	56 416	118 462	38 752	1 462	215 092
Transfers*	2 914	(7 754)	4 840	–	–
Additions	2 288	149 235	31 654	–	183 177
Disposals	1	–	–	(917)	(916)
Depreciation	(6 846)	(54 550)	(19 139)	(536)	(81 071)
Foreign currency translation, including the effect of hyperinflation (refer to note 22)	132 961	132 895	34 149	374	300 379
Closing net book value	187 734	338 288	90 256	383	616 661
Year ended 31 December 2021					
Opening net book value	95 586	141 986	44 239	5 055	286 866
Transfers***	1 487	(5 172)	3 685	–	–
Additions	228	84 879	24 317	1 588	111 012
Disposals	–	–	(9)	–	(9)
Depreciation	(3 000)	(31 819)	(10 425)	(3 841)	(49 085)
Foreign currency translation	(37 885)	(71 412)	(23 055)	(1 340)	(133 692)
Closing net book value	56 416	118 462	38 752	1 462	215 092

* Includes carrying value of assets under construction of R208 million (2022: R116 million and 2021: R42 million).
** The carrying value of vehicles is R3 million (2022: R3 million and 2021: R2 million), the carrying value of furniture and fittings is R146 million
*** Transfers relate to assets under construction, completed and re-allocated.

Property, plant and equipment comprise of owned (including assets under construction) and leased assets. The Mutlu Group leases assets which include land and buildings, machinery, equipment and vehicles.

A register of land and buildings is available at the registered offices of the subsidiaries owning the respective properties.

Depreciation is allocated to cost of sales for R77 million (2022: R63 million and 2021: R40 million); distribution costs for R11 million (2022: R7 million and 2021: R4 million); and administrative expenses for R12 million (2022: R11 million and 2021: R5 million) in the income statement.

Assets under construction are included as follows:

	2023	2022	2021
	R'000	R'000	R'000
Land and buildings	**18 196**	1 058	161
Plant, machinery and equipment	**189 349**	114 671	42 088

Right of use assets, related to leases, are included as follows:

	31 Dec 2023 R'000	31 Dec 2022 R'000	31 Dec 2021 R'000
Machinery, forklifts and factory equipment	**125**	383	695
Vehicles	**31 329**	–	768
	31 454	383	1 463

The amounts recognised in profit and loss in respect of the Mutlu Group's leases are as follows:

	2023 R'000	2022 R'000	2021 R'000
Interest on lease liabilities (included in finance costs)	**3 468**	75	509
Depreciation charges on right of use assets:			
– Machinery, forklifts and equipment	**139**	149	472
– Vehicles	**10 030**	387	3 368

The total cash outflow for leases was R15.4 million (2022: R15.4 million, 2021: R4.4 million).

Summary of the Mutlu Group's leasing activities:

The Mutlu Group leases forklifts, vehicles, equipment and machinery for operational requirements. Rental or lease contracts range from 1 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions, but are generally standard in nature and generally does not contain extension or termination options. The lease arrangements generally do not contain any covenants or restrictions, but leased assets may not be used as security for borrowing purposes.

Generally lease rights are recognised as an asset with a corresponding liability at the date at which the leased asset is available for use by the Mutlu Group. Right of use assets are depreciated. Lease payments are allocated between the liability (capital obligation) and finance costs. The lease liabilities are included within borrowings (refer to note 10).

	Goodwill R'000	**Trade-marks R'000**	**Licences R'000**	**Computer software and research and development costs R'000**	**Total R'000**
6. **INTANGIBLE ASSETS**					
2023					
At cost	**1 527 965**	**14 574**	**28 121**	**103 967**	**1 674 627**
Less: Accumulated amortisation and impairment	**–**	**–**	**(11 051)**	**(55 890)**	**(66 941)**
	1 527 965	**14 574**	**17 070**	**48 077**	**1 607 686**
At cost	1 348 938	12 866	18 277	79 906	1 459 987
Less: Accumulated amortisation and impairment	–	–	(7 348)	(39 396)	(46 744)
	1 348 938	12 866	10 929	40 510	1 413 243
At cost	358 083	3 415	6 552	41 999	410 049
Less: Accumulated amortisation and impairment	–	–	(3 020)	(17 802)	(20 822)
	358 083	3 415	3 532	24 197	389 227

	Goodwill R'000	Trade-marks R'000	Licences R'000	Computer software and research and development costs R'000	Total R'000
Reconciliation of movement:					
Year ended 31 December 2023					
Opening net book value	**1 348 938**	**12 866**	**10 929**	**40 510**	**1 413 243**
Additions	**–**	**–**	**7 418**	**13 456**	**20 874**
Amortisation	**–**	**–**	**(2 728)**	**(11 264)**	**(13 992)**
Foreign currency translation including the effect of hyperinflation (refer note 22)	**179 027**	**1 708**	**1 451**	**5 375**	**187 561**
Closing net book value	**1 527 965**	**14 574**	**17 070**	**48 077**	**1 607 686**
Opening net book value	358 083	3 415	3 532	24 197	389 227
Additions	–	–	3 833	20 168	24 001
Amortisation	–	–	(1 908)	(10 321)	(12 229)
Foreign currency translation including the effect of hyperinflation (refer note 22)	990 856	9 451	5 471	6 466	1 012 244
Closing net book value	1 348 938	12 866	10 929	40 510	1 413 243
Opening net book value	595 266	5 677	6 553	40 762	648 258
Additions	–	–	315	7 792	8 107
Amortisation	–	–	(903)	(8 257)	(9 160)
Foreign currency translation	(237 183)	(2 262)	(2 433)	(16 100)	(257 978)
Closing net book value	358 083	3 415	3 532	24 197	389 227

General

Goodwill, trademarks, brands and customer relationships are allocated to their respective underlying cash-generating units ("**CGUs**"). The respective businesses acquired are defined as the underlying CGUs which support the valuation of the goodwill, trademarks, brands and customer relationships. Significant trademarks and brands comprise of Mutlu.

Brands are classified as indefinite useful life when an analysis of the relevant underlying factors confirm that there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity. This assumption is further justified by the strong presence these brands have in their respective marketplace. The Mutlu brand is classified as indefinite useful life and is not amortised. The brand has a track record of stability, is long established and has demonstrated the ability to survive changes in the economic environment. Factors considered include the market-leading position of the Mutlu brand in Türkiye, its wide name-recognition and strong presence in the marketplace, management's intention to maintain advertising spend and to keep the brand indefinitely.

Defined life intangible assets are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the costs of these assets over their useful lives. Trademarks, brands and customer relationships are amortised over periods ranging from 5 to 25 years. There are no restrictions on title. Amortisation on finite intangible assets of R14 million (2022: R12 million, 2021: R9 million) is included within administration expenses in the income statement.

Additions to intangible assets comprise predominantly of capitalised battery development costs within the Energy storage vertical, licences and software (as per accounting policy on intangible assets).

Goodwill and indefinite life intangible assets are allocated to the following CGUs:

	Opening net book value R'000	Hyperinflation opening balance restatement R'000	Hyperinflation current year impact R'000	Foreign currency translation R'000	Closing net book value R'000
2023					
Goodwill					
– Mutlu Group	**1 348 938**	**–**	**600 675**	**(421 648)**	**1 527 965**
	1 348 938	**–**	**600 675**	**(421 648)**	**1 527 965**
2022					
Goodwill					
– Mutlu Group	358 083	547 432	527 742	(84 319)	1 348 938
	358 083	547 432	527 742	(84 319)	1 348 938
2021					
Goodwill					
– Mutlu Group	595 266	–	–	(237 183)	358 083
	595 266	–	–	(237 183)	358 083

Impairment tests on goodwill and indefinite life intangible assets

The Mutlu Group's goodwill and indefinite life intangible assets arising in Mutlu (the CGU), belong to the energy storage vertical. The recoverable amount has been determined based on value-in-use calculations using discounted cash flow models ("**DCF**"), representing cash flows in the domestic currency of the relevant CGU.

DCF models use cash flow projections based on the most recent financial budgets and five-year business plans approved by the board, which include assumptions on profit before interest and tax, depreciation, working capital and capital maintenance expenditure. Cash flows beyond the five-year period are extrapolated using estimated growth rates consistent with long-term industry growth forecasts (terminal value). The estimated future cash flows used are pre-tax.

We calculated the discount rate (weighted average cost of capital or "**WACC**") by considering various aspects including the selection of peer companies, country risk premiums, normalised target capital structure, size adjustment and alpha or specific risk premiums as at 31 December 2023. Due to the hyper inflationary environment which Mutlu operates in, the domestic currency WACC is considered to be less reliable or more volatile than a stable rate such as a US$-denominated WACC. As such, a US$ denominated WACC was applied to US$ denominated forecast cash flows for impairment testing of Mutlu.

The summary of key assumptions used for value-in-use calculations are as follows:	MUTLU %
2023	
Compound annual battery volume growth rate*	**5.6**
Long-term growth rate**	**3.6**
Discount rate (WACC)***	**18.7**
Period (years)	**5.0**
2022	
Compound annual battery volume growth rate*	4.1
Long-term growth rate**	3.1
Discount rate (WACC)***	17.6
Period (years)	5.0
2021	
Compound annual battery volume growth rate*	6.8
Long-term growth rate**	3.4
Discount rate (WACC)***	30.8
Period (years)	5.0

* Compound annual volume growth rate in the initial five-year period for automotive batteries.

** Long-term growth rate used to extrapolate cash flows beyond the five-year period.

*** Implied post-tax discount rate applied to cash flow projections reflecting specific risks relating to the CGU and the country they operate in. The changes in the WACC is primarily driven by changes in risk free rates, betas and applicable alphas which are discussed further below. Pre-tax discount rates for Mutlu are 24.4%.

Raw material input costs: Lead constitutes approximately 60% of the material cost of batteries and therefore the Mutlu Group is exposed to commodity price risk in the quoted market price of lead which may impact on input costs. However; this risk is mitigated by the following:

- Operations benefit from vertical integration of scrap battery recycling which also allows the Mutlu Group to meet its legal recycling obligations and acts as a key source of raw materials.
- Recovery of old batteries through the Mutlu Group's distribution network and recycling of its lead content allows the Mutlu Group to significantly reduce its costs, thus achieving strong operational efficiency and overall lower input costs when compared to London Metals Exchange ("**LME**").
- A natural hedge exists for US$ denominated lead price which is partially off-set through export sales denominated in foreign currency.
- The majority of lead price increases are also passed into the after market through selling price increases when required.
- Medium and long-term product pricing generally follow trends in US$ and LME as battery prices are predominantly based on the US$ exchange rate and the LME price of lead per tonne. US$2 350 US$/tonne (2022: US$2 200 US$/tonne, 2021: US$2 200 US$/tonne) has been used in the forecast period costs for lead.

Implied post-tax discount rate: The discount rate of each CGU is determined using a WACC approach. Risk adjusted discount rates are derived from risk-free rates based upon long-term government bonds in the territory, or territories, within which each CGU operates. For Mutlu, we have used the 30-year United States ("**US**") government bond and applied a 'build-up approach', including adjusting for country risk premium. No inflation differential between the Turkish Lira and US$ was applied in 2023 since a US$ denominated discount rate was used (excluding the inflation differential). A relative risk adjustment (or beta) has been applied to risk-free rates to reflect the risk inherent in each CGU relative to all other sectors on average, determined using an average of the betas of comparable listed companies, re-lever. The discount rate is further adjusted (where applicable) for a small stock premium, a company specific risk premium ("**CSRP**"), forecasting risk (alpha) and a market or equity risk premium. A country risk premium of 5.6% (2022: 5.5%, 2021: 5.4%) was applied to the risk-free rate determination of Mutlu. In determining the cost of debt we have used a 'build-up approach' considering each CGUs capacity to borrow on a stand-alone basis and is dependent on the general level of interest rates, default risk premiums, tax rates and long-term target debt weighting (debt to equity ratio).

Long-term growth rates: To forecast beyond the detailed cash flows into perpetuity, a long-term growth rate has been used. In each case, this approximates long-term industry and country forecasts in the territory where the CGU is primarily based.

Goodwill sensitivity analysis

The results of the Mutlu Group's impairment tests are dependent upon estimates and judgements made by management, particularly in relation to the key assumptions described above. Sensitivity analysis to potential changes in key assumptions has therefore been reviewed.

The table that follows shows the discount rate and long-term growth rate assumptions used in the calculation of value-in-use and the amount by which each assumption must change in isolation in order for the estimated recoverable amount to approximate the carrying value.

Sensitivity analysis of assumptions used in the goodwill impairment test	**MUTLU %**
Change required for the carrying value to approximate the recoverable amount:	
2023	
Discount rate % – applied	**18.7**
Discount rate % – threshold	**19.5**
Percentage points change (headroom)	**+0.7**
Long-term growth rate % applied	**3.6**
Percentage points change (headroom)	**-1.2**
2022	
Discount rate % – applied	17.6
Discount rate % – threshold	20.8
Percentage points change (headroom)	+3.2
Long-term growth rate % applied	3.1
Percentage points change (headroom)	-5.4
2021	
Discount rate % – applied	30.8
Discount rate % – threshold	41.2
Percentage points change (headroom)	+10.4
Long-term growth rate % applied	3.4
Percentage points change (headroom)	-28.4

Changes to the compound annual volume growth rates are not significantly sensitive to recoverable amounts.

