METAIR
INVESTMENTS LIMITED
automotive | industrial | retail

Integrated Annual Report 2024

RESET AND GROWTH IN A SUSTAINABLE MANNER WITH A FOCUS ON AFRICA

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CAPITALS

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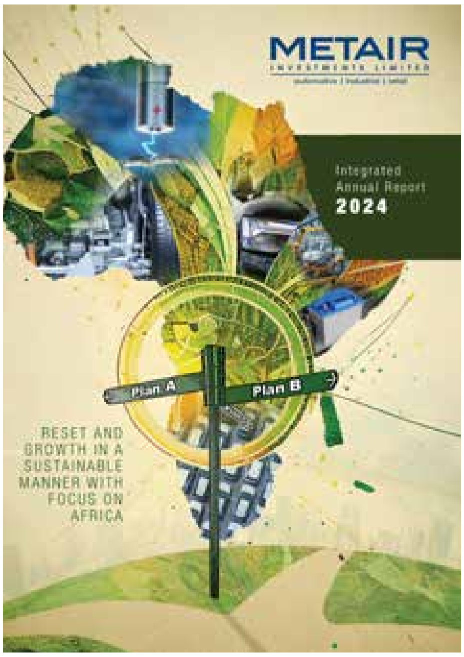
COVER IMAGE AND THEME

The cover image on Metair's integrated annual reports (IARs) provide the theme and contextualise the major events for the year.



2024 was a crossroads year for Metair, in which the company had to take hard decisions to secure its immediate financial health and lay the base for long-term sustainability. The cover image depicts the choices we faced in deciding the future strategic direction of the company and our commitment to sustainable growth and innovation, with a particular emphasis on Africa's potential as a key driver for future opportunities. Moving ahead, we will continue to be adaptable and resilient, ensuring flexibility as we negotiate the evolving automotive landscape and make the most of the opportunities that it presents. The vibrant depiction of Africa merges natural and industrial elements, underscoring the balance between environmental stewardship and economic development.

OUR 2024 REPORT

At the start of 2024, the immediate priorities for management were to reset the company, with a focus on five key priorities:

Stabilise leadership	Leadership stabilised and key appointments made to capacitate management (see page 21,35)
Achieve planned project profitability at Hesto	Hesto returned to profitability in 2024 through efficiency enhancements despite volume challenges at customers (see page 9,21,40)
Resolve competition concerns in Romania	In process (see page 8,20,74,78)
Derisk value from Mutlu Akü	Mutlu Akü sold effective 19 December 2024 (see page 9,21,40)
Address the high debt levels	A comprehensive funding plan to address debt levels and capital structure was approved in March 2025 (see page 9,20,43-46)

With the reset phase moving towards completion, we focused on developing a strategy to return Metair to growth. The strategy was approved by the board in December 2024 (see page 11-13) and we made good progress in establishing the strategic enablers during the year. The acquisition of AutoZone Holdings Proprietary Limited (AutoZone) (see page 10,13) and opportunities identified in Africa (see page 15) mark the start of the next phase of growth for the company.

ABOUT THIS REPORT

This IAR covers the period 1 January to 31 December 2024 and focuses on the short-term factors that have the most immediate impact on Metair's ability to continue to create value. It is prepared primarily to meet the information needs of Metair's current and prospective shareholders and providers of finance and includes information relevant to other stakeholders.

The report provides an overview of how Metair creates value for its stakeholders, the new Growth Strategy, the matters that most materially impact value creation, operating context and performance, material risks and opportunities, stakeholder groups and their interests, sustainability performance, governance, outlook and prospects.

REPORTING GUIDELINES AND REGULATORY REQUIREMENTS

The report was drafted considering the requirements and recommendations of the relevant codes, frameworks and regulations including:

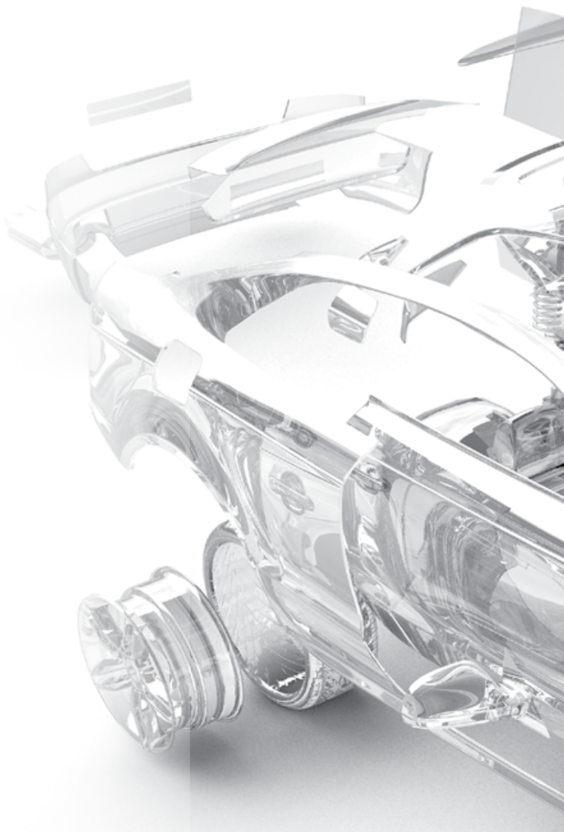
- The IFRS Foundation's Integrated Reporting <IR> Framework
- The King IV Report™
- International Financial Reporting Standards (IFRS)
- The JSE Listings Requirements
- The Companies Act
- The JSE Sustainability Disclosure Guidance

The sustainability information included in the report is informed by the GRI Standards (Standards), although Metair does not report in accordance with the Standards.

Metair also produces a standalone summary Climate Change Report aligned to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) to deepen our understanding of climate change impacts, and to meet investor requests for expanded reporting. The 2024 version will be published later in the year. Rombat produced a standalone sustainability report https://rombat.ro/uploads/files/Romana%20Raport%20de%20Sustenabilitate.pdf during the year, published in terms of Directive 2014/95/EU.

REPORT BOUNDARY

The financial information in this report includes all Metair subsidiaries and associates in accordance with IFRS. Non-financial sustainability information, such as human resources statistics and environmental performance, does not include information for Associated Battery Manufacturers (East Africa) Limited (ABM), Valeo or Tenneco. This does not have a material effect on the group's reported non-financial performance given the small size of the operations.



Hesto is reported in the annual financial statements as a managed associate but is included in the Environmental, Social and Governance (ESG) reporting in the report as Metair is responsible for day-to-day management. Transformation information provided on page 54 applies to the South African subsidiaries and their material holdings and excludes the non-South African operations at year end (Rombat, Dynamic and ABM).

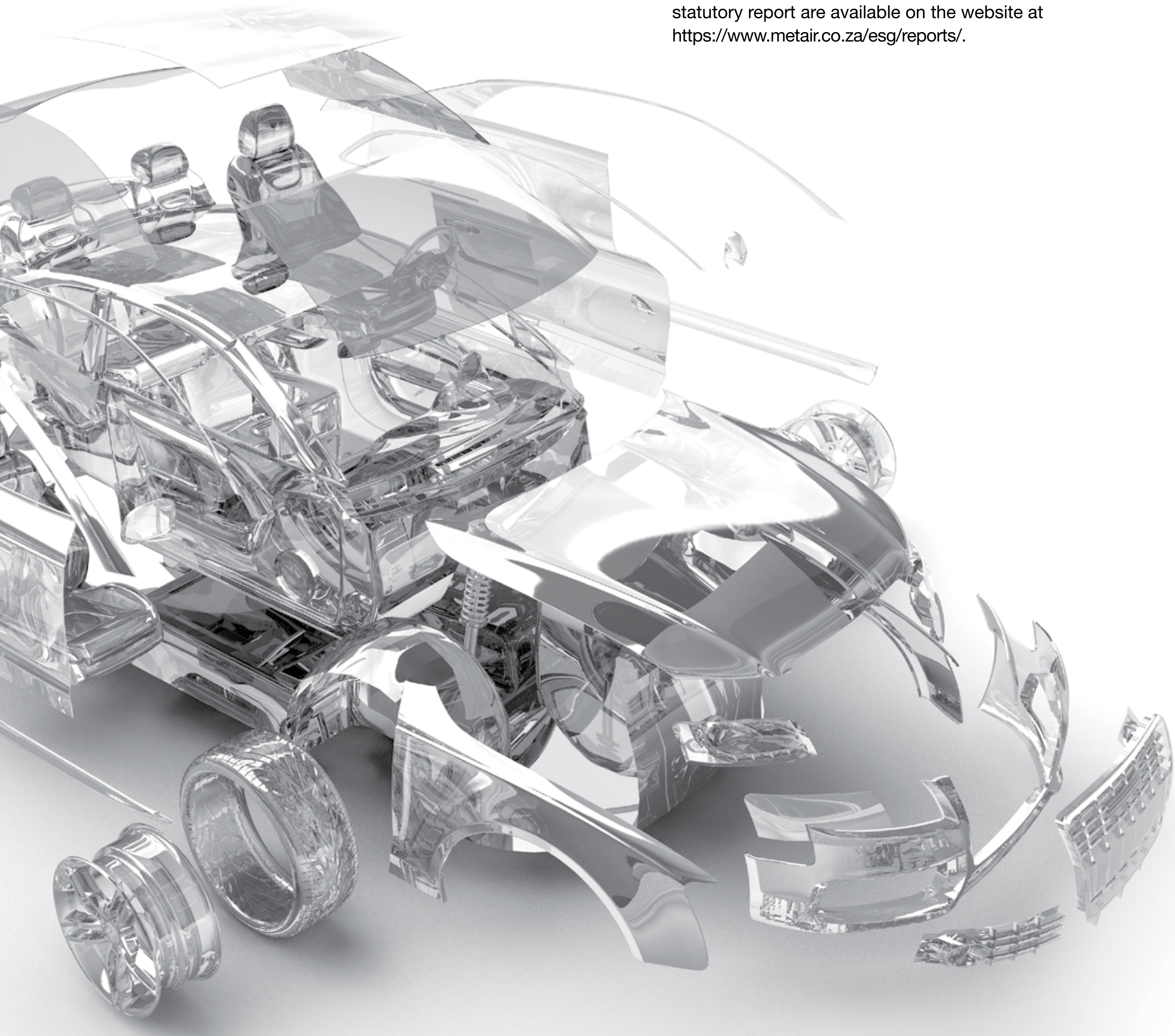
Mutlu Akü was disposed of effective 19 December 2024 and is accounted for as a discontinued operation in the annual financial statements. Non-financial sustainability information relating to Mutlu Akü is excluded from the sustainability data included in this report. Prior year comparatives were restated for the classification of Mutlu Akü as a discontinued operation.

ASSURANCE

Metair's combined assurance model monitors key strategic risks and opportunities, internal controls, and other material areas.

The integrity of the data management, monitoring and reporting is supported by internal and external assessments. The following information received external assurance:

- EY audited the consolidated and separate annual financial statements for the year ended 31 December 2024. Their report appears on page 111.
- Specific sustainability information was externally assured by IBIS Environmental Social Governance Consulting Africa Pty Ltd (IBIS). Refer to their report on page 61.
- Empowerlogic performed external verification of broad-based black economic empowerment (B-BBEE) performance at a consolidated group level as well as at subsidiary level for the South African operations. The Metair group B-BBEE certificate and B-BBEE statutory report are available on the website at https://www.metair.co.za/esg/reports/.



ABOUT THIS REPORT continued

All targets, intentions and forecasts stated in this report are accurate based on the information available to Metair at the time of writing. These may be invalidated should conditions change significantly, and the group will report on progress in the next report. The forecast financial information contained in this IAR has not been reviewed or reported on by the company's external auditor and is the responsibility of the directors of the company.

APPROVAL OF THE INTEGRATED REPORT

The Metair board acknowledges its responsibility to ensure the integrity of the report. The board confirms that it has applied its collective mind to the preparation and presentation of this report, and believes that all material matters, the integrated performance of the company and its impact on the environment and stakeholders are fairly presented.

TN Mgoduso
Chair

PS O'Flaherty
CEO

SALIENT FEATURES

GROUP REVENUE
declined by 2.0% to
R11.8bn

GROUP OPERATING PROFIT
(before capital items) decreased by 20% to
R504m

GROUP HEADLINE EARNINGS PER SHARE (HEPS) declined by 9 cents to
89 cents per share on a continuing basis

NET WORKING CAPITAL/REVENUE
17%
(2023: 18%)

DEBT/EQUITY RATIO
97%
(2023: 52%)

LTIFR
reduced to
0.11
(2023: 0.12)

REMUNERATION
R2.3bn
as salaries, wages and other benefits (2023: R2.2bn)

SKILLS
R34.6m
invested in skills development initiatives to further develop our human capital

TRANSFORMATION
consolidated group B-BBEE
Level 1
and all South African subsidiaries at Level 4 or better

WATER CONSUMPTION
per person per hour worked increased by
13%

RECYCLING
± 60 000
tonnes of lead recycled

CARBON FOOTPRINT
Group Scope 1 and 2 carbon emissions by volume units decreased by
3.4%

Financial information stated above includes results from continuing operations as Mutlu Akü has been classified as a discontinued operation. EBIT, EBITDA and free cash flow measures are used throughout this report and are considered to be pro forma financial information in terms of the JSE Listings Requirements. For further information refer to Appendix 1 on page 198

METAIR GOVERNANCE PHILOSOPHY AND FRAMEWORK

Metair defines governance as the system used to direct, grow and control its business in a sustainable manner. The group continuously challenges its approach, design and application in this area. In deepening its commitment to sustainability, the importance of the environment, society and profitability are critical to Metair's long-term prospects.

This requires a balanced focus on performance and stakeholder inclusivity. The governance framework enables the achievement of the four governance outcomes of effective control, an ethical culture, good performance and legitimacy. The framework was reviewed and approved in 2024, and the board is satisfied that it contributes to role clarity and the effective exercise of authority.

CHAIR'S REVIEW

'The executive team's efforts to stabilise operations and address capacity deficits have strengthened Metair's position. The group is emerging from a difficult period with a renewed strategy and vision.'

TN Mgoduso – Chair

Metair ended financial 2024 in a better position than it was in financial 2023.

The executive team has maintained an absolute focus on successfully stabilising operations, driving efficiencies and addressing volume variability, while managing and realigning the overall debt position. Vitally, a new strategy was also developed and agreed with the board, better positioning the group for a sustainable future.

The additional senior leadership resources appointed during the year were critical in enabling Metair's shift from strategic oversight to strategic control, with the two COOs focused on streamlining and optimising the subsidiaries, while addressing immediate operational pain points.

The appointed HR executive is stabilising and formalising the group's people practices and assessing appropriate staffing levels at the businesses. An executive for capital restructuring and treasury was appointed on a short-term basis to focus on the capital restructuring and improve cash management across the group.

Management successfully achieved a significant turnaround in Hesto's operational and financial performance and critically addressed two building blocks for the Metair of tomorrow – the disposal of Mutlu Akü which has markedly reduced risk on the balance sheet and the acquisition of AutoZone, which kickstarts Metair's expansion into the automotive aftermarket.

In addition, management rebalanced a significant portion of our partner Yazaki's shareholder loans in Hesto.

A tremendous amount of work went into building the enablers that underpin the growth strategy, including establishing a dedicated risk and control function, strengthening IT governance and structure, capacitating the group finance function, and appointing a group commercial and legal manager.

The new strategy focuses on stabilising the core business while unlocking future growth opportunities. Metair's ability to take full advantage of opportunities has been constrained by the high debt levels. The capital restructuring was an urgent priority that was approved by the board and funders in March 2025.

In April 2024, Rombat and Metair submitted a reply to the Statement of Objection from the European Commission regarding potential violations of EU anti-trust rules between 2004 and 2017. This was followed in July by oral hearings at which Rombat and Metair presented evidence. We expect a decision from the Commission in the second quarter of 2025 and look forward to resolution in this matter.

These achievements are significant, especially considering the numerous external events impacting the automotive sector in general and Metair specifically, including challenges stemming from the global macroeconomic environment, supply chain disruptions, regulatory developments and the industry shift towards new energy vehicles (NEVs).

In South Africa, the automotive sector is under pressure from subsidised imports from China and India, low-cost local assembly with limited local content, industry challenges related to steel and gas supplies and, more recently, discussions around the future of our trade agreements with the United States under AGOA. In terms of the latter, it is interesting to note that South Africa exports a relatively small percentage of motor vehicles to the US under AGOA when compared to exports elsewhere, although any loss or slow-down in demand is detrimental to the industry and could disincentivise future broader automotive industry investments into the country.

Board focus areas

The board continued to monitor progress in addressing the priority areas during the year, and oversaw the 'reset and growth' strategy development process as well as its final approval. We also reviewed and approved the related strategies and documents, enabling management to effectively implement the plans. This included the realignment and restructuring of our debt position, as well as the HR, IT and sustainability strategies, a revised enterprise risk management framework, corporate governance framework, regulatory compliance framework and a stakeholder engagement policy and plan.

MATURING OUR APPROACH TO SUSTAINABLE GROWTH

Metair's values are built on the principle of custodianship, which exhorts us to value and care for the world around us. We regard ESG performance as an essential element of manufacturing excellence and sustainable value creation. Our internal sustainability reporting system was enhanced during the year, with subsidiary MDs reporting on ESG KPIs monthly to exco and quarterly to the social and ethics committee and the board.

Metair has always had a strong focus on sustainability, and we continue to strengthen our ESG framework and supporting policies. Extreme weather events again affected some of our factories – this year in KwaZulu-Natal and the Eastern Cape. We are advancing the development of our climate change resilience procedures and responses and have started the process of investigating a net-zero strategy.

It is very pleasing that our intense focus on operational improvement and excellence during the year did not come at the cost of worker safety, and we are happy to report a further decrease in the group LTIFR to 0.11 from a restated 0.12 in 2023. As in prior years, we made a significant investment in developing skills in our workforce and supporting socio-economic development in local communities.

Engaging with stakeholders

At the Annual General Meeting on 7 May 2024, 35% of the votes exercised by shareholders present or represented by proxy were against the non-binding endorsement of the company's remuneration implementation report. Accordingly, and in line with the requirements of the JSE Listing Requirements and King IV™, Metair invited dissenting shareholders to engage with the company regarding the report. We are currently reviewing Metair's long-term performance incentive scheme and will consider the issues raised by the dissenting shareholders.

In June 2024, the chair and board subcommittee chairs conducted governance roadshows in Cape Town and Johannesburg to proactively engage with the investor community. Our goals were to better understand investors' concerns, thereby strengthening our relationships with investors, and to enhance shareholder familiarity with the board and governance frameworks. In total, we met with 5 fund managers holding 71.81% of the company's shares and our board deliberations have been enhanced by the feedback we received. We have created an investor relations calendar that will support the group's investor relations efforts to enhance Metair's presence in the market.

APPRECIATION

I would like to thank my colleagues on the board for their commitment and diligent contributions to overseeing the many changes in the group during the year.

The board is extremely grateful for the focus and decisive action taken by exco, the senior management team and subsidiary MDs, which were instrumental in stabilising the businesses and resetting Metair to execute its growth strategy. We acknowledge the enormous effort of our employees in a difficult period and thank them for their dedication to restoring manufacturing excellence across the group. We also thank our customers and technical partners for their ongoing support.

Metair is emerging from a challenging period with a renewed strategic purpose and vision that establish an exciting growth trajectory. The board is committed to providing effective strategic oversight as the strategy unfolds to ensure that the group realises the full potential from these opportunities.

TN Mgoduso
Chair

CEO REPORT

'The year saw significant progress in addressing the five key issues identified at the start of the year. The new strategy identifies exciting new areas of growth with the capital restructuring creating the space necessary to deliver on our commitments.'

PS O'Flaherty – CEO

Our primary achievement over the past year has been stabilising and resetting Metair's foundations, with an emphasis on addressing the five short-term challenges we identified at the start of 2024 (see page 20,21). We have made good progress in four of these areas – stabilising leadership, turning Hesto around, derisking Mutlu Akü and developing a capital restructuring plan to address debt levels and reposition Metair for growth, which was concluded in March 2025. We await the response of the European Commission regarding historical competition concerns at Rombat and are hopeful this will be released towards the end of the first half of 2025.

Although we were focussed on these five items, we also identified an opportunity to enhance our product and geographic diversification through the acquisition of AutoZone in December 2024, which serves as the springboard from which to accelerate our aftermarket parts vertical.

We successfully rolled out projects to improve production efficiencies in all the subsidiaries and started addressing other specific areas of concern.

These projects included the ongoing improvement initiatives at Hesto, as well as the closures of the unprofitable Automould East London plant, the First Battery industrial business and the manufacturing plant at ATE. I am pleased to report that Hesto, Lumotech and First Battery delivered strong performances, although there remains work to be done in the other subsidiaries. In the second half of 2024, we developed a strategy to drive the growth of the group going forward, which was approved by the board shortly before year end. In the process, we identified six strategic enablers that underpin Metair's sustainability and started embedding and advancing initiatives in these areas.

GROWTH IN A CHANGING ENVIRONMENT

Group revenue from continuing operations has been resilient despite the challenging market conditions and amounted to R11.8 billion compared to R12.1 billion in 2023. Earnings before interest and taxation (EBIT before capital items), was R504 million (2023: R633 million) at a margin of 4.3% (2023: 5.3%). If Hesto were to be consolidated (with all else being equal), group revenue from continuing operations would have been R17.3 billion compared to R17.8 billion in 2023, and EBIT would have been R761 million (2023: R25 million) at a margin of 4.4% (2023: 0.1%). These results and comparatives exclude Mutlu Akü, which was classified as a discontinued operation and disposed of in December 2024.

Operating conditions remained challenging throughout the year, due to lower production at South African Original Equipment Manufacturers (OEMs) caused by weaker demand from traditional export markets, as well as market share shifts due to the influx of imported vehicles, especially from China and India. In addition, as previously reported, reduced production volumes at one of the group's major customers, Toyota South Africa Motors (TSAM) due to engine certification issues, significantly impacted the results of most Metair subsidiaries. These issues were resolved by TSAM in December 2024.

We successfully improved efficiencies and cost control by shifting to a strategic control model, which has increased oversight and accountability at the subsidiaries. The two COOs implemented a value stream mapping project at all facilities to optimise manufacturing by removing bottlenecks and unlocking process efficiencies. The HR strategy aims to align headcount with production requirements and manufacturing benchmarks while achieving an appropriate balance between production and support staff which should further contain costs.

Metair's automotive component manufacturing subsidiaries are integrated into the OEM's automotive supply chains and impacts on motor vehicle production immediately affects Metair. Total local market vehicle production declined by 5% from 649 231 vehicles in 2023 to 615 989 vehicles in 2024. TSAM resumed normal line production in December 2024, but the delayed engine certification process exposed the group to an annual volume decline of 28%.

Pleasingly, automotive batteries sold in the Energy Storage businesses (Rombat and First Battery) improved by 10%, up 405 000 units from 3.9 million units in 2023 to 4.3 million units in 2024, supported by stronger export sales volumes.

DELEVERAGING THE BALANCE SHEET

The group's net debt, including Hesto debt and guarantees, increased to R4 billion at year end (2023: R4.5 billion), reaching a net debt to equity ratio of 97% (2023: 52%). Optimising and deleveraging the balance sheet has been essential to ensure that Metair remains a going concern.

The board and Metair's funders approved a capital restructuring plan during March 2025, which is discussed in full on pages 43-46. The restructuring provides us with the space to deliver on our commitments and improve our Earnings before interest, taxation, depreciation and amortisation (EBITDA) and free cash flow to acceptable levels, while turning our gaze towards growth.

TURNING HESTO AROUND

We are delighted by the progress made in turning around the Hesto operations. Under close oversight from head office, we focused on enhancing production efficiencies and reducing costs while preparing for new OEM customer facelifts and model introductions. Close collaboration with customers and Hesto's technology partner, together with Ford volumes progressing in line with expectations, positively supported revenue, and operating profit during the year. In September, we appointed a new MD with extensive industry experience to take the subsidiary forward.

These interventions contributed to an exceptionally pleasing recovery from an EBIT loss of R608 million in 2023 to a profit of R257 million, despite lower than planned OEM production volumes.

We conducted deep dive sessions interrogating root causes of the challenges faced in the project, and these were built into a formal up-front evaluation process for future projects across Metair to ensure their success.

THE MUTLU AKÜ DISPOSAL

Shareholders approved the disposal of Mutlu Akü in October 2024, and the sale concluded in December. The transaction was motivated by the urgent need to remove the volatility created by the hyperinflationary and high-interest rate environment in Türkiye. Türkiye's interest rates increased to 50% during 2024, and the annual inflation rate peaked at 75% before dropping to 44% in December 2024.

The tough trading conditions, hyperinflationary environment and excessive interest rates caused Mutlu Akü to report a post-hyperinflation loss after tax and interest paid of R486 million up to the date of sale in December 2024 (2023: R74 million profit for the full year). Equity proceeds of US$1 million (subject to final account) were realised on the sale, dampened by high debt and trade creditor levels, which together with the impact of hyperinflation and recycling of foreign currency translation losses, represented a substantial loss on sale of R3.9 billion.

Although we were disappointed not to have realised better value from the sale, the debt burden and ongoing complexity associated with Mutlu Akü has been relieved, which is vital for Metair's future growth ambitions.

CEO REPORT continued

Looking forward

From a passenger and LCV point of view, the SA OEM actual production historic volumes are illustrated below:

OEM	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TSAM	142 739	133 497	122 115	128 578	139 307	138 781	103 461	128 223	115 327	175 311	**125 938**
FMCSA	76 179	73 735	86 496	93 817	105 099	94 756	65 503	87 174	92 166	130 963	**129 859**
VWSA	113 678	121 583	120 799	108 156	133 543	157 961	114 158	129 119	134 864	140 324	**173 548**
MBSA	45 584	105 473	116 783	118 277	99 740	86 457	51 558	47 336	87 023	88 056	**85 488**
BMW	71 004	72 165	63 473	53 337	47 773	69 518	42 244	61 580	61 823	64 233	**58 085**
Nissan	43 268	36 179	28 844	31 712	34 504	33 426	19 307	22 747	24 800	22 207	**16 866**
Isuzu	41 491	41 209	31 157	27 511	19 862	20 225	15 824	20 417	21 884	25 348	**23 936**
Other	1 133	1 713	2 276	2 469	3 972	13 701	4 915	6 747	2 681	2 789	**2 269**
Total	**535 076**	**585 554**	**571 943**	**563 857**	**583 800**	**614 843**	**416 970**	**503 343**	**540 568**	**649 231**	**615 989**

As can be seen from the above, actual production did not achieve the SA Auto Industry Master Plan vision for 2020 of 735 000. This is due to a variety of challenges, not least COVID in 2020, the lack of economic growth and competitiveness in South Africa, and the global move of engine technologies from internal combustion engines to electric vehicles. In addition, 2021 and 2022 production levels were severely affected by the floods and riots in KwaZulu-Natal.

2023 was a good recovery year and production reached a new record. However, 2024 saw a 5% decrease in overall production primarily due to Toyota's engine certification challenges previously noted.

Metair, through its South African component manufacturing businesses, Smiths, Automould, Hesto, Unitrade, Supreme and Lumotech are primarily suppliers to Toyota and Ford and the Hilux and Ranger bakkies. There are other customers, such as Isuzu and the lights Lumotech supplies to VW, but in the main, the concentration risk is with Toyota and Ford.

We have engaged extensively with Toyota and Ford, and Toyota have highlighted the challenges faced in Europe with Chinese and Indian imports. We have therefore downscaled our production estimates to match expected production levels over the next few years.

The acquisition of AutoZone in December significantly enhances Metair's ability to diversify strategically within the mobility and aftermarket sectors, and potentially across a larger footprint within the African continent. It is an excellent business with exceptional systems and a strong presence across South Africa, and certain sub-Saharan markets, through 213 retail stores, eight QSV wholesale branches and four regional distribution centres. AutoZone represents a key point of access into the aftermarket for the 13 million cars currently on the road in South Africa and potentially the 30 million cars in the rest of Africa.

OUTLOOK

While the drop in interest rates and improved sentiment are supportive of growth, we do not expect a strong increase in volumes in the next two years. We are accordingly resetting Metair to compete effectively in the market available to us and actively seeking additional growth opportunities to ensure sustainable profitability going forward.

We remain focused on efficiency, running production facilities at right-sized capacity and making sure the cost base at subsidiaries aligns with indicated OEM volumes while retaining the flexibility to adjust rapidly to any changes.

Hesto's turnaround is now well-entrenched, and the company will be fully consolidated from 1 April 2025, providing greater clarity to investors and funders. Our debt restructuring has been approved and there will be significant focus during 2025 on free cash flow generation, EBITDA protection (including further rightsizing to manage volume risk) and capital expenditure management.

Bedding down the AutoZone acquisition while exploring aftermarket synergies in the group will be priorities, along with developing our other growth channels.

We expect communication from the European Commission regarding the Rombat statement of objection in the second quarter of 2025 and we will formulate a response once this is released.

With the short-term tactical initiatives to reset Metair complete, our focus is shifting to embedding the strategic enablers, managing the debt covenants and requirements and executing the new strategy to position Metair as a key sustainable African mobility player generating long-term value for all our stakeholders.

PS O'Flaherty
Chief Executive officer

OUR STRATEGY

The board steers and sets the group's strategic direction and oversees the group's strategy formulation. The executive directors formulate the strategy with the board and are responsible for implementing the board-approved strategy and policies in the day-to-day operations of the group. The strategy is updated annually and reviewed and approved by the board.

At the start of 2024, the new management team faced five urgent priorities (see page 20,21) that directly challenged Metair's ongoing viability. The focus for 2024, was 'Fix and Stabilise', to reset the group to a sound foundation from which it could plot its way forward. With notable progress having been made in these areas during 2024, management and the board developed a new strategy to lead Metair's next growth phase. The strategic review included redefining Metair's vision.

Challenges at key clients during the year affected production volumes, operational efficiencies, cashflows and EBITDA in the automotive component businesses, emphasising the need to develop a more resilient portfolio. With Mutlu Akü sold and the group considering its strategic options for Rombat, Energy Storage is no longer considered a primary segment of the group going forward. Growing the aftermarket business was identified as an area with strong potential, with the AutoZone acquisition enhancing the group's position in this area.

A KEY SUSTAINABLE AFRICAN MOBILITY PLAYER

Our Vision: Generating value for our stakeholders by contributing to a sustainable future of mobility in Africa

Initiatives

AUTOMOTIVE COMPONENT MANUFACTURING (PRIMARY SEGMENT)

- Manufacturing excellence
- New vehicle parts
- New partners
- New customers

AFTERMARKET (PRIMARY SEGMENT)

- Integrate and identify synergies
- Reposition ATE as purely aftermarket
- Segment First Battery and Rombat between manufacturing and aftermarket
- Capitalise on ABM as a footprint into Africa
- Explore further acquisitions
- Expand partner aftermarket offerings

Enablers

- HR strategy (page 51, 85)
- IT strategy (page 71)
- Sustainability strategy (page 49)
- Strengthen governance, risk and compliance (page 64, 73, 77)
- Debt restructuring (page 43-46)
- Enhance stakeholder engagement (page 22)

RESET → GROW

Metair management will review and refresh the strategy regularly to align with changes in the automotive industry and to ensure that the board is comfortable with the direction taken and management's focus areas.

OUR STRATEGY continued

UNLOCKING OPERATIONAL EFFICIENCIES AND RE-ESTABLISHING MANUFACTURING EXCELLENCE

Given the challenges in the South African motor vehicle manufacturing market, Metair has adopted a conservative approach, and our focus is on realising operational efficiencies and rightsizing the operations to maintain profitability with lower production levels forecast. Certain manufacturing subsidiaries will be downsized to align with realistic market conditions, emphasising the need for decisive action and accountability among management.

Strategic initiatives to right size the cost base are already in progress including closing the ATE factory to refocus the operation on trading in the retail environment, closing Automould's East London plant and initiating the closure of the industrial battery business at First Battery.

A value stream mapping exercise was conducted across the manufacturing subsidiaries to document the manufacturing process to determine opportunities to improve efficiency. Insights from the process were used to create reports summarising and outlining operational technology (OT) risks, maintenance risks, insurance risks, as well as operational risks and opportunities with a primary focus on labour efficiencies. Manufacturing efficiencies were integrated into the MD's business plans and target performance and delivery goals have been set to ensure clarity of accountability.

Efficiency initiatives implemented during the year included improving labour efficiencies, overall equipment effectiveness (OEE) and quality while reducing absenteeism.

EMBEDDING METAIR OVERSIGHT, CAPACITATING THE GROUP AND OPTIMISING ORGANISATIONAL STRUCTURES

Metair traditionally used a decentralised model, with head office providing strategic guidance to the operations. The challenges of recent years require a higher level of control and oversight from Metair, with head office taking a more direct role, moving to a strategic control model.

Steps taken to ensure clarity of accountability include ensuring clear objectives and expectations are communicated to the subsidiaries with supporting reporting mechanisms, accountability and consequence management. We are ensuring strategic and operational alignment across the group by cascading strategy and operational business goals.

One of the goals of the HR strategy is to resource the operations appropriately to potentially move back to a decentralised model and re-establish autonomy for the subsidiaries once the management teams are fully capacitated. We are also investigating potential benefits and challenges of further centralising control.

Appointments during the year to resource the group and execute on the strategy include:

- A new HR executive to develop and drive the HR strategy
- A group commercial and legal manager to strengthen risk and compliance management
- A group risk and compliance officer to oversee ERM
- A strengthened investor relations service provider to facilitate stakeholder engagement
- A financial planning and analysis manager
- A new MD for Hesto
- An executive of capital restructuring and treasury, to oversee treasury and debt restructuring (short-term appointment)

We are in the process of identifying a senior resource to drive the tax planning strategy as well as a business development and commercial director, who will work closely with the subsidiaries to drive, *inter alia,* the aftermarket strategy in Africa.

As part of our ongoing efforts to improve efficiency, we are centralising treasury management. We are also adding resources to ensure projects are correctly scoped and that benefits are realised as planned through a more robust approach to projects and initiatives.

We moved responsibility for Dynamic Battery in the UK to First Battery and are considering the future of our Dutch holding company structure for our remaining foreign subsidiaries and investments.

UNLOCKING NEW AREAS FOR GROWTH

Metair is investigating various opportunities to expand growth in the automotive components segment, including diversifying our customer base and identifying additional parts and ranges (including NEVs) to extend our range and offering to existing customers. We are also assessing opportunities to expand partnerships with existing business partners, secure new partners and expand our customer base through new partnerships.

Aftermarket sales of automotive parts and batteries comprised 26% of revenue in 2024 and we see opportunity to grow this aspect of Metair's business, both in South Africa and in the rest of Africa. The AutoZone acquisition represents a key strategic step in this area.

IT strategy

The IT strategy focuses on risk management, cybersecurity and standardising policies across subsidiaries and the group. It includes four strategic goals that consolidate the future-state vision for Metair to successfully realise a future-fit IT environment:

1. Enhanced risk management and security
2. Enhanced efficiency and productivity
3. Cost management and optimisation
4. Sustainability and growth

Risk assessment, architectural analysis and IT General Controls (ITGC) reviews were conducted at head office and across operating sites, grouped according to the ERP systems in place. The outcome from these reviews informed an IT risk analysis that identified and categorised key risks across subsidiary sites against seven value chain categories. Gaps and risks identified were used to develop strategic initiatives to bridge the gap between the current environment and a future-fit IT landscape. These initiatives comprise improvements to IT governance risk and compliance, including frameworks, policies and procedures including ITGC reviews, as well as improvements in cybersecurity and third-party risk management.

THE AFTERMARKET OPPORTUNITY

There are over

13 million

registered vehicles in South Africa and an estimated

30 million

vehicles in the rest of sub-Saharan Africa, which represent the potential market size for aftermarket spares and replacement batteries to maintain these vehicles.

Most of these vehicles are aging, requiring more regular replacement of parts.

Our recent acquisition, AutoZone, has 213 retail branches. The company supports a base of 228 suppliers contributing to a range of over 12 000 parts.

In addition to South Africa, AutoZone franchises have a presence in Namibia, Swaziland and Botswana. It is considered the ideal retail platform from which to drive Metair's aftermarket aspirations.

OUR AUTOMOTIVE COMPONENT MANUFACTURING BUSINESSES

THE SOUTH AFRICAN AUTOMOTIVE INDUSTRY

The automotive industry is a major industrial sector that supports national and regional development. It incorporates a wide range of industrial processes including catalytic convertors, metals, plastics and electronics and is regarded as emblematic of national industrialisation. Most of the value added is attributable to the production of the many components that go into making a modern vehicle. The sector is driven by the producers, with OEMs having a high level of control over the supply chain.

The automotive industry makes a significant contribution to the South African economy, generating 5.3% of GDP in 2023 and accounting for 21.9% of the country's manufacturing output. Exports of vehicles and automotive components to 148 international markets increased to a new record of R270.8 billion in 2023, representing 14.7% of South African export revenue.

Vehicle and component manufacturers together invested R9.4 billion in advanced technology, state-of-the-art equipment, skills development, productivity gains and enhancements across the value chain in 2023.

The automotive industry value chain includes thousands of upstream companies that supply parts, components and materials, as well as a downstream network of retailers and workshops across the country. In 2022 and 2023, the automotive industry provided jobs for around 110 000 people and its strong multiplier effect supported many more.

STRONG GOVERNMENT SUPPORT AND POSITIVE TRENDS SUPPORT THE LOCAL INDUSTRY

The South African government supports the automotive industry through automotive and industrial programmes such as the South African Automotive Masterplan (SAAM) 2035 and the Automotive Production and Development Programme (APDP). Phase II of the APDP provides support and certainty to OEM manufacturers to 2035 and SAAM sets an ambitious annual vehicle production goal of 1.4 million vehicles in 2035 from recent levels of 500 000 to 600 000.

As OEMs shift their focus to NEVs in their home countries, South Africa is becoming a favoured manufacturing base for internal combustion engine (ICE) models and variants.

OPPORTUNITIES FOR METAIR

Metair supplies automotive components and batteries to OEMs operating in South Africa and is therefore well-positioned to participate in industry growth. The group benefits from the APDP's emphasis on B-BBEE and increased localisation of component production. Metair's major South African OEM customers are introducing new models and facelifts in the next two to five years with some limited introduction of their NEV technology. Metair has a proven history of successful automotive technology partnerships with leading global companies, which is positive for continued participation in future trends.

RELATED RISKS

The commercial model of the automotive components industry is complex, and contracts run over many years. Components are designed and supplied for specific customer models that may be produced for five to ten years. Planning, tooling, equipment, and training to prepare for the launch of a new model or facelifts to existing models require significant upfront investment. These costs are built into financial models based on forecast volumes over the life of the contract, but the risk of customer production volumes not meeting forecast always lies with the supplier.

Launches are complex and costly, particularly in the harnesses business, with economic returns only starting to be realised once production stabilises and planned target production volumes are achieved by the customer. Variations to specifications or other requirements during the project add significant complexity and need to be priced appropriately to protect project margins. Cost, quality, and delivery are key attributes in supporting customers, sustaining the wider industry, and remaining competitive.

The automotive industry is highly competitive and evolving rapidly. Manufacturing in South Africa faces ongoing challenges, including the volatile political, social and labour environments, policy uncertainty, supply interruptions to essential inputs such as energy, water and raw materials, and the constraints of a failing rail and port infrastructure. These factors affect local manufacturers' ability to achieve the production efficiencies necessary to compete and attract long-term OEM investment.

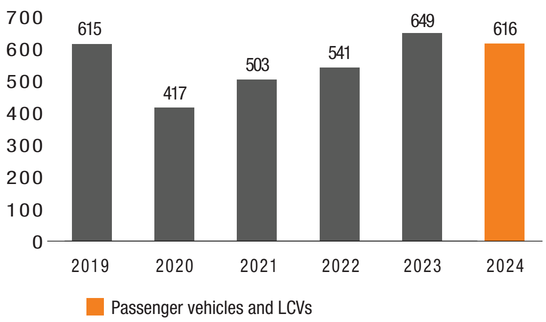
Current challenges include a potential shortage of future gas supply, which could affect the foundries in Supreme Springs and First Battery, and the closure of Arcelor Mittal's long steel business in South Africa, which will affect Supreme Springs.

SOUTH AFRICAN MOTOR VEHICLE PRODUCTION

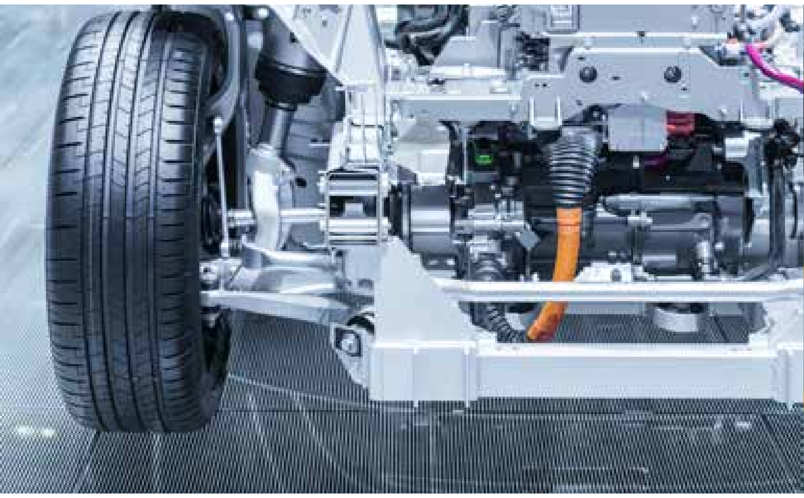
Vehicle production is linked to demand in domestic and export markets, which tracks economic growth. Around two thirds of annual vehicle production is exported from South Africa, with Europe the main destination.

Production of passenger vehicles and light commercial vehicles (LCVs) in South Africa decreased by 5% to 615 989 units in 2024, affected by weakening demand and OEM-specific factors. Domestic sales, including imports, fell by 3% to 485 000 units and have yet to reach pre-COVID levels because of slow economic growth, high cost of living and sustained high interest rates. Exports decreased by 2% to 390 000 units due to OEM-specific factors.

SA motor vehicle production – passenger cars and LCVs ('000)



OPPORTUNITIES IN AFRICA



AFRICA'S DEMOGRAPHIC DIVIDEND

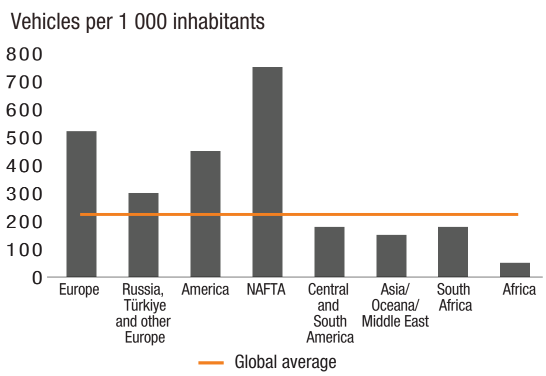
Africa is home to 1.4 billion people, around 18% of the global total. High birth rates, falling rates of infant mortality and rising life expectancy have meant that the population in Africa continues to grow faster than the global average.

With fertility rates declining in high-income countries worldwide, the United Nations projects that by 2050 Africa's population will reach close to 2.5 billion, a quarter of the world's population, with combined business and consumer spending reaching $16.12 trillion.

Africa's population is younger than the global average and the proportion of younger people will increase over the next few decades, with positive implications for the workforce pool on the continent. Together with increasing urbanisation, the wealth of untapped natural resources and development capacity, Africa has a potential demographic dividend coming from a strongly growing middle class.

LOW MOTORISATION RATE AND A GROWING POPULATION SUPPORT DEMAND FOR VEHICLES

Demand for transportation will rise along with Africa's rapidly growing population and burgeoning middle class. The current motorisation rate of 49 vehicles per 1 000 inhabitants in Africa is also well below the global average of 209, with a move upwards implying growth in demand.



PRODUCTION ON THE CONTINENT IS DRIVEN BY SUPPORTIVE GOVERNMENT POLICIES

Despite the potential size of the market, Africa makes up a little over 1% of global vehicle sales. Up to 85% of vehicle sales in most sub-Saharan countries consist of used vehicles imported from developed countries, driven by affordability issues and permissive regulation. Only 1.2% of global vehicle production takes place in Africa, most of which is in South Africa and Morocco where exports add further scale to production.

Both countries have supportive policies to increase export competitiveness and attract OEM investment, including restrictions on used car imports, higher tariffs on imports of new vehicles, production and import credits, investment tax allowances and incentives for local component manufacturing. Full assembly from complete knock down (CKD) is only done at scale in South Africa, Morocco, and Egypt, whereas all other vehicle assembly in Africa is low value-add semi knock down (SKD) kit with limited local content.

Developing the automotive industry means attracting investment in assembly by OEMs and automotive component manufacturers. The small size of the current African automotive market, high levels of used car imports and fragmented nature of economies on the continent make it mostly unattractive to investors in a sector where optimal scale is very large.

Other challenges to developing the African automotive market include poor trade infrastructure, a shortage of technical skills to meet quality standards, unbalanced trade due to political economy issues and limited access to vehicle finance at reasonable costs.

OPPORTUNITIES IN AFRICA continued

REGIONAL COLLABORATIONS COULD UNLOCK SYNERGIES AND CREATE SCALE

Closer integration through the African Continental Free Trade Area (AfCFTA) could expand the market and attract both regional and foreign investment. The AfCFTA aims to integrate regional trade blocs, eliminate barriers to trade and unlock synergies to significantly boost intra-Africa trade, particularly trade in value-added production and across all services sectors. Once fully implemented, the AfCFTA will be the fifth-largest economy in the world and will offer an expanded regional market to attract investment.

Global OEMs are encouraging policies that incentivise investment in vehicle assembly and have actively followed countries where the regulatory climate supports a local vehicle industry. While assembly plants (outside of South Africa and Morocco) are in the main very small compared to global standards and are mainly SKD assembly, the growing footprint of major OEMs provides a base for growth and potential shift from SKD to CKD production over time.

In sub-Saharan Africa, Ghana and Kenya offer the best opportunities for growth in automotive assembly and associated components with specific policies aimed at supporting and growing the automotive industry. These countries are likely to become growth hubs for West and East Africa, albeit from a very small base. Both countries support the move from SKDs to CKDs over time with associated localisation of the vehicle component chain. This would also be supported by the AfCFTA drive for regional hub development to establish scale.

REGIONAL AND COUNTRY-SPECIFIC POLICY IS DEVELOPING RAPIDLY

In the medium-term, automotive sector development policy on a country specific (Ghana and Kenya) and regional basis (AfCFTA) is developing rapidly and should lay the foundation for further investment and growth. Automotive manufacturing hub development and regionalisation policies (AfCFTA) could create new opportunities for intra-Africa trade in automotive components. OEMs will support this trend to create regional standardisation to facilitate developments of automotive manufacturing and component hubs that can operate at scale.

This means that South Africa is well positioned to grow exports of vehicles and components into Africa. With the potential AfCFTA regional trade benefits, it has the potential to become a hub to support the development of automotive industries in countries by supplying fully built vehicles, SKD kits (as it does to various African countries already) and components as localisation increases in line with automotive policy development plans.

HOW METAIR CREATES VALUE

The group manages and controls businesses in the mobility sector to deliver quality and cost-competitive products. ESG considerations are embedded into our business model in line with our commitment to custodianship, including green manufacturing, the circular economy and broad social benefit. As we execute our strategy to create and preserve value, we carefully consider the necessary trade-offs between risks and opportunities, the interests of different stakeholder groups and the six capitals.

STAKEHOLDERS

- Shareholders, investors and funders
- Suppliers
- Employees, trade unions
- Technology partners, leadership and employees
- All stakeholders

CAPITAL INPUTS

FINANCIAL CAPITAL

Capital raised from shareholders and lenders, and cashflow from our activities retained in the business, are invested to support our operations and sustain growth.

- R598 million capex
- R2.3 billion* in remuneration paid to employees
- R2.7 billion in net debt
- R4.5 billion in gross debt, including Hesto

MANUFACTURED CAPITAL

Property, plant and equipment, including manufacturing facilities, physical and IT infrastructure, and machinery and tooling at our operations in six countries.

- R2.7 billion in property, plant and equipment
- 213 AutoZone retail stores, 8 QSV wholesale branches and 4 regional distribution centres across South Africa
- 120 battery centres across South Africa

HUMAN CAPITAL

The skills, experience, productivity, safety, wellness and motivation of Metair's 14 330 employees and contractors. Our leadership skills and culture of manufacturing excellence and custodianship.

- 28.3 million person hours worked
- R34.6 million invested in employee skills development
- 1 650 learnerships and internships

INTELLECTUAL CAPITAL

Software and licensing rights and agreements used in our manufacturing operations. Brands and the skills and experience of the technical experts in the group and the IP developed in our research and development divisions and technology incubators. Metair's technology partners provide access to essential intellectual property and experience to meet the needs of OEM customers.

- R11.5 million invested in research and development

SOCIAL AND RELATIONSHIP CAPITAL

Metair's business is based on trust and mutually beneficial relationships with its stakeholders. The group demonstrates its commitment to custodianship and ethical business practices in its engagements with stakeholders. Strong relationships with technology partners, OEMs and customers are key to Metair's long-term success.

NATURAL CAPITAL

The land on which our facilities stand, the air around us and key inputs such as water, raw materials and energy. Lead, which we use to make batteries, can have a significant environmental and social impact if not managed responsibly.

- 146.2 GWh of electricity consumed
- 376 842m³ of water consumed

ISO 50001

ISO 9001

ISO 18001

ISO/IATF 16949

ISO 14001

Manufacturing inputs

- Steel
- Aluminium
- Copper
- Lead
- Polymers
- Alloys
- Rubber
- Tooling
- Parts
- Chemicals
- Gas
- Electricity
- Water
- Labour

Automotive components outputs

- Brake systems
- Shock absorbers
- Lighting

Retail

VALUE ADDING BUSINESS ACTIVITIES

Distribute

Aftermarket

- Brake systems and brake pads
- Shock absorbers
- Lighting
- Radiators
- Air conditioners

** Continuing operations only.*

- Radiators
- Air conditioners
- Suspension parts
- Wiring harnesses
- Plastic parts
- Lead-acid auto batteries

Manufacture

Automotive components in Africa, Europe, and the Middle East

Assembly

- Suspension parts
- Plastic parts
- Lead-acid auto batteries
- Lithium-ion auto batteries
- Instrument clusters
- HVAC systems

CAPITAL OUTCOMES

FINANCIAL CAPITAL
- ROIC 7.1%
- R844 million EBITDA

MANUFACTURED CAPITAL
- R308 million depreciation and amortisation

HUMAN CAPITAL
- Group LTIFR reduced to 0.11
- Absenteeism increased to 2.0%
- 97% HDSA staff (SA operations)
- 51% female representation

INTELLECTUAL CAPITAL
- Improved technical skills and experience in the group
- Talent mapping and succession planning to develop the next generation of leadership and technical expertise

SOCIAL AND RELATIONSHIP CAPITAL
- R13.0 million invested in CSI projects
- Consolidated group B-BBEE Level 1 achieved
- Relationship with TWIMS to develop green manufacturing capabilities

NATURAL CAPITAL
- 2024 carbon footprint 340 560 tCO_2e
- 6 584 tonnes of non-hazardous waste recycled
- 60 000 tonnes of lead recycled

MATERIAL CAPITAL TRADE-OFFS IN 2024

Metair disposed of Mutlu Akü during the year, reducing manufactured capital and group debt, and removing significant complexity from the business.

Metair invested R278 million to acquire AutoZone, increasing the manufactured capital, human capital, intellectual capital and social and relationship capital available to Metair to access new market channels.

Metair is committed to the Sustainable Development Goals (SDGs) and ensures that negative environmental and social impacts are limited.

MATERIAL MATTERS

In 2024, Metair faced five key issues that materially challenged its ability to create value. These were the most important tactical areas management focused on addressing to stabilise and reset the business so that a longer-term strategy could be developed (see page 11).

M1

1. HIGH DEBT LEVELS

In 2022 and 2023, Metair made substantial investments in projects to support new customer model launches. Project debt, increased working capital investments, the high cost of borrowings and a decline in profitability at Hesto and Mutlu Akü, resulted in group net debt reaching high levels. In 2024, reduced production by major customers constrained cashflows and the group's ability to pay down debt. The group has also provided financial guarantees for funding and trade credit support advanced to Hesto by the minority shareholder, Yazaki Corporation. The funding support is subordinated in favour of external funders but requires a rebalance from Metair.

RESPONSE

Management closely monitors debt levels, liquidity, and covenants. Strategies implemented to address debt levels include effective cash management and cost controls, delaying non-critical capital expenditures and engaging customers for flexible support on capital investments for new models. Metair engaged with its funders to restructure and refinance the short-term debt falling due in April 2025. In the second half of the year, we made progress on rebalancing the Hesto shareholder loan with Yazaki and disposed of Mutlu Akü. In March 2025, Metair and its funders developed a capital restructuring plan that includes splitting Hesto and the rest of the South African subsidiaries from a funding perspective. The restructuring plan is discussed in detail in the section starting on page 43-46.

Associated risk: Financial risk 2

More information pages 9,74

M2

2. COMPETITION CONCERNS IN ROMANIA

Rombat and Metair received a Statement of Objections in November 2023 from the European Commission regarding potential anti-trust violations by manufacturers including Rombat between 2004 and 2017.

RESPONSE

Rombat and Metair responded to the Statement and oral hearings were conducted during July 2024. We expect a decision in the second quarter of 2025. More information will be communicated once available and within the strict confidentiality obligations.

Associated risk: Financial risk 1

More information pages 8,74,78

M3

3. PROJECT PROFITABILITY AT HESTO

Complexities in the launch and ramp up to support a major customer's new vehicle in 2022 and 2023 resulted in higher-than-expected up-front costs, labour, and line capacity as well as inventory at Hesto. This resulted in significant debt levels within the Hesto business including amounts injected by our partner, Yazaki.

RESPONSE

The management interventions discussed in last year's report resulted in Hesto generating an EBIT profit in the second half of 2023, following a significant loss in the first half. In 2024, the ongoing focus on improving efficiencies and reducing costs resulted in Hesto realising an EBIT of R257 million for the year (2023: R608 million loss) despite lower than plan OEM production volumes. Following engagements with Hesto's technical partner and customer on the project, the business is on track to achieve its business plan over the remaining model life of up to eight years. A new MD with extensive automotive experience was appointed in September. The capital restructuring approved in March 2025 considers Hesto's funding requirements.

Associated risk: Financial risk 2, Operational risk 1

More information pages 9,40,74,76

M4

4. DERISKING MUTLU AKÜ

The challenging macroeconomic and geopolitical context in which Mutlu Akü operates introduced significant complexity into Metair's business.

RESPONSE

Mutlu Akü's performance deteriorated in the second half of 2024 and continued to face significant challenges. The business was sold effective 19 December 2024.

Associated risk: Financial risk 2

More information pages 9,40

M5

5. LEADERSHIP INSTABILITY

Since the start of 2023, Metair had several changes to the board and executive leadership. The significant challenges and increased complexity the business faced resulted in non-executive directors being drawn into the business.

RESPONSE

The appointments and promotions made in 2024 have stabilised and strengthened executive leadership, enhanced senior capacity and embedded the head office role of strategic control.

Associated risk: Strategic risk

More information pages 35

STAKEHOLDERS

The board is accountable to all stakeholders for the company's performance. Metair's initiative-taking stakeholder engagement approach enables the company to have better understanding of its social partners' interests and influence. It enables the company to build trust, manage expectations, alert stakeholders to periodic fluctuations within the automotive manufacturing sector, and align with government priorities.

Initiative-taking and meaningful stakeholder engagement can also reduce potential conflict and allow multiple parties to achieve long-lasting outcomes and results.

During the year, the following documents were developed to monitor and assess stakeholder interactions:

- Stakeholder policy
- Detailed stakeholder identification matrix
- Stakeholder plan for group and subsidiaries
- Investor relations plan

In line with the recommendations of King IV™, the board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders with the interests of the company.

Metair believes that investing in a broader set of stakeholder considerations has a significant impact on total enterprise value, access to capital and the talent market for Metair. This forms part of Metair's long-term value approach to building a growth strategy.

The stakeholder engagement policy and plan identify key stakeholders and outlines how best to engage with them, supported by stakeholder engagement risks, objectives and KPIs.

We have identified our key stakeholder groups and continue to assess and address their key issues raised:

KEY STAKEHOLDER GROUPS

INTERNAL	EXTERNAL | DIRECT	EXTERNAL | INDUSTRY BODIES/ GOVERNMENT	EXTERNAL | BROADER SOCIETY
• Employees • Management • Board • Subsidiary management	• Shareholders/ analysts • Customers • Suppliers • Partners • Bankers/Insurers • Auditors • Listed entity – JSE, sponsor, legal advisors • Consultants/ assurance providers	• Industry bodies i.e. NAACAM, NAAMSA • Government/ Department of Trade and Industry • Trade unions	• Media • Communities
Engage on an ongoing basis	Direct interaction on a regular basis	*Ad hoc* engagement as required	*Ad hoc* engagement as required

INTERNAL STAKEHOLDERS

Employees, management, board and subsidiary management

Management, employees and their representatives

Their interests and expectations

A safe and healthy work environment, fair remuneration, equal work/equal pay, transformation, job preservation and creation, shareholding participation expectation, good corporate culture, banning of labour brokers, preferential procurement from B-BBEE accredited parties, education, training and skills development, support for secondary and tertiary education in communities, rural area economic development, deliverable and sustainable corporate social investment (CSI) programmes, anti-internationalisation and globalisation demands for South African businesses.

How we engage

- Operational performance reviews
- Feedback sessions
- CEO site visits
- Regular electronic communication
- Anonymous Tipoffs hotline
- Company website
- Induction programmes
- Union interactions as required
- Wage negotiations

EXTERNAL | DIRECT STAKEHOLDERS

Customers

Major OEMs and consumers in the aftermarket

Their interests and expectations

Meeting required product quality and delivery standards at a competitive cost, brand strength, sustainability of the group's business, B-BBEE status, transformation, investment in technology and innovation, expansion to support customer goals, responsible health, safety and environmental performance, ongoing investment in training and corporate social responsibility (CSR).

How we engage

- Contract negotiations
- Scheduled supplier forums
- Ongoing interactions in the ordinary course of business
- Formal quarterly meetings with customer executives and the Metair CEO and COOs
- Quality reviews
- Performance reviews
- Industry forums
- Trade shows and exhibits
- Customer reward systems
- Customer visits

EXTERNAL | INDUSTRY BODIES/ GOVERNMENT

Providers of financial capital

Shareholders, analysts and bankers

Their interests and expectations

Return on invested capital (ROIC), effective capital allocation, value creation strategy, sustainability of Metair's business, total shareholder returns, fair and transparent remuneration, unlocking share value, good reputation, positive prospects and responsible ESG practices.

How we engage

- Stakeholder reports, including the IAR, results commentaries, the abridged report, interim and annual results presentations, pre- and post-results feedback, SENS announcements and press releases
- Regular meetings, including the AGM, one-on-one meetings, site visits, pre-close meetings and *ad hoc* (as requested)
- Investor perception surveys
- Company website (recently revamped)

Business partners

Joint venture partners and associates

Their interests and expectations

Financial performance, consistent supply, manufacturing and management performance, fair treatment and quality of management, investment support, effective business model, responsible ESG practices, investment in technology, employee health and safety.

How we engage

- Ongoing interactions in the ordinary course of business

STAKEHOLDERS continued

EXTERNAL | OTHER

Society

Government and communities

Their interests and expectations

Regulatory compliance, health and safety, responsible operation and ESG practices, transformation, preferred procurement from B-BBEE accredited parties, environmental responsibility, sustainable employment, CSR.

How we engage

- Engagements on specific policy issues
- Representation on industry bodies
- Regular regulatory submissions
- Interactions as required

Other

Industry bodies*, suppliers, insurers, auditors, consultants, analysts and the media

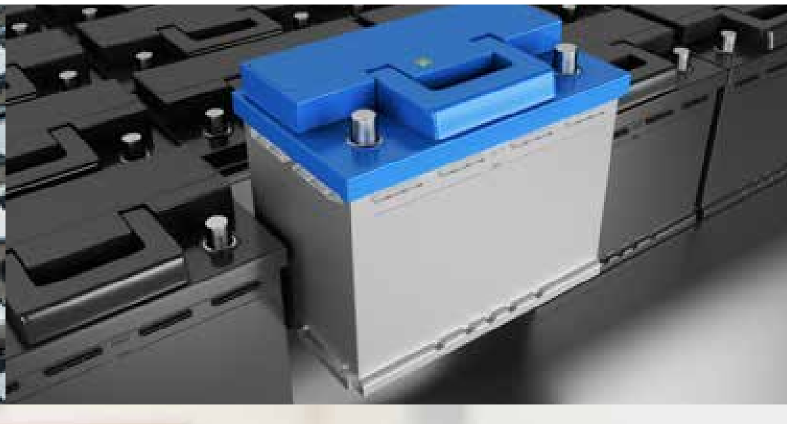
Their interests and expectations

Good corporate conduct, support in engaging government and regulators on industry matters, responsible ESG practices, health and safety, access to management, fair payment terms, treatment and contractual responsibility, preferential procurement opportunities.

How we engage

- Participation in industry forums
- Ongoing engagements in the normal course of business
- Interactions as requested
- Press releases
- Company website (recently revamped)

** Including NAACAM, NAAMSA and SABMA*



OPERATIONS

Metair's operating model mandates the subsidiary executive teams to manage their own day to day operations. Metair executives exercise strategic control. The governance framework and strategic objectives guide the subsidiary boards.

Metair's operations manufacture, purchase and distribute a range of automotive components and energy storage solutions used by automotive OEMs and sold in the aftermarket. In prior periods, we reported our businesses in two verticals: the Automotive Components Vertical and the Energy Storage Vertical. Following the new strategic direction set at the end of the 2024 and the disposal of Mutlu Akü, Energy Storage is no longer seen as a primary segment going forward. The Automotive Component Manufacturing businesses sells automotive components directly to OEMs while the Aftermarket vertical serves the aftermarket and retail markets.

