

**INTEGRATED  
REPORT  
2024**

***Hudaco***

**Hudaco Industries is a South African group specialising in the importation and distribution of a broad range of high-quality, branded automotive, industrial and electronic consumable products, mainly in the southern African region.**

Its businesses fall into the following categories:

### Consumer-related products

Supplied to markets with a bias towards consumer spending and generally sold to installers

- Automotive aftermarket products
- Power tools and fasteners
- Data networking equipment
- Batteries and sustainable energy products
- Security and communication equipment
- Gas and outdoor products

### Engineering consumables

Products generally used in the maintenance of machines and sold mainly to mining and manufacturing customers

- Bearings, belting and power transmission
- Diesel engines and spares
- Electrical power transmission
- Filtration
- Fire detection, containment and suppression
- Hydraulics and pneumatics
- Specialised steel
- Thermoplastic pipes, fittings and equipment

Hudaco sources branded products, mainly on an exclusive basis, directly from leading international manufacturers and to a lesser extent from local manufacturers. Hudaco seeks out niche areas in markets where customers need, and are prepared to pay for, the value Hudaco adds to the products it distributes.

The value added includes product specification, technical advice, application and installation training and troubleshooting, combined with ready availability at a fair price. The group has a network of specialised branches and independent distributors throughout southern Africa to ensure product availability to its customers.

Hudaco's black employees are its BEE partners and have a 15% equity interest in all Hudaco businesses, except for DD Power, in which Deutz AG has a 30% share.

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## Group overview

- Economy kept turnover under pressure, down 6%
- Strong cash generation, R1.5 billion from operations
- Improved gross margin
- Expenses tightly managed
- Operating profit remains over R1 billion
- Net borrowings well down, from R1 013 million to R589 million

## 2024 Highlights

- Excellent performance from acquisitions – Brigit Fire and Plasti-Weld
- R12 million distribution to black employees through BEE Trusts
- Dividends maintained at R10.25 per share
- Reduction of inventory in alternative energy businesses
- Reduction of operating expenses, excluding acquisitions
- Strong finish to the year in consumer-related products businesses
- Another strong performance from Deutz Dieselpower
- Increase of over R1 billion in market cap

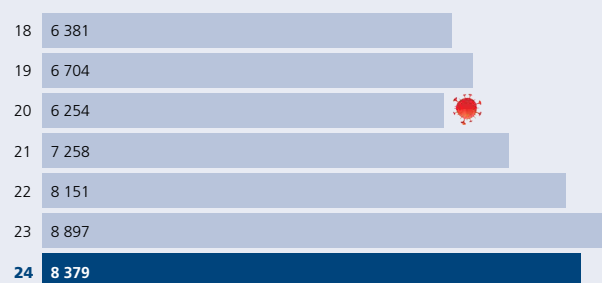
## Challenges in 2024

- Significant slowdown in the economy pending the national election, with delayed recovery
- Sustained pressure on consumer spending
- Local and international supply chain challenges, particularly local ports
- Disappointing performance of Deltec Energy Solutions and CADAC
- Dearth of project business affecting performance of Bosworth and Eternity Technologies

## Results in brief

30 November	2024	2023
Turnover (Rm)	<b>8 379</b>	8 897
Operating profit (Rm)	<b>1 007</b>	1 071
Comparable earnings (Rm)	<b>571</b>	613
Headline earnings (Rm)	<b>571</b>	613
Attributable earnings (Rm)	<b>506</b>	611
Comparable earnings per share (cents)	<b>2 012</b>	2 148
Headline earnings per share (cents)	<b>2 012</b>	2 148
Dividends per share (cents)	<b>1 025</b>	1 025

### TURNOVER (RM)



### COMPARABLE EARNINGS PER SHARE (CENTS)



### OPERATING PROFIT (RM)



### DIVIDENDS PER SHARE (CENTS)



Covid-19

## About this report

### Scope and boundary

This IAR covers the period 1 December 2023 to 30 November 2024. The group's financial year ends on 30 November, and unless otherwise indicated or described, the information included in this report refers to the years ended 30 November 2024 and 30 November 2023. The previous IAR covered the period 1 December 2022 to 30 November 2023. The IAR deals with all of Hudaco's operations, which are overwhelmingly in South Africa, and to a small extent in Zambia, the USA and the UK.

The entities reported on include Hudaco Industries Limited and its subsidiaries. Their businesses are described on page 7 of this IAR.

The group financial information is prepared according to IFRS<sup>®</sup> Accounting Standards. Material non-financial information is also included. This report aims to present a concise and balanced perspective of Hudaco's strategy, performance, governance and prospects.

### Basis of preparation

This IAR is prepared in terms of the JSE Listings Requirements for integrated reporting and the King IV Report on Corporate Governance for South Africa (King IV). It also meets all the other legal requirements to which the company must adhere (such as the Companies Act). This IAR is used as a vehicle to communicate Hudaco's evolving business model and the quality of the decisions that have led to the financial results. Based on Hudaco's leadership engagement, governance processes and formal and informal stakeholder engagement initiatives, particularly with investors, the board is satisfied that all material matters have been disclosed in this report.

Our revenue, profits, social and environmental impact and benefits accrue from our many businesses that do not report independently in the public domain. In this report, we try to strike a balance between adequate composite reporting at a group level and communicating sufficient, but not excessive, detail of the underlying operations. This report is an attempt to demonstrate the integration of the operational, financial and sustainability (environmental, social and governance) issues relating to the key drivers of the business. In the report, we explain how the executives of Hudaco have applied their minds to consider these issues while developing the business strategy.

***Hudaco is committed to conducting its business ethically and responsibly with a view to creating value in the long-term interest of society. Our integrated annual report (IAR) is aimed at providers of capital as well as a diverse range of other stakeholders.***

In compiling this integrated report, the following were taken into consideration:

- the Hudaco mission;
- Hudaco's strategic objectives to achieve the mission;
- the Hudaco business model;
- input received from the stakeholder engagement process;
- legislation and guidelines;
- King IV;
- JSE Limited (JSE) Listings Requirements;
- performance and developments during the year; and
- matters the board believes are of relevance to stakeholders.

Frameworks used in compiling the separate elements of the IAR include:

Report element	Guidelines	Reference
Corporate governance	The JSE Listings Requirements and King IV	Pages 81 to 92
Black economic empowerment status report	Codes of Good Practice, issued by the Department of Trade, Industry and Competition (dtic)	Page 40
Environmental, social and governance report and human capital report	Various relevant guidelines including those contained in the global reporting initiative (GRI) G3 indicators	Pages 42 to 49 and 50 to 60
Remuneration report	King IV	Pages 61 to 80
Annual financial statements	IFRS Accounting Standards, Financial Reporting Guides issued by the South African Institute of Chartered Accountants, the South African Companies Act and the JSE Listings Requirements	Pages 93 to 134

### Assurance

No external assurance has formally been sought, other than from the external auditors, Deloitte & Touche, on the annual financial statements.

### Board approval

Assisted by the audit and risk management committee, the board accepts ultimate responsibility for the integrity and completeness of this IAR. It is the directors' opinion that this report presents a fair and balanced view of the group's integrated performance.

The financial statements have been approved by the board. Deloitte & Touche have signed an unqualified audit opinion on the annual financial statements.

### Forward-looking statements

This report may contain forward-looking statements with respect to Hudaco's future performance and prospects. While these statements represent the board's judgements and future expectations, several factors may cause actual results to differ materially from these expectations.

### Hard copy and report feedback

A hard copy of this integrated report will be produced on request from the group secretary at [hudaco@acorim.co.za](mailto:hudaco@acorim.co.za) or the company at +27 11 657 5000. Any questions regarding this report or its contents should be channelled through the group secretary. Feedback on this report is welcomed and similarly can be made directly to the group secretary.

# The six capitals – our transformative impact

*Each capital plays a role in our business model. However, the emphasis we place on each is influenced by our core function of importing and distributing high-quality branded automotive, industrial and electronic consumable products, our business model and our chosen strategy. Our decisions and trade-offs influence the efficiency of our operations and their impact on the six capitals.*



## Financial capital

Our financial inputs comprise a solid equity position and long-term financial stability.

### Impact

- Profit shared with ordinary shareholders (R291 million in dividends);
- Contributed to societal growth by buying goods and services (R5.7 billion), paying taxes (R469 million) and employment (R1.5 billion);
- Market capitalisation of R5.7 billion as at 30 November 2024; and
- Provision of credit to customers of R1.3 billion as at 30 November 2024.



## Human capital

Effective leadership, an ethical culture and Hudaco employees' competencies, skills and diversity and our decentralised management style are critical to our success.

### Impact

- Provide 3 582 jobs with improved diversity, with 27% of senior managers being black and 27% being women;
- R29 million spent on direct training for ongoing skills and development;
- Granted 20 bursaries to permanent employees; and
- Black employees own 15% of the main operating company.



## Intellectual capital

Product knowledge, sourcing knowledge, market knowledge, sales and marketing, brands and intellectual property and value-add capabilities.

### Impact

- Continued availability of product and services;
- Product identification, specification and supply;
- Advice on usage or installation;
- Provision of solutions in complex applications; and
- Customer training.



## Manufactured capital

Infrastructure (including tools, technology, machines and buildings) used in the production of services and the delivery of products to customers.

### Impact

- Property, plant and equipment of R377 million;
- Source products from more than 800 international suppliers scattered across the industrialised world; and
- Carry more than 230 000 line items – inventory holding is Hudaco's most important asset as our key competitive advantage is the ability to provide product on demand.



## Natural capital

Land, energy sources, paper and water. Hudaco is committed to progressively reducing our environmental impact over time and assisting others to do so too.

### Impact

- Continued to support the sustainable energy sector, lower energy usage and other climate related solutions;
- Own a business that designs and supplies sustainable energy solutions; and
- Own a business that designs and supplies fire detection, containment and suppression solutions.



## Social and relationship capital

Stakeholder and supplier relationships along with socio-economic development and skills development.

### Impact

- R4.6 million spent on education and skills development of family members of employees;
- Loans and contributions of R13 million to small and medium enterprises; and
- Build and maintain stakeholder relationships.

# History

1890s

## Formation

In 1891, just five years after the discovery of gold on the Witwatersrand, J Hubert Davies started an industrial equipment supply business in Johannesburg. By the turn of the century, the business was a major player in the distribution of mechanical and electrical industrial products. In 1917, it was converted into a private company, which facilitated the introduction of senior managers as shareholders and directors.

1930s

## First JSE listing

In September 1938, Hubert Davies and Company Limited listed on the Johannesburg Stock Exchange. It remained listed in that format for almost four decades.

1970s

## Expansion and decentralisation

In the 1970s, Hubert Davies expanded its product offering and branch network to extend across southern Africa. To provide more focused customer service and achieve improved market penetration, a strategic decision was made to specialise by product and activity. Consequently, a management philosophy of decentralising decision-making and responsibility was introduced. This philosophy is still in place today, through Hudaco's decentralised business model. It delisted from the JSE in 1977, when it became a wholly owned subsidiary of Blue Circle Limited. The United Kingdom-based industrial group had already acquired a substantial interest in the company three years earlier.

1980s

## Second JSE listing

In line with the specialisation trend among businesses at that time, in 1981 Hudaco Industries was established as an autonomous company, owning the group's distribution businesses. In May 1984, with banks as partners, management acquired control of Hudaco Industries from Blue Circle, in what was then the largest ever South African private equity leveraged buyout. On 14 November 1985, Hudaco Industries Limited was listed on the Johannesburg Stock Exchange at a subscription price of R1.50 per share, with a market capitalisation of R29 million. Several large acquisitions followed, including listed companies Frencorp, Valard and Elsec.

2000s

## B-BBEE shareholding and growth

In 2007, the group sold 15% of all but one of its operating businesses to black, previously disadvantaged shareholders as part of a B-BBEE initiative. This 15% is now owned for the benefit of Hudaco's black employees. The 2000s also saw the group's annual turnover increase to R4 billion.

2010s

## Diversification to reduce dependence on mining and manufacturing

This decade saw Hudaco make several significant acquisitions, including Filter and Hose Solutions, Global Communications, the Dosco group, MiRO and Partquip. The latter serves the automotive aftermarket and is the group's largest single business. Many smaller businesses have also been acquired. This acquisition strategy included a strong initiative to diversify the revenue base, thereby reducing dependence on the group's traditional core markets of mining and manufacturing, which experienced very difficult trading conditions and in which growth was elusive for an extended period. This boosted contributions from the automotive, data networking, security and sustainable energy sectors.

