

## CONDENSED AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND NOTICE OF ANNUAL GENERAL MEETING

CONSOLIDATED GROUP ASSESSED at **B-BBEE Level 1** and South African subsidiaries at level 4 or better

Turnover increased **10%** to

**R14 bn**

Normalised HEPS\*

**243 cps**

Normalised EBITDA\*

**R1.48 bn**

\* Normalisation adjustments exclude the non-cash impact of hyperinflation on Mutlu Akü's results and once-off items.



CONDENSED AUDITED CONSOLIDATED INCOME STATEMENT	31 December 2022 R'000	31 December 2021 R'000
Revenue	13 905 467	12 621 070
Cost of sales	(12 667 166)	(10 421 551)
Gross profit	1 238 301	2 199 519
Other operating income	537 323	204 463
Distribution, administrative and other operating expenses	(1 322 916)	(1 244 943)
Operating profit	452 708	1 159 039
Interest income	33 981	32 425
Interest expense	(410 747)	(177 464)
Net monetary gain arising from hyperinflation in Türkiye	398 066	
Share of results and impairment of associates	(239 403)	(51 878)
Profit before taxation	234 605	962 122
Taxation	(238 517)	(269 324)
<b>(Loss)/profit for the year</b>	<b>(3 912)</b>	<b>692 798</b>
Attributable to:		
Equity holders of the company	(40 385)	674 791
Non-controlling interests	36 473	18 007
	<b>(3 912)</b>	<b>692 798</b>
Included in operating expenses above are:		
Depreciation and amortisation	372 951	301 996
Rentals on short term and low value assets	29 579	22 828
Impairment loss on financial assets	5 724	23 221
<b>Disaggregation of revenue from contracts with customers</b>		
<b>Primary geographical markets</b>		
South Africa	7 299 507	7 022 371
Türkiye and UK	4 913 635	3 934 430
Romania	1 692 325	1 664 269
	<b>13 905 467</b>	<b>12 621 070</b>
<b>Major product and service lines</b>		
Automotive batteries	8 020 828	7 019 984
Automotive components and parts	4 953 420	4 761 451
Automotive customer tooling	319 669	298 970
Industrial and non-automotive products	611 550	540 665
	<b>13 905 467</b>	<b>12 621 070</b>
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	8 846 805	7 757 053
Products and services transferred over time	5 058 662	4 864 017
	<b>13 905 467</b>	<b>12 621 070</b>
<b>Earnings per share</b>		
Basic (loss)/earnings per share (cents)	(21)	350
Headline (loss)/earnings per share (cents)	(17)	354
<b>Diluted earnings per share</b>		
Diluted (loss)/earnings per share (cents)	(21)	346
Diluted headline (loss)/earnings per share (cents)	(17)	350
Number of shares in issue ('000)	198 986	198 986
Number of shares in issue excluding treasury shares ('000)	193 770	193 108
Weighted average number of shares in issue ('000)	193 483	192 715
Adjustment for dilutive shares ('000)	3 678	2 174
Number of shares used for diluted earnings calculation ('000)	197 161	194 889
<b>Calculation of headline earnings</b>		
Net (loss)/profit attributable to ordinary shareholders	(40 385)	674 791
Loss/(profit) on disposal of property, plant and equipment – net	722	(144)
(Reversal of impairment)/impairment of property, plant and equipment	(3 057)	7 850
Impairment of associate	10 440	
Headline (loss)/earnings	<b>(32 280)</b>	<b>682 497</b>