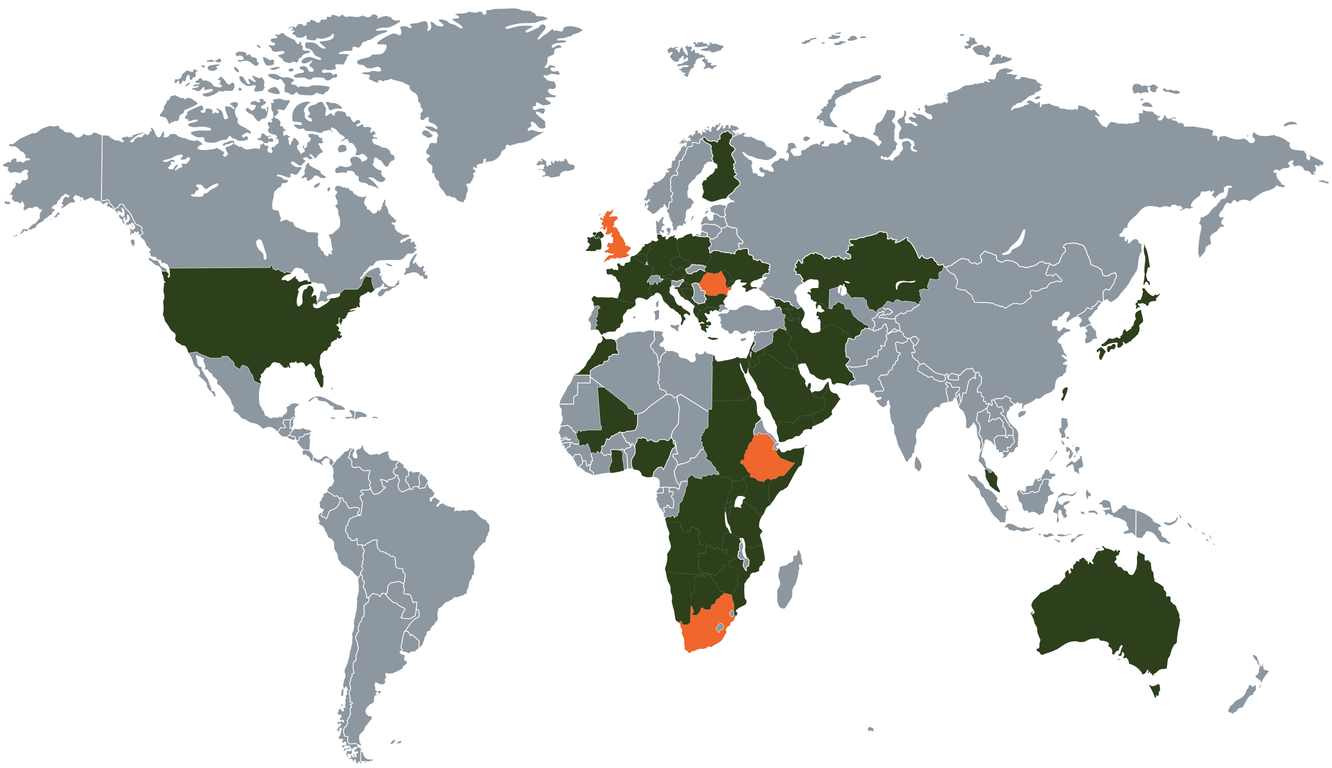
Our core values

Obey the law	Respect others	Be fair (Equity)	Be honest	Protect the environment

Complementary values

Safety First	Customer-Centric	Collaborate for success	Innovate for the Future	Quality & Excellence

Geographic presence

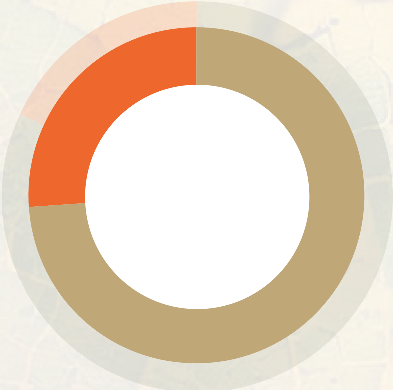


● Countries of operation ● Countries supplied

Metair's 2024 financial results still report according to the Automotive Components and Energy Storage verticals, with Mutlu Akü's results to disposal date included as discontinued operations.

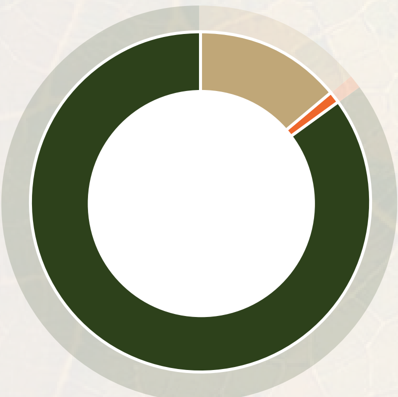
Going forward our primary segments will be OEM direct component manufacturing and aftermarket retail distribution of products.

Revenue by segment (continuing operations)*



Automotive components	74%
Aftermarket	26%

Revenue by country (continuing operations)*



Romania	14%
UK	1%
South Africa	85%

* *Revenue includes Hesto (see note on page 125).*

AUTOMOTIVE COMPONENT MANUFACTURING
(SELLS DIRECTLY TO OEMS)

Products include:

- shock absorbers
- lights
- radiators
- air-conditioners
- suspension parts
- wiring harnesses
- plastic assemblies
- automotive batteries

Refer to the Material operations section on pages 28 and 29

AFTERMARKET, RETAIL AND DISTRIBUTION OF PRODUCTS (EXCLUDING AUTOZONE CATEGORIES)
(NON-OEM)

Products include:

- brake pads
- shock absorbers
- lights
- radiators
- air-conditioners
- suspension parts
- plastic assemblies
- automotive batteries

Includes 120 Battery Centre outlets and AutoZone's 213 retail stores and 8 QSV wholesale branches

Refer to the Material operations section on pages 30 and 31

MATERIAL OPERATIONS AND MARKET SEGMENTS

AUTOMOTIVE COMPONENT MANUFACTURING VERTICAL

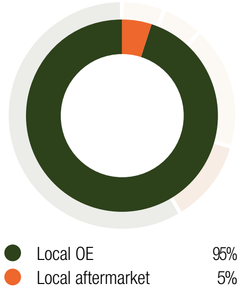
Hesto

HESTO HARNESSES

Products
Wiring harnesses, instrument cluster/combination meters, moulded parts

Location
KwaDukuza, South Africa

Revenue split by product area



OWNERSHIP
74.9%

GROUP REVENUE CONTRIBUTION
32%

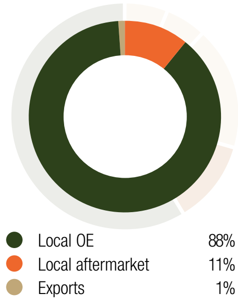
Smiths Manufacturing

SMITHS MANUFACTURING (PTY) LTD

Products
Heating, ventilation, and air conditioning (HVAC) and climate control systems, air cleaners, wiper and washer systems, radiators, reserve tanks, charge air coolers, compressors, engine control units, air conditioning pipes and hoses, cooling modules, radiator fan shrouds and condensers

Location
New Germany, South Africa

Revenue split by product area



OWNERSHIP
75%

GROUP REVENUE CONTRIBUTION
12%

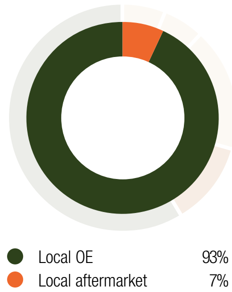
Lumotech

LUMOTECH

Products
Headlights, taillights, reflectors, and plastic injection mouldings

Location
Kariega, South Africa

Revenue split by product area



OWNERSHIP
100%

GROUP REVENUE CONTRIBUTION
12%

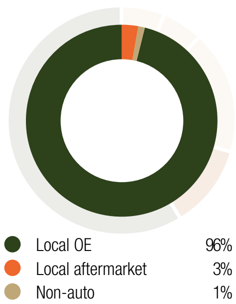
Automould

AUTOMOULD PTY LTD

Products
Plastic injection moulding, chrome plating, body colour painting and assemblies, interior and exterior trim, instrument panel assemblies, 2K moulding technology, side injection technology, engine components and cooling systems, plastic bins, crates and storage solutions

Locations
New Germany, Westmead, East London and Pretoria, South Africa

Revenue split by product area



OWNERSHIP
100%

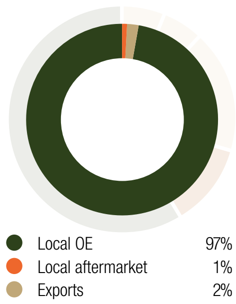
GROUP REVENUE CONTRIBUTION
6%

Supreme Spring

Products
Coil springs, leaf springs, stabiliser bars, torsion bars

Locations
Boksburg and Nigel, South Africa

Revenue split by product area



OWNERSHIP
100%

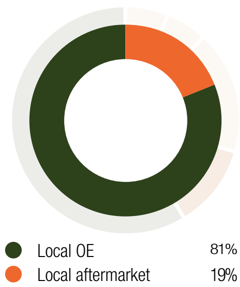
GROUP REVENUE CONTRIBUTION
7%

Unitrade

Products
Automotive wire, PVC insulated copper

Location
KwaDukuza, South Africa

Revenue split by product area



OWNERSHIP
100%

GROUP REVENUE CONTRIBUTION
3%

MATERIAL OPERATIONS AND MARKET SEGMENTS continued

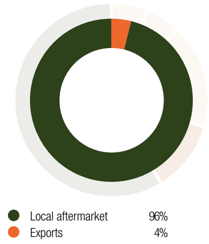
AFTERMARKET, RETAIL AND DISTRIBUTION VERTICAL

Alfred Teves Brake Systems

Products
Brake pads, brake discs, brake shoes, hydraulics and other braking components

Locations
Boksburg and Nigel, South Africa

Revenue split by product area



OWNERSHIP
100%

GROUP REVENUE CONTRIBUTION
1%

AutoZone
(Acquired December 2024)

Products
Wholesale and retail distributor of automotive replacement components

Location
213 retail stores and 8 QSV wholesale branches across South Africa

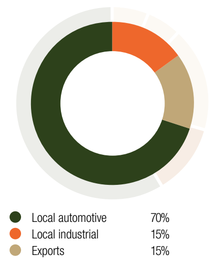
OWNERSHIP
100%

First Battery

Products
Automotive batteries, solar systems, back-up systems, standby systems, charging systems, Battery Centre franchise

Locations
East London, Cape Town, Durban and Benoni, South Africa

Revenue split by product area



OWNERSHIP
100%

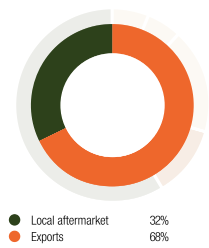
GROUP REVENUE CONTRIBUTION
12%

Rombat

Products
Automotive batteries, battery distribution networks

Locations
Bistrita and Copsa Mica, Romania

Revenue split by product area



OWNERSHIP
99.4%

GROUP REVENUE CONTRIBUTION
14%

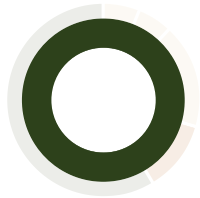
Dynamic Battery

DYNAMIC BATTERY SERVICES LTD

Products
Batteries, battery distribution networks

Locations
Lancashire, Wiltshire and Leicestershire, United Kingdom

Revenue split by product area



OWNERSHIP
100%

GROUP REVENUE CONTRIBUTION
1%

Associated Battery Manufacturers (ABM)

Products
Automotive and solar batteries

Location
Kenya

OWNERSHIP
25%

REPORTING

Reporting is done through the various functions and committees to the board. Monthly reports are submitted to the CEO from all functions and are discussed at monthly Metair exco meetings.

The board ensures the proper management, measuring and monitoring of the group's performance. This is done through quarterly board meetings. Non-executive board members are also appointed to subsidiary boards as members. Independent board members meet at least once a year to discuss matters without executive management being present. Non-executive directors can request documentation from or set up meetings with management as required.

Financial reporting, quarterly, half yearly and full year results as well as budgets and forecasts) are done through the audit and risk committee and directly to the board at each meeting. An annual managing director conference is held where budgets and five-year forecasts are presented by subsidiaries to the board for approval at a subsequent board meeting.

The following formal reporting takes place in the quarterly board meetings:

- CEO report
- CFO report, after review by the audit and risk committee
- HR executive report, after review by the remuneration and nominations committee
- COO report
- Sustainability report, after review by the social and ethics committee
- Risk report, after review by the audit and risk committee
- Commercial and legal risk report, after review by the audit and risk committee

Integrated reporting is done annually to all stakeholders. The integrated report is published on the company's website as well as printed in hard copy and is also used by management as a guide to improve on targets for the coming year. In addition, the group publishes an annual climate change report in alignment with the TCFD. This will be aligned with IFRS S2 going forward.

LEADERSHIP

The independent non-executive directors bring a diverse blend of relevant industry, investment, and financial skills to the Metair board. The subsidiary managing directors are experienced in the automotive retail and manufacturing industries. Appointments to the team over the past year have added capacity and expertise in key areas to enable the Growth Strategy going forward. Metair's leadership body combines entrenched company knowledge, long industry experience, fresh perspectives and new energy.

Detailed CVs of our leadership team are available on our website.

Committee Chair | Executive director | Non-executive director | Cosec, COO and Metair executive

INDEPENDENT NON-EXECUTIVE DIRECTORS

TN Mgoduso (68)

CHAIR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 2016

Nationality: South African

Qualification: MA (Clinical Psychology)

Other directorships: Zimplats, Jojose Investments and Differential Capital (Pty) Limited

Over 20 years' experience in automotive and logistics leadership, 6 years in investments and over 10 years in health services

B Mawasha (46)

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 2018

Nationality: South African

Qualification: BSc (Eng) Electrical, GCC, PMD, ADP

Other directorships: Impala Platinum Holdings, Exxaro Resources Limited and AECI

Over 20 years' experience in mining and 8 years in automotive

MH Muell (64)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 2019

Nationality: German

Qualification: Diplom-Betriebswirt (BA)

Other directorships: Stracienta Africa (Pty) Limited and Scientrix Holdings Limited

Over 30 years' experience in the automotive industry

AK Sithebe (42)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 2021

Nationality: South African

Qualification: BCom Acc (Hons), CA(SA), MBA

Other directorships: Dis-Chem Pharmacies Limited and Altron Limited

20 years' experience in financial services and 14 years in investments (industrial sector)

NL Mkhondo (41)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 2019

Nationality: South African

Qualification: BAcc, CA(SA), MBA

Other directorships: PPC Limited and Value Capital Partners

Over 15 years' experience in corporate finance, mergers and acquisitions and investments

N Medupe (54)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 2023

Nationality: South African

Qualification: BAcc, CA(SA), Postgraduate Diploma in Accountancy, Certificate in Sustainability Leadership and Corporate Governance

Other directorships: Alexander Forbes Group Holdings Limited, Exxaro Resources Limited, MTN SA and Daimler Trucks

More than 15 years in mining and energy as well as nine years' experience in financial services and automotive

PH Giliam (69)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 2021

Nationality: South African

Qualification: BEng (Hons)

Other directorships: None

More than 30 years' experience in the international automotive industry

S Sithole (52)

ALTERNATE DIRECTOR TO N MKHONDO

Appointed to the board: 2019

Nationality: Zimbabwean

Qualification: BAcc (Hons), CA(SA), CA(Z), Programme for Leadership Development (Harvard Business School), Diploma in Banking (UJ)

Other directorships: Value Capital Partners, Sun International Holdings and Tiger Brands

Over 30 years' experience in investment and asset management, business strategy and turnarounds, as well as finance and automotive

BOARD TENURE
LESS THAN 3 YRS: 3
3 TO 5 YRS: 5
MORE THAN 5 YRS: 2

AGE GROUP
65+: 2
56–64: 2
45–54: 4
35–44: 2

GENDER
FEMALE: 4
MALE: 6

RACE
WHITE: 3
ACI: 7

INDEPENDENCE
EXECUTIVE: 2
INDEPENDENT NON-EXECUTIVE: 8

(5) Years of service
AC Audit and risk committee
RNC Remuneration and nominations committee
IC Investment committee
SEC Social and ethics committee

EXECUTIVE DIRECTORS

PS O'Flaherty (62)
CHIEF EXECUTIVE OFFICER
Appointed to the board: 2024
Nationality: South African
Qualification: BCom, B.Acc, CA(SA)
Over 24 years' experience in the infrastructure, manufacturing, energy and banking industries

A Jogia (47)
CHIEF FINANCIAL OFFICER
Appointed to the board: 2023
Nationality: South African
Qualification: BCom Acc, PGDA, CA(SA)
11 years' experience in the automotive industry
11 years in Metair Group

METAIR EXCO

SM Vermaak (59)
COMPANY SECRETARY
Appointed to Metair: 1998
Qualification: BCom (Fin M) AIRMSA
26 years' experience in company secretarial and the automotive industry, all with Metair

EW Ropertz (65)
CHIEF OPERATING OFFICER
Appointed to Metair: 2023
Qualification: National Higher Diploma – Mechanical Engineering, MBA
Responsibilities: Hesto, Lumotech and Unitrade
44 years' experience in the automotive industry
37 years in Metair

J Mouton (64)
CHIEF OPERATING OFFICER
Appointed to Metair: 2023
Qualification: BMW Management Development Programmes
Responsibilities: ATE, Automould, Smiths Manufacturing, Supreme Spring, First Battery and Rombat
43 years' experience in the automotive and logistics industries

Lauren Otto (46)
HR EXECUTIVE
Appointed to Metair: 2024
Qualification: BA Humanities, Advanced Management Diploma
Responsibilities: HR Executive
23 years' experience in Human Resources Management within retail and automotive industries.

Alastair Walker (49)
EXECUTIVE
Appointed to Metair: 2025
Qualification: B Acc, B Comm, CA(SA)
Responsibilities: Capital Structure and Treasury
Over 20 years' experience in private equity and corporate finance

The subsidiary managing directors have significant experience in the automotive and manufacturing industries, with an average tenure at Metair of 19 years.
The recent appointments to the team have added capacity and expertise.
The team is a powerful mix of entrenched company knowledge and new skills.
Detailed CVs of our leadership team are available on our website.

LEADERSHIP continued

SUBSIDIARY MDS: AUTOMOTIVE COMPONENTS VERTICAL

Alfred Teves Brake Systems

GR Ting Chong (56)

Qualification:
National Diplomas in Industrial Engineering and Production Management, Certificate in Management (Henley College UK)

37 years' experience in the automotive industry

17 years in Metair Group

Automould

BA Ally (55)

Qualification:
National Higher Diploma in Mechanical Engineering

36 years' experience in the automotive industry

21 years in Metair Group

Hesto

AG Holmes (53)

Qualification:
MA (Hons) Cantab, Mechanical Engineering

29 years' experience in the automotive industry

Joined Metair Group in 2024

Lumotech

JVG du Plessis (48)

Qualification:
IT Systems Architecture, MBA

24 years' experience in the automotive industry

14 years in Metair Group

Smiths Manufacturing

S Konar (57)

Qualification:
BCom (Hons), MBA

38 years' experience in the automotive industry

38 years in Metair Group

Supreme Spring

ME Barley (63)

Qualification:
Principles of Business Management, Toyota Executive Management Programme

44 years' experience in the automotive industry

44 years in Metair Group

Unitrade

YS Chinapen (38)

Qualification:
B Com, Management Development Programme

16 years' experience in the automotive industry

16 years in Metair Group

First Battery

RF Bezuidenhout (58)

Qualification:
National diploma in Human Resources Management

37 years' experience in the manufacturing industry

33 years in Metair Group

Rombat

AR Ioanes (50)

Qualification:
Company Management, Masters in Management of Business Development, MBA

6 years' experience in the automotive industry, 25 years in manufacturing

4 years in Metair Group

AutoZone

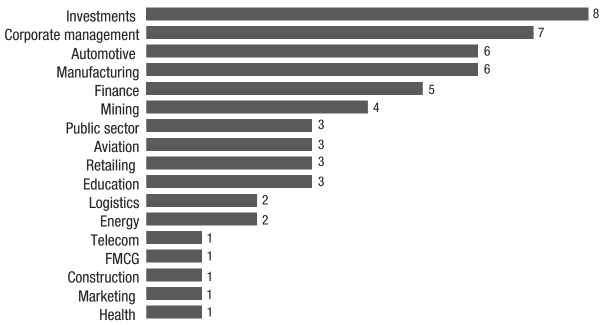
D de Graaff (52)

Qualification:
CIS, CiMA and MBA

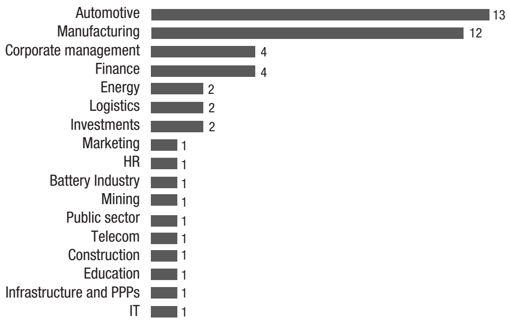
33 years' experience across varied industries and geographies

Joined Metair Group in 2024

NON-EXECUTIVE DIRECTORS' EXPERIENCE



EXECUTIVE TEAM AND SUBSIDARY MD EXPERIENCE



OPERATIONS TEAM*

32 YEARS

AVERAGE AUTOMOTIVE/ MANUFACTURING EXPERIENCE

17 YEARS

AVERAGE TENURE AT METAIR

* *COO, Metair executive and subsidiary MDs*

PERFORMANCE

CFO'S REPORT

'The group's results reflect its agility to mitigate against the challenges and risks in the markets Metair operates in, and to respond appropriately to changes in the South African Automotive manufacturing landscape.'

A Jogia – CFO

Note: This report provides a high-level overview of the financial performance and position of the group for 2024. For more details, please refer to the full annual financial statements for the year under review.

OVERVIEW

The challenges in the markets Metair operates in required ongoing agility to manage and mitigate, as well as to set a firm foundation from which Metair can grow into the future. The group focused on areas within its control, especially operational execution, and structural alignment as well as continuing to support customers while navigating near-term industry headwinds.

Operating conditions remained tough, due to lower production at South African OEMs caused by weaker demand from traditional export markets and market share shifts due to the influx of imported vehicles, especially from China and India. Geo-political tensions and adverse economic policies in Türkiye and Europe impacted the group's international battery businesses.

It was essential to mitigate against the increasing financial volatility of, and exposure to, Mutlu Group in Türkiye (Mutlu Akü) and Metair concluded the disposal of Mutlu Akü on 19 December 2024. Mutlu Akü's net debt and accounts payable increased significantly during the year. This was mainly because of the requirement to fund operations in the continued challenging hyper-inflationary and high-interest rate environment, in-country challenges to remain cost competitive, especially in the local aftermarket, and the need to hedge against hard currency exposures. Metair is satisfied that the disposal de-risked the group's balance sheet and allowed us to regain control of interest costs, ultimately to the benefit of the remainder of the group and its stakeholders, albeit at final proceeds that were much lower than originally envisaged.

As a strategic shift to diversify revenue streams and gain access to an established aftermarket distribution channel, the group acquired AutoZone Holdings Proprietary Limited (AutoZone) on 13 December 2024 for an aggregate amount of R278.5 million. A bargain purchase gain of R195 million was realised (non-HEPs and non-cash). AutoZone is consolidated effectively from 31 December 2024, as allowed under IFRS.

Aligned with the long-term strategy to focus on profitability and cash flow generation, certain non-core operations such as First Batteries' industrial business and ATE's manufacturing line, were restructured, temporarily impacting EBIT. As leaner, more efficient operations the restructured businesses are now well-positioned to successfully compete in their markets. R41 million in once-off restructuring and other costs is included in the results.

Management's efforts concentrated on appropriate measures to reduce costs, optimise production efficiencies, rationalise unprofitable business lines and adjust commercial strategies. While we face short-term challenges related to high debt levels, management has made significant progress regarding the stabilisation and turnaround strategy.

GROUP FINANCIAL REVIEW (FROM CONTINUING OPERATIONS AND BEFORE CAPITAL ITEMS)

Mutlu Akü is classified as a discontinued operation. "Capital items", namely headline earnings adjustments relating to impairments and profit/loss on disposals and acquisitions, have been presented separately. The 2023 results have been represented accordingly.

Revenue from continuing operations has been resilient, declining by 2% to R11.8 billion (2023: R12.1 billion). This is despite the impact of lower OEM production volumes in South Africa and in particular the delayed engine certification process at Toyota South Africa Motors (TSAM), which exposed the group to an annual volume decline of c.28%. The lower sales were mitigated by price growth due to higher material content and complexity, and increased export battery sales. The Automotive Components business (excluding Hesto, which is accounted for as an associate) contributed R7.2 billion (2023: R7.8 billion) to group revenue, a 7% decrease from 2023.

Revenue from the Energy Storage business increased by 9% to R4.6 billion (2023: R4.2 billion), due to higher aftermarket export volumes.

EBIT[1] declined by 20% to R504 million (2023: R633 million). EBIT margin was 4.3% (2023: 5.3%), impacted by decreased volumes from key customers.

Net finance expenses decreased by 13% to R222 million (2023: R256 million) and share of equity profit from associates amounted to R32 million (2023: R10 million loss). The group's share of Hesto's net profit after interest and tax improved to R68 million (2023: R430 million loss), however, Hesto's result is not included within equity accounted earnings but deferred until sufficient future profits are generated to reverse the accumulated losses. Hesto's results are included in the segment report and in the calculation of debt covenants.

EBITDA[2] decreased by 8% to R844 million (2023: R916 million).

On an operating basis, when including Hesto as part of the group results, revenue amounts to R17.3 billion (FY2023: R17.8 billion), while EBITDA more than doubles to R1.3 billion (FY2023: R493 million) and EBIT improves to R761 million (FY2023: R25 million), which is a strong indicator of Hesto's recovery.

[1] *EBIT, calculated as operating profit before interest, taxation and share of associate earnings but before capital items.*

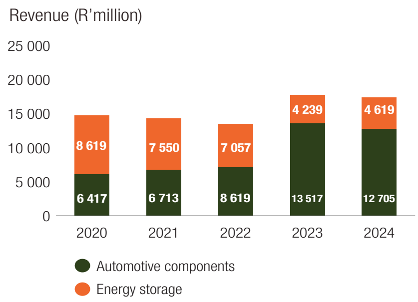
[2] *Earnings before interest, taxation, depreciation, and amortisation, calculated as group operating profit and equity-accounted earnings plus depreciation, amortisation, impairments on non-financial assets and capital items.*

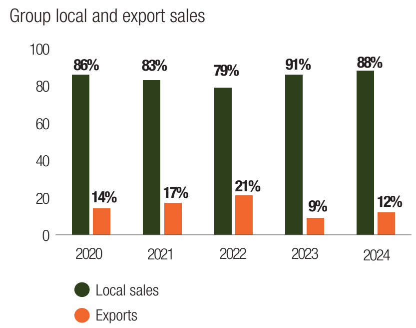
Headline earnings per share on a continuing basis (HEPS) declined by 9 cents to 89 cents per share (2023: 98 cents per share), reflecting the challenges due to customer volume disruptions. When including Mutlu Akü, group HEPS amounted to a loss of 203 cents per share (2023: 135 cents per share profit), adversely impacted by the severe financial downturn of Mutlu Akü.

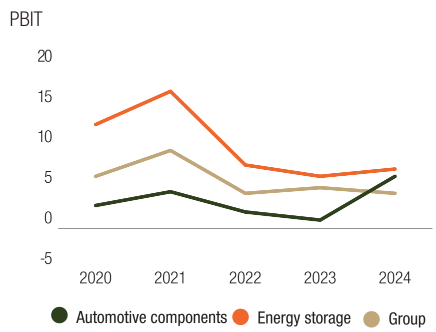
SEGMENTAL REVIEW

The revenue and profit numbers in this section include the group's managed associate, Hesto, in line with the presentation in the segmental review in note 1 to the annual financial statements. The results are presented on a continuing basis and based on Metair's current two business verticals – Automotive Components and Energy Storage.

The Automotive Component Vertical contributed 73% to group segment revenue in 2024, with the Energy Storage Vertical contributing 27% (2023: 76% Automotive Component Vertical and 24% Energy Storage Vertical).







PERFORMANCE continued

AUTOMOTIVE COMPONENTS VERTICAL

Due to local and global market challenges, South African OEM production volumes of passenger vehicles and LCVs declined by 5% to 615 989 cars in 2024.[3]

The vertical contributed turnover of R12.7 billion (2023: R13.5 billion), a decline of 6%. Notwithstanding the volume challenges, EBIT of R622 million (2023: R54 million loss) was generated with a margin of 4.9% (2023: 0.4% loss), a strong recovery following the challenges at TSAM and the volume ramp-up experienced on the new Ford model introduction during 2023.

The group's automotive subsidiaries (excluding managed associate Hesto) focused on operating efficiencies and cost control to mitigate against the volume decline. Their performances generated EBIT of R365 million (2023: R553 million) at a margin of 5.1% (2023: 7.1%). Production capacity and shift patterns are being adjusted to flex with the new market demand. A decision was also taken to transition ATE to a trading only business model.

The group invested significantly in supporting the new Ford Ranger model, particularly Hesto and Unitrade (wire-harness and wire), Automould (plastics and plating) and Lumotech (lighting), and production volumes were as expected.

HESTO HARNESSES

Hesto demonstrated a strong operational recovery following the production ramp-up challenges and significant losses incurred in 2023. The turnaround has protected the group from the worst of the volume challenge and speaks to the benefit of maintaining a diversified portfolio. Management remained focused on production efficiencies as well as preparations for new customer facelifts and model introductions. While revenue reduced slightly to R5.5 billion (2023: R5.7 billion), EBIT improved from a loss of R608 million in 2023 to a profit of R257 million, at a margin of 4.7% (2023: negative 10.7%).

ENERGY STORAGE VERTICAL (EXCLUDING MUTLU AKÜ)

Automotive battery volumes sold improved by 10% from 3.9 million to 4.3 million units, driven by improved export demand. OEM battery sales volumes accounted for 20% of total volume sold (2023: 22%).

EBIT increased by 28% to R272 million (2023: R212 million) before the impacts of capital items and restructuring costs. Revenue increased by 9% to R4.6 billion (2023: R4.2 billion) and EBIT margin improved to 5.9% (2023: 5.0%).

First Battery (FB) in South Africa had a strong recovery, despite lower automotive battery volumes sold of 1.6 million units (2023: 1.7 million units) in a competitive price-sensitive market. Revenue of R2.1 billion (2023: R2.2 billion) was achieved. Significant management focus improved the sales mix, manufacturing efficiencies and scrap recovery, which supported an EBIT improvement of 25% to R225 million (2023: R179 million) at a margin of 10.6% (2023: 8.5%). Excluded from EBIT are once-off costs of c. R32 million associated with the restructuring of the industrial division. Trading in industrial batteries was impacted due to market dynamics and falling prices which prevented the model from achieving the required profitability. Going forward FB will concentrate on its core competencies in automotive battery production.

Sales of automotive batteries at Rombat S.A. in Romania (Rombat) improved by 23% to 2.8 million units, supported by gains in export sales. Despite facing pressure from cheap imports and higher exposure to OEMs, the business generated EBIT of R45 million (2023: R33 million). This excludes once-off costs of c. R43 million from the impairment and disposal of a portion of the Li-Ion line and R53 million from the impairment of goodwill. Rombat generated revenue of R2.4 billion (2023: R2.1 billion) and EBIT margin achieved was 1.8% (2023: 1.5%).

DISCONTINUED OPERATIONS (MUTLU AKÜ IN TÜRKIYE)

Türkiye's interest rates increased to over 50% during 2024, and the annual inflation rate peaked at 75% before declining to 44% by December 2024. Mutlu Akü's interest charge increased by 60% from R506 million to R807 million up to date of sale and due to tough trading conditions, the hyperinflationary environment and excessive interest, Mutlu Akü reported a post-hyperinflation loss after tax and interest of R486 million up to the date of sale (2023: R74 million profit).

The disposal was a critical element of Metair's turnaround as Mutlu Akü accounted for approximately 70% of total interest cost and 23% of Metair's net debt. Trading conditions deteriorated significantly in the second half of 2024. Due to the resulting high debt and trade creditor levels, equity proceeds of US$1 million (subject to closing accounts) were realised on the sale. Together with the impact of hyperinflation as well as recycling of foreign currency translation losses, the loss on sale including costs was R3.9 billion.

FINANCIAL POSITION

When compared to the 2023 financial year end, the major changes in the financial position of the group arise from the disposal of Mutlu Akü, acquisition of AutoZone and new short-term bridge funding raised.

Net working capital decreased by R1.3 billion to R2.0 billion (2023: R3.3 billion), as efforts focused on working capital management, but also due to the disposal of Mutlu Akü, off-set by the acquisition of AutoZone. Excluding acquisitions and disposals, working capital reduced by a pleasing R529 million.

The changes in working capital contributed to cash generated from operations of R1.5 billion (2023: R1.2 billion). Free cash generated on a group basis amounted to R776 million (2023: R306 million generated). Cash and cash equivalents improved to R808 million from R567 million in the prior year.

[3] *Metair marketing intelligence.*

Group net debt (borrowings less cash and cash equivalents, excluding Hesto) amounted to R2.7 billion at year-end (2023: R2.8 billion). Mutlu Akü's net debt derecognised upon disposal amounted to c. R1.2 billion, almost doubling from R666 million at December 2023 and again underlining how strategic this disposal is to the future prosperity of Metair.

In addition to the R685 million raised on 1 July for the rebalancing of Hesto shareholder loans, additional short-term bridge funding was raised with Standard Bank of South Africa (SBSA) for an aggregate of R1.315 billion. R290 million was used to acquire AutoZone, R840 million to redeem the preference share funding due on 17 December 2024 and $10 million (R185 million) was used to further rebalance the Yazaki loan (trade credit) exposure in Hesto. This amount was drawn and paid to Yazaki during February 2025. The group's reported net debt to equity ratio increased to 97% (2023: 52%), impacted by losses realised upon disposal of Mutlu Akü. When including Hesto's external debt and guarantees, net debt amounts to R4.0 billion (2023: R4.5 billion).

The group net asset value per share declined to 1 388 cents (2023: 2 790 cents) primarily as a result of the sale of Mutlu Akü.

LIQUIDITY AND COVENANTS

The group's borrowings are subject to bank covenants. Net debt to EBITDA, calculated on a covenant testing methodology (and including Hesto's external debt and associated Yazaki guarantees), was 3.4 times (2023: 3.1 times). This is lower than the temporary threshold of 4 times that was previously negotiated for the measurement period ended June 2024, but higher than the original funders' requirement of 2.5 times measured at reporting date.

Financial covenants levels are summarised below:

Financial covenant ratio	Covenant level	Compliance	Dec 24
Dividend and interest cover ratio	Not less than 3x	Y	3.2
Total net borrowings to adjusted EBITDA ratio	Not more than 2.5x	N	3.4
Priority debt covenant	Not more than 1x	N	1.6

A new secured debt refinancing Term sheet was approved by the board and Lender group during March 2025. Lenders agreed to refinance the current debt obligation in two separate packages: Hesto (Hesto Obligor), in an amount of R1.4 billion, and the rest of the South African group subsidiaries (SA Obligor) in an amount of R3.3 billion. Refer to pages 43-47 (Metair debt restructuring) for further information.

As a result of the debt restructure and refinance processes, covenant breaches have been remedied.

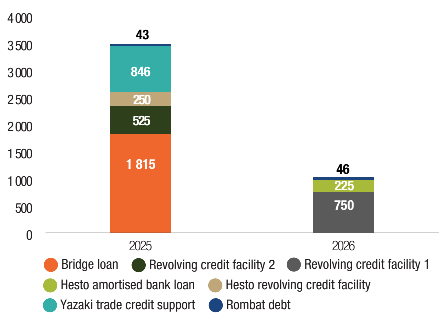
Management is closely monitoring debt levels and liquidity, with a priority to reduce debt and de-gear in the medium term. In addition, the group is implementing a range of strategies to support de-gearing towards a sustainable capital structure and enhance earnings and cash generation, including effective cash management through, *inter alia*, the introduction of a centralised treasury function, various cost control measures, delaying non-critical capital expenditures and engaging customers for flexible support on capital investments for new models.

The board determined that there is no material uncertainty or significant doubt about the group's ability to continue as a going concern and sufficient access to facilities are available for ongoing operational requirements.

The Metair board of directors re-assessed the long-term viability of Hesto. Together with the support of funders, the technical partner, customers as well as cost reduction and efficiency improvements, the business is sustainable over the remaining model life of key projects.

Unutilised credit facilities of the group at year end amounted to R880 million (2023: R767 million) in South Africa and R255 million (2023: R1.6 billion) internationally. As part of the overall debt package, the level of available working capital facilities will also be revised and will be reduced (in tranches) over six months from April 2025. Notes 14 and 30 in the financial statements provide further information on the group's borrowings and going concern assumptions.

Gross Debt Maturity (R'million)



FINANCIAL GUARANTEES

The company provided financial guarantees for $45 million for trade credit facilities (2023: $57 million for trade credit and loan funding) advanced to Hesto by the other shareholder, Yazaki Corporation. The company also provided a guarantee for the total bridge funding facility of R2.0 billion provided by SBSA to Nikisize (Pty) Ltd. R1.8 billion was drawn down by December 2024 and a further amount of R185 million ($10 million ZAR equivalent) was utilised to partly rebalance the Yazaki trade credit facility in Hesto during February 2025.

PERFORMANCE continued

CAPITAL ALLOCATION

Metair's primary financial return criteria when allocating capital to operating assets (maintenance and new business) is:

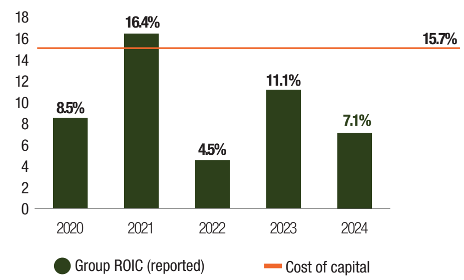
- return on invested capital (ROIC); supplemented by
- return on assets;
- internal rate of return; and
- cash generation

to support the ability to pay down future debt obligations, without constricting growth capital.

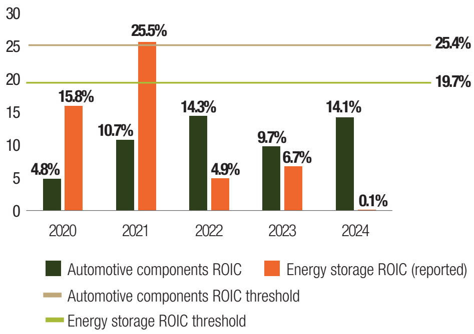
ROIC targets (investment thresholds) are in place at group and individual business units. Investment returns are required to exceed the cost of capital within three years of investment. Group ROIC on a reported basis declined to 7.1% (2023: 11.1%) primarily due to lower earnings reported.

Long-term return targets:
Metair WACC: 15.7%
Energy Storage Vertical ROIC threshold: 19.7%
Automotive Components Vertical ROIC threshold: 25.4%

ROIC vs cost of capital



Vertical ROIC and thresholds



The group invested capital of R598 million (2023: R690 million) to support future growth and efficiency improvements in 2024. R245 million was spent on maintenance, R342 million on expansion and R11 million on health and safety. Much of the capital expenditure was focused on capacity expansion for the Automotive Components Vertical to support planned new customer model launches and facelifts, a portion of which is carried over into 2025.

For 2025, the capital expenditure request is contingent on the group's liquidity, cash flow, debt and gearing positions, as well as ongoing customer negotiations and funding support. The provisional allocation, including Hesto, is forecast at c. R703 million. R295 million is allocated for essential maintenance, quality and health and safety requirements, and R408 million is provisionally allocated for expansion on new customer vehicle model renewals and other projects.

The capital required will be funded through a combination of internal cash generated and new credit lines, but subject to pre-approvals or deferral on a case-by-case basis, and contingent on the company's liquidity, cash flow, debt, gearing and customer support.

2025 CAPITAL ALLOCATION REQUEST (INCLUDING HESTO)

(R million)	Maintenance and general	Efficiency and expansion efficiency	**Total**
Automotive Components Vertical	212	386	598
Energy Storage Vertical	83	22	105
Total allocation	**295**	**408**	**703**

INTANGIBLE ASSETS (INCLUDING GOODWILL)

The disposal of Mutlu Akü contributed to a decline in intangible assets from R1.2 billion in 2023 to R28 million. Goodwill of R53 million attributable to Rombat was also impaired (refer note 8 of the AFS).

DIVIDEND

While Metair's dividend policy is to pay dividends that are covered by earnings (dividend cover) between two and four times, the company's current financial position does not support the declaration of dividends for the 2024 financial year.

A Jogia
Chief Financial Officer

METAIR DEBT RESTRUCTURING

INTRODUCTION AND BACKGROUND

One of the key areas that Metair faced during FY2024 was to resolve its debt leverage.

As at 1 January 2024, the group's gross debt position (excluding working capital facilities and instalment sales) was as follows:

METAIR GROUP DEBT 1 JANUARY 2024 (R'000)

		Date due
Preference share	840 000	Dec-24
Revolving Credit Facility[1]	750 000	Aug-26
Revolving Credit Facility[2]	525 000	Apr-25
Amortising Bank Loan in Hesto (100%)	371 600	Jul-26
Revolving Credit Facility Hesto (100%)	250 000	Jul-25
Amount owed to Yazaki to balance shareholder loans in Hesto*	1 528 050	On demand
Metair SA Operations	4 264 650	
Mutlu debt	891 000	Various
Rombat debt	80 132	Various
Metair Offshore Operations	971 132	
Total group gross debt	**5 235 782**	

* *The group has provided proportionate (74.9%) financial guarantees for funding and trade credit support advanced to Hesto by the minority shareholder, Yazaki Corporation. The funding support is subordinated in favour of external funders but requires a rebalance from Metair.*

Various decisions and negotiations were undertaken with Yazaki, and the lenders and the following were approved by the board and management commenced with both initiatives during March 2024:

- The sale of Mutlu Akü or a sale and leaseback of the Mutlu Akü property.
- A bridge loan from SBSA to pay a portion of the Yazaki balance of $38.2 million.

As at 30 June 2024, the debt position revealed a significant growth in the Mutlu Akü debt due to the challenging financial conditions it was operating in:

METAIR GROUP DEBT 30 JUNE 2024 (R'000)

		Date due
Preference share	840 000	Dec-24
Revolving Credit Facility[1]	750 000	Aug-26
Revolving Credit Facility[2]	525 000	Apr-25
Amortising Bank Loan in Hesto (100%)	296 600	Jul-26
Revolving Credit Facility Hesto (100%)	250 000	Jul-25
Amount owed to Yazaki to balance shareholder loans in Hesto	1 500 000	On demand
Metair SA Operations	4 161 600	
Mutlu debt	1 487 916	Various
Rombat debt	106 763	Various
Metair Offshore Operations	1 594 679	
Total group gross debt	5 756 279	

In the second six months of 2024, the following key events took place:

- Mutlu Akü was sold on 19 December 2024 with a disappointing outcome due to the worsening financial conditions of hyper-inflation and high interest rates and operating position whereby forecast sales and margins were not achieved and creditors were deferred to manage the tight cash position with banks not extending further loans.
- Yazaki were paid the $38.2 million (R685 million) partial repayment of their shareholder loans during July 2024 with a bridge facility from our funders.
- Continued overall local vehicle production volumes reduced compared to 2023 primarily due to Toyota Motor Corporation facing certain challenges with their engine certification processes which unfortunately impacted the local OEM (TSAM) and their ability to produce and export some of their product to Europe in 2024. This was resolved in December 2024. Due to Metair's high dependency on Toyota, many of our subsidiaries suffered lower than expected EBITDA as they attempted to scale down accordingly. The production reduction is reflected below.

OEM Volumes	2023 YTD	2024 YTD	PY Var (units)
Toyota	175 311	125 938	(49 373)
Ford	130 963	129 859	(1 104)
VW	140 324	173 548	33 224
MBSA	88 056	85 488	(2 568)
BMW	64 233	58 085	(6 148)
Nissan	22 207	16 866	(5 341)
Isuzu	25 348	23 936	(1 412)
Other	2 789	2 269	(520)
	649 231	**615 989**	**(33 242)**

METAIR DEBT RESTRUCTURING continued

With effect from 17 December 2024, the group completed the purchase of AutoZone for an aggregate sum of R278.5 million. The acquisition is strategic as it represents a shift to diversify revenue streams and gain access into new markets.

In addition to the R685 million raised on 1 July 2024 to rebalance the Hesto shareholder loans, additional short-term bridge facilities totalling R1 130 million were raised to redeem the preference share facility (R840 million) and acquire AutoZone (R290 million).

As at 31 December 2024, the group debt position reflected the following of which the majority is due in 2025:

METAIR GROUP DEBT 31 DECEMBER 2024 (R'000)

		Date due
Bridge loan	1 815 000	Mar-25
Revolving Credit Facility[1]	750 000	Aug-26
Revolving Credit Facility[2]	525 000	Apr-25
Amortising Bank Loan in Hesto (100%)	225 000	Jul-26
Revolving Credit Facility Hesto (100%)	250 000	Jul-25
Amount owed to Yazaki to balance shareholder loans in Hesto	846 000	On demand
Metair SA Operations	4 411 000	
Rombat debt	89 000	Various
Metair Offshore Operations	89 000	
Total group Gross Debt	**4 500 000**	

The Yazaki amount owing was reduced by the $10 million payment in February 2025 (discussed above), resulting in a current amount owing of $35 million (R658 million).

DEBT SUMMARY | SA OBLIGOR

Shareholders were advised that on 10 March 2025, the board of directors of Metair and Metair's lenders approved a capital restructuring plan (Capital Restructure), designed to provide Metair with a more sustainable debt structure and appropriately aligned repayment terms.

In terms of the Capital Restructure, the group's lenders agreed to refinance Metair's current gross debt obligation, the majority of which is short-term, by means of two separate packages, namely:

- Hesto (Hesto Obligor) in an amount of R1 377 million, to be used to refinance the existing R475 million facilities as well as to repay the disproportionate loan advanced to Hesto by its minority shareholder, Yazaki Corporation; and
- the remaining South African subsidiaries (SA Obligor), in an amount of R3 300 million, to be refinanced through a five-year senior debt of R1 700 million comprising an amortising loan and a bullet term loan of R850 million, respectively, with the remaining R1 600 million structured as a Mezzanine Instrument, repayable by 30 June 2027.

The Capital Restructure allows for a repayment profile that matches expected earnings growth and cash flows over a period of five years. Management is closely monitoring debt levels and liquidity, with a priority to reduce debt and de-gear in the medium term. In addition, the group is implementing a range of strategies to support de-gearing towards a sustainable capital structure and enhance earnings and cash generation, including effective cash management through, *inter alia*, the introduction of a Centralised Treasury function, various cost control measures, delaying non-critical capital expenditures and engaging customers for flexible support on capital investments for new models.

	Current	Tenure	Comment
Term Loan – Amortising (TLA)	850	5 years	12 month capital holiday
Term Loan – Bullet (TLB)	850	5 years	
Term loans	1 700	5 years	
Secured Mezz facility	1 600	30 June 2027	
Total bank debt at Metair (SA Obligor)	**3 300**		

DEBT SUMMARY | HESTO OBLIGOR

	Current	Tenure	Comment
Term Loan – Amortising (TLA)	717	5 years	12-month capital holiday
Term Loan – Bullet (TLB)	660	5 years	
Hesto term loans	**1 377**		

KEY TERMS OF THE HESTO OBLIGOR TERM SHEET

Term	Base interest	Margin based on Net Debt: EBITDA	Covenants (Measurement Date: 31 March, 30 June, 30 September and 31 December)
TLA	3-month JIBAR plus margin	• >3.00x 3.36% • Between 2.50x and 3.00x: 2.50% • Between 2.00x and 2.50x: 2.25% • <2.00x: 2.00%	• Debt Service Cover Ratio > 1.20x • EBITDA to Interest Cover Ratio > 3.00x for each Measurement Date during 2025 and 2026 and 3.50x for each Measurement Date thereafter; • Net Debt to EBITDA < 2.50x
TLB	3-month JIBAR plus margin	• >3.00x 3.55% • Between 2.50x and 3.00x: 2.75% • Between 2.00x and 2.50x: 2.50% • <2.00x: 2.25%	

GENERAL

The use of the facilities is to refinance the existing facility (R475 million) and repay part of the Yazaki disproportionate loan.

KEY TERMS OF THE SA OBLIGOR TERM SHEET

Term	Interest	Margin based on Net Debt: EBITDA	Covenants (Measurement Date: 31 March, 30 June, 30 September and 31 December)
TLA	3-month JIBAR plus Margin	• >3.00x: 3.51% • Between 2.50x and 3.00x: 2.50% • Between 2.00x and 2.50x: 2.35% • <2.00x: 2.20%	Refer below
TLB	3-month JIBAR plus Margin	• >3.00x: 3.67% • Between 2.50x and 3.00x: 2.65% • Between 2.00x and 2.50x: 2.50% • <2.00x: 2.35%	
Subordinated Facility	3-month JIBAR plus Margin	• >4.00x: 5.47% • Between 3.50x and 4.00x: 5.06% • Between 3.00x and 3.50x: 4.65% • Between 2.50x and 3.00x: 4.25% • Between 2.00x and 2.50x: 4.00% • <2.00x: 3.50%	

Measurement periods ending on or before	31 Dec 2025	31 Dec 2026	31 Dec 2027	Thereafter
Net senior debt to EBITDA	2.50x	2.50x	2.50x	2.00x
Senior interest cover ratio	3.00x	4.00x	4.00x	4.00x
Total interest cover ratio	1.75x	2.25x	3.50x	4.00x
Debt service cover ratio	n/a	1.10x	1.20x	1.20x
Total net debt to EBITDA ratio	4.50x	3.50x	2.50x	2.00x

METAIR DEBT RESTRUCTURING continued

Measurement periods ending on or before	31 Dec 2025	31 Dec 2026	31 Dec 2027	Thereafter
CPs and general undertaking	EBITDA performance while the subordinated loan is in place: • The Term sheet provides that the company will enter a mandate with the SBSA to assess and prepare for an equity raise and/or asset sale if the required earnings performance hurdles are not met. • The performance hurdle is with reference to the actual EBITDA achieved at a measurement date with reference to the year-to-date budgeted EBITDA. The variance by which the actual year-to-date EBITDA can be lower than budgeted EBITDA is shown below, beyond which the mandate is executed on. Performance hurdles:			
Mandatory prepayment	Standard terms including illegality, change of control of parent			

Measurement period	Variance (Actual < Budgeted EBITDA)
March 2025	n/a
June 2025	12.5%
Sept 2025	5%
Dec 2025	0%
March 2026	12.5%
June 2026	12.5%
Sept 2026	5%
Dec 2026	0%

As part of the overall debt package, the level of available working capital facilities will also be revised and will be reduced (in tranches) over six months from April 2025.

FINANCIAL PERFORMANCE

	2024 R'000	2023 R'000	2022 R'000	2021 R'000	2020 R'000
Revenue*	**11 819 213**	12 055 648	9 088 453	8 714 013	7 111 244
Profit/(loss) before taxation*	**412 672**	204 731	115 801	390 401	(39 899)
Impairment charges/(reversals)	**80 766**	180 923	(4 247)	10 903	108 168
Interest expense*	**344 731**	303 546	171 598	106 402	130 463
Preference dividend	**65 617**	65 569	47 466	41 658	46 919
(Loss)/profit attributable to ordinary shareholders	**(4 164 432)**	95 535	(40 385)	674 791	174 184
Total equity	**2 797 040**	5 532 876	5 197 495	3 874 354	4 214 838
Interest-bearing debt	**3 514 739**	3 397 618	3 557 367	2 289 422	2 370 313
Property, plant and equipment	**2 703 344**	4 078 258	3 770 774	2 636 978	2 618 197
Current assets	**5 567 421**	7 241 801	7 491 543	5 536 218	5 538 675
Total assets	**9 678 983**	13 109 273	12 832 400	9 075 419	9 298 270
Number of shares in issue	**198 986**	198 986	198 986	198 986	198 986
Weighted average number of shares in issue	**194 094**	193 770	193 483	192 715	192 118
Net asset value per share (cents)**	**1 388**	2 790	2 615	1 946	2 133
Basic (loss)/earnings per share (cents)	**(2 146)**	49	(21)	350	91
Headline (loss)/earnings per share (cents)	**(203)**	135	(17)	354	148
Dividend per share (cents) declared and paid	**Nil**	Nil	90	75	Nil
Dividend cover (times) (calculated on headline earnings on prior year)	**N/A**	N/A	3.9	2.0	N/A
ROIC (%)	**7.1**	11.1	4.5	16.4	8.6
Net profit as a % of average total shareholders' funds (ROE)*	**7**	1	(1)	6	(2)
Total shareholders' funds as a % of total assets	**27.9**	42.2	39.7	42.7	45.3
Interest cover (times)*	**2**	2	3	5	1
Staff complement***	**5 260**	5 234	4 998	4 684	4 623

* *Comparative periods have been restated to exclude Mutlu Akü (sold in 2024)*

** *Calculated on ordinary shareholders equity and number of shares in issue excluding treasury shares*

*** *Excludes Hesto, which is an associate, and AutoZone of 1 310 employees, restated to exclude Mutlu Akü*

ENVIRONMENTAL AND SOCIAL PERFORMANCE

HOW METAIR MANAGES ESG

The primary responsibility for the oversight of Metair's strategy and governance on sustainability is held by the social and ethics committee. The committee provides the board with regular feedback on ESG matters and management with counsel and advise where needed. Additional responsibility for sustainability is held by the audit and risk committee in terms of risks and opportunities, issues raised by financial audits pertaining to sustainability related risks as well as outcomes of third-party sustainability assurance assessments. All of these are reported back to the board on a regular basis. The remuneration and nominations committee approves all ESG/sustainability-related metrics linked to the short and long-term incentive plans of executive management and the senior leadership of the group. These metrics include health and safety, B-BBEE targets, compliance and environmental indicators.

The CEO is responsible for implementing the sustainability strategy and the company's commitment to choose sustainability targets. Managing directors report monthly on progress made against ESG targets. Subsidiary managing directors are responsible for leading the delivery of sustainability targets for the operational aspects of reaching companywide performance and efficiency targets.

The board strives to embed an ethical culture which all Metair board members, employees, contractors, and suppliers embrace and abide by. Metair's ethical culture cultivates a value-driven environment where all stakeholders are dedicated to conducting business honestly, fairly, legally, and transparently. The Metair values are built on the principle of custodianship. Being a custodian has the embedded notion that Metair has an important role to play in a bigger long-term sustainable plan and that it is not the size of the role that matters but rather how well all stakeholders perform their role.

The Metair code of ethics guides Metair to operate with unity, harmony, equality, and respect for human dignity. The code aims to guide all stakeholders to act and conduct themselves with integrity. This assists with mitigating unethical conduct, fraud, and corruption.

Metair has an independent anonymous whistleblowing programme managed through Deloitte's fraud tipoff line that operates 24 hours a day, 365 days a year. Updates on reports received are included in the sustainability report submitted to the social and ethics committee, audit and risk committee as well as to the board.

Lumotech won the **Best Exporter: Corporate and IDC Job Creator Awards** at the 2024 Exporters Eastern Cape Awards.

Lumotech was recognised with two prestigious awards in 2024, reflecting the team's dedication, innovation and commitment to excellence.

These accolades highlight our achievements in driving export growth while creating employment opportunities, demonstrating Lumotech's critical role in supporting both our local communities and the broader local and export markets.

Board members are required to regularly declare any shareholding and interests they might have in transactions of the group as well as declare any conflict of interest in respect of any matters on the agenda of board or committee meetings.

Metair's governance structure is designed to integrate climate related topics into the company strategy, business model and financial planning processes.

ESG is a critical enabler of our strategy (see page 11), and we are in the process of enhancing our approach to sustainability. This includes:

- Developing a sustainability policy
- Conducting an ESG double-materiality assessment
- Creating a data management framework to enhance reporting of environmental and social data
- Developing a net-zero strategy and action plan that is cost-effective and appropriate in the context of developments in the global carbon pricing landscape
- Performing a climate change resilience assessment
- Performing an IFRS S1 and S2 readiness assessment

These aspects will be developed over the course of 2025.

Development of the sustainability strategy included externally facilitated workshops to enhance understanding of sustainability principles and climate change impacts. A new governance and sustainability reporting system was rolled out across the group, and we are focusing on ways to improve ESG reporting by addressing gaps in data accuracy and ownership of data. This includes developing risk and control matrices (RACMs) for key non-financial information.

In February 2025, Metair completed a double-materiality assessment of the group's sustainability issues, which gathered information from surveys, interviews, workshops, and benchmarking exercises. The assessment identified 15 material matters and mapped them in terms of financial materiality and impact materiality. The results provide a strategic roadmap to align corporate sustainability efforts with both stakeholder expectations and regulatory developments. Moving forward, these insights will inform the development of ESG pathways, risk management frameworks, and sustainability reporting practices to ensure that Metair remains resilient, compliant and competitive.

Lumotech was also recognised as a Top Gender Empowered Company in its sector at the Standard Bank Top Women Awards 2024, which underscores its commitment to fostering gender diversity and empowerment. The award is a testament to our inclusive practices and our belief in building a workforce that reflects equity and opportunity for all.

ENVIRONMENTAL PERFORMANCE

CLIMATE CHANGE

Metair recognises that the consequences of climate change could have a significant impact on the group's activities. The group has ensured that its subsidiaries understand their direct and indirect environmental impacts, including climate change impacts, by monitoring, measuring and reporting on their Scope 1 and Scope 2 carbon emissions, water and waste management.

Although not yet formally targeted, Metair is committed to meeting stakeholder expectations to become net-zero across the group's entire value chain, which is aligned with ambitions to limit the global rise in temperature to 1.5°C compared with the pre-industrial era. Interim targets to mark progress toward our reduced carbon emissions production have been established and are being monitored bi-annually. Soon, our sustainability teams will be seeking to establish more robust targets aligned with the Science-Based Targets initiative (SBTi), and we are evaluating the steps required to reach carbon neutrality across Scopes 1, 2 and 3 within an appropriate time frame.

In 2023, we enhanced the process used to identify, prioritise and manage current and future impacts climate change is likely to have on each subsidiary. The process also assessed the impacts Metair's businesses are likely to have on its on stakeholders, including the physical/natural environment. A series of subsidiary-specific workshops were held to identify the group's most material climate change risks and opportunities, and what each business has done to mitigate risks and/or maximise opportunities identified. Examples include developing flood damage control measures, improved rainwater and/or groundwater harvesting and treatment, internal greywater recycling, alternative energy installations and energy efficiency improvements. We are currently re-assessing our climate change resilience.

Following the process, and in response to investor requests for expanded reporting, Metair produced its first standalone summary Climate Change Report in 2023, aligned to the recommendations of the TCFD.

Rombat produced a standalone sustainability report during the year, published in terms of Directive 2014/95/EU, which is available on the Rombat website at https://rombat.ro/uploads/files/Engleza%20Raport%20de%20Sustainability-en.pdf. The report provides more detail about Rombat's social and environmental performance and commitment to carrying out its activities responsibly. It represents an important step to prepare for the implementation of the EU CSRD Directive, which will apply from the 2025 financial year.

The IFRS S2 Sustainability Disclosure Standard, issued by the International Sustainability Standards Board (ISSB), came into effect in 2024 and Metair is committed to aligning future climate-related disclosure to IFRS S2 in future.

As part of our current focus on enhancing our sustainability approach, we have started the process to investigate a net-zero strategy and action plan, perform a climate change resilience assessment and move towards reporting in terms of IFRS S1 and S2.

The climate change risk resilience assessment was completed early in 2025, identifying, quantifying, and prioritising site-specific climate risks to help Metair to better navigate climate-related uncertainties. The assessment also provided options for mitigating identified risks to enable a proactive and adaptive response.

We also commenced a net-zero project that reassessed and mapped the group's GHG emissions, revised GHG inventories across operational sites, explored options to lower GHG emissions, considered net-zero scenarios and developed a net-zero action plan. The outcomes of the project will help Metair in its efforts to integrate climate resilience, technological innovation and ESG leadership to achieve net zero.

Metair participated in the 2024 CDP Climate Change project and maintained a B CDP score (2023: B), indicating that it is currently at a 'Management' level regarding its approach to climate change. This score places Metair above the averages for global powered machinery companies (D), African companies (C) and the global average for all companies (C).

CARBON EMISSIONS

Metair's total carbon footprint increased by 3% in 2024 to 340 560 tCO_2e (2023: 330 485 tCO_2e), primarily due to increased purchases of recycled lead at Rombat, which increased Scope 3 emissions. Scope 1 and 2 emissions decreased by 3.4%, aligned with decreased production during the year.

	2023	2024
Scope 1	31 004	**30 496**
Scope 2	113 700	**109 287**
Scope 3	185 781	**200 777**
Total	330 485	**340 560**

The totals above exclude Mutlu Akü. The battery manufacturing subsidiaries, First Battery and Rombat, require carbon-dense materials and large amounts of energy and water. These operations together contribute 46% to the group's total carbon footprint. A total of 45% of the group's carbon footprint arises from consumption of raw materials, 32% from electricity consumption and 8% from stationary fuels.

Metair's primary focus to reduce carbon emissions is on improving manufacturing efficiencies to optimise energy consumption and the use of raw materials while reducing waste in the production process.

We achieved our 2024 target to reduce Scope 1 and 2 carbon emissions by 2% by volume unit across Metair. Scope 1 and 2 emissions per person per hour worked increased by 8% to 4.9 kg CO_2e (2023[1]: 4.6 kg CO_2e). While Scope 1 and Scope 2 emissions decreased by 3.4% year on year, person hours worked decreased by 10.5%, due to decreased production and improved labour efficiencies at Hesto.

We continue to investigate opportunities to increase the use of energy from renewable sources. Rombat is installing a 4.2 MW solar park and preferentially selects energy suppliers who provide at least 35% renewable energy. Lumotech is investigating a renewable energy wheeling agreement for green power (solar and wind) to improve the renewable energy mix.

ENERGY CONSUMPTION

Electricity is the largest source of energy used at Metair's operations. Total electricity consumed by the group increased by 1% to 146 146 MWh or 526 124 Gigajoules (2023[1]: 178 515 MWh or 642 655 GJ). Electricity consumption per person hour worked increased by 13% to 5.16 kWh/PHW (2023[1]: 4.57 kWh/PHW).

First Battery (28%) and Rombat (25%) are the largest users of electricity in the group, comprising 53% of total group electricity. Around 40% of the electricity purchased by these operations is sold in the charged batteries and they are therefore reporting electricity purchased, rather than electricity consumed.

Other significant energy sources used by the group include fuels such as petrol, diesel and gases.

Energy use is monitored as a key input in the group's manufacturing processes. All operations have implemented ISO 50001, the international standard for energy management, which requires that companies demonstrate improved energy efficiency.

[1] *Restated to exclude Mutlu Akü and Dynamic (in the electricity consumption comparative)*

WATER

South Africa faces significant water challenges including deteriorating water infrastructure and pollution risks. Climate change is forecast to increase water scarcity, droughts and extreme weather events including flooding.

Operations source fresh water from municipal sources and boreholes, and withdrawal is measured from municipal or internal meter readings. Metair aims to reduce water consumption, increase water efficiencies and recycle processed water where possible. Metair does not currently participate in the CDP water programme but follows its guidance.

First Battery and Rombat accounted for 51% of total group water withdrawal. Group water withdrawal increased by 1% to 376 842 m^3 (2023*: 373 408 m^3) and water consumption per person hour worked increased by 13% to 13.3 litres (2023*: 11.8 litres). This increase means that we did not achieve our goal to reduce water consumption per PHW by 2% year-on-year.

WASTE MANAGEMENT

Scrap rates are monitored as an important aspect of manufacturing excellence and targets are set to reduce scrap for primary and secondary materials to minimise waste from production processes. Programmes to reduce scrap include ongoing training and awareness, dedicated scrap programmes, root cause analysis of excess scrap and replacement of machinery and equipment with more efficient alternatives. Operations engage with suppliers and customers to reduce packaging received and shipped with products.

The subsidiaries segregate waste at source and reuse or recycle waste wherever possible. The remaining waste is disposed of in a responsible manner and in compliance with the relevant legislation. Hazardous waste is disposed of using registered disposal companies.

Scrap as a percentage of total material costs were higher than planned at certain operations, particularly at First Battery, where machinery relocations and numerous startups affected process efficiency.

A total of 66% non-hazardous waste (6 584 tonnes) was recycled in 2024 (2023*: 64% and 7 545 tonnes). Recycled waste was mainly plastic, metal and cardboard. Metair subsidiaries also recycled 14 964 litres of used oil during the year. Total non-hazardous waste sent to landfill decreased by 20% to 3 449 tonnes and hazardous waste disposed increased by 1% to 12 780 tonnes. Total waste disposal, emissions treatment and remediation costs were R8.4 million in 2024 (2023*: R10.4 million).

