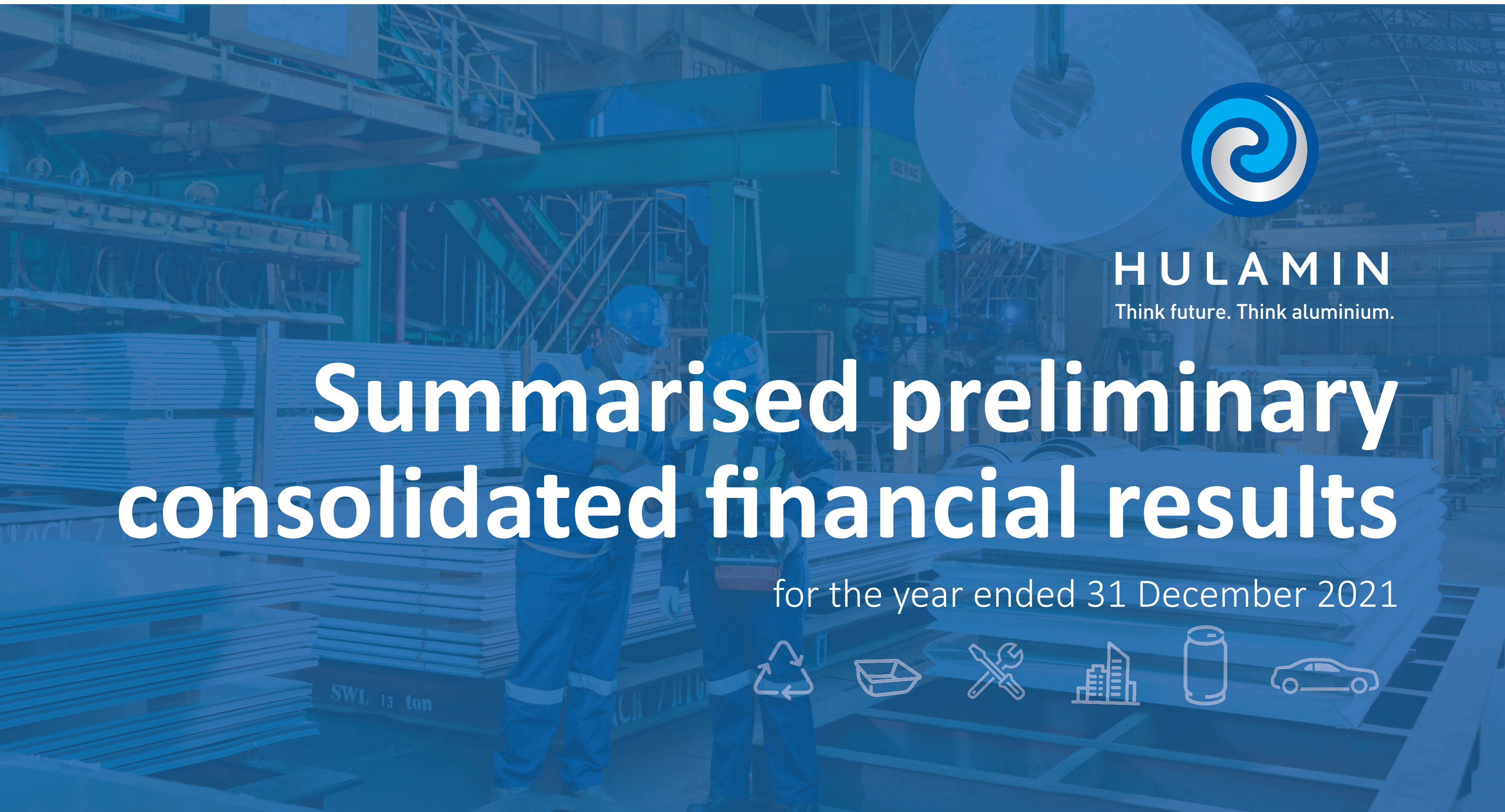

HULAMIN
Think future. Think aluminium.

Summarised preliminary consolidated financial results

for the year ended 31 December 2021

HIGHLIGHTS

Group sales volumes up 34% to 222 000 tons

Basic earnings per share up 346% to a profit of 192 cents from a 78 cents loss in 2020

Headline earnings per share up by 187% to 182 cents from a 94 cents loss in 2020

Normalised EBITDA increased by 254% to R152 million

R141 million free cash generated, despite a higher Rand Aluminium price and increased volumes

Richard Jacob, Hulamin's Chief Executive Officer, commented:

"Hulamin responded to the tough trading conditions of 2019 and 2020, returning to profitability in 2021. Contributors to this return to profitability include increased volumes, higher realised prices and growth in local sales. The higher Rand London Metal Exchange ("LME") Aluminium price contributed measurably, further boosted by utilisation of assessed losses.

Local sales grew by 54%, driven by the growth in the beverage can consumption and the imposition of import duties on aluminium flat rolled products into South Africa.

Following the completion of its turnaround plans in 2020, Hulamin Extrusions performed well in 2021, generating profits for the year which included the proceeds of the sale of the Olifantsfontein property.

2022 began with solid demand, firmer prices than in recent years and a reasonable Rand/ Dollar exchange rate. Should these conditions continue, we expect the healthier trading conditions to persist, albeit without the metal price lag benefits experienced in 2021."

Enquiries

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COMMENTARY

Business overview

The business started 2021 with a sense of hope that 2020 and its challenges were behind us, that most key risks had been successfully mitigated and that improvement momentum had been established. Following blockages in our USA distribution channel during 2019, the Covid-19 pandemic and its consequent impacts on business during 2020, 2021 started with the news that the South African Government had followed the International Trade Administration Commission (ITAC) recommendations and approved a duty on rolled aluminium imports into South Africa.

Although it took some months to fully impact the local market, local demand grew strongly in 2021. Total local market rolled products sales reached close to 90 000 tons, up 54% on 2020.

Group sales volumes in 2021 grew 34% to 222 000 (2020: 166 000 tons). Coupled with the increase in the Rand Aluminium price, Group turnover grew by 52% to R13b (2020: R8.5b).

Gross profit increased by 84% to R1.6b. Aside from the hedging losses incurred in the prior year, costs were in line with the prior year, on a unit cost basis, resulting in an operating profit of R538m (2020: loss of R81m). Normalised EBITDA, which excludes the metal price lag ("MPL"), increased by 254%.