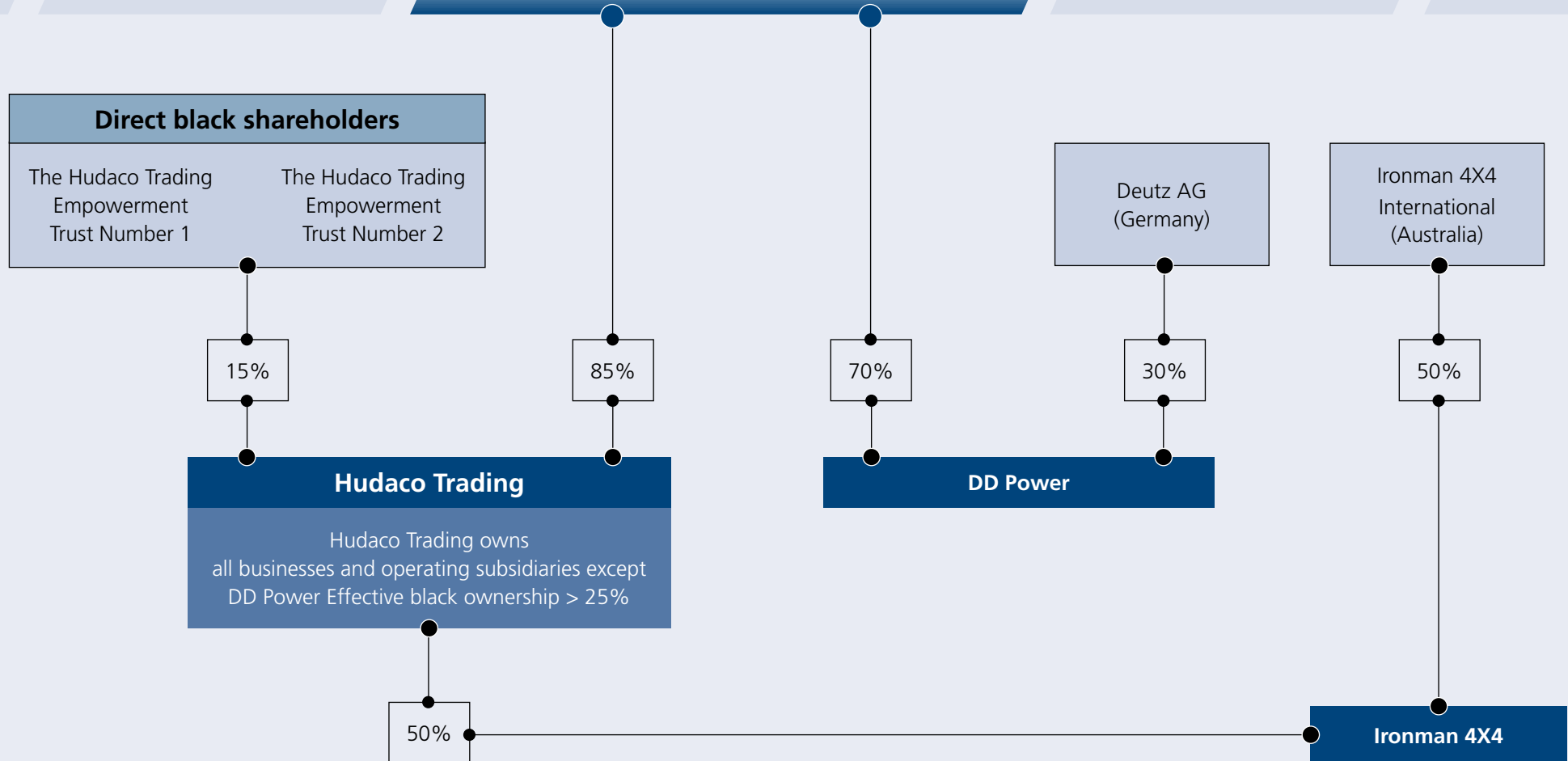
Today

## A quality diversified industrial distributor

Today, with a proud history of over 130 years since J Hubert Davies saw the long-term business potential of the initial gold rush, the group remains true to its roots. The group now employs 3 582 people and has a market capitalisation of about R5.7 billion. With the contraction of mining and manufacturing in South Africa in recent years, Hudaco's diversification strategy has served it well and 43% of its profits are now derived from sectors where activity is more closely aligned to levels of consumer spending. The acquisition in 2022 of the iconic South African gas and outdoor product brand CADAC further enhanced this offering. Hudaco's shareholders include many blue-chip players in the South African investment industry and black employees now have an equity interest in the main operating subsidiary.

# Abridged group structure

# Hudaco Industries



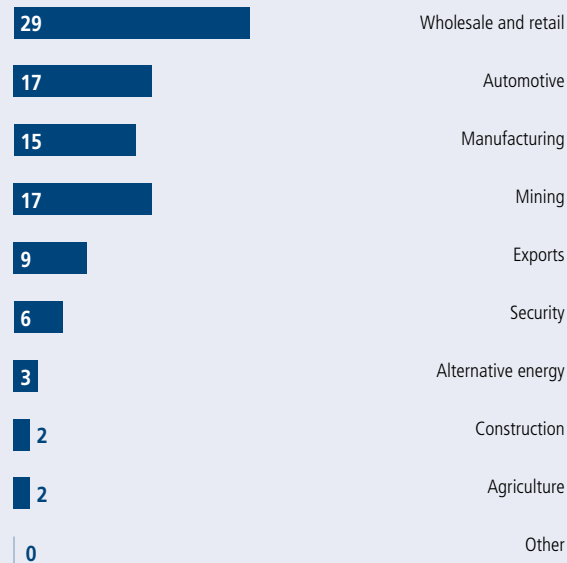
## Group at a glance

CONSUMER-RELATED PRODUCTS		ENGINEERING CONSUMABLES	
PRINCIPAL ACTIVITIES	BUSINESSES	PRINCIPAL ACTIVITIES	BUSINESSES
<p><b>Automotive aftermarket products</b></p> <p>The distribution of clutch kits, automotive ignition leads, oil and hydraulic seals, wheels, brake and clutch hydraulics, mountings, bushes, hydraulic repair kits, cylinders, hose, CV joints, wheel hubs, suspension components and 4X4 vehicle components to the automotive and industrial aftermarket.</p>	<p><b>Abes Technoseal, Partquip, A-Line Wheels and Ironman 4X4</b></p> <p>Distribute a select range of automotive spares and accessories.</p>	<p><b>Diesel engines and spares</b></p> <p>The distribution of Deutz diesel engines and Deutz spares and the provision of service support.</p>	<p><b>Deutz Dieselpower</b></p> <p>Represents Deutz AG – one of the world’s leading independent manufacturers of diesel engines.</p>
<p><b>Batteries and sustainable energy</b></p> <p>The distribution of maintenance-free lead acid, stand-by and solar batteries, providing solar power and storage solutions for the commercial, industrial and residential markets, and the supply of batteries, high-frequency chargers and related battery management equipment to the traction battery market as well as the design, assembly and management of battery bays for warehouses and distribution centres.</p>	<p><b>Deltac Energy Solutions, Specialised Battery Systems and Eternity Technologies</b></p> <p>Distribute maintenance-free automotive, stand-by and solar batteries, inverters, PV modules and batteries for forklifts and provide residential, commercial and industrial storage and full on-site facilities management for forklift battery bays in large warehouses and distribution centres.</p>	<p><b>Bearings, belting and power transmission</b></p> <p>The distribution of bearings, chains, belting, industrial hose, seals, electric motors, geared motors, and transmission products.</p>	<p><b>Bearings International, Brewtech Engineering and Belting Supply Services</b></p> <p>There are over 50 branches across South Africa. The main bearing brands distributed are FAG from Germany and KOYO from Japan while other products include Rexnord conveyor solutions, Habasit belting and a range of geared motors.</p>
<p><b>Power tools and fasteners</b></p> <p>The distribution of power tools, marine engines, survey instrumentation and fasteners.</p>	<p><b>Rutherford and Boltworld</b></p> <p>Distribute Makita power tools, Mercury marine engines and a comprehensive range of fasteners.</p>	<p><b>Filtration</b></p> <p>The distribution of filtration solutions, kits and accessories to mining, process and manufacturing markets.</p>	<p><b>Filter and Hose Solutions</b></p> <p>Distributor of Donaldson, Filtrec and Mann + Hummel high-quality filtration products and solutions for a broad range of applications.</p>
<p><b>Data networking equipment</b></p> <p>The distribution of IP convergence technologies including wireless networking, VoIP and physical security solutions.</p>	<p><b>MiRO</b></p> <p>Distribute Ubiquiti, Mikrotik, Cambium, Grandstream and other data networking equipment and solutions.</p>	<p><b>Fire detection, containment and suppression</b></p> <p>The distribution of fire detection, containment and suppression products and solutions.</p>	<p><b>Brigit Fire</b></p> <p>Offers “One Source Total Fire Protection” that includes fire detection, fire containment protection and fire suppression systems with leading international and self-developed products singularly focused on fire security and safety disciplines, specifically required for commercial and industrial applications.</p>
<p><b>Security and security related communications solutions</b></p> <p>The distribution of intrusion detection, surveillance and access control equipment and seamless integration of systems over IP in combination with building management systems, as well as the provision of two-way radios and satellite communications.</p>	<p><b>Elvey Security Technologies, Pentagon and Global Communications</b></p> <p>The following key brands form part of a broader product portfolio: Texecom, DSC, Optex, Ajax, Impro, Milestone, Tridium, Bosch, Axis, Kenwood and Sepura.</p>	<p><b>Hydraulics and pneumatics</b></p> <p>The distribution and manufacture of hydraulic and pneumatic products, including gear pumps, service and repairs and design of systems as well as the distribution of drivetrains.</p>	<p><b>Ernest Lowe, HERS, Dosco and GPM</b></p> <p>Supply Norgren and JELPC products as well as full service to required degree of precision and design of hydraulic systems, manufacture and distribute locally and internationally GPM gear pumps and distribute Kessler drivetrains.</p>
<p><b>Gas and outdoor products</b></p> <p>The distribution of cooking, heating and outdoor products.</p>	<p><b>CADAC</b></p> <p>Distribute CADAC cooking, heating and outdoor products.</p>	<p><b>Thermoplastic pipes, fittings and equipment</b></p> <p>The distribution of thermoplastic pipes, fittings and plastic welding equipment and manufacture of dragline hose and plastic welding rods.</p>	<p><b>Astore Keymak and Plasti-Weld</b></p> <p>Distributes Agru thermoplastic pipes and fittings, plastic welding equipment, manufactures Keymak dragline hose and plastic welding rods.</p>
		<p><b>Specialised steel</b></p> <p>The sale, cutting and hardening of round, hexagonal and hollow steel bar and key steel, bending steel for dished ends and manufacture of conveyor drive pulleys and idlers as well as ferrous and non-ferrous castings.</p>	<p><b>Ambro Steel, Sanderson Special Steels, Bosworth, Joseph Grieveson and The Dished End Company</b></p> <p>Provide full service to customers including supply, cutting to size and heat treatment and the manufacture of dished and flanged ends, Bosworth conveyor drive pulleys and idlers as well as bespoke castings in a jobbing foundry.</p>
		<p><b>Electrical power transmission</b></p> <p>The distribution of variable speed drives, electric motors, electrical cabling, plugs, sockets and related products to the manufacturing, mining and agricultural aftermarkets.</p>	<p><b>Powermite, Three-D Agencies and Varispeed</b></p> <p>Distribute Yaskawa variable speed drives, sophisticated cabling and accessories and electrical plugs, sockets and connectors.</p>

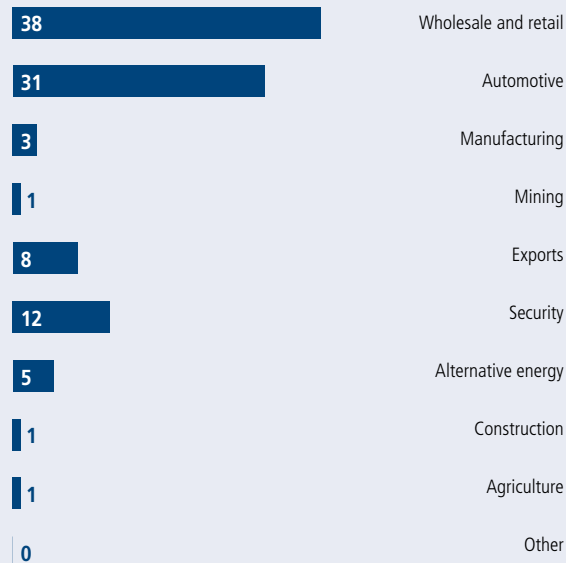
GROUP				CONSUMER-RELATED PRODUCTS				ENGINEERING CONSUMABLES			
KEY DRIVERS	R million	2024	2023	KEY DRIVERS	R million	2024	2023	KEY DRIVERS	R million	2024	2023
■ Exchange rates	<b>Turnover</b>	<b>8 379</b>	8 897	■ Consumer spending	<b>Turnover</b>	<b>3 881</b>	4 426	■ GDP growth	<b>Turnover</b>	<b>4 513</b>	4 488
■ Acquisitions	<b>Operating profit</b>	<b>1 007</b>	1 071	■ Building activity	<b>Operating profit</b>	<b>474</b>	592	■ Mining activity	<b>Operating profit</b>	<b>625</b>	581
	<b>Average net operating assets</b>	<b>5 013</b>	4 724	■ Employment levels	<b>Average net operating assets</b>	<b>2 397</b>	2 426	■ Mining investment	<b>Average net operating assets</b>	<b>2 580</b>	2 315
	<b>Number of permanent employees</b>	<b>3 582</b>	3 635	■ Vehicle sales	<b>Number of permanent employees</b>	<b>1 545</b>	1 584	■ Mining mechanisation	<b>Number of permanent employees</b>	<b>2 014</b>	2 027
				■ Analogue to digital migration				■ Manufacturing activity			
				■ Broadband, Wi-Fi and VoIP expansion				■ Electricity usage management			
				■ Adoption of sustainable energy solutions							