	2023 R'000	**2022 R'000**	**2021 R'000**
7. **INVENTORY**			
Raw material	**444 220**	355 806	329 705
Work in progress	**434 631**	378 795	275 679
Finished goods	**640 893**	319 686	113 114
	1 519 744	1 054 287	718 498
Write-downs of inventories to net realisable value	**635**	62	5
The cost of inventories expensed and included in cost of sales	**2 262 430**	4 028 240	1 839 115

	2023 R'000	2022 R'000	2021 R'000
8. TRADE AND OTHER RECEIVABLES			
Trade receivables	**653 904**	965 614	692 109
Less: Provision for impairment of trade receivables	**(138)**	(202)	(265)
	653 766	965 412	691 844
Prepayments and deposits	**36 847**	39 428	27 344
VAT and customs receivable	**–**	47 294	–
Other receivables	**11 604**	3 570	35 141
	702 217	1 055 704	754 329
Gross trade receivables are analysed as follows:			
Original equipment	**252 132**	232 709	185 499
Exports	**21 932**	120 245	176 059
Aftermarket	**239 113**	531 984	306 078
Non-automotive	**140 727**	80 676	24 473
	653 904	965 614	692 109

Improved cash recovery but also lower aftermarket sales drives reduction in trade receivables. This is as a result of production constraints and the impact of the earthquake on some of the Mutlu Group's aftermarket dealers.

The carrying amounts of the Mutlu Group's trade and other receivables are denominated in the following currencies:

	2023 R'000	2022 R'000	2021 R'000
Euro	**56 409**	88 034	41 411
US Dollar	**145 771**	133 531	191 942
Turkish Lira	**500 037**	834 139	520 976
	702 217	1 055 704	754 329

The provision for impairment (loss allowance) can be reconciled as follows:

	Total R'000	Original equipment R'000	Export R'000	After-market R'000	Non-automotive R'000
2023					
At 1 January	**201**	**–**	**–**	**201**	**–**
Currency adjustments	**(63)**	**–**	**–**	**(63)**	**–**
As at 31 December	**138**	**–**	**–**	**138**	**–**
2022					
At 1 January	263	–	–	263	–
Currency adjustments	(61)	–	–	(61)	–
As at 31 December	202	–	–	202	–
2021					
At 1 January	438	–	–	438	–
Currency adjustments	(173)	–	–	(173)	–
As at 31 December	265	–	–	265	–

We applied an overlay factor and increased the loss rates for our aftermarket customers, although actual current payment profiles have been generally within terms. Our OEM customers are considered low credit risk. 81% (2022: 86%, 2021: 86%) of the Mutlu Group's total debtors are within terms.

An ageing profile of trade receivables, from a customer market perspective, is presented below:

	Total R'000	Original equipment R'000	Export R'000	After-market R'000	Non-automotive R'000
2023					
Up to 3 months	**540 326**	**251 889**	**20 877**	**228 143**	**39 417**
3 to 6 months	**112 081**	**244**	**468**	**10 815**	**100 554**
Over 6 months	**1 497**	**–**	**587**	**155**	**755**
	653 904	**252 133**	**21 932**	**239 113**	**140 726**
2022					
Up to 3 months	929 030	232 709	120 245	496 220	79 856
3 to 6 months	28 669	–	–	28 393	276
Over 6 months	7 915	–	–	7 371	544
	965 614	232 709	120 245	531 984	80 676
2021					
Up to 3 months	673 216	185 498	170 900	292 345	24 473
3 to 6 months	17 298	–	5 159	12 139	–
Over 6 months	1 595	–	–	1 595	–
	692 109	185 498	176 059	306 079	24 473

The other classes within trade and other receivables do not contain impaired assets and of insignificant credit risk. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

Mutlu has obtained security over trade receivables in the form of bank guarantees, mortgages and bank letters of credit which can be called upon if the trade debtor is in default. The total value is R204 million (2022: R533 million, 2021: R458 million), which represents approximately 31% (2022: 55%, 2021: 66%) of total Mutlu debtors outstanding at year end. 45% of Mutlu export debtors R22 million (2022: R120 million) secured through collateral. Mutlu has a low history of customer defaults and the collateral has been taken into account in determining the loss allowance under IFRS 9.

Receivables are classified within a "held-to-collect" business model since the Mutlu Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measured at amortised cost. Trade receivables are recognised initially at the amount of consideration that is unconditional. Information about the Mutlu Group's exposure to credit risk, the impairment policies and loss allowance model for trade receivables can be found in note 15.2B.

	2023 R'000	2022 R'000	2021 R'000
9. **CASH AND CASH EQUIVALENTS**			
For the purposes of the cash flow statement, cash and cash equivalents consist of the following:			
Cash at bank and on hand	**247 849**	737 350	475 698
	247 849	737 350	475 698
The following interest rates applied at year-end:			
Short-term bank deposits	**38.7%**	24.0%	21.2%
Bank overdrafts	**42.7%**	15.0%	15.0%

	2023 R'000	2022 R'000	2021 R'000
10. **BORROWINGS AND FINANCIAL LIABILITIES**			
Bank borrowings	**891 226**	1 001 470	388 284
Lease liabilities	**22 973**	835	1 815
Total borrowings and financial liabilities	**914 199**	1 002 305	390 099

Current portion of borrowings and financial liabilities	**883 042**	1 002 305	380 350
Non-current portion of borrowings and financial liabilities	**31 157**	–	9 749
Total borrowings and financial liabilities	**914 199**	1 002 305	390 099

Bank borrowings

Term and call loans arise in Mutlu for R891 million (2022: R1 001 million, 2021: R338 million).

Mutlu – Turkish Lira (TL) and US Dollar borrowings:

Consists of various unsecured term, call and revolver loans totalling TL1 229 million (2022: TL1 105 million, 2021: TL330 million) and US$7 million (2022: US$ Nil, 2021: US$ Nil), maturing at varying dates between January 2024 and October 2025. Interest comprises of a mixture of fixed and floating rates. TL461 million (R287 million) relates to floating rates ranging from 26.1% to 49.0% (2022: TL627 million at interest rates ranging from 15.7% to 33.0% per annum, 2021: TL249 million at interest fixed interest rates ranging from 17% to 29% per annum). TL768 million (R479 million) relates to fixed interest rates ranging from 13.5% to 51.0% per annum (2022: TL478 million at interest rates ranging from 10.4% to 23.7% per annum, 2021: TL81 million at interest fixed interest rates ranging from 8.5% to 10.4% per annum) US$7 million (R125 million) at fixed interest rates ranging from 8.0% to 11.2% per annum.

	2023 R'000	2022 R'000	2021 R'000
Maturity of bank borrowings			
Within 1 year	**–**	–	–
Later than 1 year and not later than 2 years	**31 157**	–	9 749
Later than 2 year and not later than 5 years	**–**	–	–
	31 157	–	9 749
The carrying amount of total borrowings are denominated in the following currencies:			
US Dollar	**125 133**	–	–
Turkish Lira	**789 066**	1 002 305	390 099
	914 199	1 002 305	390 099

The Mutlu Group had the following undrawn and available borrowing (including overdraft) facilities at year-end:

- Turkish Lira denominated facilities of TL565 million (2022: TL215 million, 2021: TL137 million)

All undrawn borrowing facilities are renewable annually. The borrowing powers of the company are unlimited in terms of its memorandum of incorporation.

	2023 R'000	2022 R'000	2021 R'000
Lease liabilities			
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.			
Gross lease liabilities – minimum lease payments:			
Within 1 year	**27 071**	835	1 815
Minimum lease payments	**27 071**	835	1 815
Future finance charges on leases	**(3 098)**	–	–
Present value of lease liabilities	**22 973**	835	1 815
The present value of all lease liabilities may be analysed as follows:			
Within 1 year	**22 973**	835	1 815
	22 973	835	1 815
All borrowings are interest-bearing and the approximate annual interest rates at year-end are as follows:	**%**	%	%
Bank borrowings			
– Term, call and revolver loans (TL borrowings)	**13.5–51**	10.4–33.0	17–29
– Term, call and revolver loans (US$ borrowings)	**8.0–11.2**	–	–

11. DEFERRED TAXATION

	2023 R'000	2022 R'000	2021 R'000
The following amounts are shown in the consolidated balance sheet:			
Deferred taxation assets	**64 316**	19 105	14 321
Deferred taxation liabilities	**(6 073)**	(106 376)	(23 723)
	58 243	(87 271)	(9 402)
The movement is as follows:			
At the beginning of the year	**87 271**	9 402	(8 801)
Income statement (credit)/charge:	**–**	–	–
– Current year	**(35 482)**	14 560	27 535
– Prior year reallocation	**(100 786)**		
– Rate change	**(2 589)**	(957)	(5 489)
Taxation credited to other comprehensive income:			
– Actuarial losses	**(4 861)**	(6 248)	(956)
Foreign currency translation, including the effect of hyperinflation	**(1 796)**	70 514	(2 887)
At the end of the year	**(58 243)**	87 271	9 402
Deferred taxation assets:			
Deferred taxation asset to be recovered after more than 12 months	**11 264**	14 805	10 646
Deferred taxation asset to be recovered within 12 months	**53 052**	4 300	3 675
	64 316	19 105	14 321
Deferred taxation liabilities:			
Deferred taxation liability due after more than 12 months	**(6 073)**	(82 940)	764
Deferred taxation liability due within 12 months	**–**	(23 436)	(24 487)
	(6 073)	(106 376)	(23 723)
Amounts aggregated:			
Deferred taxation assets	**64 316**	19 105	14 321
Deferred taxation liabilities	**(6 073)**	(106 376)	(23 723)
Net deferred taxation liability	**58 243**	(87 271)	(9 402)

Deferred taxation liabilities

	Plant and equipment R'000	Intangibles R'000	Claims and other receivables R'000	Total R'000
2023				
Opening balance	**90 490**	**(7 550)**	**23 436**	**106 376**
Opening IFRS Accounting Standards Adjustments	**(90 707)**	**(10 079)**	**–**	**(100 786)**
(Charged)/credited to the income statement – Current year	**(46 542)**	**(3 952)**	**49 386**	**(1 108)**
Rate change	**65**	**–**	**785**	**850**
Foreign currency translation	**(29)**	**(2 340)**	**3 110**	**741**
Closing balance	**(46 723)**	**(23 921)**	**76 717**	**6 073**
2022				
Opening balance	5 165	(5 929)	24 487	23 723
(Credited)/charged to the income statement – Current year	38 683	(3 985)	(26 222)	8 476
Foreign currency translation	46 642	2 364	25 171	74 177
Closing balance	90 490	(7 550)	23 436	106 376
2021				
Opening balance	9 794	(8 780)	8 498	9 512
(Credited)/charged to the income statement – Current year	839	(3 085)	30 920	28 674
Rate change	(1 855)	2 130	(3 059)	(2 784)
Foreign currency translation	(3 613)	3 806	(11 872)	(11 679)
Closing balance	5 165	(5 929)	24 487	23 723

Deferred taxation assets

	Post-employment benefits R'000	Assessed losses set off R'000	Warranty claims R'000	Derivatives and other R'000	Total R'000
2023					
Opening balance	**(12 527)**	**–**	**(2 277)**	**(4 301)**	**(19 105)**
Charged/(credited) to the income statement:					
– Current year	**14 498**	**(49 728)**	**(27)**	**881**	**(34 376)**
Rate change	**(2 557)**	**–**	**–**	**(881)**	**(3 438)**
Credited to other comprehensive income	**(4 861)**	**–**	**–**	**–**	**(4 861)**
Foreign currency translation	**(1 663)**	**–**	**(302)**	**(571)**	**(2 536)**
Closing balance	**(7 110)**	**(49 728)**	**(2 606)**	**(4 872)**	**(64 316)**

	Post-employment benefits R'000	Assessed losses set off R'000	Warranty claims R'000	Derivatives and other R'000	Total R'000
2022					
Opening balance	(8 387)	–	(2 258)	(3 676)	(14 321)
Reallocations					
(Credited)/charged to the income statement:					
– Current year	4 254	–	559	315	5 128
Credited to other comprehensive income	(6 248)	–	–	–	(6 248)
Foreign currency translation	(2 146)	–	(578)	(940)	(3 664)
Closing balance	(12 527)	–	(2 277)	(4 301)	(19 105)
2021					
Opening balance	(13 557)	–	(2 116)	(2 641)	(18 314)
(Credited)/charged to the income statement:					
– Current year	2 547	–	(1 140)	(2 546)	(1 139)
Rate change	(1 963)	–	(282)	(459)	(2 704)
Credited to other comprehensive income	(956)	–	–	–	(956)
Foreign currency translation	5 542	–	1 280	1 970	8 792
Closing balance	(8 387)	–	(2 258)	(3 676)	(14 321)

Deferred tax assets are recognised for the carry forward amount of unused tax losses relating to the Mutlu Group's operations where, among other things, taxation losses can be carried forward indefinitely and there is evidence that it is probable that sufficient taxable profits will be available in the future to utilise all tax losses carried forward. Recognition is limited to the extent that it is probable that the entities will generate future taxable income against which these tax losses can be utilised.