Headline earnings improved to R560m from a R220m loss in the prior year.

The realisation of higher prices, ongoing cost controls and metal price lag profits earned contributed measurably to performance. Cash remained tight throughout the year as a result of higher Rand LME Aluminium price absorption into working capital.

Hulamin Rolled Products

Hulamin Rolled Products grew its local sales by 65% on the back of increasing its canstock sales by 109%, other rolled sheet and plate products by 30% and local foil by 35%. Hulamin Rolled Products improved its second half sales volumes from 96 000 tons to 112 000 tons in the second period, which represents an increase of 17%.

Demand for beverage can stock has firmed widely across the globe over the past 2 to 3 years. The increase in local beverage can stock demand is in line with global trends, driven by the environmental impact of single use plastics (largely in the carbonated soft drink market) and the recognition of aluminium as a 100% recyclable material. This growth trend has begun to have a major impact on the local market too, where a shortage of glass containers has supported the alcohol market in addition to the above factors. Increases in conversion prices have followed the increased demand.

Hulamin Extrusions

Following the implementation of 2020 turnaround plans, Hulamin Extrusions performed well in 2021, with sales growing by 17%, resulting in a meaningful increase in profits. The business finalised its sale of the Olifantsfontein property, which contributed R40m to this profit.

Metal Supply Agreement

Hulamin and South32 signed a new five-year agreement in 2019 for the supply of molten and solid ingot aluminium in order to meet Hulamin's requirements in the Richards Bay and Pietermaritzburg operations. Negotiations progressed constructively, culminating in Hulamin and South32 signing conditional agreements for the period 2020 to 2024 (inclusive).

The outstanding condition precedent was the finalisation of electricity supply agreements between Hillside and Eskom. In 2021, the National Energy Regulator of South Africa (NERSA) approved a new agreement between these parties, making the agreement between Hulamin and Hillside unconditional. We look forward to benefitting from the new agreement in the years to follow.

Conclusion

We are delighted with the turnaround shown and performance achieved in 2021. Although financial results were boosted by MPL profits, the underlying business health has improved considerably. Increases in the LME price of Aluminium will likely constrain the balance sheet and could constrain volumes should further increases occur. This risk is heightened by the energy crisis and Aluminium supply constraints arising from the Ukraine conflict.

Hulamin anticipates that the disruptive effect of Covid-19 related lockdowns will continue to subside during 2022. Order books are healthy going into 2022, supported by a firm market for beverage can products. The business remains sensitive to the level of Rand against the US Dollar and other major currencies, particularly in relation to inflation. Should economic conditions remain stable in 2022, we expect the improvements evidenced in 2021 to continue.

TP Leeuw
Chairman

RG Jacob
Chief Executive Officer

Pietermaritzburg
25 March 2022

Summarised preliminary consolidated statement of financial position

as at 31 December 2021

	Notes	2021 R'000	2020 Restated R'000	2019 Restated R'000
ASSETS				
Non-current assets				
Property, plant and equipment		**889 037**	813 097	813 570
Right-of-use assets		**37 476**	44 550	17 108
Intangible assets		**34 875**	33 162	13 157
Retirement benefit asset		**47 313**	63 084	95 560
Deferred tax asset	6	**129 586**	15 449	93 130
Other assets	10	**32 150**	8 482	–
Investments accounted for using the equity method	9	**74 980**	58 635	–
		1 245 417	1 036 459	1 032 525
Current assets				
Inventories		**3 033 830**	2 291 860	2 143 510
Trade and other receivables		**1 442 901**	1 097 335	804 415
Derivative financial assets		**9 791**	7 708	88 661
Cash and cash equivalents		**149 474**	38 045	126 207
Other assets	10	**–**	4 523	–
Income tax asset		**102**	12 873	17 562
		4 636 098	3 452 344	3 180 355
Non-current assets classified as held for sale		**–**	14 250	14 250
Total assets		**5 881 515**	4 503 053	4 227 130
EQUITY				
Stated capital and consolidated shares		**1 817 627**	1 817 627	1 817 580
Treasury shares		**(35 863)**	(35 863)	(22 000)
BEE reserve		**28 547**	24 576	24 576
Employee share-based payment reserve		**48 170**	57 321	63 305
Hedging reserve		**(4 217)**	1 724	12 505
Retained Earnings		**1 068 611**	461 093	641 444
Total equity		**2 922 875**	2 326 478	2 537 410
LIABILITIES				
Non-current liabilities				
Lease liabilities		**41 456**	47 251	34 405
Deferred tax liability	6	**902**	2 070	16 990
Retirement benefit obligations		**205 931**	202 899	225 007
		248 289	252 220	276 402
Current Liabilities				
Trade and other payables		**1 892 276**	1 114 788	1 005 121
Current borrowings		**800 076**	789 053	352 083
Lease liabilities		**11 467**	20 514	12 088
Income tax liability		**5 837**	–	–
Derivative financial liabilities		**695**	–	44 026
		2 710 351	1 924 355	1 413 318
Total liabilities		**2 958 640**	2 176 575	1 689 720
Total equity and liabilities		**5 881 515**	4 503 053	4 227 130

Note 12 provides details with respect to the prior year restatement.

Summarised preliminary consolidated statement of profit or loss

for the year ended 31 December 2021

	Notes	2021 R'000	2020 Restated R'000
Revenue from contracts with customers	3(c)	**13 014 883**	8 548 878
Cost of goods sold		**(11 328 626)**	(7 636 339)
Cost of services provided		**(48 889)**	(20 730)
Gross profit		**1 637 368**	891 809
Selling, marketing and distribution expenses		**(653 478)**	(469 749)
Administrative and other expenses		**(527 959)**	(421 147)
Impairment of loans in joint ventures reversed/(raised)	9	**14 932**	(3 724)
Impairment losses reversed/(raised) on financial assets		**4 430**	(5 068)
Impairment of property, plant and equipment and intangible assets		**–**	(8 432)
Gains/(losses) on financial instruments related to trading activities	4	**22 005**	(70 242)
Other gains	5	**40 704**	4 993
Operating profit/(loss)		**538 002**	(81 560)
Interest income		**9 356**	9 071
Interest expense		**(64 825)**	(45 965)
Profit/(loss) before share of joint venture profits		**482 533**	(118 454)
Share of net loss of joint ventures accounted for using the equity method	9	**(2 258)**	(1 565)
Profit/(loss) before tax		**480 275**	(120 019)
Taxation	6	**110 985**	(119 490)
Net profit/(loss) for the year attributable to equity holders of the company		**591 260**	(239 509)
Basic earnings/(loss) per share	(cents)	**192**	(78)
Diluted earnings/(loss) per share	(cents)	**180**	(78)

Note 12 provides details with respect to the prior year restatement.