SALES BY MARKET SECTOR – 2024

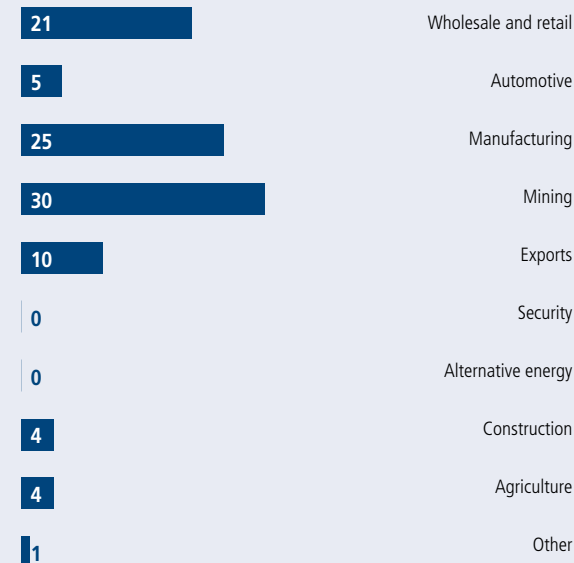
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## Seven-year review

R million	2024	2023	2022	2021	2020	2019	2018
<b>GROUP STATEMENT OF INCOME</b>							
Turnover	8 379	8 897	8 151	7 258	6 254	6 704	6 381
<b>Profit before interest and tax</b>	<b>918</b>	1 064	1 018	836	245	731	632
Net finance costs	153	150	87	68	104	103	91
<b>Profit before taxation</b>	<b>765</b>	914	931	768	141	628	541
Taxation	219	245	256	219	133	160	144
<b>Profit after taxation</b>	<b>546</b>	669	675	549	8	468	397
Income from joint venture					1	3	3
<b>Profit for the year</b>	<b>546</b>	669	675	549	9	471	400
Non-controlling interest	40	58	79	50	(27)	42	19
<b>Attributable earnings</b>	<b>506</b>	611	596	499	36	429	381
Shares in issue (000)							
(weighted average)	<b>28 388</b>	28 519	29 702	30 357	31 527	31 646	31 646
Earnings per share (cents)							
– comparable	<b>2 012</b>	2 148	1 951	1 613	800	1 240	1 198
– headline	<b>2 012</b>	2 148	2 007	1 641	1 050	1 355	1 289
– basic	<b>1 782</b>	2 142	2 007	1 643	113	1 355	1 202
Dividends per share (cents)	<b>1 025</b>	1 025	925	760	410	600	570
<b>GROUP STATEMENT OF FINANCIAL POSITION</b>							
Property, plant and equipment	377	363	309	285	265	274	249
Right-of-use assets	361	406	382	422	414		
Investment in joint venture						12	9
Goodwill	1 226	1 285	1 182	1 170	1 170	1 512	1 505
Intangible assets	146	132	39	26	33	51	77
Deferred taxation – net	8	35	81	74	40	38	34
Inventories	2 461	2 693	2 355	2 004	1 598	1 720	1 822
Trade and other receivables	1 329	1 490	1 366	1 245	1 196	1 269	1 278
Trade and other payables	(1 175)	(1 279)	(1 322)	(1 272)	(936)	(968)	(989)
Taxation – net	(19)	(25)	(53)	(32)	(13)	8	(29)
<b>Net operating assets</b>	<b>4 714</b>	5 100	4 339	3 922	3 767	3 916	3 956
Lease liabilities	(428)	(470)	(440)	(477)	(455)		
Net borrowings	(589)	(1 013)	(621)	(469)	(643)	(1 008)	(1 163)
<b>Employment of capital</b>	<b>3 697</b>	3 617	3 278	2 976	2 669	2 908	2 793
Equity holders of the parent	3 410	3 285	3 096	2 863	2 593	2 742	2 509
Non-controlling interest	201	196	158	113	76	101	70
Equity	3 611	3 481	3 254	2 976	2 669	2 843	2 579
Amounts due to vendors on acquisitions	86	136	24			65	214
<b>Total capital employed</b>	<b>3 697</b>	3 617	3 278	2 976	2 669	2 908	2 793

R million	2024	2023	2022	2021	2020	2019	2018
<b>GROUP STATEMENT OF CASH FLOWS</b>							
Cash generated from trading	1 241	1 294	1 249	1 026	726	794	760
Decrease (increase) in working capital	297	(392)	(356)	(116)	182	59	(292)
Cash generated from operations	1 538	902	893	910	908	853	468
Other income – proceeds of damages claim					35		
Taxation paid	(205)	(260)	(244)	(220)	(113)	(196)	(164)
<b>Net cash from operating activities</b>	<b>1 333</b>	642	649	690	830	657	304
Investment in new operations	(112)	(171)	(81)	9	(6)	(114)	(242)
Investment in property, plant, equipment and intangible assets	(76)	(104)	(76)	(67)	(39)	(74)	(51)
Dividend received from joint venture							4
<b>Net cash from investing activities</b>	<b>(188)</b>	(275)	(157)	(58)	(45)	(188)	(289)
Share-based payments	(125)	(101)	(36)	(16)	(3)	(22)	(18)
(Decrease) increase in long-term borrowings	(400)	400	120	(150)	(138)	(96)	339
Repurchase of shares		(112)	(133)	(69)	(82)		
Finance costs paid	(153)	(150)	(87)	(68)	(103)	(103)	(91)
Repayment of lease liabilities	(112)	(106)	(114)	(94)	(92)		
Dividends paid	(324)	(290)	(276)	(213)	(139)	(189)	(211)
<b>Net cash from financing activities</b>	<b>(1 114)</b>	(359)	(526)	(610)	(557)	(410)	19
<b>Increase (decrease) in bank balances</b>	<b>31</b>	8	(34)	22	228	59	34

# Mission

*Hudaco has been an important part of the South African business landscape for over 130 years. Our mission is to develop and manage a sustainable business for the long-term benefit of all stakeholders, in both current and future generations.*

## Achieving Hudaco's mission



### Shareholders

We aim to produce superior returns for our **shareholders** by managing our business and by taking advantage of acquisitive and organic growth opportunities.

**Measurement of success\***

The **primary** measures are **financial** and are detailed in the financial review on pages 23 to 27.



### Customers

We safeguard our strong market shares by offering quality products and have them readily available to our **customers**.

**Measurement of success\***

**Growth** in market share, measured where information is available and using customer **satisfaction** reviews.



### Suppliers

We establish enduring partnerships with our **suppliers**, combining their leading world brands and our distribution strengths in southern Africa.

**Measurement of success\***

**Retention** of significant brands, principal relationship reviews, **attracting** new leading brands, **benchmarking** the market position of a brand in South Africa with its market position internationally.



### People

We ensure that a significant part of Hudaco's strength – its **people** – thrive in a decentralised, dynamic, challenging and equitable business environment.

**Measurement of success\***

Retention and promotion record; **reward** commensurate with performance; **success** on educational programmes; health and safety record; **support** for wellness initiatives.



### Communities

We aim to achieve our objectives in a manner governed by the highest standards of ethical conduct, sensitive to the needs of the **communities** in which our businesses operate.

**Measurement of success\***

**Success** of students on our BEE **bursary programme**, support for and success of our socio-economic development and skills development initiatives, including absorption where relevant.



### Transformation

We are committed to playing a part in the **transformation** of South Africa's society and economy to help redress the inequities of the past.

**Measurement of success\***

**Employment equity:** appointment and promotion of more black people to senior positions; proportion and success of black people on our educational programmes; **black economic empowerment:** empowering previously disadvantaged South African employees to have an equity interest in the Hudaco group.



### Environment

We are conscious of our responsibilities for safety and the **environment**.

**Measurement of success\***

Health and safety record and progress on goals as set out in the **environmental, social and governance report** and **human capital report**.

\* We measure success through financial and non-financial assessments.

## Business model

**Hudaco's core activity is the importation and distribution of high-quality, branded industrial, automotive and electronic consumable products.**

### What we sell and where we sell it

Our businesses and the products they sell fall into the following categories:

#### Consumer-related products

*Supplied to markets with a bias towards consumer spending and generally sold to installers*

- Automotive aftermarket products
- Batteries and sustainable energy products
- Data networking equipment
- Power tools and fasteners
- Security and communication equipment
- Gas and outdoor products

#### Engineering consumables

*Products generally used in the maintenance of machines and sold mainly to mining and manufacturing customers*

- Bearings, belting and power transmission
- Diesel engines and spares
- Electrical power transmission products
- Filtration

- Fire detection, containment and suppression
- Hydraulics and pneumatics
- Specialised steel
- Thermoplastic pipes, fittings and equipment

We look for products with which we can add value through the distribution chain, stockholding, product availability and providing technical support. Typically, these would be technical specification, advice on usage or installation and customer training. The extent of value add is determined by whether the customer's purchasing decision could be influenced by the addition of a technical support function.

We focus on offering maintenance spares for critical customer equipment. Purchasing decisions for these items are made easily and quickly without onerous tender procedures.

Products are distributed throughout southern Africa by our approximately 30 businesses.

We supply some 30 000 active customers from over 130 branches in South Africa.

In other African countries, we generally supply customers directly from South Africa or through local distributors.

### What makes us successful in the market

Key elements of our success include:

#### Adding value for our customers

Our objective is to offer customers more than just a product in a box.

We seek to sell products where value can be added, for example in some of the following ways:

- availability;
- product identification, specification and supply;
- advice on usage or installation;
- customer training; and
- provision of credit to customers.

#### Our decentralised management philosophy

Decentralising the management structure facilitates these attributes:

- faster decision-making;
- superior customer service;
- empowered employees; and
- high standards and disciplines.

Our value-add offering is in demand by our customers. We strive to maintain our technical skills base through loyal and motivated employees and to train new staff through training offered internationally by our suppliers and our own in-house training programmes.

**Business model** *continued***How we achieve growth****Organic growth**

Our first priority is to take advantage of organic growth opportunities within the markets we serve. This can be achieved by a combination of:

- taking market share from competitors;
- adding products to the basket offered;
- expanding the geographies within which we operate; and
- creating additional market demand for our existing product offering.

**Acquisition strategy**

After funding organic growth and paying dividends to shareholders, Hudaco's high cash-generating characteristics mean that resources are still available to fund the acquisition of new businesses. We use acquisitions of successful (and usually privately held) businesses to provide an additional platform for future growth. In our acquisition efforts we seek to acquire agencies for products where customers either already require these characteristics or, by introducing them, we think we can increase customer loyalty to the brand.

We believe that there are many private business owners in South Africa who are aware of Hudaco, like our management style and consider our buyout formula attractive. When the time is right, we hope they will approach us directly with a view to possibly selling their businesses to us.

Our board has agreed on a strategy to pursue acquisitions with the aim of:

- ideally closing one major acquisition of at least R300 million turnover every two years;
- continuing to acquire smaller businesses provided they can be bolted-on to existing businesses;
- concluding a major, R1 billion plus acquisition, although we recognise that these are rare at a suitable price for Hudaco and we have not been able to find such an opportunity thus far; and
- avoiding dependency on any one market sector by diversifying our portfolio of businesses.

Where practicable, Hudaco seeks to:

- purchase the business, not the company;
- purchase thriving (not distressed) businesses with depth in management;
- enter into service agreements with management;
- include earn-out arrangements in the final price; and
- purchase for cash, unless the acquisition is large enough to warrant issuing shares.

**Target criteria**

Our acquisition target criteria are businesses that mostly are/have:

- customers which require value-added distribution;
- an identifiable competitive advantage, eg strong brand/s;
- already profitable and earning good returns;
- in growth markets;
- distribution rights for products that are not currently offered by any business within the group;
- strong general and financial management and good controls;
- a presence in non-capital, industrial, automotive or electronic products;
- selling to markets in southern Africa; and
- preferably headquartered in Gauteng.

**Why our acquisition strategy has been successful**

The quality of the personal relationships between Hudaco and the seller of the business is one of the most important factors for a successful acquisition. We don't impose joint purchasing or tendering, preferring to preserve the route to market of each business by allowing significant autonomy. Managing directors of businesses that come into the group may be invited to play a wider role within the group once they have completed their three-year earn-out and they have proved to us and themselves that they are comfortable in a corporate environment. We benefit greatly from the presence of the sellers of successful businesses on our team as they often bring with them experience and ideas worth sharing across the broader group.

Our decentralised structure helps to ensure that the businesses that we buy remain intact, ie the brand, the staff and the reputation. We only intervene when performance requires it or where extracting synergy was a significant factor in motivating the acquisition.

**Sourcing the products we sell**

We seek out and secure exclusive distribution rights from leading international manufacturers with a global brand presence and a commitment to maintaining market leadership, particularly through technical innovation.

We source products from more than 800 international suppliers scattered across the industrialised world. We also manufacture certain niche products.

We carry more than 230 000 line items in stock. Demand is relatively inelastic, with low line-item sales predictability, whilst supplier lead times can range from three months to well over a year, in extreme cases. Inventory holding is therefore our most important asset, as our key competitive advantage is the ability to offer availability on demand.