There was a spill of approximately 600 litres of waste lubricant at Unitrade in July 2024 when the pump on the return tank failed. The spill was contained and immediately cleaned, and the pump repaired to prevent further spillage.

** Restated to exclude Mutlu Akü*

ENVIRONMENTAL PERFORMANCE continued

CONTROLLED SUBSTANCES

Europe and Japan have strict environmental laws that apply to Metair's OEM customers. These affect the material makeup and environmental impact of the components Metair supplies for assembly in their products. OEMs are required to limit hazardous substances in new vehicles and ensure that they are responsibly managed throughout the vehicle lifecycle.

Metair's goal is to ensure that all components manufactured across the group have a positive life-cycle and end-of-life impact on the environment. Substances of Concern (SoC) are controlled and eliminated as far as possible in products. Metair monitors the chemical composition of products and submits full material declarations for all the components manufactured in line with the International Material Data System.

Lead is a banned substance in Europe in terms of EU directive 2000/53/EC and must be carefully managed throughout the battery product lifecycle. One of our key goals when designing new batteries is to reduce the amount of lead used without affecting performance.

Lead-acid batteries are nearly 100% recyclable. The group's battery manufacturing facilities have on-site recycling plants that extract lead from battery grids and terminals before refining and blending it to produce high-quality lead alloys for new batteries. Battery acid is neutralised and processed through an effluent plant. Plastic from the battery casings is recycled into new battery casings.

Recycled lead uses around a third of the energy needed to produce virgin lead and is cheaper to access. Lead recycling therefore helps to manage costs, secures supply of a critical input and ensures that lead is managed responsibly through the battery lifecycle. Metair tracks the yield on lead recycling and plastic recycling percentages as measurement criteria for waste management. During 2024, the group recycled around 60 000 tonnes of lead (2023: 50 000).

The new EU battery regulation (Regulation 2023/1542) approved by the EU in July 2023 introduces significant changes and requirements to improve the sustainability and safety of batteries and battery-operated products. Among these are requirements to significantly increase recycling of cobalt, copper, lead, nickel and lithium by 2030.

Environmental regulations include requirements to reduce waste arising from end-of-life vehicles. Metair has limited ability to reclaim products or packaging from end users in the automotive components business as these end up in vehicles that may be manufactured in, or exported to, other countries. Retail customers buying new automotive batteries are incentivised to return old batteries to bring lead back into the recycling process.

Performance against environmental targets

2024 target		2025 target
Reduce Scope 1 and 2 carbon emissions by 2% by volume unit across Metair	✔	Reduce Scope 1 and 2 carbon emissions by 2% by volume unit across Metair
Reduce water consumption per PHW by 2% across all companies	X	Reduce water consumption per PHW by 2% across all companies
Maintain all quality management system accreditations	✔	Maintain all quality management system accreditations

* *Restated to exclude Mutlu Akü*

SOCIAL PERFORMANCE

Metair's ability to execute on its strategy is fundamentally dependant on the skills, experience, productivity, wellness and motivation of the group's people. At the end of 2024, there were 14 330 people (including contractors) working in the Metair group[1], a decrease of 8.5% on 2023.

To date 95% of the group's workforce is employed in South African operations and 5% in Romania. Permanent employees make up 94% of the workforce and contractors 6% (2023: 92% permanent staff). Hesto accounts for 59% of the group workforce and First Battery 9% while Lumotech and Automould both comprise 7%. HDSA comprise 90% of South African employees (2023: 93%) and women comprise 51% of group employees (2023: 49%).

Total workforce numbers may vary during the year linked to model changes and seasonal volume adjustments.

Permanent staff turnover rate decreased to 6.7% in 2024 (2023: 11.06%) and absenteeism increased to 2.0% (2023: 1.8%). There were 9 retrenchments in the group (2023: 6), 7 at Lumotech and 2 at First Battery.

HR STRATEGY AND ORGANISATIONAL DEVELOPMENT

Following the new HR executive's appointment, an HR strategy was developed and approved by the board. The strategy aims to enhance leadership capabilities, employee engagement and productivity. It was developed based on a HR maturity assessment across the group that covered the HR value chain elements.

The assessment highlighted areas of focus to bridge the gap between current HR practices and transactionally efficient and transformationally aligned future practices that deliver fit for purpose employees at the right level in the right roles, to deliver business results.

The HR Strategic intent is designed around delivery of four HR strategic goals that will enable the people agenda ensuring future fit employees that deliver business impact:

1. Leadership capability and capacity
2. Employee engagement
3. Enhanced productivity
4. HR governance

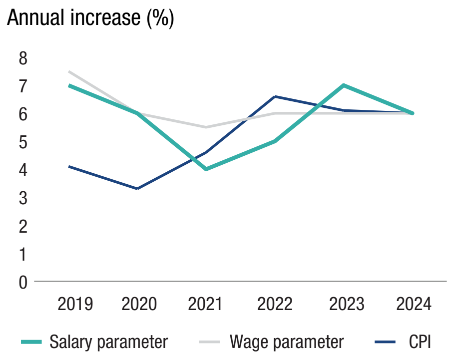
1 *Total employee numbers reported in this section include Hesto employees as Metair is responsible for day-to-day management at this associate. Current and prior year data in this section have been reinstated to exclude Mutlu Akü.*

Improving employee engagement, wellness and fostering a positive employee experience for all employees are top priorities. Increasing productivity has taken on a more prominent role within the organisation, with several initiatives currently underway. These include headcount optimisation to align the operations with reduced customer production volumes and the operational efficiencies realised during the year. These will be realised from the closure of unprofitable business units, shift pattern reworks and a moratorium on appointments and non-essential replacements.

Initiatives are being developed to improve leadership effectiveness in certain subsidiaries to improve decision-making, accountability and execution.

Fair remuneration

Metair is committed to fair and competitive remuneration and regularly benchmarks remuneration to ensure that pay is determined within a relevant current context. The group's lowest earning workers are paid well above the national minimum wage and Metair has consistently increased hourly wages faster than salaried pay and the CPI to help reducing the pay gap between salaried employees and wage earners.



Across the subsidiaries, the wage gap ratio (average total cost to company (CTC) of the top 10% of employees/ average total CTC of bottom 10%) is 5.12.1. The ratio of female to male average compensation is 0.73.

Skills development

The subsidiaries provide training to employees to develop skills relevant to their industry and areas of focus, including mandatory skills training, technical training, personal and professional development, product knowledge training, on-the-job training and study assistance.

Skills development programmes include practical learning programmes for qualifying candidates outside the group to build a skills pipeline for future employment. Practical learning programmes include learnerships, apprenticeships, candidate technician internships, candidate engineers' programmes and graduate-in-training programmes. Several operations offer adult education and training courses and permanent employees can receive financial assistance to further tertiary studies.

SOCIAL PERFORMANCE continued

Hesto's training school is accredited with the Manufacturing, Engineering and Related Services SETA (MERSETA) and offers an accelerated artisan training programme in collaboration with the Department of Labour and MERSETA.

There were 681 new learners in non-artisan learnerships in the group in 2024 (2023: 749), 69% of whom are women, as well as 44 new recruits in Metair's artisan apprenticeship programmes (12% women). The group provided 331 bursaries to promising students studying in the engineering, finance and technical fields (2023: 271) at a cost of R9.4 million.

In 2024, the group invested R34.6 million in skills development programmes for employees (2023: R39.0 million) which represents 13.84% of net profit after tax (2023: 16.56%). R79.5 million was invested in training, which includes induction training, awareness programmes and other non-skills training (2023: R111.5 million). Training spend per permanent employee decreased to R2 933 (2023: R3 468), across 14 327 training interventions. In 2024, 30% of training spend in South Africa was directed to HDSA candidates. A total of 27 982 employees were trained during the year, which includes training of temporary and seasonal employees that may not be included in the headcount at year-end.

Promoting transformation and diversification in the automotive component sector

Metair is participating in an industry skills development initiative in partnership with the National Association of Automotive Component and Allied Manufacturers (NAACAM) and MERSETA. The programme provides a bursary, apprenticeship and skills advancement programme to develop gold-standard manufacturing skills to support the automotive component sector's growth, sustainability, transformation and diversification. In 2024, 331 bursaries and 44 apprenticeships (2023: 1 313 bursaries and 41 apprenticeships) were awarded to develop skills for the current and future requirements of the sector.

Succession planning

The remuneration and nominations committee oversees succession planning for the Metair board to achieve an optimal balance between independence and continuity on the board and committees. Succession planning for the rest of the group is overseen by the remuneration and nominations committee.

Leadership and succession planning is a focus of the HR strategy to ensure that the right leaders are in the right roles at the right time. A talent heat map is being developed to establish the strength of the leadership pipeline.

A standardised performance management model is in place at subsidiaries for top management to monitor and improve performance.

Diversity and transformation

Metair embraces diversity and recognises inclusivity as an integral aspect of the South African community. We continuously aim to diversify our workforce and supplier base to achieve excellence and remain relevant in South Africa.

Transformation and the creation of an inclusive and representative workforce is a priority focus. Metair's focus in South Africa is primarily on promoting transformation in the context of B-BBEE regulations. The group transformation and the equal opportunity policy promote transformation in the workforce and the employment equity and transformation committees in the subsidiaries monitor and report progress to the board. Five-year employment equity plans are in place and annual employment equity reports are submitted in accordance with the Employment Equity Act.

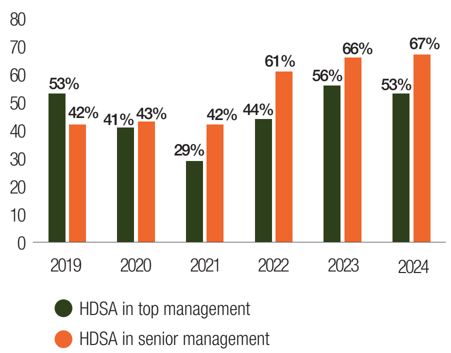
The Employment Equity Amendment bill is effective 1 January 2025 and we will monitor progress in terms of the new bill, with gaps receiving attention through succession planning initiatives.

The group, through each of its subsidiaries, submitted the relevant employment equity reports in October 2024 after thorough consultation with staff and union representatives. The employment equity and transformation committees at each South African subsidiaries monitored and measured performance against the five-year employment equity plan and instituted corrective action where necessary. Barriers such as skills shortages in previously disadvantaged groups were addressed through accelerated skills development programmes, learnership programmes, and intensive internal and external training.

The group consequently complies with all the requirements of the Employment Equity Act No 55 of 1998.

At the end of 2024, HDSAs comprised 90% of the total permanent workforce at the South African subsidiaries. HDSAs in top and senior management increased to 61% (2023: 60%) and HDSA women in top and senior management increased to 23% (2023: 19%). HDSAs in top management remained consistent at 67% (2023: 66%) and HDSAs in senior management decreased slightly to 53% (2023: 56%).

HDSA in workforce (SA operations only)



Group and subsidiary B-BBEE performance

South Africa's APDP promotes transformation in the industry and requires Level 4 B-BBEE status to realise the full benefit of government support. A good transformation performance is a potential competitive advantage when bidding for new OEM business.

Transformation progress is measured using the Department of Trade, Industry and Competition B-BBEE Codes of Good Practice at group and subsidiary levels. Transformation targets are in place at all South African subsidiaries and B-BBEE performance is included as a key performance indicator (KPI) in executive variable remuneration.

The B-BBEE status of the South African operations are shown below:

	Subsidiary B-BBEE Status	
Company	**2024**	**2023**
ATE	**Level 7**	Non-compliant
Automould	**Level 4**	Level 4
First Battery	**Level 2**	Level 3
Hesto	**Level 4**	Level 2
Lumotech	**Level 1**	Level 1
Smiths Manufacturing	**Level 1**	Level 1
Supreme Spring	**Level 3**	Level 2
Unitrade	**Level 5**	Level 3

In 2024, Metair's overall score was 104.74 and the group retained its Level 1 B-BBEE status on a consolidated basis. The group's externally verified B-BBEE certificate is available on the company website at www.metair.co.za.

Group B-BBEE status				
Element	**Weight**	**2024**	**2023**	**2022**
Ownership	25	**22.34**	25.00	24.05
Management control	19	**15.38**	15.21	14.29
Skills development	25	**16.43**	18.75	17.10
Enterprise and supplied development	46	**43.97**	42.69	43.32
Socio-economic development	5	**5.00**	5.00	5.00
Overall score	120	**103.12**	106.65	103.76
BEE contributor level		**1**	1	1

Preferential procurement, enterprise and supplier development

Metair's preferential procurement and enterprise and supplier development (ESD) initiatives provide opportunities for black-owned businesses, black women-owned businesses and the youth to promote job creation, entrepreneurship and transformation in the South African automotive supply chain. The group procurement policy entrenches transformation in the supply chain and the subsidiaries share learnings and best practices at the group procurement forum. Preferential procurement targets are included in performance incentives for senior executives.

Qualifying companies supported through the programme across the subsidiaries include suppliers of raw materials, parts and consumables, consultants and providers of services including security, training, recruitment, cleaning, gardening, freight forwarding, canteen management, plumbing and maintenance. Support provided includes discounts, early payment terms, interest free financing and the supply of tools, equipment, premises and utilities, training and raw materials.

Total group preferential procurement spend was R3 397 million in 2024 (2023: R2 947 million), which represents 61% of total discretionary procurement spend.

Labour relations

Metair respects the rights of employees and those of suppliers to freedom of association and recognises trade unions as important stakeholders in the group. Recognition agreements are in place at national, provincial and company level. All South African operations fall under Chapter III of the Motor Industry Bargaining Council. At year-end, 51% of employees belonged to a union (2023: 49%).

Metair aims to maintain constructive relationships with unions that appropriately balance the needs and interests of all parties. 2 000 person days were lost at Automould during a four-day strike over 15 January 2024 resolved on 19 January 2024. In 2023, 9 432 person days were lost to a strike at Smiths Manufacturing.

SOCIAL PERFORMANCE continued

Health and safety

All subsidiaries aim to provide and maintain a safe and healthy workplace for employees, contractors and visitors, and users or consumers of Metair products. The Metair group safety, health and environmental policy sets guiding principles which are implemented in detailed policies at the subsidiaries relevant to their specific circumstances. Health and safety policies align with the necessary legal frameworks, including the Occupational Health and Safety Act (OHSA), No. 85 of 1993. A health and safety template based on the ISO 45001 framework assists subsidiaries with compliance, continuous improvement and best practices. Eleven of the operations are accredited in terms of OHSAS 18001 or ISO 45001.

Effective safety policies and practices are in place in all work areas for potentially dangerous machines and certain materials at the manufacturing facilities. The most common workplace injuries in the group operations include cuts, bruises, back and muscle strains and burns.

Potential risks are identified through hazard identification and risk assessment (HIRA) processes and effective safety procedures are put in place. Employees receive continuous training in safe work procedures and safety awareness is kept high with safety signs and posters, regular awareness campaigns, safety meetings and toolbox talks.

First aid cases, medical treatment cases, lost-time injuries and near misses are tracked, reported and investigated, and corrective action is taken to prevent reoccurrence. Incident reports are submitted to the Metair CEO.

Metair targets zero fatalities and disabling injuries, and a lost time injury[2] frequency rate (LTIFR) of less than one incident per 200 000 person hours worked. Benchmark LTIFRs are set by the social and ethics committee for each subsidiary to drive improvements in safety performance. Safety statistics include employees and contractors in line with the relevant legislation.

There were no occupational fatalities at group operations in 2024 and 16 lost time injuries (2023: 19). The LTIFR reduced to 0.11 in 2024 from 0.12 in 2023, below Metair's benchmark of 1.0.

Hazardous substances in the workplace

The primary substances of concern in the group are lead and acid at the battery manufacturing companies and hexavalent 6 chromium at Automould.

Standard health and safety procedures are in place at facilities that use potentially dangerous substances. These procedures comply with local country regulations and the standards governing OE customers in other jurisdictions. Handling, management and storage of hazardous materials is strictly controlled and includes dedicated storage facilities. Spill management plans are in place at all operations, spill kits are installed in areas that have the potential for hazardous chemical spills and operators are trained in their use.

Lead is a core component of the batteries manufactured at First Battery, Rombat and ABM. Long-term lead exposure can result in lead poisoning and is particularly dangerous for pregnant women.

Women are excluded from working in lead areas at all operations. Ongoing training in safe working practices and personal protective equipment is provided to employees who work in areas where they may be exposed to high levels of lead. Other controls include improved extraction to reduce airborne lead dust, showers to wash after working in lead areas and ensuring facilities such as change houses are sufficiently far from smelters.

Blood lead levels are regularly monitored in the occupational health programmes at operations that use lead. Results are monitored against baseline tests done when the employee joined the company as well as the maximum exposure limits set in the relevant occupational health and safety regulations in the country of operation. Employees are removed from lead areas if blood lead levels reach 35 µg/100ml, which is below the regulatory limit in South Africa (60 µg/100ml) and in Romania (40 µg/100ml).

Operations monitor 30 µg/100ml as an 'early warning' indicator and target no new net cases above this limit. At the start of 2024, there were 187 cases above 30 µg/100ml and during the year 227 new cases were detected while 276 cases reduced below 30 µg/100ml. At the end of the year there were 138 cases above 30 µg/100ml (49 net decrease in cases).

2 *Lost-time injuries are workplace injuries that prevent an employee from returning to work the next day.*

HIV/Aids

The South African operations promote HIV/Aids awareness through competitions, promotions, banners, speeches on wellness days and World Aids Awareness Day activities. Metair's major South African operations have clinics that offer voluntary counselling and testing (VCT) for HIV/Aids to employees and contractors.

In 2024, 743 employees received HIV/Aids voluntary counselling (2023: 486) and 989 employees and contractors were tested for HIV/Aids (2023: 2 460). Estimated HIV/Aids prevalence rates at the South African operations is around 2%.

Human rights

Metair subscribes to the 10 principles of the United Nations Global Compact, which include provisions relating to human rights, the rights of labour and a commitment to working against corruption. These principles are applied consistently across all operations in all countries of operation.

The social and ethics committee oversees human rights in the group. The code of ethics prohibits physical, mental, verbal, sexual or any other abuse, inhumane or degrading treatment, corporal punishment or any form of harassment. Metair does not tolerate discrimination in the company and, should an incident be reported, it is subject to the normal disciplinary procedures, which include dismissal.

As a supplier of products to OEMs and a producer of commercial and industrial energy storage solutions, Metair's products are not directly intended for use or consumption by children. Metair does not market its products to children.

Metair supports the elimination of child labour, forced and compulsory labour. Suppliers are assessed during onboarding of new suppliers and supplier audits to ensure that they operate in an ethical, compliant and sustainable manner.

There were no incidents reported in the company of unfair practices, discrimination or human rights abuse during 2024, and no reported incidents of non-compliance with regulations and voluntary codes concerning the impacts of the company's products and services on children's health. There were no reported negative impacts on children in local communities and/or wider society directly due to Metair's products.

Performance against social targets

2024 target		2025 target
Zero fatalities and maintain LTIFR below 1 across all companies	✔	Zero fatalities and maintain LTIFR below 1 across all companies
Target Level 1 B-BBEE score at group level	✔	Target Level 1 B-BBEE score at group level
Target zero new net cases of blood lead levels above 30µg per 100ml (early warning cases)	✔	Target zero new net cases of blood lead levels above 30µg per 100ml (early warning cases) from base of closing cases at 2024 year-end

Corporate Social Investment

Metair's investments in local communities through the CSI programme aim to improve the lives of the people in the communities around operations and strengthen our relationships with these important stakeholders. Projects are chosen that develop and uplift community members and increase skills in local communities, with an emphasis on health and education. Employees are invited to identify relevant initiatives for support through the CSI programme.

Metair's operating companies allocate 1% of net profit after tax to CSI projects and the group allocates a further 1% of group net profit after tax. CSI was R13.0 million in 2024 (2023: R16.1 million).

Initiatives supported during the year included:

- Lumotech provided weekend maths and science lessons for Grade 12 learners at VM Kwinana Secondary School, helping the school to achieve the highest pass rate (95.2%) in Kwa Nobuhle.
- First Battery partnered with the Small Projects Foundation on the Ignite Education Family Day Event in June 2024, providing support to re-establish children who drop out of school. First Battery also hosted the Eastern Cape Mini-Rally to Read in conjunction with Rally to Read, the Department of Education and other sponsors. Reading material, stationery and sporting equipment was delivered to Swonabile and Ncera Primary Schools.
- Supreme Spring supports Nigel Secondary School, providing support for learners in need, extracurricular development, advanced teaching resources (robotics and coding tools) and refurbishing school infrastructure, including repairing the school's borehole and generator.
- Rombat supported several community initiatives including a painting exhibition, a Bolt and Speed contest for local schools, a Community Open Day on 1 June and the Rombat Trail Run.

Metair sponsors the green manufacturing chair at the Toyota Wessels Institute for Manufacturing Studies (TWIMS) and a related CSI initiative. TWIMS is a learning institution in Durban accredited by GIBS Businesses School that offers advanced industry focused lean and green manufacturing MBA qualifications to previously disadvantaged individuals. Metair's CEO serves on the TWIMS advisory council.

Performance against CSI targets

2024 target		2025 target
1% of net profit spent on CSI projects. Within the targeted spend Metair would like to increase the focus on projects that benefit people living with disabilities and high-level industry-focused green manufacturing education.	✔	1% of net profit spent on CSI projects. Within the targeted spend Metair would like to increase the focus on projects that benefit people living with disabilities and high-level industry-focused green manufacturing education.

SUSTAINABILITY DATA TABLE

		FY2024	FY2023*
Labour			
Total number of permanent employees	Number	**11 795**	11 984
Fixed term contract employees (<90 days)	Number	**64**	3
Fixed term contract employees (>90 days)	Number	**1 623**	2 403
Total number of contractors	Number	**848**	1 246
Total employees (including contractors)	Number	**14 330**	15 650
Percentage of employees who are deemed 'HDSA' (South Africa only)	%	**84.8**	93.00
Percentage of employees who are women	%	**51**	49.1
Total number of disabled employees	Number	**202**	171
Percentage of employees who are permanent	%	**82**	77
Percentage of employees who belong to a trade union	%	**51.12**	49.00
Total number of employee terminations	Number	**1 996**	1 616
Employee turnover rate	%	**13.9**	10.3
Total number of person hours worked – all employees and contractors	Number	**28 340 283**	31 440 992
Total number of person days lost due to absenteeism	Number	**70 242**	72 011
Absenteeism rate	%	**2.0**	1.8
Total number of person days lost due to industrial action	Number	**2 000**	9 432
Industrial action rate	%	**0.1**	0.2
Total number of employees trained	Number	**27 982**	20 858
Total number of employees with disabilities trained for skills, including internal and external training interventions	Number	**487**	384
Total number of training interventions	Number	**14 327**	13 637
Rand value of employee training spend	R (million)	**79.5**	111.5
Rand value of research and development spend	R (million)	**11.5**	25.9
Average compensation per male employee	R	**742 026***	309 146
Average compensation per female employee	R	**541 508***	185 179
Ratio of Male: Female average compensation (Gender Pay Gap Ratio)	Number	**0.73**	0.61
Health and Safety (all employees and contractors)			
Total number of lost time injuries	Number	**16**	19
Total number of medical treatment cases	Number	**39**	32
Total number of first aid cases	Number	**472**	637
Total number of recordable injuries	Number	**6**	50
Fatal injury frequency rate	Rate	**–**	–
Lost time injury frequency rate	Rate	**0.11**	0.12
Total recordable injury frequency rate	Rate	**0.04**	–
Total injury frequency rate	Rate	**3.7**	4.4
Total number of employees and contractors receiving VCT for HIV/Aids (i.e. counselled)	Number	**743**	486
Total number of employees and contractors tested for HIV/Aids	Number	**989**	930

**Due to Metair service providers and methodology change the 2024 and 2023 companies are not like for like.*

		FY2024	FY2023*
Environmental			
Number of environmental incidents	Number	**1**	–
Total number of environmental complaints	Number	**0**	–
Carbon footprint			
• Scope 1	tCO_2e	**30 496**	31 004
• Scope 2	tCO_2e	**109 287**	113 700
• Scope 3	tCO_2e	**200 777**	185 781
• Total	tCO_2e	**340 560**	330 485
Energy			
Total electricity consumption – non-renewable	MWh	**109 219**	110 882
Total electricity consumption – renewable	MWh	**36 927**	33 847
Total petrol consumption	Litres	**232 198**	242 382
Total diesel consumption	Litres	**678 183**	729 388
Total direct energy consumption from non-renewable fuels burned	Gj	**460 087**	421 817
Total direct energy consumption from renewable fuels burned	Gj	**–**	–
Rand value of investments in projects to improve energy efficiency	R million	**34.3**	104.8
Water			
Total water consumption	m^3	**376 842**	373 408
Total volume of water discharged	m^3	**286 430**	226 131
Rand value of investments in projects to improve water efficiency	R million	**2.2**	1.8
Non-hazardous waste			
Total volume of non-hazardous waste sent to landfill	Tonnes	**3 448.9**	4 304.7
Total volume of paper recycled	Tonnes	**37.6**	25.4
Total volume of cardboard recycled	Tonnes	**1 444.4**	1 978.7
Total volume of plastic recycled (internal and external)	Tonnes	**2 692.3**	2 926.4
Total volume of glass recycled	Tonnes	**–**	–
Total volume of metal recycled (including tin cans) (internal and external)	Tonnes	**1 611.5**	2 005.7
Total volume of biodegradable wet waste recycled	Tonnes	**192.0**	192.0
Total volume of other waste recycled (e-waste, wood, polystyrene, packaging foil, etc.)	Tonnes	**612.3**	417.8
Total volume of non-hazardous waste recycled	Tonnes	**6 583.5**	7 545.9
Hazardous waste			
Total volume of hazardous waste recycled	Tonnes	**20 772.7**	33 908.8
Total volume of hazardous waste sent to appropriate disposal sites	Tonnes	**12 780.4**	12 690.5
Total volume of lead recycled	Tonnes	**60 800**	57 000
Total volume of oils recycled	kgs	**14 964**	70 199

SUSTAINABILITY DATA TABLE continued

		FY2024	FY2023*
CSI/SED expenditures			
Rand value of CSI/Socioeconomic Development (SED) expenditures	R (million)	**13.0**	16.0
Rand value of CSI/SED spend on education	R (million)	**1.8**	2.4
Rand value of CSI/SED spend on skills development, including Adult Basic Education & Training (ABET)	R (million)	**2.6**	3.6
Rand value of CSI/SED spend on health, including HIV/AIDS	R (million)	**3.3**	5.3
Rand value of CSI/SED spend on basic needs and social development, including nutrition and/or feeding programmes	R (million)	**3.8**	1.5
Rand value of CSI/SED spend on infrastructure development	R (million)	**0.1**	0.3
Rand value of CSI/SED spend on arts, sports and culture	R (million)	**1.4**	1.3
Rand value of CSI/SED spend on other	R (million)	**0.1**	0.5
Rand value of CSI/SED spend on environmental projects	R (million)	**–**	–
Rand value of CSI/SED spend on job creation/small business support	R (million)	**–**	1.1
Enterprise development (support for small business development)			
Rand value of enterprise development spend	R (million)	**10.6**	9.7
Preferential procurement (South African operations only)			
Rand value of total discretionary procurement spend	R (million)	**5 604**	5 477
Rand value of HDSA procurement spend	R (million)	**3 397**	2 947
Preferential procurement spend rate	%	**61**	54

* *2023 restated to exclude Mutlu Akü*

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF METAIR INVESTMENTS LIMITED

INTRODUCTION

IBIS was appointed by Metair Investments Limited (Metair) to conduct an independent third-party assurance over selected sustainability subject matter for disclosure in Metair's FY2024 Integrated Annual Report (IAR) (hereafter referred to as 'the Report').

ASSURANCE STANDARD APPLIED

The independent third-party assurance was conducted using the AccountAbility AA1000 Assurance Standards version 3 (2020) (AA1000AS) at a High (reasonable) assurance level. IBIS conducted a Type II assurance engagement in accordance with AA1000AS for the selected disclosures.

IBIS INDEPENDENCE AND COMPETENCE

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from Megan Nair, Lara Bezuidenhout, Thabo Mokate, Lisa Miller, Cornelius Oosthuizen, Meriska Singh, Nishka Devsaran and Sanuri Moodley from IBIS. Petrus is a Lead Certified Sustainability Assurance Practitioner with more than 25 years' experience in sustainability performance measurement involving both advisory and assurance work.

IBIS applies a strict independence policy and confirms its impartiality to Metair in delivering the assurance engagement. This assurance engagement is the first assurance engagement conducted for Metair by IBIS since 2020.

RESPECTIVE RESPONSIBILITY OF IBIS AND THE DIRECTORS OF METAIR

IBIS' responsibility is to the Directors of Metair alone and in accordance with the terms of reference agreed with Metair.

The Directors of Metair are responsible for the collection, preparing, and presentation of sustainability information within the report and ultimately, ensuring the integrity of Metair's Report.

Metair satisfies themselves that there is an adequate and effective control environment, which supports the integrity of information used in the Report and the preparation and presentation of sustainability information within the Report. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues and commitments with respect to sustainability performance, as well as for the design, implementation, and maintenance of internal controls relevant to the disclosures in the report.

ASSURANCE OBJECTIVES

The objective of the assurance engagement is to provide the Directors of Metair with an independent high level assurance opinion on whether the report meets the following objectives:

- Adherence to the AA1000AP (2018) AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact.
- Fair reporting on a selection of disclosures defined as operational KPIs presented in the report.

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF METAIR INVESTMENTS LIMITED continued

SUBJECT MATTER IN SCOPE

The following KPIs are in the assurance scope as agreed with Metair:

ENVIRONMENTAL

KPI	Page
Electricity consumption	18, 51, 59
Petrol consumption	59
Diesel consumption	59
Water consumption	18, 51, 59
Waste to landfill	51, 59
Waste recycled	51, 59

SAFETY

KPI	Page
FIFR	58
LTIFR	56, 57, 58
TIFR	58
Number of Lost Time Injuries	56, 59

SOCIAL

KPI	Page
Total employees	58
Employee turnover	53, 58
Wage gap ratio	53
Gender pay gap ratio	53, 58, 95
Person hours worked	18, 58
Absenteeism	53, 58
Absenteeism rate	19, 58
Number of persons trained	54, 58
CSI/SED spend	19, 57, 60

WORK PERFORMED BY IBIS

IBIS performed the assurance engagement in accordance with the AA1000AS Type II requirements. The following suitable assessment criteria were used in undertaking the work:

- AccountAbility AA1000 Accountability Principles (2018) (AA1000AP) adherence criteria for the Principles of Inclusivity, Materiality, Responsiveness and Impact.
- Metair's Sustainability Definitions document that specifies definitions, reporting processes, controls and responsibilities.

Our assurance methodology included:

- Interviews with relevant functional managers from corporate office and operations to understand and test the processes in place for adherence to the AA1000AP stakeholder engagement principles and disclosure of the selected KPIs in the assurance scope.
- On-site visits and desktop reviews were performed at the following operations:
  1. Hesto (Site Visit)
  2. Automould (Site Visit)
  3. First Battery (Site Visit)
  4. Lumotech (Desktop Review)
  5. Supreme Springs (Desktop Review)
- Inspection and corroboration of supporting evidence to evaluate the data generation, calculation and reporting processes against the assurance criteria.
- This involved testing, on a sample basis, the measurement, calculation, collection, aggregation and reporting of selected sustainability information.
- Reporting the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process.
- Assessing the presentation of information relevant to the scope of work in the Reports to ensure consistency with the assurance observations.

ENGAGEMENT LIMITATIONS

The scope of work did not extend to any subject matters other than specified in this assurance statement.
IBIS experienced no limitations to the agreed extent of work required for the engagement.

ASSURANCE CONCLUSION

In our opinion, based on the work undertaken for High Assurance as described, we conclude that the subject matters in the scope for High Assurance have been prepared in accordance with the defined reporting criteria and are free from material misstatement, in respect of:

- Metair's adherence to the AA1000AP Principles of Inclusivity, Materiality, Responsiveness and Impact; and
- The selected KPIs as identified under the subject matter in scope and as presented in the published and online Reports.

KEY OBSERVATIONS AND RECOMMENDATIONS

Based on the work set out above, and without affecting the assurance conclusions, the key observations and recommendations for improvement are as follows:

In relation to the inclusivity principle

Metair has made formal commitments to stakeholder engagement that detail the scope and objectives of stakeholder engagement, the various groups of stakeholders and their capacities to engage, and how stakeholder matters are integrated into the materiality assessment. It is recommended that Metair also develop relevant metrics to measure the effectiveness of stakeholder engagements and outcomes.

In relation to the materiality principle

Metair has applied a materiality determination process to determine and rank key ESG topics based on their significance to Metair and its stakeholders. It is organisation-wide, systematic and under the governance of senior management.

In relation to the responsiveness principle

Metair has policies and frameworks in place which provide a clear organisational structure for decision-making and risk management, as well as ensuring complete, accurate and timely communications with external parties.

In relation to the impact principle

Metair has aligned its Sustainability Model with the UN SDGs. To address its material impacts, Metair focuses on optimising energy consumption, the efficient use of raw materials and minimising waste in its production processes. Metair has made progress in this regard by introducing an annual Climate Change Report aligned with the TCFD recommendations. Moving forward, Metair has expressed its intension to also align with the IFRS S2 disclosure requirements. It is recommended that Metair continue to integrate impact management measures into its business operations for improved organisational resilience.

In relation to the selected KPIs

It was found that systems and processes are in place to provide reliable source data related to the selected disclosures assessed. The efficiency of these processes can be enhanced by the consistent application of internal controls, such as the effective and regular management review of reported data. Data inconsistencies, formula and data entry errors identified during the final consolidation of the sustainability information were subsequently corrected and IBIS is satisfied with the accuracy of the final data in the assurance scope as presented.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to Metair for consideration.

Petrus Gildenhuys
Director

IBIS Environmental Social Governance Consulting Africa (Pty) Ltd

Johannesburg, 25 March 2025

AA1000
Licensed Report
000-156/V3-64S2E

The assurance statement provides no assurance on the maintenance and integrity of sustainability information on the website, including controls used to maintain this. These matters are the responsibility of Metair.

GOVERNANCE

The Metair board (board) strives to embed integrity, fairness, justice, transparency, responsibility and accountability in all its dealings. The board is the custodian of good corporate governance in the group and aims to remain relevant in the fast and dynamic environment in which the group operates. Metair's governance philosophy guides the board to continuously direct, grow and control the business to achieve sustainable value creation for all stakeholders.

Metair's application of the King IV™ Report on Corporate Governance™ for South Africa, 2016 (King IV™) principles and the adoption of the various recommendations set out in King IV™ are outlined in the King IV™ application register which is available on www.metair.co.za.

The board's duties and responsibilities are derived from:

- The Companies Act, 71 of 2008 (the Companies Act)
- JSE Limited Listings Requirements (JSE Listings Requirements)
- The company's memorandum of agreement
- South African common law

GOVERNANCE ROLES

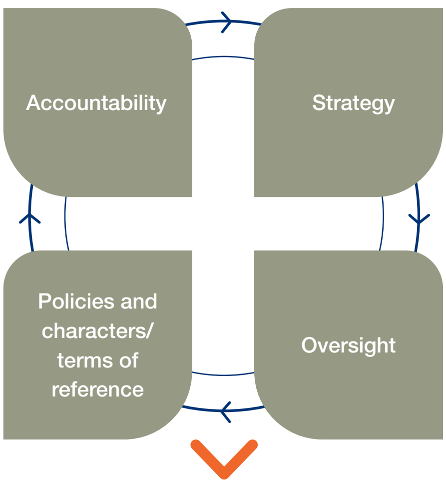
The board is collectively responsible for its primary governance roles:

Ensuring accountability | **Steering and setting strategic direction** | **Overseeing and monitoring performance** | **Formulating policies**

The board is **accountable** to all stakeholders (page 22) for the company's performance. The group's governance framework enables the board to maintain effective control of the company's operations. The board ensures the proper management, measuring and monitoring of the group's performance.

The board steers and sets the group's **strategic direction**. It oversees the group's strategy formulation, risk management (page 73), stakeholder engagement, budget and policy approvals as well as Metair's materiality determination processes (page 63).

BOARD INPUTS



GOVERNANCE OUTCOMES

The board charter (charter) (page 65) and memorandum of agreement outlines the board's roles, responsibilities and policies, and defines the parameters which guide the board's functions. The board ensures that sound **governance processes** are embedded and diligently applied to Metair's internal controls, policies, terms of reference as well as overall procedures and processes.

The board and its committees (page 65) **oversee and monitor** the group's performance. All committees function according to board-approved terms of reference. The board has an approved delegation of authority framework (page 65) which outlines the authority levels of the board, committees and executive management.

In line with King IV™, the board is responsible for cultivating an ethical culture, ensuring good performance, effective control and legitimacy.

- Corporate responsibility and ethics
- Risk management
- Sustainability
- Cost, delivery, quality and competitiveness
- Health, safety and the environment
- Finance – budgets and forecasts
- Wellness of employees
- Being a supplier of choice

VALUE CREATION FOR ALL STAKEHOLDERS

Governance model – Delegation of authority

Metair's governance model reinforces the board's role as the primary custodian of corporate governance and ensures that the group is effectively governed.

Metair's delegation of authority outlines the authority levels of the board, committees and executive management. The delegation of authority enables the board to retain effective control and well-informed oversight of the company.

The board is the custodian of good corporate governance in the group and is supported by four board sub-committees.

Effective control

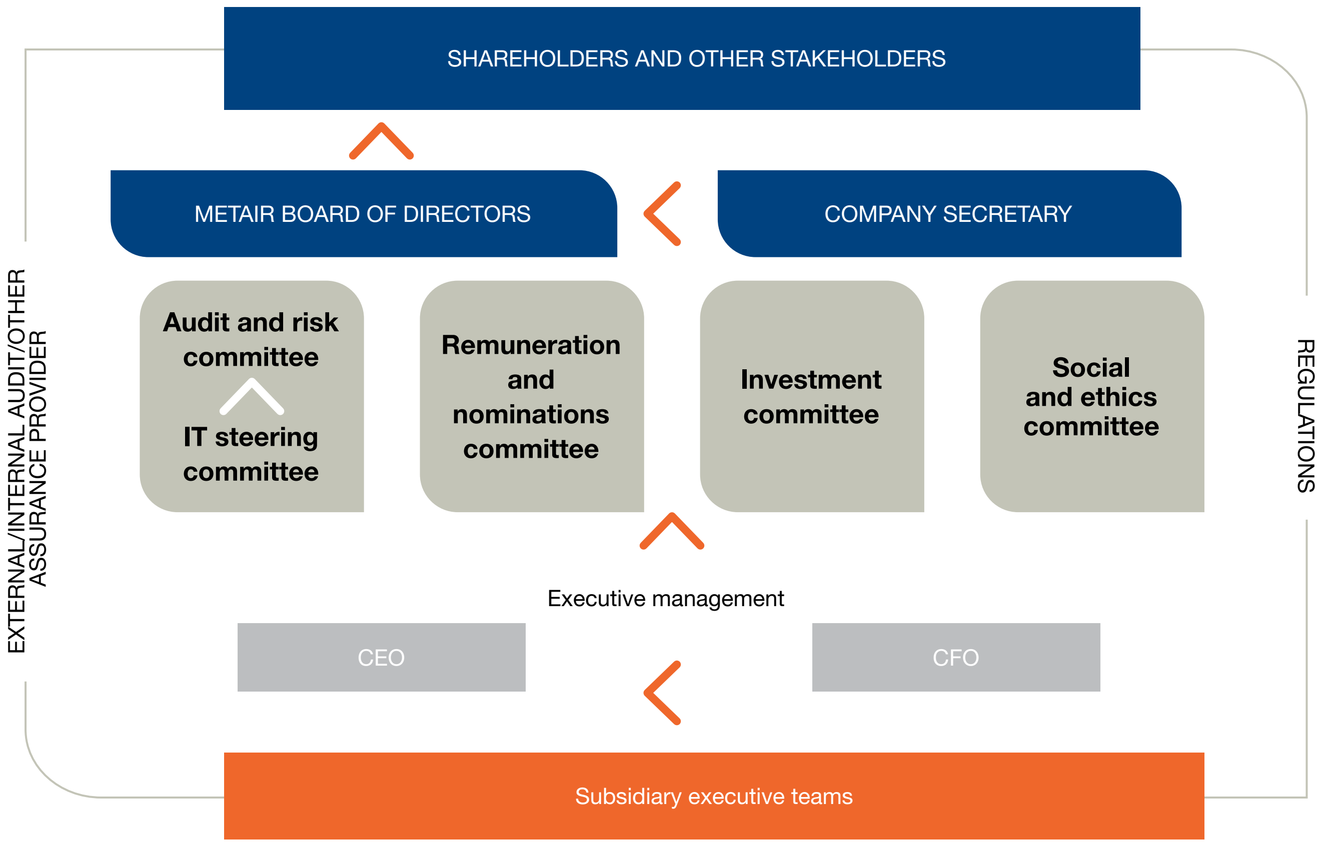
Effective control means ensuring the correct structure and set up of the board and required committees and ensuring reporting structures are adhered to. This includes appointing board and committee members with the relevant knowledge, skills, experience, diversity and independence to discharge their governance role and responsibilities effectively and objectively. It also includes the approval of the board and committee charters and terms of reference to govern it. More information about the directors is shown on page 34.

As at 31 December 2024, the board comprised ten directors including the alternate director. In terms of the memorandum of incorporation (MOI), the board shall consist of a minimum of five directors and a maximum of 15 directors, depending on the proper constitution of the board and all committees. No employees apart from the executive directors are deemed to be prescribed officers.

Management responsibility and board oversight responsibilities and accountability requirements are maintained and enabled through the group governance framework.

The company's MOI and board charter outlines the board's roles, responsibilities and policies and defines the parameters which guide the board's functions. In addition, board duties and responsibilities are derived from the Companies Act, 71 or 2008, JSE Limited Listings Requirements and South African Common Law. Proper committee charters define that the various types of decisions are effectively governed and pass through the correct channels before they are presented to the board for approval where needed. Authority levels are in place that govern group and subsidiary decisions to be taken.

The board operates within a clear division of responsibilities to ensure balance of power and authority. The board is led by an independent non-executive chair and has a lead independent director. The leadership structure distinctly separates the roles of the chair and the CEO. This structure, together with the board charter, ensures that the appropriate balance of power and authority is in place and that no single person has unfettered decision-making powers.



GOVERNANCE continued

A clear organisational structure is in place defining the lines of decision making, risk management, financial and regulatory reporting, public disclosure requirements and crisis management and response. Metair's executive directors are the primary link between management and the board.

In 2024 the board's key decisions and resolutions were:

1 Feb 2024
Mr O'Flaherty appointed as CEO on a fixed three-year contract.

5 March 2024
Appointed SBSA as our debt and structuring advisors to assist with optimising the debt of Metair and its subsidiaries.

25 March 2024
Authorised further extension of Metair revolving credit facility to April 2025.

9 May 2024
Approved the appointment and remuneration of Mr Holmes as the Hesto MD with effect from 1 September 2024.

14 May 2024
Approved the appointment and remuneration of Ms Otto as the Metair HR exec with effect from 1 June 2024.

12 June 2024
Approved bridge funding required by the company.

16 September 2024
Authorised the company to enter into a sale and purchase agreement to sell its entire interest in Mutlu Akü to Quexco.

3 October 2024
Authorised the company to enter into an agreement to acquire the entire issued share capital of AutoZone.

10 December 2024
Authorised an extension of the Metair bridge facility and guarantee.

19 December 2024
Renewal of Metair guarantee on Hesto overdraft facility.

Board and sub-committee calendars and workplans are compiled annually in advance with all meeting dates to ensure alignment with all board members.

Board and committee self-evaluations are done annually, and external facilitated evaluations are done on an *ad hoc* basis as required.

A formal executive management committee (exco) is in place whereby the risks and performance of the group and subsidiaries are formally reviewed and assessed. The members of the exco consist of: CEO, CFO, COOs, HR executive and the company secretary. The exco is supported by a monthly performance review with the MDs of each subsidiary by the CEO and the exco. In addition, monthly subsidiary executive meetings are in place to discuss performance of each subsidiary. Various exco members attend these meetings.

Diversity

Metair has a formally approved policy to encourage broader diversity at board level.

Mr O'Flaherty was appointed as CEO and member of the social and ethics committee with effect from 1 February 2024. The board and remuneration and nominations committee interviewed various candidates, considered broader diversity requirements and based on experience and specific requirements of the business made the decision to appoint Mr O'Flaherty. The board believes that this appointment will provide stability to the company, the market and other key stakeholders and accelerate the execution of the company's key initiatives to unlock value for shareholders.

The policy addresses the historical gender and racial imbalances at board level when appointing new directors. The policy prescribes that the board should comprise one-third female board members and one-third black (as defined in the B-BBEE Act, No. 53 of 2003) board members, wherever possible.

The diversity of age, culture, gender, knowledge, skills, experience, education and independence of the board ensures that the board is appropriately equipped to navigate Metair's operating context. Wherever possible, Metair aims to ensure that at least a third of the board's composition is women. Metair's board of directors composition is aligned with the company's diversity targets. The board considers the composition of its gender and racial diversity targets when new directors are appointed and is satisfied that the composition of the board is aligned to the broader diversity policy.

Ethical culture

The board strives to embed an ethical culture which all Metair board members, employees, contractors and suppliers embrace and abide by. Metair's ethical culture cultivates a value-driven environment where all stakeholders are dedicated to conducting business honestly, fairly, legally and transparently. The Metair values are built on the principle of custodianship. Being a custodian has the embedded notion that Metair has an important role to play in a bigger long-term sustainable plan and that it is not the size of the role that matters but rather how well all stakeholders perform their role.

Code of ethics

Metair's code of ethics (the code) is available on www.metair.co.za. The code guides Metair to operate with unity, harmony, equality and respect for human dignity. The code aims to guide all stakeholders to act and conduct themselves with integrity. This assists to mitigate unethical conduct, fraud and corruption. The code encourages all employees to be exemplary custodians in their areas of responsibility, wherever they go.

Training, awareness programmes and a social and ethics conference were held during the year to enhance the company's ethics management.

The code has been rolled out to all subsidiaries and is applicable to all employees (including contractors and temporary employees). The code is included in employee appointment letters and all employees undergo an induction process to familiarise themselves with the code.

Conflicts of interest

Board members are required to regularly declare any shareholding and any interest they might have in transactions with the group. Metair board members are also required to declare any conflict of interest in respect of any matters on the agenda at board or committee meetings. No conflicts of interest were identified during the year.

No board members were identified as politically exposed persons in 2024.

Dealing in securities and insider trading

Metair adheres to the Insider Trading Act No. 135 of 1998, which prohibits individuals from trading in any shares/ securities when in possession of non-public material information. No employee, officer or director may trade directly or indirectly in the shares of the company during a closed period or a prohibited period. Closed periods are imposed from 1 January and 1 July of each year until the publication of the respective financial results. Where appropriate, a prohibited period is also imposed on certain employees during periods when they are in possession of undisclosed price-sensitive information.

The group also discloses all director dealings in securities in accordance with the JSE Listings Requirements.

Metair executive directors participated in the Metair Investments Limited 2009 Share Plan during the year. Refer to the Remuneration Report for more information on the share plan.

Whistleblowing

Metair has an independent anonymous whistleblowing programme managed through Deloitte's fraud tipoff line that operates 24 hours a day, 365 days a year. Whistleblowing awareness takes place through various communiques and reminders which are sent to all employees in the group during the year.

All employees across the group are encouraged to report any unethical transgressions or conduct without fear of being victimised. The Protected Disclosures Act No. 26 of 2000 ensures that those individuals who speak up against unethical or illegal behaviour will be protected. All tipoffs received are investigated and resolved within a reasonable time. Feedback is provided to the whistle-blower on actions taken and outcomes of the report. No issues of fraud and/or corruption were identified during the year.

Reports	**2024**	2023	2022	2021
Tipoffs received	51	44	36	30

Human rights

The social and ethics committee oversees human rights. This entails monitoring that the company's activities are in accordance with the human rights provisions in Romania, as well as with the Constitution of the Republic of South Africa (including the Bill of Rights), any relevant legislation, other legal requirements or prevailing codes of best practice, and the company's own code of ethics and policies. The company supports and respects the protection of internationally proclaimed human rights. The company is not complicit in human rights abuses.

Corporate social responsibility

The board, supported by the social and ethics committee (page 70,82) and management, recognises the group's social and moral commitments to society. Metair's approach to CSR is based on the concept of custodianship and is reinforced by the code, which entrenches the group's corporate citizenship and ethical leadership policies.

The board is committed to responsible corporate citizenship. The group contributes to the attainment of the UN SDGs. The group participates in several CSI projects which are discussed on page 57.

Board independence

The board confirmed the independence of the non-executive directors. None of the Metair non-executive directors have served on the Metair board for nine years or longer.

Professional advice

Metair has mechanisms in place to obtain independent professional advice on matters within the scope of any director's duties at the company's cost.

GOVERNANCE continued

Board and committee attendance

Directors' attendance at board and committee meetings during the year (including the changes which took place during the year) are shown in the table below.

	Board	Audit and risk committee	Social and ethics committee	Remuneration and nominations committee	Investment committee	IT steering committee	Overall attendance#
Number of meetings	**8**	**6**	**5**	**8**	**8**	**5**	
TN Mgoduso	8			8			100%
PS O'Flaherty*	8		5			5	100%
A Jogia	8				8	5	100%
NL Mkhondo	8			8	8		100%
MH Muell	8		5	8			100%
N Medupe	8	6			8		100%
AK Sithebe	8	6	5				100%
B Mawasha	8	6			8		100%
PH Giliam	8			8	8		100%
J Smith>						5	100%
Y Foolchand>						5	100%
W Ropertz***						5	100%
J du Plessis****						3#	
D Parbhoo****						4#	100%
S Banda***						5	
Overall director attendance#	**100%**	**100%**	**100%**	**100%**	**100%**	**93%**	

Attendance percentage calculated on board attendance during the tenure of appointment. Executive directors are invited to attend all committee meetings.

* *Mr Paul O'Flaherty was appointed as CEO and member of the social and ethics committee on 1 February 2024 on a three-year fixed term contract.*

*** *Appointed to the IT steering committee on 13 June 2024 and is not a director of Metair Investments Limited.*

**** *Appointed to the IT steering committee on 13 June 2024 as subsidiary representatives. These members are not directors of Metair Investments Limited.*

> *Subsidiary representatives on the IT steering committee. They are not directors of Metair Investments Limited.*

BOARD COMMITTEES

All committees function according to their board-approved terms of reference or charters which are available on the company's website at www.metair.co.za. The terms of reference or charters are reviewed annually and effectively delegated in respect of certain of the board's responsibilities. The board monitors these responsibilities to ensure effective oversight and control of the group's operations.

All committees confirmed that they are satisfied that they appropriately fulfilled their responsibilities in line with their terms of reference or charters during 2024. The chairpersons of all committees reported to the board after each meeting.

The committees are appropriately constituted to promote independent judgement and to assist with the balance of power. The board appoints the members of the committees and ensures the correct composition except for the audit and risk committee members, who are nominated by the board and elected by shareholders. Executive directors, management and external advisors attend committee meetings by invitation except for the social and ethics committee where the CEO is a member and the investment committee where the CFO is a member. The IT steering committee reports into the audit and risk committee and members are appointed by the chair of the IT steering committee in his capacity as an executive director of Metair.

The composition of the committees below are as at 31 December 2024.

INVESTMENT COMMITTEE

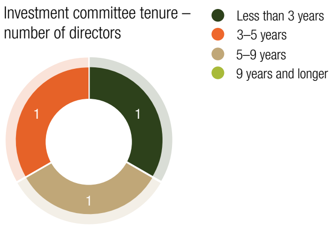
The investment committee analyses investment opportunities presented by executive management. Once the opportunities are approved by the committee, they are submitted to the board for final approval.

The committee aims to optimise capital allocation in a manner which sustainably creates and optimises stakeholder value. The committee weighs and evaluates capital proposals required for operational capital, strategic capital and shareholder capital, and includes the review of overall capital levels, individual capital projects, investment and divestment opportunities, as well as financing proposals by applying specific, detailed investment criteria.

The committee will also be focusing on post investment review documents to track performance on previously approved investments going forward.

The committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management. In the execution of their duties, committee members must apply the standards of conduct of directors as set out in section 76 of the Companies Act, and directors' personal financial interests as set out in section 75 of the Companies Act.

INVESTMENT COMMITTEE TENURE – NUMBER OF DIRECTORS



Members	Mr B Mawasha (Chair) Mr PH Giliam Ms NL Mkhondo Mr A Jogia Ms N Medupe
Attendees by invitation	CEO Metair COOs
Changes during the year	None
2024 Focus area feedback	• Review de-risking opportunities for the group (Mutlu Akü) • Review acquisitions (AutoZone) • Review balance sheet and debt restructuring process • Renew revolving credit facilities and extensions • Review authority matrix
2025 Focus areas	• Continue to review de-risking opportunities for the group • Finalise the balance sheet and debt restructuring process • Review opportunistic value-adding options as and when they become available to the group

AUDIT AND RISK COMMITTEE

The audit and risk committee is constituted as a statutory committee of Metair in respect of its statutory duties in terms of section 94(7) of the Companies Act, the JSE Listings Requirements and in line with the recommendations of King IV™ as a committee of the board in respect of all other duties assigned to it by the board including those normally performed by an audit and risk committee.

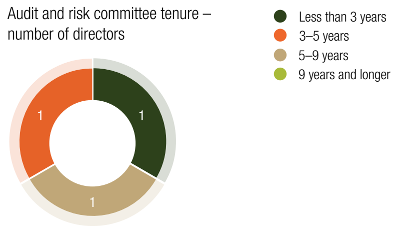
The committee has an independent role and is accountable to the board and shareholders. The primary objective of the committee is to assist the board to fulfil its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the risk management process, combined assurance and the group's process for monitoring compliance with laws, regulations and the code of conduct.

The committee also sets the policy for the provision of non-audit services. Non-audit services are reviewed and approved at each audit and risk committee meeting.

The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

Disclosure of Metair's risk management is available on page 73. The audit and risk committee report, as required in terms of section 94(7)(f) of the Companies Act, is set out on pages 79–81.

AUDIT AND RISK COMMITTEE TENURE – NUMBER OF DIRECTORS



Members	Ms N Medupe (Chair) Ms AK Sithebe Mr B Mawasha
Attendees by invitation	CEO CFO External audit – EY Representatives Internal audit – KPMG Representatives
Changes during the year	None
2024 Focus area feedback	• Appoint group risk and compliance officer – concluded • Approve IT strategy • Monitor balance sheet and debt restructuring process including covenant levels • Continually assess the impact of cyber security risks and use of artificial intelligence in the control environment • Manage ESG and climate change risks and disclosures
2025 Focus areas	• Continue to monitor balance sheet and debt restructuring process including covenant levels • Maintain focus on financial reporting and other internal control risks

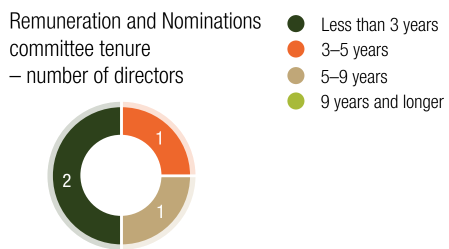
GOVERNANCE continued

REMUNERATION AND NOMINATIONS COMMITTEE

The remuneration and nominations committee operates and reports in accordance with principle 14 of King IV™ and includes reporting on executive and non-executive director compensation. The committee also oversees the appointment of executive and non-executive directors to the board, ensures succession planning at board level, reviews the structure, size and composition of the board and its committees, and evaluates the performance of the board, its committees, its chair and its individual members.

For more details refer to the remuneration report on page 83. The report includes a background statement, remuneration policy and implementation report.

REMUNERATION AND NOMINATIONS COMMITTEE TENURE – NUMBER OF DIRECTORS



Members	Ms NL Mkhondo (Chair) Mr MH Muell Ms TN Mgoduso Mr PH Giliam
Attendees by invitation	CEO CFO HR Exec
Changes during the year	None
2024 Focus area feedback	• Capacitate Metair head office • Appoint a Metair HR executive • Approve HR strategy • Review of the complete remuneration philosophy, strategy, short- and long-term incentives – in progress • Attend to the issues rolled over from 2023
2025 Focus areas	• Focus on leadership capacity and capability • Finalise the complete remuneration philosophy, strategy, short- and long-term incentives • Drive succession planning

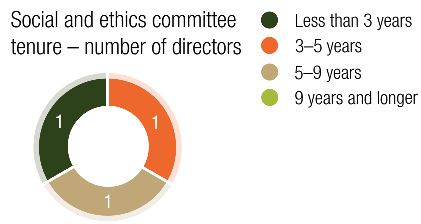
SOCIAL AND ETHICS COMMITTEE

The social and ethics committee is a statutory committee which is constituted in terms of its duties set out in section 72(4) and (5) of the Companies Act and its associated regulations. The committee ensures that Metair operates as a responsible citizen and conducts its business in an ethical and properly governed manner.

The committee oversees and monitors the group's ethics, quality, human capital, procurement, CSI initiatives and stakeholder relationships. The committee aims to ensure that the internal audit function assesses the ethical culture of the company as well as the adequacy and effectiveness of the group's ethics programme.

In 2024, the committee updated and approved various policies which were recommended to the board for final approval.

SOCIAL AND ETHICS COMMITTEE TENURE – NUMBER OF DIRECTORS

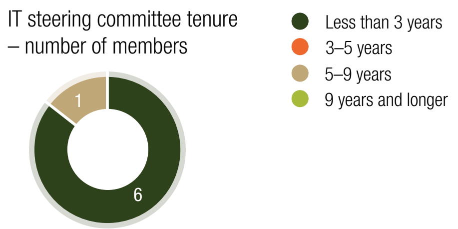


Members	Mr MH Muell (Chair) Mr PS O'Flaherty Ms AK Sithebe
Attendees by invitation	Subsidiary MDs Metair COOs
Changes during the year	• Mr S Douwenga resigned from the board and committee on 31 January 2024 • Mr P O'Flaherty was appointed as a member on 1 February 2024
2024 Focus area feedback	• Implemented a platform to standardise ESG reporting and enable dashboards • Approved sustainability strategy
2025 Focus areas	• Finalise Metair sustainability strategy rollout • Continue to drive environmental targets • Investigate business case and implementation plan for net-zero pathway • Approve stakeholder strategy

TECHNOLOGY AND INFORMATION STEERING COMMITTEE

The IT steering committee reports to the audit and risk committee. The primary purpose of this committee is to improve alignment between IT and business strategy. The committee aims to create accountability for IT decisions in five critical areas – investments, projects, risk, services, data and value generation – by evaluating IT value and the performance of IT services on an ongoing basis. The committee focuses on risks and strategic matters relating to the use of technology and information across the group.

IT STEERING COMMITTEE TENURE – NUMBER OF DIRECTORS



Members	Mr PS O'Flaherty (Chair) Mr A Jogia Mr J Mouton Mr W Ropertz (Metair) Ms J Smith (Supreme Springs) Ms Y Foolchand (Smiths Manufacturing) Mr J du Plessis (Lumotech) Ms D Parbhoo (First Battery)
Attendees by invitation	Ms B Banda (Metair)
Changes during the year	• Mr O'Flaherty was appointed as Chairman of the committee on 24 April 2024 • Messrs W Ropertz and du Plessis and Ms Parbhoo were appointed to the committee
2024 Focus area feedback	• Review and approve IT strategy on completion of full IT risk review
2025 Focus areas	• Focus on group synergies and standardisation • Review IT policies • Formulate a consistent approach to IT security including cyber security

Technology and information governance

The group IT strategy was approved by the board during the year. The South African subsidiaries were grouped into two groups for the strategic risk analysis and areas of improvement identification, namely, JD Edwards sites and Syspro sites. Established and agreed upon plans because of the above are being continuously monitored. The focus includes common licensing, help desks, cyber security and shared modules within the two enterprise resource planning (ERP) systems.

Management is exploring the implementation of a Centralised Security Operating Center (GSOC).

It is intended that the GSOC will provide Metair with regular updates on the status of IT infrastructure, including daily, weekly and monthly reports on the number of attacks, phishing attempts, and other security incidents. This allows effective monitoring of IT security at a group level. The other initiative is to standardise IT policies.

Training and knowledge sharing are large components of Metair's technology and information governance. The group has established a repository which is accessible to all subsidiaries containing examples of various policy documents and best practices. These policies will be reviewed and updated to best practice in 2025. Metair encourages all subsidiaries to leverage off each other by sharing problem areas and diverse solutions.

The following policy groupings were identified as minimum required IT policies:

- Access control policy
- Change management policy
- Integration policy
- Disaster recovery policy
- IT service management policy
- Data management policy
- Information security policy (including cyber risk)
- Incident response policy
- Vendor management policy

There are continuous training initiatives to enhance internal awareness and competencies in cybersecurity, hacking and phishing and rollout improved policies.

Measuring board performance

The board conducts an annual self-evaluation and an externally facilitated board evaluation was done in 2024 to evaluate the performance and effectiveness of the board and board committees.

The results of the 2024 board evaluation were reviewed and discussed at the board meeting held on 5 December 2024. Key areas were identified for the board and committees to focus on for improvement which will be actioned as appropriate. In summary the results confirm that the board is functioning well and is properly constituted.

Executive directors are evaluated annually through a detailed performance assessment process. The board is satisfied that the board evaluation process supports continued improvement in the company's performance and effectiveness.

Committee evaluations

All board committees conduct annual self-evaluations. In 2024, these were included in the externally facilitated board evaluation. All evaluations in 2024 indicated that the committees are functioning well. Improvement areas were noted and will be addressed in the forthcoming year. The board is satisfied that the committee evaluation process supports continued improvement in the company's performance and effectiveness.

GOVERNANCE continued

The board reviews and approves all committee terms of reference annually. All charters were updated and approved during the year. Refer to the specific committee disclosures for more information.

Induction process

The remuneration and nominations committee oversees the board induction programme for new directors and ensures that directors develop relevant experience through a mentorship programme. It also oversees the development and implementation of continuing professional development programmes for directors. The director's roles and responsibilities are contained in a letter of appointment that is given to each director on appointment.

The induction process includes:

- A discussion with the Metair CEO to give the director the required level of understanding of the business, operations and industry as well as an outline of the company's vision and strategy.
- A general discussion with Metair's CFO and company secretary.
- Visits to major subsidiaries.
- Provision of Metair documents including charters, policies and procedures, other company documents and relevant additional information as required.
- Provision of Metair's meeting schedule with all relevant board and committee meeting work plans, dates and times.
- Provision of the latest Metair IAR.

Board training

Continuous training and development are important contributors to board effectiveness. Board training is scheduled annually on topical subjects by external and internal experts. The following training programmes were arranged in 2024:

- Creating long-term value – convert sustainability from wish to winning reality
- Building an African automotive manufacturing sector – African Association of Automotive Manufacturers update
- Current SA automotive environment and NAACAM focus areas update
- Auto industry corporate landscape South Africa
- Automotive industry research
- Turbo charging possibilities with sustainability
- AI in manufacturing
- NAAMSA strategy
- Carbon tax and CBAM

Group company secretary

Ms SM Vermaak has been the company secretary since 2001. The company secretary fulfils the duties set out in section 88 of the Companies Act, No. 71 of 2008 and is also responsible for ensuring compliance with the JSE Listings Requirements.