Deferred tax liabilities are not recognised for the income tax effect that may arise on the remittance of unremitted earnings by subsidiaries. It is management's intention that, where there is no double taxation relief, these earnings will be permanently re-invested in the Mutlu Group.

	2023 R'000	2022 R'000	2021 R'000
12. TRADE AND OTHER PAYABLES			
Trade creditors	**726 013**	1 012 188	653 928
Accrual for leave pay	**11 354**	–	–
Trade accruals, including utilities, technical and license fees	**310 932**	157 995	111 403
Current portion included in current liabilities	**1 048 299**	1 170 183	765 331
The carrying amounts of the Mutlu Group's trade and other payables are denominated in the following currencies:			
Rand	**64 149**	34	68
US Dollar	**433 505**	613 883	453 907
Euro	**35 882**	20 077	22 923
British Pound	**593**	597	121
Turkish Lira	**514 170**	535 592	288 312
	1 048 299	1 170 183	765 331

13. **PROVISIONS FOR LIABILITIES AND CHARGES**

Warranty

Provision is made for the estimated liability on all products sold which are still under warranty including claims initiated, not yet settled. Claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims would differ from historical amounts. Factors that could impact the estimated claims information include the success of the Mutlu Group's productivity and quality initiative, as well as parts and labour costs. The effect of discounting is immaterial. Warranties are assurance based and cannot be separately purchased.

Executive bonuses

Executive bonuses are approved by the remuneration committee.

Other provisions

Other provisions comprise predominantly of scrap battery returns of legal risk and other provisions.

	Executive bonus R'000	**Warranty claims R'000**	**Other R'000**	**Total R'000**
2023				
Balance at the beginning of the year	**3 388**	**11 382**	**9 746**	**24 516**
– Additional provision	**3 610**	**6 752**	**13 842**	**24 204**
Utilised during the year	**(2 329)**	**(1 544)**	**(5 059)**	**(8 932)**
Foreign currency translation, including the effect of hyperinflation	**(1 060)**	**(3 558)**	**(3 049)**	**(7 667)**
Balance at the end of the year	**3 609**	**13 032**	**15 480**	**32 121**
2022				
Balance at the beginning of the year	2 490	9 819	8 479	20 788
– Additional provision	3 388	6 119	7 856	17 363
Utilised during the year	(1 904)	(2 242)	(4 592)	(8 738)
Foreign currency translation, including the effect of hyperinflation	(586)	(2 314)	(1 997)	(4 897)
Balance at the end of the year	3 388	11 382	8 746	24 516
2021				
Balance at the beginning of the year	3 351	9 585	13 374	26 310
– Additional provision	3 577	9 357	5 034	17 968
Utilised during the year	(2 896)	(3 533)	(4 412)	(10 841)
Foreign currency translation	(1 542)	(5 590)	(5 517)	(12 649)
Balance at the end of the year	2 490	9 819	8 479	20 788

Analysis of total provisions:	**2023 R'000**	**2022 R'000**	**2021 R'000**
Non-current	**20 983**	15 243	13 071
Current	**11 138**	9 273	7 717
	32 121	24 516	20 788

	2023 R'000	2022 R'000	2021 R'000
14. NOTES TO CASH FLOW STATEMENTS			
14.1 Reconciliation of profit before taxation to cash generated from operations			
(Loss)/profit before taxation	**(50 129)**	(67 624)	583 992
Adjustment for:			
Depreciation and amortisation	**114 221**	93 299	58 246
(Profit)/loss on disposal of property, plant and equipment	**(1 037)**	–	–
Financial assets at fair value through profit or loss	**2 485**	–	–
Foreign exchange losses/(gains) on operating activities	**63 019**	28 924	52 038
Post-employment benefit – charge	**4 392**	2 405	3 388
Post-employment benefits – contributions paid	**(60 364)**	(5 828)	(12 263)
Interest income	**(21 350)**	(13 224)	(11 795)
Interest expense	**506 164**	239 149	71 061
Net monetary gain arising from hyperinflation in Türkiye	**(382 411)**	(169 470)	–
Increase in provisions	**5 252**	4 024	13 560
Operating cash generated/(utilised) before working capital changes	**180 242**	111 655	758 227
Working capital changes (excluding the effect of foreign exchange differences and including the effect of hyperinflation on consolidation):	**(56 227)**	63 240	(396 460)
(Increase)/decrease in inventory	**(325 536)**	(58 379)	(302 132)
Decrease/(increase) in trade and other receivables	**449 327**	(150 653)	(332 885)
(Decrease)/increase in trade and other payables	**(180 018)**	272 272	238 557
Cash generated from/(utilised in) operations	**124 015**	174 895	361 767
14.2 Taxation paid			
Taxation paid is reconciled to the amount disclosed in the income statement as follows:			
Amounts receivable at the beginning of the year	**(10 292)**	(28 048)	(19 496)
Income statement charge (note 4)	**(58 553)**	(81 486)	(112 818)
Currency and hyperinflation impact	**(1 366)**	(7 175)	–
Amounts unpaid at the end of the year	**1 386**	10 292	28 048
	(68 825)	(106 417)	(104 266)
14.3 Dividends paid			
To shareholders	**–**	(156 753)	–
	–	(156 753)	–
14.4 Interest paid			
Interest expense	**(506 164)**	(239 149)	(71 061)
	(506 164)	(239 149)	(71 061)

	Bank borrowings R'000	Instalment sale and lease liabilities R'000	Total R'000
14.5 Reconciliation of movements in borrowings (refer to note 10) to cash flows arising from financing activities			
2023			
Balance at the beginning of the year	**1 001 470**	**835**	**1 002 305**
Changes from financing cash flows:	**265 047**	**(15 382)**	**249 665**
Borrowings repaid	**(1 089 595)**	**–**	**(1 089 595)**
Borrowings raised	**1 354 642**	**–**	**1 354 642**
Lease repayments	**–**	**(15 382)**	**(15 382)**
New leases	**–**	**41 188**	**41 188**
Interest on leases	**–**	**3 468**	**3 468**
Foreign currency translation including the effect of hyperinflation	**(375 291)**	**(7 136)**	**(382 427)**
Balance at the end of the year	**891 226**	**22 973**	**914 199**
2022			
Balance at the beginning of the year	388 284	1 815	390 099
Changes from financing cash flows:	859 110	(15 382)	843 728
Borrowings repaid	(909 778)	–	(909 778)
Borrowings raised	1 768 888	–	1 768 888
Lease repayments	–	(15 382)	(15 382)
New leases	–	41 188	41 188
Interest on leases	–	3 468	3 468
Foreign currency translation including the effect of hyperinflation	(245 924)	(30 254)	(276 178)
Balance at the end of the year	1 001 470	835	1 002 305
2021			
Balance at the beginning of the year	353 631	5 097	358 728
Changes from financing cash flows:	253 232	(4 350)	248 882
Borrowings repaid	(157 574)	–	(157 574)
Borrowings raised	410 806	–	410 806
Lease repayments	–	(4 350)	(4 350)
New leases	–	1 588	1 588
Interest on leases		509	509
Foreign currency translation including the effect of hyperinflation	(218 579)	1 031	(217 548)
Balance at the end of the year	388 284	1 815	390 099

15. FINANCIAL INSTRUMENTS

15.1 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below for the Mutlu Group:

Assets and liabilities as per balance sheet

	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Total R'000
2023			
Trade and other receivables	**623 115**	**–**	**623 115**
Cash and cash equivalents	**247 849**	**–**	**247 849**
Borrowings	**–**	**914 199**	**914 199**
Trade and other payables	**–**	**714 660**	**714 660**
Total	**870 964**	**1 628 859**	**2 499 823**
2022			
Trade and other receivables	885 535	–	885 535
Cash and cash equivalents	737 350	–	737 350
Borrowings	–	1 002 305	1 002 305
Trade and other payables	–	1 012 190	1 012 190
Total	**1 622 885**	**2 014 495**	**3 637 380**
2021			
Trade and other receivables	670 398	–	670 398
Cash and cash equivalents	475 698	–	475 698
Borrowings	–	390 099	390 009
Trade and other payables	–	710 296	710 296
Total	**1 146 096**	**1 100 395**	**2 246 491**

15.2 Financial risk management

The Mutlu Group's activities expose it to financial risks: market risk (including foreign currency exchange rate risk and variable interest rate risk), credit risk and liquidity risk. The Mutlu Group's overall risk management principles focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Mutlu Group's financial performance. The risk management committee provides principles for overall risk management.

A. Market risk

i. Foreign currency exchange rate risk

The Mutlu Group exports and imports goods and is therefore exposed to risk arising from various foreign currency exchange exposures, primarily with respect to the Euro, Great British Pound and US Dollar.

Uncovered foreign currency exchange exposures at year-end can be analysed as follows:

	At balance sheet date					
	2023		2022		2021	
	Foreign Amount outflow/ (inflow) '000	**Rand Equivalent outflow/ (inflow) R'000**	**Foreign amount outflow/ (inflow) '000**	**Rand equivalent outflow/ (inflow) R'000**	**Foreign amount outflow/ (inflow) '000**	**Rand equivalent outflow/ (inflow) R'000**
US Dollar	**(22 281)**	**(653 957)**	(16 480)	(308 152)	3 587	46 551
Euro	**4 539**	**147 854**	8 823	175 878	(1 929)	(28 322)
Great British Pound	**107**	**3 997**	822	18 482	1	(26)
Other	**71**	**114**	229	255	–	–
Total	**(17 564)**	**(501 992)**	(6 606)	(113 537)	1 659	18 203

	Profit higher/lower		
Foreign exchange sensitivity analysis	**2023 R'000**	**2022 R'000**	**2021 R'000**
Mainly as a result of foreign exchange gains/losses on translating foreign denominated trade receivables, trade payables and the mark-to-market valuation of the Mutlu Group's forward exchange contracts:			
US Dollar	**40 751**	27 934	5 520
Euros	**10 960**	15 943	3 358
Other	**256**	1 698	31

The following significant exchange rates against the Rand applied at year-end:

	Spot rate			Average rate		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
US Dollar	**18.3**	17.0	15.9	**18.5**	16.4	14.8
Euro	**20.4**	18.1	18.1	**20.0**	17.2	17.5
Japanese Yen (at inverted rate)	**7.7**	7.8	7.2	**7.6**	8.0	7.4
Great British Pound	**23.4**	20.4	21.5	**23.0**	20.2	20.3
Turkish Lira	**0.6**	0.9	1.2	**0.8**	1.0	1.7
Romanian Lei	**4.1**	3.7	3.6	**4.0**	3.5	3.6

ii. Interest rate risk

The Mutlu Group's interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Mutlu Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Mutlu Group to fair value interest rate risk. The Mutlu Group is exposed to variable interest rate risk as some of its borrowings are at floating interest rates (refer to note 10).

Management evaluates the Mutlu Group's borrowings and exposures as it deems appropriate in order to optimise interest savings and reduce volatility in the debt-related element of the Mutlu Group's cost of capital. Currently the Mutlu Group has not entered into any interest rate swaps or similar contracts, but will monitor the effectiveness of such derivatives as the need or risk requirements evolve.

Interest rates on bank overdrafts are disclosed in note 9. Bank overdraft facilities are reviewed annually and the terms are market-related. Interest rates and pricing profiles on borrowings, including maturity dates are disclosed in note 10.

At 31 December 2023, if the average interest rates on borrowings had changed by 1.0% point with all other variables held constant, Mutlu Group post-taxation profit/equity for the year would have changed R50.6 million (2022: R23.9 million) (2021: R7.1 million).

iii. Price risk

The Mutlu Group is not exposed to equity securities price risk as the Mutlu Group does not have investments in equities or similar instruments.

B. Credit risk

Credit risk is the risk of financial loss to the Mutlu Group if a customer fails to pay their debt or a counterparty to a financial instrument fails to meet its contractual obligations i.e., recovering our cash from deposits held with banks. The Mutlu Group has two types of credit risk; operational and financial.

Operational credit risk relates to non-performance by customers in respect of trade receivables due to the Mutlu Group. Financial credit risk relates to non-performance by banks and similar institutions in respect of cash and deposits, facilities and financial instrument contracts such as forward foreign exchange currency contracts.

Operational

The Mutlu Group supplies batteries predominantly to the automotive industry and the debtor's book consists of OEM, aftermarket and export customers. As a supplier to international automotive OEMs, the cash recovery ranges from 30, 45 and 60 days, however, the Mutlu Group may have a concentration of amounts outstanding with a single or smaller grouping of customers at any one time. Trade receivables comprise of 39% (2022: 24% and 2021: 27%) due from OEM customers. The credit profiles of such OEMs are available from credit rating agencies. The insolvency of, damage to relations, or commercial terms with a major customer could impact future results. In the aftermarket, there are a greater proportion of amounts receivable from small- and medium-sized customers including the independent distributor networks, wholesale and retail customers within our energy storage business. The aftermarket profile mitigates against concentration risk to OEM customers.