Summarised preliminary consolidated statement of comprehensive income

for the year ended 31 December 2021

	2021 R'000	2020 Restated R'000
Net profit/(loss) for the year attributable to equity holders of the company	**591 260**	(239 509)
Other comprehensive (loss)/income for the year	**(3 567)**	19 637
Items that may be reclassified subsequently to profit or loss:	**(5 941)**	(10 781)
Cash flow hedges transferred to the statement of profit or (loss)	**(34 354)**	210 379
Cash flow hedges remeasured	**32 430**	(213 515)
Cost of hedging	**(6 328)**	(11 838)
Income tax relating to these items	**2 311**	4 193
Items that will not be reclassified to profit or loss:	**2 374**	30 418
Remeasurements of retirement benefit obligations	**3 956**	31 399
Remeasurements of retirement benefit asset	**(41)**	153
Income tax relating to these items	**(1 541)**	(1 134)
Total comprehensive profit/(loss) for the year attributable to equity holders of the company	**587 693**	(219 872)

Note 12 provides details with respect to the prior year restatement.

Summarised preliminary consolidated cash flow statement

for the year ended 31 December 2021

	Notes	2021 R'000	2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	A	**288 158**	(280 184)
Interest paid		**(68 382)**	(60 438)
Interest received		**3 763**	8 358
Income taxes refund/(paid)		**15 232**	(28 231)
Net cash inflow/(outflow) from operating activities		**238 771**	(360 495)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(141 844)**	(131 432)
Additions to intangible assets		**(12 599)**	(8 848)
Proceeds on disposal of property, plant and equipment		**55 000**	–
Proceeds from other assets (lease receivable)		**–**	2 950
Proceeds from repayments of loan granted to investment accounted for using equity method		**1 893**	20 496
Net cash outflow from the group as a result of loss in control of Isizinda		**–**	(7 346)
Net cash outflow from investing activities		**(97 550)**	(124 180)
Cash flows before financing activities ("free cash flow")		**141 221**	(484 675)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from current borrowings*		**11 023**	436 970
Payment of principal portion of lease liabilities		**(15 352)**	(11 668)
Payment of customs deposits		**(32 150)**	–
Acquisition of treasury shares		**–**	(13 816)
Net cash (outflow)/inflow from financing activities		**(36 479)**	411 486
Net increase/(decrease) in cash and cash equivalents		**104 742**	(73 189)
Cash and cash equivalents at beginning of year		**38 045**	126 207
Effects of exchange rate changes on cash and cash equivalents		**6 687**	(14 973)
Cash and cash equivalents at end of year		**149 474**	38 045

** Movement in the current borrowings represents the net movement on the Nedbank facility which is drawn down or settled on a daily basis.*

Summarised preliminary notes to the consolidated cash flow statement

for the year ended 31 December 2021

		Notes	2021 R'000	2020 Restated R'000
A	**Cash generated from operations**			
	Profit/(loss) before tax		**480 275**	(120 018)
	Net interest cost		**55 469**	36 894
	Operating profit/(loss)		**535 744**	(83 124)
	Adjusted for non-cash flow items:			
	Depreciation		**68 131**	48 392
	Depreciation of right-of-use assets		**7 585**	8 691
	Amortisation of intangible assets		**10 884**	7 153
	Impairment of financial assets		**(4 430)**	5 068
	(Reversal of impairment)/impairment of loans to joint ventures		**(14 932)**	3 724
	Impairment of property, plant and equipment and intangible assets		**–**	8 432
	(Profit)/loss on disposal of property, plant and equipment	5	**(39 505)**	–
	Loss arising from loss of control in Isizinda		**–**	11 207
	Gain on liquidation of pension fund		**–**	(16 000)
	Share of net (profit)/loss losses of Joint Ventures accounted for using the equity method		**2 258**	1 565
	Net movement in retirement benefit asset and obligations		**22 718**	41 921
	Value of employee services received under share schemes		**8 703**	22 756
	Foreign exchange losses/(gains) on cash and cash equivalents		**(6 687)**	14 973
	Currency exchange translation on foreign debtors and creditors		**(8 062)**	(5 482)
	Other non-cash items		**(3 086)**	(3 253)
	Cash generated before working capital changes		**579 321**	66 023
	Changes in working capital	B	**(291 163)**	(346 207)
	Cash generated from/(used in) operations		**288 158**	(280 184)
B	**Changes in working capital**			
	Increase in inventories		**(741 970)**	(148 551)
	Increase in trade and other receivables		**(324 424)**	(277 533)
	Increase in derivatives		**6 864**	21 953
	Increase in trade and other payables		**768 367**	57 924
			(291 163)	(346 207)

Note 12 provides details with respect to the prior year restatement.

Summarised preliminary consolidated statement of changes in equity

for the year ended 31 December 2021

	Stated capital and consolidated shares A R'000	Treasury shares B R'000	Hedging reserve C R'000	Employee share-based payment reserve D R'000	BEE reserve E R'000	Retained earnings F R'000	Total equity R'000
Balance at 31 December 2019 Restated	1 817 580	(22 000)	12 505	63 305	24 576	641 444	2 537 410
Net loss for the year	–	–	–	–	–	(239 509)	(239 509)
Other comprehensive (loss)/income net of tax:							
– cash flow hedges	–	–	(10 781)	–	–	–	(10 781)
– retirement benefit assets and obligations	–	–	–	–	–	30 418	30 418
Equity settled share-based payment schemes:							–
– Value of employee services	–	–	–	22 756	–	–	22 756
– Settlement and forfeiture of employee share incentives	–	–	–	(28 740)	–	28 740	–
– Vesting of A1 ordinary shares	47	(47)	–	–	–	–	–
– Acquisition of treasury shares	–	(13 816)	–	–	–	–	(13 816)
Dividend paid	–	–	–	–	–	–	–
Balance at 31 December 2020 Restated	1 817 627	(35 863)	1 724	57 321	24 576	461 093	2 326 478
Net profit for the year	**–**	**–**	**–**	**–**	**–**	**591 260**	**591 260**
Other comprehensive income net of tax:							
– cash flow hedges	**–**	**–**	**(5 941)**	**–**	**–**	**–**	**(5 941)**
– retirement benefit assets and obligations	**–**	**–**	**–**	**–**	**–**	**2 374**	**2 374**
Equity settled share-based payment schemes:							
– Value of employee services	**–**	**–**	**–**	**4 733**	**3 971**	**–**	**8 704**
– Settlement and forfeiture of employee share incentives	**–**	**–**	**–**	**(13 884)**	**–**	**13 884**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2021	**1 817 627**	**(35 863)**	**(4 217)**	**48 170**	**28 547**	**1 068 611**	**2 922 875**

Note 12 provides details with respect to the prior year restatement.