All board members have unfettered access to the company secretary, which assists them in performing their duties and responsibilities.

Metair's board conducts an annual evaluation of the company secretary. Based on the 2024 evaluation, the board is satisfied that the company secretary has the appropriate level of competence, qualifications, experience and knowledge to perform her duties. The company secretary reports to the board via the chair on all statutory duties and functions performed in connection with the board. All other duties and administrative matters are reported to the CEO and/or CFO. Ms Vermaak is not a director of the company and while she has direct access to the chair, the board is satisfied that an arm's-length relationship has been maintained between the board and the company secretary.

The board approves the appointment, including the employment contract and remuneration, of the company secretary as recommended by the remuneration and nominations committee. The board also has the primary responsibility for the removal of the company secretary should it be required.

Chief executive officer

The CEO is on a three-year fixed-term contract until 31 January 2026 which has been extended to 31 December 2028. His employment contract stipulates a three-month notice period.

The board, together with the CEO, agree on whether the CEO may accept additional professional positions, including membership of other governing bodies, outside of Metair. Time constraints and potential conflicts of interest will be considered and balanced against the opportunity for professional development. The CEO did not accept any additional appointments during the year.

Sponsor

One Capital Sponsor Services (Pty) Limited (One Capital) acts as JSE Sponsor to the company in compliance with the JSE Listings Requirements.

GROUP RISK MANAGEMENT

Metair is committed to effective risk management which supports the group's objectives and the pursuit of value creation for all stakeholders.

Risk management is the responsibility of the board with the reporting and monitoring function being delegated to the audit and risk committee. With the evolution of Metair from an investment holding company to a model of strategic guidance and with the appointment of a group risk and compliance officer, Metair has extended the scope of activities undertaken at the group level to ensure an effective Enterprise Risk Management Framework is in operation which is available on the company's website www.metair.co.za.

RISK REPORTING STRUCTURE

The risk reporting structure is illustrated below. Risk management is embedded into day-to-day activities and key decision-making processes. Monthly and quarterly group risk reports are prepared and distributed to the Metair exco, the audit and risk committee and the board.

Metair board	The Metair board is responsible for the identification of major risks, the total process of risk management, as well as for forming its own opinion on the effectiveness of the process.
The audit and risk committee	The audit and risk committee reviews and assesses the effectiveness of the risk management system and control processes within the organisation and presents its findings to the board.
Metair management	Metair management is accountable to the board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of Metair.
Subsidiary boards	Subsidiary boards act as subsidiary risk committees and evaluate the risk registers, decide on the future monitoring of the material risks and opportunities and approve them for onward transmission to Metair.
Subsidiary management	Subsidiary management is responsible for setting a culture of risk identification and ensures that all staff members comply with the risk management policies and procedures set by Metair.

GROUP RISK MANAGEMENT continued

Effective and proactive risk management enables Metair to identify quantitatively and qualitatively measure the impact of risks and opportunities. Furthermore, it provides a platform for Metair to apply appropriate mitigation measures and to determine our appetite and tolerance levels. Metair addresses risks through avoidance, capital investment, systems, processes, people, insurance and assurance and/or a combination of these and believes that risk must always be reflected in business planning and be evident in budgets.

Key risk areas are included with the audit and risk committee's focus areas.

Risk appetite and tolerance

Metair's risk appetite approach defines the nature of the risks which Metair will tolerate or not. The audit and risk committee reviews the group's risk appetite annually.

Metair's approach to the compilation of risk registers was revised to focus through the lenses of financial (EBITDA and debt gearing), strategic and operational risks.

Metair's current key challenge to focus on liquidity led to the redefining of the risk appetite and tolerance approach. These now consider a debt to EBITDA gearing. The risk appetite (derived from the gearing) is applied to each subsidiary and head office in monetary terms based on their proportionate share of forecast EBITDA.

During the year, we initiated a project in each subsidiary to develop process flow charts that highlight critical financial processes and created RACMs that detail inherent key risks, controls, departments responsible for the execution controls and control gaps noted. The RACMs are supplemented by the ITGC review to support reliance on the automated and IT-dependent controls in the ERP systems at the operations.

Financial risk register

H HIGH M MEDIUM L LOW

The current reported top eight financial risks are set out below:

Risk	Mitigation	Residual risk level
1. Rombat and Metair exposure to risk of non-compliance with EU competition regulations. **Existing risk** **Category: Financial** **Origin:** Rombat and Metair	The European Commission's final decision is expected in the second quarter of 2025. The setting of a fine involves a complex calculation, with several factors to be considered, including various mitigating factors and the inability to pay. No further action is due from Metair currently.	**Unknown**
2. Metair production stability is impacted by customer demand due to overall variability, including cheap Chinese imports and technology shifts impacting OEM production volumes. **Existing risk** **Category: Financial** **Origin:** All OEM direct supply subsidiaries	• Continuous communication with customers to limit the impact of financial loss caused by volume loss/instability. • Reduce costs by converting fixed costs to variable costs in accordance with demand per month. • Strategic diversification plans.	H
3. Decrease in local aftermarket volumes **Existing risk** **Category: Financial** **Origin:** First Battery	• Revisit distributor efficiencies and implement changes. • Grow First Battery Centre footprint. • Selective targeting with new customers. • Respecify budget batteries to reduce cost, reduce warranty period and reduce price.	H
4. The fragility of South African ports hinders imports and exports forcing businesses to freight solutions at a premium. **New risk** **Category: Financial** **Origin:** All subsidiaries	• Increase stockholding capacity. • Negotiations with shipping agents on freight rates. • Where possible, avoid premium airfreight costs.	H

Risk	Mitigation	Residual risk level
5. Strike action **Existing risk** **Category: Financial** **Origin:** Smiths Manufacturing/Automould	• Build up contingency stock. • Develop a pool of trained temp labour. • Regular engagement with the workforce. • Strong security measures. • Firm negotiations on picketing rules.	M
6. Negative manufacturing variances **New risk** **Category: Operational** **Origin:** First Battery	• Ensure budgeted production volumes are achieved. • Control expenses. • Secure smelter scrap better than budget.	M
7. Low availability and high price of scrap batteries. **New risk** **Category: Financial** **Origin:** Rombat	• Monitor safety stock levels. • Introduce new external suppliers. • Identify and introduce new domestic suppliers. • Purchase lead scrap.	M
8. Susceptibility of IT and OT systems to cyber breaches, lack of information integrity, technological enhancements/updates, and use of supporting systems that do not meet business requirements and cost capabilities. **New risk** **Category: Financial** **Origin:** All subsidiaries	We are currently reviewing the risk posture in each subsidiary and the preventative and detective controls for IT security including cybersecurity.	M

GROUP RISK MANAGEMENT continued

H HIGH M MEDIUM L LOW

Operational risk register

The COOs have worked with the businesses to create a set of key operational KPIs that are monitored monthly to ensure that each business is performing. Operational risk registers detail operational risks that have a potential to hinder the business operationally but for which a financial risk has not yet been quantified. The top five operational risks are shown below:

Risk	Mitigation	Impact
1. Space constraints for new model development **Existing risk** **Origin:** Hesto **Control effectiveness:** Unsatisfactory	• Calculate shortfall of space compared to headcount and project pipeline. • Currently being addressed in weekly capacity meetings. • Alternative solutions being reviewed. • Request partner support.	H
2. Key equipment failure **New risk** **Origin:** Lumotech **Control effectiveness:** Good	• Ensure regular planned maintenance.	H
3. Blood lead levels **Existing risk** **Origin:** Rombat **Control effectiveness:** Good	• Ongoing monitoring of blood lead levels, training and awareness to reduce new cases.	M

Strategic risk register

Annually, the group and subsidiaries define their strategies and five-year plans which are approved by the board. These long-term strategic plans consist of objectives which are measured through KPIs. On a quarterly basis, each subsidiary needs to assess any risks identified on the achievement of their long-term KPIs and the potential effect in the longer term. Key strategic risks are noted below:

Risk	Mitigation	Impact
1. ATE's current retail operating model is dependent on volumes from large distributors and retailers. Inconsistency in purchases from retailers results in loss of sales volumes. There is a lot of competition from other brands and brand strategies of major customer groups. **Existing risk** **Origin:** ATE **Control effectiveness:** Unsatisfactory	• Maintain current customer base. • Diversify into other commodities, markets and areas.	H
2. Non-extension of the lead toll agreement leading to unfulfilled lead requirements to meet business need. **Existing risk** **Origin:** First Battery **Control effectiveness:** Good	• A strategic turnaround project is underway. Key focus on reducing cost of goods sold by focusing on procurement.	H
3. Exit of Arcelor Mittal from South Africa with no local alternative forcing a switch to imports. **Existing risk** **Origin:** Supreme Springs **Control effectiveness:** Good	• Multiple steel makers worldwide contacted. • Material from India on test and key approvals planned. • Continuous dialogue with major customers.	H

GROUP COMPLIANCE MANAGEMENT

The board is committed to ensuring that Metair and its subsidiaries consistently comply with all applicable laws, regulations, and governance practices in the jurisdictions in which it operates. Metair also ensures compliance with King IV, the Companies Act, the JSE Listings Requirements and non-binding rules, codes, and standards where applicable as well as its memorandum of agreement.

The audit and risk committee and the social and ethics committee oversee the group's risk and compliance function. The company secretary and the JSE Sponsor, One Capital, are responsible for assisting the board in monitoring compliance with relevant legislation and regulations, including the JSE Listings Requirements.

Metair has also appointed a legal and commercial manager overseeing the group's commercial contracts and risks. Feedback on this is included in the risk report submitted to the audit and risk committee.

A compliance strategy and framework (CSF) has been developed and is reviewed annually by the social and ethics committee and approved by the board. The CSF sets out the group's alignment with Principle 13 of the King IV™ Code. It is supported by a detailed regulatory universe analysis of all the applicable regulations affecting the group. Custodians are appointed to monitor compliance with applicable regulations under the review and supervision of the group legal and commercial manager.

Metair complies with the provisions of the Companies Act and operates in conformity with its memorandum of agreement.

A quarterly legal report is submitted by the group legal and commercial manager to Metair exco, the various required committees, and the board.

During 2024, the board continued to monitor the compliance with occupational health and safety regulations. Other key compliance risks identified were:

- Continued compliance with local and global business and competition regulations such as anti-competitive practices and increased focus on ESG aspects.
- Emission regulations to address global warming have shaped the strategic direction of the automotive industry, including the trend towards NEVs. Metair businesses are working to reduce their use of scarce resources, including energy, water and raw materials, and limit emissions and waste production. Specific targets to reduce carbon emissions and water and electricity consumption were included as KPIs in the Metair short-term incentive in 2024 for all management throughout the group. The targets for 2025 will remain focused on reducing carbon emissions and water consumption.
- Metair's IT governance and IT risk management and execution remains a focus area to ensure that the company's IT environment is managed optimally.

Metair's compliance management strategy covers the following key objectives:

GROUP COMPLIANCE MANAGEMENT continued

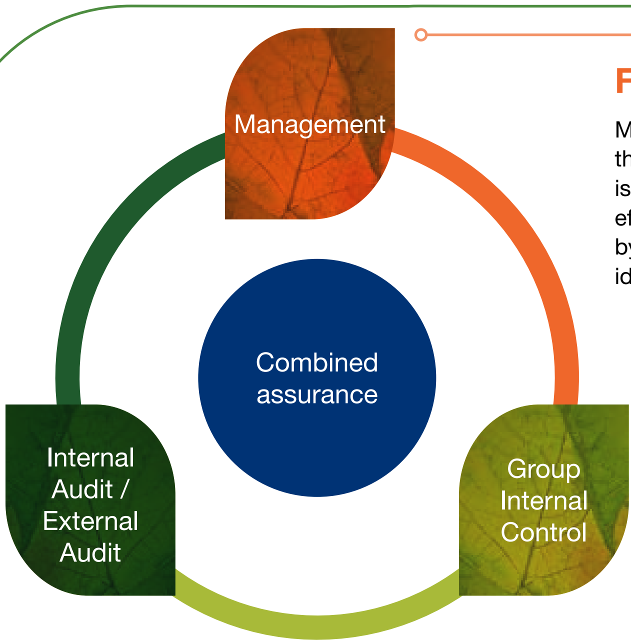
The European Commission (Commission) is currently investigating alleged anti-competitive behaviour relating to automotive lead-acid starter batteries in the European Economic Area. Metair's subsidiary in Romania, Rombat S.A. (Rombat), received a Statement of Objections (SO) from the Commission expressing concerns that battery manufacturers, including Rombat, together with the industry association, Eurobat, may have potentially violated EU anti-trust rules by exchanging commercially sensitive information with the Eurobat lead premium system to determine the surcharge price element of automotive starter batteries sold to OEMs. The SO is also addressed to Metair and its Dutch subsidiary, Metair International Holdings Cooperatief UA based on a legal presumption under European Union law of parental liability that they exercised decisive influence over Rombat since 14 March 2012.

Metair and Rombat conducted an in-depth analysis of the Statement of Objections and submitted an initial response to the Commission in April 2024. The Metair CEO presented Metair's arguments at an EU Commission hearing in June 2024 and there is ongoing dialogue between the Commission and the Metair legal team on the matter. A response from the Commission is expected in the second quarter of 2025.

Apart from the Statement of Objection, Metair is not aware of any material or repeated regulatory penalties, sanctions or fines for contraventions, or non-compliance with environmental laws or criminal sanctions and prosecutions imposed against any of its directors during 2024.

COMBINED ASSURANCE

Metair's combined assurance framework is based on three lines of defence as shown in the diagram below:



FIRST LINE:

Management currently assesses the status of controls through the control self-assessment process that is monitored and reviewed by internal audit and effective risk management. This will be replaced by management's review of key financial controls identified through the RACM process.

SECOND LINE:

The exco exercises oversight of the risk management/control activities through a review and discussion of the monthly risk and compliance report, the monthly sustainability report, the review, and discussion of the subsidiary risk registers on a quarterly basis and the review and discussion of the quarterly commercial and legal risk report.

THIRD LINE:

Internal audit – through the annual plan approved by the audit and risk committee.

External audit – through the annual plan approved by the audit and risk committee.

The audit and risk committee oversees assurance on behalf of the board. The group reviews its combined assurance model annually based on identified key risks. In 2024, the audit and risk committee confirmed that all risks are adequately covered by either/or external audit, internal audit, management, specialist consultants, government or insurance.

In 2024, all board committees continued working on optimising Metair's combined assurance model to avoid duplication and to promote collaboration.

All subsidiaries complete an annual control self-assessment questionnaire to declare that assurance has taken place. The subsidiaries also complete a regulatory universe annually and relevant employees are responsible for monitoring adherence with relevant legislation. The regulatory universe is updated regularly to include the latest legislation.

AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee is constituted as a statutory committee of Metair Investments Limited in respect of its statutory duties in terms of section 94(7) of the Act and as a committee of the board in respect of all other duties assigned to it by the board. The committee has complied with its legal and regulatory responsibilities for the 2024 financial year.

COMPOSITION

The committee comprises three independent non-executive directors. The governance of risk forms part of the audit and risk committee's duties. All members of the committee are suitably skilled and experienced. The chairman of the board is not eligible to be the chairman or a member of the audit and risk committee.

Names and qualifications of committee members

Ms N Medupe (Chairperson)	Bachelor of Accountancy, CA (SA), Postgraduate diploma in Accountancy, Certificate in Sustainability Leadership and Corporate Governance
Mr B Mawasha	BSc (Eng) Electrical, GCC, PMD, ADP
Ms AK Sithebe	BCom Accounting (Honours), CA(SA), MBA

TERMS OF REFERENCE

The committee has adopted formal terms of reference approved by the board. These terms of reference are reviewed on an annual basis and updated where necessary. During the past year, the committee has executed its duties in accordance with the terms of reference.

The terms of reference can be found on the company's website: https://www.metair.co.za/esg/reports/

INTERNAL AUDIT TERMS OF REFERENCE

The committee has considered and approved the internal audit terms of reference.

MEETINGS

Six meetings were held during the year. All members attended all meetings.

STATUTORY DUTIES

The role of the committee is set out in the audit and risk committee charter which can be found on the company's website.

The following statutory duties were executed by the committee in terms of the Companies Act:

- Nominated and appointed Ernst & Young Inc. (EY) as external auditors and Mr D Venter as the designated individual audit partner, after confirming their independence, as approved at the AGM on 7 May 2024.
- Approved the external auditor's fees, as per note 3* of the annual financial statements, and their terms of engagement.
- All non-audit services provided by EY were reviewed and approved.
- Meetings were held with EY after the audit and risk committee meetings, without executive management present, and no matters of concern were raised. No reportable irregularities were noted by EY.
- The committee reviewed the annual financial statements, IAR and the interim report during the year with the external auditors present before recommending these to the board for approval.
- Ensured that the JSE's reporting back on proactive monitoring of financial statements in 2024 (2024 report) and documents set out in Annexure 3 of the 2024 report, and where necessary those of previous periods, was assessed and appropriate action taken where necessary to respond to the findings as highlighted in the JSE's report when preparing the annual financial statements.
- Reviewed all trading statements before recommending them to the board for approval.

RISK MANAGEMENT

The board has assigned oversight of the risk management function to the audit and risk committee.

The committee ensured that appropriate financial reporting procedures exist and are operating, which included consideration of all entities included in the consolidated group IFRS financial statements, to ensure that the committee has access to all the financial information of Metair to allow the company to effectively prepare and report on its financial statements.

The committee satisfied itself that the process and procedures followed in terms of identifying, managing and reporting on risk are adequate and that the following areas have been appropriately addressed:

- Financial reporting risks
- Internal financial controls
- Fraud risk relating to financial reporting
- IT risk as it relates to financial reporting

The committee's terms of reference and ERMF are in place.

COMBINED ASSURANCE

As required by King IV™, assurance was broadened to cover all sources of assurance, including external assurance, internal audit, management oversight and regulatory inspections. The Combined assurance model has been updated to enhance the three lines of defence to differentiate the level of risk ownership and independence of assurance efforts by providers.

AUDIT AND RISK COMMITTEE REPORT continued

The second line of defence was enhanced during the year by the introduction of the following group initiatives:

1. Developing the IT strategy which includes a full risk analysis.
2. Enhancing and automating sustainability KPI reporting to track KPIs and risks monthly.
3. Performing a full commercial review to identify the risks arising from our OEM contracts, shareholder agreements and technical licence arrangements.
4. Developing a 'Plant on a Page' concept whereby the risk within each plant from an operational technology, insurance, maintenance, and plant life is assessed and monitored.
5. Enhancing Metair's risk and control identification within the subsidiary financial processes beyond the control self-assessments (CSA) to now include RACMs across our subsidiaries for the following processes: record to report, procure to pay, order to cash, customer tooling, hire to retire, plant to market, direct tax, indirect tax and acquire to retire. This is further enhanced by an IT general control assessment for Metair's key ERP systems.

The committee's role is to review the effective establishment and operation of enterprise risk management and combined assurance within the group. To this end, the company established an ERMF and a combined assurance model which were approved by the board during the year.

The committee is satisfied with the combined assurance model as a platform for ensuring an effective and efficient assurance model within the group.

INTERNAL FINANCIAL CONTROLS

To determine the effectiveness of management systems and internal controls during the year, the committee reviewed the internal and external audit scope, plans and the resultant findings to determine the effectiveness of management systems and internal controls. Assurance was received from management, internal and external audit and, based on this combined assurance, the committee is satisfied that the internal controls of the group are adequate and that there was no material breakdown in internal controls.

REGULATORY COMPLIANCE

The group complied with all relevant laws and regulations, and considers adherence to non-binding rules, codes and standards. Compliance forms an integral part of the company's risk management process.

EXTERNAL AUDIT

The audit and risk committee satisfied itself that the external auditor, EY, and its audit partner, complied with the suitability criteria for appointment as required in terms of paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 of the JSE Listings Requirements.

Following an effectiveness review the committee has no concerns regarding the external auditor's performance or independence.

EY has been recommended to the board and shareholders for re-appointment. EY has been the company's lead auditors since 2022 and Mr D Venter appointed as designated audit partner in May 2022. Refer to note 3* of the annual financial statements for audit fees paid. The committee has reviewed and assessed the external auditor and designated individual audit partner in terms of the JSE Listings Requirements and confirms the suitability of their re-appointment at the AGM.

The committee ensured that the appointment of EY as the external auditor, and Mr D Venter as the designated individual audit partner, was presented and included as a resolution at the AGM of Metair pursuant to section 61(8) of the Companies Act.

All non-audit services were reviewed and approved by the committee and the independence of the auditors confirmed.

Key audit matters considered and addressed by the committee were goodwill and indefinite life intangible assets impairment.

INTERNAL AUDIT

The committee is responsible for overseeing internal audit. The committee:

- Approved the re-appointment of KPMG as internal auditor.
- Approved the internal audit plan.
- Ensured that KPMG is subject to an independent quality review, as and when the committee determines appropriate, at least every five years.
- Ensured that the company has established appropriate financial reporting procedures and that those procedures are operating. This includes consideration of all entities included in the consolidated group IFRS financial statements, for access to all the financial information of the company to allow for the effective preparing and reporting on the financial statements of the company.

Following an effectiveness review the committee has no concerns regarding the internal auditor's performance or independence and were satisfied with the performance of the head of internal audit (chief audit executive (CAE)).

The CAE has access to the chair of the committee to ensure independence and has confirmed that internal audit conforms to a recognised industry code of ethics.

According to the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) and Code of Ethics, KPMG is required to complete an external quality assessment review (EQAR) performed by an independent reviewer at least every five years.

During November and December 2023 an EQAR over the KPMG internal audit practices was performed by Prelude Consulting. The review was performed on a representative sample of KPMG's clients, which included Metair. The review concluded that KPMG Generally Conforms with the IPPF, which includes the Definition of Internal Auditing, Code of Ethics, Core Principles, and the Standards.

External quality assurance is further provided through KPMG's international quality performance and compliance programme, which comprises an annual quality performance programme and risk compliance programme as well as other global review activities to monitor compliance. The KPMG internal quality assurance framework consists of managing compliance of independence policies and practices, building quality assurance into operational procedures, supervision and quality assurance throughout the engagement life cycle and quality assurance reviews. An annual in-flight review and internal quality performance review was performed on the Metair engagement and the engagement director, which were rated as satisfactory.

The internal audit service is subject to constant internal quality assurance and peer reviews. The primary responsibility for the ongoing, high-level quality assurance of all work conducted by the team is that of the engagement director. This responsibility includes ensuring that:

- The terms and conditions of the service level agreement are adhered to – both in letter and in spirit.
- The strategic and annual internal audit plans are risk based and provide the level of coverage and assurance required by management and the audit and risk committee.
- Individual projects are appropriately staffed at director and manager level.
- The scope of the project is appropriately determined and communicated.
- The reporting deadlines and standards are consistently met.
- Internal quality assurance is performed by the manager and director on the assignment to ensure that the deliverable is of an exceptional standard, meets the requirements of the scope letter and the approved internal audit plan.
- The director and manager's responsibilities include monitoring that the turnaround time for issuing reports is met.
- The committee has a good working relationship with KPMG.

TECHNOLOGY AND INFORMATION GOVERNANCE

In terms of King IV™, the committee exercises oversight over technology and information governance. As part of its technology and information governance structure, the Metair board established a technology and information steering committee to promote and support the effective use of technology and information across the organisation. The primary purpose of this committee is to improve alignment between IT and business strategy, accountability for IT decision in six critical areas: investments, projects, risk, services, data and finally value generation through ongoing evaluation of IT value and performance of IT services to ensure that Metair's technology and information initiatives and proposed projects help the organisation achieve its strategic goals and objectives through identifying, prioritising and proposing tactical and strategic technology and information initiatives leading to faster decision-making time, and better quality decisions and outcomes. The technology and information steering committee reports directly into the committee.

The committee approved the IT Strategy and received reports on the group's IT Strategy progress as well as the impact of cyber risk on information technology performance.

Further details on technology information and governance are included on page 71 of the report.

CHIEF FINANCIAL OFFICER REVIEW

The committee has reviewed the performance, appropriateness of the experience and expertise of the CFO, Mr A Jogia, and confirms his suitability in terms of the JSE Listings Requirements.

INTEGRATED ANNUAL REPORT

The committee has reviewed the annual financial statements of Metair Investments Limited and the group for the year ended 31 December 2024 and, based on the information provided to the committee, considers that the group complies in all material respects with the requirements of the Companies Act and IFRS. The committee has reviewed the IAR, and the committee recommends the report to the board and shareholders for approval.

Ms N Medupe
Audit and risk committee chair

25 March 2025

SOCIAL AND ETHICS COMMITTEE REPORT

The board established a social and ethics committee with effect from 30 April 2012.

The social and ethics committee is constituted as a statutory committee of Metair Investments Limited in respect of its statutory duties in terms of the Companies Act and as a committee of the board in respect of all other duties assigned to it by the board. The committee assists the board in providing effective leadership and being a good corporate citizen. The committee has complied with its statutory duties and other duties assigned to it by the board for the 2024 financial year.

COMPOSITION

As at 31 December 2024, the committee comprised two independent non-executive directors, namely Mr MH Muell (chair) and Ms A Sithebe as well as one executive director, Mr PS O'Flaherty.

Names and qualifications of committee members

Mr MH Muell (Chair)	Diplom-Betriebswirt (BA) from Berufsakademie Stuttgart, Germany, equivalent to a Bachelor of Commerce
Ms AK Sithebe	BCom Accounting (Honours), CA(SA), MBA
Mr PS O'Flaherty	BCom, B. Acc, CA(SA)

Mr Douwenga resigned from the board and committee on 31 January 2024. Mr PS O'Flaherty was appointed as CEO, executive director and member of the social and ethics committee on 1 February 2024.

TERMS OF REFERENCE

The committee has adopted formal terms of reference approved by the board. These terms of reference are reviewed on an annual basis and updated where necessary. During the past year, the committee has executed its duties in accordance with the terms of reference. The terms of reference can be found on the company's website, https://www.metair.co.za/esg/reports/

The committee has an independent role and makes recommendations to the board for its consideration.

The specific functions of the committee are to:

- Ensure that the company adopts an enterprise-wide social responsibility and ethics management process.
- Approve the Sustainability Strategy and related policies and activities to support it.
- Review the annual sustainability report.
- Monitor the company's activities, having regard to the Constitution (including the Bill of Rights), any relevant legislation, other legal requirements or prevailing codes of best practice, the company's own code of conduct and policies, regarding matters relating to:
  - ethics; and
  - social and economic development.
- Ensure good and responsible corporate citizenship in terms of:
  - the environment, health and public safety, pollution, waste disposal and protection of biodiversity;
  - stakeholder and consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
  - labour and employment.
- Draw matters within its mandate to the attention of the board.
- Report, through one of its members, to the shareholders at the company's AGM on matters within its mandate.
- Ensure that the internal audit function assesses the ethical culture of the company as well as the adequacy and effectiveness of the ethics programme of the company.

MEETINGS

Five meetings were held during the year, and these were attended by all members.

No material non-compliance with legislation or best practice relating to the areas within the committee's mandate was brought to the attention of the committee. Based on its monitoring activities to date, the committee has no reason to believe that such non-compliance occurred.

The group incurred no material penalties, fines or convictions during the year.

MH Muell
Social and ethics committee chairman

25 March 2025

REMUNERATION REPORT

BACKGROUND STATEMENT

Metair's ongoing commitment to a remuneration philosophy and approach that rewards performance while delivering sustainable value for our shareholders remains a strategic priority. Our remuneration approach adheres to all relevant remuneration governance codes and statutes that apply in the various jurisdictions where the group operates. The remuneration and nominations committee (committee) ensures oversight, application, disclosure, and ongoing improvement of group practice. The stated intent of ensuring sustainability and the role remuneration plays in driving value creation requires continued focus. The traction gained by entrenching foundational remuneration principles such as robust performance systems linked to reward have ensured focus on performance and delivery in 2024 and will continue to provide alignment and cohesion as we further entrench group wide alignment. During the year, the focus on aligning KPIs and tracking enabled improved visibility and transparency as well as the ability to anticipate and pre-empt action where needed. This revised approach creating greater alignment across Metair that will ensure the executives' outputs deliver on the strategic outputs of the group and are aligned with financial rewards.

Metair's remuneration approach aligns with the principles of the group's corporate governance philosophy. Metair is committed to fairness, justice, transparency, responsibility, and accountability. The group recognises that its employees are key to the delivery of its strategy, create value across all operations and are critical for its future sustainability. Delivering manufacturing excellence, extending retail channels and adhering to customers' quality standards while ensuring cost competitiveness depends on the group's ability to attract, nurture and retain appropriately skilled, experienced, diligent, involved, and motivated employees.

The company's capability in this regard is evident in Metair's proud 77-year history of financial sustainability. Metair is deeply committed to fostering an inclusive and equitable workplace. Retaining top talent, especially black senior and upcoming talent, is crucial for sustainable growth and innovation. Our ongoing commitment to equity and diversity is supported by our Remuneration Policy and supported by our emerging talent management philosophy. Our aim is not only to retain key talent but to drive a performance culture that engages our employees.

This remuneration report aims to provide Metair stakeholders with a transparent account of how Metair manages remuneration.

Due to the sensitivity of remuneration, Metair relies on fit-for-purpose benchmarking systems to provide insight and evaluates these systems against local conditions to ensure that key country-specific remuneration nuances are addressed. The group, in line with the focus on South African operations, has transitioned from benchmarking through Wills Towers Watson to Remchannel. Remchannel is a highly credible source for executive benchmarking data in South Africa.

The committee exercises direct oversight of all employees on grade 14 and above of the Wills Towers Watson grading system and in some cases grade 13 as defined as executive management. This includes the company and all its subsidiaries, including Hesto. The CEO and CFO of the group are prescribed officers as defined.

The committee is satisfied that the benchmarking process undertaken through Bowmans and supported by Remchannel is independent.

Shareholder voting

Metair proactively engages with its shareholders to discuss material concerns relating to the group's remuneration policy and its implementation. In the event of a vote of 25% or more against the remuneration policy and/or the implementation report, Metair, through the committee, takes the following steps in good faith to reasonably:

- engage with the relevant dissenting shareholders to ascertain the reasons for dissenting votes;
- address any legitimate and reasonable objections and concerns raised; and
- respond appropriately to amend the remuneration policy, clarify, or adjust remuneration governance and/or processes.

If applicable, Metair will disclose the parties with whom the company engaged, the manner and form of engagement to ascertain the reasons for dissenting votes and the resulting responses/actions taken to address legitimate and reasonable objections and concerns.

As required by the JSE Limited Listings Requirements and King IV™, the remuneration policy and the implementation report will be tabled for separate non-binding advisory votes by shareholders at the AGM to be held on 7 May 2025.

The revised draft of the Companies Amendment Bills, 2023, signed into law in June 2024 (the First and Second Companies Amendment Bills) have introduced material changes to remuneration disclosures. The remuneration policy and the implementation report must be submitted for approval by way of an ordinary resolution at the AGM once the bill is gazetted.

The implication of the amendments bill for the remuneration policy is that the policy must be presented for approval every three years, or whenever material changes are made. Where approval is not obtained, it must be presented again at the next AGM or at a shareholders meeting called for such purpose. The contents of the policy cannot be implemented until approval is obtained.

REMUNERATION REPORT continued

The implementation report, in respect of the previous financial year, must be presented annually for approval at the AGM and, where not approved (i) the committee must, at the next AGM, provide explanations on the manner in which shareholders' concerns have been taken into account and (ii) committee members must stand for re-election as members of the committee at the AGM at which the explanation is presented, unless such member(s) have served for a period of less than 12 months in the financial year under review. If at the following AGM, the implementation report in respect of the previous financial year is also not approved, the committee members will not be eligible to serve on the committee for a period of two years thereafter but may remain board members if successfully re-elected at that AGM, if applicable. This empowers shareholders to have a more significant say and therefore increases the responsibility for all stakeholders, particularly executive directors, shareholders, and remuneration committees to apply their minds to remuneration policy.

Metair strives, through it's remuneration committee and aligned governance structures, to ensure that acceptable and exemplary remuneration policies are in place which consider the requirements of all stakeholders, and that awards are capped and subject to malus and clawback. Metair will continue to engage with shareholders on important issues relating to remuneration.

Non-binding advisory votes

At the AGM held on 7 May 2024, 91.18% (2023: 89.67%) of shareholders voted in favour of the 2023 remuneration policy and 64.82% (2023: 97.41%) were in support of the implementation report. The below feedback was obtained from shareholders relating to the implementation report vote.

The results of the non-binding advisory voting on the 2024 remuneration policy and implementation report as well as the measures taken in response based on King IV™ and the Listings Requirements will be disclosed in the 2025 IAR.

A copy of the AGM minutes is available on the company's website.

	Shares voted	For	Against
Ordinary resolution number 9(a): Endorsement of the company's remuneration policy	91.45%	91.18%	8.82%
Ordinary resolution number 6(b): Endorsement of the company's implementation report	91.45%	64.84%	35.16%
Special resolution number 1: Approval of non-executive directors' remuneration	91.45%	99.2%	0.08%

Shareholder feedback	Metair's response
Voted against discretionary retention award being allocated to the CFO without performance conditions attached.	All incentives issued for the 2024 year have performance conditions attached and are awarded based on the achievement of these.
Voted against utilisation of treasury shares to settle performance shares issued.	Existing treasury shares are legacy shares purchased in prior years and are used specifically for the vesting of long-term incentive plan. Once depleted the company will endeavour to purchase shares in the market to ensure minimal dilution of shareholder interests. Total treasury shares at 31 December 2024 amount to approximately 100 million Metair ordinary shares.

Main areas of responsibility

The committee approves and oversees the implementation of a remuneration policy that supports Metair's strategic and value creation objectives. The committee ensures that the group has transparent, competitive, fair, and responsible remuneration practices which promote the achievement of the group's strategy in the short-, medium- and long-term. The committee oversees and approves the remuneration of executive management as defined.

The remuneration policy is reviewed annually to ensure that it aligns with shareholders' interests and remains relevant to Metair's prevailing market conditions and the group's operational position as well as alignment to strategic interests.

Eight meetings were held during the year and were attended by all members of the committee. Please refer to page 68 for more details on meeting attendance. Several additional meetings over and above the norm were required to deal with the leadership changes during the year. The quorum for transacting business as per the committee terms of reference is two members. The chairperson reported to the board after each meeting.

During the year, the committee approved the Human Resource strategy and implementation plan, which focuses on the HR strategic objectives of:

- Leadership capability and capacity
- Employee engagement
- Enhanced productivity
- HR governance

In support of these objectives, the HR strategic plan was approved by committee and the board, and execution against these objectives has commenced.

During the year, the committee approved the following new or amended policies which were recommended to the board for final approval: The following new policies were developed:

- Metair Organisational Design Policy
- Metair Leadership Development Policy
- Metair Leadership Reward Policy
- Metair Performance Management Policy
- Metair Talent and Succession Policy
- Metair Skills Development Policy
- Metair Employee Wellbeing Policy
- Metair Employee Relations Policy

The following policies were updated and revised:

- Metair Short-Term Incentive Policy
- Metair Malus and Claw Back
- Metair Human Rights Policy

The committee was satisfied that it achieved its stated objectives during the period under review. The committee is satisfied that Metair's remuneration policy is suitable to support the achievement of the group's objectives and to attract, retain and motivate employees.

The committee functions in terms of a charter which is approved and reconfirmed by the board annually. A copy of the charter is available on the company's website, https://www.metair.co.za/esg/reports/.

REMUNERATION REPORT continued

The committee also performs an annual self-evaluation of its effectiveness. The results of the 2024 self-evaluation confirmed that the committee is functioning well, and no major concerns were noted.

The committee's focus on continued improvement continues, with particular focus on leadership succession and capability.

The external and internal factors that influenced the company's remuneration are:

External

- Macroeconomic conditions
- Industry trends
- Inflation
- Cost of living
- Labour market
- Labour unions and collective bargaining agreements
- Legislation
- Society

Internal

- The company strategy
- Company and subsidiary performance
- Job evaluations
- Performance appraisal
- Individual employee performance
- Critical and scarce skill retention
- Affordability

Key decisions and focus areas in 2024

Following the leadership changes in 2023, decisive action from the board saw the appointment of Mr P O'Flaherty as CEO on a three-year contractual basis from 1 February 2024.

A key vacancy at head office level was successfully filled with the appointment of the group HR executive in June 2024.

To strengthen the management of the operational issues within the subsidiaries the following appointments were made:

- Mr A Holmes was appointed to the Role of MD Hesto effective 1 September 2024. Mr Holmes succeeded Mr W Ropertz, who was seconded to Hesto to stabilise the operation and return it to profitability. Mr Ropertz is now fully occupied in his COO role where he oversees Hesto, Lumotech and Unitrade.

The CEO and exco team have been tasked with stabilising the group as well as crafting a strategy that will position Metair for future growth. The STIs identified to provide immediate results have been approved by the board. This include developing a group strategy to reset and grow and an execution plan which focuses on decisions around the future of each business vertical as well as the future vision of the group. Delivery of key enablers to support the strategy articulated last year included the development of: an IT strategy and execution plan, a debt restructuring plan, a sustainability strategy, stakeholder engagement enhancements, an improved governance, risk and compliance approach and an HR strategy and execution plan, all of which were completed in the year under review.

The key decisions taken by, and focus areas for, the committee over and above the issues noted above, were as follows:

- Approved the group HR Strategy.
- Reviewed the remuneration policy and implementation report annually for presentation at the AGM for separate non-binding advisory votes.
- Reviewed and approved remuneration packages for executive management as well as short- and long-term incentives annually to ensure these are fair and appropriate for the long-term sustainability of the group.
- Reviewed and approved succession planning within critical workforce segments to ensure strategic objectives are achieved.
- Monitored improvements to performance appraisals and assessments to enhance talent management development and career path planning.
- Drove the principles of an inclusive workplace through active monitoring of employment equity reports and implement the amendments to the Employment Equity Act No. 4 of 2022 in line with the Metair masterplan and our intent to foster a culturally diverse workforce.
- Measured key executive performance against KPIs and strategic objectives on the enhanced performance management system for executive management.

For more information and other roles and responsibilities, refer to the committee charter on the company's website, https://www.metair.co.za/esg/reports/

Human capital and succession planning

The Metair nominations committee addresses succession planning at board and board committee level and the remuneration committee addresses all other executive appointments. The identification, incubation and development of talent remains a business imperative that is fundamental to the group human capital strategy.

The remuneration committee's three-tier approach to succession planning is as follows:

- Identify internal future talent.
- Identify and profile external candidates in the market to calibrate external talent with internal stars.
- Adopt a group wide talent mobility policy, creating career paths for individuals to leverage the group.

The group human resource's function was capacitated in July 2024 with the newly appointed HR executive directed to address the following strategic objectives:

- Conduct a People practices evaluation to inform the new HR strategy and implementation plan.
- Develop a leadership development philosophy and intent.
- Implement succession planning for the top two tiers of leadership and succession planning for leaders three to five years away from retirement.
- Develop a talent management framework to create a talent pipeline for critical and scarce skills.
- Drive employee wellness and engagement programmes.

Employment contracts

Employment contracts with group executive directors are reviewed and reconfirmed on an annual basis, and service contracts are in place for all non-executive directors. Employment and service contracts are the main vehicle to execute the clawback requirements for malus, value destruction and gross negligence. Application remains untested both at Metair and more broadly in the market. The company will aim to, as a minimum, embed the right to full clawback in a court of law with standard burden of proof requirement in such an event.

In terms of Metair's memorandum of agreement, an executive director may, subject to the provisions of the Companies Act, No. 71 of 2008 and the JSE Limited Listings Requirements, be appointed as such by contract for such period as the board may determine but not exceeding seven years. Executive directors shall not be subject to retirement by rotation or be considered in determining the rotation by retirement of directors during the period of any such contract, provided that the number of executive directors so appointed shall always be less than half of the number of directors in office.

An executive director shall be eligible for reappointment at the expiry of any period of their appointment. Subject to the terms of their contract, they shall be subject to the same provisions of removal as the other directors and if they cease to hold the office of director from any cause, they shall ipso facto cease to be an executive director.

Performance management and performance appraisals

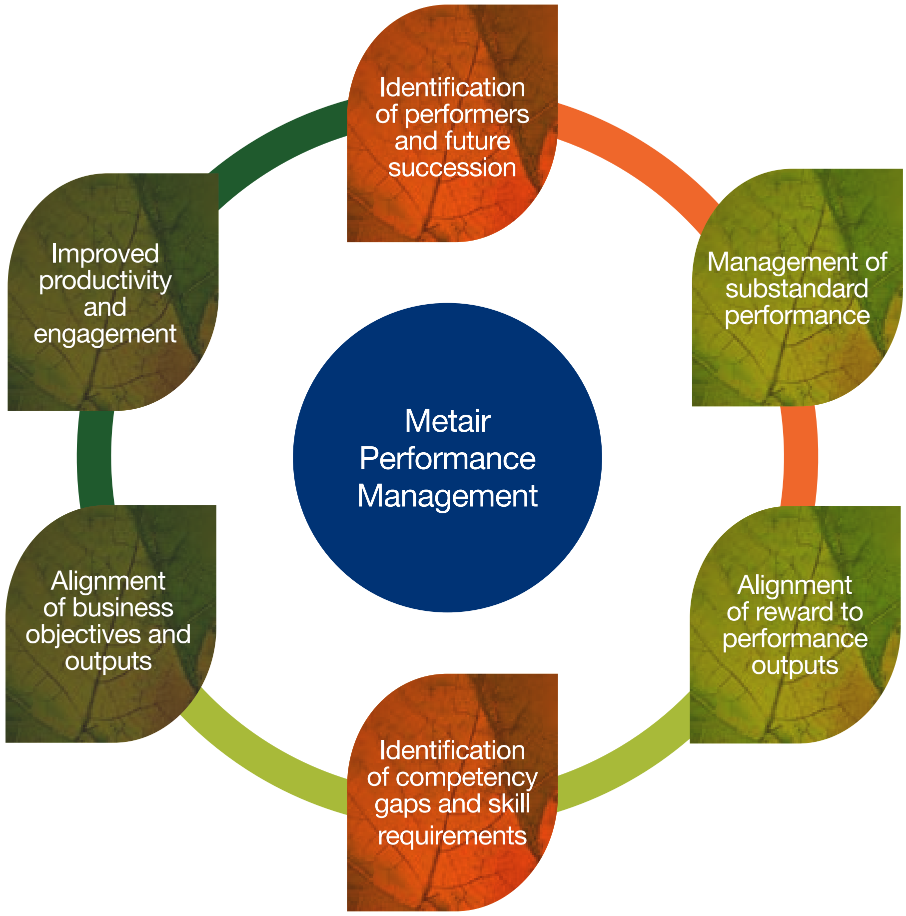
The enhanced and simplified performance management process aligns with remuneration practices intended to drive outputs and deliver on the strategic objectives of the group. The process is operational and executed through a scorecard developed for executive management that considers market and best practices and takes threshold, on-target and stretch targets into account as well as financial metrics linked to value drivers. The new performance management policy was approved during 2023 and rolled out to the group and implemented as a first step for executive management. The policy was implemented successfully in 2024 and cascaded through the subsidiaries.

The committee reviewed the performance management scorecards for subsidiary executive management. The CEO performance scorecard review was conducted by the chairman of the board. The CEO conducted performance reviews for direct reports with input into the CFO performance appraisal provided by the audit and risk committee and investment committee chairs.

The results of the performance appraisals of subsidiary leadership are moderated by the Metair exco, the committee, and all chairs, and are considered when salary increases, and incentive participation are determined. Strengthening the group's performance management culture remains a key area of focus – the entrenchment of the performance management process in 2024 provided greater visibility across the group and alignment towards common objectives, the results of which are visible in the improvements in operational efficiencies and are intended to drive financial returns.

REMUNERATION REPORT continued

Metair's performance management framework delivers on the following human capital objectives:



The following key performance areas were identified around which KPIs were designed for 2024:

- Financial (profitability, asset efficiency and cash generation)
- Operational indicators relating to manufacturing efficiencies and quality measures
- Growth
- ESG and sustainability

Employment equity

Metair is committed to creating a diverse and transformed workforce, placing significant emphasis on attracting, developing, and retaining equity talent. This is supported and overseen by the remuneration committee. This aims to not only address employment equity, inclusion and diversity at Metair, but also to support unemployed black talent to build potential career paths at Metair.

Management control on the B-BBEE scorecard remains an area of focus and the group has put specific plans in place to effectively improve the scores in this regard. The management control score was impacted by a change in shareholding against the previous year.

In Romania, the focus remains on gender diversity representation, especially at executive and board level.

Targets relating to diversity and inclusion are incorporated into the performance criteria of the LTI plan to drive alignment and to reinforce the importance of transformation.

REMUNERATION POLICY

The use of performance measures supports positive outcomes across the economic, social, and environmental context in which the company operates and/or all the capitals that it uses or impacts.

The remuneration policy forms the basis of the group's remuneration model and strategy. The remuneration policy has been approved by the board and demonstrates the application of the company's ethical standards and processes around remuneration, as well as its approach to recognising and rewarding employees. There were no deviations from the policy during the year.

Metair is mindful of the sensitivities around remuneration, and as such, is committed to applying a fair, consistent, transparent, and professional approach to all its pay practices.

The policy is consequently designed with the following principles in mind:

- Driving business performance
- Promoting an ethical culture and responsible corporate citizenship
- Aligning with stakeholders' requirements and expectations
- Attracting, retaining and motivating qualified, skilled employees
- Enhancing transparency
- Applying fair and responsible remuneration practices that are consistently applied
- Ensuring fair minimum wages
- Driving a high-performance culture
- Affordability
- Overall sustainability of the company including financial and ESG indicators
- Compliance with applicable legislation

The remuneration model and strategy are aligned to the group's strategic direction and business-specific value drivers. The dynamics of the market and the context in which the group operates are important considerations in crafting the remuneration strategy and model.

Remuneration strategy

Metair recognises that the group's reward strategy has a direct impact on operational performance, group culture, employee behaviour and, with correct alignment, on the achievement of the group's sustainable balanced strategy. Metair aims to reward its employees in a way that reflects the dynamics of the market and the context in which the company operates. All components of the group's reward strategy, including guaranteed pay, variable pay and performance management, are aligned to the strategic direction and business-specific value drivers of Metair and its subsidiaries.

The remuneration policy was developed from an understanding of all stakeholders' requirements, guided by an approach that set the framework for the policy and delivered a comprehensively designed remuneration structure.

This remuneration structure formulates the implementation and resulting financial remuneration. The remuneration policy, which articulates and gives effect to the company's direction of fair, responsible and transparent remuneration, has been approved by the board, and demonstrates the application of the company's ethical standards and processes.

The main roles and responsibilities of the committee relating to the remuneration policy are as follows:

- Discharge the responsibilities of the board relating to all compensation, including share-based compensation for executive management.
- Establish and administer the agreed group executive remuneration policy with the broad objectives of:
  - aligning executive remuneration with the group strategy, company performance and shareholder interests;
  - aligning the remuneration policy to promote the achievement of strategic objectives within the company's risk appetite;
  - setting remuneration standards which attract, retain, and motivate a competent executive management team;
  - evaluating compensation of executive management, including approving salary, share-based and other incentive-based awards; and
  - ensuring that executive remuneration is fair and responsible in the context of overall employee remuneration to promote positive outcomes, an ethical culture and responsible corporate citizenship.
- Ensuring that the remuneration policy describes all elements of remuneration that are offered in the company.
- Considering the remuneration policy, set strategic objectives for remuneration management within the company's operations and ensure that it gives effect in its direction to fair, responsible and transparent remuneration.
- Support the board to oversee that the implementation and execution of the remuneration policy achieve the stated objectives.
- Submit the remuneration policy to the board for approval.
- Ensuring that the remuneration policy records the measures that the board commits to take if either the remuneration policy or the implementation report, or both, have been voted against by 25% or more of the voting rights exercised by shareholders at the AGM of the company.
- Engage with shareholders to address objections and concerns relating to the remuneration policy as and when required.

REMUNERATION POLICY continued

Benchmarking

Metair uses Remchannel to provide the analysis data for salary benchmarking. Remchannel is a credible source for executive benchmarking data in South Africa through an extensive and detailed remuneration survey. This is aligned to the group's focus on South African operations where Remchannel provides benchmarking from 85% of the top 100 companies in South Africa. The data is extracted from around 940 000 validated points, including 20 000 validated executive data points. Remchannel is one of the most recognised and reputable sources of executive benchmarking data in South Africa.

Metair undertakes benchmarking of the remuneration of our executive directors and management annually against the National median for most roles, and against manufacturing for specialist roles were applicable, as the targeted remuneration level to ensure sustainability. A detailed survey on the pay-lines, job grading, competitiveness and executive salaries was performed in June 2024 using both qualitative and quantitative comparatives through a partnership with Bowmans.

For the transitionary period, both Willis Towers Watson LMO EXSYS global grading systems and Patterson Grading systems were used to evaluate the Senior Leadership of the group.

The benchmark data is used to validate senior management pay in the group. Pay-line reports are used to review competitiveness by race gender and global grade. Age analyses reports assist the committee to identify trends such as future retirements to ensure proper succession planning. Income gap analysis are used to monitor employee categories relative to one another.

The committee aims to ensure appropriate balance between guaranteed and variable remuneration, as well as noting the objective of both short-term performance and long-term stakeholder value creation. The committee considers each element of remuneration relative to the benchmark and considers performance as well as retention of skill when considering executive remuneration.

These reports are used to ensure fair and responsible remuneration packages and wages for all employees. The current policy is to remunerate against the National median considering employee performance, retention, years of service and other relevant indicators as specified per position. Measurements against the median are done at least every three to five years to consider increases to adjust individual salaries to the correct level, however, increases are subject to what the company can afford. Stakeholders can use this information to make peer comparisons as it includes data from all companies in the industry worldwide.

Non-executive director remuneration

Metair has service contracts in place for all non-executive directors which outline among other things, their roles, responsibilities, and fees. Non-executive directors are paid a fixed fee for their services but are entitled to claim for travel and other expenses incurred in performing their duties. Non-executive directors do not participate in the STIP or LTIP.

Metair's approved fees are exclusive of VAT. Non-executive directors are required to send an invoice (inclusive of VAT where applicable) to Metair and the VAT must be paid over to SARS. The company pays an additional 15% on top of the approved director fees, which cannot be claimed as a deduction or reclaimed for VAT.

Executive director employment contracts and policies

All executive directors have permanent employment contracts in place except for the CEO who has a fixed three-year contract which has been extended for an additional two years up until 31 December 2028. Addendums to service contracts are updated in terms of newly approved remuneration and any other changes that the committee requires. Executive director contracts do not contain termination packages or excessive notice periods.

Metair's approach and elements for the executive management remuneration

The committee reviews remuneration on an annual basis and decides on the total remuneration composition. The committee also reviews targets to ensure that they are relevant, fair, competitive, aligned to the strategy and have the potential to optimise shareholder value.

The principles applied to guaranteed pay and STI form part of the budgeted expenses of the business. Any incentive payment is subject to a self-funding requirement to ensure that targeted earnings attributable to shareholders are grossed up by the incentive payment amount and earned above target before pay-out.

Stakeholder groups and what they may potentially consider

Investors/Shareholders

- Total shareholders return performance vs market
- Dividend payments
- Organisational reputation

Employees/Trade unions

- Redundancies and restructuring
- Salary review
- Fixed pay and CEO pay ratio
- Gender/race gap
- Working conditions

Customers

- Financial performance
- ESG performance

Suppliers/Technology partners

- Environmental impact
- Net zero emissions

Community impact

- Social cohesion
- Skills development
- Economic growth

Variable pay in the group consists of two elements – the STIP and the LTIP. A retention element is included where deemed appropriate to the long-term interests of the group.

Total annual remuneration in the group consists of three pay elements:

- Guaranteed pay
- Capped STI
- Capped LTI

Guaranteed pay

- All Metair employees are eligible for guaranteed pay on a monthly or weekly basis depending on the employment contract.
- The guaranteed pay structure for the group is based on CTC, where all employee costs are accounted for as remuneration.
- Guaranteed pay comprises base salary and the group's contribution towards health and retirement benefits, medical aid or any other benefits required by the employment contract. Metair determines guaranteed pay by evaluating, understanding, comparing, measuring and grading every position in the group. The committee compares the position relative to the market to attract and retain talent. The magnitude of pay against the median can be influenced over time by employee performance, retention and years of service.

Short-term incentive

The on-target STIP allocation is set out below:

Metair	CEO	CFO
Total of CTC (on Target)	**100%**	**100%**

The KPIs for the 2024 STIP for the group executive directors as reported previously were as follows:

		% On target CTC participation 2024	
Pillar	**Key performance area**	**CEO**	**CFO**
Financial	Profitability – Actual HEPS versus budget and target	22	22
	Asset efficiency – ROIC versus returns to/above WACC		
	Group	5.5	5.5
	Automotive Components Vertical (pre-hyperinflation)	5.5	5.5
	Energy Storage Vertical (pre-hyperinflation)	5.5	5.5
	Operating margin		
	Automotive Components Vertical (actual versus budget)	5.5	5.5
	Energy Storage Vertical (actual versus budget)	5.5	5.5
	Maintain/manage covenants	5.5	5.5
Strategic	Approved balance sheet restructuring plan and execution against plan	18	18
	Approved group strategy and execution against plan	6	6
	Approved IT strategy and execution against approved plan	3	3
	Approved HR strategy and execution against plan	3	3
ESG/sustainability	LTIFR (group average <1)	7.5	7.5
	B-BBEE score (Maintain Level 1)	7.5	7.5
Total		**100**	**100**

REMUNERATION POLICY continued

The agreed 2025 KPIs for the group executive directors which aligns to the groups turnaround and growth strategy.

		Metric	CEO	CFO
Financial		Group EBITDA (excl Rombat)	22.5	22.5
		Group FCF (excl Rombat)	22.5	22.5
		Covenants maintained	10	10
Strategic	**Strategic**	Debt restructuring: Further advancement towards sustainable capital structure	6	20
		Leadership succession and cultural change: Qualitative in nature, but demonstrable proof of successions plans at MD and exco level and culture change interventions	6	
		Implement shared services (HR/Finance and IT): Full implementation of plan with measured benefits	6	5
	Growth strategy	AutoZone stabilisation and integration: • EBITDA achievement target • Free cash flow optimisation	6	5
		• Approved fact-based Africa growth strategy and implementation plan.	6	
ESG		B-BBEE score (maintain level 2)	5	5
		LTIFR (maintain group average <1)	5	5
		Full analysis of carbon footprint and short-term measures to reduce scope 1 and 2 and approved framework to address scope 3	5	5
Total			**100**	**100**

For Financial and Strategic KPIs a threshold/entry level of 90% has been set and a stretch limited to 120% for overperformance for the CFO and 150% for the CEO. For ESG, due to the nature of the measures, no thresholds are set – it is based on 'met' or 'not met'.

Long-term incentive

Metair's LTIP was designed by an independent third party with high integrity as well as local and international recognition. Similarly to the STIP, it is based on the CTC of the participant to ensure fairness, even-handedness and to have an automatic built-in protection against overinflated rewards.

The aim of the LTIP is to attract, retain and extend the services of executive management of Metair. However, where required, the LTIP can be expanded to include certain high potential and/or mission-critical subsidiary executives/individuals with scarce and critical skills or key employees, even if they are not executives. All candidates recommended for inclusion in the scheme must be approved by the committee before being submitted to the board for final sign-off.

Metair's LTIP is highly skewed towards performance, retention and shareholder alignment as the system awards annual performance shares to participants.

Treasury shares are legacy shares purchased in prior years and held in stock to be used specifically for the vesting of the shares of the scheme. Once depleted, the company will endeavour to purchase shares in the market to ensure minimal dilution of shareholder interests. Total treasury shares as at 31 December 2024 amounted to 100 million Metair ordinary shares.

LTIP shares have a three-year waiting period performance and therefore have a three-year retention period. This design architecture was adjusted to accommodate shareholders' requirements to move away from share appreciation rights to performance share participation only. Share appreciation rights issued previously all expired or vested in 2024. No share appreciation rights have been issued since 2019.

Performance share participation levels:

Description	Performance share award % of CTC (rounded)
Group CEO	100%
Group CFO	50%
Metair Management	25%
Subsidiary CEO	45%
Subsidiary Senior Executives	30%
Subsidiary Junior Executives	20%

A maximum multiplier of two times will be applied when all performance criteria are met. This will cap the CFO participation at 100% of CTC.

Metair's return measurements for vesting are based on ROIC, specific HEPS growth targets, cash conversion rates and ESG targets. HEPS will be measured on the growth above CPI over a rolling three- to five-year period.

The KPIs for the LTIPs to be awarded in F2025 are:

Description	Performance share award criteria
ROIC targets	40%
HEPS growth	30%
Cash conversion target	20%
ESG targets	10%

a. ROIC

Targets adjusted to:

- ROIC upper target = 2024 ROIC + 10%.
- ROIC target = 2024 ROIC + 8%.

b. HEPS

- Minimum HEPS growth of annual official CPI for South Africa compounded over three years.
- Targeted HEPS growth of annual official CPI for South Africa.

+ 4% compounded over three years.

Participation threshold and multipliers

1. At minimum HEPS growth – 0.5 times.
2. HEPS growth from three-year average CPI to three-year average CPI + 4% – 0.5 to 2 times (straight-line).
3. Above target HEPS growth – limited to 2 times.

c. Cash conversion target:

- Minimum cash conversion of 70% of EBITDA over the measurement period.
- Targeted cash conversion of 100% of EBITDA over the measurement period.

Participation threshold and multipliers

1. At minimum cash conversion rate – 0.5 times.
2. Cash conversion between 70% and 100% – 0.5 – 2.0 times.
3. Above target cash conversion – limited to 2 times.

d. ESG targets for 2024

These are amended each year.

Environmental

- Reduction in carbon emissions on volume units (consolidated) – 6% reduction over three years compared to base of full year 2023.
- Reduction of water consumption (consolidated – 6% reduction over three years compared to the base of full-year 2023.

Social

- Safety: LTIFR<1.
- Blood lead levels to decrease on a net basis below 30ug/100ml (energy vertical).

Governance

- Maintain B-BBEE level 1 rating for Metair Group.

No minimum threshold is in place and no stretch – KPIs must be 'met' or 'not met'.

Retention shares

The final element is retention awards linked to specific performance criteria.

No retention shares have been issued to any of the executive management and there are no outstanding retention awards at present.

IMPLEMENTATION REPORT

JOB GRADING

Metair relies on objective job grading systems, currently Willis Towers Watson Global Grading System, to maintain consistency and fairness in evaluating job roles and providing a standardised way to compare positions and grades across subsidiaries and industries, creating greater stakeholder clarity and consistency. The 21 graded positions within the group are supported by comparative grading through Remchannel which supports benchmarking of salaries.

Grading for the top positions at Metair resulted in the CEO position graded at 21 points and the group CFO at 18 points. These rankings allow stakeholders to make peer comparisons and evaluate the correctness and fairness – equal work for equal pay – of the group's remuneration practices, this also ensures that pay is capped at the relevant graded level.

The grading and associated job titles is summarised in the table below:

Global grade	Industry benchmark position	Equivalent Metair positions
21	Group CEO	Metair CEO
18	Group level CFO, COOs company level MDs	Metair CFO, COOs, large company MDs
17, 16, 15	Company level MDs, directors, senior managers, specialised professionals at group and company level	Small company MDs, directors, senior exco members, senior specialists, Metair group HR executive, finance executive and Metair company secretary
14, 13, 12, 11, 10	Junior managers, engineers, accountants	Junior executive committee members, managers, engineers, accountants, Metair group finance manager
9, 8, 7	Team leaders, line managers	Company team leaders, junior staff and clerks, technicians
6, 5, 4	Indirect workers, production support staff	Company quality controllers, logistics staff, administrative STAFF
3, 2, 1	Unionised and non-union workers	Direct labour

INCOME GAP ANALYSIS

The income gap analysis depicts employee/band ratios relative to each other. In 2024, the average guaranteed package for top management (Global grades 15 and above) was 7.20 (2023: 7.46) times higher than the average guaranteed package for clerical/administration and semi-skilled employees (Global grades 4–7). No analysis was done for 2022. The trend has moved in a positive direction in terms of income gap.

The table below illustrates the wage gap ratio applicable to each category of employees from 2017 to 2024 aligned to occupational levels:

Employee category	2017	2018	2019	2021	2023	2024
Top management (Global grades 15 and above) to clerical/administration/semi-skilled (Global grades 4–7)	8.78	8.74	8.45	7.77	7.46	7.20
Professionally qualified and subject matter expert/middle management (Global Grades 12–14) to clerical/administration/semi-skilled (Global grades 4–7)	4.09	4.08	4.01	3.90	3.46	3.67
Professionally qualified and subject matter expert/middle management (Global grades 12–14) to skilled technical and academically qualified and junior management (Global grades 8–11)	2.19	2.18	2.20	2.16	1.98	2.54
Skilled technical and academically qualified and junior management (Global grades 8–11) to clerical/administration/semi-skilled (Global grades 4–7)	1.87	1.87	1.83	1.81	1.75	1.81

The table below illustrates the wage gap between CEO and the occupational levels across the organisation. Metair monitors the CEO pay ratio at all levels to identify disparities in pay and inform strategies to address pay equity within the group.

	2016	2017	2018	2019	2021	2023	2024
CEO (Global grades 21) to CFO (GG18)	1.63	1.63	1.63	1.70	1.27	1.27	1.67
CEO (Global grades 21) to top management (Global grades 15 and above excluding CEO and CFO)	3.88	3.8	3.73	3.81	2.82	2.85	2.81
CEO (Global grades 21) to professionally qualified and subject matter expert/middle management (Global grades 12–14)	7.45	7.42	7.26	7.29	5.62	5.75	6.03
CEO (Global grades 21) to skilled technical and academically qualified and junior management (Global grades 8–11)	16.31	16.21	15.83	16.01	12.10	11.37	13.11
CEO (Global grades 21) to clerical/administration/semi-skilled (Global grades 4–7)	31.68	30.3	29.63	29.25	21.90	19.90	19.98

In accordance with recommendations with regard to amendments to the Companies Act requiring companies to publicly report a calculated wage gap ratio, Metair has calculated the wage gap ratio (WGR) for all employees in South Africa who were employed for the entire year in 2024 (i.e., excluding people who either joined or left the company during the year). Among the ‘current employees’ in South Africa, the overall WGR was 11.1 (2023: 10.2) indicating that the average total CTC of the sum of all wages, benefits, and bonuses for the top 5% earners in our workforce was 11.1 times higher than for those in the bottom 5%. This is consistent with the 2022 WGR of 11.09.

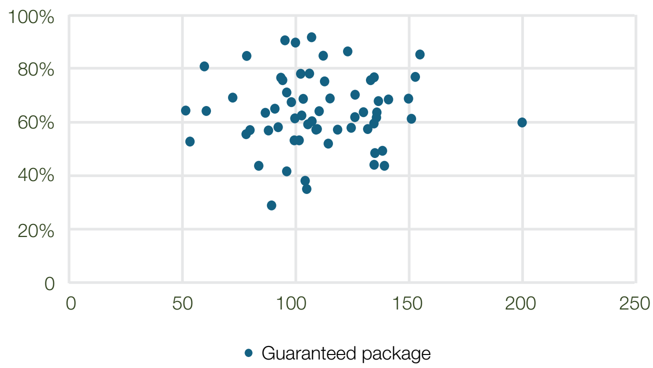
Similarly, Metair has adopted the JSE’s 2022 Sustainability Disclosure Guidance recommendations to include a Gender Pay Gap Ratio (GPGR). For 2024, Metair calculated a GPGR of 0.73, such that the average compensation per female employee is 73% (2023: 61.2%) that of the average for male employees. The results are not dissimilar to those benchmarked with UK and EU oil companies which reported ratios of between 0.51 and 0.91, where lower ratios are reported by companies with similar employment constraints as Metair. For example, legal and regulatory requirements restrict women from working in jobs where exposure to blood lead is possible, thereby significantly reducing the numbers and roles females can fill within our battery manufacturing companies where average wages tend to be higher. In addition, Metair is constrained by a current situation where the bulk of our female employees work in lower skill positions within companies like Hesto, where women make up over 70% of the largest workforce in the group, thus reducing the average compensation per female compared to the average for male employees who are more significantly represented within the higher skill level positions.