**Aspects important to our principals/suppliers**

Our businesses distribute top-quality branded products and have represented their major principals for many years. The following factors strengthen our ability to retain existing distribution rights:

- Market share is key. If our local market share is in line with that which our principal enjoys internationally, distribution rights are unlikely to be disturbed.
- The local southern African market is small in world terms, making entering it directly not worthwhile.
- South Africa is heavily regulated with unique laws (for example BBEE) not well understood by the international community. Further, the regulatory and compliance landscape is not stable – new BEE and labour requirements are a regular occurrence. This tends to dissuade suppliers from entering the market directly.
- The level of corruption and/or perceived corruption in South Africa. Overseas suppliers perceive that rights to conduct business are increasingly subject to government patronage and that awarding government business is sometimes accompanied by demands for payoffs. For legal and reputational risk reasons, international corporations avoid doing business in such environments themselves. Nevertheless, Hudaco does not, and will not, participate in corrupt activities.
- Long-term relationships (frequently on a personal level) and a well-established distribution footprint – both of which are hard to replicate.
- Our suppliers rely on our understanding of the specific challenges of doing business in Africa, particularly the political and regulatory risks and the limitations which the size of these economies pose, so they appoint us to represent their brands in markets that they would not ordinarily have been able to access. Crucially, we must adapt continually to the dynamics of doing business in Africa.

## Joint report of the chairman and chief executive

*“Although markets appeared to receive the GNU favourably and its announcement undeniably generated positive sentiment, concerns about economic growth, a struggling labour market, and the need for reforms persisted. Also, the absence of load-shedding has relieved businesses and consumers of a significant burden, yet we did not notice any meaningful change in business activity.”*

### 2024 Overview

We were very pleased that our financial year ended with a strong last quarter, showing some encouraging signs of improvement in activity and demand. This after a long period of inertia in the economy, first leading up to the general election in May, then while the country waited anxiously to see how the electoral impasse would be resolved and finally for a government of national unity (GNU) to get off the ground. While our comparable earnings per share were 15% down at mid-year, we were able to claw back much of the deficit in the second half to end only 6% behind for the full year. For the five months from the formation of the GNU to the end of the financial year, through strong management of gross profit margin, tight control of expenses and the reduction of inventory, operating profit increased by 0.2%, and headline and comparable earnings per share were up by 3.5% on the equivalent period in the prior year.

Although markets appeared to receive the GNU favourably and its announcement undeniably generated positive sentiment, concerns about economic growth, a struggling labour market, and the need for reforms persisted. Also, the absence of load-shedding has relieved businesses and consumers of a significant burden, yet we did not notice any meaningful change in business activity. Our ports remained a major obstacle, so we (like so many others) are carrying more goods in transit (GIT) inventory because of it, and this is compounded by disruptions in international shipping routes, our GIT days have increased accordingly.

Annual turnover ended down 5.8% at R8.4 billion, with operating profit down 6.0% at R1.007 billion. The group operating profit margin was maintained at 12.0% thanks to an excellent 1.7% increase in gross margin percentage and tight control of

expenses, which are down 1.7% on a like-for-like basis, with acquisitions excluded.

Eternity Technologies, our traction battery business, was acquired in 2017 and initially performed well. However, after disappointing results in the last three years and some structural changes in its market, we concluded that it would take longer than we had previously believed to get its performance to the level it should be and that, accordingly, its goodwill had been impaired to the extent of R77 million but there had been a reduction of R59 million in the original purchase price so the net loss was only R18 million.

Headline and comparable earnings per share decreased by 6.3%. Return on equity was 15.4% overall and 17.4% if the impairment of Eternity's goodwill is excluded. The cash-generative nature of Hudaco's businesses was evident, with cash generated from operations an excellent R1.5 billion.

The final dividend has been left unchanged at 700 cents, giving a total dividend for 2024 of 1 025 cps, the same as in 2023. Comparable earnings cover the total dividend 1.96 times, which is marginally outside our long-term dividend policy range of paying between 40% and 50% of comparable earnings but is comfortably justified by the strong cash generation.

### Financial position

Net bank borrowings at year-end were R589 million, down R424 million over the year from R1.013 billion in 2023. Importantly, operating profits covered interest payments nine times, which compares favourably with our internal benchmark of at least five times. We have significant additional bank borrowing facilities, so there is capacity for good acquisitions and the recently announced acquisition of Isotec, subject to the fulfilment of significant conditions precedent, will not put the balance



**Stephen Connelly**  
Non-executive chairman



**Graham Dunford**  
Chief executive and  
executive committee chairman

## Joint report of the chairman and chief executive *continued*

sheet under strain. Inventories at year-end of R2.46 billion have been reduced by R232 million over the year, with much of the reduction coming from good progress in the alternative energy businesses, which were heavily overstocked last year.

### Consumer-related products

The consumer-related products segment consists of 12 businesses. In 2024, it contributed 46% of Hudaco's sales and 43% of operating profit. Last year, this segment contributed 50% of group sales and 50% of operating profit.

Segment sales were down 12.3% at R3.9 billion, whilst the segment's operating profit decreased 19.9% to R474 million. Consumer spending was under pressure again this year, primarily due to concerns surrounding the elections and their potential outcomes, which contributed to the rising unemployment rate and a weakened economy. In this segment, the wholesale and retail, and security sectors declined in 2024, which negatively affected our businesses supplying products and services to these sectors, other than Automotive Aftermarket and Rutherford. Volume sales declined and gross margins were maintained. We are delighted that we managed to clear a lot of the overstocked energy products. The operating profit margin was 12.2%, down from 13.4%.

### Engineering consumables

The 19 engineering consumables businesses contributed 54% of group sales and 57% of operating profit. In 2023, this segment contributed 50% of group sales and 50% of operating profit.

The segment's turnover increased by 0.6% to R4.5 billion and operating profit by 7.6% to R625 million. This was mainly due to the acquisitions, which added R284 million in turnover and R73 million in operating profit. Brigit Fire and Plasti-Weld have been included in these results for the full year. In contrast, last year Brigit Fire was included for only three months, and Plasti-Weld not at all. Both of

these businesses have integrated seamlessly into Hudaco. In this segment, the agriculture, platinum mining, and manufacturing sectors declined in 2024, and the declines affected our businesses supplying products and services to these sectors. We had good performances from our businesses supplying diesel engines, hydraulics and gear pumps, filtration, modular belting and thermoplastic pipes, fittings and equipment. The operating profit margin increased from 12.9% to 13.9%.

### Strategic focus

If we consider our stated long-term strategic focus: "Distributing strong international branded products requiring added value, including instant availability and technical input. Our philosophy of carefully managing the relationship between turnover, margins, inventories and costs means that businesses currently serving low- or no-growth markets generally remain very cash-generative. We continue to pay generous dividends and invest the balance in our higher-growth businesses and accretive acquisitions that diversify and strengthen our overall offering. We also continue to look for new markets and grow our businesses' reach geographically, where appropriate." It would be fair to say that we delivered on all accounts in another difficult year.

### Prospects

Even though we are operating in volatile times, with significant potential risks arising from both international and local politics, we believe that Hudaco is well placed for a successful 2025. We remain optimistic that the improvement seen since October 2024 will continue, and there is a reasonable prospect that interest rates will decline further, which augurs well for a recovery in our consumer-related product businesses. Progress at the ports and reduced load-shedding must have a positive effect on economic activity and losses incurred at Bosworth, Deltec and Eternity should not be repeated. The Brigit Fire and Plasti-Weld acquisitions have been very successful and should enhance value further this year. We are excited about the Isotec acquisition, which would be Hudaco's largest to date and meets our strategic

objective of making larger acquisitions that can "move the needle". If all conditions precedent are met (of which a satisfactory due diligence and Competition Commission approval are the most significant), it is likely to be included in our 2025 results for eight months, and another excellent business will be added to our diversified portfolio.

We enter the new year with cautious optimism, as we believe there are great prospects for SA Inc if the right policies are chosen. It is trite that the policies of the past 30 years have not worked for the economy or the people of South Africa. We encourage the GNU to grasp the opportunity in front of it and to focus on growth policies.

### Appreciation

It is only through the dedication, commitment and experience of the staff and management teams that the group has been able to deliver so consistently through the stagnant economy of the past 15 years. There is excellence amongst our staff at all levels within the group, and their contribution is valued and appreciated. We also extend our appreciation to our loyal suppliers, customers, and other stakeholders for the vital roles they play in our mutual success.

We thank our experienced board members for their valuable guidance and direction. Interaction between non-executive and executive directors has always been constructive, effective and in the company's best interest.











**SJ Connelly**  
Chairman





**GR Dunford**  
Chief executive


25 February 2025

### Strategic focus

2024	2025
<ul style="list-style-type: none"> <li>Managing inventory levels in the context of congestion at SA ports </li> <li>Challenges and opportunities arising through degradation of local infrastructure </li> <li>Improving the performance of the following businesses:                             <ul style="list-style-type: none"> <li>- Dosco </li> <li>- SBS and Deltec Energy </li> </ul> </li> <li>Improving margins </li> <li>Containing the expense ratio </li> <li>Continue developing more black African managers within the group </li> <li>Optimising capital allocation </li> </ul>	<ul style="list-style-type: none"> <li>Concluding the Isotec acquisition and embedding the Hudaco culture</li> <li>Growing turnover as economy becomes more active</li> <li>Maintaining gross margin</li> <li>Containing the operating expense ratio</li> <li>Improving the performance of Bosworth, Eternity, Deltec Energy, SBS and CADAC</li> <li>Developing more black African managers within the group</li> <li>Optimising capital allocation</li> </ul>

 Achieved

 Not achieved

 Partially achieved

# Stakeholder engagement

In terms of the requirements of sustainability reporting standards, we ask stakeholders what material information they require to maintain a mutually successful and sustainable business relationship. Stakeholders to whom we are accountable and for whom we create value are: investors, shareholders, principals/suppliers, employees, customers and communities in the vicinity of our premises. In this report, we aim to provide each with information on what matters to them, as identified in the table below.

We have rated the following stakeholders as the most significant (in no particular order) based on the likelihood that they will access and use this report, our ability to provide information that will be useful to them and their level of interaction with the group:

- Shareholders and investors, current and future, private and institutional;
- Employees: the 3 582 people in Hudaco’s 31 businesses;
- Principals/suppliers; and
- Bankers.

The table below details the issues considered by stakeholders to be important to them. These were determined through our stakeholder engagement process, which included discussions with members from each of the stakeholder groups, either directly or through executives of our businesses. The investment community is invited to suggest further disclosure where they identify a need for specific

information, as are bankers during annual review meetings and regular update discussions. The major topics of interest this year for most categories of stakeholders were: the impact on product availability and working capital requirements of the dire state of South African ports and global conflicts that affect shipping routes; the expected uptick in the economy after the general election and the establishment of a government of national unity; the impact on the group of the significant reduction in load-shedding; capital allocation; and acquisition prospects. Employees were particularly interested in the introduction of a two-pot retirement funding system. The relevance of the various sections of this report to the different classes of stakeholders is set out on the inside front cover.

Stakeholders	Why they matter to us	Why we matter to them	What matters to them	How we communicate with them
<b>Private shareholders and institutional investors</b>	Shareholders	Derive dividend income from trading performance and capital appreciation from the market value of Hudaco shares.	<ul style="list-style-type: none"> <li>■ Compliance, governance</li> <li>■ Share price, dividend policy, return on investment, profitability</li> <li>■ Capital allocation</li> <li>■ Management competence</li> <li>■ Depth of management and succession planning</li> <li>■ Growth strategy</li> <li>■ Business model</li> <li>■ Acquisitions – deal flow and success</li> <li>■ Executive remuneration</li> <li>■ Risks</li> <li>■ ESG reporting</li> </ul>	<ul style="list-style-type: none"> <li>■ Integrated and interim reports</li> <li>■ Informal discussions</li> <li>■ Results presentations</li> <li>■ Facilitated discussions</li> <li>■ Hudaco website</li> <li>■ Annual general meeting</li> <li>■ Analyst reports</li> <li>■ Press interviews</li> <li>■ SENS announcements</li> </ul>
<b>Bankers</b>	Financiers	Take credit risk on and derive interest and fee income from Hudaco.	<ul style="list-style-type: none"> <li>■ Statements of financial position, comprehensive income and cash flows</li> <li>■ Key risks</li> <li>■ Succession planning</li> <li>■ Environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>■ Integrated and interim reports</li> <li>■ Results presentations</li> <li>■ Annual credit review meetings</li> <li>■ Capital raising and other discussions</li> <li>■ Covenant reports</li> <li>■ SENS announcements</li> </ul>
<b>Intermediary customers and end-users of products</b>	Customers and end-users	Hudaco supplies them with quality products at reasonable prices and technical support to sustain their operations.	<ul style="list-style-type: none"> <li>■ BEE credentials</li> <li>■ Brand</li> <li>■ Product availability</li> <li>■ Product quality</li> <li>■ Technical support</li> <li>■ Service turnaround</li> <li>■ Pricing</li> <li>■ Reputation</li> </ul>	<ul style="list-style-type: none"> <li>■ Personal contact</li> <li>■ Product marketing</li> <li>■ Service levels</li> <li>■ BEE scorecards</li> <li>■ Business unit websites</li> <li>■ ISO accreditation</li> <li>■ Websites</li> <li>■ Customer communications</li> </ul>