Net trade receivables comprise of R654 million (2022: R965 million and 2021: R692 million). Further analysis of trade receivables and management's ageing profiles can be found in note 9.

Credit risk and customer relationships are managed in a number of ways within the Mutlu Group. The granting of credit is controlled by formal application processes and rigid account limits specific to each business unit. Credit evaluations are performed on the financial position of these debtors. This evaluation takes into account its financial position, past experience and other factors such as amounts overdue and credit limits. The Mutlu Group has extensive and regular dialogue with key customers and strong commercial and business relationships.

78% (2022: 89% and 2021: 88%) of the Mutlu Group's customers are longstanding and have an established track record when transacting with the Mutlu Group. None of these customers' balances have been written off or are credit impaired. An analysis of the Mutlu Group's credit quality can be found in the tables that follow.

Trade receivables are presented net of the provision for impairments calculated on the specific credit loss method. Movements in the allowance for impairment of trade receivables can be found in note 8. The Mutlu Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In monitoring customer credit risk, customers are grouped according to certain shared credit characteristics such as industry and markets, product types and sectors, trading history and existence of previous financial difficulties. Trade receivables are also written off when there is no reasonable expectation of recovery (specific impairments). Indicators that there are no reasonable expectations of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Mutlu Group, and a failure to make payments for a period of greater than 60 days past due. The Mutlu Group continues to engage in enforcement activity to attempt to recover amounts written off. However, management has assessed the value of such trade receivables insignificant. Actual bad debts for the year amounted to Rnil (2022: Rnil and 2021: Rnil).

A forward-looking "expected credit loss" ("**ECL**") model is used to determine impairment losses and Mutlu Group entities adopt a provision matrix, as a practical expedient, to measure ECL on trade receivables ("**the simplified approach**"). This model focuses on the risk that a debtor will default, rather than whether a loss has or will be incurred (objective evidence of impairment). Credit losses are recognised earlier because every loan and receivable "has some risk of defaulting in the future" and has an "expected" credit loss associated with it, from the moment of its origination or acquisition.

The following table provides information about our debtors book and the exposure to credit risk from each customer as at 31 December: **Maturities**

	Gross carrying amount R'000	**Loss allowance R'000**	**Credit impaired**
31 December 2023			
Current (not past due)	**663 752**	**–**	**No**
1 – 30 past due	**27 391**	**–**	**No**
31 – 60 days past due	**219**	**–**	**No**
61 – 90 days past due	**–**	**–**	**Yes**
More than 90 days past due	**746**	**263**	**Yes**
Total debtors book	**692 108**	**263**	
31 December 2022			
Current (not past due)	909 359	–	No
1 – 30 past due	45 824	–	No
31 – 60 days past due	9 832	–	No
61 – 90 days past due	28	–	No
More than 90 days past due	571	201	Yes
Total debtors book	965 614	201	
31 December 2021			
Current (not past due)	581 271	–	No
1 – 30 past due	54 302	–	No
31 – 60 days past due	13 052	–	No
61 – 90 days past due	2 101	–	No
More than 90 days past due	3 177	138	Yes
Total debtors book	653 903	138	

The Mutlu Group is exposed to aftermarket customers. Mutlu receives collateral in the form of trade guarantees and mortgages over property for credit lines advanced to certain debtors covering 31% (2022: 35%) of limits and is credit enhancing. Risk of defaults have been remote. In certain instances, goods are not shipped if amounts are past due and cash advances are then requested. ECLs on rebates, discount receivables, tooling and other receivables have been considered and are immaterial.

Financial

Cash and cash equivalents

In Türkiye credit risk is limited to reputable financial institutions with strong international investment ratings. The Mutlu Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The minimum credit rating for financial institutions where balances are held are Türkiye BB-.

ECLs on cash and cash equivalents are immaterial. Deposits are readily convertible to cash and access is not restricted.

There have been no historical losses and none is expected in the future.

The credit quality of financial assets is based on historical counterparty default rates:

Analysis of credit quality	2023 R'000	2022 R'000	2021 R'000
Trade receivables			
Counterparties are:			
Group 1 – new customers (less than 6 months) with no defaults	**143 397**	104 608	97 126
Group 2 – existing customers (more than 6 months) with no defaults in the past	**510 369**	860 804	594 718
Group 3 – existing customers (more than 6 months) with some defaults	**–**	–	–
	653 766	965 412	691 844

The Mutlu Group has different categories of customers and a period of six months has been used as the criteria in distinguishing between new and existing customers.

Credit limits were within terms and management does not expect any losses from non-performance by these counterparties. The maximum exposure to credit risk is estimated to be the carrying amounts of the financial assets and the risk exposure may be minimised by collection of collateral held (refer to note 8).

	2023 R'000	2022 R'000	2021 R'000
Cash and cash equivalents			
Turkish banks	**247 849**	737 350	475 698
	247 849	737 350	475 698

The Mutlu Group does not expect any financial counterparties to fail to meet their obligations. Additional information on credit ratings can be found publicly on S&P Global, Fitch and Moody's Investor services. Fitch reaffirmed its B+ rating for Türkiye.

C. Liquidity risk

The Mutlu Group is exposed to liquidity risk as part of its normal financing and operational cash cycles. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to ensure that sufficient liquidity is available to meet obligations as they fall due and to maintain sufficient flexibility in order to fund investment and acquisition objectives. The Mutlu Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The Mutlu Group utilises the credit facilities of various banking institutions and has been able to operate within these facilities. This trend is expected to continue into the foreseeable future to fund growth in the Mutlu Group. Details of borrowings facilities are disclosed in note 10. Projected operational cash flows and the impending debt refinancing exercise are expected to provide adequate liquidity.

Analysis of financial liabilities – maturities (Mutlu Group)

The table below analyses the Mutlu Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Balance sheet carrying value R'000	Total Contractual cash flows R'000	Less than 1 year R'000	Between 1 and 2 years R'000
As at 31 December 2023				
Borrowings (excluding lease liabilities)	**914 199**	**1 110 340**	**1 070 027**	**40 313**
Lease liabilities	**22 973**	**22 973**	**22 973**	**–**
Trade and other payables	**918 266**	**918 266**	**918 266**	**–**
	1 855 438	**2 051 579**	**2 011 266**	**40 313**
As at 31 December 2022				
Borrowings (excluding lease liabilities)	1 002 305	1 087 129	1 087 129	–
Lease liabilities	836	836	836	–
Trade and other payables	1 138 361	1 138 361	1 138 361	–
	2 141 502	2 226 326	2 226 326	–
As at 31 December 2021				
Borrowings (excluding lease liabilities)	390 099	396 371	386 181	10 190
Lease liabilities	1 815	1 815	1 815	–
Trade and other payables	751 704	751 704	751 704	–
	1 143 618	1 149 890	1 139 700	10 190

15.3 **Capital risk management**

The Mutlu Group's objectives when managing capital are to safeguard the Mutlu Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and maximise returns.

In order to maintain or adjust the capital structure, the Mutlu Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt/reduce capital investments. Capital allocations are limited to the most meaningful projects with the highest probability of success to support the Mutlu Group's required return on invested capital and free cash flow generation.

The Mutlu Group monitors capital structure on the basis of net debt/equity. This ratio is calculated as net debt divided by ordinary shareholders' equity. Net debt is calculated as total interest-bearing borrowings (including bank overdrafts) less cash and cash equivalents. Over time our target remains c. 25% debt:equity and the actual ratio may fluctuate over the short-term especially in situations when new projects or model launches are executed.

The ratios at 31 December were as follows:

	2023 R'000	2022 R'000	2021 R'000
Total borrowings including bank overdraft (note 10)	**914 199**	1 002 305	390 099
Less: Cash and cash equivalents (note 9)	**(247 849)**	(737 350)	(475 698)
Net debt	**666 350**	264 955	(85 599)
Ordinary shareholders' equity	**2 886 967**	2 527 427	1 306 625
Total capital employed	**3 553 317**	2 792 382	1 221 026
Net debt/equity ratio %	**23.1**	10.5	6.6
Net debt:EBITDA ("times")	**4.0**	3.2	(1.0)
Net debt/Capital ratio %	**32.0**	40.0	30

	2023 R'000	2022 R'000	2021 R'000
16. CONTINGENT LIABILITIES			
Limited guarantee in respect of Valeo overdraft facility	**2 290**	3 331	4 357
Performance and related guarantees	**307 126**	312 423	192 612
	309 416	315 754	196 969

The Mutlu Group has contingent liabilities in respect of performance guarantees, letters of credit, customs and related matters arising out of the ordinary course of business. The likelihood of loss is remote.

	2023 R'000	2022 R'000	2021 R'000
17. COMMITMENTS			
Capital commitments	**170 617**	145 019	211 845
Contracted:			
– Plant, machinery and equipment	–	–	12 389
Authorised by the directors, but not yet contracted:			
– Plant, machinery and equipment	**170 617**	145 019	199 456

Commitments will be financed from a combination of internal cash resources, unutilised funding facilities and future specific project financing facilities. The maturity profile for lease obligations (commitments) can be found in notes 10 and 15.2C.

18. POST-EMPLOYMENT BENEFITS

The Mutlu Group provides post-employment benefits for its employees.

Amounts included in the financial statements comprise of:

	2023 R'000	2022 R'000	2021 R'000
Balance sheet obligation for:			
post-employment benefits	**23 556**	55 251	32 551
Liability in the balance sheet	**23 556**	55 251	32 551
Income statement charge:			
post-employment benefits	**9 706**	5 316	8 980
	9 706	5 316	8 980
Remeasurements included in other comprehensive income:			
post-employment benefits – loss	**24 304**	31 241	4 780
	24 304	31 241	4 780

In accordance with Turkish social legislation, Mutlu is required to make lump sum payments to current employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Such payments are calculated on the basis of 30-day pay limited to a salary cap of TL23 490 (2022: TL15 371, 2021: TL8 285) per year for each year of employment at the rate of pay applicable at the date of retirement/termination.

The Mutlu Group reflects a liability calculated using the projected unit credit method, based upon factors derived using experience of personnel terminating their services (and being eligible to receive retirement pay) and discounted by using the current market yield at the balance sheet date on government bonds (or rates approved by the Turkish capital markets board). Severance payment liability is not subject to any legal funding.

The scheme is unfunded.

	2023 R'000	2022 R'000	2021 R'000
Current service costs	**4 392**	2 405	3 388
Interest costs	**5 314**	2 911	5 592
	9 706	5 316	8 980
Movement in the liability recognised in the balance sheet			
At the beginning of the year	**55 251**	32 551	52 553
Total expense per income statement	**9 706**	5 316	8 980
Contributions paid**	**(60 364)**	(5 828)	(12 263)
Actuarial loss recognised in other comprehensive income*	**24 304**	31 241	4 780
Hyperinflation impact	**11 929**	(364)	–
Currency adjustment	**(17 270)**	(7 665)	(21 499)
At the end of the year	**23 556**	55 251	32 551
The amounts recognised in equity are as follows:			
Recognised actuarial loss	**24 304**	31 241	4 780

The principal actuarial assumptions used at balance sheet date are as follows (based on statistics):

	2023	2022	2021
Annual discount rate	**26.5%**	15.0%	13.0%
Salary inflation rate	**23%**	10.5%	8.5%
Average monthly earnings (Turkish Lira)	**24 548**	12 682	7 794
Mortality table	**CS080 F/M**	CS080 F/M	CS080 F/M

The principal assumption is that the maximum liability for each year of service will increase in line with inflation.

* The majority of the large actuarial loss for the year arises from the unexpected salary increases due to the higher inflation in Türkiye and the salary cap that increased in 2023 at a rate of 30%.

** The reason for the increase in contributions paid is due to the early retirement policy instituted in the current year by the Turkish government.

19. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Mutlu Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The judgements, estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements include the following:

Revenue recognition

- timing of revenue recognition – Whether revenue from the supply of automotive components is recognised over time or at a point in time; and

Refer to note 1 and accounting policies on revenue for further details.

IFRS 16 – Incremental borrowing rates

The determination of incremental borrowing rates, as set out in the accounting policy note on leases, required management judgement. Incremental borrowing rates ("**IBR's**") are based on the cost of borrowing from third parties. Borrowing rates readily observable in the market or available through recent financing are used by Mutlu Group entities as a starting point and adjusted by margins of between 0.25 to 1 basis points (bps) depending on the size, duration and country of lease. Security provided as well as the nature of the asset leased is also considered.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2023 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Asset useful lives and residual values (refer to note 5)

Property, plant and equipment are depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset useful lives, factors such as technological innovation, product life cycles/project life and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible asset useful lives (refer to note 6)

Intangible assets are amortised over their useful life on a systematic basis, once assessed by management as having a limited period of benefit to the entity. Intangible assets with an indefinite useful life are not subject to amortisation. The amortisation methods and useful lives are reviewed at least annually. In reassessing asset useful lives, market, technology, customer and contract related factors are taken into account.

Goodwill impairment testing (refer to note 6)

The Mutlu Group tests annually whether goodwill (including indefinite life intangibles) has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates. Key estimates include growth and discount rates (WACC) applied. Future cash flows (earnings) expected to be generated by Mutlu is projected, taking into account factors such as market conditions and earnings growth. Sensitivity analyses are also performed.