The research and analysis Metair continues to conduct regarding pay gap ratios further enhances its ability to focus attention on the ongoing transformation of our workforce, to ensure that more women are encouraged to fill more senior roles within the group, while all employees receive fair and balanced compensation for their efforts.

Market position cap

The second element of Metair’s approach is to ensure that employees are remunerated fairly and in line with the market. Metair reviewed the benchmarking approach during the 2024 year. As is customary, Metair plots remuneration against a pay grade position relative to the industry that Metair operates within annually. The focus for the 2024 year was on leadership remuneration, Market data was aged to September 2024 for the leadership team.

The results of the executive management benchmarking indicated a compa ratio of 107.9% to median against manufacturing companies and 104% to median against National benchmarks. Senior leadership, grade 14 and above are remunerated within 3% of the median in line with the Metair remuneration strategy however a standard deviation of 24.1 in the comparator group was observed. This indicated that structural alignment is required across the group, this has been incorporated into the HR execution plan for the 2025 year.



IMPLEMENTATION REPORT continued

PAY STRUCTURE

Benchmarking plays a critical role in determining the pay for executive management and the executive directors. As noted earlier due to the changes in the executive leadership team no benchmarking for 2024 is deemed meaningful other than for guaranteed pay.

Total pay to the executive directors during 2024 is reflected below:

2024

Guaranteed pay

Position	Guaranteed CTC (R)	Short-term incentive 2024 (R)	Vesting to prior year long-term incentive (R)	Acting allowance (R)	Subsistence (R)	Leave pay (R)	Total (R)
Paul O'Flaherty – CEO	6 978 691*	3 894 503	–	–	–	–	10 873 194
Anesh Jogia – CFO	4 999 729*	2 403 465	37 772	150 000	4 735	1 446 313***	9 042 014

* *Includes directors fees paid in the Netherlands.*

** *Mr O'Flaherty's earnings above reflect 11 months as he commenced in February 2024.*

*** *Due to the changes in Metair's leave policy which will limit accumulated leave balance to 20 days, Mr Jogia was paid out excess historical leave balance.*

2023

Guaranteed pay

Position	Guaranteed CTC (R)	Short-term incentive (2023) (R)	Vesting to prior year long-term incentive (R)	Subsistence (R)	Leave pay (R)	Total (R)
Sjoerd Douwenga – CEO/CFO	7 696 042	1 066 667*	3 025 057**	37 971	1 822 796*	13 648 533
Riaz Haffejee – CEO	3 055 367	–	–	–	430 218	3 485 585
Anesh Jogia – CFO	3 478 350	2 400 000***	–	43 899	–	5 922 249

* *Mr Douwenga's short-term incentive was paid in March 2024 and his leave pay was paid out at the end of January 2024.*

** *The vesting of Mr Douwenga's historical long-term incentive was adjusted to the market value at vesting.*

*** *Mr Jogia's short-term incentive was paid in March 2024.*

The elements of the above are discussed further below.

GUARANTEED PAY

The related market surveys and published reports on remuneration for 2024 indicated a 7% increase for executive remuneration and 5.5% for 2025. The committee decided to recommend a 6% general salary increase for 2024 (2023: 7%).

Annual performance assessments are used to adjust recommended base increases up or down.

The table below (Guaranteed pay) shows group CEO and CFO remuneration.

2024

Guaranteed pay

	Market data April 2024				Actual earnings as % of market level		
Position	Current earnings (R)	Lower quartile (R)	Median (R)	Upper quartile (R)	Lower quartile	Median	Upper quartile
P O'Flaherty – CEO*	6 978 691	7 531 625	8 608 904	10 916 406	92.66%	81.06%	63.93%
A Jogia – CFO*	4 999 729	4 066 667	5 029 629	6 576 118	122.94%	99.41%	76.03%

* *Includes directors' fees paid in the Netherlands.*

LONG-TERM INCENTIVE

The table below indicates the percentage of CTC that was used to calculate the number of performance shares awarded to the CEO and CFO in April 2024, vesting in 2027. The percentage of CTC allocation is applied on an annual basis.

Performance shares

Position	% of CTC	Deemed value (R)	No. of shares	At deemed share value R/c
Paul O'Flaherty – CEO	100%	6 725 858	608 657	11.05
Anesh Jogia – CFO	50%	2 271 825	197 550	11.05

Details of awards 2024, vesting in 2027:	
Performance shares	
Paul O'Flaherty	608 675
Anesh Jogia – CFO	197 550
Allocation date	3 April 2024
Vesting date	5 April 2027

Awards vested in 2024

	Performance shares			
Position	% of CTC	Deemed value (R)	No. of shares	At deemed share value (R)
Anesh Jogia – CFO	1%	37 772	2 823	13.38

Performance shares allocated on 3 April 2020 vested on 3 April 2023. No performance criteria were met for shares vesting in 2023.

Share appreciation rights issued previously expired in 2024. No share appreciation rights have been issued since 2019.

Awards not yet vested

Details of awards that have not yet vested including awards made in 2024 are shown in the table below:

Position	Type of awards	Grant date	Maturity date	Grant price	Number of awards	Fair value at grant date	Fair value as at 31 December 2024	Market value as at 31 December 2024
Paul O'Flaherty	Performance shares	3 Apr 2024	5 Apr 2027	R0.00	608 657	R11.05	R6 725 659	R5 995 271
Anesh Jogia	Performance shares	3 Apr 2024	5 Apr 2027	R0.00	197 555	R11.05	R2 182 982	R1 945 917
		1 Apr 2023	1 Apr 2026	R0.00	89 178	R22.23	R1 982 426	R878 403
		1 Apr 2022	1 Apr 2025	R0.00	20 429	R27.27	R557 098	R201 226
					307 162		R4 722 509	R3 025 546
Total					**915 819**		**R11 448 168**	**R9 020 817**

Fair value is based on the higher of the intrinsic value or the originally determined value in terms of IFRS 2. The intrinsic value is based on the market value of the Metair share of R9.85 on 31 December 2024 and assumes that all performance criteria were met.

For more details with regard to CEO and CFO emoluments, refer to note 3 in the annual financial statements. The long-term incentive structure is further detailed in note 26 of the annual financial statements.

IMPLEMENTATION REPORT continued

TOTAL ANNUAL REMUNERATION

Total annual remuneration for Messrs O'Flaherty and Jogia is reconciled to the annual financial statements in the table below:

2024

									Recon to AFS disclosure	
Position	Guaranteed pay (R)	Short-term incentive 2024 (R)	Long-term incentive vested – prior year (R)	Subsistence allowance (R)	Leave pay (R)	Acting allowance (R)	Total (R)	STIP for 2023 paid in 2024 (R)	STIP for 2024 paid in 2025 (R)	Total as per AFS (R)
Paul O'Flaherty – CEO	6 978 691	3 894 503	–	–	–		10 873 194	–	(3 894 503)	6 978 691
Anesh Jogia – CFO	4 999 729*	2 403 465	37 772	4 735	1 446 313	150 000	9 402 014	2 400 000	(2 403 465)	9 038 549

* *Includes directors' fees paid in the Netherlands.*

The guaranteed remuneration for Metair other exco members for the 2024 year is as follows. The exco was only constituted in the 2024 year.

EXCO	Guaranteed pay (R)	Short-term incentive 2024 to be settled in March 2024 (R)	Total (R)
Metair Group exco (excluding CEO and CFO)	13 643 246	5 228 423	18 871 669

Personal holdings of executives as at 31 December 2024

	Personal holding
Paul O'Flaherty	Nil
Anesh Jogia – CFO	13 485

NON-EXECUTIVE DIRECTORS' REMUNERATION

It is proposed that Metair amends the non-executive directors (NEDs) from a per-meeting fee basis to an all-inclusive fee basis for subcommittees. In order to simplify the remuneration process by providing a clear and upfront understanding of compensation without the need for additional calculations or adjustments based on meeting attendance or other variables. The fees would be paid in equal instalments quarterly.

The structure also fosters predictability allowing Metair to more accurately budget as total NED remuneration is known in advance. A provision for special board or subcommittee meeting attendance outside of the planned schedule, is suggested to ensure reasonability and fairness should extra-ordinary circumstances require the NED to devote significantly more time than intended. The approach for non-executive directors' fees will be presented for approval by shareholders at the AGM scheduled for 7 May 2025. Directors' fees proposed for 2025 are exclusive of VAT and are as follows:

Role	Annual fees (R)
Board chairperson*	1 500 000
Non-executive directors	446 635
Audit and risk committee chairperson	295 000
Audit and risk committee member	150 000
Remuneration and nominations committee chairperson	200 000
Remuneration and nominations committee member	112 000
Social and ethics committee chairperson	200 000
Social and ethics committee member	112 000
Investment committee chairperson	250 000
Investment committee member	112 000
Operational and technical committee chair	250 000
Operational and technical committee member	112 000
Subsidiary board fees 1 January 2025 to 31 December 2025:	**Annual fees**
Chairperson	200 000
Board member	112 000

Refer to note 3 in the annual financial statements for details on actual non-executive director emoluments.

**The board chairperson fee is all inclusive and therefore no additional committee fees will be paid.*

APPENDIX I – SHAREHOLDER ANALYSIS

Company: Metair Investments Limited
Register date: 27 December 2024
Issued share capital: 198 985 886

Shareholder spread	No of shareholdings	%	No of shares	%
1 - 1 000 shares	3 651	77.81	457 445	0.23
1 001 - 10 000 shares	638	13.60	2 318 331	1.17
10 001 - 100 000 shares	258	5.50	9 341 830	4.69
100 001 - 1 000 000 shares	102	2.17	39 041 791	19.62
1 000 001 shares and over	43	0.92	147 826 489	74.29
Totals	**4 692**	**100.00**	**198 985 886**	**100.00**

Distribution of shareholders	No of shareholdings	%	No of shares	%
Banks/Brokers	34	0.72	20 667 958	10.39
Close Corporations	19	0.40	141 035	0.07
Endowment Funds	20	0.43	1 910 471	0.96
Government	1	0.02	117 683	0.06
Individuals	3 979	84.80	7 081 482	3.56
Insurance Companies	14	0.30	6 973 367	3.50
Investment Companies	1	0.02	43 300	0.02
Mutual Funds	72	1.53	94 676 228	47.58
Other Corporations	15	0.32	24 132	0.01
Own Holdings	1	0.02	4 829 022	2.43
Private Companies	90	1.92	4 561 183	2.29
Public Companies	3	0.06	1 180	0.00
Retirement Funds	304	6.48	53 761 940	27.02
Trusts	139	2.96	4 196 905	2.11
Totals	**4 692**	**100.00**	**198 985 886**	**100.00**

Public/Non-public shareholders	No of shareholdings	%	No of shares	%
Non-public shareholders	**4**	**0.09**	**43 917 625**	**22.07**
Directors and Associates of the company	3	0.06	39 088 603	19.64
Treasury Stock	1	0.02	4 829 022	2.43
Public shareholders	**4 688**	**99.91**	**155 068 261**	**77.93**
Totals	**4 692**	**100.00**	**198 985 886**	**100.00**

APPENDIX I – SHAREHOLDER ANALYSIS continued

Beneficial shareholders holding 3% or more	No of shares	%
Coronation Fund Managers	27 936 660	14.04
Foord	14 835 650	7.46
Value Capital Partners H4 QI Hedge Fund	14 699 251	7.39
Old Mutual	11 111 250	5.58
Ninety-One	9 449 300	4.75
Camissa Asset Management	8 404 559	4.22
Eskom Pension & Provident Fund	8 033 051	4.04
Government Employees Pension Fund	6 463 383	3.25
Mines Pension Fund	6 042 268	3.04
Metal & Engineering Industries Retirement Funds	6 006 266	3.02
Totals	**112 981 638**	**56.78**

Institutional shareholders holding 3% or more	No of shares	%
Coronation Fund Managers	47 487 766	23.86
Value Capital Partners	39 075 118	19.64
Camissa Asset Management	33 902 508	17.04
Foord Asset Management	22 396 024	11.26
Ninety-One	9 949 300	5.00
Old Mutual Investment Group	3 890 662	1.96
Totals	**156 701 378**	**78.75**

Breakdown of non-public holdings	No of shares	%
Directors		
S Sithole & N Mkhondo	**39 075 118**	**19.64**
VCP Portfolio	39 075 118	19.64
Jogia, A	13 485	0.01
Totals	**39 088 603**	**19.64**

Treasury stock	No of shares	%
Business Venture Investments No.1217	4 829 022	2.43
Totals	**4 829 022**	**2.43**

Holdings of more than 10%	No of shares	%
Totals	**0**	**0.00**

Breakdown of beneficial shareholders holding 3% or more	No of shares	%
Coronation Fund Managers	**27 936 660**	**14.04**
Coronation Balanced Plus Fund	11 254 913	5.66
Coronation Special Opportunities Portfolio	4 992 679	2.51
Coronation Worldwide Houseview Equity Portfolio S1	3 987 029	2.00
Coronation Equity Fund	2 030 068	1.02
Coronation Smaller Companies Fund	1 400 261	0.70
Coronation Houseview Equity Portfolio	1 207 926	0.61
Coronation Managed Portfolio S2	1 119 519	0.56
Coronation SA Equity Fund	969 231	0.49
Coronation Managed Portfolio S3	446 185	0.22
Coronation Market Plus Fund	359 151	0.18
Coronation Market Plus Fund	141 280	0.07
Coronation Domestic Houseview Portfolio	14 611	0.01
Coronation Industrial Fund	13 807	0.01
Foord	**14 835 650**	**7.46**
Foord Balanced Fund	8 357 428	4.20
Foord Equity Fund	6 379 712	3.21
Foord Domestic Balanced Fund	98 510	0.05
Value Capital Partners	**14 699 251**	**7.39**
Value Active PFP H4 QI Hedge Fund	14 699 251	7.39
Old Mutual	**11 111 250**	**5.58**
Old Mutual Life Assurance Company SA	4 955 925	2.49
Old Mutual Albaraka Balanced Fund	1 888 846	0.95
Old Mutual Albaraka Equity Fund	1 773 256	0.89
Old Mutual Multi-Managers Satellite Equity Fund No. 2	1 489 696	0.75
Old Mutual Multi-Managers Satellite Equity Fund No. 4	560 320	0.28
Old Mutual Multi-Managers Satellite Equity Fund No. 4	357 898	0.18
Old Mutual Life Assurance Company SA	83 039	0.04
Old Mutual Life Assurance Company SA	2 270	0.00
Ninety-One	**9 449 300**	**4.75**
Ninety-One Emerging Companies Fund	4 510 639	2.27
Investec Special Focus Fund	2 932 813	1.47
Ninety-One Value Fund	2 005 848	1.01

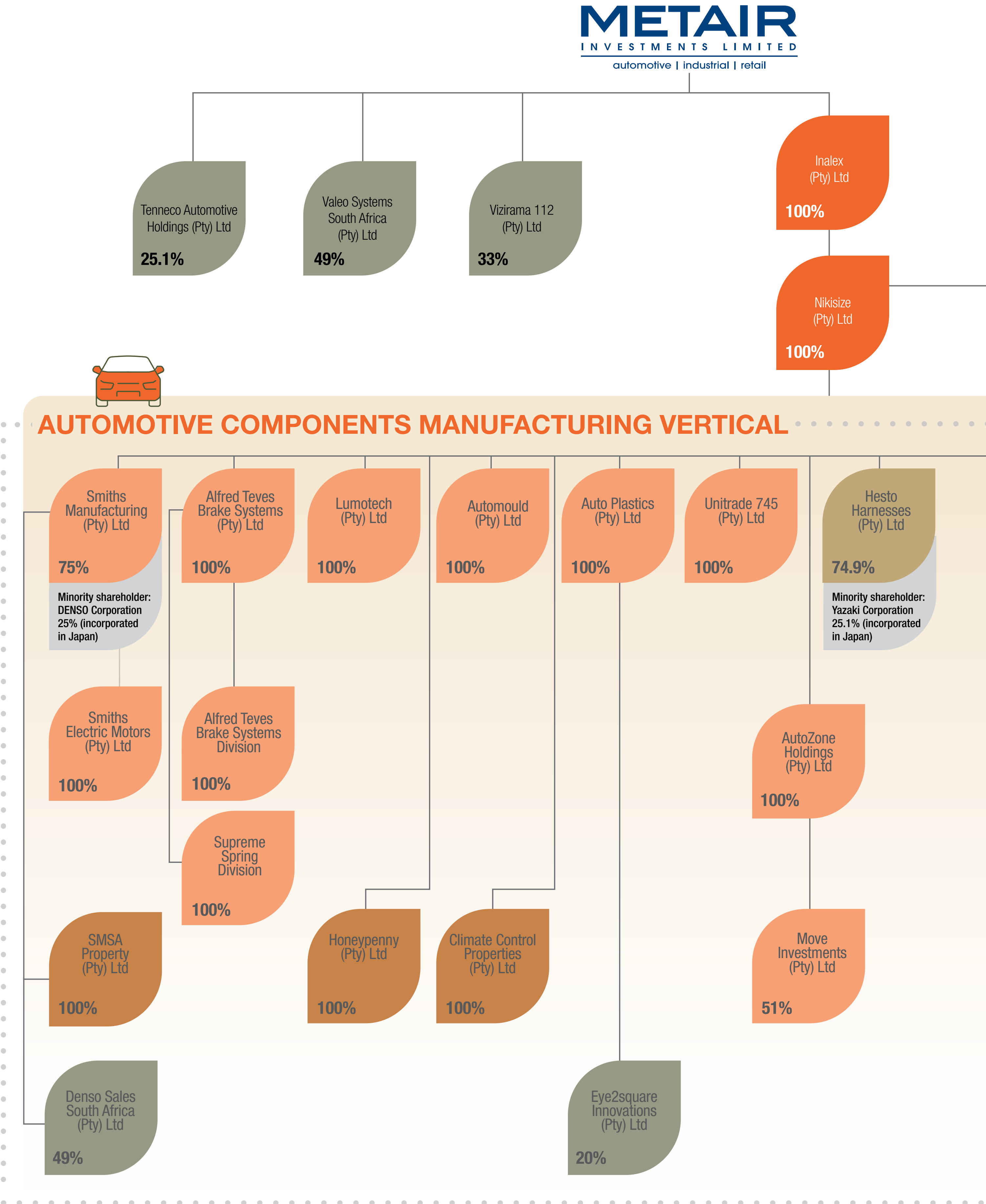
APPENDIX I – SHAREHOLDER ANALYSIS continued

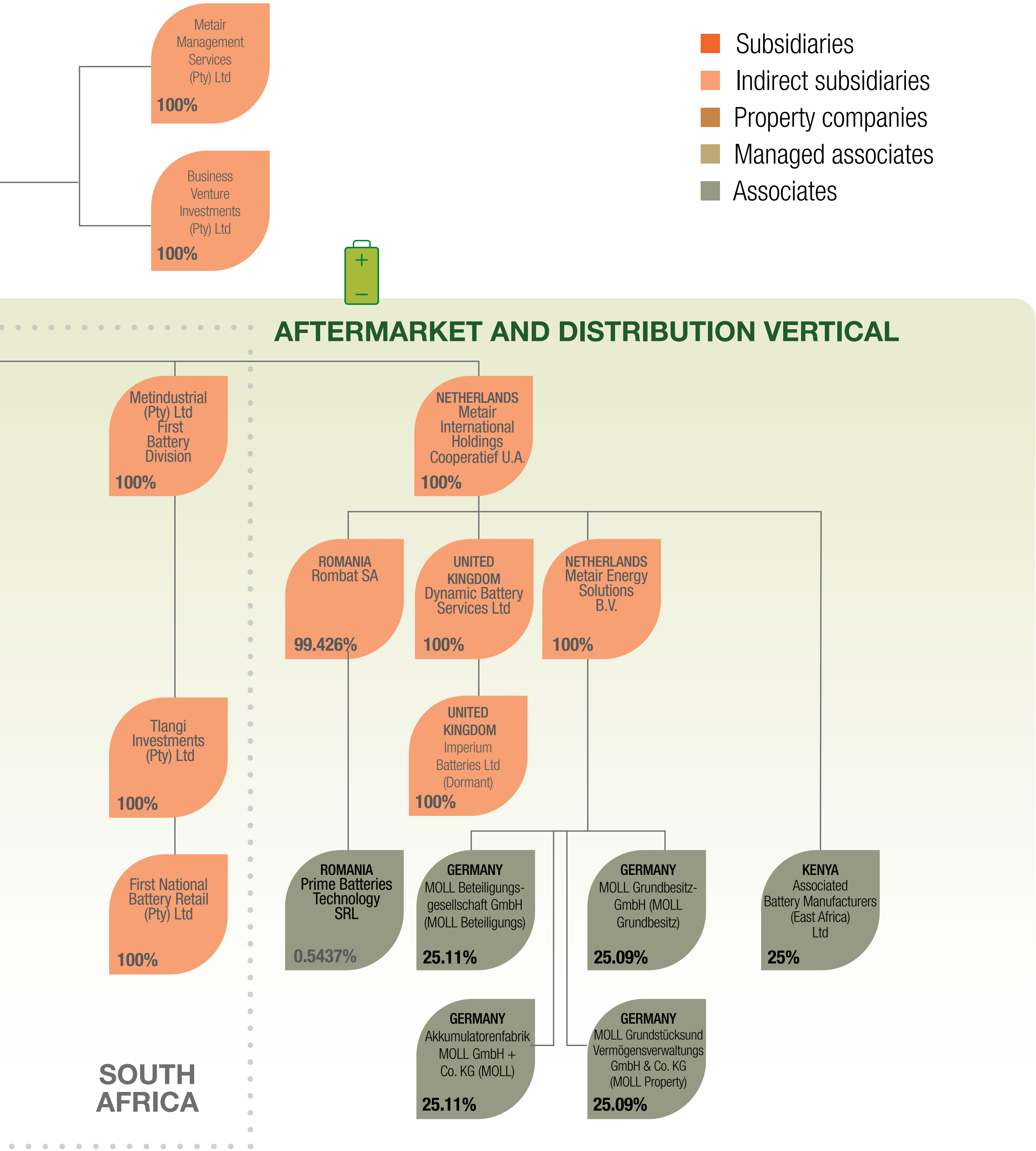
Breakdown of beneficial shareholders holding 3% or more	No of shares	%
Camissa Asset Management	**8 404 559**	**4.22**
Camissa Balanced Fund	1 960 473	0.99
Camissa Islamic Equity Fund	1 616 199	0.81
Camissa Islamic Balanced Fund	1 505 425	0.76
Camissa Alpha Equity Fund	1 446 969	0.73
Camissa SA Balanced Fund	756 420	0.38
Camissa SA Equity Fund	743 140	0.37
Camissa Stable Fund	272 276	0.14
Camissa Protector Fund	103 657	0.05
Eskom Pension & Provident Fund	**8 033 051**	**4.04**
Value Capital Partners	5 311 165	2.67
Camissa Asset Management	2 238 431	1.12
Excelsia Capital	365 329	0.18
Mianzo Asset Management	118 126	0.06
Government Employees Pension Fund	**6 463 383**	**3.25**
Coronation Fund Managers	5 699 231	2.86
Excelsia Capital	403 076	0.20
Public Investment Corporation	361 076	0.18
Mines Pension Fund	**6 042 268**	**3.04**
Value Capital Partners	4 706 392	2.37
Camissa Asset Management	964 136	0.48
Coronation Fund Managers	190 186	0.10
Excelsia Capital	181 554	0.09
Metal & Engineering Industries Retirement Funds	**6 006 266**	**3.02**
Camissa Asset Management	1 941 923	0.98
Camissa Asset Management	1 460 375	0.73
Coronation Fund Managers	1 317 483	0.66
Coronation Fund Managers	825 315	0.41
Coronation Fund Managers	461 170	0.23
Totals	**112 981 638**	**56.78**

APPENDIX II – ACCREDITATION

	Environmental	Occupational H&S	Quality management	Information systems	Energy management	Quality (OEM)	Quality (OEM)	Quality (OEM)	Quality (OEM)	Quality (OEM)
	ISO 14001	ISO 45001	ISO 9001	ISO 27001	ISO 50001	IATF 16949	Q1 Ford	QSB Isuzu	Formal Q (VDA6.3)	SABS/ SANS
ATE	✓	✓	✓	N/A	✓	N/A	N/A	N/A	N/A	**only applicable for special (letter of authority to import) projects**
AutomouldDbn	✓	✓	✓	N/A	✓	✓	✓	N/A	N/A	N/A
AutomouldSEZ	✓	Planned 2025	✓	N/A	Planned 2026	✓	Planned 2025	N/A	N/A	N/A
First Battery	✓	✓	✓	N/A	In progress	✓	✓	✓	✓	N/A
Hesto	✓	✓	N/A	N/A	✓	✓	Planned	✓	N/A	N/A
Lumotech	✓	✓	✓	Planned 2026	✓	✓	✓	N/A	✓	N/A
Rombat	✓	✓	✓	N/A	✓	✓	✓	N/A	N/A	N/A
Smiths Manufacturing	✓	✓	✓	N/A	✓	✓	N/A	✓	N/A	N/A
Supreme Springs	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
Unitrade	✓	✓	✓	N/A	Planned 2025	✓	✓	N/A	N/A	N/A

APPENDIX III – GROUP STRUCTURE




Metair Management Services (Pty) Ltd
100%
Business Venture Investments (Pty) Ltd
100%
Subsidiaries
Indirect subsidiaries
Property companies
Managed associates
Associates
AFTERMARKET AND DISTRIBUTION VERTICAL
Metindustrial (Pty) Ltd First Battery Division
100%
NETHERLANDS Metair International Holdings Cooperatief U.A.
100%
ROMANIA Rombat SA
99.426%
UNITED KINGDOM Dynamic Battery Services Ltd
100%
NETHERLANDS Metair Energy Solutions B.V.
100%
UNITED KINGDOM Imperium Batteries Ltd (Dormant)
100%
Tlangi Investments (Pty) Ltd
100%
First National Battery Retail (Pty) Ltd
100%
ROMANIA Prime Batteries Technology SRL
0.5437%
GERMANY MOLL Beteiligungs-gesellschaft GmbH (MOLL Beteiligungs)
25.11%
GERMANY MOLL Grundbesitz-GmbH (MOLL Grundbesitz)
25.09%
KENYA Associated Battery Manufacturers (East Africa) Ltd
25%
GERMANY Akkumulatorenfabrik MOLL GmbH + Co. KG (MOLL)
25.11%
GERMANY MOLL Grundstücksund Vermögensverwaltungs GmbH & Co. KG (MOLL Property)
25.09%
SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS

CONTENTS

Contents	Page No

Level of assurance
These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, No. 71 of 2008 (Companies Act)

Preparer
The financial statements were prepared under the supervision of Mr A Jogia (CFO) BCom Acc, PGDA, CA(SA)

Published
26 March 2025

CERTIFICATE BY THE COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm, in terms of section 33(1) of the Companies Act, that for the year ended 31 December 2024, the company has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

SM Vermaak
25 March 2025

APPROVAL OF FINANCIAL STATEMENTS

The group financial statements and the financial statements of the company for the year ended 31 December 2024, set out on pages 109 to 197, were approved by the board of directors and signed on its behalf by:

TN Mgoduso
Chairperson

P O'Flaherty
CEO

Johannesburg
25 March 2025

DIRECTORS' RESPONSIBILITIES

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for maintaining proper accounting records and the preparation, integrity, and fair presentation of the financial statements of Metair Investments Limited (Metair or the company or the group) and its subsidiaries. The accounting records disclose with reasonable accuracy the financial position of the group and company.

The directors acknowledge that they are ultimately responsible for the system of internal controls established by the group and place considerable importance on maintaining a strong control environment. The directors are of the opinion, based on the information and explanations given by management and the internal auditors that the system of internal controls provides reasonable assurance that the financial records may be relied upon for the preparation of the financial statements.

The directors are of the opinion that the group and the company have adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The auditor is responsible for reporting on whether the group financial statements and the financial statements of the company are fairly presented in accordance with the applicable reporting framework.

The consolidated financial statements are stated in South African Rand (ZAR) and are prepared in accordance with IFRS™ accounting standards as issued by the International Accounting Standards Board (IASB) and effective for the group at 31 December 2024 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act.

They are based on appropriate accounting policies which have been applied consistently and are supported by reasonable and prudent judgements and estimates. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements. The financial statements have been audited by the independent auditors, Ernst and Young Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The annual financial statements fairly present the financial position, changes in equity, results of operations and cash flows of the group.

The audit report of Ernst & Young Inc. is presented on page 111.

DIRECTORS' RESPONSIBILITY ON FINANCIAL CONTROLS

Each of the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 110 to 197, fairly present in all material respects the financial position, changes in equity, financial performance and cash flows of the company in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the company and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the company;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and

(f) we are not aware of any fraud involving directors.

P O'Flaherty	**A Jogia**
CEO	CFO

Johannesburg
25 March 2025

DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 31 December 2024.

GENERAL REVIEW

The main business of the group is the manufacture and supply of motor vehicle components and energy storage solutions such as automotive and industrial batteries. The group also manufactures non-automotive products. The financial statements on pages 117 to 197 set out fully the financial position, results of operations and cash flows of the group and company for the financial year.

FINANCIAL RESULTS

Group attributable loss for the year amounted to R 4 164 million (2023: profit of R 96 million). Attributable profit from continuing operations amounted to R 272 million (2023: R 22 million).

The directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adapt the going concern basis in preparing the financial statements. Refer to note 30.

DIVIDENDS

No dividends were declared for ordinary shares during 2024 (2023: Nil).

STATED CAPITAL

Full details on the present position of the company's stated capital are set out in the notes to the financial statements.

There were no changes to stated capital for the year under review. Share incentive scheme particulars relating to options and awards under the Metair 2009 share plan are given in note 26.1 to the financial statements.

CHANGES IN NON-CURRENT ASSETS

The main changes to property, plant and equipment (including lease assets capitalised under IFRS 16) of the group were as follows:

	R'000
Additions (note 7)	483 804

The main changes to the intangible assets of the group were as follows:

	R'000
Additions (note 8)	17 047

DIRECTORS

The composition of the board of directors is set out on pages 8 to 9 of the integrated annual report.

P O'Flaherty (appointed February 2024)
S Douwenga (appointed March 2014 and resigned January 2024)
TN Mgoduso (appointed March 2016)
B Mawasha (appointed March 2018)
S Sithole (appointed as alternate director August 2022)
MN Muell (appointed May 2019)
NL Mkhondo (appointed June 2019)
A Sithebe (appointed January 2021)
P Giliam (appointed May 2021)
A Jogia (appointed May 2023)
N Medupe (appointed June 2023)

SECRETARY

SM Vermaak

Business address
Oxford and Glenhove Building, 114 Oxford Road, Suite 7,
Houghton Estate, Johannesburg,
2198

INTEREST OF DIRECTORS

Interest of directors in the company's stated capital are disclosed in note 26 of the financial statements. The directors have no material interest in contracts with the group.

SUBSIDIARIES

Details of the company's investments in its subsidiaries are disclosed on page 196 and note 9 to the financial statements. During the year under review, the group disposed of its investment in the Mutlu Aku group in Türkiye (note 28). The group also acquired AutoZone Holdings Pty Ltd ('AutoZone') (note 29).

HOLDING COMPANY

The company has no holding company.

AUDITORS

Ernst & Young Inc. was the group auditor in accordance with section 90 of the Companies Act and appointed for the 2024 financial year.

SPECIAL RESOLUTIONS AND ANNUAL GENERAL MEETING ('AGM')

Special resolutions were passed at the previous AGM held on 7 May 2024 in regard to:

- Approval of non-executive directors' remuneration for the period 1 January 2024 to 31 December 2024;
- General authority to provide direct or indirect financial assistance to all related and inter-related entities in terms of section 44 and 45 of the Companies Act; and
- General authority to acquire (repurchase) shares.

An AGM will be held on Tuesday, 7 May 2025. Refer to the notice of the AGM when issued for further details of the ordinary and special resolutions for consideration at the meeting.

POST-BALANCE SHEET EVENTS

The key focus of the group is to correct the capital structure including the debt profile (including Hesto). In this regard, a new secured debt refinancing package was approved during March 2025 (refer to page 43 of the IAR). During February 2025, R185 million was advanced by Metair to Hesto Harnesses to repay a portion of Hesto's trade credit facilities due to Yazaki Corporation. Subsequent to year end, due to clarifications of shareholder rights as entrenched in the Hesto Shareholders agreement which also facilitated the Hesto restructured finance arrangement, Hesto will be consolidated as a subsidiary in future financial statements effective for the financial year ending 2025. At the date of this report the accounting for the change in control was not finalised. Refer to note 30 for further information.

APPROVAL OF FINANCIAL STATEMENTS

The directors have approved the financial statements on pages 117 to 197 which are signed on their behalf by:

TN Mgoduso
Chairperson

P O'Flaherty
CEO

Johannesburg
25 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Metair Investments Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Metair Investments Limited and its subsidiaries (the group and company') set out on pages 106 to 197, which comprise of the consolidated and separate balance sheets as at 31 December 2024, and the consolidated and separate income statements and statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule) we report:

Final Materiality

The ISAs recognise that:

- Misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- Judgements about matters that are material to users of the financial statements consider users as a group rather than as specific individual users, whose needs may vary greatly.

INDEPENDENT AUDITOR'S REPORT continued

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgment. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

Group Final Materiality:

We determined final materiality for the group to be R43 718 000, which is based on 5% of adjusted and normalised earnings before interest and tax (EBIT). We have identified EBIT as the most appropriate basis as we typically believe that profit companies are evaluated by users on their ability to generate earnings. In using the earnings-based measure we did believe it was necessary to adjust and normalise the base. In adjusting the base, we adjusted for the loss on the disposal of Mutlu Holding Anonim Sirketi, the discontinuance of First National Battery division (Metindustrial (Pty) Ltd), the loss on the closure of Automould (Pty) Ltd East London branch, the impairment of technology no longer viable at Rombat SA and the gain on bargain purchase from Autozone (Pty) Ltd. We also normalised our base by averaging EBIT over a three-year period (2022-2024) as we believe this enables us to exclude fluctuating external market factors in order to calculate final materiality.

Company Final Materiality:

We determined final materiality for the standalone company to be R 802 000, which is based 5% of earnings before interest and taxes (EBIT). We have identified EBIT as the most appropriate basis as we typically believe that profit companies are evaluated by users on their ability to generate earnings.

Group Audit Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account the size and risk profile of the components in the group. In addition, we further consider the organisation of the group and effectiveness of group wide controls, changes in the business environment, and other factors such as our experience in prior years and recent internal audit results when assessing the level of work to be performed at each component of the group. Our process focuses on identifying and assessing the risk of material misstatements of the group financial statements as a whole including, with respect to the consolidation process.

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors under our instruction.

In selecting components, we perform risk assessment activities across the group and its components to identify risks of material misstatement. We then identify how the nature and size of the account balances at the components contribute to those risks and thus determine which account balances require an audit response. We then consider for each component the degree of risk identified (whether pervasive or not) and the number of accounts requiring audit responses to assign either a full or specific scope (including specified procedures) to each component. We involved component auditors in this risk assessment process.

In our assessment of the residual account balances not covered by the audit procedures, we considered whether these could give rise to a risk of material misstatement of the group financial statements. This assessment included performing overall analytical procedures at group level.

Of the 15 components selected, we identified:

- 6 components ("full scope components") which were selected based on the pervasiveness of risk in those components and for which we therefore performed procedures on what we considered to be the entire financial information of the component.

and for which we therefore performed procedures on what we considered to be the entire financial information of the

- 9 components ("specific scope components") where our procedures were more focussed or limited to specific accounts which we considered had the potential for the greatest impact on the significant accounts in the financial statements given the specific risks identified.

At group level we also tested the consolidation process, share based payments and long service awards.

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

The key audit matters apply equally to the audit of the consolidated and separate financial statements.

Key audit mater description	How the matter was addressed in the audit
Goodwill and indefinite life intangible assets impairment assessment The book value of goodwill and indefinite life intangible assets, which have been impaired, amounts to R0 million and R0 million, respectively, as reflected in the consolidated financial statements. The Metair Group conducts an impairment assessment of the recorded goodwill and indefinite life intangible assets at least annually, and also in response to any triggering events, in accordance with IAS 36 Impairment of Assets. As detailed in Notes 8 and 24, the Group estimates the value in use by employing a discounted cash flow model for each relevant cash-generating unit. This process is intricate, as it involves significant judgment regarding expected future cash flows, particularly in light of the current economic climate and anticipated market conditions.	**We performed the following procedures, amongst others:** We assessed the appropriateness of the valuation method applied in terms of the requirements of IAS 36 *Impairment of Assets*. We performed the below procedures on the key assumptions which included the discount rates, growth rates, working capital requirements and capital expenditure: • We assessed the historical accuracy of management's forecasts. • We agreed the current year and expected future cash flows used in the calculation to historical financial information and the strategic business planning approved by management respectively. • With the assistance of our valuation specialists, we evaluated the growth rates with external market

INDEPENDENT AUDITOR'S REPORT continued

In determining the recoverable amount, the following key assumptions are taken into account: • Discount rate • Growth rates • Working capital requirements • Capital expenditure Given the complexity and sensitivity surrounding these assumptions, the historical impairments recorded in prior years, the available headroom for certain cash-generating units, and the scrutiny of the current economic and market environment, we have classified the impairment assessment of goodwill and indefinite life intangible assets as a key audit matter.	data given the general and sector-specific market expectations. • With the involvement of our valuation specialists, we assessed the reasonability of the discount rate through benchmarking to independent sources as well as industry specific requirements. • We evaluated the reasonability of the working capital and capital expenditure by considering the input required to arrive at the planned outputs of the strategic business plan. • We evaluated the mathematical accuracy of the cash flow forecasts provided by management as well as the net asset value and headroom calculated. • We performed our own sensitivity analysis in order to assess whether the tested book values are still sufficiently covered by the recoverable amounts in case of possible changes in the key assumptions within a realistic range. • We assessed the appropriateness of the disclosure in terms of the requirements of IAS 36.
Key Observations – Goodwill and indefinite life intangible assets impairment assessment Based on the procedures performed over goodwill and indefinite life intangible assets impairment assessment, we did not identify any significant matters requiring further consideration in concluding on our procedures.	

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 210-page document titled: "Metair Investments Limited Integrated Annual Report 2024", which includes the Directors' report and the Certificate by the company secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT continued

statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Metair Investments Limited for 3 years.

Ernst & Young Inc.

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

25 March 2025

102 Rivonia Road
Sandton
Johannesburg

BALANCE SHEETS

AS AT 31 DECEMBER 2024

		GROUP		COMPANY	
	Notes	2024 R'000	2023 R'000	2024 R'000	2023 R'000
ASSETS					
Non-current assets		**4 111 562**	5 867 472	**583 862**	557 629
Property, plant and equipment	7	**2 703 344**	4 078 258		
Intangible assets	8	**28 217**	1 166 971		
Interest in subsidiaries	9			**570 139**	557 629
Loans to associates	25	**960 645**	215 815		
Investment in associates	10	**325 884**	289 982	**13 723**	
Deferred taxation	15	**93 472**	116 446		
Current assets		**5 567 421**	7 241 801	**1 789 359**	1 789 353
Inventory	11	**2 105 469**	3 289 551		
Trade and other receivables	12	**1 715 889**	2 550 042	**33**	
Contract assets	1.2	**545 332**	408 602		
Taxation		**9 294**	22 488		
Short-term loans to subsidiaries	9			**1 787 871**	1 787 871
Derivative financial assets	19.5	**18 927**	2 198		
Cash and cash equivalents	13	**1 172 510**	968 920	**1 455**	1 482
Total assets		**9 678 983**	13 109 273	**2 373 221**	2 346 982
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	26	**1 497 931**	1 497 931	**1 497 931**	1 497 931
Treasury shares	26	**(100 164)**	(106 974)		
Share-based payment reserve	27.1	**38 891**	25 081	**75 758**	63 935
Foreign currency translation reserve	27.2	**277 903**	(1 149 528)		
Equity accounted earnings	27.3	**102 538**	101 059		
Changes in ownership reserve	27.4		(25 215)		
Retained earnings	27.5	**876 810**	5 063 202	**352 399**	326 753
Ordinary shareholders equity		**2 693 909**	5 405 556	**1 926 088**	1 888 619
Non-controlling interests	27.6	**103 131**	127 320		
Total equity		**2 797 040**	5 532 876	**1 926 088**	1 888 619
Non-current liabilities		**643 537**	1 699 840		11 632
Borrowings and financial liabilities	14	**257 357**	1 057 842		11 632
Post-employment benefits	22	**43 022**	63 622		
Deferred taxation	15	**167 649**	393 880		
Deferred grant income	16	**135 405**	131 749		
Provisions for liabilities and charges	17	**40 104**	52 747		
Current liabilities		**6 238 406**	5 876 557	**447 133**	446 731
Trade and other payables (including deferred grant income)	16	**2 229 544**	2 870 256	**1 887**	1 790
Contract liabilities	1.2	**181 704**	47 004		
Borrowings and financial liabilities	14	**3 279 114**	2 384 725	**47 982**	33 317
Taxation		**41 937**	37 313		
Provisions for liabilities and charges	17	**140 086**	126 134		
Short-term loans from subsidiaries	9			**397 264**	411 624
Derivative financial liabilities	19.5	**1 870**	8 820		
Bank overdrafts	13	**364 151**	402 305		
Total liabilities		**6 881 943**	7 576 397	**447 133**	458 363
Total equity and liabilities		**9 678 983**	13 109 273	**2 373 221**	2 346 982

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	GROUP 2024 R'000	GROUP 2023 Represented[1 2] R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
Continuing operations					
Revenue	1	11 819 213	12 055 648		
Cost of sales		(10 367 594)	(10 618 796)		
Gross profit		1 451 619	1 436 852		
Other operating income and dividend income	3	301 552	246 589	36 117	21 331
Distribution expenses		(301 289)	(292 756)		
Administrative and other operating expenses[2]		(965 718)	(705 013)	(6 004)	(6 064)
Impairment reversal/(loss) on financial assets	9,12	18 137	(52 641)	(3 935)	(14 974)
Operating profit before capital items		504 301	633 031	26 178	293
Capital items[2]	3	98 504	(162 263)		
Operating profit	3	602 805	470 768	26 178	293
Interest income	2	122 855	47 568	11	19
Interest expense	2	(344 731)	(303 546)	(550)	(3 346)
Share of results and impairment of associates*	10	31 743	(10 059)		(68 497)
Profit/(loss) before taxation		412 672	204 731	25 639	(71 531)
Taxation	4	(130 794)	(149 859)	7	(2)
Profit/(loss) from continuing operations for the year		281 878	54 872	25 646	(71 533)
(Loss)/profit from discontinued operation	28	(4 436 354)	73 762		
(Loss)/profit for the year		(4 154 476)	128 634	25 646	(71 533)
Attributable to:					
Equity holders of the company:					
Continuing operations		271 922	21 773	25 646	(71 533)
Discontinued operations		(4 436 354)	73 762		
		(4 164 432)	95 535	25 646	(71 533)
Non-controlling interest holders:					
Continuing operations		9 956	33 099		
		9 956	33 099		
Earnings per share from continuing operations					
Basic earnings per share (cents)	5	140	11		
Diluted earnings per share (cents)	5	138	11		

[1] Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).
[2] Capital items have been reclassified and presented separately.
** In line with equity accounting rules (IFRS - IAS 28) the group's share of results of associates excludes Metair's proportionate share of Hesto's post tax equity profit of R68 million (2023: R393 million loss). Refer to note 10.*

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	GROUP 2024 R'000	GROUP 2023 Represented[1] R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
(Loss)/profit for the year		**(4 154 476)**	128 634	**25 646**	(71 533)
Other comprehensive loss:					
Items that will not be reclassified to profit or loss:					
- Remeasurement loss on defined benefit plans	22	**(22 791)**	(23 518)		
- Taxation effect	15	**5 694**	4 649		
		(17 097)	(18 869)		
Items that may be reclassified to profit or loss:					
- Realisation of foreign currency translation differences upon disposal of operation		**908 406**			
- Net exchange differences on translation of foreign operations including the effect of hyperinflation*		**518 882**	297 064		
Other comprehensive income for the year net of taxation		**1 410 191**	278 195		
Attributable to:					
Equity holders of the company		**1 410 316**	277 680		
- Remeasurement loss on defined benefit plans		**(17 115)**	(18 853)		
- Realisation of foreign currency translation differences upon disposal of operation		**908 406**			
- Net exchange differences on translation of foreign operations including the effect of hyperinflation		**519 025**	296 533		
Non-controlling interests	27.6	**(125)**	515		
- Remeasurement gain/(loss) on defined benefit plans		**18**	(16)		
- Net exchange differences on translation of foreign operations		**(143)**	531		
Total comprehensive (loss)/income for the year		**(2 744 285)**	406 829	**25 646**	(71 533)
Attributable to:					
Equity holders of the company:					
Continuing operations		**50 017**	(73 322)		
Discontinued operations		**(2 804 133)**	446 537		
		(2 754 116)	373 215	**25 646**	(71 533)
Non-controlling interests					
Continuing operations	27.6	**9 831**	33 614		
		9 831	33 614		

[1] *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*

* *Foreign currency translation ('FCTR') movements arises on consolidation and consist mainly of foreign exchange losses and gains arising from Mutlu when converting Turkish Lira earnings to Rands and the impact of applying IAS 29 for hyperinflation consequences in Türkiye.*

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

		GROUP						
	Notes	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Attributable to equity holders of the group R'000	Non-controlling interests R'000	Total equity R'000
Year ended 31 December 2024								
Balance as at 1 January 2024	26, 27	**1 497 931**	**(106 974)**	**(1 048 603)**	**5 063 202**	**5 405 556**	**127 320**	**5 532 876**
Net (loss) / profit for the year	27				**(4 164 432)**	**(4 164 432)**	**9 956**	**(4 154 476)**
Realisation of foreign currency translation differences upon disposal of foreign operation				**908 406**		**908 406**		**908 406**
Other comprehensive income/(loss)	27			**519 025**	**(17 115)**	**501 910**	**(125)**	**501 785**
Total comprehensive income for the year	27			**1 427 431**	**(4 181 547)**	**(2 754 116)**	**9 831**	**(2 744 285)**
Employee share option scheme	27.1			**17 615**		**17 615**		**17 615**
Vesting of share-based payment obligation	26, 27.1		**6 810**	**(7 112)**		**(302)**		**(302)**
Transfer of net vesting/forfeiture impact to retained earnings	27.1, 27.5			**3 307**	**(3 366)**	**(59)**	**59**	
Transfer of associate loss and dividend	27.3			**1 479**	**(1 479)**			
Dividend*	27.5						**(34 079)**	**(34 079)**
Foreign currency translation, including the effect of hyperinflation	27.4			**(1 066)**		**(1 066)**		**(1 066)**
Disposal of operation	28			**26 281**		**26 281**		**26 281**
Balance as at 31 December 2024		**1 497 931**	**(100 164)**	**419 332**	**876 810**	**2 693 909**	**103 131**	**2 797 040**
Year ended 31 December 2023								
Balance as at 1 January 2023	26, 27	1 497 931	(106 974)	(1 296 052)	4 972 604	5 067 509	129 986	5 197 495
Net profit for the year	27				95 535	95 535	33 099	128 634
Other comprehensive income/(loss)	27			296 533	(18 853)	277 680	515	278 195
Total comprehensive income/(loss) for the year	27			296 533	76 682	373 215	33 614	406 829
Employee share option scheme	27.1			(32 014)		(32 014)		(32 014)
Vesting of share-based payment obligation	26, 27.1							
Transfer of net vesting/forfeiture impact to retained earnings	27.1, 27.5			(802)	603	(199)	199	
Transfer of associate loss and dividend	27.3			(13 313)	13 313			
Dividend**	27.5						(36 479)	(36 479)
Foreign currency translation, including the effect of hyperinflation	27.4			(2 955)		(2 955)		(2 955)
Balance as at 31 December 2023		1 497 931	(106 974)	(1 048 603)	5 063 202	5 405 556	127 320	5 532 876

* *No dividend was declared or paid in respect of the years ended 31 December 2024 and 31 December 2023.*
R34 million refers to Smiths Manufacturing (Pty) Ltd (Smiths Manufacturing) and Rombat SA dividends paid to minority shareholders.

** *R36 million refers to Smiths Manufacturing (Pty) Ltd (Smiths Manufacturing) and Rombat SA dividends paid to minority shareholders.*

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

		COMPANY					
	Notes	Stated capital R'000	Treasury shares R'000	Share-based payment reserves R'000	Retained earnings R'000	Attributable to equity holders of the company R'000	Total equity R'000
Year ended 31 December 2024							
Balance as at 1 January 2024	26, 27	**1 497 931**		**63 935**	**326 753**	**1 888 619**	**1 888 619**
Net profit for the year	27.5				**25 646**	**25 646**	**25 646**
Total comprehensive profit for the year					**25 646**	**25 646**	**25 646**
Employee share option scheme	27.1			**20 385**		**20 385**	**20 385**
Acquisition of treasury shares from BVI	26		**(8 562)**			**(8 562)**	**(8 562)**
Exercise of share options	27.1		**8 562**	**(8 562)**			
Balance as at 31 December 2024		**1 497 931**		**75 758**	**352 399**	**1 926 088**	**1 926 088**
Year ended 31 December 2023							
Balance as at 1 January 2023	26, 27	1 497 931		90 999	398 286	1 987 216	1 987 216
Net profit for the year	27.5				(71 533)	(71 533)	(71 533)
Total comprehensive income for the year	27				(71 533)	(71 533)	(71 533)
Employee share option scheme	27.1			(27 064)		(27 064)	(27 064)
Acquisition of treasury shares from BVI	26						
Exercise of share options	27.1						
Dividend*	27.5						
Balance as at 31 December 2023		1 497 931		63 935	326 753	1 888 619	1 888 619

* No dividend was declared or paid in respect of the years ended 31 December 2024 and 31 December 2023.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

		GROUP		COMPANY	
	Notes	2024 R'000	2023 R'000	2024 R'000	2023 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(utilised in) operations	18.1	1 483 270	1 156 969	(6 016)	(5 594)
Interest paid	18.4	(1 120 461)	(779 300)		(409)
Taxation (paid)/received	18.2	(191 557)	(235 229)	7	(2)
Dividends paid to non-controlling interests	18.3	(34 079)	(36 479)		
Dividends received from associates	10	30 264	6 047	20 331	
Net cash inflow/(outflow) from operating activities		167 437	112 008	14 322	(6 005)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment (excludes leased assets)	7	(448 726)	(576 101)		
Acquisition of intangible assets	8	(17 047)	(25 073)		
Acquisition of subsidiary net of cash acquired	29	(193 517)			
Proceeds on disposal of subsidiaries net of cash disposed	28	(102 002)			
Loans to related party	25	(685 079)			
Interest received	2	87 133	45 377	11	19
Proceeds on disposal of property, plant and equipment	3, 7	20 023	31 123		
Proceeds on disposal of intangible assets	8	5			
Net cash (outflow)/inflow from investing activities		(1 339 210)	(524 674)	11	19
CASH FLOWS FROM FINANCING ACTIVITIES					
Preference shares repaid	18.7	(840 000)			
Revolving credit facility drawdown	18.7		145 000		
Revolving credit facility repaid	18.7		(125 000)		
Bridge facility drawdown	18.7	1 815 080			
Mutlu and Rombat borrowings repaid	18.7	(1 041 419)	(1 120 122)		
Mutlu and Rombat borrowings raised	18.7	1 681 398	1 357 141		
Lease payments	18.7	(78 006)	(101 601)		
Advances made to subsidiaries	18.5			(14 360)	
Advances received from subsidiaries	18.5				4 077
Utilisation of treasury shares - CGT (gain)/loss	27.1	(302)			
Net cash inflow from financing activities		1 536 751	155 418	(14 360)	4 077
Net increase/(decrease) in cash and cash equivalents		364 978	(257 248)	(27)	(1 909)
Cash and cash equivalents at the beginning of the year		566 615	980 310	1 482	3 391
Exchange loss and hyperinflation effect on cash and cash equivalents		(123 234)	(156 447)		
Cash and cash equivalents at end of the year	13	808 359	566 615	1 455	1 482

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT REPORT AND REVENUE

	GROUP					
	2024			2023 Represented[1] [2]		
	Segment revenue R'000	% of total segment revenue	Segment PBIT R'000	Segment revenue R'000	% of total segment revenue	Segment PBIT R'000
1.1 SEGMENT REVIEW						
Energy storage						
Automotive						
Local	2 353 010	14	216 481	2 216 493	12	162 630
Direct exports	1 938 452	11	83 322	1 608 805	9	80 221
	4 291 462	25	299 803	3 825 298	21	242 851
Industrial						
Local	317 621	2	(103 046)	405 504	2	(27 245)
Direct exports	9 913		(1 308)	8 358		(169)
	327 534	2	(104 354)	413 862	2	(27 414)
Total energy storage	4 618 996	27	195 449	4 239 160	24	215 437
Capital items			44 318			(2 992)
Total energy storage before capital items	4 618 996	27	239 767	4 239 160	24	212 445
Automotive components						
Local						
Original equipment	11 766 473	68	531 010	12 537 745	71	(109 365)
Aftermarket	883 793	5	79 389	925 860	5	63 947
Non-auto	8 765		147	6 597		21
	12 659 031	73	610 546	13 470 202	76	(45 397)
Direct exports						
Original equipment	2 897		1 196	1 067		401
Aftermarket	42 632		11 204	46 554		4 443
	45 529		12 400	47 621		4 844
Total automotive components	12 704 560	73	622 946	13 517 823	76	(40 553)
Capital items			(433)			(13 909)
Total automotive components before capital items	12 704 560		622 513	13 517 823		(54 462)
Total segment results before capital items	17 323 556		862 280	17 756 983		157 983
Reconciling items:						
Managed associate*	(5 504 343)		(257 271)	(5 701 335)		607 580
Amortisation and depreciation arising from business combinations			(3 072)			(4 599)
Other reconciling items**			(97 636)			(127 933)
Total group revenue and operating profit before capital items	11 819 213		504 301	12 055 648		633 031
Li-ion line impairment***			(28 196)			(179 164)
Other Capital items			126 700			16 901
Share of results and impairment of associates			31 743			(10 059)
Profit before interest and taxation			634 548			460 709
Interest income			122 855			47 568
Interest expense			(344 731)			(303 546)
Profit before taxation			412 672			204 731
Included in the above:						
Depreciation and amortisation			(308 024)			(289 847)
- Energy storage			(126 897)			(130 156)
- Automotive components			(181 127)			(159 691)
Impairment charges						
- Energy storage			(80 766)			(180 923)

[1] *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*

[2] *Capital items have been reclassified and presented separately.*

* *The results of Hesto Harnesses Pty (Ltd) ('Hesto') have been included in the segment review at 100%. Metair has a 74.9% equity interest but is responsible for the operational management.*

** *Other reconciling items relate to Metair head office and corporate costs.*

*** *We assessed the value of the Lithium-ion line ('Li-ion') in Romania ('Rombat') to determine whether the investment aligned to future strategic initiatives. Due to rapid changes in cell technology and chemistry, and with the long delays in commissioning, management fully impaired the line by R28 million (2023: R179.2 million). In addition, goodwill in Rombat for R28 million was impaired during the year (note 8).*

NOTES TO THE FINANCIAL STATEMENTS continued

1. SEGMENT REPORT AND REVENUE (continued)

1.1 SEGMENT REVIEW (continued)

Segment information

Segment description and principal activities (on continuing basis)

The group manages an international portfolio of companies that manufacture and supply automotive components and energy storage solutions for local and export automotive and industrial markets. The group's manufacturing locations include South Africa and Romania and exports products directly from these locations into Africa, Middle East and Europe. The executive directors of the group and company are the chief operating decision makers. In order to determine operating and reportable segments, management examines the group's performance from a product, market and sales channel perspective. The reportable segments in the annual report are identical to the operating segments identified. The group's business is managed and analysed in two distinct verticals – the energy storage and the automotive components business units. The reportable segments of these business verticals are identified as follows:

Energy storage vertical – automotive and industrial

The energy storage business consists of the automotive and industrial segments which manufacture products for both local and export markets. First National Battery (South Africa), Rombat (Romania) and Dynamic (United Kingdom) are included in energy storage results. Mutlu (Türkiye) was disposed during the year and presented as a discontinued operation.

Automotive batteries are mainly supplied to the aftermarket through the group's unique distribution channels and retail networks in addition to the supply of batteries to the original equipment manufacturers ('OEMs').

Industrial energy products relate to products sold in the telecoms, utility, mining, retail and materials/product handling sectors.

Automotive components vertical, including exports – original equipment ('OE'), aftermarket and non-automotive

The traditional automotive components business comprises of the following segments which manufacture products for the local and export markets:

- OE;
- aftermarket; and
- non-automotive products.

OE involves the manufacture and distribution of components used in the assembly of new vehicles for OEM customers. Supply is linked to a particular vehicle model as the group benefits from long industry product life cycles. Aftermarket involves the manufacture and distribution of components used to service vehicles produced by local OEMs as well as generic parts for imported vehicles.

This creates the opportunity for the group to supply products to owners of vehicles throughout its life cycle. Non-automotive markets include manufacture and distribution of products mostly related to industrial and utility sectors.

Automotive components products include coil and leaf springs, headlights, wiring harnesses and cable, air-conditioning, radiators, climate control systems, shock absorbers, plastic injection mouldings and brake pads. The businesses of Smiths Manufacturing, Automould and Auto Plastics, Supreme Spring and ATE, Lumotech, Unitrade and Hesto form the automotive components business vertical.

Basis of measurement

The executive directors assess the performance of these operating segments based on operating profit, or profit before interest and tax ('PBIT'), which includes reported depreciation, amortisation as well as impairment charges. PBIT also includes the results of the managed associate (Hesto) but excludes the results of other associates.

Interest income and expenses are not allocated to segments and amortisation of intangible assets arising from business combinations are also excluded. The amounts provided to the executive directors do not include regular measures of segment assets and liabilities and have therefore not been disclosed. Revenue from external parties reported to the executive directors is measured in a manner consistent with that in the income statement. All segment revenues include those from external customers arising from the sales of goods. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

1. SEGMENT REPORT AND REVENUE (continued)

1.1 SEGMENT REVIEW (continued)

Entity-wide information

Major customers

29% (2023: 34%) of total group revenue arises from sales to a single external major customer of the group. 68% (2023: 71%) specifically arises in the local OE segments of the automotive components vertical.

Geographical information

The group is domiciled in South Africa. Revenue from South African operations (including Hesto) was R14 820 million (2023: R15 674 million) and R2 504 million (2023: R2 083 million) from Europe and the Middle East ('EME'). EME domiciled operations predominantly consists of Romania.

Non-current assets

Non-current assets (excluding deferred tax assets) amounted to R4 018 million (2023: R5 751 million) of which R1 149 million (2023: R3 528 million) relates to foreign operations. Goodwill of RNil (2023: R 608 million) is fully allocated to the energy storage vertical and arose from the acquisition of Mutlu and Rombat. Goodwill is tested for impairment; details can be found in note 8 – Intangible assets.

1.2 REVENUE

A. Revenue streams

The group generates revenue primarily from the sale of automotive components (car parts), automotive batteries and industrial products to its customers. The group currently has two distinct business verticals, energy storage and automotive components. The group's segment report (note 1.1 above) provides further information about the group's products, markets and revenue streams.

	GROUP	
	2024 R'000	2023 Represented R'000
Revenue from contracts with customers	**11 819 213**	12 055 648

B. Disaggregation of revenue

The 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. The tables also include a reconciliation with segmented revenue.

	GROUP					
	2024			2023 Represented[1]		
TOTAL GROUP	Revenue as reported R'000	Managed associate R'000	Total segment revenue R'000	Revenue as reported R'000	Managed associate R'000	Total segment revenue R'000
Primary geographical markets						
South Africa	**9 315 364**	**5 504 344**	**14 819 708**	9 972 575	5 701 335	15 673 910
UK	**106 027**		**106 027**	108 218		108 218
Romania	**2 397 822**		**2 397 822**	1 974 855		1 974 855
	11 819 213	**5 504 344**	**17 323 557**	12 055 648	5 701 335	17 756 983
Major product and service lines						
Automotive batteries	**4 291 462**		**4 291 462**	3 825 298		3 825 298
Automotive components and car parts	**6 986 076**	**5 504 344**	**12 490 420**	7 709 775	5 701 335	13 411 110
Automotive customer tooling	**205 376**		**205 376**	100 116		100 116
Industrial and non-automotive products	**336 299**		**336 299**	420 459		420 459
	11 819 213	**5 504 344**	**17 323 557**	12 055 648	5 701 335	17 756 983
Timing of revenue recognition						
Products transferred at a point in time	**6 120 310**	**248 464**	**6 368 774**	5 688 851	382 479	6 071 330
Products and services transferred over time	**5 698 903**	**5 255 880**	**10 954 783**	6 366 797	5 318 856	11 685 653
	11 819 213	**5 504 344**	**17 323 557**	12 055 648	5 701 335	17 756 983

[1] *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*

NOTES TO THE FINANCIAL STATEMENTS continued

1. SEGMENT REPORT AND REVENUE (continued)

1.2 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	Direct export R'000
2024					
Primary geographical markets					
South Africa	**2 115 147**	**1 485 783**	**301 830**	**317 621**	**9 913**
UK	**106 027**	**106 027**			
Romania	**2 397 822**	**761 200**	**1 636 622**		
	4 618 996	**2 353 010**	**1 938 452**	**317 621**	**9 913**
Major product and service lines					
Automotive batteries	**4 291 462**	**2 353 010**	**1 938 452**		
Industrial batteries	**327 534**			**317 621**	**9 913**
	4 618 996	**2 353 010**	**1 938 452**	**317 621**	**9 913**
Timing of revenue recognition					
Products transferred at a point in time	**4 618 996**	**2 353 010**	**1 938 452**	**317 621**	**9 913**
2023*					
Primary geographical markets					
South Africa	2 156 087	1 514 722	272 460	360 547	8 358
UK	108 218	63 261		44 957	
Romania	1 974 855	638 510	1 336 345		
	4 239 160	2 216 493	1 608 805	405 504	8 358
Major product and service lines					
Automotive batteries	3 825 298	2 216 493	1 608 805		
Industrial batteries	413 862			405 504	8 358
	4 239 160	2 216 493	1 608 805	405 504	8 358
Timing of revenue recognition					
Products transferred at a point in time	4 239 160	2 216 493	1 608 805	405 504	8 358

* *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*

1. SEGMENT REPORT AND REVENUE (continued)

1.2 REVENUE (continued)

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

		Reportable segments			
		Local		Direct export	
AUTOMOTIVE COMPONENTS VERTICAL	Total revenue R'000	Original equipment R'000	Aftermarket and non-auto R'000	Original equipment R'000	Aftermarket R'000
2024					
Primary geographical markets					
South Africa	**7 200 217**	**6 510 594**	**644 094**	**2 897**	**42 632**
	7 200 217	**6 510 594**	**644 094**	**2 897**	**42 632**
Major product and service lines					
Automotive components and parts	**6 986 076**	**6 305 219**	**635 328**	**2 897**	**42 632**
Customer tooling services	**205 375**	**205 375**			
Non-automotive products	**8 766**		**8 766**		
	7 200 217	**6 510 594**	**644 094**	**2 897**	**42 632**
Timing of revenue recognition					
Products transferred at a point in time	**1 501 314**	**1 205 310**	**250 487**	**2 897**	**42 620**
Products and services transferred over time	**5 698 903**	**5 305 284**	**393 607**		**12**
	7 200 217	**6 510 594**	**644 094**	**2 897**	**42 632**
2023					
Primary geographical markets					
South Africa	7 816 488	7 218 889	549 979	1 066	46 554
	7 816 488	7 218 889	549 979	1 066	46 554
Major product and service lines					
Automotive components and parts	7 709 774	7 118 773	543 381	1 066	46 554
Customer tooling services	100 116	100 116			
Non-automotive products	6 598		6 598		
	7 816 488	7 218 889	549 979	1 066	46 554
Timing of revenue recognition					
Products transferred at a point in time	1 449 691	1 215 566	187 552	1 066	45 507
Products and services transferred over time	6 366 797	6 003 323	362 427		1 047
	7 816 488	7 218 889	549 979	1 066	46 554

C. Contract balances

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

	GROUP	
	31 Dec 2024 R'000	31 Dec 2023 R'000
Contract assets*	545 332	408 602
Contract liabilities	181 704	47 004

* *Any unconditional rights to consideration are presented separately as a receivable. A right to consideration is 'unconditional' if only the passage of time is required before payment is due. Although the group has an enforceable right to payment for performance completed to date (i.e., Automotive parts completed but not delivered) it does not necessarily have a present unconditional right to consideration until goods are actually delivered and invoiced to the customer. Expected credit losses on contract assets are immaterial.*

NOTES TO THE FINANCIAL STATEMENTS continued

CONTINUED

1. SEGMENT REPORT AND REVENUE (continued)

1.2 REVENUE (continued)

C. Contract balances (continued)

C.1 Significant changes in contract assets and liabilities

Contract assets relate primarily to the group's rights to consideration for work completed and committed to date on automotive components and tooling, but not billed at the reporting date. These contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the goods have been delivered and invoiced, and accepted by the customer. The associated finished goods, work in progress and materials have been de-recognised within cost of sales.