Stakeholders	Why they matter to us	Why we matter to them	What matters to them	How we communicate with them
<b>Management of businesses</b>	Management, potential vendors	<p>Rely on Hudaco for their livelihood and meeting career aspirations as well as for investment-related returns through the share appreciation bonus and share matching schemes.</p> <p>Covered by group life and disability assurance.</p> <p>Make use of corporate wellness initiatives to maintain a focus on executive health.</p>	<ul style="list-style-type: none"> <li>■ Hudaco brand, association with quality products, endorsement in market through association</li> <li>■ Treasury function, insurance, company secretarial functions, internal audit</li> <li>■ Synergies within the group</li> <li>■ Management and resource support from centre for growth</li> <li>■ Group structure, relevance of Hudaco group issues to operations</li> <li>■ Critical mass pricing advantage</li> <li>■ Business model</li> <li>■ Leadership succession planning, careers, knowledge management systems</li> <li>■ Functional relationships with group management</li> <li>■ Cash position during earn-out process</li> <li>■ Remuneration</li> <li>■ Wellness and health programmes</li> <li>■ Group life and disability cover</li> </ul>	<ul style="list-style-type: none"> <li>■ Integrated report</li> <li>■ Results presentations (internal)</li> <li>■ Management conferences</li> <li>■ Personal contact</li> <li>■ Video conferencing</li> <li>■ Retirement fund reports and information</li> <li>■ Wellness days and reports</li> <li>■ CFO meetings</li> <li>■ Risk management meetings</li> </ul>
<b>Owners of privately owned businesses</b>	Potential vendors	<p>Hudaco provides a potential exit strategy or a means of realising the value in their businesses and building a career within the group.</p>	<ul style="list-style-type: none"> <li>■ Acquisition and earn-out process</li> <li>■ Exit opportunities</li> <li>■ BEE credentials</li> <li>■ Finance and support for growth opportunities</li> </ul>	<ul style="list-style-type: none"> <li>■ Integrated report</li> <li>■ BEE scorecards</li> <li>■ Personal contact</li> <li>■ Business brokers</li> </ul>
<b>Principals</b>	Suppliers	<p>Rely on Hudaco for a route to market without them having to establish a presence in SA, a relatively small market which has significant regulatory complexities.</p>	<ul style="list-style-type: none"> <li>■ Market shares</li> <li>■ Sales forecasts</li> <li>■ Stockholding and ordering processes</li> <li>■ Distribution strengths</li> <li>■ Customer penetration</li> <li>■ Cultural barriers in dealing with local customers</li> <li>■ Creditworthiness</li> </ul>	<ul style="list-style-type: none"> <li>■ Personal contact</li> <li>■ Video conferencing</li> <li>■ Integrated report</li> <li>■ Business unit websites</li> <li>■ ISO accreditation</li> </ul>
<b>Employees</b>	Staff	<p>Rely on Hudaco for their livelihood (during employment and after retirement) and personal development to meet career aspirations.</p> <p>Covered by group life and disability insurance.</p> <p>Make use of corporate wellness initiatives.</p> <p>Most receive subsidy on medical aid contributions.</p> <p>Black employees with over three years' service have an equity interest.</p> <p>Black employees and their close families may be eligible for bursaries from the BEE bursary scheme.</p>	<ul style="list-style-type: none"> <li>■ Career development</li> <li>■ Leadership succession planning</li> <li>■ Remuneration</li> <li>■ Skills retention and development</li> <li>■ B-BBEE</li> <li>■ Health and safety</li> <li>■ Wellness and health programmes</li> <li>■ Medical aid</li> <li>■ Post-retirement funding</li> <li>■ Group life and disability cover</li> <li>■ BEE ownership trusts</li> <li>■ BEE bursary scheme</li> </ul>	<ul style="list-style-type: none"> <li>■ Integrated report</li> <li>■ Policy documentation</li> <li>■ Personal contact</li> <li>■ Video conferencing</li> <li>■ Retirement fund reports and information</li> <li>■ Wellness days and reports</li> <li>■ Health and safety reports</li> <li>■ Trustee elections and AGMs for BEE ownership trusts</li> <li>■ BEE bursary scheme communications</li> </ul>
<b>Government</b>	Tax collector, transformation regulator, education and training authority	<p>Rely on Hudaco to collect and remit indirect taxes, to pay direct taxes, to progress transformation and to provide education and training programmes.</p>	<ul style="list-style-type: none"> <li>■ VAT</li> <li>■ PAYE</li> <li>■ Income tax</li> <li>■ Customs duty</li> <li>■ Dividends tax</li> <li>■ BEE</li> <li>■ Learnerships and apprenticeships</li> </ul>	<ul style="list-style-type: none"> <li>■ Statutory returns</li> <li>■ Integrated reports</li> <li>■ Results presentations</li> <li>■ Correspondence</li> <li>■ B-BBEE certification</li> <li>■ Employment equity reports</li> <li>■ Workplace skills plans and reports</li> </ul>

# Risks and mitigation

## Key risks

In the table below, we highlight the key risks faced by the group, in order of perceived priority, and how these risks are mitigated:

Risk	Explanation	Potential exposure	Mitigation	Residual risk assessment/probability	Associated opportunity
<b>Loss of a major brand</b>	<p>While the portfolio of brands is diverse, there are two major brands the loss of which could have a significant effect on the results of the group.</p> <p>These brands, each of which contributes 6% to 12% of group operating profit, would be hard to replace. The portfolio also includes several other important brands.</p>	Up to R125 million in operating profit per annum per brand.	<p>Maintaining strong relationships with principals and serving them well in the South African market. This is monitored by the audit and risk management committee.</p> <p>The relationships with the major brands are managed by the group chief executive.</p> <p>Acquisitions increase the number of suppliers and dilute exposure to any one brand. The element we cannot mitigate is the risk that a major principal ceases to exist, eg through international corporate activity.</p>	<p>Highly unlikely.</p> <p>This risk follows from the strategy of representing quality major international brands.</p>	There would not be an opportunity associated with the loss of one of the group's two major brands. The loss of a lesser brand may present an opportunity to bring into the portfolio a brand that has something more to offer.
<b>Disruptions in the supply chain</b>	Inefficiencies at local ports, which result in offloading delays and a scarcity of ships coming to South Africa because of waiting times, and the degradation of the rail infrastructure have the potential to impede Hudaco's access to adequate inventory. The disruptions to shipping routes caused by global conflicts also have an impact.	Up to R200 million in operating profit per annum if not adequately managed.	<p>Businesses increasing inventory levels and maintaining close relationships with principals to make them aware as early as possible of requirements.</p> <p>Using first-rate, agile shipping and logistics companies to expedite receipt of goods.</p>	<p>Likely.</p> <p>The problems at local ports and rail services persist in causing major disruptions to the international supply chain. Also, global conflicts have impacted shipping routes, thereby impacting working capital requirements.</p>	Supply chain disruption has affected competitors too. Hudaco's strong financial position enables it to maintain significant stock levels to meet customer needs and maintain margins where competitors have no stock.
<b>Inadequate supply of electricity and diesel or water</b>	The lack of electricity is a constraint on GDP, a significant driver for Hudaco. The mining industry, in particular, tends to be affected when electricity is in short supply. Hudaco's sales tend to decrease when its customers are unable to operate due to electricity constraints. A prolonged lack of electricity could cause a shortage of diesel, which would exacerbate the situation. Inadequate supply of water would also affect economic activity.	Unable to quantify.	Acquiring businesses that serve different sectors, some of which are less dependent on electricity supply. Geographic diversification.	<p>Likely, notwithstanding recent suspension of load-shedding. Eskom's fleet of power stations is old and the degradation of water infrastructure has been significant.</p> <p>This risk is integral to our strategy of supplying to industries that happen to have high electricity requirements.</p>	Potential to sell batteries, inverters, solar and gas products and generators to industry and the consumer market as well as products to restore and maintain water infrastructure.
<b>Foreign exchange rate risk – significant strengthening of the Rand</b>	If the Rand strengthens, the purchase prices of our products drop and selling prices must be reduced to remain competitive. This reduces gross profit and since our expenses are Rand-based, they do not decline. Net operating profit decreases.	Without management intervention, for each 10% by which the Rand strengthens, operating profit could decrease by R240 million per annum.	<p>Management of quantities and lead times helps to delay the impact.</p> <p>Management intervention to increase gross margins.</p> <p>Development of export opportunities for locally manufactured products such as gear pumps.</p> <p>The primary risk cannot be mitigated.</p>	Variable depending on extent. This risk is integral to our strategy of holding inventory to provide customers with ready availability of imported goods with long lead times.	A sustained weakening of the Rand by more than the inflation rate without significant volatility would result in gross profits rising faster than expenses, increasing the operating profit margin.
<b>Ineffective insurance</b>	The risk that there is a major loss (eg through fire) and that the insurance claim is not met because the policy was defective or the insurer fails. Insurers are taking an increasingly hard line.	R420 million.	Insuring through reputable long-established underwriters and engaging high-quality insurance brokers as advisors.	Unlikely.	No associated opportunity.

Risks and mitigation *continued*

Risk	Explanation	Potential exposure	Mitigation	Residual risk assessment/ probability	Associated opportunity
<b>Not meeting BEE requirements</b>	<p>Although Hudaco has put in place an appropriate BEE shareholding structure and targets on the dtic scorecard have been achieved, this is against a backdrop of ever-changing requirements.</p> <p>Certain industries (eg mining) have their own charters with different requirements and certain entities set criteria more stringent than the applicable charter. Sales may be lost through not having adequate BEE credentials.</p>	Unable to quantify.	<p>The group transformation and human resources executive monitors legislation and charter requirements to keep our businesses abreast of new requirements. She helps to ensure the necessary certifications have been obtained by the group or each business, as appropriate.</p> <p>Aspects such as ownership requirements are monitored at board level.</p>	<p>Highly unlikely.</p> <p>This strategic risk is part of doing business in South Africa and is always front of mind in operations.</p>	We have been able to grow the group through acquisitions because we offer strong BEE credentials to vendors. Also, as competitors are faced with the same BEE challenges, we attract business from those that fall short of requirements. On the revised dtic scorecard, we have over 30% black ownership and the overall rating is Level 3, which provides a customer with 110% procurement recognition.
<b>Poor acquisition</b>	Acquired business performs well below expectations or exposes the group to significant unexpected risks.	R200 million.	Approving acquisitions based on thorough due diligence reviews conducted by professionally qualified advisers and our own experienced acquisitions team and including earn-out and clawback provisions in acquisition agreements. Preparing adequately for post earn-out vendor exits, where relevant.	<p>Highly unlikely.</p> <p>This risk is introduced by the strategy to grow the group by acquisition.</p>	Quality acquisitions add significant value to the group.
<b>Reputational risk</b>	The risk is that the group or an individual business may suffer damage to its reputation in the event of a product or corporate governance failure or through association with a supplier whose reputation becomes tainted.	R60 million.	<p>A strong corporate governance framework and code of ethics as well as specific assurances to ensure compliance with competition legislation.</p> <p>Sourcing major brands from high-quality principals and seeking assurance, including through factory visits, in respect of the ethical practices and product quality of second and third-tier suppliers.</p>	<p>Highly unlikely.</p> <p>The decentralised structure increases the risk relative to a centralised model but should also serve to contain any potential damage.</p>	<p>Hudaco's governance and ethics should put it at an advantage relative to competitors that face the same risks.</p> <p>While reputational issues are undesirable and absolutely to be avoided, the appropriate response, managed well, can have the effect of enhancing a reputation.</p>
<b>Sustained labour unrest in the mining or manufacturing sectors</b>	Of group turnover, currently 17% is sold directly to the mining industry and 15% into manufacturing, much of which is to service the mining industry.	R60 million in operating profit.	The group has a diverse customer base both within and outside of mining. It is unlikely that all types of mining will be affected.	Less than even chance.	This provides an incentive to further diversify the customer base through extending our range of products and customer geographies.
<b>Local manufacturer more competitive</b>	Although for most of our key agencies there is little prospect of a local manufacturer being able to produce a product of similar quality at a competitive price, there are some where this could be a threat when the Rand and the economy are weak.	R30 million in operating profit.	Carrying a second-tier range, which many of our businesses do, and finding other sources of supply reduce the potential impact.	Highly unlikely for major brands but more risk on lesser product lines.	<p>Second-tier brands have been successful for the group.</p> <p>We distribute some excellent local products and could get distribution rights for emerging quality local brands.</p>
<b>Litigation risk</b>	The group is involved in litigation from time to time. In such instances, there is a risk of loss if Hudaco is the defendant and of costs if Hudaco is the plaintiff.	R15 million.	Use of high-quality legal teams and careful management of cases, including through thorough preparation.	Highly unlikely.	Depending on the circumstance, legal action could provide the opportunity to recover assets, preserve reputation or defend a threat to assets.
<b>Natural disaster, epidemic or war at supplier(s) or customer</b>	<p>A natural disaster, epidemic or war could cripple a factory of a major supplier(s) (or of a component supplier to our supplier) or the operations of a major customer.</p> <p>We have seen through Covid-19 that the risk of a pandemic, by definition on a much greater scale, also exists.</p>	<p>R25 million in operating profit.</p> <p>For a pandemic, R500 million.</p>	<p>We carry up to six months' stock which gives time to react to such an event.</p> <p>Major suppliers generally operate from several factories in different cities and/or countries. The loss of a factory could be disruptive to the supply of certain products but production would quickly be moved to other factories. The group has a widespread supplier and customer base and is not overly reliant on any single one.</p> <p>Insurance is held against certain supply interruptions.</p>	<p>Highly unlikely.</p> <p>Nevertheless, the risk did materialise in 2020 as a pandemic, with devastating effect the world over.</p>	<p>Natural disasters, epidemics or wars in other parts of the world do not represent opportunities to the group, except to the extent that those competitors whose suppliers do not have the same level of geographic diversification as ours may be affected more heavily.</p> <p>A natural disaster locally may create demand for some of the products we sell.</p>