	2023	**2022**	**2022**
20. **STATED CAPITAL AND TREASURY SHARES**			
Authorised number of shares			
42 988 593 000 ordinary shares at no par value	**42 988 593 000**	42 988 593 000	42 988 593 000
Issued number of shares			
Ordinary shares at beginning and end of the year	**42 988 593 000**	42 988 593 000	42 988 593 000
	42 988 593 000	42 988 593 000	42 988 593 000
Issued			
42 988 593 000 ordinary shares of no par value	**5 129 066**	4 202 387	2 511 033

	2023 R'000	**2022 R'000**	**2022 R'000**
21. **RESERVES**			
21.1 **Foreign currency translation reserve**			
Balance at beginning of the year	**(3 295 491)**	(2 996 687)	(2 153 900)
Net exchange differences on translation of foreign operations including the effect of hyperinflation	**(790 018)**	(298 804)	(842 787)
Balance at end of the year	**(4 085 509)**	(3 295 491)	(2 996 687)
21.2 **Retained earnings**			
Balance at the beginning of the year	**1 620 532**	1 792 280	1 409 527
Net profit/(loss) for the year	**(70 611)**	(162 713)	449 128
Other comprehensive loss	**(19 443)**	(24 993)	(3 824)
Dividends paid	**–**	(97 235)	–
Foreign currency translation, including the effect of hyperinflation	**312 933**	113 193	62 549
Balance at the end of the year	**1 843 411**	1 620 532	1 792 280

22. **IAS 29 – FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES – TÜRKIYE**

During 2023, Türkiye remained classified as a hyperinflationary economy. The Mutlu Group continued to apply hyperinflation accounting for as if the economy had been hyperinflationary from date of acquisition. Further information on the application of hyperinflation accounting, including policy choices and key accounting estimates and judgements applied can be found within the Mutlu Group's accounting policies ("**Türkiye hyperinflation accounting**").

Financial impact

Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. The Mutlu Group uses the Turkish consumer price index ("**CPI**") as the general price index to restate amounts which provides an official observable indication of the change in the price of goods and services.

IAS 29 requires full retrospective application and therefore applied from December 2013, the date of acquisition. The Turkish CPI increased from 229 points in December 2013 to 1 859 points in December 2023. The CPI rate increased by 64.8% (2022: 64.3%) in the current financial year ending 31 December 2023. Based on these CPI increases, transactions within Mutlu's income statements and other comprehensive income, balance sheets, statement of changes in equity and statement of cash flows have been restated, from the date these transactions occurred, to reflect the purchasing power of the Turkish currency on 31 December 2023.

Mutlu's results are restated for the effect of hyperinflation before translation, into the Mutlu Group's presentation currency, at the closing rate of R0.62. The average TL:ZAR exchange rate for the year was R0.80 (2022: R1.00 and 2021: R1.70).

The impact of IAS 29 resulted in an uplift of R2 063 million (2022: R1 410 million) in net asset value and profit after tax of R79 million (2022: loss after tax of R417 million). A gain on the net monetary position of R382 million was also recognised in the income statement and calculated as the difference resulting from the restatement of non-monetary assets, equity and non-monetary liabilities, items in the income statement and other comprehensive income.

A summary of the impact of IAS 29 on the Mutlu Group, including the hyperinflation adjustments, are tabled below:

31 December	Base year	General price index (CPI)	Inflation rate (Year-on-year % change)
2023	**Dec-13**	**8.119**	**64.78%**
2022	Dec-13	4.927	64.30%

Hyperinflation impact (R'm)	Excluding hyperinflation (Pre-Hyper)	IAS 29 Impact (adjustments)	Including Hyperinflation (Post-Hyper)
Key income statement and KPI impacts:			
2023			
Revenue	**3 794**	**7**	**3 801**
Cost of sales (a)	**(2 856)**	**(440)**	**(3 296)**
Gross profit	**937**	**(433)**	**504**
Operating profit	**514**	**(462)**	**52**
Net monetary gain (b)	**–**	**382**	**382**
Profit for the period	**8**	**(79)**	**(71)**
2022			
Revenue	4 531	286	4 817
Cost of sales (a)	(3 676)	(796)	(4 472)
Gross profit	855	(510)	345
Operating profit	540	(551)	(11)
Net monetary gain (b)	–	169	169
Profit for the period	254	(417)	(163)

2023 Hyperinflation impact (R'm)	Excluding hyperinflation (Pre-Hyper)	IAS 29 Impact (adjustments)	Including hyperinflation (Post-Hyper)
Key balance sheet impacts:			
Non-current assets	**628**	**1 815**	**2 443**
Property, plant and equipment	**354**	**417**	**771**
Intangible assets	**219**	**1 389**	**1 608**
Other non-current assets	**55**	**9**	**64**
Current assets	**2 184**	**298**	**2 482**
Inventory	**1 225**	**295**	**1 520**
Other current assets	**959**	**3**	**962**
Total assets	**2 812**	**2 113**	**4 925**
Total equity	**824**	**2 063**	**2 887**
Foreign currency translation and NCI reserve	**(3 664)**	**(422)**	**(4 086)**
Retained income	**1 994**	**(150)**	**1 844**
Share capital and other reserves	**2 494**	**2 635**	**5 129**
Total liabilities	**1 988**	**50**	**2 038**
Deferred taxation liabilities	**(44)**	**50**	**6**
Other liabilities	**2 032**	**–**	**2 032**
Total equity and liabilities	**2 812**	**2 113**	**4 925**
2022			
Non-current assets	639	1 410	2 049
Property, plant and equipment	313	304	617
Intangible assets	307	1 106	1 413
Other non-current assets	19	–	19
Current assets	2 767	80	2 847
Inventory	976	78	1 054
Other current assets	1 791	2	1 793
Total assets	3 406	1 490	4 896
Total equity	1 117	1 410	2 527
Foreign currency translation and NCI reserve	(3 298)	3	(3 295)
Retained income	1 921	(301)	1 620
Share capital and other reserves	2 494	1 708	4 202
Total liabilities	2 289	80	2 369
Deferred taxation liabilities	26	80	106
Other liabilities	2 263	–	2 263
Total equity and liabilities	3 406	1 490	4 896

a) Cost of sales is restated from the date of production, including raw material purchases, and not the date of sale. The impact of indexation is applied at an average of 60 – 90 days before the actual revenue is earned and therefore causes a significant timing mismatch on operating profit.

b) The monetary gain is of R382 million (2022: R169 million) is essentially generated from Mutlu's net monetary liability position used to invest in hard assets (non-monetary) such as property, plant and equipment, intangible assets and inventory. Other impacts on the net monetary position in the income statement would be driven by revenue and other expenses indexation.

We performed impairment testing on Mutlu including goodwill, and sufficient headroom exists based on our expectations of the market recovery, forecast volumes and longer-term business plans. Our five-year forecasts support the carrying values of assets (refer to note 6 for further information).

23. **EVENTS AFTER REPORTING DATE**

Other than events disclosed within the financial statements, there were no other significant post-balance sheet events.

BASIS OF PREPARATION

Introduction

Shareholders of Metair Investments Limited ("**Metair**") are referred to the announcement released on SENS on 17 September 2024 detailing the proposed disposal of all the shares in, or the business of, Metaır Akü Holding Anonim Şirketi and all its wholly owned subsidiaries ("**Mutlu Group**" and/or the "**group**") (the "**Proposed Transaction**").

The Mutlu Group sells batteries to Original Equipment Manufacturers ("**OEMs**") that are included in new vehicles, service aftermarket demand in their local markets and export batteries into other markets.

The Mutlu Group is comprised of the following companies:

- Metaır Akü Holding Anonim Şirketi
- Mutlu Holding Anonim Şirketi
- Mutlu Akü ve Malzemeleri Sanayii Anonim Şirketi
- Mutlu Plastik ve Ambalaj Sanayii Anonim Şirkeiti
- Metair Gayrimenkul Proje Kiralama Anonim Şirketi

The Mutlu Group has not previously been required to prepare consolidated financial statements, but since it comprises a holding company and wholly owned subsidiaries special purpose consolidate financial statements have been prepared for purposes of presenting the historical performance of the Mutlu Group for the Proposed Transaction.

The special purpose consolidated historical financial information has been prepared by consolidating the financial information of each the subsidiaries for the years ended 31 December 2023, 2022 and 2021 (the "**Consolidated Historical Financial Information**").

The Consolidated Historical Financial Information of the Mutlu Group has been prepared for the purposes of meeting the JSE Listings Requirements to reflect a three-year track record of the Mutlu Group.

The Consolidated Historical Financial Information must be read in conjunction with the circular to the shareholders of Metair dated 30 September 2024 in connection with the Proposed Transaction.

The Consolidated Historical Financial Information consist of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow as at and for the years ended 31 December 2023, 2022 and 2021.

Basis of preparation

The Consolidated Historical Financial Information of the Mutlu Group is prepared in accordance with the IFRS® Accounting Standards ("**IFRS Accounting Standards**") in issue and effective for the group as at 31 December 2023.

The Consolidated Historical Financial Information are also prepared in accordance with the South African Institute of Chartered Accountants ("**SAICA**") Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and section 8.1 to 8.12 of the JSE Listings Requirements.

All the companies in the Mutlu Group are domiciled in Türkiye and therefore the Companies Act No. 71 of 2008 ("**Companies Act**") of South Africa is not applicable.

The Consolidated Carve-out Historical Financial Information of the Mutlu Group has been prepared for the purposes of meeting the JSE Listings Requirements to reflect a three-year track record of the Mutlu Group.

The Consolidated Historical Financial Information of the Mutlu Group has been prepared by extracting and consolidating the historical income, expenses, assets and liabilities attributable to the Mutlu Group from the historical records of Metair used in preparing the audited financial statements of Metair for the relevant periods.

The Consolidated Historical Financial Information of the Mutlu Group is prepared in accordance with the accounting policies adopted by the Mutlu Group for the year ending 31 December 2023. The Mutlu Group's accounting policies are consistent with the accounting policies applied in the preparation of the consolidated financial statements of Metair and have been applied consistently in respect of each period, except as otherwise disclosed.

The Consolidated Historical Financial Information has been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The Consolidated Historical Financial Information is presented in South African Rand. All amounts have been rounded to the nearest thousand unless otherwise stated.

The Consolidated Historical Financial Information is prepared on the going concern basis.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 19.

NEW STANDARDS AND INTERPRETATIONS

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on IFRS Accounting Standards.

(a) Standards, amendments and interpretations effective for the first time

New standards and amendments adopted by the group:

The group has applied the following amendments for the first time for the annual reporting period commencing 1 January 2023:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1.
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practise Statement 2.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.
- Definition of Accounting Estimates – Amendment to IAS 8.

The amendments listed above did not have any impact on the amounts recognised in the current and prior periods and are not expected to significantly affect future periods.

(b) Standards, amendments and interpretations not yet adopted by the group

Certain new accounting standards and interpretations have been published that are not mandatory for annual reporting period ending 31 December 2024 and have not been early adopted by the group.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Under the amendments to IAS 1 Presentation of Financial Statements the classification of certain liabilities as current or non-current may change. In addition, companies may need to provide new disclosures for liabilities subject to covenants.

The amendments apply from 1 January 2024. There are no classification variations compared to policies currently applied by the group regarding liabilities and covenants.

BASIS OF CONSOLIDATION

The group's Consolidated Historical Financial Information is included in this report.

(a) Subsidiaries

The Consolidated Historical Financial Information incorporate the financial statements of Metaır Akü Holding Anonim Şirketi and all its wholly owned subsidiaries from the effective dates of acquisition to the effective dates of loss of control.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are no longer consolidated from the date that control is lost.

The acquisition method of accounting is used to account for business combinations of subsidiaries by the group.

The consideration transferred for the acquisition of a subsidiary is measured at the fair value of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity instruments issued at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed in the period in which the costs are incurred, or services received.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the Consolidated Historical Financial Information of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Historical Financial Information are presented in South African Rands ("**ZAR**"), however, the companies within the Mutlu Group have Turkish Lira ("**TLY**") as its functional currency.

(b) Transactions and balances

Transactions denominated in foreign currency are translated at the spot exchange rate into the functional currency at the transaction date and if remeasured, on date of remeasurement. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency, are recognised within profit/loss, except when deferred in other comprehensive income as a qualifying cash flow hedge. Monetary items denominated in foreign currency are translated at the closing rate at the reporting date.

(c) Mutlu Group companies

The results and financial position of all the group entities (which has a functional currency that of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at closing exchange rates; and

(iii) All resulting exchange differences are recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets or liabilities of the foreign entity and translated at the closing exchange rate. Exchange differences arising are recognised in other comprehensive income.

TÜRKIYE HYPERINFLATION ACCOUNTING

During 2023, Türkiye remained classified as a hyperinflationary economy. The assessment as to when an economy is hyperinflationary is based on the guidelines of IAS 29: *Financial Reporting in Hyperinflationary Economies* ("**IAS 29**"), which considers qualitative as well as quantitative factors, including whether the accumulated inflation over a three-year period is in excess of 100%. The International Monetary Fund confirmed cumulative inflation rates over a three-year period exceeded 100% as at October 2023.