Summarised preliminary notes to the statement of changes in equity

for the year ended 31 December 2021

A: Stated capital and consolidation shares

Stated capital represents the group's issued share capital held by outside shareholders. Consolidation shares represent shares held under various BEE transactions.

B: Treasury shares

Shares in the company held by wholly-owned group company are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares and the cost of the shares is deducted from group equity. Dividends received on treasury shares are eliminated on consolidation. No gains and losses are recognised in the group statement of profit or loss or the statement of comprehensive income on the purchase, sale, issue or cancellation of treasury shares. During the year the group did not purchase shares (2020: 7 638 806 shares). The total cost of shares acquired in 2020 amounted to R13.8 million. The total deduction in paid-up capital in 2020 was R35.8 million.

C: Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently transferred to revenue as part of the hedging relationship or reclassified to profit or loss as appropriate. The group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve. These deferred costs of hedging are included in revenue when it is recognised.

D: Employee share-based payments reserve

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

E: BEE reserve

The BEE reserve is used to recognise the grant date fair value of options issued to identified BEE participants and Isizinda BEE participants.

F: Retained earnings

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

Notes to the summarised preliminary consolidated financial statements

for the year ended 31 December 2021

1. Basis of preparation of summarised preliminary consolidated financial statements

The summarised preliminary consolidated financial results of the group for the year ended 31 December 2021 have been prepared using the framework concepts, the recognition and measurement requirements of IFRS and contain the presentation and disclosures required by IAS 34, 'Interim Financial Reporting', the Companies Act 71 of 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act No. 71 of 2008, under the supervision of the Chief Financial Officer, Mr Mark Gounder CA(SA). The summarised preliminary consolidated financial results are prepared in thousands of South African Rand (R'000) on the historical cost basis, except for the measurement of financial instruments, the valuation of share based payments, non-current assets held for sale and retirement benefit assets and obligations.

The group's independent auditor, Ernst & Young Inc. (EY), has issued an unmodified audit opinion on the group's consolidated and separate financial results for the year ended 31 December 2021. The audit was conducted in accordance with International Standards on Auditing. These summarised preliminary consolidated financial results have been derived from the group's audited financial statements and are consistent, in all material respects, with the group's audited financial statements. The directors take full responsibility for the preparation of this announcement, including ensuring that the summarised preliminary consolidated financial statements are correctly extracted from the underlying audited financial statements. The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office. This is also available on the company's website, www.hulamin.com.

The accounting policies adopted are in terms of International Financial Reporting Standards and are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

(a) New and revised standards and interpretations in issue and effective which are applicable to the group

A number of new or amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) New and revised standards in issue but not yet effective which are applicable to the group

The following standards and amendments were issued but are not yet effective and have not been early adopted. These standards and amendments are not expected to have a material impact on the group:

- IFRS 17, Insurance Contracts effective 1 January 2023;
- Amendments to IAS 1 effective 1 January 2023 and tentatively deferred to 1 January 2024;
- A number of narrow scope amendments to IFRS 3, IAS 8, IAS 12, IAS16 and IAS 37 effective 1 January 2022 and I January 2023 for IAS 8 and IAS 12;
- Certain annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 effective 1 January 2022.

2. Significant changes in the current reporting period

The significant events and transactions that have impacted the group results for the year ended 31 December 2021 are detailed in the commentary included with these condensed financial statements and include the following:

- The net profit attributable to shareholders of the group for the year ended 31 December 2021 amounted to R591 million (2020: restated loss of R239 million).
- Profit per share amounted to 192 cents (2020: restated loss per share of 78 cents).
- Headline profit per share of 182 cents (2020: restated headline loss per share of 71 cents)
- Metal price lag ("MPL") gain of R426 million (refer note 2.1(b)) was recorded in 2021 (2020: gain of R112 million), as the Rand aluminium price increased during 2021.
- A R4.5 million gain (2020: loss of R114 million) relating to aluminium futures and currency hedges not qualifying for hedge accounting in 2021.

Notes to the summarised preliminary consolidated financial statements continued

for the year ended 31 December 2021

3. Reportable segment analysis and revenue from contracts with customers

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

The group is organised into two major operating divisions, namely Hulamin Rolled Products and Hulamin Extrusions.

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

The Hulamin Extrusions segment manufactures and supplies extruded aluminium products.

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

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

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

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

(a) Segmental revenue, earnings and other disclosure

	2021			2020 Restated		
	Hulamin Rolled Products R'000	**Hulamin Extrusions R'000**	**Group R'000**	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000
Revenue from contracts with customers: External	**12 297 688**	**717 195**	**13 014 883**	8 005 726	543 152	8 548 878
Timing of revenue recognition:						
– At a point in time	**12 248 800**	**717 195**	**12 965 995**	7 984 996	543 152	8 528 148
– Over time	**48 889**	**–**	**48 889**	20 730	–	20 730
Earnings						
EBITDA**	**539 523**	**85 079**	**624 602**	(13 878)	4 986	(8 892)
Impairment of property, plant and equipment and intangibles	**–**	**–**	**–**	–	(8 432)	(8 432)
Depreciation and amortisation	**(79 574)**	**(7 026)**	**(86 600)**	(60 888)	(3 348)	(64 236)
Operating profit/(loss)	**459 949**	**78 053**	**538 002**	(74 766)	(6 794)	(81 560)
Interest received	**9 356**	**–**	**9 356**	9 071	–	9 071
Interest paid	**(57 557)**	**(7 268)**	**(64 825)**	(34 770)	(11 195)	(45 965)
Profit/(loss) before share of joint venture profits	**411 748**	**70 785**	**482 533**	(100 465)	(17 989)	(118 454)
Share of net losses on joint ventures accounted for using the equity method	**(2 258)**	**–**	**(2 258)**	(1 565)	–	(1 565)
Profit/(loss) before tax	**409 490**	**70 785**	**480 275**	(102 030)	(17 989)	(120 019)
Taxation	**88 321**	**22 664**	**110 985**	(119 490)	–	(119 490)
Net profit/(loss) for the year	**497 811**	**93 449**	**591 260**	(221 520)	(17 989)	(239 509)
Reconciliation of net profit/(loss) (used in calculating earnings per share) to headline earnings/(loss)						
Net profit/(loss) for the year	**497 811**	**93 449**	**591 260**	(221 520)	(17 989)	(239 509)
(Profit)/loss on disposal of property, plant and equipment	**1 311**	**(40 816)**	**(39 505)**	(13)	–	(13)
Impairment of property, plant and equipment and intangibles	**–**	**–**	**–**	–	8 432	8 432
Loss arising from loss of control in Isizinda	**–**	**–**	**–**	11 207	–	11 207
Proportional share of profit on disposal of property, plant and equipment by Joint venture	**(2 734)**	**–**	**(2 734)**	–	–	–
Tax effect	**(367)**	**11 428**	**11 061**	4	–	4
Headline earnings/(loss) for the year	**496 021**	**64 061**	**560 082**	(210 322)	(9 557)	(219 879)