CONDENSED AUDITED CONSOLIDATED BALANCE SHEET	31 December 2022 R'000	31 December 2021 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3 770 774	2 636 978
Intangible assets	1 039 850	283 793
Investment in associates	301 060	613 056
Loan to associate	192 574	
Deferred taxation	36 599	5 374
	<b>5 340 857</b>	<b>3 539 201</b>
<b>Current assets</b>		
Inventory	2 688 876	1 959 253
Trade and other receivables	2 874 995	1 978 447
Contract assets	620 069	511 199
Taxation	7 437	2 552
Derivative financial assets	1 558	6 693
Cash and cash equivalents	1 298 608	1 078 074
	<b>7 491 543</b>	<b>5 536 218</b>
<b>Total assets</b>	<b>12 832 400</b>	<b>9 075 419</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Stated capital	1 497 931	1 497 931
Treasury shares	(106 974)	(118 153)
Reserves	(1 296 052)	(2 380 436)
Retained earnings	4 972 604	4 759 200
<b>Ordinary shareholders' equity</b>	<b>5 067 509</b>	<b>3 758 542</b>
Non-controlling interests	129 986	115 812
<b>Total equity</b>	<b>5 197 495</b>	<b>3 874 354</b>
<b>Non-current liabilities</b>		
Borrowings	350 180	1 849 263
Post-employment benefits	93 305	73 263
Deferred taxation	333 054	173 614
Deferred grant income	88 991	104 681
Provisions for liabilities and charges	46 793	40 808
	<b>912 323</b>	<b>2 241 629</b>
<b>Current liabilities</b>		
Trade and other payables	2 995 674	2 155 753
Contract liabilities	11 775	49 952
Borrowings	3 234 734	477 642
Taxation	43 754	60 574
Provisions for liabilities and charges	110 297	98 205
Derivative financial liabilities	8 050	1 131
Bank overdrafts	318 298	116 179
	<b>6 722 582</b>	<b>2 959 436</b>
<b>Total liabilities</b>	<b>7 634 905</b>	<b>5 201 065</b>
<b>Total equity and liabilities</b>	<b>12 832 400</b>	<b>9 075 419</b>
Net asset value per share (cents)	2 615	1 946
Capital expenditure	621 510	574 646
Capital commitments:		
– Contracted	143 823	79 946
– Authorised but not contracted	527 095	590 354

CONDENSED AUDITED CONSOLIDATED SEGMENT REVIEW	Revenue		Profit before interest and taxation	
	31 December 2022 R'000	31 December 2021 R'000	31 December 2022 R'000	31 December 2021 R'000
<b>Energy storage</b>				
<b>Automotive</b>	<b>8 020 828</b>	<b>7 019 984</b>	<b>231 153</b>	<b>933 358</b>
Local	5 221 134	4 701 913	133 368	593 487
Direct export	2 799 694	2 318 071	97 785	339 871
<b>Industrial</b>	<b>598 252</b>	<b>530 403</b>	<b>(36 456)</b>	<b>(46 295)</b>
Local	592 277	511 021	(37 151)	(44 150)
Direct export	5 975	19 382	695	(2 145)
<b>Total energy storage</b>	<b>8 619 080</b>	<b>7 550 387</b>	<b>194 697</b>	<b>887 063</b>
<b>Automotive components</b>				
Local	7 006 218	6 655 198	34 744	249 897
Original equipment	6 401 488	6 174 325	(43 242)	183 971
Aftermarket	591 432	4 701 610	79 245	66 284
Non-auto	13 298	10 263	(1 259)	(358)
<b>Direct exports</b>	<b>50 843</b>	<b>57 212</b>	<b>9 827</b>	<b>7 500</b>
Original Equipment	2 141	3 203	1 279	1 133
Aftermarket	48 702	54 009	8 548	6 367
<b>Total automotive components</b>	<b>7 057 061</b>	<b>6 712 410</b>	<b>44 571</b>	<b>257 397</b>
<b>Total segment results</b>	<b>15 676 141</b>	<b>14 262 797</b>	<b>239 268</b>	<b>1 144 460</b>
Managed associates*	(1 770 674)	(1 641 727)	348 623	95 277
Amortisation and depreciation arising from business combinations acquired			(36 904)	(17 084)
Other reconciling items**			(98 279)	(63 614)
<b>Total group results</b>		12 621 070	<b>452 708</b>	<b>1 159 039</b>
Share of results and impairment of associates			(239 403)	(51 878)
Net finance costs			(376 766)	(145 039)
Net monetary gain arising from hyperinflation in Türkiye			398 066	
<b>Profit before taxation</b>			<b>234 605</b>	<b>962 122</b>

\* 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 and treated as a group company.  
\*\* Other reconciling items relate to Metair head office and corporate costs.