Contract liabilities primarily relate to advances received from customers for tooling and is invoiced as per specific contractual arrangements.

Rebates and discounts payable for R8.3 million (2023: R25.6 million), as well as refund liabilities for R14.9 million (2023: R12.3 million) are included within trade and other payables (note 16).

The significant changes in the contract assets and the contract liabilities during the period are reconciled in the tables below:

	GROUP			
	2024		2023	
	Contract assets R'000	Contract liabilities R'000	Contract assets R'000	Contract liabilities R'000
Opening balances at 1 January	**408 602**	**(47 004)**	620 069	(11 775)
Tooling activities concluded	**(4 478)**	**10 026**	(6 209)	1 541
Increases due to cash received excluding amounts recognised as revenue during the period		**(144 726)**		(36 770)
Transfers from contract assets to receivables (manufactured goods now invoiced)	**(404 124)**		(613 860)	
Work completed but not yet invoiced during the year	**545 332**		408 602	
Closing balances at 31 December	**545 332**	**(181 704)**	408 602	(47 004)

The major movements relate to increases in revenue recognised from changes in the levels of finished goods, work in progress and materials in respect of automotive components for OEM customers.

C.2 Revenue recognised in relation to previous periods

Revenue of R12.3 million (2023: R14.3 million) relating to certain distributor arrangements was recognised in the current year from performance obligations satisfied (or partially satisfied) in previous periods. The arrangement is treated as a sale with a right to return, a form of variable consideration. A refund liability (payables - note 16) and right to recover goods (inventory - note 11) are recognised.

1. SEGMENT REPORT AND REVENUE (continued)

1.2 REVENUE (continued)

C. Contract balances (continued)

C.3 Transaction price allocated to remaining performance obligations

The group's performance obligations are short term in nature. Purchase orders are received for daily car builds and ordering commitments, from OEMs, do not exceed 3 months in general. Tooling contracts in progress have a duration of not more than one year at reporting date. Therefore, no information is provided about remaining performance obligations at 31 December that have an original expected duration of one year or less, as allowed by IFRS 15.

As a result of the battery distributor arrangement (refer C.2 above), revenue of R12.3 million has been deferred or constrained until 2025. Similarly, in 2023 R14.3 million was deferred and recognised during the current year.

C.4 Contract costs

Incremental costs incurred to satisfy new contracts or obligation are assessed for capitalisation under IFRS 15. The 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 IFRS as these costs would have been incurred regardless of whether the contract is obtained. Costs to fulfil contracts in progress form part of inventory. The 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 group generates its revenue. The full revenue accounting policies can be found within the group's overall accounting policies.

NOTES TO THE FINANCIAL STATEMENTS continued

1. SEGMENT REPORT AND REVENUE (continued)

1.2 REVENUE (continued)

D. Performance obligations and summary of revenue recognition policies (continued)

Automotive components	
Products and services	**Nature, timing of satisfaction of performance obligations and significant payment terms**
Automotive components	Under our arrangements with OEMs, customers control all work in progress as their parts are being built. Revenue is recognised progressively (over time) and includes parts to be delivered (on hand), but entitled to be invoiced. For finished goods, revenue is recognised based on an 'entitled to invoice' method as selling price is known and fixed until annual pricing reviews. For work in progress and specific materials, these are based on costs incurred to date plus an appropriate mark up. Payment terms are normally 30, 45 and 60 days from invoice following actual delivery of the part. The entitlement to consideration is recognised as a contract asset and transferred to receivables when the entitlement to payment becomes unconditional (upon delivery and acceptance of parts).
OEM customer tooling	Revenue for tooling services is recognised progressively based on costs incurred to date (input method). Revenue is recognised on a gross basis (as principal) even though the production of the tooling is normally outsourced to third party tool-makers. Payment terms are usually based on specified instalments over the duration of the contract or construction of the tool.
Customer options (material rights)	Lifetime price reductions for future goods, which result in a material right for a customer, are separated and a portion of revenue (the sales price) is only allocated when those future goods are transferred.
Other (non-OEM) products	Under other revenue streams other than OEMs, customers do not take control of the products until delivered. Revenue is recognised upon formal acceptance of the product, including risks and rewards of ownership. Payment is on 30-day terms.
Warranty	All contracts include standard warranty clauses to guarantee that products comply with agreed specifications. Warranty provisions are recognised by the group. There are no extended warranties.
Financing components	The 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 group does not adjust any of the transaction prices for the time value of money. Payment terms are within industry norms.

Energy storage	
Products and services	**Nature, timing of satisfaction of performance obligations and significant payment terms**
Automotive batteries	The 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 group. There are no extended warranties.
Financing components	The 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 group does not adjust any of the transaction prices for the time value of money. Payment terms are within industry norms.

		GROUP		COMPANY	
		2024	2023 Represented[1] [2]	2024	2023
		R'000	R'000	R'000	R'000
2.	**NET FINANCE COSTS**				
	Interest income				
	Bank deposits	55 763	23 685	11	19
	Related party loans	66 650	23 541		
	Other	442	342		
		122 855	47 568	11	19
	Interest expense				
	Bank borrowings and overdraft	(238 550)	(197 847)		(409)
	Leases and instalment sale arrangements	(33 814)	(29 379)		
	Dividend on redeemable preference shares	(65 617)	(65 569)		
	Defined employee benefits schemes and other	(6 750)	(10 751)	(550)	(2 937)
		(344 731)	(303 546)	(550)	(3 346)
	Net finance expense	(221 876)	(255 978)	(539)	(3 327)
	Interest is recognised as it accrues in profit or loss using the effective interest method.				
3.	**OPERATING PROFIT**				
	Operating profit is stated after taking into account the following:				
	Other operating income and dividend income				
	Dividend income from associates (unlisted)			20 331	
	Management fees received	20 835	19 065		
	Government grants	154 785	160 279		
	Bad debts recovered	251	11		
	Rent received	3 413	4 053		
	Derivatives at fair value through profit or loss:				
	- Fair value gain/(loss) - FECs	15 068	(1 329)		
	Amortisation of financial guarantee obligation	23 217	21 331	15 784	21 331
	Insurance claims on business interruption		1 661		
	Sundry income	83 983	41 518	2	
		301 552	246 589	36 117	21 331

[1] *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*

[2] *Capital items have been reclassified and represented separately.*

NOTES TO THE FINANCIAL STATEMENTS continued

		GROUP		COMPANY	
		2024	2023 Represented[1] [2]	2024	2023
		R'000	R'000	R'000	R'000
3.	**OPERATING PROFIT (continued)**				
	Expenses by nature				
	Auditors' remuneration:				
	- Audit fees and disbursements	18 349	13 151	911	1 641
	- Non-audit assurance services	2 275	1 477		
	- Non-audit non-assurance services	1 481	688		
	Depreciation and amortisation (notes 7 and 8)	308 024	289 847		
	Lease charges (note 7)	51 245	46 212		
	Impairment (gain)/loss on financial assets (notes 9 and 12)	(18 137)	52 641	3 935	14 974
	Managerial, technical service and professional fees	108 473	99 809		
	Foreign exchange losses/(gains)	28 954	(37 830)	(78)	(411)
	Sales and marketing	49 338	50 610		
	Transport and distribution costs	215 094	186 030		
	Raw materials, consumables used and production overheads	8 435 765	8 664 214		
	Insurance premiums	46 204	32 679		
	Employee benefit expense	2 267 568	2 208 619	3 401	3 518
	Administrative and other expenses	101 831	61 060	1 364	1 316
	Total cost of sales, distribution expenses, administrative and other operating expenses	11 616 464	11 669 207	9 533	21 038
	Capital items - expense/(income)				
	Impairment of property, plant and equipment (Note 7)		1 759		
	Impairment of Li-ion line (Note 7)	28 196	179 164		
	Impairment Goodwill (Note 8)	52 570			
	Loss/(profit) on disposal of property, plant and equipment	15 689	(18 660)		
	Gain on bargain purchase (Note 29)	(194 959)			
		(98 504)	162 263		
	Employee benefit expense				
	Wages, salaries and directors' fees	2 001 364	2 011 363	3 401	3 518
	Share-based payment expense/(reversal)	20 385	(27 064)		
	Termination benefits	6 892	1 185		
	Social security costs	117 750	108 451		
	Pension costs - defined contribution plans (note 22.3)	116 065	109 882		
	Post-employment medical aid benefits (note 22.1)	5 112	4 802		
		2 267 568	2 208 619	3 401	3 518
	Number of persons employed by the group at the end of the year[3]				
	Hourly	3 243	4 411		
	Monthly	2 017	2 182		
		5 260	6 593		
	Directors' emoluments				
	Executive directors				
	Salaries and allowances	21 034	17 270	21 034	17 270
	Other benefits	589	855	589	855
		21 623	18 125	21 623	18 125
	Paid by subsidiary companies			(21 623)	(18 125)
	Non-executive directors	10 008	7 639	3 401	3 175
	Fees	10 008	7 639	10 008	7 639
	Paid by subsidiary companies			(6 607)	(4 464)

[1] *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*
[2] *Capital items have been reclassified and represented separately.*
[3] *2024 total number of employees excludes AutoZone (1 310 employees), Hesto and Mutlu.*
2023 total number of employees excludes Hesto.

3. OPERATING PROFIT (continued)

Directors' emoluments (continued)

	COMPANY					
	2024			2023		
	PS O'Flaherty[4] R'000	A Jogia R'000	S Douwenga R'000	R Haffejee[1] R'000	S Douwenga[2] R'000	A Jogia[3] R'000
Executive directors						
Salaries and allowances	6 925	6 145	2 497	3 317	7 279	3 291
Performance bonuses (based on previous year 2023 & 2022)		2 400	3 067	2 123	1 260	
Pension and provident fund contributions		399	33	139	350	184
Company contributions	54	56	9	29	105	48
Gain on the exercise of share options		38				
	6 979	9 038	5 606	5 608	8 994	3 523
Paid by subsidiary companies	(6 979)	(9 038)	(5 606)	(5 608)	(8 994)	(3 523)

	COMPANY					
	2024			2023		
	Net R'000	Fees R'000	Paid by subsidiary companies R'000	Net R'000	Fees R'000	Paid by subsidiary companies R'000
Non-executive directors						
TN Mgoduso	851	1 752	(901)	752	1 586	(834)
B Mawasha	425	1 577	(1 152)	401	1 013	(612)
PH Giliam	425	1 414	(989)	402	976	(574)
N Medupe	425	1 344	(919)	217	554	(337)
NL Mkhondo	425	1 389	(964)	401	1 241	(840)
MN Muell	425	1 496	(1 071)	401	1 143	(742)
AK Sithebe	425	1 036	(611)	401	740	(339)
B Mathews				100	219	(119)
CMD Flemming				100	167	(67)
	3 401	10 008	(6 607)	3 175	7 639	(4 464)

Information regarding share awards/share options granted to executive directors of Metair can be found in note 26.1.

[1] Mr Haffejee resigned as CEO in March 2023.

[2] Mr Douwenga acted as CEO for three months from March 2023 to May 2023. He was appointed as permanent CEO from 31 May but resigned on 31 January 2024.

[3] Mr Jogia was appointed as acting CFO from 1 March 2023. He was appointed as permanent CFO from 31 May 2023.

[4] Mr O'Flaherty was appointed as CEO from 1 February 2024.

NOTES TO THE FINANCIAL STATEMENTS continued

		GROUP		COMPANY	
		2024	2023 Represented[1]	2024	2023
		R'000	R'000	R'000	R'000
4.	**TAXATION**				
	Normal taxation				2
	Current:				
	- Current year	147 203	150 421	6	2
	- Adjustments in respect of the prior year	147	3 357	(13)	
	Deferred:				
	- Current year	(18 755)	(4 300)		
	- Adjustments in respect of the prior year	1 685	198		
	- Rate change		159		
	Dividend withholding taxes	514	24		
		130 794	149 859	(7)	2
		%	%	%	%
	Reconciliation of taxation rate:				
	Standard rate - South Africa	27.0	27.0	27.0	27.0
	Effect of change in taxation rate	5.3	0.1		
	Associates' results net of taxation	(2.1)	1.0		
	Associates' impairment		0.4		
	Prior year under provision	0.5	1.7		
	- Current	0.1	1.6		
	- Deferred	0.4	0.1		
	Non-deductible expenses	13.1	49.0	(27.0)	(35.2)
	- Non-deductible expenses for preference dividends	4.3	8.6		
	- Non-deductible expenses for interest and fees	2.3	1.3		
	- Non-deductible expenses on corporate and legal costs	2.9	18.5	11.0	(35.2)
	- Non-deductible expenses on Li-ion line impairment	1.1	14.0		
	- Non-deductible expenses on goodwill impairment	2.4			
	- Other disallowable expenses for tax purposes	0.1	6.6		
	Foreign dividend withholding/other taxes	(0.1)			
	Taxation losses for which no deferred taxation asset was recognised	2.3			
	Utilisation of previously unrecognised tax losses		(0.7)		
	Other non taxable income	(2.6)	(3.1)	(38.0)	8.2
	Research and development tax credits	(0.3)	(0.7)		
	Learnership allowances	(0.4)	(1.1)		
	Exempt income - bargain purchase	(12.8)			
	Foreign tax rate difference	1.8	(0.4)		
	Effective rate	31.7	73.2		
	Corporate income tax rate ('CIT') substantially enacted, effective at	2024	2023	2024	2023
	31 December and utilized for determining taxation is as follows:	%	%	%	%
	South Africa	27	27	27	27
	Romania[2]	16	16		
	United Kingdom	19	19		

[1] *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*

[2] *The Romanian tax charge is based on the higher of 1% on turnover and 16% of taxable income. Rombat's tax charge is therefore R22 million, at an effective rate of 89% for the year.*

Estimated assessed tax losses which can be carried forward into future years and set off against future taxable income amounted to R879 million (2023: R537 million). Although balances are not lost, utilisation of assessed losses are limited to 80% of taxable income in South Africa. The group did not recognise deferred tax assets of R134 million (2023: R47 million), related to a portion of tax losses, as the utilisation for set off is not probable.

The tax effects relating to items of other comprehensive income are disclosed in notes 15 and 27.

	GROUP	
	2024	2023 Represented[1]
5. EARNINGS/(LOSS) PER SHARE		
Basic (loss)/earnings per share represents the income in cents attributable to equity holders of the company, based on the group's attributable profit or loss from ordinary activities divided by the weighted average number of shares in issue during the year, excluding treasury shares.		
Basic (loss)/earnings per share - Group	(2 146)	49
Basic earnings per share - Continuing operations	140	11
Headline earnings/(loss) per share represents the income in cents attributable to equity holders of the company, based on the group's attributable profit or loss from ordinary activities, adjusted as required by SAICA Circular 1/2023 and the JSE Limited, divided by the weighted average number of shares in issue during the year excluding treasury shares.		
Basic headline (loss)/earnings per share - Group	(203)	135
Basic headline earnings per share - Continuing operations	89	98
Diluted earnings per share		
Diluted (loss)/earnings per share (cents) - Group	(2 117)	48.3
Diluted headline (loss)/earnings per share (cents) - Group	(201)	132.7
Diluted earnings per share (cents) - Continuing operations	138	11
Diluted headline earnings per share (cents) - Continuing operations	88	96

[1] *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*

For the diluted earnings/(loss) per share calculation, the weighted average number of ordinary shares outstanding is adjusted to take into account all dilutive potential ordinary shares. The company has one category of potential dilutive ordinary shares: Share options. The number of shares taken into account is determined by taking the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share options and awards. This calculation is done to determine the 'purchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution.

	GROUP			
Reconciliation between basic and headline earnings/(loss) (and cents per share)	2024 R'000	Earnings per share 2024 cents	Represented[1] 2023 R'000	Earnings per share Represented[1] 2023 cents
Net (loss)/profit attributable to ordinary shareholders	(4 164 432)	(2 145.6)	95 535	49.3
Loss/(profit) on disposal of property, plant and equipment	14 666	7.6	(15 273)	(7.9)
Gross amount	15 689		(19 697)	
Taxation effect	(1 023)		4 424	
Impairment of property, plant and equipment	36 874	19.0	179 420	92.6
Gross amount	36 874		180 923	
Taxation effect			(475)	
Non-controlling interest effect			(1 028)	
Impairment of associate			2 793	1.4
Gross amount			2 793	
Loss on disposal of Mutlu	3 860 829	1 989.2		
Gross amount	3 860 829			
Impairment of Goodwill	52 570	27.1		
Gross amount	52 570			
Gain from bargain purchase	(194 959)	(100.4)		
Gross amount	(194 959)			
Headline (loss)/earnings	(394 452)	(203.2)	262 475	135.4
Weighted average number of shares in issue ('000)	194 094		193 770	

[1] *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*

NOTES TO THE FINANCIAL STATEMENTS continued

5. EARNINGS/(LOSS) PER SHARE (continued)

Reconciliation between basic and headline earnings/(loss) (and cents per share) from continuing operations	GROUP 2024 R'000	Earnings per share 2024 cents	Restated[1] 2023 R'000	Earnings per share Restated[1] 2023 cents
Earnings per share				
Net profit attributable to ordinary shareholders from continuing operations	271 922	140.1	21 773	11.2
Loss/(profit) on disposal of property, plant and equipment	14 666	7.6	(14 495)	(7.5)
Gross amount	15 689		(18 660)	
Taxation effect	(1 023)		4 165	
Impairment of property, plant and equipment	28 196	14.5	179 420	92.6
Gross amount	28 196		180 923	
NCI effect			(475)	
Taxation effect			(1 028)	
Impairment of Goodwill	52 570	27.1		
Gross amount	52 570			
Impairment of associate			2 793	1.4
Gross amount			2 793	
Gain from bargain purchase	(194 959)	(100.4)		
Gross amount	(194 959)			
Headline earnings from continuing operations	172 395	88.8	189 491	97.8
Diluted earnings per share				
Net (loss)/profit attributable to ordinary shareholders	(4 164 432)	(2 117.0)	95 535	48.3
Net profit attributable to ordinary shareholders from continuing operations	271 922	138.2	21 773	11.0
Number of shares used for diluted earnings per share calculation ('000)	196 711		197 831	
Diluted headline earnings per share				
Headline (loss)/earnings from Group	(394 452)	(200.5)	262 475	132.7
Headline earnings from continuing operations	172 395	87.6	189 491	95.8
Number of shares used for diluted earnings per share calculation ('000)	196 711		197 831	
Weighted average number of shares in issue ('000)	(194 094)		(193 770)	
Adjustment for dilutive share options ('000)	2 617		4 061	

[1] *Comparative information has been represented for the classification of Mutlu as a discontinued operation (note 28).*

	GROUP 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
6. DIVIDENDS				
No ordinary dividend was declared or paid in 2024 (2023: R Nil)				

		GROUP				
		Land and buildings* R'000	Plant, machinery and equipment* R'000	Vehicles and furniture fittings** R'000	Right-of-use assets R'000	Total R'000
7.	**PROPERTY, PLANT AND EQUIPMENT**					
	2024					
	At cost	**885 956**	**4 129 711**	**258 274**	**628 385**	**5 902 326**
	Less: Accumulated depreciation and impairment	**(273 887)**	**(2 246 484)**	**(165 332)**	**(513 279)**	**(3 198 982)**
		612 069	**1 883 227**	**92 942**	**115 106**	**2 703 344**
	2023					
	At cost	1 749 765	4 996 486	353 479	202 724	7 302 454
	Less: Accumulated depreciation and impairment	(244 170)	(2 657 188)	(193 857)	(128 981)	(3 224 196)
		1 505 595	2 339 298	159 622	73 743	4 078 258
	Reconciliation of movement:					
	Year ended 31 December 2024					
	Opening net book value	**1 505 595**	**2 339 298**	**159 622**	**73 743**	**4 078 258**
	Acquisition of subsidiary	**20 147**	**3 929**	**35 709**	**80 061**	**139 846**
	Transfers***	**50 548**	**(57 749)**	**7 201**		
	Additions	**17 478**	**417 146**	**14 102**	**35 078**	**483 804**
	Disposals	**(6 176)**	**(20 793)**	**(662)**	**(8 081)**	**(35 712)**
	Disposal of operation	**(1 119 132)**	**(556 020)**	**(93 378)**	**(23 872)**	**(1 792 402)**
	Depreciation	**(35 815)**	**(288 450)**	**(47 094)**	**(48 847)**	**(420 206)**
	Impairment		**(36 874)**			**(36 874)**
	Foreign currency translation, including the effect of hyperinflation	**179 424**	**82 740**	**17 442**	**7 024**	**286 630**
	Closing net book value	**612 069**	**1 883 227**	**92 942**	**115 106**	**2 703 344**
	Year ended 31 December 2023					
	Opening net book value	1 291 597	2 286 464	129 287	63 426	3 770 774
	Transfers*	110 160	(145 654)	35 494		
	Additions	17 212	534 864	24 025	54 523	630 624
	Disposals	(5 799)	(5 401)	(226)		(11 426)
	Depreciation	(30 046)	(278 115)	(42 430)	(45 615)	(396 206)
	Impairment		(180 923)			(180 923)
	Foreign currency translation, including the effect of hyperinflation	122 471	128 063	13 472	1 409	265 415
	Closing net book value	1 505 595	2 339 298	159 622	73 743	4 078 258

* Includes assets under construction.

** The carrying value of vehicles is R26 million (2023: R14 million), the carrying value of furniture and fittings is R67 million (2023: 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 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.

Property, plant and equipment amounting to R94.4 million (2023: R94.6 million) are encumbered as security by Rombat for bank overdraft facilities provided to Rombat.

Capital expenditure of R484 million (2023: R631 million) includes instalment sale and leases liabilities for R35 million (2023: R55 million).

Depreciation for total operations is allocated to cost of sales for R332.5 million (2023: R315.7 million); distribution costs for R15.3 million (2023: R15.9 million); and administrative expenses for R72.3 million (2023: R64.6 million) in the income statement. Depreciation from continuing operations amounted to R296.4 million (2023: R279.3 million).

The R37 million impairment raised during the current year relates to the groups Li-ion line and is included in assets under construction. R28.2 million of the impairment relates to Rombat. The recoverable amount of the Lithium-ion line ('Li-ion') in Romania ('Rombat') was assessed with reference to its value in use by determining whether the investment aligned to future initiatives. Due to rapid changes in cell technology and chemistry, and with the long delays in commissioning, management fully impaired the line by R28.2 million (2023: R179.2 million). The remaining R8.6 million impairment relates to Mutlu who also invested in the Li-ion project.

NOTES TO THE FINANCIAL STATEMENTS continued

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Assets under construction are included as follows:

	GROUP	
	2024 R'000	2023 R'000
Land and buildings	36 079	34 971
Plant, machinery and equipment	310 735	448 754

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

	GROUP	
	31 Dec 2024 R'000	31 Dec 2023 R'000
Land and buildings (Property)	86 932	17 948
Machinery, forklifts and factory equipment	21 246	16 393
Vehicles	6 927	39 403
	115 105	73 744

Lease rentals amounting to R24.2 million (2023: R16.5 million) relating to property and R27.0 million (2023: R29.7 million) relating to equipment are included in the income statement. These leases are short term and/or leases of low value items and are not capitalised. Equipment comprises mainly of IT and administrative equipment.

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

	GROUP	
	2024 R'000	2023 R'000
Interest on lease liabilities (included in finance costs)	12 608	10 058
Expenses relating to short term leases	47 790	43 888
Expenses relating to leases of low value assets that are not short term leases	3 455	2 324
Depreciation charges on right of use assets:		
- Property	21 705	23 378
- Machinery, forklifts and equipment	8 326	7 790
- Vehicles	18 816	14 447

The total cash outflow for leases was R129.3 million (2023: R147.8 million).

Summary of the group's leasing activities:

The 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.

Group companies own most of their properties other than ATE, AutoZone and Rombat's Li-ion facility. ATE leases property in Benoni, South Africa, from which it operates. Annual rentals amounted to R10 million (2023: R9.7 million), with escalations of 8% per annum. No covenants are imposed on the lease.

Rombat leases property in Bucharest, Romania, from which it carries out its Li-Ion cell manufacturing. Operations commenced in November 2019 and the lease term is for 5 years. Annual lease rentals are EUR230 000 (2023: EUR276 000) and there are no escalations. The lease terminated in October 2024 and was not renewed.

AutoZone, which was acquired during the current year, refer to 29, leases several buildings for the use as their branches. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The average lease term is typically 3 years. Annual lease payments range from R180 000 to R11.3 million.

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 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 14).

		GROUP						
		Goodwill R'000	Trade-marks R'000	Licences R'000	Brands R'000	Customer relation-ship R'000	Computer software Research & develop-ment costs R'000	Total R'000
8.	**INTANGIBLE ASSETS**							
	2024							
	At cost	**70 067**	**49 708**	**21 688**	**11 795**	**5 802**	**36 415**	**195 475**
	Less: Accumulated amortisation and impairment	**(70 067)**	**(42 522)**	**(17 297)**	**(7 874)**	**(5 802)**	**(23 696)**	**(167 258)**
			7 186	**4 391**	**3 921**		**12 719**	**28 217**
	2023							
	At cost	625 408	66 079	46 322	435 682	231 263	138 645	1 543 399
	Less: Accumulated amortisation and impairment	(17 797)	(40 689)	(24 877)	(57 676)	(157 362)	(78 027)	(376 428)
		607 611	25 390	21 445	378 006	73 901	60 618	1 166 971
	Reconciliation of movement:							
	Year ended 31 December 2024							
	Opening net book value	**607 611**	**25 390**	**21 445**	**378 006**	**73 901**	**60 618**	**1 166 971**
	Additions			**234**			**16 813**	**17 047**
	Disposals						**(5)**	**(5)**
	Amortisation		**(3 270)**	**(6 172)**	**(5 913)**	**(16 402)**	**(18 652)**	**(50 409)**
	Disposal of operation	**(682 492)**	**(17 403)**	**(14 194)**	**(440 709)**	**(71 847)**	**(56 483)**	**(1 283 128)**
	Foreign currency translation including the effect of hyperinflation	**127 451**	**2 469**	**3 078**	**72 537**	**14 348**	**10 428**	**230 311**
	Impairment charge	**(52 570)**						**(52 570)**
	Closing net book value		**7 186**	**4 391**	**3 921**		**12 719**	**28 217**
	Year ended 31 December 2023							
	Opening net book value	525 941	25 547	16 428	339 102	78 512	54 320	1 039 850
	Additions			7 418	2 378		15 277	25 073
	Amortisation		(3 320)	(3 678)	(7 836)	(15 031)	(14 441)	(44 306)
	Foreign currency translation including the effect of hyperinflation	81 670	3 163	1 277	44 362	10 420	5 462	146 354
	Closing net book value	607 611	25 390	21 445	378 006	73 901	60 618	1 166 971

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. As referred to in note 28, the disposal of the Mutlu Group resulted in a decline in intangible assets from R1.2 billion in 2023 to R28 million.

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 R28 million (2023: R24.9 million) is included within cost of sales and R23 million (2023: R19.4 million) within administration expenses in the income statement. Amortisation on finite intangible assets included in continued operations amounts to R11.6 million (2023: R10.5 million) and from discontinued operations R38.9 million (2023: 33.9 million).

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).

Research and development for the year amounted to R29 million (2023: R22 million) and is included in discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS continued

8. INTANGIBLE ASSETS (continued)

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

	Opening net book value R'000	Hyperinflation current year impact R'000	Foreign Currency translation R'000	Impairment R'000	Disposal of Mutlu group R'000	Closing net book value R'000
2024						
Goodwill						
- Rombat SA	**53 758**		**(1 188)**	**(52 570)**		
- Mutlu	**553 853**	**237 828**	**(109 189)**		**(682 492)**	
Brands						
- Mutlu	**253 764**	**234 105**	**(47 160)**		**(440 709)**	
	861 375	**471 933**	**(157 537)**	**(52 570)**	**(1 123 201)**	
2023						
Goodwill						
- Rombat SA	49 378		4 380			53 758
- Mutlu	476 563	260 759	(183 469)			553 853
Brands						
- Mutlu	308 200	41 901	(96 337)			253 764
	834 141	302 660	(275 426)			861 375

Impairment tests on goodwill and indefinite life intangible assets

The group's goodwill and indefinite life intangible assets arising in Mutlu and Rombat (the CGUs), 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. Goodwill related to Rombat for R53 million was fully impaired in the current financial year. The value of goodwill and indefinite life intangible assets amounted to Nil at financial year end (2023: R861 million).

The summary of key assumptions used for value-in-use calculations are as follows:	ROMBAT %	MUTLU %
2024		
Compound annual battery volume growth rate*	**3.7**	**-**
Long-term growth rate**	**2.9**	**-**
Discount rate (WACC)***	**17.1**	**-**
Period (years)	**5.0**	**-**
2023		
Compound annual battery volume growth rate*	3.3	5.6
Long-term growth rate**	3.0	3.6
Discount rate (WACC)***	14.8	18.7
Period (years)	5.0	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 of both Mutlu and Rombat are primarily driven by changes in risk free rates.*

Goodwill sensitivity analysis

As a result of the disposal of Mutlu and the impairment of goodwill attributable to Rombat, a sensitivity analysis is not applicable.

		COMPANY	
		2024 R'000	2023 R'000
9.	**INTEREST IN SUBSIDIARIES**		
	Unlisted		
	Investments at cost	493 695	493 695
	Investment arising from revaluation of financial guarantee liability	687	
	Share-based payment costs	75 757	63 934
		570 139	557 629
	Advances to subsidiary companies, net of impairments	1 787 871	1 787 871
	Current advances from subsidiary companies	(397 264)	(411 624)
		1 390 607	1 376 247
	Total net investment interest	1 960 746	1 933 876

Advances to subsidiary companies are interest-free, unsecured, repayable on demand, to be settled in cash and presented net of impairment allowances. The gross carrying amount of loans advanced, which represent the maximum exposure to loss, is R1 982 084 316 (2023: R1 982 084 316).

The total expected credit loss provision amounted to R194 212 831 (2023: R194 212 831) (refer to note 19.2 B financial instruments - credit risk). Loans receivable are classified within a “held-to-collect” business model as the company holds the loans with the objective to collect the contractual cash flows which solely relates to payments of the principal amount and classified at amortised cost.

	COMPANY	
Gross amounts owing by/(to) subsidiaries consists of the following:	2024 R'000	2023 R'000
Inalex (Pty) Ltd	1 814 634	1 814 634
Automould (Pty) Ltd	167 451	167 451
Metair Management Services (Pty) Ltd	(128 319)	(148 080)
Business Venture Investments 1217 (Pty) Ltd	(268 946)	(263 544)
	1 584 820	1 570 461

The interest of Metair in the aggregate after tax income/(loss) of the subsidiaries was as follows, which includes continued and discontinued operations:

	GROUP	
	2024 R'000	2023 R'000
Subsidiaries that generated net income	629 991	740 467
Subsidiaries that generated net losses	(4 203 219)	(376 551)

Details of subsidiaries of the group are disclosed at the end of the audited financial statements. The group structure is available as a supplementary schedule in the integrated annual report.

NOTES TO THE FINANCIAL STATEMENTS continued

9. INTEREST IN SUBSIDIARIES (continued)

All subsidiary undertakings are included in the group consolidation. Total non-controlling interest is R103.1 million (2023: R127.3 million) of which R99.5 million (2023: R123.2 million) relates to Smiths Manufacturing. Smiths Manufacturing is situated in South Africa and is a conventional manufacturing company producing automotive products such as climate control and air-conditioning systems predominantly for the OE sector. Management has assessed the level of influence that the group is able to exercise over Smiths Manufacturing and it has control over the company due to its voting and similar rights as well as the ability to direct the relevant activities.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information, prepared in accordance with IFRS, for Smiths Manufacturing (75% held) that has a non-controlling interest material to the group. The amounts disclosed are based on those included in the consolidated financial statements before inter-company eliminations.

	2024 R'000	2023 R'000
Summarised balance sheet		
Non-controlling interest %	25	25
Current		
Assets	640 119	759 374
Liabilities	(443 847)	(470 265)
Total net current assets	196 272	289 109
Non-current		
Assets	353 093	347 035
Liabilities	(137 178)	(130 955)
Total net non-current assets	215 915	216 080
Net assets	412 187	505 189
Summarised results		
Revenue	2 099 715	2 405 406
Other comprehensive income/(loss)	73	(66)
Profit attributable to non-controlling interest	10 230	34 079
Total comprehensive income allocated to non-controlling interest	10 248	34 063
Dividends paid to non-controlling interest	34 079	36 392
Accumulated non-controlling interest	99 477	123 249
Summarised cash flow		
Net cash (outflow)/inflow from operating activities	(768)	154 897
Net cash outflow from investing activities	(31 486)	(33 519)
Net cash outflow from financing activities	(2 383)	(1 796)

		GROUP		COMPANY	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
10.	**INVESTMENT IN ASSOCIATES**				
	Unlisted				
	Investments at cost less impairment	187 168	187 026		
	Share of post-acquisition reserves included in equity accounted earnings	138 716	102 956		
	Total carrying value	325 884	289 982		
	Reconciliation of movements:				
	Balance at the beginning of the year	289 982	301 060		47 264
	Impairment of associate		(2 793)		(68 497)
	Share of equity accounted profit / (losses).	31 743	(7 266)		
	Dividends received	(30 264)	(6 047)		
	Investment arising from revaluation of financial guarantee liability		21 233	13 723	21 233
	Foreign currency translation	34 423	(16 205)		
	Investment in associates	325 884	289 982	13 723	

Associates have share capital consisting of ordinary shares and subscribed capital held by the group. The principal place of business are identical to the country of their incorporation and the proportion of ownership is the same as voting rights held. The group's associates are private entities and operate in the automotive component industry, manufacturing automotive parts and batteries. Valeo Systems SA and Tenneco Automotive Holdings SA are held directly by the company.

10. INVESTMENT IN ASSOCIATES (continued)

The company issued proportionate (74.9%) share of financial guarantees on behalf of Hesto for funding facilities provided by Standard Bank of South Africa and Yazaki Corporation. Refer to note 19.2 C for further information.

Set out in the table below is a summary of associates which are included in group results using the equity accounting method.

Nature of investment in associates	Percentage holding (effective) %	Place of business/ country of incorporation	Group carrying amount R'000
2024			
Unlisted			
Hesto Harnesses (Pty) Ltd	**74.9**	**South Africa**	
Valeo Systems SA (Pty) Ltd	**49.0**	**South Africa**	
Tenneco Automotive Holdings SA (Pty) Ltd	**25.1**	**South Africa**	**63 554**
Associated Battery Manufacturers (East Africa) Limited ('ABM')	**25.0**	**Kenya**	**259 559**
Denso Sales South Africa (Pty) Ltd	**49.0**	**South Africa**	**2 771**
MOLL	**25.1**	**Germany**	
Vizirama 12 (Pty) Ltd	**33.0**	**South Africa**	
Eye2square Innovations (Pty) Ltd	**20.0**	**South Africa**	
			325 884
2023			
Unlisted			
Hesto Harnesses (Pty) Ltd	74.9	South Africa	
Valeo Systems SA (Pty) Ltd	49.0	South Africa	
Tenneco Automotive Holdings SA (Pty) Ltd	25.1	South Africa	69 953
Associated Battery Manufacturers (East Africa) Limited	25.0	Kenya	217 575
Denso Sales South Africa (Pty) Ltd	49.0	South Africa	2 454
MOLL	25.1	Germany	
Vizirama 12 (Pty) Ltd	33.0	South Africa	
Eye2square Innovations (Pty) Ltd	20.0	South Africa	
			289 982

Although the group owns 74.9% of the majority voting rights in Hesto, the Shareholder's Agreement stipulates that unanimous consent is required for all decisions relating to the relevant activities of Hesto. In addition, the minority shareholder also has the ability, via a currently exercisable and substantive call option, to call the majority shareholding. Therefore, the group accounts for Hesto under the equity accounting method. Hesto's results are, however, included within the group's automotive business vertical (segment report) and for the purpose of calculating bank loan covenants.

Hesto manufactures and sells automotive wiring harnesses and related components in South Africa. Hesto is a specialist automotive component manufacturer which provides the group with additional OE product offerings as well being a local product differentiator. Hesto generated profit after tax of R91 million (2023: R574 million loss).

The group's proportionate share of Hesto cumulative post-tax equity losses amounts to R427 million (2023: R393 million). In terms of equity accounting rules under IFRS (IAS28), if there are no contractual obligations for shareholders to directly fund Hesto's operating losses, the share of losses exceeding the carrying value of the underlying investment are capped until sufficient profits are generated to reverse the accumulated loss position. Therefore, Hesto results are not included in the group's results.

ABM owns the Chloride and Exide brands for the Kenyan as well as Tanzanian and Ugandan markets. The ABM group is purely aftermarket and represents significant potential for synergies and technology transfer in maintenance free batteries for automotive and lithium batteries for solar.

NOTES TO THE FINANCIAL STATEMENTS continued

10. INVESTMENT IN ASSOCIATES (continued)

Summarised financial information for associates

Set out below is the summarised financial information for the associates, which are accounted for using the equity method:

	2024		
	Hesto R'000	ABM R'000	Other associates R'000
Summarised income statements			
Revenue	5 504 344	1 821 913	1 798 883
Profit after taxation	91 305	44 656	88 582
Total comprehensive income	91 305	44 656	88 582
Attributable to group	68 387	11 164	30 177
Dividends received from associates		(3 425)	(26 661)
Profit post foreign earnings currency translation		34 281	
Summarised balance sheets			
Current			
Assets	1 966 709	746 592	902 221
Liabilities*	(3 987 486)	(193 013)	(488 354)
Non-current			
Assets	1 638 739	381 450	331 309
Liabilities	(205 693)	(82 491)	(387 883)
Net assets	(587 731)	852 538	357 293

** Including subordinated shareholder loans.*

	2023		
	Hesto R'000	ABM R'000	Other associates R'000
Summarised income statements			
Revenue	5 701 335	1 868 574	1 876 636
(Loss)/profit after taxation	(573 552)	95 710	(31 634)
Total comprehensive (loss)/income	(573 552)	95 710	(31 634)
Attributable to group	(36 217)	23 928	5 023
Dividends received from associates			(6 047)
Profit post foreign earnings currency translation		(16 205)	
Summarised balance sheets			
Current			
Assets	1 842 735	626 939	992 117
Liabilities*	(3 512 128)	(189 027)	(579 162)
Non-current			
Assets	1 619 886	304 835	326 851
Liabilities	(581 703)	(92 570)	(377 143)
Net assets	(631 210)	650 177	362 663

** Including subordinated shareholder loans.*

The information above reflects the amounts presented in the financial statements of the associates (and not the group's share of those amounts) adjusted for differences in accounting policies between the group and the associates.

The statutory financial year-end of ABM is the end of March, however, the results presented are at 31 December and equity accounted up to this date.

10. INVESTMENT IN ASSOCIATES (continued)

Reconciliation of summarised financial information

Reconciliation of summarised financial information of associates is presented in the table below:

	2024 Hesto R'000	2024 ABM R'000	2024 Other associates R'000
Opening net (liabilities)/assets 1 January	(612 921)	650 177	341 816
(Loss)/profit for the year	91 305	44 656	88 582
Dividends paid		(13 700)	(93 842)
Foreign currency translation and other movements		171 405	
Closing net (liabilities)/assets	(521 616)	852 538	336 556
Shareholding	74.9%	25.0%	Varying
Acquisition cost less accumulated impairment	1	118 272	
Investment arising from recognition of financial guarantee liability	21 732		
Post equity accounted (losses)/profits	(21 733)	141 289	66 323
Carrying amount		259 561	66 323

	2023 Hesto R'000	2023 ABM R'000	2023 Other associates R'000
Opening net (liabilities)/assets 1 January	(39 369)	661 891	385 791
(Loss)/profit for the year	(573 552)	95 710	(31 634)
Dividends paid			(12 341)
Foreign currency translation and other movements		(107 424)	
Closing net (liabilities)/assets	(612 921)	650 177	341 816
Shareholding	74.9%	25.0%	Varying
Acquisition cost less accumulated impairment	1	121 321	
Investment arising from initial recognition of financial guarantee liability	65 704		
Post equity accounted profits	(65 705)	96 254	72 407
Carrying amount		217 575	72 407

	GROUP 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
11. INVENTORY				
Raw material	807 746	1 641 655		
Work in progress	203 557	639 924		
Finished goods	1 084 373	999 616		
Right to recover returned goods	9 793	8 356		
	2 105 469	3 289 551		
Write-downs of inventories to net realisable value	151 098	47 335		
The cost of inventories expensed and included in cost of sales	11 952 141	11 430 567		
Continuing operations	8 779 203	9 168 136		
Discontinued operations	3 172 938	2 262 431		
Inventory pledged by Rombat for bank overdrafts	197 538	177 864		

Certain inventory and work in progress, related to automotive components, are recognised as contract assets due to revenue being recognised over time. An asset for the right to recover returned goods is recognised for batteries sold under certain distributor arrangements.

NOTES TO THE FINANCIAL STATEMENTS continued

		GROUP		COMPANY	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
12.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	1 055 033	1 885 683		
	Less: Provision for impairment of trade receivables	(88 394)	(115 012)		
		966 639	1 770 671		
	Prepayments and deposits	104 014	151 991		
	Tooling receivables	222 214	51 471		
	Grant claim receivable	3 904	3 205		
	VAT and customs receivable	41 656	101 407		
	Rebates and discounts receivable	128 922	143 490		
	Related party receivables (Hesto)	116 997	186 037		
	Other receivables	131 543	141 770	33	
		1 715 889	2 550 042	33	
	Gross trade receivables are analysed as follows:				
	Original equipment	396 756	856 510		
	Exports	256 820	313 096		
	Aftermarket	371 799	532 442		
	Non-automotive	29 658	183 635	33	
		1 055 033	1 885 683	33	

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

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Rand	1 401 897	1 483 941	33	
British Pound	22 662	37 262		
Euro	175 070	264 763		
US Dollar	14 816	148 954		
Australian Dollar	5			
Romanian Lei	101 439	121 810		
Turkish Lira		493 312		
	1 715 889	2 550 042	33	

12. TRADE AND OTHER RECEIVABLES (continued)

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

	Total R'000	Original equip-ment R'000	Export R'000	After-market R'000	Non-auto-motive R'000
2024					
At 1 January	**115 013**	**7 555**	**35 293**	**21 670**	**50 495**
Acquisition of subsidiary	**3 780**		**164**	**3 616**	
Net remeasurement of loss allowance	**(25 037)**	**323**	**1 340**	**3 864**	**(30 564)**
Amounts written off	**(3 711)**		**(551)**	**(930)**	**(2 230)**
Disposal of operation	**(116)**			**(116)**	
Currency adjustments	**(1 535)**		**(912)**	**(623)**	
As at 31 December	**88 394**	**7 878**	**35 334**	**27 481**	**17 701**
2023					
At 1 January	74 448	7 269	31 110	32 075	3 994
Net remeasurement of loss allowance	37 368	286	1 467	(11 461)	47 076
Amounts written off	(1 267)			(692)	(575)
Currency adjustments	4 464		2 716	1 748	
As at 31 December	115 013	7 555	35 293	21 670	50 495

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

	Total R'000	Original equip-ment R'000	Export R'000	After-market R'000	Non-auto-motive R'000
2024					
Up to 3 months	**962 684**	**371 294**	**224 011**	**343 183**	**24 196**
3 to 6 months	**10 742**	**6 077**	**2 272**	**1 293**	**1 100**
Over 6 months	**81 607**	**19 384**	**30 538**	**27 323**	**4 362**
	1 055 033	**396 755**	**256 821**	**371 799**	**29 658**
2023					
Up to 3 months	1 695 187	843 491	278 869	495 867	76 960
3 to 6 months	120 197	1 560	2 023	15 868	100 746
Over 6 months	70 299	11 459	32 204	20 707	5 929
	1 885 683	856 510	313 096	532 442	183 635

The other classes within trade and other receivables do not contain impaired assets and are 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.

Receivables are classified within a “held-to-collect” business model since the 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 group’s exposure to credit risk, the impairment policies and loss allowance model for trade receivables can be found in note 19.2B.

Trade receivables of R133.8 million (2023: R129.2 million), relating to Rombat and ATE, have been pledged as security for bank overdraft facilities granted.

NOTES TO THE FINANCIAL STATEMENTS continued

		GROUP		COMPANY	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
13.	**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	**1 172 510**	968 920	**1 455**	1 482
	Bank overdrafts	**(364 151)**	(402 305)		
		808 359	566 615	**1 455**	1 482
	The following interest rates applied at year-end:				
	South African short-term bank deposits	**8.1%**	7%		
	Turkish short-term bank deposits	**46.9%**	38.7%		
	European short-term bank deposits	**0.3%**	0.3%		
	South African bank overdrafts	**10.7%**	10.8%		
	European bank overdrafts	**8.6%**	10.5%		

Rombat has pledged as security property, plant and equipment of R94 million (2023: R94.6 million), inventory of R198 million (2023: R177.9 million) and trade receivables of R133.8 million (2023: R129.2 million) for bank overdraft facilities granted.

		GROUP		COMPANY	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
14.	**BORROWINGS AND FINANCIAL LIABILITIES**				
	Redeemable preference shares		840 000		
	Bank borrowings	**3 178 965**	2 246 053		
	Instalment sale liabilities	**192 872**	243 662		
	Lease liabilities	**142 903**	67 903		
	Total borrowings	**3 514 740**	3 397 618		
	Financial guarantee liabilities	**21 731**	44 949	**47 982**	44 949
	Total borrowings and financial liabilities	**3 536 471**	3 442 567	**47 982**	44 949
	Current portion of borrowings and financial liabilities	**3 279 114**	2 384 725	**47 982**	33 317
	Non-current portion of borrowings and financial liabilities	**257 357**	1 057 842		11 632
	Total borrowings and financial liabilities	**3 536 471**	3 442 567	**47 982**	44 949

Redeemable preference shares

Cumulative mandatorily redeemable no par value preference shares originally issued in 2014 for R1.4 billion. The remaining R840 million was redeemed on 17 December 2024.

Dividends (interest) are paid on a semi-annual basis on 30 April and 31 October of each year. The facility carries a dividend rate of 72% of 3-month JIBAR plus 2.04% (margin), equating to 68% of prime at December 2024 (2023: 68% of the ruling South African prime rate), calculated on a nominal annual rate, compounded monthly.

Bank borrowings

Bank borrowings consists of revolving credit facilities ('RCFs') for R1 275 million (2023: R1 275 million), term loans of R89 million (2023: R971 million) and short-term bridge loans for R1 815 million (2023: Nil).

South African Revolving Credit Facilities ('RCFs')

Unsecured facilities for R750 million (RCF 1) and R525 million (RCF 2) are provided by Absa Bank Limited, Investec Bank and Standard Bank of South Africa Limited. RCF1 has a tenure of 5 years and matures in August 2026. Interest is charged at 2.25% over the ruling JIBAR rate, determined either on a one, three or six-month basis, as selected by the group (interest period). The maturity of RCF 2 was extended until April 2025, interest is charged at 2.35% over JIBAR.

Interest on RCFs accrue daily and payable in arrears at the end of each interest period. Drawdowns are payable on a rolling basis, at each interest period, but not later than the final maturity date. RCF funding is guaranteed by certain group subsidiaries.

14. BORROWINGS AND FINANCIAL LIABILITIES (continued)

Bank borrowings (continued)

Standard Bank of South Africa ('SBSA') - Bridge Facilities ('bridge')

An unsecured short-term bridge loan for R1 815 million was raised from SBSA during the year and matures on 31 March 2025. The bridge is guaranteed by Metair Investments Limited and utilised to rebalance Hesto's shareholder loan funding, pro-rata, on 1 July 2024 for R685 million, R290 million was applied to acquire AutoZone and R840 million was used for the preference share redemption on 17 December 2024. Interest is charged at 3-month JIBAR plus 2%. The bridge facility also allows for an additional available utilisation of $10m (ZAR equivalent) available until February 2025.

Term and call loans arises in Mutlu for Rnil (2023: R891 million) and Rombat for R89 million (2023: R80 million). Mutlu was disposed during the year.

Rombat - Euro and Romanian Lei borrowings:

Consists of Euro denominated loans for an aggregate sum of EUR3.96 million (2023: EUR3.8 million). Loan 1 amounting to EUR2.3 million (2023: EUR3.8 million) is a fixed interest rate loan with interest charged at 1.4% per annum, maturing in June 2026. Capital repayments approximate EUR1.5 million (R31.0 million) per annum. New loan 2 for EUR1.67 million matures in October 2028 with interest charged at EURIBOR + 1.1% per annum. Repayments approximate EUR0.44 million per annum. Romanian Lei loans for 2.9 million (2023: Lei 0.6 million) matures in October 2027 with interest charged at ROBOR +1.1% per annum and capital repayments approximate Lei 1 million per annum. Loans are secured over property, plant and equipment, amounting to EUR8.9 million (2023: EUR11.7 million).

Covenants

The group's South African RCF funding and bridge loans amounting to R3.1 billion (2023: R2.1 billion) are subject to covenant requirements and classified current. Net debt: EBITDA (on a covenant methodology basis) amounted to 3.4 times (F2023: 3.1 times). Post year end, and as part of the debt refinance, funders waived the covenant breaches as a remedial measure. Refer to note 19.3 for further information on covenants.

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Maturity of bank borrowings and preference shares				
Within 1 year	3 132 587	2 256 551	47 982	
Later than 1 year and not later than 2 years	27 436	62 881		
Later than 2 year and not later than 5 years	18 942	766 621		
	3 178 965	3 086 053		
The carrying amount of total borrowings are denominated in the following currencies:				
Rand	3 425 648	2 398 501	47 982	
US Dollar		125 134		
Euro	77 556	82 385		
Romanian Lei	11 535	2 533		
Turkish Lira		789 065		
	3 514 739	3 397 618	47 982	

The group had the following undrawn and available borrowing facilities at year-end:
- RCF 1 of RNil million (2023: RNil million)
- RCF 2 of RNil million (2023: RNil million)
- Other South African working capital facilities of R880 million (2023: R766 million)
- USD denominated facilities of USDNil million (2023: USD49 million)
- Turkish Lira denominated facilities of TLNil million (2023: TL565 million)
- Euro denominated facilities of EUR13 million (2023: EUR9 million)

Undrawn credit facilities are renewable annually. The borrowing powers of the company are unlimited in terms of its memorandum of incorporation. A new debt refinancing package including revised liquidity facilities, was concluded with funders during March 2025. Working capital facilities are envisaged to reduce in tranches over a 6 month period. Refer to note 30 for further information.

Instalment sale liabilities

Assets acquired by instalment sale agreements are paid over an agreed time period. Assets are effectively purchased up front but the title of the asset passes automatically, once the full amount has been paid. Payment obligations are secured as the rights to the asset revert to the financer in the event of default. Instalment sale agreements are secured over vehicles and machinery with a book value of R209.8 million (2023: R245.6 million).

NOTES TO THE FINANCIAL STATEMENTS continued

14. BORROWINGS AND FINANCIAL LIABILITIES (continued)
Bank borrowings (continued)
Financial liabilities

Financial liabilities arise due to financial guarantees granted by the Company to subsidiaries and associates. The Company provided financial guarantees for up to $45 million for trade credit support (F2023: $57 million for loan funding and trade credit support) advanced to its associate Hesto by the other shareholder, Yazaki Corporation, and R355 million (2023: R466 million) for funding facilities granted by SBSA. The company also provided financial guarantees for R1.8 billion on behalf of its subsidiary, Nikisize (Pty) Ltd, for new bridge funding advanced by SBSA. A financial guarantee is measured at fair value, using an interest rate differential method as set out in the accounting policies. For further disclosures on financial guarantees relating to group and company refer to note 19.2C.

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Instalment sale liabilities - minimum payments:				
Within 1 year	73 274	75 846		
Later than 1 year and not later than 5 years	155 259	230 340		
Minimum instalments	228 533	306 186		
Future finance charges	(35 661)	(62 524)		
Present value of liabilities	192 872	243 662		
The present value of all instalment sale liabilities may be analysed as follows:				
Within 1 year	55 017	50 728		
Later than 1 years and not later than 2 years	137 855	192 676		
Later than 2 years and not later than 5 years		258		
Present value of liabilities	192 872	243 662		
Lease liabilities				
Lease liabilities are effectively secured as the rights to the leased revert to the lessor in the event of default.				
Gross lease liabilities - minimum lease payments:				
Within 1 year	79 554	51 575		
Later than 1 year and not later than 5 years	80 708	27 388		
Minimum lease payments	160 262	78 963		
Future finance charges on leases	(17 359)	(11 061)		
Present value of lease liabilities	142 903	67 902		
The present value of all lease liabilities may be analysed as follows:				
Within 1 year	69 778	44 129		
Later than 1 years and not later than 2 years	58 060	16 287		
Later than 2 years and not later than 5 years	15 065	7 486		
	142 903	67 902		
All borrowings are interest-bearing and the approximate annual interest rates at year-end are as follows:	%	%		
Preference shares	7.8	7.8		
Bank borrowings				
- RCF 1	*JIBAR+2.25	*JIBAR+2.25		
- RCF 2	*JIBAR+2.35	*JIBAR+2.35		
- Bridging facility	*JIBAR+2%			
- Term, call and revolver loans (TL borrowings)	13.5 - 51.0	13.5 - 51.0		
- Term, call and revolver loans (USD borrowings)		8.0 - 11.2		
- Term loan (Euro borrowings)	1.4	1.4		
- Term loan (Romanian Lei borrowings)	**ROBOR+1.1	**ROBOR+1.1		
Instalment sale liabilities	4.9 - 11.75	9.75 - 11.2		
Lease liabilities	6.4 - 12	1.4 - 26.82		

* Johannesburg inter-bank agreed rate. As a result of global rate benchmark reforms, the South African Reserve Bank ('SARB') has indicated their intention to move away from JIBAR. The reform is still in progress and a suitable alternative for South Africa is only expected in a few years' time.

** Romanian interbank offered rate.

		GROUP		COMPANY	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
15.	**DEFERRED TAXATION**				
	Deferred taxation is calculated on all temporary differences under the liability method using a principal taxation rate of 27% (2023: 27%) for South Africa, 16% (2023: 16%) for Romania, 25% (2023: 25%) for Türkiye and 19% (2023: 19%) for the United Kingdom. The following amounts are shown in the consolidated balance sheet:				
	Deferred taxation assets	(93 472)	(116 446)		
	Deferred taxation liabilities	167 649	393 880		
		74 177	277 434		
	The movement is as follows:				
	At the beginning of the year	277 434	296 455		
	Disposal of operation	(52 733)			
	Income statement (credit)/charge:				
	- Current year	(184 702)	(47 071)		
	- Prior year reallocation	1 685	198		
	- Rate change		(2 429)		
	Taxation credited to other comprehensive income:				
	- Actuarial losses	(5 694)	(4 649)		
	Taxation charged/(credit) to equity:				
	- Share-based payments	2 770	4 950		
	Foreign currency translation, including the effect of hyperinflation	35 417	29 980		
	At the end of the year	74 177	277 434		
	Deferred taxation assets:				
	Deferred taxation asset to be recovered after more than 12 months	(278 335)	(166 263)		
	Deferred taxation asset to be recovered within 12 months	(14 361)	(140 144)		
		(292 696)	(306 407)		
	Deferred taxation liabilities:				
	Deferred taxation liability due after more than 12 months	294 195	512 019		
	Deferred taxation liability due within 12 months	72 678	71 822		
		366 873	583 841		
	Amounts aggregated:				
	Deferred taxation assets	(292 696)	(306 407)		
	Deferred taxation liabilities	366 873	583 841		
	Net deferred taxation liability	74 177	277 434		

NOTES TO THE FINANCIAL STATEMENTS continued

15. DEFERRED TAXATION (continued)

Deferred taxation liabilities

	GROUP			
	Plant and equipment R'000	Intangibles R'000	Claims and other receivables R'000	Total R'000
2024				
Opening balance	**371 762**	**68 248**	**143 831**	**583 841**
Reallocations	**(109)**		**11 298**	**11 189**
Credited/(charged) to the income statement - Current year	**50 370**	**(2 077)**	**(59 063)**	**(10 770)**
Credited to the income statement - Prior year reallocation	**3 350**			**3 350**
Disposal of operation	**(161 549)**	**(76 601)**	**(30 446)**	**(268 596)**
Foreign currency translation**	**20 270**	**12 628**	**14 961**	**47 859**
Closing balance	**284 094**	**2 198**	**80 581**	**366 873**
2023				
Opening balance	362 828	78 126	61 520	502 474
Reallocations	(6 300)		6 234	(66)
(Credited)/charged to the income statement - Current year	(16 839)	(8 564)	69 415	44 012
Credited to the income statement - Prior year reallocation	(137)		2 761	2 624
Rate change	65	(49)	785	801
Credited to other comprehensive income			7	7
Foreign currency translation**	32 145	(1 265)	3 109	33 989
Closing balance	371 762	68 248	143 831	583 841

Deferred taxation assets

	GROUP						
2024	Share-based payments R'000	Post-employment benefits R'000	Assessed losses set off R'000	Provision for doubtful debts R'000	Warranty claims R'000	Derivatives and other R'000	Total R'000
Opening balance	**(3 922)**	**(20 094)**	**(141 564)**	**(21 542)**	**(14 894)**	**(104 391)**	**(306 407)**
Reallocations						**(11 189)**	**(11 189)**
(Credited)/charged to the income statement:							
- Current year	**(2 592)**	**(2 848)**	**(126 176)**	**106**	**(2 447)**	**(39 975)**	**(173 932)**
- Prior year reallocation				**(54)**		**(1 610)**	**(1 664)**
Disposal of operation		**16 917**	**175 826**		**4 224**	**18 830**	**215 797**
Credited to other comprehensive income		**(5 694)**					**(5 694)**
Deferred taxation on share-based payment reserve*	**1 930**	**840**					**2 770**
Foreign currency translation**	**14**	**(1 381)**	**(9 716)**	**114**	**(507)**	**(901)**	**(12 377)**
Closing balance	**(4 570)**	**(12 260)**	**(101 630)**	**(21 376)**	**(13 624)**	**(139 236)**	**(292 696)**
2023							
Opening balance	(13 891)	(25 460)	(66 725)	(11 823)	(14 529)	(73 591)	(206 019)
Reallocations		152		72	11	(169)	66
Charged/(credited) to the income statement:							
- Current year	5 124	13 789	(74 087)	(9 714)	(188)	(26 007)	(91 083)
- Prior year reallocation		300		59	114	(2 899)	(2 426)
Rate change		(2 557)		208		(881)	(3 230)
Credited to other comprehensive income		(4 656)					(4 656)
Deferred taxation on share-based payment reserve*	4 950						4 950
Foreign currency translation**	(105)	(1 662)	(752)	(344)	(302)	(844)	(4 009)
Closing balance	(3 922)	(20 094)	(141 564)	(21 542)	(14 894)	(104 391)	(306 407)

* *The measurement of the deductible expense on share-based payment reserves is based on the entity's share price.*

** *Including the effect of hyperinflation.*

15. DEFERRED TAXATION (continued)

Deferred tax assets are recognised for the carry forward amount of unused tax losses relating to the 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 group.

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
16. TRADE AND OTHER PAYABLES				
Trade creditors	1 281 021	2 009 354		
Accrual for leave pay	41 439	54 122		
Trade accruals, including utilities, technical and license fees	349 021	333 931	1 887	1 790
Tool-maker payables	227 159	66 424		
Deferred income on government grants	206 512	199 078		
Payroll and statutory accruals	139 614	154 873		
Royalties payable	50 279	55 548		
VAT and other indirect taxes	36 872	39 768		
Rebates and discounts payable	8 329	25 605		
Refund liabilities	14 872	12 278		
Audit fee accrual	9 831	6 233		
Accrual for interest and other charges		44 791		
	2 364 949	3 002 005	1 887	1 790
Non-current portion of deferred income on government grants included in non-current liabilities	(135 405)	(131 749)		
Current portion included in current liabilities	2 229 544	2 870 256	1 887	1 790
The carrying amounts of the group's trade and other payables are denominated in the following currencies:				
Rand	1 515 534	1 183 900	1 887	1 790
Yen	86 786	95 401		
US Dollar	232 406	613 382		
Euro	257 142	223 510		
British Pound	6 126	44 299		
Thai Baht	81 768	78 385		
Romanian Lei	184 820	248 715		
Turkish Lira		514 172		
Indian Rupee	367	241		
	2 364 949	3 002 005	1 887	1 790

NOTES TO THE FINANCIAL STATEMENTS continued

17. 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 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 of scrap battery returns (recycling) and long service awards, amounting to R11.5 million (2023: R8.9 million) and R18.6 million (2023: R30.3 million) respectively. During the current year the group raised closure and restructuring provisions amounting to R 24.5 million. The balance of R21.5 million (2023: R38.9 million) consists of legal risk and other provisions.