The Mutlu Group applied hyperinflation accounting, as specified in IAS 29 *Financial Reporting in Hyperinflationary Economies*, for amounts reported by Mutlu Group in Türkiye since 1 January 2022. The application of IAS 29 to Mutlu Group's operations is done prior to the translation of those results to the group's presentation currency.

General price index

IAS 29 requires transactions and balances to be stated in terms of the measuring unit at the end of the reporting period, using a general price index to account for the effect of loss of purchasing power experienced during the period. The group has elected to use the Turkish CPI, provided by the Turkish Statistical Institute, as the general price index. The Turkish CPI provides an observable published indicator of changes in the general purchasing power of the country's currency. IAS 29 requires full retrospective application of its principles.

Consequently, IAS 29 principles are applied from the date the Metair Group acquired the Mutlu Group (i.e., December 2013). The Turkish CPI increased from 229 in December 2013 to 1 859 in December 2023. The CPI increased by 65% (2022: 64%) in the current financial year ending 31 December 2023. Based on these CPI increases, the transactions within the group income statements and other comprehensive income, balance sheet, statement of changes in equity and statement of cash flows have been restated from the date these transactions occurred to reflect the period end (31 December 2023) purchasing power of the Turkish currency.

Impact on the balance sheet

The group has not restated comparative amounts for changes in purchase power of its functional currency in the current set of Consolidated Historical Financial Information, as the presentation currency of Mutlu Group is (South African Rand) that of a non-hyperinflationary economy. The difference between the net asset value of Mutlu Group previously reported and its restated comparative information is presented in the foreign currency translation reserve ("**FCTR**") presented under other comprehensive income ("**OCI**") in the consolidated statement of comprehensive income and consolidated statement of changes in equity. This difference encompasses the initial and subsequent impact of the application of IAS 29 as a combined effect relating to the inflationary restatement in accordance with IAS 29 and the foreign exchange translation in accordance with IAS 21 as a net change. This is consistent with the IFRS Interpretations Committee agenda decision of March 2020.

At the beginning of the first period in which IAS 29 is applied, the components of equity, excluding retained earnings, are restated by applying the change in the general purchase power of the Turkish Lira from the dates the components were contributed or otherwise arose, to their purchasing power at the end of the reporting period. These restatements are recognised directly in equity. Restated retained earnings are derived based on the other amounts in the restated balance sheet.

The carrying amounts of non-monetary assets and liabilities carried at historical cost have been adjusted to reflect the change in the purchasing power of the Turkish Lira from the date of initial recognition to the end of the reporting period. Where non-monetary items are restated above their recoverable amount an impairment loss is recognised directly in the consolidated statement of comprehensive income. Non-monetary items that are held at fair value or net realisable value are not restated, as these items are recognised based on current price levels. Monetary items are already expressed in the measurement unit current at the end of the reporting period and do not require restatement.

Impact on the income statement and statement of comprehensive income

All items recognised in the consolidated statement of comprehensive income are restated by applying the change in the purchasing power of the Turkish Lira from the dates when the items of income and expenses were initially earned or incurred to the purchase power at the end of the reporting period. The gain/loss earned/incurred on the net monetary position of Mutlu has been recognised in the consolidated statement of comprehensive income as a "Net monetary gain arising from hyperinflation".

Impact on the statement of cash flows

All items in the consolidated statement of cash flows are expressed in terms of the purchasing power of the Turkish Lira at the end of the reporting period. The resultant statement of cash flows is prepared to reflect cash flows during the year measured at the current purchasing power at the end of the reporting period.

Deferred taxation

Hyperinflation accounting in accordance with IAS 29 within the accounting result in changes to the carrying amounts of all non-monetary assets and liabilities without a corresponding tax base adjustment. As the inflationary adjustments relate to subsequent measurement of the non-monetary assets and liabilities, deferred tax assets and liabilities are raised to the extent that it is likely that these would realise in future periods.

Impact of hyperinflation on Mutlu Group's results

Significant hyperinflation-accounting adjustments are highlighted in note 22 to the financial statements.

Critical accounting estimates and judgements applied in adoption of IAS 29:

The Turkish Consumer Price Index as published by Türkiye Cumhuriyet Merkez Bankasi (Turkish Statistical Institute) is representative of the general price increase within the economy and has therefore been used by the group as a basis to restate amounts presented in terms of IAS 29. This index provides a reliable and observable indication of the change in the price of goods and services over time. It is the measure generally accepted by market participants to measure the change in purchase power for the Turkish Lira.

Where transactions occurred in high volume and with significant frequency (e.g., daily revenues, expenses, borrowing cash flows and interest transactions), which rendered the determination of a specific transaction date impracticable, monthly or semi-annual averages were used to approximate the value of these transactions. Further, the respective monthly, or semi-annual CPI average was applied in restating these amounts, depending on when the cash flows were expected to arise.

Average opening and closing inventory days, representing the time for which inventory was on hand, was used to calculate the acquisition dates for the opening and closing inventory balances, respectively. These inventory balances were restated in terms of IAS 29 based on the purchasing power applicable from the calculated acquisition dates for each of these balances. Purchases made during the year were restated in terms of IAS 29 based on the average purchase power associated with the month in which the transaction occurred. The inventory balances restated in terms of IAS 29 were used as a basis to calculate the cost of goods sold for the year.

INTANGIBLES

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred in an acquisition over the group's share in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired and the amount of the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed and is recognised in profit or loss.

The carrying value of goodwill is compared to the recoverable amount which is the higher of value-in-use and the fair value less cost to sell. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 years. The amortisation methods and estimated remaining useful lives are reviewed at least annually.

(c) Research and development

Research expenditure relating to gaining new technical knowledge and understanding is charged to the income statement when incurred. Development expenditure relating to the production of new or substantially improved products or processes is capitalised if the costs can be measured reliably, the products or processes are technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. All remaining development expenditure is charged to the income statement.

Cost includes expenditure on materials, direct labour and an allocated proportion of project overheads.

Amortisation of development costs recognised as assets are written off to the income statement over 3–5 years.

PROPERTY, PLANT AND EQUIPMENT

(a) Owned assets

Land and buildings comprise mainly factories and offices.

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful lives as follows:

Buildings	50 years
Plant, machinery and equipment	3–20 years
Vehicles and furniture and fittings	3–5 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Residual values and useful lives of all assets are reviewed, and adjusted if appropriate, on an annual basis.

In addition, depreciation of an item of property, plant and equipment is to begin when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date that it is derecognised upon disposal. An item of property, plant and equipment is derecognised when no future economic benefits are expected from its use or disposal. Expenditure incurred on the construction of property, plant and equipment is capitalised within property, plant and equipment and depreciated once brought into use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income and expenses in the income statement.

(b) Spare parts and tooling

Spare parts are classified as plant and equipment rather than inventory when they meet the definition of property, plant and equipment. Tooling used in the production of a specific project is subjected to an economic analysis of contractual relations with the automaker/customer in order to determine which party has control over the tool. Tooling is capitalised as part of plant and equipment only when it meets the definition of an asset.

LEASES

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed monthly lease payments (including in-substance fixed payments), less any lease incentives receivable.

The group's leasing arrangements are predominantly standard in nature. Lease terms are negotiated on an individual basis and contain varying terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Leased payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by group entities, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture and generally lower than US$ 5 000 per item per ZAR equivalent. Further information on leases can be found in note 5.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortisation and are tested annually for impairment. The group periodically evaluates the carrying value of property, plant and equipment and intangible assets when events and circumstances warrant such a review. The carrying value of an asset is considered to be impaired when the recoverable amount of such an asset is less than its carrying value.

In that event, a loss is recognised based on the amount by which the carrying value exceeds the recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("**CGUs**").

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable willing parties, less the costs of disposal.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the CGU to which the asset belongs.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

COMPARATIVE FIGURES

Certain additional disclosure has been provided in respect of the current year. To the extent practicable, comparative information has also been provided.

INVENTORY

Inventory is stated at the lower of cost or net realisable value, due account being taken of possible obsolescence. The cost of inventories is based on the first-in, first-out principle. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

CURRENT AND DEFERRED TAX

(a) Income tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, Türkiye, where the companies of the Mutlu Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the Turkish tax authorities. The charge for current tax is predominantly based on results for the year as adjusted for income that is exempt and expenses that are not deductible using Turkish tax rates that are applicable to the taxable income and includes any adjustments to tax payable in respect of prior years.

(b) Deferred tax assets and liabilities

Deferred income tax is recognised, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The group recognises the estimated liability on all products still under warranty at the reporting date. This provision is calculated based on service histories. The group also recognises a liability for recovering used lead-acid batteries for recycling obligations. A provision is recognised and based on collection rate experience.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

COST OF SALES

All costs directly related to the producing of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses. When inventories are sold, the carrying amount is recognised in cost of sales. Any write-down, losses or reversals of previous write-downs or losses are recognised in cost of sales.

REVENUE AND OTHER INCOME

Revenue from contracts with customers

General

The group recognises revenue when (or as) a group entity satisfies a performance obligation by transferring a promised good to a customer. Goods and services are transferred when (or as) the customer obtains control of that asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Revenue from a contract with customers is in scope of IFRS 15, once all of the following criteria are met:

- collection of consideration is probable;
- contract has commercial substance;
- rights and payment terms are identified; and
- approved and parties committed to obligations.

Revenue is measured at the transaction price derived from contracts with customers and is net of volume rebates, discounts and other similar items such as life-time price reductions ("**LTRs**"), incentives and sales taxes ("**VAT**"). Intercompany sales have been eliminated for purposes of group consolidation.

Energy storage – sale of automotive and industrial batteries

The energy storage business manufactures automotive batteries for supply to the aftermarket (replacements) through our unique aftermarket distribution channels and independent franchised retail networks ("**distributors**") as well as to OEMs for new vehicles manufactured. Batteries are also exported to destinations across "EMEA" from our operations in Türkiye.

Revenue is recognised when control of the batteries has transferred, being at the point in time when the batteries have been delivered. None of the requirements to recognise revenue over time is met.

Delivery occurs when the batteries have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customers and the customers have accepted the goods in accordance with their corresponding purchase orders.

When a product is subject to delivery to the customer's site, legal title passes when the product is physically handed over. When a product is shipped to the customer free-on-board ("**FOB**") shipping point (i.e., exports), legal title passes and the risks and rewards are generally considered to have transferred to the customer when the product is handed over to the carrier.

Arrangements that involve shipment of goods to a customer might include promises related to the shipping service that give rise to a performance obligation. Shipping and handling services may be considered a separate performance obligation if control of the goods transfers to the customer before shipment, but a group entity may promise to ship the goods (or arrange for the goods to be shipped). In contrast, if control of a good does not transfer to the customer before shipment, shipping is not a promised service to the customer. This is because shipping is a fulfilment activity as the costs are incurred as part of transferring the goods to the customer.

The amount of revenue booked is based on the transaction price, which is the full amount of consideration a group entity expects to be entitled to for supplying each battery. OEM pricing is normally also adjusted during the year for movements in forex rates regarding imported subcomponents and the London Metal Exchange index changes ("**LME**" changes) for lead. These adjustments result in variable consideration. To the extent that forex rates and lead commodity (LME) price changes relate only to batteries that are to be delivered in the future, there is no variable consideration, as there is no variability in the selling price between when control of the battery transfers to an OEM customer and when the selling price is settled.

If the price negotiations will impact the transaction price of the parts already supplied, then revenue is adjusted for the revised price as a cumulative catch-up adjustment.

Revenue from aftermarket sales is recognised based on the price quoted to the customer, governed by internal pricing lists, net of any discounts and rebates. Volume discounts, rebates and similar customer incentives are accrued for during the year, based on the most likely amount to be paid and is readily determinable at balance sheet. These amounts are accrued for within trade and other payables (see note 12).

Trade receivables

A trade receivable is recognised when the goods are delivered, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

Warranties

The group's obligation to provide for warranties is recognised as a provision (see note 13). The customer does not have the option to purchase the warranty separately. Refunds are provided for faulty products under the group's standard warranty obligations which are in line with industry practices. The estimated costs are recorded as a liability when the group transfers the product to the customer.

Returned goods are exchanged for new goods and no cash refunds are offered.

Financing components

The group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money. No element of financing is deemed present, sales are consistent with market practice.

Interest

Interest income is recognised using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired).

Sundry and incidental income

The group generates incidental income in the form of sale of scrap such as off-cuts, rental income arising from short-term external rental of portions of owned warehouses and other sundry items. These items are accounted for as other operating income and are not regarded as core revenue streams.

FINANCIAL INSTRUMENTS

(a) Recognition and initial measurement

Financial instruments, consisting of financial assets and financial liabilities, carried at the reporting date by the group include bank and cash, trade receivables, trade payables, borrowings and bank overdrafts. Trade receivables and trade payables exclude prepayments and certain statutory and employee-related payables for the purposes of financial instruments.

Trade receivables are initially recognised when they are originated, in conjunction with IFRS 15. All other financial assets and liabilities are recognised on the balance sheet when the group become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The consolidated group does not hold debt or equity investments.

Financial assets are classified as current assets if they are expected to be realised within 12-months of the reporting date.