### NOTES TO THE CONDENSED AUDITED CONSOLIDATED FINANCIAL STATEMENTS

**Basis of preparation**  
The condensed audited consolidated results for the year ended 31 December 2022 have been prepared in accordance with the JSE Limited Listings Requirements ("Listings Requirements") for abridged reports and the requirements of the Companies Act, 71 of 2008 ("Companies Act"), applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), IAS 34 Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The results do not include all the notes of the type normally included in an annual financial report prepared in accordance with International Financial Reporting Standards. Accordingly, this report is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS and comply with the Listings Requirements and the requirements of the Companies Act applicable to summary financial statements.

**Accounting policies**  
The accounting policies applied are in terms of IFRS and are consistent with the previous consolidated annual financial statements except for the first-time application of IAS 29 – financial reporting in hyperinflationary economies. Türkiye is a hyperinflationary economy and the financial statements of Mutlu Akü group ("Mutlu") are required to be stated in terms of the measuring unit current. Therefore, Mutlu's results, and balance sheet position have been restated to reporting date purchasing power before being included in the group's consolidated financial statements. Comparative amounts are not restated as they were previously presented in Metair's presentation currency (i.e., ZAR), which is a stable currency. The group has elected to present the initial and subsequent impact of IAS 29 as a combined effect that encompasses the restatement in accordance with IAS 29 and translation in accordance with IAS 21 as a net change through the foreign currency translation reserve presented under other comprehensive income.

**Contingencies**  
There has been no other material change in the group's contingent liabilities since year-end.

**Borrowings**  
During the year the group repaid borrowings of R936 million (2021: R442 million) and raised borrowings of R2 293 million (2021: R476 million).  
**Post-balance sheet events**  
The shareholders of Hesto have resolved to provide further financial guarantees, on behalf of lenders, for further loans granted to Hesto. The group's proportionate share is R75 million. The group has also obtained waivers from funders for the covenants breached at 31 December 2022.

With regards to the earthquake in Türkiye, none of our facilities were directly affected and there were no injuries to our staff. Some of Mutlu's aftermarket dealers were affected however, the impact is not significant when compared to total battery volumes. Other than events disclosed within the annual financial report, there were no other significant post-balance sheet events. There has been no material change since year-end.

**Changes to the board of directors ("board") and committees of Metair**  
With effect from 15 February 2023: (i) Mr Flemming resigned as the chairperson of the board and as an independent non-executive director, for personal reasons, and consequently stepped down as the chairperson of the nominations committee and as a member of the social and ethics committee; (ii) Ms Mgoduso was appointed as the new chairperson of the board (subject to shareholder confirmation at the upcoming annual general meeting ("AGM") in May 2023) as well as the chairperson of the nominations committee and consequently stepped down as the lead independent non-executive director and as the chairperson of the remuneration committee (but remained a member of this committee); (iii) Mr Mawasha was appointed as the lead independent non-executive director; and (iv) Ms Mkhondo was appointed as the chairperson of the remuneration committee.  
Mr Haffjee resigned as CEO and executive director of Metair with effect from 31 March 2023 and consequently stepped down as a member of the social and ethics committee with effect from the same date. With effect from 22 March 2023 (i) Mr Douwenga, Metair's CFO, was appointed as interim CEO and a member of the social and ethics committee; and (ii) Mr Joga, Metair's financial executive, was appointed as interim CFO and interim executive director of Metair.