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

Notes to the summarised preliminary consolidated financial statements continued

for the year ended 31 December 2021

3. Reportable segment analysis and revenue from contracts with customers continued

	2021			2020 Restated		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000
Reconciliation of headline earnings/(loss) to normalised EBITDA**						
Headline earnings/(loss) for the year	**496 021**	**64 061**	**560 082**	(210 322)	(9 557)	(219 879)
Restructuring costs	**(1 385)**	**(446)**	**(1 831)**	–	12 673	12 673
Metal price lag	**(425 927)**	**–**	**(425 927)**	(111 901)	–	(111 901)
Tax effect	**119 647**	**125**	**119 772**	31 332	(3 548)	27 784
Normalised headline earnings/(loss) (note A)	**188 356**	**63 740**	**252 096**	(290 891)	(432)	(291 323)
Interest paid	**57 557**	**7 268**	**64 825**	34 770	11 195	45 965
Interest income	**(9 356)**	**–**	**(9 356)**	(9 071)	–	(9 071)
Taxation	**(207 601)**	**(34 217)**	**(241 818)**	88 354	3 348	91 702
Normalised EBIT* (note A)	**28 956**	**36 791**	**65 747**	(176 838)	14 111	(162 727)
Depreciation and amortisation	**79 574**	**7 026**	**86 600**	60 888	3 348	64 236
Normalised EBITDA (note A)**	**108 530**	**43 817**	**152 347**	(115 950)	17 459	(98 491)
Total assets	**5 602 716**	**278 799**	**5 881 515**	4 302 208	200 846	4 503 054
Total liabilities	**2 840 337**	**118 303**	**2 958 640**	2 040 199	136 376	2 176 575
Other disclosures						
Cash additions to property, plant and equipment and intangible assets Currency conversion	**132 792**	**21 651**	**154 443**	116 529	23 751	140 280
Rand/US dollar average			**14.79**			16.45
Rand/US dollar closing			**15.90**			14.62

** Earnings before interest and taxation*

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

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

Sales to the largest ten customers of the Hulamin Rolled Products segment accounts for 63% (2020: ten largest constituted 57%) of total group revenue.

(b) Earnings per share ('EPS')

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

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

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

Weighted average number of shares

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

	2021 Number of shares	2020 Number of shares
Weighted average number of shares used for basic EPS*	**308 496 091**	308 496 091
Share options	**19 084 418**	657 581
Weighted average number of shares used for diluted EPS**	**327 580 509**	308 496 091

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

*** In 2021 19 084 418 potential ordinary shares were dilutive (2020: 657 581 potential ordinary shares were anti-dilutive).*

Notes to the summarised preliminary consolidated financial statements continued

for the year ended 31 December 2021

3. Reportable segment analysis and revenue from contracts with customers continued

(b) Earnings per share ('EPS') continued

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

	2021		2020 Restated	
	Gross R'000	Net of tax R'000	Gross R'000	Net of tax R'000
Net profit/(loss) for the year	**–**	**591 260**	–	(239 509)
Adjustments	**(42 239)**	**(31 178)**	19 626	19 630
– Impairment loss on property, plant and equipment and intangible assets	**–**	**–**	8 432	8 432
– Proportional share of profit on disposal of property, plant and equipment by Joint venture	**(2 734)**	**(2 734)**	–	–
– Loss arising from loss of control in Isizinda	**–**	**–**	11 207	11 207
– Profit/(loss) on disposal of property, plant and equipment	**(39 505)**	**(28 444)**	(13)	(9)
Headline earnings/(loss)		**560 082**		(219 879)

		2021 R'000	2020 Restated R'000
Reconciliation of headline earnings/(loss) to normalised earnings/(loss)			
Headline earnings/(loss) for the year		**560 082**	(219 879)
Restructuring costs		**(1 831)**	12 673
Metal price lag		**(425 927)**	(111 901)
Tax effect		**119 772**	27 784
Normalised headline earnings		**252 096**	(291 323)
Headline earnings/(loss) per share			
Basic	(cents)	**182**	(71)
Diluted	(cents)	**171**	(71)
Normalised headline earnings/(loss) per share			
Basic	(cents)	**82**	(94)
Diluted	(cents)	**77**	(94)

(i) **Headline earnings per share, normalised EBIT, normalised EBITDA and normalised headline earnings per share**

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2021 issued by the South African Institute of Chartered Accountants (SAICA).

Normalised EBIT, normalised EBITDA and normalised headline earnings per share are measures which the Hulamin Executive Committee uses in assessing financial performance. These are calculated in a consistent manner as per the 2020 annual financial statements.

Normalised headline earnings per share is calculated by dividing normalised headline earnings by the weighted average number of ordinary shares in issue during the year. Normalised headline earnings is defined as headline earnings excluding (i) metal price lag and material non-trading expense or income items which, due to their irregular occurrence, are adjusted for in order to better present earnings attributable to the ongoing activities of the group. Normalised EBIT and EBITDA are similarly derived.