	GROUP			
	Executive bonus R'000	Warranty claims R'000	Other R'000	Total R'000
2024				
Balance at the beginning of the year	**34 818**	**65 990**	**78 073**	**178 881**
Disposal of operation	**(5 966)**	**(16 894)**	**(27 774)**	**(50 634)**
- Additional provision	**49 837**	**57 930**	**52 257**	**160 024**
- Unused amounts reversed		**(107)**	**(254)**	**(361)**
Utilised during the year	**(31 301)**	**(47 136)**	**(23 668)**	**(102 105)**
Foreign currency translation, including the effect of hyperinflation	**(661)**	**(2 409)**	**(2 545)**	**(5 615)**
Balance at the end of the year	**46 727**	**57 374**	**76 089**	**180 190**
2023				
Balance at the beginning of the year	35 888	64 000	57 203	157 091
- Additional provision	33 173	47 516	68 307	148 996
- Unused amounts reversed	(47)	(4 448)	(2 091)	(6 586)
Utilised during the year	(33 428)	(38 414)	(42 267)	(114 109)
Foreign currency translation, including the effect of hyperinflation	(768)	(2 664)	(3 079)	(6 511)
Balance at the end of the year	34 818	65 990	78 073	178 881

Analysis of total provisions:	**2024 R'000**	**2023 R'000**
Non-current	**40 104**	52 747
Current	**140 086**	126 134
	180 190	178 881

		GROUP 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
18.	**NOTES TO CASH FLOW STATEMENTS**				
18.1	**RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**				
	Group (loss)/profit before taxation (note 18.6)	(4 133 694)	291 685	25 639	(71 531)
	Adjustment for:				
	Depreciation and amortisation	470 614	440 512		
	Impairment charge	36 874	180 923		
	Impairment of goodwill	52 570			
	Loss/(profit) on disposal of property, plant and equipment	15 689	(19 697)		
	Gain on bargain purchase	(194 959)			
	Loss on disposal of operations	3 860 829			
	Amortisation of financial guarantee	(23 217)	(21 331)	(15 784)	(21 331)
	Loss allowance on loan to associate	6 900	300		
	Loss allowance on financial guarantee		14 974	3 935	14 974
	Financial assets at fair value through profit or loss	(36 402)	3 814		
	Foreign exchange losses/(gains) on operating activities	86 617	25 189	(78)	(411)
	Share-based payment/(reversal) expenses	20 385	(27 064)		
	Post-employment benefit - charge	4 745	4 954		
	Post-employment benefits - contributions paid	(29 362)	(61 962)		
	Equity accounted results from investments/dividends from investments	(31 743)	10 059	(20 331)	68 497
	Insurance claim received		38 993		
	Interest income	(153 784)	(68 918)	(11)	(19)
	Interest expense	1 151 825	809 710	550	3 346
	Net monetary gain arising from hyperinflation in Türkiye	(472 848)	(555 938)		
	Increase in provisions, derivatives and other non cash items	48 073	62 814		
	Operating cash generated/(utilised) before working capital changes	679 112	1 129 017	(6 080)	(6 475)
	Working capital changes (excluding the effect of foreign exchange differences and including the effect of hyperinflation on consolidation):	804 158	27 952	64	881
	Changes in contract assets and liabilities	(2 030)	246 696		
	Decrease/(increase) in inventory	546 174	(397 772)		
	(Increase)/decrease in trade and other receivables	(326 641)	454 694	(33)	684
	Increase/(decrease) in trade and other payables	586 655	(275 666)	97	197
	Cash generated from/(utilised in) operations	1 483 270	1 156 969	(6 016)	(5 594)
18.2	**TAXATION PAID**				
	Taxation paid is reconciled to the amount disclosed in the income statement as follows:				
	Amounts receivable at the beginning of the year	(14 825)	(36 317)		
	Income statement charge (note 4)	(203 798)	(212 353)	7	(2)
	Currency and hyperinflation impact	290	(1 384)		
	Disposal of operation	(5 868)			
	Amounts unpaid at the end of the year	32 644	14 825		
		(191 557)	(235 229)	7	(2)
18.3	**DIVIDENDS PAID**				
	To non-controlling interests	(34 079)	(36 479)		
		(34 079)	(36 479)		
18.4	**INTEREST PAID**				
	Interest expense	(1 151 825)	(800 156)	(550)	(3 346)
	Accrual for interest and other charges at the beginning of the year	(44 791)	(24 831)		
	Accrual for interest and other charges at the end of the year		44 791		
	Disposal of operation	76 155			
	Currency and hyperinflation impact		(2 041)		
	Unwinding of interest of financial guarantee		2 937	550	2 937
		(1 120 461)	(779 300)		(409)

NOTES TO THE FINANCIAL STATEMENTS continued

		GROUP 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
18.	**NOTES TO CASH FLOW STATEMENTS (continued)**				
18.5	**ADVANCES RECEIVED FROM/(MADE TO) SUBSIDIARIES**				
	Advances received from subsidiaries				25 448
	Advances made to subsidiaries			(14 360)	(21 371)
				(14 360)	4 077
18.6	**RECONCILIATION OF TOTAL OPERATIONS (LOSS)/PROFIT BEFORE TAXATION**				
	Profit before tax from continuing operations	412 672	204 731		
	(Loss)/Profit from discontinued operations	(4 546 366)	86 954		
	Profit before tax from Mutlu operations	(595 776)	86 954		
	Disposal costs recognised	(89 761)			
	Loss on disposal of Mutlu	(3 860 829)			
		(4 133 694)	291 685		

		GROUP Redeemable preference shares R'000	Bank borrowings R'000	Instalment sale and lease liabilities R'000	Total R'000
18.7	**RECONCILIATION OF MOVEMENTS IN BORROWINGS (REFER TO NOTE 14) TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**				
	2024				
	Balance at the beginning of the year	**840 000**	**2 246 053**	**311 565**	**3 397 618**
	Changes from financing cash flows:	**(840 000)**	**2 455 059**	**(78 006)**	**1 537 053**
	Preference shares repaid	**(840 000)**			**(840 000)**
	Bank borrowings raised		**1 815 080**		**1 815 080**
	Mutlu and Rombat borrowings repaid		**(1 041 419)**		**(1 041 419)**
	Mutlu and Rombat borrowings raised		**1 681 398**		**1 681 398**
	Lease repayments			**(78 006)**	**(78 006)**
	New leases			**35 078**	**35 078**
	Disposal of operation		**(1 342 397)**	**(13 017)**	**(1 355 414)**
	Acquisition of operation (note 29)			**103 246**	**103 246**
	Lease modification			**(7 255)**	**(7 255)**
	Foreign currency translation including the effect of hyperinflation		**(179 750)**	**(15 836)**	**(195 586)**
	Balance at the end of the year		**3 178 965**	**335 775**	**3 514 740**
	2023				
	Balance at the beginning of the year	840 000	2 352 750	364 617	3 557 367
	Changes from financing cash flows:		257 019	(101 601)	155 418
	Proceeds from RCF drawdowns		145 000		145 000
	RCF repayments		(125 000)		(125 000)
	Mutlu borrowings repaid		(1 120 122)		(1 120 122)
	Mutlu and Rombat borrowings raised		1 357 141		1 357 141
	Lease repayments			(101 601)	(101 601)
	New leases			54 523	54 523
	Foreign currency translation including the effect of hyperinflation		(363 716)	(5 974)	(369 690)
	Balance at the end of the year	840 000	2 246 053	311 565	3 397 618

19. FINANCIAL INSTRUMENTS

19.1 FINANCIAL INSTRUMENTS BY CATEGORY

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

Classification of financial assets included in balance sheet

	GROUP		
	At amortised cost R'000	Mandatorily at fair value through profit or loss R'000	Total R'000
2024			
Derivative financial instruments		**18 927**	**18 927**
Trade and other receivables*	**1 356 777**		**1 356 777**
Cash and cash equivalents	**1 172 510**		**1 172 510**
Loans to associate	**960 645**		**960 645**
Total	**3 489 932**	**18 927**	**3 508 859**
2023			
Derivative financial instruments		2 198	2 198
Trade and other receivables*	2 333 617		2 333 617
Cash and cash equivalents	968 920		968 920
Loans to associate	215 815		215 815
Total	3 518 352	2 198	3 520 550

Classification of financial liabilities included in balance sheet

	GROUP		
	Mandatorily at fair value through profit or loss R'000	At amortised cost R'000	Total R'000
2024			
Borrowings and other financial liabilities		**3 536 471**	**3 536 471**
Derivative financial instruments	**1 870**		**1 870**
Bank overdraft		**364 151**	**364 151**
Trade and other payables**		**2 028 237**	**2 028 237**
Total	**1 870**	**5 928 859**	**5 930 729**
2023			
Borrowings and other financial liabilities		3 442 567	3 442 567
Derivative financial instruments	8 820		8 820
Bank overdraft		402 305	402 305
Trade and other payables**		2 667 696	2 667 696
Total	8 820	6 512 568	6 521 388

* Prepayments and VAT receivables are excluded from the trade and other receivables balance.

** Leave pay, advances received, deferred income and other non-financial liabilities are excluded from trade and other payables balance.

NOTES TO THE FINANCIAL STATEMENTS continued

19. FINANCIAL INSTRUMENTS (continued)

19.1 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

Assets and liabilities as per balance sheet

	COMPANY		
	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Total R'000
2024			
Short-term loans to subsidiaries	**1 787 871**		**1 787 871**
Trade and other receivables	**33**		**33**
Cash and cash equivalents	**1 455**		**1 455**
Short-term loans from subsidiaries		**(397 264)**	**(397 264)**
Trade and other payables		**(1 887)**	**(1 887)**
Other financial liabilities		**(47 982)**	**(47 982)**
Total	**1 789 359**	**(447 133)**	**1 342 226**
2023			
Short-term loans to subsidiaries	1 787 871		1 787 871
Cash and cash equivalents	1 482		1 482
Short-term loans from subsidiaries		(411 624)	(411 624)
Trade and other payables		(1 790)	(1 790)
Other financial liabilities		(44 949)	(44 949)
Total	1 789 353	(458 363)	1 330 990

19.2 FINANCIAL RISK MANAGEMENT

The 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 group's overall risk management principles focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The risk management committee provides principles for overall risk management.

A. Market risk

i. Foreign currency exchange rate risk

The group exports and imports goods and is therefore exposed to risk arising from various foreign currency exchange exposures, primarily with respect to the Euro, USD and Japanese Yen.

Management has set up policies to manage foreign currency exchange rate risk against the functional currency. When the business wins long-term customer tenders or orders that are in a foreign currency the group minimises the potential volatility of the cash flows from these transactions by 'hedging' either economically (i.e., receiving hard currency) or through forward exchange contracts ('FECs'). At period end, the group values (mark to market) these FECs at the market forward rate at reporting date. These valuation adjustments are realised through profit and loss. Hedge accounting is not applied unless specifically designated as a cash flow hedge. The group's foreign exchange currency risk management policy is to 'cover' at least 50% of net foreign currency exposures (including orders for materials or firm commitments for capital expenditure, where possible).

The group makes use of professional foreign currency management specialists to assist in administering its foreign exchange exposures/contracts cover taken out by the group is summarised in note 19.5.

The company does not have any foreign currency exchange rate risk.

19. FINANCIAL INSTRUMENTS (continued)

19.2 FINANCIAL RISK MANAGEMENT (continued)

A. Market risk (continued)

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

	At balance sheet date				Purchase orders not yet reflected as liabilities in the balance sheet			
	2024		2023		2024		2023	
	Foreign amount outflow/ (inflow) '000	Rand equivalent outflow/ (inflow) R'000	Foreign amount outflow/ (inflow) '000	Rand equivalent outflow/ (inflow) R'000	Foreign amount '000	Rand equivalent R'000	Foreign amount '000	Rand equivalent R'000
US Dollars	2 115	55 262	(22 519)	(411 880)	6 340	121 563	2 636	49 277
Euros	8 328	163 377	(4 488)	(91 482)	4 576	99 672	3 005	60 799
Japanese Yen	53 444	6 773	50 502	6 231	725 516	87 322	572 681	74 236
Great British Pound	16	372	102	2 385	39	958	74	1 714
Thai Baht	8 574	6 151			31 541	17 348	42 766	22 873
Singapore Dollars	1 665	368	1	1	1 123	248		
Indian Rupee			1 165	312			900	198
Total		232 303		(494 433)		327 111		209 097

Foreign exchange sensitivity analysis	Profit higher/lower 2024 R'000	2023 R'000
At 31 December 2024, if the Rand had weakened/strengthened by 10% in relation to the following key currencies, with all other variables held constant, estimated post-taxation profit/equity for the year would change for the following:		
- 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 group's forward exchange contracts:		
US Dollar	14 929	35 507
Euros	6 314	3 801
Japanese Yen	6 133	6 823

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

	Spot rate		Average rate	
	2024	2023	2024	2023
US Dollar	18.9	18.3	18.3	18.5
Euros	19.6	20.4	19.8	20.0
Japanese Yen (at inverted rate)	8.3	7.7	8.3	7.6
Great British Pound	23.7	23.4	23.4	23.0
Turkish Lira	0.5	0.6	0.6	0.8
Romanian Lei	3.9	4.1	4.0	4.0

19. FINANCIAL INSTRUMENTS (continued)

19.2 FINANCIAL RISK MANAGEMENT (continued)

A. Market risk (continued)

ii. Interest rate risk

The group's interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group is exposed to variable interest rate risk as some of its borrowings are at floating interest rates (refer to note 14).

Management evaluates the 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 group's cost of capital. Currently the 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 13. 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 14.

At 31 December 2024, if the average interest rates on borrowings had changed by 1.0% point with all other variables held constant, group post-taxation profit/equity for the year would have changed by R21 million (2023: R20.6 million).

Changes in variable interest rates do not have a significant impact on the company as the company does not have any external borrowings or significant cash holdings.

Current advances to/from subsidiaries are interest free (refer to note 9).

iii. Price risk

The company and group are not exposed to equity securities price risk as the group does not have investments in equities or similar instruments.

B. Credit risk

Credit risk is the risk of financial loss to the 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 group has two types of credit risk; operational and financial. Details regarding credit risk on loans provided to associates is disclosed in note 25.

Operational credit risk relates to non-performance by customers in respect of trade receivables due to the 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 group supplies batteries and automotive parts 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 group may have a concentration of amounts outstanding with a single or smaller grouping of customers at any one time. Trade receivables comprise of 38% (2023: 45%) 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 R502 million (2023: R1 193 million) from the energy storage business and R492 million (2023: R635 million) from the automotive component business. Further analysis of trade receivables and management's ageing profiles can be found in note 12.

Credit risk and customer relationships are managed in a number of ways within the 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 group has extensive and regular dialogue with key customers and strong commercial and business relationships.

90% (2023: 94%) of the group's customers are long standing and have an established track record when transacting with the group. None of these customers' balances have been written off or are credit-impaired. An analysis of the group's credit quality can be found in the tables that follow.

19. FINANCIAL INSTRUMENTS (continued)

19.2 FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

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 12. The 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 group, and a failure to make payments for a period of greater than 60 days past due. The 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 R3.7 million (2023: R1.3 million).

A forward looking 'expected credit loss' ('ECL') model is used to determine impairment losses and 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 other 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 matrix is a calculation of an impairment loss based on a default loss rate percentage applied over the life of trade receivables. The provision matrix is developed to compute historically observed 'flow rates'. These are derived by computing the historical 'flow rate' of trade receivables, based on their ageing and arriving at an average loss rate. After determining our ageing buckets, by type of counterparty, we also identify the default bucket. The definition of 'default' is consistent with that used for our internal credit risk management. We have used an 'over 6 months' ageing bucket as a default event and is defined as the failure to honour the credit terms agreed with the customer concerned.

Where practically possible, we adjust average loss rates for current conditions and forward-looking estimates, provided these are necessary and reasonable supportable information is available without undue cost or effort. We closely monitor the economic environments of our customers and our risk management processes are considered appropriate. The scalar economic factors we considered included the state of the automotive industry and outlook, GDP forecasts, the geography and industry in which our customers operate, time taken to settle debts and past default experiences in certain segments.

There has been no material change in the estimation techniques applied in determining the ECLs from the prior year. The following granular approach is applied in arriving at the loss rates:

Step 1: Disaggregation (segmentation) of debtor's book:
- Receivables are analysed by underlying markets and common credit characteristics being OEM, exports, aftermarket and non-auto.
- OEMs have low default risk and very limited or no historical write-offs. Exports and aftermarket may have a raised default risk due to the nature of customers (normally 'private' businesses) and have different route to markets compared to OEMs.

Step 2: Determine the period over which the data may be considered for determining the loss rates:
- Our analysis of data was performed over a period of between one to two years.

Step 3: Determine the ageing buckets and identify the default buckets:
- We analysed the collection of invoices separately for OEMs, aftermarket, exports and non-auto.
- We determined when the debtors paid and sorted into 'buckets' based on the number of days from creation of invoice until collection of invoice.
- Default triggers determined at 6 months except for OEM customer at 3 months.

Step 4: Conclude on appropriate loss rates:
- We calculated the theoretic 'historical' credit loss by using our default (or loss) 'trigger' divided by the amount unpaid (outstanding) at the end of each time bucket to arrive at the loss rate.
- We determined what percentage of proportion of trade receivables reach a point of no collection or loss.
- We adjusted the rates by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and our view of economic conditions over the expected lives of the receivables, in particular supply chain disruptions experienced in the industry.
- We looked at past customer default history, specifically the 2008 global financial crisis and impact on the automotive industry.

Step 5: Calculate expected credit losses:
- We then applied the loss rates to the actual portfolio of debtors (ageing bucket in each segment), at balance sheet date, to arrive at the impairment (ECL).

NOTES TO THE FINANCIAL STATEMENTS continued

19. FINANCIAL INSTRUMENTS (continued)

19.2 FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

From a group point of view our expected credit loss ('ECL') matrix and provision can be summarised as follows:

	GROUP					
	2024			2023		
Ageing buckets by counterparty - R'000	**Amounts outstanding at year-end**	**Weighted average loss rate %**	**Expected credit loss**	**Amounts outstanding at year-end**	**Weighted average loss rate %**	**Expected credit loss**
OEM	**396 755**	**1.99%**	**7 878**	856 510	0.88%	7 554
Export	**256 821**	**13.76%**	**35 335**	313 096	11.27%	35 293
Aftermarket	**371 799**	**7.39%**	**27 481**	532 442	4.07%	21 670
Non-Auto	**29 658**	**59.68%**	**17 700**	183 635	27.50%	50 495
IFRS 9 lifetime ECL: Y/E	**1 055 033**	**8.38%**	**88 394**	**1 885 683**	**6.10%**	**115 012**

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

	Gross carrying amount R'000	**Loss allowance R'000**	**Credit impaired**
31 December 2024			
Current (not past due)	767 368	(557)	No
1 - 30 past due	160 839	(753)	No
31 - 60 days past due	25 955	(18 499)	No
61 - 90 days past due	14 466	(3 061)	Yes
More than 90 days past	86 405	(65 524)	Yes
Total debtors book	**1 055 033**	**(88 394)**	
31 December 2023			
Current (not past due)	1 445 041	(688)	No
1 - 30 past due	302 367	(250)	No
31 - 60 days past due	50 342	(26 141)	No
61 - 90 days past due	12 496	(12 496)	Yes
More than 90 days past	75 437	(75 437)	Yes
Total debtors book	**1 885 683**	**(115 012)**	

Approximately R47 million (2023: R47 million) of trade receivables are over 12 months on hand. The majority refers to Rombat export debtors, most of which are provided for. Past due amounts not impaired are still considered recoverable.

19. FINANCIAL INSTRUMENTS (continued)

19.2 FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

Contract assets are short-term in nature and relate to OEM customers, being global automakers, of low default risk and ECLs are immaterial. The main contributors to credit risk arise from the energy storage business, the majority of which is Rombat as the Mutlu operations were disposed in the current year. The energy businesses are exposed to aftermarket and export customers. Risk of defaults have been remote. In certain instances, goods are not shipped if amounts are past due and cash advances are then requested. Expected credit losses on rebates, discount receivables, tooling and other receivables have been considered and are immaterial.

Financial

Cash and cash equivalents

Credit risk is mitigated by placing cash with different financial institutions to minimise risk. In South Africa, this is usually limited to the 'big 4' retail banks and highly reputable financial institutions. In Romania, this is usually limited to reputable financial institutions with strong international investment ratings. The group considers that it's 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 South Africa BB- and Romania BBB-. The maximum exposure to a single bank for deposits in South Africa is R459 million (2023: R290.4 million), whilst foreign deposits (held by foreign subsidiaries) vary amongst counterparties.

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.

Derivatives

Derivatives (predominantly FECs) are entered into with various banks and financial counterparties of strong investment grades.

Guarantees

Certain group subsidiaries have provided cross guarantees for the RCF funding available to the group. These guarantees eliminate on consolidation. The company has issued guarantees to funders in respect of loan facilities granted to Hesto (refer to note 10) and Nikisize.

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

	GROUP	
Analysis of credit quality	**2024 R'000**	**2023 R'000**
Trade receivables		
Counterparties are:		
Group 1 - new customers (less than 6 months) with no defaults	**17 737**	169 891
Group 2 - existing customers (more than 6 months) with no defaults in the past	**948 902**	1 600 780
Group 3 - existing customers (more than 6 months) with some defaults	**88 394**	115 012
	1 055 033	1 885 683
The 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 held (refer to note 12).		
Cash and cash equivalents		
Bank balances were held as follows:		
South African banks	**1 064 170**	628 877
European banks	**108 340**	86 053
Turkish banks		253 990
	1 172 510	968 920
Derivative financial instruments		
Forward exchange contracts were held as follows:		
South African banks - net ZAR forward cover notional inflow/(outflow)	**346 172**	587 383

The 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. South Africa's BB- rating remains stable with South Africa's resilient economy and established financial institutions operating within a regulated banking environment. Romania holds an investment-grade rating determined at BBB- indicating a stable economic environment.

NOTES TO THE FINANCIAL STATEMENTS continued

19. FINANCIAL INSTRUMENTS (continued)

19.2 Financial risk management (continued)

B. Credit risk (continued)

	COMPANY	
Credit quality - Company	**2024 R'000**	**2023 R'000**
Current advances to subsidiaries		
- with no defaults in the past and not credit impaired/low credit risk ('Inalex')	**1 787 871**	1 787 971
Bank balances with South African banks - fully performing	**1 455**	1 482

Credit risk for the company arises from loans and guarantees advanced to subsidiaries and associates. These are subject to the expected credit loss model. The company applies the general approach for assessing impairments because loans do not fall within the scope of the simplified approach.

The general model requires recognising impairment losses in line with the stage of the financial asset and if there is no significant increase in credit risk ('SICR'), the loss allowance is based on 12-months ECL, alternatively the loss allowance is based on lifetime ECL.

ECLs are probability weighted averages of credit losses with the respective defaults occurring as the weights.
Three elements are taken into account:
- Probability of default ('PD') - is the percentage likelihood of that the borrower will not be able to repay its debt within some period.
- Loss given default ('LGD') - is the percentage that could be lost in the event of a default by the borrower not paying its debt (principal and interest).
- Exposure at default ('EAD') - is the outstanding balance of the loan - how much the company is owed at balance sheet date.

There is a rebuttable presumption that if a loan is more than 30 days past due, there has been a significant increase in credit risk.

Loans to subsidiaries have no fixed repayment terms, are interest free and therefore payable on demand ('quasi equity').
If the loan is in stage 1-a fully performing, healthy asset, then the loss allowance can be calculated at 12-month ECL.

The company applied a probability weighted methodology for calculating expected credit losses under IFRS 9 (ECL=PD*LGD*EAD). A weighted average PD rate was computed based on a probability weighted outcomes approach.

The qualitative factors considered when assessing whether or not there has been a SICR included:
- adverse forecasts for the subsidiaries' operating results;
- evidence of working capital deficiencies or liquidity problems in the subsidiaries, which could also be the result of financing or cash management decisions taken by the company;
- changes in credit spread in the automotive industry that may indicate an increase in credit risk or deterioration over time, which may provide a general indicator of exposures to operating subsidiaries; and
- changes in the enterprise values of the underlying operations and indicators of decline in values.

Under a 12-month ECL scenario, the impairment loss should be limited to the effect of discounting the amount due on the loan at the effective interest rate (present value). Since the effective interest rate is 0%, and all strategies indicate that the company would fully recover the outstanding balance of the loan, discounting would have no impact on ECLs. However, forward-looking information needs to be considered and loans are expected to be recovered over time:

External information:
- publicly available default rate studies analysed by industry, corporate grading, emerging market and in country default ratings; and
- SA government bond yields – five-year credit default swaps (implied PD).

Internal information:
- specific factors impacting on the longer term operating results of operations;
- ability to service preference shares funding and dividends;
- South African automotive outlook and OEM volume recovery; and
- South African government support of the local automotive industry and certainty of the APDP plan until 2035;

19. FINANCIAL INSTRUMENTS (continued)

19.2 FINANCIAL RISK MANAGEMENT (continued)

B. Credit risk (continued)

Credit risk – company (continued)

The company adopts a 'repayment over time' strategy for loans advanced which could be recovered in a number of ways:

- adjusting dividends declared upstream;
- refinancing or extensions of funding facilities;
- sale of certain operating subsidiaries or introduction of equity partners into some of our businesses; and
- sale of some of the group's free-hold properties.

The company has specifically impaired loans advanced to Automould (Pty) Ltd for R167 451 000 (2023: R167 451 000). Automould suffered financial losses in the past and the company subordinated claims in favour of the other creditors of Automould.

Financial guarantees issued by the company results in the recognition of a financial guarantee liability (refer to note 14), recognised as an ECL balance to the extent that there are underlying defaults on obligations to funders. An associate or subsidiary is considered to have defaulted when they have not met their contractual obligations for payment due. In determining expected default, the forward-looking factors under the expected credit loss model are applied.

The reconciliation for loss allowances (impairments) at 31 December are as follows:

	COMPANY	
	2024 Loans to subsidiaries at amortised cost R'000	2023 Loans to subsidiaries at amortised cost R'000
Loss allowance as at 31 December	(194 213)	(194 213)

C. Liquidity risk

The 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 group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The 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 group. Details of borrowings facilities are disclosed in note 14. Projected operational cash flows and the impending debt refinancing exercise are expected to provide adequate liquidity.

Analysis of financial liabilities – maturities (group)

The table below analyses the 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.

NOTES TO THE FINANCIAL STATEMENTS continued

19. FINANCIAL INSTRUMENTS (continued)

19.2 FINANCIAL RISK MANAGEMENT (continued)

C. Liquidity risk (continued)

	Balance sheet carrying value R'000	Total Contractual cash flows R'000	Maturities Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
As at 31 December 2024						
Borrowings (excluding lease liabilities)	**3 371 837**	**3 409 935**	**3 205 861**	**184 202**	**19 873**	
Lease liabilities	**142 903**	**160 262**	**79 554**	**58 060**	**22 648**	
Derivative financial liabilities	**1 870**	**1 870**	**1 870**			
Overdraft	**364 151**	**364 136**	**364 136**			
Trade and other payables	**2 028 237**	**2 028 237**	**2 028 237**			
	5 908 998	**5 964 440**	**5 679 658**	**242 262**	**42 521**	
As at 31 December 2023						
Borrowings (excluding lease liabilities)	3 329 715	3 958 602	2 448 706	276 101	1 233 795	
Lease liabilities	67 903	78 963	51 575	19 631	7 757	
Derivative financial liabilities	8 820	8 820	8 820			
Overdraft	402 305	402 305	402 305			
Trade and other payables	2 667 696	2 667 696	2 667 696			
	6 476 439	7 116 386	5 579 102	295 732	1 241 552	

Analysis of financial liabilities - maturities (company)

Financial liabilities of R396 million (2023: R412 million) mainly relates to amounts due to Business Investments No 1217 (Pty) Ltd (BVI) and Metair Management Services (Pty) Ltd and is classified as current. BVI holds equity shares in the company (treasury shares). Recoveries of advances from other subsidiaries as well as dividends received by the company provides adequate liquidity to repay BVI, if required. The contractual cash flows approximate the carrying values.

The company issued proportionate (74.9%) share of financial guarantees on behalf of Hesto, for funding facilities provided by Standard Bank and Yazaki Corporation. Non-performance by Hesto may result in contractual cash flows to be made and therefore included in the maturity analysis below:

Maturity profile of financial guarantee issued on behalf of Hesto as at December

	GROUP AND COMPANY Balance sheet carrying value (IFRS 9 fair value)	Contractual cash flow (nominal value undiscounted)	Less than 1 year
2024	**21 732**	**1 186 000**	**1 186 000**
2023	44 949	1 656 689	1 656 689

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, Hesto's actual exposure to Standard Bank amounts to R474 million (2023: R608 million) and to Yazaki for $60m / R1 109 million (2023: USD57 million / R1 048 million). The Group and Company's proportionate share amounts to R1 186 million.

During the year, the company also provided financial guarantees for R1 815 million on behalf of its subsidiary, Nikisize (Pty) Ltd, for the bridge funding advanced by SBSA. The bridge funding is payable 31 March 2025 and forms part of the refinancing package agreed with funders post year end.

19 FINANCIAL INSTRUMENTS (continued)

19.3 CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the 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 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 group's required return on invested capital and free cash flow generation.

The group monitors capital structure on the basis of net debt/equity. This ratio is calculated as net debt divided by equity. Net debt is calculated as total interest-bearing borrowings (including bank overdrafts) less cash and cash equivalents. This ratio increased to 97% (2023: 52%) as the loss on disposal of Mutlu contributed to a reduction in shareholders equity to R2.7 billion (2023: R5.4 billion), much higher than the long term target of c. 25% debt:equity. Net debt to EBITDA ('Earnings before interest, tax, depreciation, amortization and capital items and including share of results of associates) amounted to 3.2 times on a continuing basis. EBITDA including share of results of associates amounted to R844 million, calculated as: operating profit before capital items of R504 million, share of results of associates of R32 million and excluding depreciation and amortisation of R308 million. Group net debt to EBITDA in the prior year, which included Mutlu, was calculated at 2.6 times.

The ratios at 31 December were as follows:

	GROUP	
	2024 R'000	2023 R'000
Total borrowings including bank overdraft (notes 13 and 14)	3 878 891	3 799 923
Less: Cash and cash equivalents (note 13)	(1 172 510)	(968 920)
Net debt	2 706 381	2 831 003
Shareholders' equity	2 693 909	5 405 556
Total capital employed	5 400 290	8 236 559
Net debt/equity ratio %	97	52
Net debt:EBITDA ('times')	3.2	2.6
Net debt/Capital ratio %	50.1	34.4

Debt covenants

The RCF funding and bridge loans (refer note 14) are subject to covenant measures. Group net debt on a covenant methodology basis amounted to R4.1 billion (2023: R4.5 billion) and includes the proportional debt of Hesto. The three covenant measures (as calculated and defined per covenant rules), effective for December 2024 are:

- Priority debt covenant: not more than 1 times (calculated 1.7 times)
- Interest cover ratio: not less than 3 times (calculated 3.2 times)
- Net debt to EBITDA ratio: not more than 2.5 times (calculated 3.4 times).

Our funders have been fully supportive and covenants for the Group and Hesto at 31 December 2024 were effectively waived due to the new debt restructure and refinance package agreed post year end. Refer to note 30 for further details regarding going concern and debt refinance.

The company is not subject to debt covenants.

19.4 FAIR VALUE ESTIMATION

The financial instruments that are measured subsequent to initial recognition at fair value are forward currency contracts. All of these financial instruments are classified as Level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices that are observable. Derivative financial instruments are discussed further below in note 19.5.

Financial instruments traded in active markets and based on market prices at reporting date as well as financial instruments in which inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) are classified as level 1 and level 3 respectively, as defined by IFRS 13. There are no such items applicable to the group at reporting date.

Bank overdrafts, other short-term bank borrowings, bank balances and cash and short-term bank deposits, trade receivables and payables approximate book value due to their short maturities. For borrowings, the current contractual pricing of borrowings approximates the rates that would be available to the group.

NOTES TO THE FINANCIAL STATEMENTS continued

19. FINANCIAL INSTRUMENTS (continued)

19.5 DERIVATIVE FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method as defined in note 19.4:

		GROUP			
		2024 R'000		2023 R'000	
At 31 December	**Level**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Forward exchange contracts and similar instruments - Mandatorily at fair value through profit/(loss)	2	**18 927**	**1 870**	2 198	8 820

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates (market observable/published rates) to terminate the contracts at the reporting date. The maximum exposure to credit risk at the balance sheet is the fair value of the derivative assets.

Derivatives are used as economic hedges and are classified as current assets or liabilities as the maturity of the hedged item is less than 12 months. Derivative instruments from continuing operations resulted in a profit of R15.1 million (2023: loss of R(1.3) million) for the year.

Forward exchange contracts ('FECs')

Year-end forward exchange contracts can be analysed as follows:

	*Rand amount (outflow)/ inflow '000	Foreign notional amount '000	FEC rate - range	Derivative Asset/ Liability fair value Rand '000	Period to maturity
Derivative financial assets					
US Dollar	(190 356)	10 738	17.33 - 18.80	10 957	24 January 2025 - 31 March 2025
Euro	(71 293)	3 751	18.71 - 19.71	1 829	03 January 2025 - 25 June 2025
Japanese Yen	(66 560)	567 145	0.12 - 0.12	2 301	06 January 2025 - 31 March 2025
Great British Pound	(454)	20	22.67 - 23.10	16	29 January 2025 - 25 February 2025
Thai Baht	(61 462)	118 181	0.52 - 0.53	3 824	31 January 2025 - 25 February 2025
	(390 125)			18 927	
Total derivative financial assets				**18 927**	
Derivative financial liabilities					
US Dollar	8 760	(490)	17.72 - 18.23	(517)	29 January 2025 - 25 February 2025
Euro	7 768	(416)	18.63 - 19.09	(409)	29 January 2025 - 31 January 2025
Great British Pound	362	(16)	22.58 - 23.02	(13)	29 January 2025 - 29 January 2025
Japanese Yen	27 063	(213 950)	0.12 - 0.13	(931)	31 January 2025 - 23 May 2025
	43 953			(1 870)	
Total derivative financial liabilities				**(1 870)**	

* Forward cover value in ZAR terms, representing the foreign notional amount translated at the contracted rates.

		GROUP		COMPANY	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
20.	**CONTINGENT LIABILITIES**				
	Performance and related guarantees	**24 931**	360 144		
		24 931	360 144		

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

Included in the prior year performance and related guarantees is R307 million relating to Mutlu which was disposed of during the current year. Refer to note 28.

European Commission's investigation on 'Eurobat lead premium'

The European Commission ('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 S.A. ('Rombat'), received a Statement of Objections ('SO') from the Commission expressing concerns that battery manufacturers, including Rombat, together with the industry association, Eurobat, 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 SO is also addressed to Metair and its Dutch subsidiary, Metair International Holding Cooperatief UA based on a legal presumption under European Union law of parental liability that they exercised decisive influence over Rombat since 14 March 2012.

A SO summarises the findings of the European Commission in fine proceedings and gives details on the next steps in the Commission's investigation. Together with external legal counsel, Rombat and Metair conducted an in-depth analysis of the SO to prepare an initial response to the Commission, which response was submitted during April 2024. This followed by an oral hearing at the Commission in June 2024 and several subsequent engagements with the Commission.

The determination of a fine involves a complex calculation, with several factors to be considered including various mitigation factors and inability to pay. The legal maximum that can be imposed is an administrative penalty of up to 10% of annual turnover for the year preceding the Commission's final decision.

For the avoidance of doubt, the SO does not constitute a definitive ruling by the Commission and Rombat and Metair are still awaiting the European Commission's final decision following the written and oral submissions. Latest information is that a decision will be made during the course of 2025.

In line with the strict confidentiality obligations and legal privilege, Rombat and Metair cannot disclose any further information at this stage. Therefore, up to this point, due to the confidential nature of the Commission's investigation and the uncertainty in quantifying and determining the timing of any potential fine, the matter is being treated as a contingent liability at balance sheet date.

		GROUP		COMPANY	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
21.	**COMMITMENTS**				
	Capital commitments	**512 968**	777 552		
	Contracted:				
	- Plant, machinery and equipment	**169 216**	77 494		
	Authorised by the directors, but not yet contracted:				
	- Plant, machinery and equipment	**343 752**	700 058		

Commitments will be financed from a combination of internal cash resources, unutilised funding facilities and future customer support. The maturity profile for lease obligations (commitments) can be found in notes 14 and 19.2 C.

NOTES TO THE FINANCIAL STATEMENTS continued

22. POST-EMPLOYMENT BENEFITS

The group provides post-employment benefits for its employees.
Amounts included in the financial statements comprise of:

	GROUP	
	2024 R'000	2023 R'000
Balance sheet obligation for:		
Post-employment medical aid benefits (note 22.1)	43 022	40 067
Other post-employment benefits (note 22.2)		23 555
Liability in the balance sheet	43 022	63 622
Income statement charge:		
Continuing operations:		
Post-employment medical aid benefits (note 22.1)	5 112	4 802
Discontinued operations:		
Other post-employment benefits (note 22.2)	8 095	9 706
	13 207	14 508
Remeasurements included in other comprehensive income:		
Post-employment medical aid benefits (note 22.1) - gain	(546)	(1 191)
Other post-employment benefits (note 22.2) - loss	22 967	24 304
Long service award - loss	370	405
	22 791	23 518

22.1 POST-EMPLOYMENT MEDICAL AID BENEFITS

Certain of the companies in the group operated post-employment medical benefit schemes until 31 December 1996. Employees who joined the group after 1 January 1997 will not receive any co-payment subsidy from the group upon reaching retirement.

The scheme is unfunded. The present value of the obligation is based on the 'projected unit credit basis' using certain assumptions.

The amounts recognised in the income statement are as follows:

	GROUP	
	2024 R'000	2023 R'000
Current service costs	533	562
Interest costs	4 579	4 240
	5 112	4 802
Movement in the liability recognised in the balance sheet		
At the beginning of the year	40 067	38 054
Total expense per income statement	5 112	4 802
Contributions paid	(1 611)	(1 598)
Actuarial gain recognised in other comprehensive income	(546)	(1 191)
At the end of the year	43 022	40 067
The amounts recognised in equity are as follows:		
Recognised actuarial gain	(546)	(1 191)
Assumptions	2024	2023
The principal actuarial assumptions used were:		
- Discount rate for obligation	10.6%	11.8%
- Healthcare cost inflation	6.5%	7.5%
- Continuation of membership on retirement	100.0%	100.0%
- CPI inflation	5.4%	7.0%
- Post-retirement mortality	PA (90)-1	PA (90)-1
- Pre-retirement mortality	SA 85-90	SA 85-90

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience.

22. POST-EMPLOYMENT BENEFITS (continued)

22.1 POST-EMPLOYMENT MEDICAL AID BENEFITS (continued)

The key financial assumption are the discount and inflation rates (and consequently the discount 'gap').

The effect of a one percentage point movement in the subsidy inflation rate and assumed discount rate is as follows:

31 December 2024 Assumption	Change	Accrued liability	% change	Current service and interest costs	% change
Central assumption		43 022		5 112	
Subsidy inflation rate	1%	47 675	11%	5 725	12%
	-1%	39 044	-9%	4 585	-10%
Discount rate	1%	39 039	-9%	4 952	-3%
	-1%	47 748	11%	5 292	4%

31 December 2023 Assumption	Change	Accrued liability	% change	Current service and interest costs	% change
Central assumption		40 067		4 802	
Subsidy inflation rate	1%	44 504	11%	5 402	12%
	-1%	36 283	-9%	4 297	-11%
Discount rate	1%	36 288	-9%	4 636	-3%
	-1%	44 559	11%	4 986	4%

22.2 OTHER POST-EMPLOYMENT BENEFITS

Other post-employment benefits relate to the Mutlu group which was disposed of during the current year (refer to note 28).

The amounts recognised in the income statement within discontinued operations are as follows:

	GROUP	
	2024 R'000	2023 R'000
Current service costs	**4 212**	4 392
Interest costs	**3 883**	5 314
	8 095	9 706
Movement in the liability recognised in the balance sheet		
At the beginning of the year	**23 555**	55 251
Total expense per income statement	**8 095**	9 706
Contributions paid	**(27 751)**	(60 364)
Actuarial loss recognised in other comprehensive income	**22 967**	24 304
Disposal of subsidiary	**(42 808)**	
Currency adjustment	**15 942**	(5 342)
At the end of the year		23 555
The amounts recognised in equity are as follows:		
Recognised actuarial loss	**22 967**	24 304

22.3 PENSION SCHEMES

The group operates defined contribution pension schemes and contributions are charged against the income statement.
The group contributed R116 million (2023: R109.9 million) to the defined contribution schemes.

NOTES TO THE FINANCIAL STATEMENTS continued

		GROUP		COMPANY	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
23.	**SUBORDINATION AGREEMENTS**				
	The company has subordinated claims in favour of, and for the benefit of, the other creditors of subsidiaries to the extent that the aforementioned subsidiaries liabilities exceed total assets.				
	Total loan amount receivable (gross) from:				
	Automould (Pty) Ltd (formerly Smiths Plastics (Pty) Ltd) (note 19.2)			167 451	167 451
				167 451	167 451

24. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the 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
- whether tooling supply arrangements result in separate performance obligations and should therefore be included within revenue, on a principal, rather than agent, basis.

Refer to note 1.2 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 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 2024 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 7)

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 8)

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.

24. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Goodwill impairment testing (refer to note 8)
The 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 Rombat (CGUs) are projected, taking into account factors such as market conditions and earnings growth. The Goodwill attributable to Rombat was fully written off during the current year.

IFRS 2 - Equity-settled schemes (refer to note 26.1)
IFRS 2 charges, determined by reference to the fair value of options granted, are calculated in terms of the group's accounting policy and based on option pricing models for the share option scheme in operation. The charge is based on assumptions applied at grant date to the valuation models. These include, among others, the risk-free interest rate, Metair share price volatility and dividend yields.

Fair value determination at grant date includes market performance conditions (such as share price), excludes the impact of any service and non-market performance vesting conditions (such as employment period conditions and profitability) and includes the impact of any non-vesting conditions.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Measurement of expected credit loss ('ECL') allowance for trade receivables, contract assets and intercompany loans (refer to notes 12 and 19.2 B. Credit risk)
IFRS 9 allows a 'simplified approach' (one of the three approaches) to determine loss allowances and adopts a 'life-time' ECL for trade receivables (without significant financing components). Essentially IFRS 9 tells us how to create expected credit losses for trade receivables using a 'provision matrix'.

The calculation of an impairment loss is based on a default rate percentage applied over the life of a group of financial assets or receivables, from the moment of its origination or acquisition. The definition of 'default' should also be consistent with that used for internal credit risk management.

In using the simplified approach, certain assumptions in determining the weighted-average loss rate was applied. The group also 'disaggregated' its debtor's book into common credit and risk characteristics. Some of the assumptions applied included defining a default base, analysing historical credit losses and the practicalities of applying forward looking estimates.

The company applied the general approach to estimate ECL for intercompany loans.

Revenue measurement in battery aftermarket arrangements – estimate of variable consideration (refer to note 1.2)
An entity shall include in revenue some or all of an amount of variable consideration, estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, when the uncertainty associated with the variable consideration is subsequently resolved.

In one of the group's businesses, a supply arrangement exists whereby some independent aftermarket franchises are requested to supply batteries to other customers. A credit-note (refund) is issued to the specific distributor or franchise for their stock that is utilised from their inventory holding.

Since the group has an option to redirect the batteries, initially sold to the distributor, a variable consideration constraint exists. Therefore, the amount of revenue recognised is adjusted for the expected credit notes to be issued, usually indicated by historical trends and sales forecasts.

NOTES TO THE FINANCIAL STATEMENTS continued

25. RELATED PARTIES

The group and company entered into transactions with related parties. The table below summarises transactions with related parties of the group.

	GROUP	
	2024 R'000	2023 R'000
Hesto		
The group entered into the following transactions with Hesto (a major associate):		
Purchases from group companies	**475 920**	597 273
Sales to group companies	**10 544**	90 676
Management fees paid to group companies	**18 702**	16 686
Management fees received from group companies	**333**	444
Interest paid to group companies on shareholder's loan	**66 650**	23 541
Outstanding balances arising from transactions with Hesto:		
Loan receivable net of expected credit loss allowance	**960 645**	215 815
Loan receivable (gross subordinated shareholder's loan including interest)	**972 945**	221 215
Expected credit loss allowance raised	**(12 300)**	(5 400)
Receivable due from sale of goods to Hesto	**116 997**	186 037
Payables arising from sale of goods by Hesto	**8 770**	440
Valeo		
Purchases from group companies	**72 882**	62 646
Outstanding balance to group companies	**10 467**	6 623

The company provided a letter of support to Metair Management Services (Pty) Ltd and historically subordinated claims against Automould (Pty) Ltd (refer to note 23). The company has guaranteed funding provided to its associate Hesto in favour of Standard Bank and Yazaki Corporation as well as for funding provided to its subsidiary, Nikisize (Pty) Ltd, in favour of Standard Bank (refer to note 10). The RCF facilities available to SA subsidiaries (refer to note 14) is guaranteed by certain group subsidiaries ('cross-guarantees').

The group (via wholly owned subsidiary Nikisize) advanced shareholder loans in aggregate of R685 million (2023: R187.25 million) to Hesto. The loans are unsecured and interest is charged at prime rates. "Loan 1" for R187.25 million has a maturity date of 30 May 2025 and "Loan 2" for R685m has a maturity date of 20 April 2025. Accumulated interest accrued amounted to R66.7 million (2023: R33.7 million) A loss allowance of R6.9 million (2023: R5.4 million) is recognised for impairment.

Information on emoluments paid to executive and non-executive directors have been presented in note 3. Employees fulfilling the role of key management are all appointed to the board of directors.

Information on investments in subsidiaries and associates, including loan advances are presented in notes 9 and 10. Information on loans granted to subsidiaries has been presented in note 9. Dividends from subsidiaries has been presented in note 3. Directors' shareholding and share incentives granted have been presented in note 26.

Information on the Metair Investments Limited 2009 Share Plan can be found in note 26. The share-based payment expense for key management amounted to R5.3 million (2023: R6.9 million credit).

Information on the Metair group Pension Scheme can be found in note 22.3. Information on shareholding of the company is available on the shareholder's analysis included in the integrated annual report.

Transactions that are eliminated intra-group for consolidation purposes are not included.

		GROUP 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
26.	**STATED CAPITAL AND TREASURY SHARES**				
	Authorised number of shares				
	400 000 000 ordinary shares at no par value	**400 000 000**	400 000 000	**400 000 000**	400 000 000
	Issued number of shares				
	Ordinary shares at beginning and end of the year	**198 985 886**	198 985 886	**198 985 886**	198 985 886
		198 985 886	198 985 886	**198 985 886**	198 985 886
	Issued				
	198 985 886 ordinary shares of no par value	**1 497 931**	1 497 931	**1 497 931**	1 497 931
	Treasury shares				
	Balance at the beginning of the year	**(106 974)**	(106 974)		
	Shares disposed by Business Venture Investments No 1217 (Pty) Ltd (vesting utilisation)	**6 810**			
	Balance at the end of the year	**(100 164)**	(106 974)		
	Number of treasury shares are held as follows				
	Business Venture Investments No 1217 (Pty) Ltd	**4 829 022**	5 216 028		

Treasury shares are ordinary shares held by Business Venture Investments No 1217 (Pty) Ltd in Metair Investments Ltd ('List-Co') and may be used for vesting purpose related to the Metair Investments Limited 2009 share plan.

26.1 THE METAIR INVESTMENTS LTD 2009 SHARE PLAN (EQUITY-SETTLED SHARE-BASED PAYMENT SCHEME)

The Metair Investments Ltd 2009 Share Plan is an equity-settled share-based payment scheme approved by shareholders on 4 December 2009. Under the plan, executives, senior managers and/or key employees of the group will annually be offered long term incentive awards in the form of share options listed below.

Annual allocations of awards made to executives and selected managers are governed by Metair's remuneration policies.

If an employee ceases to be employed by the group by reason of no-fault termination prior to vesting or exercise the awards available to vest and/or be exercised, shall be deemed to have vested, been exercised and shall be settled to the employee in terms of the share plan with effect from the date of termination of employment. All shares vested are exercised.

a) Performance shares

Annual conditional awards of performance shares will be made to participants with a zero strike price. Performance shares will vest on the third anniversary of their award, to the extent that the specified performance criteria over the intervening period has been met.

Metair executive's performance criteria will be the group's return on invested capital ('ROIC') (40%), HEPS growth targets (30%) as well as cash conversion rates (20%) and ESG targets (10%).

Movements in the number of shares awarded are as follows:

	2024 Number shares	2023 Number shares
Balance at the beginning of the year	**5 285 594**	5 519 725
Granted	**5 345 082**	2 469 967
Additional increase based on performance criteria		
Lapsed	**(2 586 266)**	(2 704 098)
Vested	**(387 006)**	
Balance at the end of the year	**7 657 404**	5 285 594
Share awards outstanding vest in the following financial years, subject to the fulfilment of performance conditions.		
2024		1 617 210
2025	**1 133 042**	1 443 302
2026	**1 722 302**	2 225 082
2027	**4 802 060**	
	7 657 404	5 285 594
IFRS 2 share-based payment charge/(reversal)	**R20 648 284**	R(27 613 113)

NOTES TO THE FINANCIAL STATEMENTS continued

26. STATED CAPITAL AND TREASURY SHARES (continued)

26.1 THE METAIR INVESTMENTS LTD 2009 SHARE PLAN (EQUITY-SETTLED SHARE-BASED PAYMENT SCHEME) (continued)

b) Bonus shares

Special allocations of 433 369 bonus shares were awarded to the previous CEO (S. Douwenga) vest after three years on continued employment. These shares were forfeited on his resignation effective as at 31 January 2024.

c) Valuation of share incentive grants

The performance shares granted are the economic equivalent of awarding a Metair share (without dividend rights for the period from grant date to vesting date) at zero strike. Therefore, the value of each performance share is equal to the share price on the grant date less the present value of future dividends expected over the vesting period.

The table below sets out the assumptions used to value the grants:

	2024	2023
Performance shares		
Spot price	R11.38 - R12.39	R25.00
Strike price (grant price)	Nil	Nil
Volatility	N/A	N/A
Dividend yield	2.98% - 7.06%	3.90%
Risk-free interest rate	7.37% - 8.12%	7.83%
Valuation (IFRS 2)	R45 628 921	R46 664 760
Fair value per share at grant date	R9.21 - R11.33	R22.23

The total IFRS 2 share-based payment resulted in a expense for the year of R 20.4 million (2023: R27.1 million credit), including allocation to non-controlling interests. Share-based payment expenses are capitalised to the investment in subsidiaries at a company level. Metair's share price at 31 December 2024 was R9.85 (2023: R17.75).

26. STATED CAPITAL AND TREASURY SHARES (continued)

26.1 THE METAIR INVESTMENTS LIMITED 2009 SHARE PLAN (EQUITY-SETTLED SHARE-BASED PAYMENT SCHEME) (continued)

d) Share awards, options and other grants allocated to and exercised by Metair Investments Limited executive directors

	2024		2023		
	P O'Flaherty	A. Jogia	R. Haffejee	S. Douwenga*	A. Jogia**
Number of shares:					
Performance shares					
Opening shares		137 841	336 032	382 147	48 663
Yearly award	608 657	197 555		175 227	89 178
Lapsed		(25 411)	(336 032)	(158 812)	
Additional increase based on performance criteria					
Exercise		(2 823)			
Cumulative	608 657	307 162		398 562	137 841
Bonus shares					
Yearly award				433 369	
Cumulative				433 369	

* *Mr S. Douwenga's non vested awards will be forfeited due to his resignation.*

** *Mr A. Jogia's awards also include awards granted prior to his appointment as CFO.*

26.2 INTEREST OF DIRECTORS

The aggregate direct beneficial holdings of directors and their immediate families in the issued ordinary shares of the company are detailed below.

	Number of shares as at 31 December 2024	%	Number of shares as at 31 December 2023	%
Executive directors				
A Jogia	13 485	0.01	10 662	0.01
Non-executive directors				
S Sithole & N Mkhondo indirect non-beneficial through Value Capital Partners	39 075 118	19.64	39 075 118	19.64
Total	39 088 603	19.65	39 085 780	18.95

There has been no change to these interests between the end of the financial year and the date of approval of the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued

		GROUP		COMPANY	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
27.	**RESERVES**				
27.1	**SHARE-BASED PAYMENT RESERVE**				
	Balance at the beginning of the year	25 081	57 897	63 935	90 999
	Value of service provided/(reversal)	20 385	(27 064)	20 385	(27 064)
	Deferred taxation	(2 770)	(4 950)		
	Utilisation of treasury shares to settle obligation*	(6 810)		(8 562)	
	Estimated taxation effect of utilisation of treasury shares	(302)			
	Transfer of net vesting impact to retained earnings	3 307	(802)		
	Balance at the end of the year	**38 891**	**25 081**	**75 758**	**63 935**
	**The average market value of shares utilised to settle the obligation amounted to R5.41 million (2023: Rnil).*				
27.2	**FOREIGN CURRENCY TRANSLATION RESERVE**				
	Balance at beginning of the year	(1 149 528)	(1 446 061)		
	Net exchange differences on translation of foreign operations including the effect of hyperinflation	519 025	296 533		
	Realisation of foreign currency translation differences upon disposal of foreign operation	908 406			
	Balance at end of the year	**277 903**	**(1 149 528)**		
27.3	**EQUITY ACCOUNTED RESERVES**				
	Balance at the beginning of the year	101 059	114 372		
	Transfers from/(to) retained earnings	1 479	(13 313)		
	Balance at the end of the year	**102 538**	**101 059**		
	Transfer from retained earnings consists of:				
	- Share of results of associates	31 743	(7 266)		(68 497)
	- Dividends received	(30 264)	(6 047)		
		1 479	(13 313)		(68 497)
27.4	**CHANGE IN OWNERSHIP RESERVE - NON-CONTROLLING INTERESTS ('NCI')**				
	The reserve relates to the premiums paid on purchases of NCI without a change in degree of control. The reserve arose as a result of transactions with Mutlu NCI (minority squeeze out)				
	Balance at the beginning of the year	(25 215)	(22 260)		
	Foreign currency translation, including the effect of hyperinflation	(1 066)	(2 955)		
	Disposal of operations	26 281			
	Balance at the end of the year		**(25 215)**		
	Total other reserves	**419 332**	**(1 048 603)**	**75 758**	**63 935**
27.5	**RETAINED EARNINGS**				
	Balance at the beginning of the year	5 063 202	4 972 604	326 753	398 286
	Net (loss)/profit for the year	(4 164 432)	95 535	25 646	(71 533)
	Other comprehensive loss	(17 115)	(18 853)		
	Transfers (from)/to equity accounted reserves	(1 479)	13 313		
	Transfer of net vesting impact of share-based payments (from)/to retained earnings	(3 366)	603		
	Balance at the end of the year	**876 810**	**5 063 202**	**352 399**	**326 753**
27.6	**NON-CONTROLLING INTERESTS**				
	Balance at the beginning of the year	127 320	129 986		
	Net profit for the year - attributable to NCI	9 956	33 099		
	Other comprehensive income - attributable to NCI	(125)	515		
	Transfer of net vesting impact of share-based payments to retained earnings	59	199		
	Dividend	(34 079)	(36 479)		
	Balance at the end of the year	**103 131**	**127 320**		

28. DISPOSAL OF SUBSIDIARY AND DISCONTINUED OPERATION

28.1 Disposal of 100% shareholding in Metaır Akü Holding Anonim Şirketi ("Metair Türkiye") by Metair International Holdings Coöperatief U.A. ("MIH")

The Mutlu Group (Metaır Akü Holding Anonim Şirketi and all its wholly owned subsidiaries) manufactures and sells automotive batteries to Original Equipment Manufacturers (OEMs) that include local aftermarket, exports and in new vehicles.

The Mutlu Group operated under challenging macroeconomic and local trading conditions that, together with a hyperinflationary environment and high interest rates in Türkiye, introduced significant complexity and risk to the Metair Group. During the current year, the decision was therefore made to dispose of the Mutlu Group and derisk Metair.

Upon the successful completion of conditions precedent, MIH, a wholly owned Subsidiary of Metair, disposed of its entire shareholding in Metair Türkiye to Quexco Incorporated for a net consideration of US$1million, effective 19 December 2024.

Disposal consideration, net of cash disposed:

	Notes	GROUP 2024 R'000
ASSETS		**5 569 556**
Non-current assets		**3 075 530**
Property, plant and equipment	7	1 792 402
Intangible assets	8	1 283 128
Current assets		**2 494 026**
Inventory		1 246 595
Trade and other receivables		1 121 208
Taxation		5 868
Cash and cash equivalents		120 355
Non-current liabilities		**(132 056)**
Post-employment benefits	22	(42 808)
Deferred taxation	15	(52 733)
Provisions for liabilities and charges	17	(36 515)
Current liabilities		**(2 493 005)**
Trade and other payables (including deferred grant income)		(1 123 472)
Borrowings and financial liabilities	18.7	(1 355 414)
Provisions for liabilities and charges	17	(14 119)
Total liabilities		**(2 625 061)**
Net asset value disposed		**2 944 495**
FCTR recycled at disposal date	27.2	908 406
Other reserves recycled at disposal date	27.4	26 281
Loss on disposal		(3 860 829)
Disposal consideration*		**18 353**
Less cash disposed		(120 355)
Disposal consideration net of cash		**(102 002)**
		US$'000
***Disposal consideration (1US$: ZAR 18.35)**		**1 000**

The Disposal Consideration is subject to customary adjustments based on the Mutlu Group's net debt and working capital amounts on the Closing Date ("Closing Adjustments").

A closing payment of US$1 million was advanced by the Purchaser to Metair, with the final Disposal Consideration being determined within 60 calendar days of the Closing Date once the final Closing Adjustments have been determined in accordance with the Share Purchase Agreement. The final Disposal Consideration shall not be more than US$2 million or less than zero.

NOTES TO THE FINANCIAL STATEMENTS continued

28. DISPOSAL OF SUBSIDIARY AND DISCONTINUED OPERATION (continued)

28.2 DISCONTINUED OPERATIONS

As disclosed in 28.1, during the current year, the Group disposed of its entire shareholding in Mutlu. In accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale* and Discontinued operations, Mutlu met the criteria to be classified as a discontinued operation and has been reported as such. Accordingly, comparative information has been represented.

Financial performance – Mutlu Group

	GROUP	
	2024 R'000	2023 Represented[1] R'000
Revenue	4 813 875	3 800 808
Cost of sales	(4 605 347)	(3 316 235)
Gross profit	208 528	484 573
Other operating income and dividend income	(3 658)	12 012
Distribution expenses	(168 797)	(174 092)
Administrative and other operating expenses	(319 854)	(307 701)
Operating (loss) / profit before capital items	(283 781)	14 792
Capital items	(8 678)	1 037
Operating (loss) / profit	(292 459)	15 829
Interest income	30 930	21 350
Interest expense	(807 095)	(506 164)
Net monetary gain arising from hyperinflation in Türkiye	472 848	555 939
(Loss) / profit before taxation	(595 776)	86 954
Taxation	110 012	(13 192)
(Loss) / profit for the year	(485 764)	73 762
[1] Capital items reclassified and represented separately.		
Cash flows utilised by Mutlu group:		
Net cash utilised from operating activities	(198 014)	(454 504)
Net cash utilised from investing activities	(562)	(130 878)
Net cash generated from financing activities	198 262	253 195
Net decrease in cash and cash equivalents	(314)	(332 187)
Reconciliation to (loss) / profit for the year from discontinued operations:		
(Loss) / profit for the year from Mutlu operations	(485 764)	73 762
Disposal costs recognised	(89 761)	
Loss on disposal of Mutlu	(3 860 829)	
(Loss) / profit for the year from discontinued operations	(4 436 354)	73 762
Attributable to:		
Equity holders of the company	(4 436 354)	73 762
	(4 436 354)	73 762
Earnings/(loss) per share		
Basic (loss)/earnings per share (cents)	(2 286)	38
Diluted (loss)/earnings per share (cents)	(2 255)	37

29. ACQUISITION OF SUBSIDIARY

Metair, through its subsidiary Nikisize (Proprietary) Limited ("Nikisize"), has acquired 100% of the voting shares of AutoZone Holdings Proprietary Limited ("AutoZone") effective 13 December 2024.

AutoZone is a privately-owned leading distributor of auto parts, spares and car accessories in South Africa, with approximately 169 retail stores and 7 QSV stores. AutoZone entered into business rescue proceedings on 1 July 2024.

The acquisition enhances Metair's ability to diversify strategically within the mobility and aftermarket sectors. It aligns well with the increasingly active used vehicle market in South Africa as well as the anticipated opportunity for growth in the aftermarket parts market. It provides Metair with an established distribution channel to grow its current automotive aftermarket businesses in Southern Africa.

The consideration, as of the completion date of 13 December 2024, comprises the following:

29.1. a nominal amount for the acquisition of the shares in AutoZone; and

29.2 . an aggregate amount of R278.5 million advanced by Nikisize to AutoZone. Applied by AutoZone as follows:
29.2.2. R188.5 million is payable to ABSA to settle ABSA's secured claim
29.2.3. R15 million to settle pre-commencement unsecured creditors;

No further targets are attached to the purchase price.

AutoZone was acquired under business rescue, and as a result, the fair value of the acquired net assets exceeded the purchase price on acquisition. Assets acquired mainly related to Inventory, right of use assets and related leasehold improvements. A gain of R195 million has been recognised in capital items in profit or loss as a result of the "bargain purchase" in accordance with IFRS 3.

As allowed under IFRS 3, management has consolidated AutoZone effective from 31 December 2024.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition and a reconciliation of the cash outflow for the acquisition.

	Notes	Carrying amount[1] 2024 R'000
Property, plant and equipment	7	139 846
Inventory		313 909
Trade and other receivables		80 789
Cash and cash equivalents		84 983
Non current borrowings	14, 18.7	(49 627)
Trade and other payables (including deferred grant income)		(42 822)
Borrowings and financial liabilities	14, 18.7	(53 619)
Total net assets on acquisition		473 459
Gain on bargain purchase		(194 959)
Total consideration		278 500
Less cash acquired		(84 983)
Acquisition of subsidiary net of cash acquired		**193 517**

[1] *It was concluded that the carrying amount of assets acquired and liabilities assumed approximate its fair value.*

Trade and other receivables acquired comprise of:	
Trade receivables	65 519
Less: Allowance for expected credit losses	(3 780)
	61 739
Prepayments and deposits	6 718
Other receivables	12 332
	80 789

The allowance for expected credit losses raised relates mainly to trade debtors greater than 6 months overdue, amounting to R4.5 million.

If the company was acquired on 1 January 2024, the contributed revenue would have been R1.778 billion. Contributed loss before tax would have been R188 million, adjusted for interest costs and once off impairments related to the business rescue process.

NOTES TO THE FINANCIAL STATEMENTS continued

30. EVENTS AFTER REPORTING DATE AND GOING CONCERN

The key focus of the group is to correct the capital structure and the debt profile (including Hesto).

To address the Company's liquidity and debt position and the Group's commitment to formulate and implement a feasible debt restructuring plan, the Group's lenders have in principle agreed to refinance Metair's current gross debt obligation which allows for a repayment profile that matches expected earnings growth and cash flows over a period of five years. Refer to the going concern note below. As part of the debt refinancing and associated remedial actions, funders also waived the covenant breaches existing at 31 December 2024.