Risks and mitigation *continued*

Risk	Explanation	Potential exposure	Mitigation	Residual risk assessment/ probability	Associated opportunity
<b>Credit risk</b>	Although credit risk is well spread and larger debtors are usually blue chip, government sometimes awards large contracts to new BEE entities, on which we occasionally must take credit risk.	R20 million.	In such cases, we manage the delivery process as closely as possible and strive to find other ways to minimise this risk.  Normal credit risk is managed through having low concentration of credit risk and through disciplined control procedures.	Unlikely to be abnormal.  This risk, beyond the normal, is a consequence of BEE procurement.	Supplying normal credit to customers is one of the value-adding features of our business model.  If intermediary relationships are managed carefully, there are significant opportunities in supplying the requirements of government.
<b>Increase in interest rates</b>	Where necessary, borrowings are used to finance working capital and acquisitions, which introduces the risk that finance costs will go up if market interest rates increase.	R22 million per annum if interest rates increase by 2% per annum.	Effective management of working capital to minimise exposure. Other forms of raising funds for acquisitions can be considered.	Likely but not in the short term as rates are currently reducing.	Higher interest rates could have the effect of reducing prices of businesses for sale. A decrease in interest rates will give rise to an equivalent reduction in finance costs.
<b>Loss of key executives in businesses or at group level</b>	When members of the executive team retire or leave, the risk is that transition could have a significant negative effect on the group. Sometimes businesses are sold to us as an exit strategy for the owners.  Succession planning and integration into the group are therefore vital for sustainability of the business.	Unable to quantify.	The group has a formal succession policy. Succession plans, emergency and planned, are considered annually by the nomination committee.  Members of the group executive team have developed in-depth knowledge of each business. Ideally, replacements for executives who retire have the opportunity to spend several months working under the guidance of their predecessors and experienced people are appointed to the executive committee when required. Earn-out periods keep vendors in acquired businesses to facilitate transition.	Highly unlikely.  The risk is always prevalent but arises specifically through the strategy of growing the group by acquiring entrepreneurial businesses.	Retirement of members of the executive team creates visible opportunities to which the next level of management can aspire. This provides them with an incentive to prove their value through superior performance.
<b>Shortage of people with appropriate technical skills</b>	There is a significant shortage in the country of people with the appropriate level of technical skills and industry expertise so it is proving increasingly difficult to find replacements for those who emigrate, retire or resign. These skills are important for the value-added component of our business model.	Unable to quantify.	Apprenticeship and graduate development programmes in the required technical disciplines go some way to providing a pipeline of suitably trained personnel.  Being perceived as an employer of choice in the respective industry segments assists in attracting high-quality employees.	Likely.	Success in building an excellent team should enhance the customer experience and therefore customer loyalty. This can provide a competitive advantage.

## Board of directors

### Non-executive directors

#### Stephen Connelly (73)

ACMA

Non-executive chairman of the board and the nomination committee and member of the remuneration committee



In 1982, Stephen was a founding partner of Valard Limited and was appointed managing director in 1987. Valard was acquired by Hudaco in 1992. That year Stephen was appointed Hudaco's chief executive and served in that capacity for 22 years until his retirement in 2014. He continued to serve on the board in a non-executive capacity and was appointed chairman in April 2018. He is also independent non-executive chairman of Sturrock & Robson, a privately owned international group of engineering businesses with its head office in Europe.

Stephen joined the board in 1992.

#### Nonyameko "Nyami" Mandindi (58)

BSc (Quantity Surveying), Executive Masters in Positive Leadership and Strategy

Independent non-executive director, chairman of the social and ethics committee and member of the audit and risk management committee and the nomination committee



Nyami was one of South Africa's first black female quantity surveyors and she has extensive experience as an executive leader across various sectors, including infrastructure development, property management, and organisational strategy. She has played pivotal roles in significant national projects and has held leadership positions in prominent organisations. Her expertise encompasses organisational strategy, leadership development, and change leadership.

She serves on the boards of Exemplar REITail Limited and Kusile Africa Development.

Nyami joined the board in 2015.

#### Mark Thompson (72)

BCom, BAcc, CA (SA), LLB

Lead independent non-executive director, chairman of the remuneration committee, member of the audit and risk committee and of the nomination committee



Mark served, *inter alia*, as chief financial officer of Sappi and group treasurer of Anglo American and was a member of the Rand Merchant Bank audit committee and its corporate and investment banking credit committee and a member of the board and chairman of the audit, risk and compliance committee of First Rand Insurance Services Company.

He currently holds non-executive positions with Sasfin Bank and Sasfin Holdings (member of the board and the audit committee, chairman of the group risk and capital management committee and the credit and large exposures committee), PPC (member of the board, investment and strategy committee and chairman of the audit, risk and compliance committee), and Thelo Rolling Stock Leasing (member of the board).

Mark joined the board in 2017.

#### Bukelwa Bulu (47)

BBusSC Hons, PG Dip Accounting, CA (SA), PLD (Harvard)

Independent non-executive director, chairman of the audit and risk management committee and member of the remuneration committee and the social and ethics committee



Bukelwa has extensive experience in private equity with exposure to a wide spectrum of sectors, including industrial services and retail. She has expertise in investment and divestment evaluation, deal structuring, and strategic and stakeholder management. She is a co-founder of Jade Capital Partners, an investment holding company focused primarily on the property, industrial, construction and building materials sectors.

She serves on the boards of Capital Appreciation Limited, Netcare Limited and the boards of various unlisted companies.

Bukelwa joined the board in June 2023.

## Executive directors

### Graham Dunford (60)

*NDip: Mechanical Engineering*

**Chief executive and executive committee chairman**

Graham joined Hudaco in 2001 when it purchased Bauer Geared Motors, where he was the managing director. He became CEO: Electrical power transmission in 2005, CEO: Power transmission in 2009 and CEO: Bearings and power transmission in 2010.



He joined the board in 2009 as an alternate director and became a full board member in 2010.

He was appointed group chief executive in 2014.

### Clifford Amoils (64)

*BCom, BAcc (cum laude), CA (SA)*

**Group financial director and member of the executive committee**



Clifford was a partner at Grant Thornton (which has since merged into BDO) for 21 years and headed its audit division. He was a member of its National Council and served on Grant Thornton International's audit advisory committee. He was a member of the Financial Reporting Investigation Panel of the JSE from 2008 to 2018.

He joined the board in 2009.

### Ernie Smith (54)

*BTech: Industrial Engineering*

**Executive director, member of the executive committee and the social and ethics committee**



Ernie joined Hudaco as a portfolio executive in 2018. He has extensive commercial and operations management experience in the engineering field, having started his career at Anglo American as an industrial engineer, served as operations director for Whirlpool Appliances, vice president at Schneider Electric (both in Europe and South Africa) and divisional managing director at Aveng.

He joined the board as an alternate director 2023 and became a full board member on 1 February 2024.

# Executive committee

**1** The executive committee is chaired by the chief executive, Graham Dunford, and meets quarterly, prior to the board meeting. Its principal terms of reference are to advise the chief executive on the formulation of operating policy, the implementation of group strategy and the management of group risks.



**Graham Dunford (60)**  
*NDip: Mechanical Engineering*  
 Chief executive  
 36 years' service  
**1**




**Clifford Amoils (64)**  
*BCom, BAcc (cum laude), CA (SA)*  
 Group financial director  
 16 years' service  
**2 4**



**Ernie Smith (54)**  
*BTech: Industrial Engineering*  
 Executive director  
 7 years' service  
**3**



**Esther Nkosi (60)**  
*BA, Masters in Human Resources Management, Senior Leadership Development Programme*  
 Group executive: Transformation and human resources  
 18 years' service  
**4**



**Barry Fieldgate (64)**  
*Portfolio executive: Abes Technoseal, Deltec Energy Solutions, Deutz Dieselpower, Filter and Hose Solutions, MIRO, Ambro Steel, Sanderson Special Steels and The Dished End Company*  
 17 years' service  
**5**



**Chris Pillay (51)**  
*BA Hons (cum laude), MBA*  
 Portfolio executive: Rutherford, Boltworld and CADAC  
 4 years' service  
**6**



**Burtie Roberts (60)**  
*BCom Hons, BAcc, MBL*  
 Portfolio executive: Eternity Technologies, Joseph Grieveson, Dosco Precision Hydraulics, Ernest Lowe Gear Pump Manufacturing, HERS and Bosworth  
 22 years' service  
**7**



**Lavern Jacobs (54)**  
*BSocSc: Industrial and organisational psychology, MBA*  
 Portfolio executive: Partquip and A-Line Wheels  
 30 years' service  
**8**

<p><b>CONSUMER-RELATED PRODUCTS</b></p> <p><b>Automotive aftermarket</b></p> <ul style="list-style-type: none"> <li><b>5</b> Abes Technoseal</li> <li><b>8</b> Partquip</li> <li><b>8</b> A-Line Wheels</li> <li><b>3</b> Ironman 4X4</li> </ul> <p><b>Security and communication</b></p> <ul style="list-style-type: none"> <li><b>1</b> Elvey Security Technologies</li> <li><b>1</b> Pentagon</li> <li><b>1</b> Global Communications</li> </ul> <p><b>Batteries and sustainable energy</b></p> <ul style="list-style-type: none"> <li><b>5</b> Deltec Energy Solutions</li> <li><b>7</b> Eternity Technologies</li> <li><b>3</b> Specialised Battery Systems</li> </ul> <p><b>Power tools and fasteners</b></p> <ul style="list-style-type: none"> <li><b>6</b> Rutherford</li> <li><b>6</b> Boltworld</li> </ul> <p><b>Data networking</b></p> <ul style="list-style-type: none"> <li><b>5</b> MIRO</li> </ul> <p><b>Gas and outdoor products</b></p> <ul style="list-style-type: none"> <li><b>6</b> CADAC</li> </ul>	<p><b>ENGINEERING CONSUMABLES</b></p> <p><b>Bearings, belting and power transmission</b></p> <ul style="list-style-type: none"> <li><b>3</b> Bearings International</li> <li><b>3</b> Belting Supply Services</li> <li><b>3</b> Brewtech Engineering</li> </ul> <p><b>Diesel engines and spares</b></p> <ul style="list-style-type: none"> <li><b>5</b> DD Power</li> <li><b>5</b> Deutz Dieselpower</li> </ul> <p><b>Filtration</b></p> <ul style="list-style-type: none"> <li><b>5</b> Filter and Hose Solutions</li> </ul> <p><b>Fire detection, containment and suppression</b></p> <ul style="list-style-type: none"> <li><b>1</b> Brigit Fire</li> </ul> <p><b>Thermoplastic pipes, fittings and equipment</b></p> <ul style="list-style-type: none"> <li><b>3</b> Astore Keymak</li> <li><b>3</b> Plasti-Weld</li> </ul>	<p><b>Specialised steel</b></p> <ul style="list-style-type: none"> <li><b>5</b> Ambro Steel</li> <li><b>7</b> Bosworth</li> <li><b>7</b> Joseph Grieveson</li> <li><b>5</b> Sanderson Special Steels</li> <li><b>5</b> The Dished End Company</li> </ul> <p><b>Electrical power transmission</b></p> <ul style="list-style-type: none"> <li><b>3</b> Powermite</li> <li><b>3</b> Three-D Agencies</li> <li><b>3</b> Varispeed</li> </ul> <p><b>Hydraulics and pneumatics</b></p> <ul style="list-style-type: none"> <li><b>7</b> Dosco Precision Hydraulics</li> <li><b>7</b> Ernest Lowe</li> <li><b>7</b> Gear Pump Manufacturing</li> <li><b>7</b> HERS</li> </ul>
<p><b>GROUP SERVICES</b></p> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li><b>2</b> Accounting</li> <li><b>2</b> Finance</li> <li><b>2</b> Risk</li> <li><b>2</b> Tax</li> <li><b>2</b> Treasury</li> <li><b>2</b> Group secretarial</li> </ul>	<p><b>Human resources</b></p> <ul style="list-style-type: none"> <li><b>4</b> Human resources</li> <li><b>4</b> Transformation</li> <li><b>3</b> Occupational health and safety</li> </ul> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li><b>3</b> Environmental management</li> </ul>	

# Financial review

*“The key financial characteristics of the group are high returns on net operating assets and strong cash flows. These are used to fund additional working capital as our businesses grow, pay market-related dividends and invest in new businesses when opportunities arise.”*

## Measurement of financial performance

Our overriding financial objective is to increase value for shareholders, which we strive to achieve through long-term growth in earnings accompanied by strong cash generation and astute allocation of capital. Our internal operating measures and incentive programmes are geared towards this goal. We measure our financial performance based on comparable earnings (non-IFRS measure) because we believe it is more representative than other measures of the ongoing results of the group.