**Auditors' report**  
This condensed report is extracted from audited information, but is not itself audited. The annual financial statements were audited by Ernst and Young Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and auditors' report thereon are available for inspection at the company's registered office. The directors take full responsibility for the preparation of the condensed audited consolidated results and that the financial information has been correctly extracted from the underlying annual financial statements. Any reference to future financial performance has not been reviewed or reported on by the auditors.  
**Declaration of Ordinary Dividends No 72**  
No final dividend has been declared for the year (2021: 90 cents per share).

**Annual general meeting**  
The annual report, incorporating the consolidated annual financial statements and notice of AGM will be mailed to shareholders along with the notice of annual general meeting tomorrow, 31 March 2023. The AGM will be held remotely through an electronic interactive platform hosted by The Meeting Specialist (Pty) Ltd (TMS) on Thursday, 4 May 2023 at 14h00, subject to any cancellation, postponement or adjournment in terms of section 63(2) of the Companies Act. The record date for purposes of determining which shareholders are entitled to receive the notice of AGM is Friday, 24 March 2023. The record date for purposes of determining which shareholders must be registered as such in the company's securities register in order to attend and vote at the AGM is Friday, 21 April 2023. The last day to trade in order to be entitled to vote at the AGM will therefore be Tuesday, 18 April 2023.

**Integrated report**  
The group's sustainability reporting included in the annual report for 2022 will be available on the company's website (www.metair.co.za).

**Registrars** Computershare Investor Services (Pty) Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
Signed on behalf of the board in Johannesburg on 29 March 2023.

**Sponsor** One Capital  
**Investor relations** Instinctif Partners  
TN Mgoduso – Chairperson  
R Haffjee – Chief Executive Officer

The condensed audited consolidated results were produced under the supervision of Mr S Douwenga (CFO) BCom (Hons), CA(SA).

CONDENSED AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31 December 2022 R'000	31 December 2021 R'000
(Loss)/profit for the year	(3 912)	692 798
Other comprehensive income/(loss):		
– Actuarial losses recognised – net	(21 630)	(3 810)
– Foreign exchange translation movements including the effect of hyperinflation	1 520 538	(897 191)
Net other comprehensive income/(loss)	1 496 908	(901 001)
<b>Total comprehensive income/(loss) for the year</b>	<b>1 493 996</b>	<b>(208 203)</b>
Attributable to:		
Equity holders of the company	1 457 937	(225 992)
Non-controlling interests	37 059	17 789
	<b>1 494 996</b>	<b>(208 203)</b>

CONDENSED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	31 December 2022 R'000	31 December 2021 R'000
Balance at beginning of the year	3 874 354	4 214 838
Net (loss)/profit for the year	(3 912)	692 798
Other comprehensive income/(loss) for the year	1 498 908	(901 001)
<b>Total comprehensive income/(loss) for the year</b>	<b>1 494 996</b>	<b>(208 203)</b>
Employee share option scheme	22 971	24 377
Vesting of share-based payment obligation:		
– Estimated taxation effects of utilisation of treasury shares	(1 667)	(1 298)
Dividend*	(192 096)	(155 360)
Foreign currency translation, including the effect of hyperinflation	(1 063)	
<b>Balance at end of the year</b>	<b>5 197 495</b>	<b>3 874 354</b>

\* An ordinary dividend of R0.75 per share was declared in 2022 in respect of the year ended 31 December 2021. No ordinary dividend is being declared for the year ended 31 December 2022.  
\* An ordinary dividend of R0.75 per share was declared in 2021 in respect of the year ended 31 December 2020.

### CONDENSED AUDITED CONSOLIDATED RESULTS COMMENTARY

The result was significantly impacted by hyperinflation accounting applied to Mutlu's earnings. Planned project costs incurred for the new Ford Ranger project, higher logistics costs, mainly premium air freight due to global supply chain disruptions, the knock-on effects of the impact of flooding on the group's major customer, overall OEM production volumes and efficiencies for the year, and increased interest charges as a result of high net debt levels to support new projects and mitigate supply chain disruptions. These factors combined with higher energy costs required active management to stabilise operations.