Assessing the SPPI criterion

In order for a financial asset to qualify for amortised cost or FVOCI it needs to give rise to cash flows that are "solely payments of principal and interest" on the principal amount outstanding. This assessment is colloquially referred to as the SPPI test. It is performed at an instrument level.

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The trade receivables of the group only involve a single cash flow – the payment of the amount resulting from a transaction in the scope of IFRS 15, which is deemed to be the principal, as stated above. Therefore, the cash flows resulting from the receivables meet the SPPI test of payments of principal and interest despite the interest component being zero in most cases.

Bank and cash are short term in nature and interest income is earned on amounts deposited with the bank. The group recognises these balances at its contractual par amount. The bank balances involve one single cash flow which is the repayment of the principal plus interest accrued at the effective rate. Therefore, the cash flows resulting from these deposits meet the SPPI test of payments of principal and interest.

The contractual cash flows for trade receivables and bank and cash consists solely of principal and interest.

IFRS 9 "Business model" assessment

In addition to the results from the SPPI test, the classification is dependent on the business model under which the group holds the financial assets. An entity's business model for managing financial assets refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows will result from either collecting contractual cash flows, selling the financial assets or both.

A business model is typically observable through particular activities undertaken by an entity to achieve its objective, such as how its performance is evaluated, how its managers are remunerated and how its risks are managed, plus the frequency and magnitude of sales. For the purposes of the business model assessment, the group assessed financial assets at a higher level of aggregation. The group has more than one business model for managing its financial instruments and therefore the assessment need not be determined at the reporting entity level.

Amortised cost business model

The group operates an amortised cost business model for financial assets other than derivatives. Trade and other receivables as well as bank and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Our business model is to hold these assets in order to collect contractual cash flows, provided they pass the SPPI test mentioned above. The group manufactures and supplies automotive parts and batteries for the automotive industry. Receivables, arising from the revenue generated, are collected from customers and are based on the agreed contractual terms. This forms an integral component of working capital and credit risk management as well as cash generation for the group. In re-affirming our assessment, we considered:

- the time value of money;
- credit risk;
- terms that limit the group's claim to cash flows;
- liquidity risk;
- administration costs; and
- profit margins applied.

The group's policy for trade receivables as well as bank and cash are to therefore hold to collect the contractual cash flows. Therefore, these are classified and measured at amortised cost.

Amortised cost financial assets are subsequently measured using the effective interest method and are subject to the impairment requirements in IFRS 9. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Gains and losses are recognised in profit or loss when the instrument is derecognised or impaired.

Other business models

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. IFRS 9 requires financial assets to be measured at FVTPL if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This was not applicable for the year.

Financial liabilities

Financial liabilities are recognised on the transaction date when the group becomes a party to the contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

The group classifies its financial liabilities as either at fair value through profit or loss or amortised cost.

Financial liabilities are stated initially on the transaction date at fair value including transaction costs. Subsequently, they are stated at amortised cost using the effective interest method, other than those designated at fair value through profit or loss. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Fair value estimation

The nominal value less estimated credit adjustments of trade receivables are assumed to approximate their fair values.

Impairment of financial assets

The Mutlu Group recognises loss allowances for ECLs on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs, using the simplified approach. See accounting policy on trade receivables for further information.

TRADE RECEIVABLES

Trade receivables are recognised at the transaction price as measured and defined in IFRS 15, Revenue from contracts with customers and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Mutlu Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires lifetime credit losses to be recognised from initial recognition of all receivables and contract assets. Refer to note 15.2 B – credit risk management for further details on impairment policies.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at carrying value, measured at amortised cost.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or less, all of which are available for use by the Mutlu Group unless otherwise stated.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing. Borrowing costs are expensed unless capitalised as part of the cost of a qualifying asset, which are 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.

Borrowings are classified as current liabilities unless the Mutlu Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

EMPLOYEE BENEFITS

Remuneration of employees is charged to the income statement. Short-term employee benefits are those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the services have been rendered.

Short-term employee benefit obligations are measured on an undiscounted basis and are charged to the income statement as the related service is provided.

Long-term employee benefits are those benefits that are expected to be wholly settled more than 12 months after the end of the annual reporting period in which the services have been rendered and are discounted to their present value. An accrual is recognised for accumulated leave, incentive bonuses and other employee benefits when the Mutlu Group has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

Retirement benefits

The Mutlu Group has an obligation which requires mandatory lump sum payments similar to that of a defined benefit pension plan. Defined benefit plans require a liability to be recognised in the balance sheet at the present value of the expected obligation at reporting date.

In accordance with the existing Turkish social legislation, the Mutlu Group is required to make lump sum payments to current employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The expected costs of these benefits are accrued on a systematic basis over the expected remaining period of employment, using the accounting methodology described in respect of defined benefit plans above. Valuations of these are carried out by independent qualified actuaries. The obligation is discounted by using the market rate on government bonds or rates approved by the Capital Markets Board of Türkiye. There are no plan assets.

(d) Long service

The Mutlu Group pays its employees a long service benefit after a specified period of continuous service. The benefit is paid in the month the employee reaches the milestone. The method of accounting and frequency of valuation are similar to those under the defined schemes. The actuarial valuation to determine the liability is performed annually.

(e) Bonus plans

The Mutlu Group recognises a liability and an expense for bonuses and similar items based on a formula that takes into consideration, among others, the profit attributable after certain adjustments. The Mutlu Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

INVESTMENT TAX CREDITS ("ITC")

The Mutlu Group uses the "flow-through" method under which the tax benefit from an ITC is recorded immediately as a reduction in current income tax expense (income tax credit) in the period that the credit is generated. The amount recognised is the actual tax reduction, indicated by the tax authorities, which is deducted from corporate tax calculated at reporting date.

If there are significant ongoing performance obligations or a less than probable likelihood of not committing to a project objective or outlay, the "deferral" method, under which the tax benefit from an ITC is deferred and amortised within income tax provision over the lesser of the project or asset useful life, is applied.

STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where a group company purchases the company's equity stated capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

DIVIDENDS PAYABLE

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company in a general meeting or by the board.

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF METAIR TÜRKIYE FOR THE TWO FINANCIAL YEARS ENDED 31 DECEMBER 2022 AND 31 DECEMBER 2023

*The definitions and interpretations commencing on page 5 of the Circular to which this annexure is attached **do not** apply to this annexure.*

"Independent Auditor's Assurance Report on the Historical Financial Information for the two years ended 31 December 2023 and 31 December 2022

To the Directors of Metair Investments Limited

At your request, we present our Independent Auditor's Assurance Report on the Historical financial information of Metair Akü Holding Anonim Şirketi (the "**Metair Türkiye**" or the "**Company**"), and its subsidiaries (together, the "**Group**") as at and for the two years ended 31 December 2023 and 31 December 2022 (the "**Historical Financial Information**") for inclusion in Annexure 4 on pages 39 to 91 of the circular to be dated on or about 30 September 2024 ("**Circular**") by the directors.

This report is required for the purposes of complying with Section 8.48 of the Listings Requirements of the JSE Limited (the "**JSE**") (the "**JSE Listings Requirements**") and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Auditor of Metair Investments Limited.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

Independent Auditor's Assurance Report on the Historical Financial Information

Opinion

We have audited the Historical Financial Information of Metair Türkiye, which comprises of the Balance sheets as at 31 December 2023 and 31 December 2022, the Income statement and the Statement of other comprehensive income, the Statements of changes in equity and the Statements of cash flows for the two years then ended, and notes to the historical financial information, including a summary of significant accounting policies, as presented in Annexure 4 on pages 39 to 91 of the Circular.

In our opinion, the Historical Financial Information, as presented in Annexure 4 on pages 39 to 91 of the Circular, presents fairly, in all material respects, for the purpose of the Circular, the financial position of the Group as at 31 December 2023 and 31 December 2022 and its financial performance and cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IFRS Accounting Standards**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements.

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 *Independent Auditor's Responsibilities for the Historical Financial Information* section of our report. We are independent of the Company and its' subsidiaries (together, the "**Group**") in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (the "**IRBA Code"**) and other independence requirements applicable to performing audits of financial statements of the Company and Group 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 Company and Group 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.

Other Information

The directors are responsible for the other information contained in this Circular. The other information comprises the information included in the "Circular to Metair Shareholders". The other information does not include the Historical Financial Information and our Independent Auditor's Assurance Report thereon.

Our opinion on the Historical Financial Information does not cover the other information contained in this Circular and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Historical Financial Information, our responsibility is to read the other information contained in this Circular and, in doing so, consider whether the other information is materially inconsistent with the Historical Financial Information 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 Historical Financial Information

The directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The directors are also responsible for the preparation and fair presentation of the Historical Financial Information in accordance with the IFRS Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Responsibilities for the Historical Financial Information

Our objectives are to obtain reasonable assurance about whether the Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue an Independent Auditor's Assurance 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 this Historical Financial Information.

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

- Evaluate the overall presentation, structure and content of the Historical Financial Information, including the disclosures, and whether the Historical Financial Information represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with the 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.

Other Matters

There is another set of financial statements in relation to Metair Akü Holding Anonim Şirketi, that was signed off on 29 March 2024 by Ernst & Young. Those financial statements were issued under another GAAP framework for statutory purposes in Turkey. For the purpose of this Circular the Historical Financial Information was prepared and issued in compliance with IFRS Accounting Standards. The company is incorporated in Turkey and as a result the financial statements are not compliant with the local Companies Act requirements.]

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette number 39475 date 4 December 2015, we report that we have been the Independent Auditor of Metair Investments Limited for two years.

Ernst & Young Inc.
Director: Dawie Venter
Registered Auditor
Chartered Accountant (SA)

Johannesburg

23 September 2024"

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF METAIR TÜRKIYE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The definitions and interpretations commencing on page 5 of the Circular to which this annexure is attached ***do not*** *apply to this annexure.*

"Independent Auditor's Review Report on the Historical Financial Information for the year ended 31 December 2021

To the Directors of Metair Investments Limited

At your request, we present our Independent Auditor's Review Report on the historical financial information of Metair Akü Holding Anonim Şirketi (the "**Metair Türkiye**" or the "**Company**"), and its subsidiaries (together, the "**Mutlu Group**") as at and for the year ended 31 December 2021 (the "**Historical Financial Information**") for inclusion in Annexure 4 on pages 39 to 91 of the circular to be dated on or about 30 September 2024 ("**Circular**") by the directors.

This report is required for the purposes of complying with Section 8.48 of the Listings Requirements of the JSE Limited ("**JSE**") (the "**JSE Listings Requirements**") and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Auditor of Metair Investments Limited.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

Independent Auditor's Review Report on the Historical Financial Information

We have reviewed the Historical Financial Information of Metair Türkiye, which comprises of the Balance sheet as at 31 December 2021, the Income statement and the Statement of other comprehensive income, the Statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the historical financial information, including a summary of significant accounting policies, as presented in Annexure 4 on pages 39 to 91 of the Circular.

Responsibility of the directors

The directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The directors are also responsible for the preparation and fair presentation of the Historical Financial Information in accordance with the IFRS Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Those charged with governance at the Metair Investments Limited are responsible for overseeing the process to compile the Interim Historical Financial Information.

Responsibility of the Independent Auditor on the Historical Financial Information

Our responsibility is to express a conclusion on the Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2400 (Revised), *Engagements to Review Historical Financial Statements* ("**ISRE 2400 (Revised)**"). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Historical Financial Information is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the Historical Financial Information in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information, as set out in Annexure 4 on pages 39 to 91 to the Circular, is not prepared, in all material respects, in accordance with the IFRS Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements.

Ernst & Young Inc.
Director: Dawie Venter
Registered Auditor
Chartered Accountant (SA)

Johannesburg

23 September 2024"

METAIR
INVESTMENTS LIMITED
automotive | industrial | retail

METAIR INVESTMENTS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1948/031013/06
JSE and A2X share code: MTA
ISIN: ZAE000090692
("**Metair**" or the "**Company**" or, together with its Subsidiaries, the "**Metair Group**")

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 5 of the Circular to which this notice is attached, apply to this notice, unless otherwise stated or the context so requires.

Notice is hereby given that the General Meeting will be held **at 14:00**, **on Tuesday, 29 October 2024**, subject to any cancellation, postponement or adjournment.

Metair has determined that the General Meeting will be held at Metair's registered office, Suite 7, Ground Floor, Building No. 2, Oxford and Glenhove, 114 Oxford Road, Houghton Estate, Johannesburg, 2198, Republic of South Africa and through an electronic interactive platform hosted by TMS, as permitted in terms of clause 16.5 of Metair's MOI, the JSE Listings Requirements and section 63(2)(b) of the Companies Act. The electronic interactive platform employed will enable all persons participating in the General Meeting to communicate concurrently with each other and without an intermediary, and to participate reasonably effectively in the General Meeting.

Shareholders are referred to the section in the "*Action required by Shareholders*", titled "*Voting, attendance and representation at the General Meeting*" commencing on page 3 of the Circular for information regarding voting, attendance and representation at the General Meeting.