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

3. Reportable segment analysis and revenue from contracts with customers continued

(c) Disaggregation of revenue from contracts with customers

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

	2021 R'000	2020 R'000
Analysis of revenue by product market:		
Automotive and transport	**1 093 236**	1 542 497
Building and construction	**191 824**	150 267
General engineering	**5 036 242**	2 254 509
Packaging	**6 667 143**	4 587 401
Other*	**26 438**	14 204
	13 014 883	8 548 878
Geographical analysis of revenue:		
South Africa	**6 040 616**	2 950 413
North America	**2 730 193**	1 258 694
Europe	**3 308 491**	2 894 756
Asia	**141 217**	421 198
Middle East	**160 747**	222 358
Australasia	**365 469**	99 256
South America	**59 446**	80 700
Rest of Africa	**208 704**	621 503
	13 014 883	8 548 878

** Includes IFRS 9 Revenue Adjustment*

4. Gains and losses on financial instruments related to trading activities

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

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

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

Other gains and losses includes, inter alia, the fair value adjustments arising from fair value hedges, non-hedge accounted derivative financial instruments (including the ineffective portion of cash flow hedge gains and losses), non-derivative financial instruments and forward point gains.

	2021 R'000	2020 R'000
Foreign exchange gains on debtors and creditors balances	**7 414**	24 526
Foreign currency denominated cash balances	**6 687**	(14 973)
Valuation adjustments on non-derivative items	**14 101**	9 553
Foreign exchange contracts: firm commitments, debtors and creditors balances	**3 352**	(124 179)
Commodity futures	**4 552**	44 384
Valuation adjustments on derivative items	**7 904**	(79 795)
Gains and losses on financial instruments related to trading activities	**22 005**	(70 242)

5. Other gains and losses

	2021 R'000	2020 R'000
Profit on disposal of property, plant and equipment	**39 505**	13
Loss arising from loss of control in Isizinda	**–**	(11 207)
Gain on liquidation of pension fund*	**–**	16 000
Other	**1 199**	187
	40 704	4 993

** The gain on liquidation of the pension fund was a receipt awarded in 2020 to Hulamin in respect of the employee surplus account for the Tongaat Hulett Pension Fund.*

Notes to the summarised preliminary consolidated financial statements continued

for the year ended 31 December 2021

6. Taxation

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

An income tax asset arises as a result of provisional tax payments made during the year being in excess of the current tax charges. The income tax asset in the current year includes overpayments of tax made both in the current year and 2020.

	2021 R'000	2020 Restated R'000
Current income tax expense	**3 551**	30 156
Deferred income tax expense	**(114 535)**	89 333
Foreign capital gains tax	**–**	–
	(110 985)	119 490
Effective tax rate	**(23.1%)**	(99.6%)

For the year ended 31 December 2021, the group had both assessed losses and deductible temporary differences for which a deferred tax asset was recognised as there was sufficient taxable temporary differences and sufficient taxable profits in future to absorb a portion of the tax asset.

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. During the 31 December 2021 period, based on an assessment of future cash flows and taxable profits, management is of the view that there are sufficient future taxable profits and taxable temporary differences to utilise a portion of the deferred tax asset and, as a result, the group has recognised R115 million deferred tax assets.

The group's unrecognised assessed loss as at 31 December 2021 is R32.5 million.

7. Related party transactions

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

	2021 R'000	2020 R'000
Lease rental expense paid to joint venture	**3 432**	1 201
Utilities and services charge paid to joint venture	**10 551**	11 769
Balance due from Isizinda (note 6.1)	**78 803**	75 103
(Reversal of impairment)/Impairment of loan to Isizinda	**(14 932)**	3 724
Interest income from Isizinda	**5 593**	5 791

8. Commitments and contingent liabilities

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2021 R'000	2020 R'000
Property, plant and equipment	**23 235**	52 681

Capital expenditure will be funded by a combination of external borrowings and cash flows from operations.

The group has no contingent liabilities as at 31 December 2021 (2020: Rnil).

Notes to the summarised preliminary consolidated financial statements continued

for the year ended 31 December 2021

9. Interests in joint ventures

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

The summarised information of Hulamin's interest in the joint venture is detailed in the table below:

Summarised financial information in relation to the groups share of the joint venture is presented below:

		2021 Prop share – 38.7% R'000	2021 Balance – 100% R'000	2020 Prop share – 38.7% R'000	2020 Balance – 100% R'000
Summarised statement of financial position					
Current assets					
Cash and cash equivalents		**24**	**62**	64	165
Other current assets		**5 223**	**13 497**	2 532	6 543
Total current asset		**5 247**	**13 559**	2 596	6 708
Financial liabilities (excluding trade payables)		**30 497**	**78 803**	29 065	75 102
Total current liabilities		**38 552**	**99 618**	35 828	92 580
Non-current assets		**–**	**–**	–	–
Property, plant and equipment		**31 651**	**81 786**	33 529	86 638
Total non-current asset		**31 651**	**81 786**	33 529	86 638
Net assets		**(1 654)**	**(4 273)**	296	766
Summarised statement of comprehensive income					
Revenue from contracts with customers		**–**	**–**	561	1 450
Finance costs		**(2 165)**	**(5 593)**	(2 242)	(5 793)
Finance income		**1**	**1**	96	248
Profit/(loss) before tax		**(1 834)**	**(4 738)**	(3 562)	(9 205)
Income tax expense		**(424)**	**(1 096)**	1 997	5 160
Profit/(loss) after tax		**(2 258)**	**(5 834)**	(1 565)	(4 045)
Total comprehensive profit/(loss)		**(2 258)**	**(5 834)**	(1 565)	(4 045)
Reconciliation of summarised financial information presented to the carrying amount of the joint venture		**–**		–	
Opening net assets on 1 January 2020		**(1 565)**		–	
Adjusted total comprehensive loss for the year		**(2 258)**		(1 565)	
Loan balance attributable to joint ventures		**63 871**		63 924	
Net Impairment reversal/(loss) on loans to joint ventures		**14 932**		(3 724)	
Carrying value		**74 980**		58 635	
Interest in joint venture	%	**38.7**		38.7	

A sale agreement for the Land & Buildings is currently being negotiated and transfer is expected in June/July 2022. The loan balance due to Hulamin will be settled from the proceeds of this sale and thereafter Isizinda will be de-registered. Consequently, the total impairment on Hulamin's investment in Isizinda amounting to R14.9 million was reversed.

10. Financial assets

(a) Finance lease receivable

The group entered into a lease arrangement as a lessor in the current and prior years which are considered to be a finance lease. The group leases property, plant and machinery and as they transfer substantially all of the risks and rewards of ownership of the assets they are classified as finance leases.