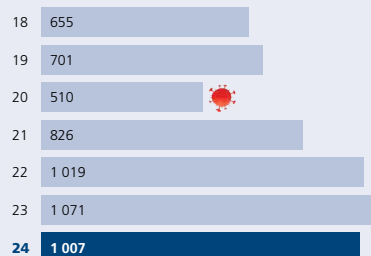
There were no differences between headline earnings and comparable earnings in 2024 or 2023. At Hudaco comparable earnings are calculated

by adjusting for unusual items of income or expenditure not reflective of the normal trading for the year, including profits and/or losses that arose because, based on results to reporting date, the latest estimate of the earn-out payments to be made to vendors of businesses acquired in recent years were different from the previous estimate. IFRS 3 requires that, where a business is acquired with a contingent purchase consideration, changes to the estimated purchase price be recognised in profit for the year. The accounting is counter-intuitive because a loss arises when the acquired business performs better than expected and a profit arises where it underperforms expectations.

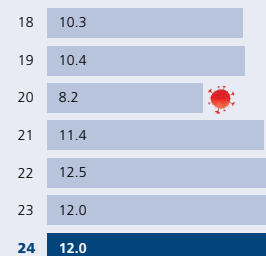


**Clifford Amoils**  
Group financial director

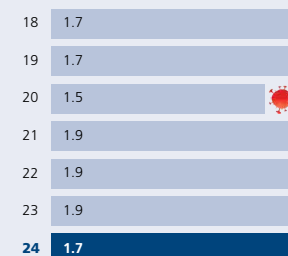
### OPERATING PROFIT (RM)



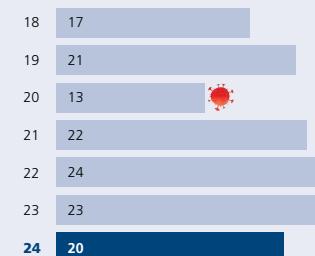
### OPERATING PROFIT MARGIN (%) OPERATING PROFIT/TURNOVER



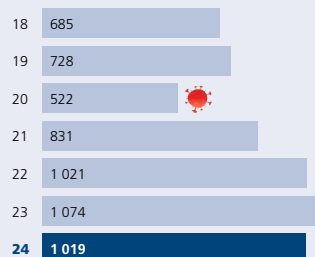
### NOA\* (TIMES) TURNOVER/AVERAGE NOA



### RETURN ON NOA\* (%) OPERATING PROFIT/AVERAGE NOA



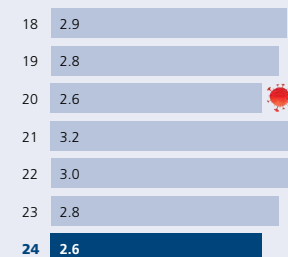
### PBITA\*\* (RM)



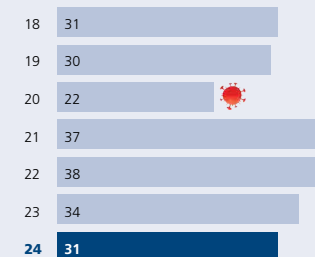
### PBITA MARGIN (%) PBITA\*\*/ TURNOVER



### NTOA\*\*\* TURN (TIMES) TURNOVER/AVERAGE NTOA



### RETURN ON NTOA\*\*\* (%) PBITA\*\*/AVERAGE NOA



\* Net operating assets

\*\* Operating profit before amortisation of intangible assets acquired as part of a business combination

\*\*\* Net tangible operating assets

We measure our financial performance as follows:

- We target real growth in comparable earnings per share over the medium and long-term. Comparable EPS for 2024 is 2 012 cents, compared to 2 148 cents in 2023, a decrease of 6.3%. While it is always disappointing to go backwards, this was achieved in an election year fraught with uncertainty and is measured off a base that includes stellar growth since 2021. Earnings since the formation of the government of national unity in July, which brought to an end the uncertainty relating to the national elections held in May, have been up on the equivalent period in 2023.
- Hudaco's compound growth in comparable EPS over the past five years has been 10.2% from 1 240 cents in 2019 and 7.4% over the past 10 years, from 986 cents in 2014. Hudaco aims to achieve earnings growth at a rate at least in line with the earnings of the All Share Industrial Index (J257). To achieve this, we encourage our businesses to grow while producing a return over time exceeding the cost of capital. Since 2019, earnings in the J257 have shown compound growth of 14.2% and since 2014 their compound growth has been 6.8%. We have achieved higher growth than the industrial index over 10 years, although not five years, notwithstanding the difficulties in achieving growth with the turmoil for so much of the 10-year period in what had been our core markets – mining and manufacturing.
- Return on capital employed is considered in the context of the weighted average cost of capital, particularly in striving to increase and not diminish the intrinsic value of the group.
- Return on equity is an important measure at group level. We target to achieve ROE of a minimum of 17% but strive to reach 23%. The ROE for 2024 was 17.2% if the goodwill impairment is excluded and 15.4% if it is included. We recognise that, with equity increasing by income retained, in years when earnings don't grow by at least as much as the increase in equity, axiomatically ROE will decline.
- A measure of intrinsic value created for shareholders is determined by applying a standard point-in-time capitalisation multiple valuation methodology, as used by professional investment advisers. The increase in the value of the equity between the beginning and end of the year is determined and cash returned to shareholders during the year is added. Since

2021, the target has been to add value of R20 per share each year, which totals R80 per share over the four years. Against this target, the group has added intrinsic value of R108 per share.

- The main operating performance measure used by the businesses in the group is RONTA – the return (PBITA) on average net tangible operating assets (NTOA) employed during the year. NTOA is total assets (excluding investments, goodwill, intangibles, right-of-use assets and cash), less current liabilities (excluding interest-bearing debt and lease liabilities). Each business is measured against its own benchmark – its objective being to maximise its RONTA by managing the balance between the operating profit margin (%) and net operating asset turn (times). The lower the operating profit margin, the higher the net operating asset turn must be to achieve an acceptable return.

We achieved an operating profit margin of 12.0% for 2024, the same as in 2023. A NTOA turn of approximately three and a half times is usual and requires management to achieve the right balance between the elements of working capital, ie inventory, receivables and supplier credit. In 2024 the NTOA turn was about 2.6 times, which reflects the fact that we have had to maintain goods in transit levels higher than normal because shipping routes have lengthened and our ports have been so inefficient.

We have set an internal target of RONTA of no less than 30% for the group as a whole. In 2024 and 2023, RONTA was very respectable at 31% and 34%, respectively.

## Impairment of goodwill

Assessing goodwill for potential impairment always requires a high degree of judgement in projecting the future cash flows of a business. We normally do this annually at financial year-end unless factors have arisen that warrant assessment during the year. The assessment at 30 November 2024 indicated that goodwill at Eternity Technologies, our traction battery business, had been impaired to the extent of R77 million. For a few years the business performed well below its previous levels but our projections indicated that it would recover to past highs. Although its results have improved, the recovery has been slower than we had expected and recent developments in its market lead us to believe that it will still take some time to achieve the performance we envisaged previously. The independent auditors highlighted the sensitivity of the inputs to the valuation, and thus potential impairment of the Eternity cash generating unit's goodwill, as a key audit matter in their audit reports in 2022 and 2023.

## Capital allocation including share repurchases and acquisitions

An important function at group level is the allocation of capital. Hudaco's overriding strategy is to use available resources to invest in growing existing businesses and acquiring new businesses that then become part of the group's core, generating profits and cash for many years into the future and taking advantage of synergies that make sense within our decentralised business model. This approach of building for the long term is different from the private equity model, in which the leverage and exit strategy are fundamental to success. Accordingly, first prize is to continue applying cash generated and moderate borrowings to acquire successful businesses at a multiple of around five to six times profit after tax, which is particularly value accretive when Hudaco shares are trading at multiples of around 10 times earnings, as they sometimes do. Nevertheless, on a regular basis and each time we consider an acquisition, we assess the other capital allocation options available to us, including repaying borrowings and buying back shares.

Suitable acquisitions had proved elusive for some time so buying back shares had been an attractive option. Between 2020 and 2023, the company utilised available cash resources to repurchase and cancel 3 257 551 shares in the open market at a total cost of R396 million and an average of R121.49 per share. This represented 11.5% of the shares outstanding at the commencement of the repurchase programme. No shares were repurchased in the 2024 financial year. On the acquisition front, in September 2023 Brigit Fire was acquired with the price dependent on a two-year earnout arrangement. The estimated price is R302 million, with an initial payment of R150 million and a maximum consideration of R315 million. The business of Plasti-Weld was acquired with effect from 1 December 2023 for a consideration that may not exceed R56 million.

## Dividends

Hudaco's long-term dividend policy is to pay interim and final cash dividends to shareholders totalling about 50% of comparable earnings, resulting in dividends being covered by earnings approximately twice. This year, the dividends per share total 1 025 cents and are made up of an interim dividend of 325 cents and a final dividend of 700 cents. This amounts to R291 million and represents 50.9% of comparable earnings for the year. Dividends in 2023 also totalled 1 025 cents per share, of which 700 cents was a final dividend, representing a total of 47.5% of comparable earnings.

## Cash flow

Hudaco businesses are cash generative. General economic stagnation can inhibit the generation of cash from certain businesses but that is transient and not endemic to the business model. Other of our businesses usually compensate for this with very strong cash flows.

Net cash flow from operating activities of R1 334 million (2023: R642 million), including a release of R298 million from (2023: an investment of R392 million in) working capital and paying R205 million in taxation, was very strong and, as always, demonstrates the cash-generative nature of Hudaco's businesses. R324 million was paid out as dividends, finance costs excluding on the lease liabilities for premises were R115 million, R75 million was spent on property, plant, equipment and software and R151 million, including finance costs, was paid to landlords for the right to use premises. Share-based payment obligations of R125 million were settled, R112 million was spent on acquisitions and long-term borrowings were repaid to the extent of R400 million. The net short-term cash position moved up R24 million, from positive bank balances of R137 million to R161 million.

The release of R298 million from working capital was achieved despite financial pressure on the consumer still impacting sales of products the demand for which is driven by consumer spending. We are pleased that meaningful progress has been made in reducing the significant overstocked position of solar panels and batteries that existed at the beginning of the year, in the context of a persistent glut of these products in the whole South African market. Inefficiencies at South African ports have not improved, so the increased level of goods in transit has been maintained.

## Borrowings

Hudaco's borrowings have arisen from the acquisition strategy to achieve growth in the face of a moribund economy but the gearing deliberately remains conservative. At 30 November 2024, net bank borrowings amounted to R589 million, down a very pleasing R424 million from R1 013 million in 2023. The R500 million long-term general banking facility with Rand Merchant Bank is at an interest rate in the range 1.85% to 2.05% below Prime, depending on the tenor of the tranche concerned. The interest rate on the R500 million revolving credit facility with Absa is JIBAR plus 1.44% and on the R500 million revolving credit facility with Nedbank, it is JIBAR plus 1.55%. At year-end, JIBAR was 7.70%. On all three

facilities, Hudaco has full flexibility to make repayments and to redraw funds, subject to basic credit assessments at certain levels, but the banks may not call up the funds for at least 367 days. At year-end, facilities of R892 million were committed by the banks but not utilised. The tenor of the renewable Absa facility was extended during the year from 15 months to three years and the Nedbank facility was converted from an evergreen to a five-year arrangement.

Hudaco has the capacity to take on more senior debt and our acquisition strategy may create the opportunity to do this in future, so we consider it prudent to have facilities available. Perhaps more important than managing gearing is an objective to ensure that interest on senior debt is covered at least five times by operating profit. We also aim to operate with EBITDA being at least 50% of net senior debt. Our covenants with the banks are less onerous, with the most stringent being four times interest cover and EBITDA 40% of net senior debt.

## IFRS 16: Leases

In terms of IFRS 16: *Leases*, there is a right-of-use asset for premises of R361 million and a lease liability of R428 million on the statement of financial position. The statement of comprehensive income contains a depreciation charge of R120 million and finance costs of R38 million. Rent actually paid to landlords amounted to R151 million.

## Taxation

The group's effective rate of taxation this year is 28.6% but this is distorted by the impairment of goodwill. Ignoring the impairment, the rate was 26.0%. Except for our BEE learnership programme and non-deductible expenditure in the listed company such as directors' fees and listing costs, there are no factors that would normally result in the rate varying much from the standard rate of 27%.

The gross contribution to government in South Africa, comprising direct and indirect taxation, amounted to R990 million (2023: R917 million) for the year ended 30 November 2024. The composition of this figure is set out in the value-added statement on page 27.

## Financial risk management

The significant financial risks in the group have been identified and are considered at each board, executive committee, operational risk committee and audit and risk management committee meeting. These are described on pages 17 and 19. The impact of each risk is quantified and its probability is assessed. Measures are put in place to manage the risk, after which the residual risk is assessed. A risk tolerance line helps to ensure that any risks potentially

greater than an acceptable level are identified early and avoided or mitigated. The group's risk appetite and risk tolerance statements are considered by the operational risk committee, executive committee and audit and risk committee. The ways in which the group manages foreign currency risk, interest rate risk, credit risk and liquidity risk are fully set out in note 24 to the financial statements.

Each business, or cluster of businesses with shared services, has its own financial team in place which operates substantially independently but to group prescribed standards and policies. The size and strength of the team depend on the size and complexity of the business or cluster. Smaller businesses are provided with appropriate support from within a cluster.