The group is in the process of finalising an intensive capital expansion phase, with R1.16 billion in capital expenditure spent in FY22, and R750 million planned for FY23. Liquidity management remains a key focus, especially given the short-term instability experienced. Group net debt increased to R2.6 billion (FY21: R1.3 billion) and net finance expenses increased to R377 million (FY21: R145 million) due to increased interest rates in all geographies and higher debt levels.

Headline earnings per share ("HEPS") decreased by 371 cents per share or 105% to a loss of 17 cents per share (FY21: 354 cents per share). Group unadjusted return on invested capital (ROIC) was 4.5% (normalised: 14.0%) (FY21: 11.7%) on a last twelve-month basis.

On a normalised "core" basis, which management and the board believe to be a more meaningful reflection of underlying performance, EBITDA of R1.48 billion was generated and HEPS of 243 cents achieved. Normalisation excludes hyperinflation impacts, project costs associated with the Ford model launch and transaction (advisory) costs associated with the value unlock exercise.

**Segmental review**  
**Automotive Components Vertical**  
The South African operations were significantly impacted by the temporary suspension of production at Toyota SA's Prospecton plant which stabilised at pre-floor levels in Q4, a huge accomplishment by Toyota SA.

Production of the group's major new model investment, the next-generation Ford Ranger, commenced mid-November 2022, with targeted production levels expected to be reached from April 2023 and thereafter cash flow break-even position expected in FY22 H2. The Vertical expended pre-production and engineering (project) costs of R420 million related to the new model in FY22. Hesto incurred premium air freight costs of R126 million in delivering on customer ramp-up requirements amid supply chain instability.

Together with other new model and facelift launches, these investments are expected to drive meaningful growth over the medium to long term, supporting incremental revenue for the group of an estimated R60 billion over the life of the models.

This Vertical contributed R7.1 billion (FY21 R6.7 billion) in revenue, with OEM production volumes showing an increase of 7% (Metair's main customers were largely flat) for the year. Margins were diluted by production ramp-up effects, premium logistics costs as well as planned project costs associated with new model launches. This was however offset by the proceeds from the business interruption claim. The operating profit margin declined to 0.6% (FY21: 3.8%) and operating profit of R45 million (FY21: R257 million) was generated.  
On a normalised "core" basis, EBIT was R465 million, at a margin of 7% after adding back the impact of project costs and premium air freight.

**Energy Storage Vertical**  
This Vertical generally experienced strong demand and performed resiliently under tough operating conditions, including high inflation fuelled by unprecedented energy and labour cost increases across both Türkiye and Romania. Although these costs have typically been recovered from customers following a slight time lag, margins have been negatively impacted in the short term. Market demand has remained strong and international demand for lead acid batteries across all sales channels, but especially Türkiye, remains resilient. Hard currency export sales provide a

natural hedge to limit the impact of foreign exchange volatility and inflationary pressures. Q4 is the most volume sensitive time for the business and final annual volumes reached c. 8.9 million units. Mutlu export volumes increased 17%, from FY21 to FY22 while Rombat's export volumes were c. 20% lower, mainly due to dampened consumer confidence owing to the conflict in Ukraine. With efforts to improve competitiveness and market share progressing as planned, sales volumes for First National Battery ("FNB") in South Africa were on par with FY21.

Turnover increased by 14.2% to R8.6 billion (FY21: R7.6 billion), mainly due to improved volumes, the impact of hyperinflation and higher average lead prices. The Vertical delivered an operating profit of R195 million (R746 million on a pre-hyperinflation basis) (FY21: R887 million). Operating margins decreased from 11.7% to 2.3% due to hyperinflation accounting and in particular restating and inflating cost of goods sold by Mutlu, from the date of production, which therefore increases by a greater extent when compared to sales. Operating profit margins would have been 9% before applying hyperinflation accounting.

Organically, Mutlu's EBIT in local currency was c.44% higher than in FY21, at an EBIT margin of