The lease receivable arises due to a leasing agreement entered into with Bingelela Alloys. This lease represents a finance lease under the requirements of IFRS 16 and the related property, plant and machinery item subject to the lease was derecognised and the lease receivable recognised. This lease was settled during 2021.

(b) Long-term deposit

A R32.1 million (USD 2 million) deposit was made with an insurance company to secure a customs bond in relation to US exports. This deposit cannot be recalled for a period of two years and is disclosed as a non-current asset. The long-term deposit is carried at amortised costs and its carrying value reflects fair value.

Notes to the summarised preliminary consolidated financial statements continued

for the year ended 31 December 2021

11. Financial assets and liabilities

The classification of financial instruments has not changed since the last reporting date.

Loans and receivables, which include trade receivables, are measured at amortised cost less impairment losses, which are recognised in the statement of profit or loss.

Financial liabilities (excluding liabilities designated in a hedging relationship) that are not designated on initial recognition as financial liabilities at fair value through profit or loss are measured at amortised cost. These consist of trade and other payables, interest-bearing borrowings and lease liabilities.

The fair values of derivative assets and liabilities are calculated as the difference between the contracted value and the value to maturity at the statement of financial position date. The value to maturity of forward foreign exchange contracts is determined using quoted forward exchange rates at the statement of financial position date. The value to maturity of commodity futures is determined by reference to quoted prices at the statement of financial position date.

IFRS 13 requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability,
- Either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All fair values disclosed in these financial statements, excluding non-current assets held for sale, are recurring in nature and all derivative financial assets and liabilities are level 2 in the valuation hierarchy (consistent with December 2020). For assets and liabilities that are recognised at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level I input that is significant to the fair value measurement as a whole) at the end of each reporting period. Key inputs used in the determination of the fair value relate to London Metal Exchange aluminium prices and currency exchange rates (consistent with December 2020).

There were no transfers between Level 1 and Level 2 fair value measurements during the year, and no transfers into or out of Level 3 fair value measurements during the year.

The carrying amount of each financial asset and liability approximates its fair value.

12. Restatement and representation of the financial results for the year ended 31 December 2020

The Group continued with their ongoing assessment of financial internal controls in 2021 which included an assessment of the existing accounting practices and policies. The outcome was a reassessment of the accounting practice in respect of the capitalisation of manufacturing costs to inventory in accordance with IAS2: Inventories. This resulted in a restatement of amounts previously capitalised to inventory and the resultant impact thereof in the statement of financial position, the statement of profit or loss and previously reported earnings in 2020 as detailed further in this note. The restatement has been performed in accordance with IAS 1: Presentation of Financial Statements.

The impact on the statement of financial position is as follows:

	Consolidated 2020			Consolidated 2019		
	Previously reported balance R'000	Restatement/ reclassification R'000	Restated balance R'000	Previously reported balance R'000	Restatement/ reclassification R'000	Restated balance R'000
ASSETS						
Non-current assets						
Property, plant and equipment	**813 097**		**813 097**	813 570		813 570
Right-of-use assets	**44 550**		**44 550**	17 108		17 108
Intangible assets	**33 162**		**33 162**	13 157		13 157
Retirement benefit asset	**63 084**		**63 084**	95 560		95 560
Deferred tax asset	**15 449**		**15 449**	93 130		93 130
Other assets	**8 482**		**8 482**	–		–
Investments accounted for using the equity method	**58 635**		**58 635**	–		–
	1 036 459	**–**	**1 036 459**	1 032 525	–	1 032 525
Current assets						
Inventories	**2 333 828**	**(41 968)**	**2 291 860**	2 176 408	(32 898)	2 143 510
Trade and other receivables	**1 097 335**		**1 097 335**	804 415		804 415
Derivative financial assets	**7 708**		**7 708**	88 661		88 661
Cash and cash equivalents	**38 045**		**38 045**	126 207		126 207
Other assets	**4 523**		**4 523**	–		–
Income tax asset	**12 873**		**12 873**	17 562		17 562
	3 494 312	**(41 968)**	**3 452 344**	3 213 253	(32 898)	3 180 355
Non-current assets classified as held for sale	**14 250**	**–**	**14 250**	14 250		14 250
Total assets	**4 545 021**	**(41 968)**	**4 503 053**	4 260 028	(32 898)	4 227 130

Notes to the summarised preliminary consolidated financial statements continued

for the year ended 31 December 2021

12. Restatement and representation of the financial results for the year ended 31 December 2020 continued

The impact on the statement of financial position is as follows:

	Consolidated 2020			Consolidated 2019		
	Previously reported balance R'000	Restatement/ reclassification R'000	Restated balance R'000	Previously reported balance R'000	Restatement/ reclassification R'000	Restated balance R'000
EQUITY						
Stated capital and consolidated shares	**1 817 627**		**1 817 627**	1 817 580		1 817 580
Treasury shares	**(35 863)**		**(35 863)**	(22 000)		(22 000)
BEE reserve	**24 576**		**24 576**	24 576		24 576
Employee share-based payment reserve	**57 321**		**57 321**	63 305		63 305
Hedging reserve	**1 724**		**1 724**	12 505		12 505
Retained earnings	**503 061**	**(41 968)**	**461 093**	674 342	(32 898)	641 444
Total equity	**2 368 446**	**(41 968)**	**2 326 478**	2 570 308	(32 898)	2 537 410
LIABILITIES						
Non-current liabilities						
Lease liabilities	**47 251**		**47 251**	34 405		34 405
Deferred tax liability	**2 070**		**2 070**	16 990		16 990
Retirement benefit obligations	**202 899**		**202 899**	225 007		225 007
	252 220	**–**	**252 220**	276 402	–	276 402
Current Liabilities						
Trade and other payables	**1 114 788**		**1 114 788**	1 005 121		1 005 121
Current borrowings	**789 053**		**789 053**	352 083		352 083
Lease liabilities	**20 514**		**20 514**	12 088		12 088
Income tax liability	**–**		**–**	–		–
Derivative financial liabilities	**–**		**–**	44 026		44 026
	1 924 355	**–**	**1 924 355**	1 413 318	–	1 413 318
Total liabilities	**2 176 575**	**–**	**2 176 575**	1 689 720	–	1 689 720
Total equity and liabilities	**4 545 021**	**(41 968)**	**4 503 053**	4 260 028	(32 898)	4 227 130