Shareholders are reminded that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, participate in and vote at the General Meeting in the place of that Shareholder, and Shareholders are referred to the attached Form of Proxy (*blue*) in this regard;
- a proxy need not also be a Shareholder; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification to the chairperson of the General Meeting, who must be reasonably satisfied that the right of any person to participate in and vote (whether as a Shareholder or as proxy for a Shareholder) has been reasonably verified.

PURPOSE OF THE GENERAL MEETING

The purpose of the General Meeting is to consider and, if deemed appropriate, pass the following Resolution, with or without modification.

RESOLUTION

ORDINARY RESOLUTION 1 – APPROVAL OF THE DISPOSAL IN TERMS OF THE JSE LISTINGS REQUIREMENTS

"**Resolved that**, in terms of paragraph 9.20(b) of the JSE Listings Requirements, the implementation of the Disposal (the terms and conditions of which are set out in paragraph 5 of the Circular, commencing on page 15 of the Circular) be and is hereby approved."

Voting in respect of Ordinary Resolution 1

The percentage of voting rights required for Ordinary Resolution 1 to be adopted is a 50% majority of all the votes exercised on Ordinary Resolution 1 by persons entitled to exercise voting rights, and sufficient Shareholders are present in person or represented by proxy to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on Ordinary Resolution 1.

Reason and effect of Ordinary Resolution 1

The reason for Ordinary Resolution 1 is to obtain approval from Shareholders for the implementation of the Disposal, in terms of paragraph 9.20 of the JSE Listings Requirements. The effect of Ordinary Resolution 1 is that Metair will have the necessary Shareholder approval to implement the Disposal.

RECORD DATE

The record date, in terms of section 59 of the Companies Act, for Shareholders to be recorded in the Register in order to:

- receive the Notice of General Meeting is Friday, 20 September 2024; and
- attend, speak and vote at the General Meeting is Friday, 18 October 2024. Accordingly, the last day to trade in order to be eligible to attend, speak and vote at the General Meeting is Tuesday, 15 October 2024.

PROXIES

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a Shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out in the Form of Proxy (*blue*) attached.

VOTING AND QUORUM REQUIREMENTS

Voting shall be by way of a poll and every Shareholder of the Company present by electronic communication or represented by proxy shall have one vote for every Share held in the Company by such Shareholder.

Pursuant to section 48(2)(b)(ii) of the Companies Act, the votes of Metair Shares held by Subsidiaries of Metair may not be exercised with respect to the Resolution set out in this Notice of General Meeting.

Pursuant to Metair's MOI, a Shareholders' meeting may not begin unless there are at least 3 Shareholders entitled to attend and exercise voting rights, present in person or by proxy or represented by an authorised representative (as contemplated in the definition of "*Present at a Meeting*" in the Companies Act) to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting.

PROOF OF IDENTIFICATION REQUIRED

In terms of section 63(1) of the Companies Act, any Shareholder or proxy who intends to attend or participate at the General Meeting must present reasonably satisfactory identification at the General Meeting for such Shareholder or proxy to attend, participate in and/or vote at the General Meeting. TMS is obliged to validate (in consultation with the Company and in particular, the Company's Transfer Secretaries and the relevant CSDP) each Shareholder's entitlement to attend, participate in and/or vote at the General Meeting.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

The General Meeting will also be accessible through electronic communication, as permitted in terms of clause 16.5 of Metair's MOI, the JSE Listings Requirements and section 63(2)(b) of the Companies Act.

TMS will assist Shareholders with the requirements for electronic attendance, participation in, and voting at the General Meeting. Shareholders who wish to electronically attend, participate in and vote at the General Meeting are required to contact TMS at proxy@tmsmeetings.co.za or on +27 84 433 4836; +27 81 711 4255; or +27 61 440 0654 as soon as possible, in any event **by no later than 14:00 on Friday, 25 October 2024**.

Shareholders participating in the General Meeting by way of electronic communication may still appoint a proxy to vote on their behalf at the General Meeting.

The costs of participation in the General Meeting by electronic communication will be for the expense of Shareholders or their proxies and they will be billed separately by their service providers. Neither Metair nor TMS will be held liable for any loss, injury, damage, penalty or claim arising from the use of the electronic communication services or any defect in respect thereof or from total or partial failure of the electronic communication services for any reason whatsoever, including loss of network connectivity or other network failure due to, *inter alia*, insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent a Shareholder or its proxy from attending, participating in and/or voting at the General Meeting.

Shareholders and their proxies will be able to vote electronically at the General Meeting (refer to the "*Action required by Shareholders*", titled "*Voting, Attendance and Representation at the General Meeting*" commencing on page 3 of the Circular).

Logistical arrangements regarding the virtual/electronic General Meeting are detailed in the "*Virtual meeting guide for Shareholders: How to access the virtual General Meeting*" section of the Circular.

By order of the Board

SM Vermaak
Metair Group company secretary

23 September 2024

METAIR INVESTMENTS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1948/031013/06
JSE and A2X share code: MTA
ISIN: ZAE000090692
("**Metair**" or the "**Company**")

FORM OF PROXY (FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "*OWN NAME*" REGISTRATION)

The definitions and interpretations commencing on page 5 of the Circular to which this form of proxy is attached, apply to this form of proxy, unless otherwise stated or the context so requires.

IMPORTANT NOTE CONCERNING THIS FORM OF PROXY

This form of proxy is only for the use of those Shareholders who have not yet dematerialised their Metair Shares or who have dematerialised their Metair Shares, and such dematerialised Shares are recorded in the electronic sub-register of Metair in the Shareholder's own name (entitled shareholder).

Shareholders who have Dematerialised their Metair Shares with a Broker or CSDP, other than with "*own name*" registration, must arrange with the Broker or CSDP concerned to provide them with the necessary letter of representation to attend the General Meeting by electronic communication if they wish to do so or if they do not wish to attend the General Meeting the Shareholders concerned must instruct their Broker or CSDP as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholder and the Broker or CSDP concerned.

A Shareholder entitled to attend and vote at the General Meeting may appoint one or more proxies of his/her own choice to attend, speak and, on a poll, vote in his/her stead at the General Meeting to be held at 14:00 (South African Standard Time) on Tuesday, 29 October 2024 at the Company's registered office, Suite 7, Ground Floor, Building 2, Oxford and Glenhove, 114 Oxford Road, Houghton Estate, Johannesburg, 2198 and through an electronic interactive platform hosted by TMS. A proxy need not be a Shareholder of the company.

I/We ______________________________ (name in block letters)

of ______________________________ (address)

Telephone (work) ____________________ (home) ____________________

Mobile ____________________ (email) ____________________

being the holder(s) of ____________________ Metair Shares

do hereby appoint (see notes 1 and 2):

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the chairperson of the General Meeting, as my/our proxy to attend, participate in and act on my/our behalf at the General Meeting and, on a poll or on a show of hands, to vote in my stead and to vote for or against the Resolution set out in the Notice of General Meeting or abstain from voting thereon in respect of the Metair Shares registered in my/our name(s), in accordance with the following instructions (see note 3):

	For	Against	Abstain
Ordinary Resolution 1 – Approval of the Disposal			

Please indicate with an "**X**" or the relevant number of Metair Shares, in the applicable space, how you wish your votes to be cast. Unless otherwise directed, the proxy will vote as he/she deems fit.

Signed at ____________________ on ____________________ 2024

Signature(s) ____________________ Capacity ____________________

Assisted by (where applicable) ____________________ Signature ____________________

Please read the notes on the reverse side hereof.

NOTES:

1. A Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder) to attend, participate in, and on a poll, vote in place of that Shareholder at the General Meeting.
2. A Shareholder may insert the name of a proxy or the names of two alternate proxies of the Shareholder's choice in the space(s) provided, with or without deleting "*the chairperson of the General Meeting*". The person whose name stands first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Shareholder should insert an "**X**" in the relevant space according to how the Shareholder wishes his/her/its votes to be cast. However, if a Shareholder wishes to cast a vote in respect of a lesser number of Shares than that which he/she/it holds, such Shareholder should insert the number of Shares held in respect of which he/she/it wishes to vote or abstain from voting. If a Shareholder fails to comply with the above then such Shareholder will be deemed to have authorised the proxy to vote or to abstain from voting at the General Meeting as such proxy deems fit in respect of all of the Shareholder's votes exercisable at the General Meeting. A Shareholder is not obliged to exercise the votes in respect of all of the Metair Shares held by him/her/it, but the total votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the Shareholder.
4. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and participating and voting to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to so do.
5. The chairperson of the General Meeting may reject or accept any Form of Proxy which is not completed and/or received in accordance with the Circular and the instructions set out herein.
6. Shareholders who have Dematerialised their Shares with a Broker or CSDP, other than those with "*own name*" registration, must arrange with the Broker or CSDP concerned to provide them with the necessary letter of representation to attend the General Meeting or the Shareholders concerned must instruct their Broker or CSDP as to how they wish the votes in respect of their Shares to be voted at the General Meeting. This must be done in terms of the agreement entered into between the Shareholder and the Broker or CSDP concerned.
7. Any alteration to this Form of Proxy, other than the deletion of alternatives, must be signed, not merely initialled, by the signatory/ies.
8. If this Form of Proxy is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this Form of Proxy, unless it has previously been recorded by Metair or the Transfer Secretaries.
9. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. on behalf of a company, trust/ees, pension fund, deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by Metair or the Transfer Secretaries or waived by the chairperson of the General Meeting.
10. A minor or any other person with legal incapacity must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by Metair or the Transfer Secretaries.
11. Where there are joint holders of Metair Shares:
    a. any one holder may sign the Form of Proxy; and
    b. the vote of the senior joint holder, who tenders a vote, as determined by the order in which the names stand in the Metair Register, will be accepted.
12. Forms of Proxy should be delivered to TMS, as follows:
    a. by post: PO Box 62043, Marshalltown, 2107, South Africa; or
    b. by e-mail: proxy@tmsmeetings.co.za,

    so as to be received by TMS, for administrative reasons, **by no later than 14:00 on Friday, 25 October 2024**. Should the Form of Proxy not be delivered to TMS by this time, the Form of Proxy must be delivered to the chairperson of the General Meeting before the start of the General Meeting and before the appointed proxy exercises any of the Shareholder's rights at the General Meeting.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate his/her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise;
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
  - the relevant shareholder; or
  - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so; and
- if a company issues an invitation to its shareholders to appoint 1 or more persons named by the company as a proxy, or supplies a form of proxy instrument:
  - the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
  - the invitation or form of proxy instrument supplied by the company must:
    - bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
    - contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name and, if desired, an alternative name of a proxy chosen by the shareholder; and
    - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any Resolution(s) to be put at the meeting, or is to abstain from voting;
  - the company must not require that the proxy appointment be made irrevocable; and
  - the proxy appointment remains valid only until the end of the meeting, or any adjournment thereof, at which it was intended to be used.

VIRTUAL MEETING GUIDE FOR SHAREHOLDERS: HOW TO ACCESS THE VIRTUAL GENERAL MEETING

The definitions and interpretations commencing on page 5 of the Circular to which this guide is attached, apply to this guide, unless otherwise stated or the context so requires.

This section is intended as a general guide only and Shareholders who are in any doubt regarding such matters should contact TMS.

TMS will assist Shareholders (or their proxies) with the requirements for electronic attendance, participation in, and voting at the General Meeting. Shareholders (or their proxies) who wish to electronically attend, participate in and vote at the General Meeting are required to contact TMS at proxy@tmsmeetings.co.za or on +27 84 433 4836; +27 81 711 4255; or +27 61 440 0654 as soon as possible, so as to be received for administrative reasons, **by no later than 14:00 on Friday, 25 October 2024.**

In order to electronically attend, participate and vote at the General Meeting, each Shareholder (or their proxy) must have an internet-enabled device (e.g. phone, laptop, or a desktop) capable of browsing to a regular website (in order to vote and participate).

Each Shareholder (or their proxy) who has contacted TMS (as detailed above) and who has successfully been validated will, closer to the date of the General Meeting or on the day of the General Meeting, receive a unique link and password to enter the virtual General Meeting room. Click on the link and you will be directed to the General Meeting platform.

Navigating the General Meeting platform

Shareholders (or their proxies) who would like to:

- Pose questions, please click on the Q&A icon on the bottom of the screen to ask the question. Please type the question and press enter or send.
- Address the General Meeting directly, please click on the raise your hand icon. Once the chairperson of the General Meeting has identified you, your microphone will be un-muted, and you will be able to address the General Meeting.

How to exercise votes on the General Meeting platform

- All Shareholders (or their proxies), who have requested to vote, would have received a unique link from Digital Cabinet TMS to either their phone number or email address.
- The voting will be available on the Resolution when the chairperson of the General Meeting opens the General meeting.
- Please click on the "vote now" link and it will direct you to the voting platform.
- You will notice that the voting platform contains the Resolution which has been published in the Notice of General Meeting, with your votes automatically defaulted to Abstain.
- Please note that once you click submit, your votes can not be retracted and re-voted.
- Once you have voted on the Resolution, scroll down to the bottom of the page and click "submit".
- You will receive a message on your screen confirming that your votes have been received.

You will be able to access both the meeting platform and the voting platform approximately two minutes prior to the commencement of the virtual General Meeting.

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