During February 2025, the group raised an additional ZAR equivalent of $10 million (R185 million) via the existing short-term bridge facility provided by Standard Bank. The short-term loan allowed for a $10 million-part repayment to Yazaki Corporation ("Yazaki"), the other shareholder in Hesto, in respect of extended trade credit facilities provided to Hesto by Yazaki and guaranteed by Metair.

Subsequent to year end, due to clarifications of shareholder rights as entrenched in the Hesto Shareholders agreement which also facilitated the Hesto restructured finance arrangement, Hesto will be consolidated as a subsidiary in future financial statements effective for the financial year ending 2025. At the date of this report the accounting for the change in control was not finalised.

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

GOING CONCERN

Management is closely monitoring debt levels and liquidity, with a priority to reduce debt and de-gear in the medium term. In addition, the Group is implementing a range of strategies to support de-gearing towards a sustainable capital structure and enhance earnings and cash generation, including effective cash management through, inter alia, the introduction of a Centralized Treasury function, various cost control measures, delaying non-critical capital expenditures and engaging customers for flexible support on capital investments for new models.

On 10 March 2025, the board of directors of Metair ("board") and Metair's lenders approved a capital restructuring plan ("Capital Restructure"), designed to provide Metair with a more sustainable debt structure and appropriately aligned repayment terms.

In terms of the Capital Restructure, the Group's lenders have in principle agreed to refinance Metair's current gross debt obligation, the majority of which is short-term, by means of two separate packages, namely:

- Hesto ("Hesto Obligor") in an amount of R1 377 million, to be used to refinance the existing R475 million facilities as well as to repay the disproportionate loan advanced to Hesto by its minority shareholder, Yazaki Corporation; and
- the remaining South African subsidiaries ("SA Obligor"), in an amount of R3 300 million, to be refinanced through a five-year senior debt of R1 700 million comprising an amortising loan and a bullet term loan of R850 million, respectively, with the remaining R1 600 million structured as a Mezzanine Instrument, repayable by 30 June 2027. The amortising term loan includes a 12 month capital repayment holiday.

The Capital Restructure allows for a repayment profile that matches expected earnings growth and cash flows over a period of five years. Management is closely monitoring debt levels and liquidity, with a priority to reduce debt and de-gear in the medium term. In addition, the Group is implementing a range of strategies to support de-gearing towards a sustainable capital structure and enhance earnings and cash generation, including effective cash management through, inter alia, the introduction of a Centralised Treasury function, various cost control measures, delaying non-critical capital expenditures and engaging customers for flexible support on capital investments for new models.

Further information regarding the Capital Restructure, including the key terms of the Hesto Obligor and SA Obligor term sheets is detailed on page 43 in the 2024 Integrated Annual Report.

Based on the groups revised capital restructure plan and taking banking facilities into consideration, together with the ongoing support provided by funders, as well as the measures put in place as detailed above, the directors believe that the group has sufficient funds to pay debts as they become due over the next 12 months, and therefore will remain a going concern.

The directors are not aware of any other matters or circumstances that the group and company face and concluded that there are no other matters that may impact the group and company's ability to continue as a going concern.

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ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The consolidated and separate financial statements are stated in South African Rand and are prepared in accordance with International Financial Reporting Standards ('IFRS') and its interpretations adopted by the International Accounting Standards Board ('IASB') in issue and effective for the group at 31 December 2024 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act.

The consolidated financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below. Derivative financial instruments are carried at fair value.

The consolidated financial statements are prepared on the going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's 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 24.

NEW STANDARDS AND INTERPRETATIONS

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on current standards as issued by the IASB.

(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 2024:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1.
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

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 31 December 2024 reporting periods and have not been early adopted by the group.

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements.

The group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

BASIS OF CONSOLIDATION

The group and company (consolidated and separate) financial statements are included in this report.

(a) Subsidiaries

The consolidated financial statements incorporate the financial statements of Metair and all its subsidiaries from the effective dates of acquisition to the effective dates of loss of control.

Subsidiaries are all entities (including structured 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 acquiree 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, irrespective of the extent of any non-controlling interest ('NCI'). 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.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, NCI recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

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.

The company accounts for subsidiary undertakings at cost less impairment. Advances to subsidiaries by the company, which do not have fixed terms of repayment, are classified as loans to subsidiary companies – current at amortised cost. Accounting policies on intercompany loans, including impairment assessments, is fully discussed in notes 9 and 19.2.

For the company, the equity-settled share-based payment cost is capitalised to the investment in subsidiaries.

ACCOUNTING POLICIES continued

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Changes in ownership interests in subsidiaries without change of control

Transactions with NCI that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCIs are also recorded in equity.

Disposals of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Non-controlling interest (‘NCI’)

NCI is valued at the NCI’s portion of the acquirer’s identifiable assets, liabilities and contingent liabilities at the acquisition date plus the NCI’s portion of post-acquisition reserves, excluding the NCI’s portion of share-based payment reserve.

NCI is included in equity on the balance sheet and is also reconciled in the statement of changes in equity.

(c) Associate companies

Associates are all entities over which the group has a significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group’s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. The group’s share of its associates’ post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in the statement of other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to ‘share of profit/(loss) of an associate’ in the income statement.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group’s interest in associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains or losses arising on investments in associates are recognised in the income statement.

If an associated company applies accounting policies that are recognised as being materially different to those adopted by the group, appropriate adjustments are made to the consolidated financial statements, prior to equity accounting.

The group’s share of associated earnings less dividends received is transferred to other reserves within the statement of changes in equity. For the purposes of the cash flow statement, dividends received from associates are classified as operating cash flows as these enter into the determination of net profit or loss.

Treatment of Hesto using the Equity accounting method

Although Metair owns 74.9% of Hesto, Hesto is accounted for as an associate, using the equity accounting method and is not consolidated as a group entity. The shareholder’s agreement stipulates that unanimous consent is required for all decisions relating to the relevant activities of Hesto (*de facto* control or majority vote). In addition, the other shareholder also has a currently exercisable and substantive option (call option) over Metair’s shareholding that results in the classification of the investment as an associate rather than a joint venture.

The call option held would benefit the other shareholder through additional voting rights acquired from its exercise. The other shareholder currently holds 25.1% shareholding in Hesto and the option will allow an increase to either 50.1% or 100% shareholding. The unanimous consent required for decision-making is a clear indication that Metair does not control Hesto. Although unanimous consent usually indicates joint control, the impact of the call option results in the relationship being one of an associate, however equity accounting is applied under both basis.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group, and which is abandoned or disposed of or is classified as held-for-sale and which represents a separate major line of business or geographical area of operation and is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

Classification as a discontinued operation occurs when disposed of or when the operation is classified as held for sale and meets one of the criteria as outlined above. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented, as if the operation has been discontinued from the start of the comparative period.

Disposal of Mutlu Akü in Türkiye (includes ‘’Mutlu Akü group of companies’ also referred to as Mutlu Group)

The Mutlu Group has been classified as a discontinued operation as a result of its disposal in the current year (refer to note 28). Accordingly, the statement of comprehensive income has been represented.

FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements 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 financial statements are presented in South African Rands (‘ZAR’), which is the company’s functional and the group’s presentation 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) Group companies

The results and financial position of all the group entities (except Mutlu Akü, which has the currency of a hyper-inflationary 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 average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); 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 rate. Exchange differences arising are recognised in other comprehensive income.

TÜRKIYE HYPERINFLATION ACCOUNTING

During 2024, 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 2024.

The Group applied hyperinflation accounting, as specified in IAS 29, for amounts reported by Mutlu Akü in Türkiye (includes ''Mutlu Akü group of companies' also referred to as Mutlu Group), whose functional currency is Turkish Lira, since 1 January 2022.

The group disposed of the Mutlu Group during the current year. The application of IAS 29 to Mutlu Akü's operations is done prior to the translation of those results to the group's presentation currency until it's effective disposal date (refer to note 28).

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).

Based on these CPI increases, the transactions within the group statements of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows have been restated from the date these transactions occurred to reflect the period end purchasing power of the Turkish currency until it's effective disposal date.

Impact on the balance sheet (statement of financial position)

The group has not restated comparative amounts relating to Mutlu Akü for changes in purchase power of its functional currency in the current set of annual financial statements, as the presentation currency of the group is (South African Rand) that of a non-hyperinflationary economy. The difference between the net asset value of Mutlu 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 statement of financial position.

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.

Any amounts previously recognised in other comprehensive income in respect of the Mutlu Group have been reclassified to profit or loss upon disposal (refer to 28).

Impact on the income statement (statement of comprehensive income)

All items recognised in the 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 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.

ACCOUNTING POLICIES continued

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.

Exchange rate
The results, cash flows and financial position of Mutlu Akü, which is accounted for as an entity operating in a hyperinflationary economy and has a functional currency different from the presentation currency of the group, have been translated into the presentation currency of the group at the closing spot rate of exchange ruling at the reporting date.

Impact of hyperinflation on group's results
Significant hyperinflation-accounting adjustments are highlighted in note 28 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) Customer relationships
Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. These intangibles have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is charged to the income statement on a straight-line basis over their estimated useful lives of 5 to 15 years. The amortisation methods and estimated remaining useful lives are reviewed at least annually.

(d) Brands
Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands are classified into two categories: brands with a finite useful life and are carried at cost less accumulated amortisation (definite lives) and brands which have been assessed by management as an indefinite useful life intangible asset and not subject to amortisation.

The Mutlu brand has been assessed as an indefinite useful life intangible asset and is based on an analysis of relevant underlying factors confirming that there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group. This assumption is further justified by the strong presence the brand has in Türkiye and the rest of its international market place and management's intention to keep the Mutlu brand indefinitely.

Amortisation is charged to the income statement on a straight-line basis over the useful life of the asset of 25 years, except for the Mutlu brand. The amortisation methods and estimated remaining useful lives are reviewed at least annually.

The indefinite life intangible assets are tested for impairment annually. The assessment that the estimated useful lives of these assets are indefinite is reviewed at least annually.

Subsequent expenditure on acquired intangible assets is capitalised only when the cost meets the definition and recognition criteria of IAS 38 and the costs can be reliably measured.

(e) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (3 - 5 years).

(f) 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.

ACCOUNTING POLICIES continued

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 USD 5 000 per item per ZAR equivalent. Further information on leases can be found in note 7.

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.

SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose results are reviewed by the executive decision-makers to allocate resources and to assess its performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors that make strategic decisions. The operating activities of the group (predominantly automotive) are structured according to the markets served – energy storage and automotive components. Reportable segments derive their sales from the manufacture of predominantly batteries and automotive parts.

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.

Borrowing costs are not capitalised cost of inventory. 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 in the countries where the company and its subsidiaries 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 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 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 financial statements. 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 or service 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.

The significant specific accounting policies for the group’s main types of revenue streams are summarised as follows:

Sale of automotive parts and components including tooling obligations to customers

The automotive components business vertical produces original equipment (‘OE’) components used in the assembly of new vehicles by original equipment manufacturers (‘OEMs’) in South Africa as well as spare parts and accessories (‘OES’). The group also produces generic and aftermarket products. Products include lights (headlamps and tail-lamps), wire harnesses, suspension springs, radiators, air conditioners and brakes.

The majority of automotive component revenue streams arise from contracts with OEMs and normally span over the vehicle model life which can range from between 5 to 7 years of production, including facelifts.

For the purposes of the segment report, OE revenue is derived from the manufacture of components used in the assembly of new vehicles. Aftermarket revenue includes the manufacture and distribution of parts used to service vehicles already produced by OEMs, known as OES, as well as other generic parts.

Revenue on components and parts sold are recognised on the following basis:

- OEM contractual customers – Over time, i.e., before the parts have been delivered to the customers premises; and
- at the point in time for all other customers i.e., usually when the parts have been delivered and accepted by customer’s at their premises.

The group meets the requirements for applying the ‘series’ guidance for components and spare parts sold to OEMs over-time and therefore, in respect of each non-cancellable customer purchase order (or rolling forecasts received from the customers), the entire quantity of parts required by the customer is accounted for as a single performance obligation for which revenue is allocated and recognised, as the parts are manufactured. Manufacturing and delivery is based on customer-specific production releases.

For all other generic and aftermarket parts, customers obtain control the parts when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Delivery occurs when the parts have been shipped to the specific location, the risk of obsolescence and loss has been transferred to the customers and the customers have accepted the goods in accordance with their corresponding purchase orders.

Measurement

Revenue for fully completed parts is recognised predominantly on the ‘right to invoice’ method. Subject to OEM annual pricing reviews, the selling or piece price per component manufactured is usually fixed and agreed by both parties. For semi-completed components and customer specific raw materials committed, revenue is recognised on an input method, being the measure of progress of manufacturing costs increment to date plus an appropriate margin. This depicts a fair representation of efforts fulfilled, in terms of the overall performance obligations to OEMs. Aftermarket pricing is based on approved price lists.

Revenue adjustments and variations

The transaction price is based on the amount of consideration a group entity expects to be entitled to for each component manufactured and supplied. These include fixed and variable (subject to constraints) elements. Variable consideration encompasses any amount that is variable under a contract including, for example, discounts, rebates, OEM price adjustments and customer’s rights to return products.

ACCOUNTING POLICIES continued

During the ordinary course of business, OEM customer pricing is normally adjusted to take into account inflationary cost increases in materials (such as steel and copper), economic cost increases for labour and production overheads and foreign exchange rate fluctuations on imported materials. These adjustments are common in our industry and are negotiated and adjusted for in annual pricing reviews or 'APRs'. Pricing changes could also occur as a result of engineering changes due to model facelifts.

Revenue therefore includes some or all of an amount of variable consideration, estimated only to the extent that it is highly probably that a significant reversal in the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. If applicable, revenue is adjusted, on a cumulative catch up basis, for pricing changes on components already supplied (retrospective) to OEMs. Adjustments are based on the most likely amount to be received (or paid), subject to the extent that it does not result in a significant reversal of revenue accumulated.

Contract modifications are applied prospectively (i.e., to future parts supplied) and will only impact future purchase orders and performance obligations.

In certain instances, OEMs request LTRs that is volume linked. When a group entity agrees to grant a customer an option to acquire additional goods or services at a reduced price, that option is a separate performance obligation under the contract if it provides a material right that the customer would otherwise not receive without entering into the contract. Revenue is adjusted based on the anticipated sales over the LTR period and where products sold are substantially the same and the customer is able to buy future units at a reduced price, a relatively consistent price is applied to all parts during the LTR period.

The LTR gives the customer the right to acquire additional parts at a lower price in future and in these specific cases, a portion of revenue is deferred to later in the contract.

<u>Customer tooling requirements</u>
During new vehicle model launches or major facelifts, the group's automotive business units may engage in sourcing, procuring and/or assembly of customer tooling required for the specific parts to be manufactured for the OEM customers. Customer-specific tooling orders are normally outsourced to third-party specialised toolmakers and the costs are recovered with usually no mark up (we have limited pricing influence).

Tooling supply arrangements create separate enforceable rights and performance obligations and revenue is therefore recognised separately. The group is the primary party responsible for the delivery of the tool to the customer and the group controls the tool before the obligation is satisfied. The group therefore accounts for these arrangements as principal and revenue is recognised on a gross basis. Revenue for the tool is recognised progressively ('over time'). Costs incurred to fulfil the contract to date are effectively recognised immediately, since the revenue booked represents recovery of costs incurred, at zero profit margin.

Cash advancements or progress payments received from customers are initially classified as contract liabilities.

Revenue from OEM customer specific tooling, that we are engaged to supply for use in the production of customer-specific parts, is recognised over time, as the services are provided and contract assets are raised. The stage of completion to determine the amount of revenue to recognise is based on the cost to cost method. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities. Tooling arrangements can differ on a case-by-case basis.

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 South Africa, Türkiye and Romania.

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 16).

In one group entity, a supply arrangement exists whereby refunds are issued to certain distributors who may be requested to deliver stock, initially sold to them, to other customers of the group entity. The distributor also receives a handling (logistics) fee for this service. The handling fee is expensed as it is a distinct service provided to the group entity. The distributor arrangement effectively permits the customer to return an item for a credit note as stock is re-directed to other customers of the entity. Sales made to distributors, who have a right of return arrangement, are deferred for the amount of revenue the group is ultimately entitled to. Therefore, for goods that will be re-distributed to other customers under this arrangement, revenue is not recognised as it is highly probable that a significant reversal will occur.

A liability is created for the amount of revenue the group entity expects to refund (i.e., products expected to be returned). An asset with a corresponding decrease to cost of sales is created for the right to recover products, at the cost of the initial inventory less any costs to recover the products.

Contract assets and 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. If the group has recognised revenue but not issued an invoice, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional, usually upon collection or delivery of the goods and in the case of tooling, as agreed with the customer.

Warranties

The group's obligation to provide for warranties is recognised as a provision (see note 17). 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 or services 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.

Dividends

Dividend income is recognised when the right to receive payment is established.

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, external management fees and other sundry items. These items are accounted for as other operating income and are not regarded as core revenue streams.

GOVERNMENT GRANTS AND SIMILAR INCENTIVES

The group qualifies for certain incentives and allowances mainly linked to investment stimulation and production output such as the Automotive Incentive Scheme ('AIS'), the Enterprise Investment Programme ('EIP'), the Productive Asset Allowance ('PAA'), the Automotive Production and Development Programme ('APDP') and similar other foreign state incentives.

Government grants that compensate the group for the cost of an asset are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the group will comply with the conditions attached to the grants. The grants are amortised to the income statement as other operating income on a systematic basis over the useful life of the asset, or vehicle model life if shorter.

Grants are classified as non-current to the extent that they are long-term in nature.

Government grants that compensate the group for expenses incurred are recognised in the income statement as other operating income when there is reasonable assurance that they will be received and that the group will comply with the conditions attached to the grants. These are recognised over the period necessary to match them with the costs that they are intended to compensate. Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

EARNINGS PER SHARE

Basic earnings per share is expressed in cents and is based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the company (treasury shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (incentive shares).

Headline earnings is earnings as determined by IAS 33, adjusted for 'separately identifiable re-measurements', net of related tax (both current and deferred) and related non-controlling interest.

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, bank overdrafts and derivative instruments such as forward foreign exchange contracts ('FECs'). Trade receivables and trade payables exclude prepayments and certain statutory and employee-related payables for the purposes of financial instruments. Contract assets are also excluded as it does not represent an unconditional right to payment until goods are physically delivered.

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 and company 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.

ACCOUNTING POLICIES continued

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.

The group makes use of derivative financial instruments such as forward FECs to manage foreign exchange risk. Derivatives fail the SPPI test. They include considerable leverage which is a non-SPPI feature. Therefore, derivative financial instruments are classified and measured at FVTPL. Refer to section C below for further polices on derivatives and hedging.

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 (predominantly derivatives instruments such as FECs) 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 fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date. The nominal value less estimated credit adjustments of trade receivables are assumed to approximate their fair values.

Impairment of financial assets

The group recognises loss allowances for ECLs on financial assets measured at amortised cost, as well as on the financial liability recognised for financial guarantee contracts. 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. Loss allowances for advances to subsidiaries are calculated using a probability weighted basis for lifetime ECLs. For financial guarantee contracts, the date that the group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the group considers the changes in the risk that the specified debtor will default on the contract

(c) Derivative financial instruments and hedging activities

All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at the reporting date. Attributable transaction costs are recognised in the income statement when incurred. Resulting gains or losses on derivative instruments, excluding designated and effective hedging instruments, are recognised in the income statement within other operating income. The group does not hold or issue derivative financial instruments for dealing purposes.

The group is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. The group uses derivative instruments to hedge its exposure to these risks.

The group predominantly uses forward FECs to limit risk in changes in foreign exchange rates. To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as a non-current asset or liability.

The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or firm commitment (fair value hedge); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting is optional, and the group does not apply hedge accounting unless in situations of acquisition of significant foreign operations. Hedge accounting is therefore not discussed further.

When derivative instruments, including forward exchange contracts, are entered into as fair value hedges, no hedge accounting is applied (held for trading). All gains and losses on fair value hedges are recognised in the income statement.
The fair values of derivative instruments used for hedging purposes are disclosed in note 19.5.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments; and
- the amount initially recognised less cumulative amortisation recognised in profit and loss.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment. The nominal contractual values of financial guarantees are not recorded in the balance sheet. The nominal value together with any ECL considerations are disclosed in Note 19.2 financial risk management (credit and liquidity risk).

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 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 19.2 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 group unless otherwise stated.

Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

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 group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Preference shares, which are mandatorily redeemable on a specific date, or at the option of the shareholders, or if dividend payments are not discretionary are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

ACCOUNTING POLICIES continued

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 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 group operates a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The plans are generally funded by payments from employees and by the relevant group companies taking account of the recommendations of independent qualified actuaries.

The group also has an obligation in respect of its operations in Türkiye 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. There are no plan assets.

(a) Defined contribution pension plans

For defined contribution pension plans, the group pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Defined benefit (post-employment) medical aid benefits

Some group companies provided post-employment health care benefits to their retirees until 31 December 1996. Employees who joined the group after 1 January 1997 do not receive this benefit. The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and electing to participate in the scheme. Valuations of these obligations are carried out by independent qualified actuaries.

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the reporting date. The plans are unfunded.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related liability. The discount rate used is interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation. In South Africa there is no deep and liquid market in such bonds and therefore the market rates on government bonds are used. For Türkiye, the rates approved by Capital Markets Board are used.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the statement of comprehensive income as re-measurements, in the period in which they arise. Past-service costs are recognised immediately in the income statement.

(c) Other post-employment benefits

In accordance with the existing Turkish social legislation, the group is required to make lump sum payments to current employees (employed in Mutlu) 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.

(d) Long service

The 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 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 group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(f) Share-based payment transactions

The group operates an equity-settled share-based payment compensation plan. The fair value of share options, share appreciation rights, bonus shares and performance shares granted to group directors and senior executives are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted excluding the impact of non-market vesting conditions.

Fair value is measured using the Black Scholes, Binomial tree and Monte-Carlo option pricing models where applicable. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of behavioural considerations such as volatility, dividend yield and the vesting period. The fair value takes into account the terms and conditions on which these incentives are granted and the extent to which the employees have rendered service to the reporting date.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, for equity-settled share-based payments, in the income statement, with a corresponding adjustment to equity.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value of equity instruments granted, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The group's net vesting impact on the vesting of share-based payment obligations is transferred to retained earnings within the statement of changes in equity.

INVESTMENT TAX CREDITS ('ITC')

The 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 received on treasury shares are eliminated on consolidation.

TOOLING DEBTORS AND CREDITORS

The group also facilitates tooling arrangements in terms of which it sources and oversees the manufacture of certain moulds on behalf of its customers.

Deposits received from customers for tooling arrangements are recorded as contract liabilities under IFRS 15 (previously tooling creditors). Prepayments paid to suppliers for tooling arrangements are recorded as tooling debtors or prepayments.

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.

DIVIDENDS WITHHOLDING TAX

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012. The group withholds dividends tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of the group's tax charge but rather as part of the dividend paid recognised directly in equity. Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES
AS AT 31 DECEMBER 2024

		Issued share capital		Direct/ (indirect) interest		Direct/ (indirect) cost of shares less impairment	
	Type	2024 R'000	2023 R'000	2024 %	2023 %	2024 R'000	2023 R'000
SUBSIDIARIES							
Automotive components							
Smiths Manufacturing (Pty) Ltd	ordinary			(75.0)	(75.0)	(4 500)	(4 500)
Lumotech (Pty) Ltd	ordinary	1 200	1 200	(100.0)	(100.0)	(20 000)	(20 000)
Alfred Teves Brake Systems (Pty) Ltd	ordinary	15	15	(100.0)	(100.0)	(15)	(15)
Automould (Pty) Ltd	ordinary			(100.0)	(100.0)	(28 194)	(28 194)
Unitrade 745 (Pty) Ltd	ordinary			(100.0)	(100.0)		
Smiths Electric Motors (Pty) Ltd	ordinary			(75.0)	(75.0)		
Auto Plastics (Pty) Ltd	ordinary	2	2	(100.0)	(100.0)	(25 477)	(25 477)
Autozone holdings (Pty) Ltd	ordinary			(100.0)		(278 500)	
Energy storage							
Metindustrial (Pty) Ltd	ordinary	500	500	(100.0)	(100.0)		
Rombat SA**	ordinary	76 010	76 010	(99.4)	(99.4)	(437 393)	(437 393)
Mutlu Akü ve Malzemeleri Sanayii Anonim Şirketi***	ordinary				(100.0)		
Dynamic Battery Services Limited~	ordinary	2	2	(100.0)	(100.0)	(31 000)	(31 000)
First National Battery Retail (Pty) Ltd	ordinary			(100.0)	(100.0)		
Tlangi Investments (Pty) Ltd	ordinary			(100.0)	(100.0)		
Intermediate holding and management services							
Inalex (Pty) Ltd	ordinary	493 695	493 695	100.0	100.0	493 695	493 695
Nikisize (Pty) Ltd	ordinary	52 695	52 695	(100.0)	(100.0)	(52 695)	(52 695)
Metair Management Services (Pty) Ltd	ordinary			(100.0)	(100.0)		
Business Venture Investments No 1217 (Pty) Ltd	ordinary			(100.0)	(100.0)		
Metair International Cooperatief U.A.*	ordinary	2 978 352	2 978 352	(100.0)	(100.0)	(2 934 489)	(2 934 489)
Metair Energy Solutions B.V*	ordinary			(100.0)	(100.0)		
Metair Akü Holding Anonim Şirketi***	ordinary		2 494 422		(100.0)		(2 514 065)
Properties							
SMSA Property (Pty) Ltd	ordinary	3 000	3 000	(75.0)	(75.0)		
Honeypenny (Pty) Ltd	ordinary			(100.0)	(100.0)	(6 850)	(6 850)
Climate Control Properties (Pty) Ltd	ordinary	2	2	(100.0)	(100.0)	(2)	(2)
Direct interest						493 695	493 695
Indirect interest						(3 819 115)	(6 054 680)

	Type	Issued share capital 2024 R'000	2023 R'000	Direct/ (indirect) interest 2024 %	2023 %	Direct/ (indirect) cost of shares less impairment 2024 R'000	2023 R'000
ASSOCIATES							
Hesto Harnesses (Pty) Ltd	ordinary	**1**	1	**(74.9)**	(74.9)		
Associated Battery Manufacturers (East Africa) Ltd'	ordinary	**953**	953	**(25.0)**	(25.0)	**(118 272)**	(121 325)
Akkumulatorenfabrik MOLL GmbH + Co.KG``	fixed capital			**(25.1)**	(25.1)		
MOLL Grundstücks- und Vermogensverwaltungs GmbH + Co. KG``	fixed capital			**(25.1)**	(25.1)		
Tenneco Automotive Holdings SA (Pty) Ltd	ordinary	**1 233**	1 233	**25.1**	25.1		
Valeo Systems South Africa (Pty) Ltd	ordinary	**1**	1	**49.0**	49.0		
Vizirama 112 (Pty) Ltd	ordinary			**33.0**	33.0		
Eye2square Innovations (Pty) Ltd	ordinary			**(20.0)**	(20.0)		
Denso Sales South Africa (Pty) Ltd	ordinary			**(49.0)**	(49.0)		
Direct interest							
Indirect interest						**(118 272)**	(121 325)

All subsidiaries and associates are incorporated in South Africa except for:

* Metair International Cooperatief U.A. and Metair Energy Solutions B.V - Netherlands

** Rombat SA - Romania

*** Mutlu group is incorporated in Türkiye, consists of the following:
- Metair Akü Holding Anonim Şirketi
- Mutlu Holding Anonim Şirketi
- Mutlu Akü ve Malzemeleri Sanayii Anonim Şirketi (Mutlu Akü)
- Mutlu Plastik ve Ambalaji Sanayi Anonim Şirketi (Plastik)
- Metair Gayrimenkul Proje Kiralama Anonim Şirketi (Mutlu Property)

~ Dynamic Batteries - United Kingdom

` Associated Battery Manufacturers (East Africa) Limited - Kenya

`` MOLL group are registered partnerships in Germany and consists of the following entities:
- Akkumulatorenfabrik MOLL GmbH & Co. KG (currently in liquidation process)
- MOLL Grundstücks- und Vermogensverwaltungs GmbH & Co. KG
- MOLL Beteiligungsgesellschaft GmbH
- MOLL Grundbesitz GmbH

APPENDIX 1

PRO FORMA FINANCIAL INFORMATION

Basis of preparation

The Group has chosen to present EBITDA, EBIT and Free Cash Flow ('FCF') measures which are all considered to be *pro forma* financial information in terms of the JSE Listings Requirements. The *Pro forma* Financial Information has been compiled by the directors to illustrate the measures management believe to be useful to shareholders. The *pro forma* financial information:

- has been prepared for illustrative purposes only, and because of its nature, may not fairly represent the Group's financial position, changes in equity, results of operations or cash flows; and
- is presented in accordance with the JSE Listings Requirements and the SAICA Guide on *Pro Forma* Financial Information, where applicable.

The directors of the company are responsible for the *pro forma* financial information included in the Integrated Annual Report. Ernst & Young Inc. have issued an independent auditor's report on the compilation of the *pro forma* financial information which follows on pages 199 to 200.

(i) EBIT and EBITDA Measures from continuing operations

R'million	Note*	2024	2023
Operating profit as reported		603	471
Capital items	3	(99)	162
Operating profit before capital items		504	633
EBIT[1]		504	633
Depreciation and amortisation	3	308	290
Share of results of associates (excluding impairments)	10	32	(7)
EBITDA[2]		844	916

[1] *Earnings before interest and taxation, calculated as operating profit before interest, taxation and share of associate earnings but before capital items.*

[2] *Earnings before interest, taxation, depreciation, and amortisation, calculated as group operating profit and equity-accounted earnings plus depreciation, amortisation, impairments and capital items.*

* *Reconciling notes to the annual financial statements*

(ii) FCF

R'million	Note*	2024	2023
Operating profit before capital items		220	648
Operating profit before capital items from continuing operations		504	633
Operating profit before capital items from discontinued operations	28.2	(284)	15
Transaction costs included in discontinued operations	28	(90)	
Depreciation and amortisation	7,8	470	440
Depreciation and amortisation from continuing operations		308	290
Depreciation and amortisation from discontinued operations		162	150
Tax Paid	18.2	(192)	(235)
Working capital movement	18.1	804	29
Acquisition of property, plant and equipment - net	7	(449)	(576)
Acquisition of intangible assets	8	(17)	(25)
Disposal of PPE			19
Associate Dividend	10	30	6
FCF		776	306

* *Reconciling notes to the annual financial statements*

APPENDIX 2

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN INTEGRATED ANNUAL REPORT 2024 FOR THE PERIOD ENDED 31 DECEMBER 2024

To the Directors of Metair Investments Limited

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 "**Group**"), by the directors.

The *pro forma* financial information, as set out on pages 1 to 197 of the Integrated Annual Report 2024 for the period ended 31 December 2024, consists of EBIT, EBITDA and Free Cash Flow measures for the year ended 31 December 2024 (the "***Pro forma* Financial Information**"). The applicable criteria on the basis of which the directors have compiled the *Pro forma* Financial Information are specified in the JSE Limited ("**JSE**") Listings Requirements and described in the basis of preparation paragraphs on page 198 of Integrated Annual Report 2024 for the period ended 31 December 2024.

The *Pro forma* Financial Information has been compiled by the directors to illustrate the measures management believe to be useful to shareholders. As part of this process, information about the Group's financial performance has been extracted by the directors from the Group's annual financial statements, on which an auditor's report was issued on 25 March 2025.

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, described in the basis of preparation paragraphs on page 198 of Integrated Annual Report 2024 for the period ended 31 December 2024.

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 the basis of preparation paragraphs on page 198 of Integrated Annual Report 2024 for the period ended 31 December 2024, 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 Prospectus*, which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform our 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.

APPENDIX 2 continued

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 the *Pro forma* Financial Information, is to illustrate how the unadjusted financial information of the entity has been impacted by the adjustments made as described in the basis of preparation. Accordingly, we do not provide any assurance that the actual outcome of the adjustments made 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 adjustment made, 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 judgement, having regard to our understanding of the nature of the Group, and the adjustments made 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 specified in the JSE Listings Requirements, described in the basis of preparation paragraphs on page 198 of Integrated Annual Report 2024 for the period ended 31 December 2024.

Ernst & Young Inc.

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

25 March 2025

102 Rivonia Road
Sandton
2146

SHAREHOLDER INFORMATION

NOTICE OF ANNUAL 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 the 'group')

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Annual General Meeting (AGM) of the shareholders of Metair will be held at Metair's registered office, Oxford & Glenhove Building No. 2, Suite 7, Ground Floor, 114 Oxford Road, Houghton Estate, Johannesburg, Gauteng, 2198 and remotely through an electronic interactive platform hosted by The Meeting Specialist (Pty) Ltd (TMS), as permitted in terms of clause 16.5 of Metair's memorandum of incorporation (MOI), the Listings Requirements of the JSE Limited (JSE) (JSE Listings Requirements) and section 63(2)(b) of the Companies Act, No. 71 of 2008, as amended (Companies Act) on Wednesday 7 May 2025, at 14h00, subject to any cancellation, postponement or adjournment for the following purposes:

ORDINARY BUSINESS

1. Presentation of Annual Financial Statements

To present the audited annual financial statements, which include the directors' report and the audit and risk committee report, for the year ended 31 December 2024, as approved by the board of directors of the company (directors), (board) in terms of section 30(3) of the Companies Act, incorporating the auditor's report.

2. Social and ethics committee report

To receive a report by the social and ethics committee on the matters within its mandate.

3. Remuneration committee report

To receive a report by the remuneration committee on the matters within its mandate.

4. Resolutions

To consider, and, if deemed fit pass, with or without modification, the ordinary resolutions set out below:

Re-election of the directors retiring by rotation

Ordinary resolution number 1

Resolved that Mr Sam Sithole, who retires in terms of the provisions of the company's MOI, but being eligible and has offered himself for re-election, be and is hereby re-elected as an alternate director to Ms Mkhondo, an independent non-executive director of the company.

S Sithole
Alternate Director to NL Mkhondo
Age: 52
Qualification: BAcc (Hons), CA(SA), CA(Z) Programme for Leadership Development, Diploma in Banking
Nationality: Zimbabwean
Appointed: 2019

Mr Sithole is the CEO and co-founder of Value Capital Partners Pty Limited (VCP). Prior to starting VCP, he was at Brait for more than eight years as an executive director. Prior to Brait, Mr Sithole was a partner at Deloitte, where he spent six years as an audit partner and departed the firm as group leader for the Financial Services Audit Practice in Johannesburg. He currently also holds directorships, among others, in Sun International (Chairman of the board) and Tiger Brands. Mr Sithole was appointed to the Metair board on 1 March 2019 and to the remuneration and nominations committees on 2 May 2019. On 3 August 2022, Mr Sithole resigned as an independent non-executive director of the company and consequently stepped down as a member of the remuneration and nominations committee.

Mr Sithole serves as an alternate director to Ms Mkhondo, an independent non-executive director of the company.

Ordinary resolution number 2

Resolved that Ms NL Mkhondo, who retires in terms of the provisions of the company's MOI, but being eligible and has offered herself for re-election, be and is hereby re-elected as a director of the company.

NL Mkhondo
Independent non-executive director
Age: 41
Qualification: BAcc, CA(SA), MBA
Nationality: South African
Appointed: 2019

Ms Mkhondo is an investment director at Value Capital Partners Pty Limited (VCP). Prior to joining VCP, Ms Mkhondo was a seasoned investment banking and corporate finance professional, having spent time at Goldman Sachs International Plc and Anglo-American Plc (both based in the United Kingdom) where she was responsible for mergers and acquisition execution, investment evaluation and strategic long-term financial planning. During her time at Goldman Sachs and Anglo American, Ms Mkhondo executed cross-border transactions in the consumer/retail, healthcare, real estate and metals and mining sectors across the United Kingdom, Africa and the Americas. Ms Mkhondo is a Chartered Accountant (SA) by profession, having begun her career in the audit and advisory financial institutions services team at Deloitte & Touche, in Johannesburg. In addition, Ms Mkhondo has a Masters of Business Administration from the London Business School, where she was a Mo Ibrahim Scholar.

Ms Mkhondo was appointed as an independent non-executive director of the company and as a member of investment committee on 28 June 2019. On 15 February 2023, she was appointed as Chairperson of the remuneration and nominations committee.

SHAREHOLDER INFORMATION continued

Ordinary resolution number 3

Resolved that Mr Muell who retires in terms of the provisions of the company's MOI, but being eligible and has offered himself for re-election, be and is hereby re-elected as a director of the company.

M Muell
Independent non-executive director
Age: 64
Qualification: Diplom-Betriebswirt (BA)
Nationality: German
Appointed: 2019

Mr Muell holds a Diplom-Betriebswirt (BA) from Berufsakademie Stuttgart, Germany, equivalent to a Bachelor of Commerce. He has over 30 years of experience in the motor industry and is the co-founder and CEO of Scientrix Holdings Limited (Scientrix). Prior to Scientrix, Mr Muell was the President and CEO of Mercedes-Benz Argentina S.A and held various other executive positions within the Daimler Group in Germany, Turkey, South Africa, Mexico and Argentina. He has multinational and broad cross functional management experience in the fields of finance and controlling, logistics, procurement, strategic planning, sustainability and stakeholder management.

Mr Muell was appointed as an independent non-executive director and a member of the remuneration and nominations committee and as chairperson of the social and ethics committee with effect from 17 February 2020.

5. RE-APPOINTMENT OF INDEPENDENT AUDITORS

Ordinary resolution number 4

Resolved that Ernst & Young Inc., with the designated audit partner being Ms L.H. Sidubi, be re-appointed as the company's independent external auditors for the ensuing year until the conclusion of the next AGM of the company as recommended by the audit and risk committee.

The audit and risk committee and the board are satisfied that Ernst & Young Inc. (and Ms L.H. Sidubi) are independent and suitable for re-appointment, having considered and applied the provisions of sections 90(2) and 94(8) of the Companies Act and paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 of the JSE Listings Requirements.

6. ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS

Resolved that the members of the audit and risk committee as set out below be and are hereby elected in accordance with the provisions of Section 94(2) of the Companies Act and the King IV™ Report on Corporate Governance for South Africa 2016 (King IV™) for the period commencing on the date of their election and enduring until the next AGM of the company.

Resolved that the nominees (each of whom are independent non-executive directors of the company) to the audit and risk committee, as proposed by the board, be and are hereby elected:

Ordinary resolution number 5

Resolved that Ms N Medupe be and is hereby elected as a member (and Chairperson) of the audit and risk committee.

N Medupe
Independent non-executive director
Age: 54
Qualifications: Bachelor of Accountancy, Postgraduate diploma in Accountancy, Certificate in Sustainability Leadership and Corporate Governance
Nationality: South African
Appointed: 2023

Ms Medupe is a qualified CA(SA) and holds a Bachelor of Accountancy from the University of Durban Westville, a postgraduate diploma in Accountancy from the University of KwaZulu-Natal and a certificate in Sustainability Leadership and Corporate Governance from the London Business School. Ms Medupe has over 29 years of professional experience, while her non-executive director experience is 15 years.

She serves on boards that include, Alexander Forbes Group Holdings Limited, City Lodge Hotels Limited and Exxaro Resources Limited. She also has experience chairing committees such as audit and risk, social and ethics and remuneration. Ms Medupe has served in numerous executive roles including her current role as chief executive officer of Indyebo Incorporated, chief operating officer of Nedbank Group Internal Audit, as well as partner in other audit firms.

Ms Medupe was appointed as an independent non-executive director of the company and Chairperson of the audit and risk committee with effect from 13 June 2023. Subsequently, she was appointed as a member of the investment committee with effect from 13 September 2023.

Ordinary resolution number 6

Resolved that Ms AK Sithebe be and is hereby elected as a member of the audit and risk committee.

AK Sithebe
Independent non-executive director
Age: 42
Qualifications: BCom Acc (Honours), CA(SA), MBA
Nationality: South African
Appointed: 2021

Ms Sithebe is a private equity practitioner with extensive experience in mergers and acquisitions (M&A) and corporate finance garnered from a wide range of businesses primarily in the industrials value chain. She began her career with EY where she trained to qualify as a CA(SA) after which she established an accounting and audit practice named Kamva Advisory & Associates Inc. between 2008 to 2011. Ms Sithebe later went on to join the Industrial Development Corporation of South Africa (IDC) where she was a senior dealmaker.

Ms Sithebe later held the role of principal at African Phoenix Investments Limited which was a JSE-Listed mid-market focused private equity investment firm. Ms Sithebe is currently Managing Director of Kamva Investments, an investment holding entity with a focus on unlisted investments and M&A advisory. Ms Sithebe also serves on the boards of Altron Limited and Dis-Chem Pharmacies Limited.

Ms Sithebe was appointed as an independent non-executive director and a member of the audit and risk committee with effect from 1 January 2021 and to the social and ethics committee with effect from 29 January 2021.

Ordinary resolution number 7

Resolved that Mr B Mawasha be and is hereby elected as a member of the audit and risk committee.

B Mawasha
Independent non-executive director
Age: 46
Qualification: BSc (Eng), AMP, ADP, MDP, GCC
Nationality: South African
Appointed: 2018

Mr Mawasha has been CEO of Kolobe Nala Investment Company (KNI) since April 2019. Prior to KNI, he was Country Head – South Africa for Rio Tinto and Managing Director of Richard Bay Minerals. He previously held leadership, operational and technical roles at Anglo American (Kumba Iron Ore), the De Beers Group and AngloGold Ashanti. He is a member of the Witwatersrand University Mining Advisory Council. In 2017, he was selected as a Young Global Leader of the World Economic Forum. Mr Mawasha was appointed to the Metair board and the audit and risk committee on 1 March 2018. On 2 May 2019, he was appointed as chairman of the investment committee. He was then appointed as the lead independent non-executive director on 15 February 2023.

He is a certified director with the Institute of directors of Southern Africa and the South African Institute of Electrical Engineers.

7. ELECTION OF SOCIAL AND ETHICS COMMITTEE MEMBERS

On Friday, 26 July 2024, both the Companies Amendment Bill and the Companies Second Amendment Bill were signed into law. Following the proclamation issued by the President of the Republic of South Africa and published in the Government Gazette Vol. 714 No. 51837 on Friday, 27 December 2024, certain sections of the Companies Amendment Act, No. 16 of 2024 and the entirety of the Companies Second Amendments Act, No. 17 of 2024 (‘**Companies Act Amendments**’), are now in force.

Pursuant to the Companies Act Amendments, section 61(8)(c)(iii) read with section 72(9A) of the Companies Act requires that shareholders elect the members of the company’s social and ethics committee at each AGM.

The nomination committee assessed the suitability of each member, taking into consideration independence, performance, and skill and expertise requirements, and the board accepted the results of the assessment. Accordingly, the board recommends their election as members of the social and ethics committee to shareholders.

Resolved that the nominees to the social and ethics committee, as proposed by the board, be and are hereby elected:

Ordinary resolution number 8

Resolved that Mr M Muell be and is hereby elected as a member (and chairperson) of the social and ethics committee. Refer to ordinary resolution number 3 for full biographical details.

Ordinary resolution number 9

Resolved that Mr PS O’Flaherty be and is hereby elected as a member of the social and ethics committee.

PS O’Flaherty
Executive director (chief executive officer)
Age: 62
Qualification: BCom, B.Acc, CA(SA)
Nationality: South African
Appointed: 2024

Mr O’Flaherty is a qualified Chartered Accountant (SA) and began his career at PricewaterhouseCoopers Inc. in 1986, and served as an audit partner for 6 years in the Energy and Mining sector. Since 2001, he has served in both Chief Financial Officer and Chief Executive Officer (CEO) roles in JSE listed companies (Group Five Limited and ArcelorMittal South Africa Limited), the public sector (Eskom Holdings Limited) and in large multinational private companies. Mr O’Flaherty has a track record across multiple emerging markets coupled with in-depth experience in turnarounds, restructurings, mergers and acquisitions, and programme and project management. Prior to joining Ernst & Young Inc. 2021, he had the overall executive responsibility for the $1bn separation of ABSA Bank Limited from Barclays Plc. Mr O’Flaherty is a commercially focused leader and has gained extensive experience across the manufacturing, mining, infrastructure, energy, trading, and financial services industries. He has also served as a non-executive director of JSE-listed companies.

Mr O’Flaherty was appointed as CEO of Metair and a member of the social and ethics committee with effect from 1 February 2024.

Ordinary resolution number 10

Resolved that Ms AK Sithebe be and is hereby elected as a member of the social and ethics committee. Refer to ordinary resolution number 6 for full biographical details.

SHAREHOLDER INFORMATION continued

8. REMUNERATION POLICY

Ordinary non-binding advisory resolution number 11

Resolved as a non-binding ordinary resolution that the company's remuneration policy, as set out in the remuneration report contained in the integrated annual report (refer to page 89 of the integrated annual report) be and is hereby approved through a non-binding advisory vote.

9. REMUNERATION IMPLEMENTATION REPORT

Ordinary non-binding advisory resolution number 12

Resolved as a non-binding ordinary resolution that the company's remuneration implementation report, as set out in the remuneration report contained in the integrated annual report (refer to page 94 of the integrated annual report) be and is hereby approved through a non-binding advisory vote.

The reason for the above resolutions (resolutions 11 and 12) being proposed through a separate non-binding advisory vote is because of it being recommended practice in terms of the King IV™ Report on Governance for South Africa, 2016 (King IV™) and a requirement of the JSE Listings Requirements, which is in line with sound corporate governance.

The non-binding resolutions are of an advisory nature only and failure to pass these resolutions will therefore not have any legal or other consequences relating to existing arrangements. However, the board will take the outcome of the votes into consideration when considering future implementation of the company's remuneration report.

Shareholders are reminded that in terms of King IV™ and the JSE Listings Requirements, should 25% or more of the voting rights exercised be against one or both of these non-binding ordinary resolutions, the company undertakes to engage with such dissenting shareholders as to the reasons therefore, and undertakes to make recommendations based on the feedback received.

SPECIAL BUSINESS

To consider, and, if deemed fit, to pass, with or without modification, the special resolutions set out below:

Special resolution number 1

Approval of non-executive directors' remuneration

Resolved as a special resolution in terms of section 66(9) of the Companies Act, that the remuneration of the non-executive directors of the company serving on the board and/or the board of directors of any of its subsidiaries with effect from 1 January 2025 onwards (refer to page 98 of the integrated annual report) be and is hereby approved.

The reason for and effect of special resolution number 1 is to approve, to the extent required, the remuneration for non-executive directors for the period commencing 1 January 2025 onwards.

Special resolution number 2

Provision of Financial Assistance in terms of section 45 of the Companies Act

Resolved as a special resolution in accordance with section 45 of the Companies Act, that the board be and is hereby authorised, by way of a general authority, at any time and from time to time during the period of two years commencing on the date of passing of this special resolution, to provide any direct or indirect financial assistance limited to related and inter-related companies which Metair, directly or indirectly, holds a controlling equity interest (50% plus one share), (but subject to the provisions of the MOI and section 45(1) of the Companies Act) in such amount and in any form including, but not limited to, by way of loan (on an interest-free or a market-related interest basis), guarantee, the provision of security or otherwise) to any of its present or future subsidiaries and/or any juristic person that the company directly or indirectly controls from time to time (collectively hereinafter referred to as the Metair group) and being on such terms and conditions as the board in its discretion deems fit, for any purpose whether in the normal course of business of the Metair group or of a transactional nature, subject thereto that the board will, before making such financial assistance available, satisfy itself that:

(i) immediately after providing the financial assistance, the company will satisfy the solvency and liquidity test as prescribed in section 4 of the Companies Act; and
(ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The effect of special resolution 2 and the reason therefore is that such special resolution is required in terms of section 45 of the Companies Act to grant the directors the authority to allow the company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise, to any company which is related or inter-related to the company or any other juristic person that the company directly or indirectly controls.

This special resolution does not authorise Metair to provide financial assistance to a director or prescribed officer of the company.

Shareholders are referred to the announcement published on SENS on 24 December 2024 regarding the financial assistance provided by the company in terms of section 45 of the Companies Act during the 2024 financial year.

Special resolution number 3

Provision of Financial Assistance in terms of Section 44 of the Companies Act

Resolved as a special resolution in accordance with section 44 of the Companies Act, that the board be and is hereby authorised, by way of a general authority, at any time and from time to time during the period of two years commencing on the date of passing of this special resolution, to provide any direct or indirect financial assistance to any related or inter-related companies in which Metair, directly or indirectly, holds a controlling equity interest (50% plus one share) for the purpose of or in connection with the subscription of any option, or any securities, issued or to be issued by Metair or any related or inter-related companies in which Metair, directly or indirectly, holds a controlling equity interest (50% plus one share) or for the purchase of any securities in Metair or any related or inter-related companies in which Metair, directly or indirectly, holds a controlling equity interest (50% plus one share), (but subject to the provisions of the MOI and section 44 of the Companies Act) in such amount and in any form (including, but not limited to, by way of loan (on an interest-free or a market-related interest basis), guarantee, the provision of security or otherwise) whether in the normal course of business or of a transactional nature, subject thereto that the board will, before making such financial assistance available, satisfy itself that:

(i) immediately after providing the financial assistance, Metair will satisfy the solvency and liquidity test as prescribed in section 4 of the Companies Act; and
(ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to Metair.

The effect of special resolution 3 and the reason therefore is that such special resolution is required in terms of section 44 of the Companies Act to grant the directors the authority to allow Metair to provide financial assistance by way of loan, guarantee, the provision of security or otherwise, to any related or inter-related company in which Metair, directly or indirectly, holds a controlling interest for the purpose of or in connection with the subscription of any option, or any securities, issued or to be issued by Metair or any related or inter-related company which Metair, directly or indirectly, holds a controlling interest, or for the purchase of any securities in Metair or any related or inter-related company in which Metair, directly or indirectly, holds a controlling interest.

Furthermore, this special resolution specifically makes provision for Metair to provide financial assistance in respect of the issuance of preference shares by members of the Metair Group, as part of the group's tax efficient funding strategy. The special resolution does not authorise Metair to provide financial assistance to a director or prescribed officer of Metair.

Special resolution number 4

General Authority to repurchase the company's securities

Resolved as a special resolution in terms of the Companies Act and the JSE Listings Requirements, that the authorisation granted to the company in terms of clause 13 of its MOI to acquire the company's own securities by way of a general approval, upon such terms and conditions and in such amounts as the directors may from time to time decide, subject only to the provisions of the Companies Act and the JSE Listings Requirements, be and is hereby approved, subject to the following terms and conditions:

(i) any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and any counterparty;
(ii) this general authority shall be valid until the company's next AGM, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
(iii) repurchases may not be made at a price greater than 10% above the weighted average of the market value of the securities for the five business days immediately preceding the date on which the repurchase will be effected;
(iv) at any point in time, the company may only appoint one agent to effect repurchases on the company's behalf;
(v) an announcement shall be published as soon as the company has cumulatively repurchased 3% of the initial number (being the number of that class of shares in issue at the time that the general authority was granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing the details as required by paragraph 11.27 of the JSE Listings Requirements;
(vi) repurchases shall not, in the aggregate, in any one financial year exceed 5% of the company's issued share capital of that class;
(vii) acquisitions by the subsidiaries of the company may not result in a subsidiary, together with all other subsidiaries of the company, holding more than 10% of the relevant class of the issued share capital of the company from time to time; and
(viii) repurchases may not be made by the company and/ or its subsidiaries during a prohibited period as defined in the JSE Listings Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed to the JSE prior to the prohibited period.

With regard to the above, the company must instruct only one independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme. The repurchase programme

SHAREHOLDER INFORMATION continued

must be submitted to the JSE in writing prior to the commencement of the prohibited period and must include the details required in terms of paragraph 5.72(h) of the JSE Listings Requirements;

(ix) the intention of the board is that the repurchase of the company's securities will be effected within the parameters laid down by this resolution as well as by the Companies Act, the JSE Listings Requirements and the board, as and when the directors of the company deem such repurchases to be appropriate, having regard for prevailing market and business conditions; and

(x) the directors will ensure that the requisite prior resolution of the board has been taken authorising such repurchases, confirming that the company and its subsidiaries engaged in such repurchases have passed the solvency and liquidity test envisaged in section 4 of the Companies Act and confirming that, since such tests were performed, there have been no material changes to the financial position of the Metair group.

The directors shall not make any repurchases under this general authority unless they are of the opinion that, after considering the effect of the maximum number of shares to be repurchased and for a period of 12 months after the date of the notice of the AGM:

a) the company and the Metair group will be able, in the ordinary course of business, to pay their debts;

b) the assets of the company and the Metair group will be in excess of the liabilities of the company and the Metair group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements;

c) the share capital and reserves of the company and the Metair group are adequate for the ordinary business purposes of the company and the Metair group; and

d) the working capital of the company and the Metair group will be adequate for ordinary business purposes.

The effect of this special resolution number 4 and the reason therefore is to renew the general authority given to the directors, in the previous AGM, in terms of the Companies Act, the MOI and the JSE Listings Requirements for the acquisition by the company and/or its subsidiaries of the company's securities, which authority may be used at the directors' discretion during the course of the period authorised.

Having considered the effect of the maximum number of shares that may be repurchased pursuant to this general authority, and subject to the board approving the terms of each repurchase programme, a resolution has been passed by the board authorising the repurchase and confirming that the company and the Metair group have passed the solvency and liquidity test contemplated in section 4 of the Companies Act. Since the test was performed, there have been no material changes to the financial position of the Metair group.

Additional disclosure

In terms of the JSE Listings Requirements, the following disclosures are required with reference to the general authority to repurchase its own securities by the company and/or its subsidiaries set out in special resolution number 4, some of which are set out in the integrated annual report of which this notice forms part.

Major shareholders of the company – refer to page 99 of the integrated annual report.

Share capital – refer to page 26 of the integrated annual report.

Directors' responsibility statement

The directors, whose names are given on pages 34 to 35 of the integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution number 4 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 the aforementioned special resolution contains all the information required by law and the JSE Listings Requirements.

Material change

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the Metair group since the financial year end on 31 December 2024 to the date of posting of the integrated annual report.

PERCENTAGE OF VOTING RIGHTS REQUIRED FOR RESOLUTIONS

Ordinary resolutions

The percentage of voting rights that will be required for the adoption of each ordinary resolution is 50% plus one of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM in order to be adopted.

Special resolutions

The percentage of voting rights that will be required for the adoption of each special resolution is at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM in order to be adopted.

NOTICE RECORD DATE, VOTING RECORD DATE AND FORMS OF PROXY

This notice of the company's AGM has been sent to its shareholders who were recorded as such in the company's securities register on Friday, 14 March 2025, being the notice record date used to determine which shareholders are entitled to receive this notice of the AGM.

The record date on which shareholders of the company must be registered as such in the company's securities register in order to attend and vote at the annual general meeting is Friday, 25 April 2025, being the voting record date used to determine which shareholders are entitled to attend and vote at the AGM. The last day to trade in order to be entitled to vote at the AGM will therefore be Tuesday, 22 April 2025.

In terms of section 63(1) of the Companies Act, any person attending or participating in the AGM must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

Duly completed proxy forms must be received by the company at its registered office or by The Meeting Specialist (Pty) Ltd (JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 or at PO Box 62043, Marshalltown, 2107 or via email at proxy@tmsmeetings.co.za) by no later than Monday, 5 May 2025 at 14h00. Any forms of proxy not lodged at this time must be handed or submitted electronically, *via* email to proxy@tmsmeetings.co.za, to the chairperson of the annual general meeting immediately prior to the AGM. A shareholder is entitled to attend and vote at the AGM or may appoint one or more proxies (who need not be a shareholder(s) of the company) of his/her own choice to attend, speak, and, on a poll, vote in his/her stead at the AGM.

The attention of shareholders is directed to the additional notes contained in the form of proxy.

ELECTRONIC PARTICIPATION

The AGM will be accessible through electronic communication, as permitted by the JSE Listings Requirements and in accordance with the provisions of the Companies Act and the company's MOI. TMS will assist shareholders with the requirements for electronic attendance, participation in, and/or voting at the AGM. Shareholders who wish to electronically attend, participate in and/or vote at the AGM 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 14h00 on Monday, 5 May 2025. Shareholdings participating in this manner may still appoint a proxy to vote on their behalf at the AGM. Access by means of electronic communication will be at the expense of the individual shareholders.

Neither the company nor TMS can be held accountable in the case of loss of network connectivity or other network failure due to, *inter alia*, insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any shareholder from electronically attending, participating in and/or voting at the AGM.

Shareholders or their proxies may participate in (but not vote at) the annual general meeting by way of telephone conference call. If they wish to do so they:

- must contact the Company Secretary (by email at the address sanet@metair.co.za) by no later than Monday, 5 May 2025 at 14h00 in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

Shareholders and their proxies will not be able to vote telephonically at the AGM and will still need to appoint a proxy or representative to vote on their behalf at the meeting.

By order of the board

SM Vermaak Metair
Company secretary

Johannesburg
25 March 2025

Registered office
Metair Investments Limited
Oxford and Glenhove Building No. 2
Suite 7, Ground Floor
114 Oxford Road Houghton Estate
Johannesburg
Gauteng, 2198

SHAREHOLDERS' DIARY

Financial year-end	December
Annual general meeting	May

REPORTS AND PROFIT STATEMENTS

Interim report	August
Annual report and annual financial statements	March

ORDINARY DIVIDENDS

Declared	March
Payment	April

Shareholders are reminded to notify the Transfer Secretaries of any change in address.

CORPORATE INFORMATION

Metair Investments Limited
JSE and A2X Share Code: MTA
ISIN: ZAE000090692
Registration Number: 1948/031013/06
LEI No: 378900C0933C7C909172

Business address and registered office
Metair Investments Limited
Oxford and Glenhove Building No. 2
Suite 7, Ground Floor
114 Oxford Road
Houghton Estate
Johannesburg
Gauteng
2198

Postal address
PostNet Suite 231
Private Bag X31
Saxonwold
Gauteng
2132

Group company secretary

Sanet Vermaak

Email: Sanet@metair.co.za

Telephone: +27 10 786 0800

Website www.metair.co.za

Sponsor
One Capital

Auditors
Ernst and Young Inc.

Share transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
South Africa

Postal address
Private Bag X9000
Saxonwold
2132
South Africa
Telephone: +27 11 370 5000
Website: www.computershare.com

Further information on this report and its contents can be obtained from the group company secretary.

FORM OF PROXY

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 the 'group')

IMPORTANT NOTE CONCERNING THIS FORM OF PROXY

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

If either of the above situations is not applicable to you, you must not use this form. In such event, you must notify your duly appointed Central Securities Depository Participant (CSDP) or broker, as the case may be, in the manner stipulated in the agreement governing your relationship with your CSDP or broker, of your instructions as regards voting your shares at the annual general meeting.

A shareholder may be entitled to attend and vote at the meeting or 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 annual general meeting of the company to be held at 14h00 (South African Standard Time) on Wednesday, 7 May 2025 at Metair registered office, Oxford & Glenhove Building No. 2, Suite 7, Ground Floor, 114 Oxford Road, Houghton Estate, Johannesburg, Gauteng, 2198.
A proxy need not be a shareholder of the company.

I, ____

(name in block letters)

Of (address) ____

____

being holder/s of ______________________ ordinary shares in the company, do hereby appoint:

1. ______________________________________ or failing him/her
2. ______________________________________ or failing him/her,
3. the chairperson of the annual general meeting as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof, and to vote for or against the resolutions or abstain from voting, in accordance with the following instructions:

VOTING INSTRUCTION:

Please indicate with an 'X' in the appropriate spaces how votes are to be cast	**In Favour**	**Against**	**Abstain**
Presentation of annual financial statements	NON-VOTING AGENDA ITEM		
Presentation of social and ethics committee report	NON-VOTING AGENDA ITEM		
Presentation of remuneration committee report	NON-VOTING AGENDA ITEM		
Ordinary resolution number 1 - Re-election of Mr S Sithole as an alternate director to Ms Mkhondo, an independent non-executive director of Metair	☐	☐	☐
Ordinary resolution number 2 - Re-election of Ms NL Mkhondo as a director of Metair	☐	☐	☐
Ordinary resolution number 3 - Re-election of Mr M Muell as a director of Metair	☐	☐	☐
Ordinary resolution number 4 - Re-appointment of Ernst and Young Inc. as auditors of Metair for the financial year ending 31 December 2025 and until the conclusion of the next annual general meeting	☐	☐	☐
Election of audit and risk committee members			
Ordinary resolution number 5 - Election of Ms N Medupe as a member and chairperson of the audit and risk committee	☐	☐	☐
Ordinary resolution number 6 - Election of Ms AK Sithebe as a member of the audit and risk committee	☐	☐	☐
Ordinary resolution number 7 - Election of Mr B Mawasha as a member of the audit and risk committee	☐	☐	☐
Election of social and ethics committee members			
Ordinary resolution number 8 - Election of Mr M Muell as a member and chairperson of the social and ethics committee	☐	☐	☐
Ordinary resolution number 9 - Election of Mr PS O'Flaherty as a member of the social and ethics committee	☐	☐	☐
Ordinary resolution number 10 - Election of Ms AK Sithebe as a member of the social and ethics committee	☐	☐	☐
Ordinary non-binding advisory resolution number 11 - Endorsement of the company's remuneration policy	☐	☐	☐
Ordinary non-binding advisory resolution number 12 - Endorsement of the company's remuneration implementation report	☐	☐	☐
Special business:			
Special resolution number 1 - Approval of non-executive directors' remuneration	☐	☐	☐
Special resolution number 2 - Provision of financial assistance in terms of Section 45 of the Companies Act	☐	☐	☐
Special resolution number 3 - Provision of financial assistance in terms of Section 44 of the Companies Act	☐	☐	☐
Special resolution number 4 - General authority to repurchase the company's securities	☐	☐	☐

Signed at: ____________ on ______________________ 2025.

Signature: ____

Assisted by me (where applicable): ______________________________

This form of proxy should be lodged with or posted to the registered office of the company (Oxford & Glenhove Building No. 2, Suite 7, Ground Floor, 114 Oxford Road, Houghton Estate, Johannesburg, Gauteng, 2198) or lodged with, posted or emailed to The Meeting Specialist (Pty) Ltd (JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 or at PO Box 62043, Marshalltown, 2107 or *via* email at proxy@tmsmeetings.co.za) by no later than Monday, 5 May 2025 at 14h00 (South African Standard Time) or handed or submitted electronically, *via* email to proxy@tmsmeetings.co.za, to the chairperson of the annual general meeting before the appointed proxy exercises any of the relevant shareholder rights at the annual general meeting.

NOTES TO THE FORM OF PROXY

An entitled shareholder may insert the name of a proxy or the names of two alternative proxies of the entitled shareholder's choice in the space(s) provided, with or without deleting 'the chairperson of the general meeting' but any such deletion must be initialled by the entitled shareholder. 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.

Please insert an '**X**' in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the entitled shareholder's votes exercisable thereat. An entitled shareholder or his/her proxy is not obliged to use all the votes exercisable by the entitled shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the entitled shareholder or by his/her proxy.

The completion and lodging of this form of proxy will not preclude the relevant entitled shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's Transfer Secretaries or waived by the chairperson of the annual general meeting.

Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).

A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries of the company.

The chairperson of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these instructions and notes, provided that he/she is satisfied as to the manner in which the entitled shareholder concerned wishes to vote

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT, NO 71 OF 2008, AS AMENDED (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 speak and vote at, a shareholders' meeting on behalf of such shareholder;
- 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 MOI, or the instrument appointing the proxy, provides otherwise;
- if the instrument appointing a proxy 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 MOI 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;
- if a company issues an invitation to its shareholders to appoint 1 (one) 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 at which it was intended to be used.

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