Notes to the summarised preliminary consolidated financial statements continued

for the year ended 31 December 2021

12. Restatement and representation of the financial results for the year ended 31 December 2020 continued

The impact on the statement of profit or loss is as follows:

	Consolidated 2020			Consolidated 2019		
	Previously reported balance R'000	**Restatement/ reclassification R'000**	**Restated balance R'000**	Previously reported balance R'000	Restatement/ reclassification R'000	Restated balance R'000
Revenue from contracts with customers	**8 548 878**		**8 548 878**	10 708 581		10 708 581
Cost of goods sold	**(7 843 237)**	**206 898**	**(7 636 339)**	(9 929 196)	208 824	(9 720 372)
Cost of services provided	**(20 730)**		**(20 730)**	(76 066)		(76 066)
Gross profit	**684 911**	**206 898**	**891 809**	703 319	208 824	912 143
Selling, marketing and distribution expenses	**(469 749)**		**(469 749)**	(520 020)		(520 020)
Administrative and other expenses	**(205 179)**	**(215 968)**	**(421 147)**	(290 670)	(241 722)	(532 392)
Reversal/ (raised) Impairment of loans in joint ventures	**(3 724)**		**(3 724)**	–		–
Impairment losses raised/ (reversed) on financial assets	**(5 068)**		**(5 068)**	(1 906)		(1 906)
Impairment of property, plant and equipment and intangible assets	**(8 432)**		**(8 432)**	(1 302 898)		(1 302 898)
Gains and losses on financial instruments related to trading activities	**(70 242)**		**(70 242)**	79 571		79 571
Other gains and (losses)	**4 993**		**4 993**	(88 800)		(88 800)
Operating profit/(loss)	**(72 490)**	**(9 070)**	**(81 560)**	(1 421 404)	(32 898)	(1 454 302)
Interest income	**9 071**		**9 071**	8 021		8 021
Interest expense	**(45 965)**		**(45 965)**	(56 513)		(56 513)
Profit/(loss) before share of joint venture profits	**(109 384)**	**(9 070)**	**(118 454)**	(1 469 896)	(32 898)	(1 502 794)
Share of net profit/ (loss) of joint ventures accounted for using the equity method	**(1 565)**		**(1 565)**	–		–
Profit/(loss) before tax	**(110 949)**	**(9 070)**	**(120 019)**	(1 469 896)	(32 898)	(1 502 794)
Taxation	**(119 490)**		**(119 490)**	265 355		265 355
Net profit/(loss) for the year attributable to equity holders of the company	**(230 439)**	**(9 070)**	**(239 509)**	(1 204 541)	(32 898)	(1 237 439)

The impact on the statement on previously reported earnings and headline earnings per share is as follows

		Consolidated 2020			Consolidated 2019		
		Previously reported	**Restatement/ reclassification**	**Restated**	Previously reported	Restatement/ reclassification	Restated
Loss per share	cents	**(75)**	**(3)**	**(78)**	(380)	(10)	(390)
Headline loss	R'000	**(210 809)**	**(9 070)**	**(219 879)**	(240 004)	(32 898)	(272 901)
Headline loss per share	cents	**(68)**	**(3)**	**(71)**	(76)	(10)	(86)

The impact on the statement of cashflows is as follows:

There is no impact on the statement of cashflows as the restatement is within cash generated from operations.

Notes to the summarised preliminary consolidated financial statements continued

for the year ended 31 December 2021

13. Going concern assessment

The group results have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The Group has managed working capital and generated increased free cash flows in comparison to the prior period and the directors believe that cash generated by the groups' operations, continued cash preservation activities and the committed unutilised debt facilities as well as additional funding opportunities will enable the group to continue meeting its obligations as they fall due.

Hulamin closed 2021 with a strong balance sheet, with net debt of R703 million and a net debt to equity ratio of 24% and headroom with respect to its financial covenants and in relation to its direct borrowing facilities of R427 million.

Liquidity is expected to be a challenge in 2022 due to rising working capital as a result of rising LME price. Hulamin have the following measures in place to improve the Group's liquidity position:

- Management of the cash cycle by way of increased sales to customers offering supply chain financing programmes and metal procurement on short commitment cycles;
- Deferral of non-urgent operational and capital expenditure;
- Improved supplier credit facilities.

These uncertainties have been included in management's scenarios and forecasts in assessing going concern.

The directors believe that the group has adequate resources to continue as a going concern for the foreseeable future.

14. Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Management has considered the relevant events during this period and concluded that they are non-adjusting events as determined in accordance with IAS 10, 'Events after the reporting period'. Details of material non-adjusting events are noted below.

- On 23 February 2022, the South African Minister of Finance Enoch Godongwana, confirmed that the corporate tax rate reductions announced in the 2021 budget speech would become effective for companies from the year of assessment ending on or after 31 March 2023. In respect of the Hulamin Group, the applicable tax rate will change from 28% to 27% with effect from 1 January 2023. On the basis that deferred tax is forward looking, for the financial year ending 31 December 2022, the rate applicable for deferred tax will be the reduced rate of 27%. In respect of the financial year ending 31 December 2022, the rate applicable for current tax will differ from the rate applicable for deferred tax.

15. Dividends paid

Nil (2020: Nil) dividends were declared for the year ended 31 December 2021.

Corporate information

HULAMIN LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 1940/013924/06
Share code: HLM ISIN: ZAE000096210
Founded: 1940
Listed: 2007
Sector: Industrial Metals and Mining

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Securities exchange listing:

South Africa (Primary) JSE Limited

Transfer Secretaries:

Computershare Investor Services Proprietary Limited
Rosebank Towers
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Auditors

Ernst & Young Inc. 102 Rivonia Road, Sandton, 2146
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Practice number: 918288
Telephone: +27 11 772 3000
Facsimile: +27 11 772 4000 Website: http://www.ey.com

Sponsor:

Questco Corporate Advisory Proprietary Limited
Ground Floor, Block C
Investment Plaza
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Hyde Park
2196

Directorate:

Non-executive directors:
CA Boles*
VN Khumalo
RL Larson*
TP Leeuw, Chairman*
N Maharajh*
Dr. B Mehlomakulu*
SP Ngwenya
GHM Watson*
GC Zondi (Alternate)

Executive directors:
RG Jacob, Chief Executive Officer
M Gounder, Chief Financial Officer

** Independent non-executive directors*

Company Secretary:

Sharon Ramoetlo

Corporate information and investor relations

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