## Fraud

In keeping with many other players in the South African economy, we experience ever increasing fraudulent activity and we are victim to both internally and externally perpetrated frauds from time to time. Notwithstanding the strong procedures we have in place, slip-ups across the group are inevitable. These frauds have generally taken the form of identity theft, collusive internal activities and theft. There have also been many attempts to defraud other parties by perpetrators purporting to represent Hudaco. Whenever any of our businesses become aware of an attempt at fraud, the relevant information and defensive measures are shared across the group to heighten awareness. Fortunately, our procedures and staff awareness have assisted in containing the impact to a level that is not significant. Regrettably, we have not been able to rely on much assistance from the criminal justice system but we continue to apply our zero tolerance policy. Where appropriate, we engage professional investigators to help drive a matter through the system on our behalf, although even then it is an uphill battle to get the authorities to proceed as is required of them.

## Group services

Services currently handled at head office, and provided free of charge to operating businesses, are tax, company secretarial, treasury (including foreign exchange and hedging), insurance, certain elements of the B-BBEE scorecard, benchmarking and negotiation of leases for premises, employee benefits, group risk (including internal audit and IT governance), QHSE management, human resources support and the use of behavioural assessment software to assist in recruitment and management of personnel. Buying foreign exchange through head office is easier and cheaper for a business than dealing directly with a bank. Businesses enjoy lower bank charges, rates of interest and insurance premiums as well as better risk benefits for employees by being part of the Hudaco group.

## Insurance

The group's insurance programme is extensive and is managed on a group basis but with each business making its own declarations of assets and risks to be covered. Over the past few years, the requirements of underwriters have become increasingly onerous and expensive, while they continuously seem to reduce the risk they are prepared to accept. Important drivers of these trends include the degradation of municipal infrastructure in South Africa, such as the fact that public fire response services have effectively ceased to exist, resulting in many businesses now having to install their own sprinkler systems and water tanks; and the burden that major loss events around the world, such as large-scale fires and floods, have placed on underwriters. Hudaco finds itself in a position where it is essentially too big for the local insurance market but too small for the international market to be a viable alternative. Guided by our insurance brokers, we continue to negotiate all aspects of the insurance programme to achieve the best outcome we can, including a degree of self-cover through large aggregate excesses.

## Impact of changes in foreign exchange rates

As Hudaco is predominantly an importer, prices charged are linked to the Rand exchange rate. While Hudaco's sales line is affected by exchange rate movements, the group's expense line is affected by the local rate of inflation. This imbalance represents a real risk that sales could fall in response to a strengthening Rand whilst expenses, driven by local inflation, continue to rise. The result would be a margin squeeze. We estimate that a 10% strengthening of the Rand could, without management intervention, result in a R240 million fall in operating profit over a full financial year. Similarly, sustained weakness in the Rand creates the opportunity for higher operating margins but currency volatility can either negate or postpone any favourable impact on earnings. We continue to see significant volatility of the Rand, with the US Dollar costing R18.73 at the beginning of the year and R18.04, 3.7% stronger at the end but with extremes of R17.15 and R19.32 during the year, a 13% swing.

Over time, one would expect the Rand to weaken by the inflation differential between South Africa and its trading partners, allowing us to pass on imported inflation to our customers at roughly the same rate as the local inflation rate.

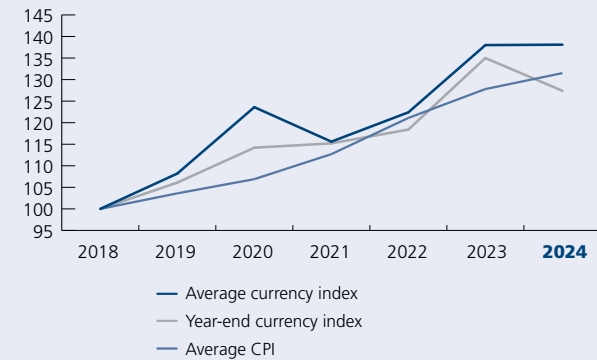
As we are only too well aware, the Rand is volatile and does not follow the inflation rate differential in the short term. As an importer of our particular portfolio of products, we find ourselves exposed primarily to the Rand-Dollar and Rand-Euro exchange rates. Many of our suppliers manufacture from plants positioned all over the globe and are therefore able to hedge themselves against currency exposures by shifting production capacity over time between currency regions but this does not help with short-term fluctuations between currencies, least of all the Rand.

The volatility in the currency makes pricing a challenge and margins are usually kept under pressure, particularly in the weak economic environment to which we have become accustomed, driven by local and international political uncertainty, rising interest rates internationally, the fragility of our electricity supply, the degradation of the freight rail infrastructure in the country and the inability of our ports to clear cargo at an acceptable pace. The graph on this page shows how the weighted exchange index for the basket of currencies that Hudaco purchases has moved relative to the consumer price index (CPI). Our basket of currencies, on average, cost the same in 2024 as in 2023 but there were fluctuations of about 13% between highs and lows during the year.

We enter into forward exchange contracts to meet future payment obligations in accordance with our hedging policies. Management of our foreign currency exposure is based on the principle of avoiding speculation and employing a hedging strategy designed to achieve high hedge effectiveness. All foreign currency liabilities are hedged directly by the time ownership of the asset passes to Hudaco. In addition, about 35% of orders on suppliers are also hedged directly to guard against spikes in exchange rates. An important driver of the extent to which orders are hedged is the opportunity to change selling prices between the dates of placing the order on the supplier and delivery to the customer. In the context of Rand volatility instead of a gradually depreciating currency, there is a risk of being locked in at weak exchange rates at times when the Rand strengthens so we seek to manage exposure before a liability crystallises.

Response times to exchange rate fluctuations through pricing changes, both up and down, have traditionally been fairly quick (about three weeks to a month) but there is a built-in cushion in our five-month stockholding so prices on all products may not change at the same time.

## Historical movement in foreign exchange rates for Hudaco's basket of currencies



## IT systems

In line with our decentralised business model, the management team at each business or cluster of businesses is free to select whichever IT platform it considers most appropriate for the business concerned. There is no centralised IT platform and standardisation is not imposed, except within shared services clusters, but businesses are encouraged to take a lead from those most satisfied with their reporting systems. Irrespective of the IT platform used, appropriate IT governance and risk management standards are not negotiable. Generally, little modification is required to off-the-shelf software.

The IT governance committee provides input where appropriate and maintains an oversight role regarding control and best practice. Generally, the businesses that adopted a cluster shared services approach in recent years selected Syspro as their preferred IT platform. For more information on how IT is governed in the group, refer to the corporate governance report, specifically page 90.

## B-BBEE trusts

The two B-BBEE trusts that own 15% of the group's main operating subsidiary, Hudaco Trading Proprietary Limited, have all black South African employees of Hudaco Trading who have more than three years' service as their beneficiaries. In February 2025, the trustees of those trusts resolved to distribute approximately R12 million (2024: R11 million) to qualifying black employees, with about 1 720 (2024: 1 618) employees each receiving R7 000 (2024: R7 000).

## Secondary listing on A2X

Hudaco shares have a secondary listing on the A2X exchange. The objectives are to facilitate a reduction in transaction costs for those investors wishing to use the alternative trading platform and to increase the liquidity of Hudaco shares. Volumes traded on this platform remain insignificant.

## Value-added statement

The group value-added statement measures the wealth the group has created in its operations by “adding value” to the cost of raw materials, products and services purchased. The statement below summarises the total wealth created and shows how it has been shared by the stakeholders who contributed to its creation. Also set out below is the amount retained and reinvested in the group for the replacement of assets and the further development of operations.

### Group value-added statement

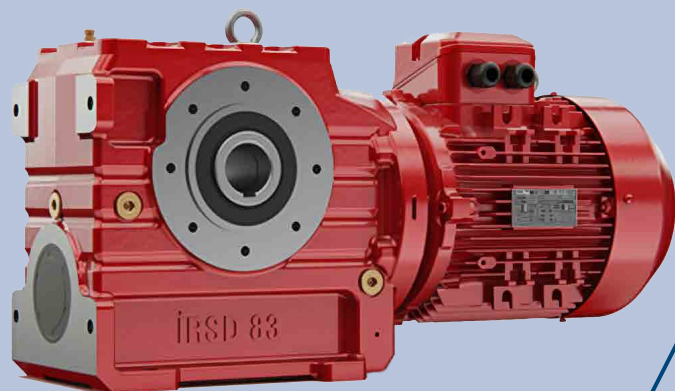
R million	2024	2023
<b>Turnover</b>	<b>8 379</b>	8 897
Less: Cost of materials, facilities and services from outside	<b>5 710</b>	6 278
<b>Value added</b>	<b>2 669</b>	2 619
Capital items	<b>(12)</b>	(7)
<b>Total wealth created</b>	<b>2 657</b>	2 612
<b>Distributed to:</b>		
Employees – salaries, wages and other benefits	<b>1 520</b>	1 481
Government (gross contributions)	<b>990</b>	917
Indirect contributions, duties and levies	<b>(778)</b>	(678)
Net finance costs	<b>153</b>	150
Shareholders – dividends	<b>291</b>	270
– repurchase of shares		20
Maintain and expand the group		
– profits retained	<b>210</b>	278
– depreciation, amortisation and impairment	<b>271</b>	174
<b>Total wealth distributed</b>	<b>2 657</b>	2 612

### Statement of gross contributions to the government in South Africa

R million	2024	2023
Company income tax and CGT	<b>212</b>	239
Assessment rates	<b>9</b>	8
Customs and excise duty	<b>223</b>	197
Skills development levies, UIF and COIDA	<b>23</b>	24
Value-added tax not recognised as input credit	<b>2</b>	2
Direct contribution to government	<b>469</b>	470
<i>Add the following collected on behalf of the government:</i>		
Value-added tax (net)	<b>269</b>	212
Employees' tax and UIF	<b>252</b>	235
	<b>990</b>	917



# REVIEW OF OPERATIONS



We hold distribution rights mainly on an exclusive basis for excellent product brands. These rights usually cover Africa south of the equator. Our most important group objective is to optimise growth within our existing portfolio of businesses through expanding their product offering, increasing market share and improving their geographic spread. Growth is augmented by the acquisition of additional agencies, both within existing operations and through business acquisitions.

Our businesses fall into two categories: consumer-related products and engineering consumables.

Consumer-related products	29
Engineering consumables	35
Black economic empowerment	40
Geographic footprint	41

## Consumer-related products

The main business of this segment is the distribution and supply of products to intermediaries (retailers or installers) for ultimate use by consumers or in applications driven by consumer spending. Activity in light construction (houses and commercial premises) also impacts demand, particularly for our power tools, security and data networking products.

### This segment comprises the following main businesses and activities:

- Partquip distributes a select range of automotive components.
- A-Line Wheels distributes alloy and steel automotive wheels and accessories.
- Ironman 4X4 distributes 4X4 suspension and accessories.
- Abes Technoseal distributes light and heavy-duty clutch kits, ignition leads, oil seals and wiper blades.
- Rutherford distributes Makita industrial power tools, Mercury marine engines, survey equipment and nuclear gauges.
- Boltworld supplies a comprehensive range of fasteners, including rivets, screws, bolts, nuts and washers.
- MiRO is a value-added distributor of IP convergence technologies, including wireless networking, IoT, VoIP and physical security solutions.
- The Elvey Security group, which comprises Elvey Security Technologies, Pentagon and Global Communications, distributes intruder detection, surveillance, access control and fire detection equipment and solutions.
- Eternity Technologies, Deltec Energy Solutions and Specialised Battery Systems distribute traction, automotive, stand-by and solar battery systems, providing solar power and storage solutions for the commercial, industrial and residential markets and provide comprehensive forklift battery management services to distribution centres and warehouses.
- Cadac distributes gas and outdoor leisure products under the iconic South African CADAC brand to major retailers.

Refer to page 34 for a geographic analysis of the source of supply of the consumer-related products range.



## Performance

The consumer-related products segment comprises 12 businesses. In 2024, it made up 46% of Hudaco's sales and 43% of operating profit. In 2023, this segment contributed 50% of Hudaco's sales and 50% of the group's operating profit.

The economic pressure experienced in this segment is clearly reflected in both the turnover and the operating profit. Consumer spending was suppressed yet again because of the uncertainty around the national elections in May 2024 and how the country would be governed thereafter denting consumer confidence, high fuel prices, unemployment and a depressed economy. There was some respite from reduced inflation and marginally lower interest rates. Nevertheless, most of the businesses in this segment produced credible results, particularly in the last quarter when economic activity started picking up. Cadac was a big disappointment, mainly because of poor management decisions, the loss of the prior year boost from load-shedding and a mild winter impacting demand for heaters. Important progress has been made in rectifying the problems in the battery and alternative energy businesses but there is still a way to go. We are delighted that we managed to clear much of the overstocked energy products. The security division lost some of the ground it had gained over the past two years but Brigit Fire had an outstanding first full year in the group.

Segment sales decreased by 12.3% to R3.9 billion. Pressure on the consumer and reprioritisation of discretionary spend meant that margins were squeezed, so the operating profit decreased by 19.9% to R474 million, and the operating profit margin was down from 13.4% in 2023 to 12.2% in 2024. Consumers were often faced with having to decide between home renovations, upgrading security, conducting non-urgent maintenance on their vehicles and buying new wheels or boats but did not have the funds for all requirements. Also, there was huge reluctance to make any such investments until the results of the elections were known so spending was put on hold.

## Automotive aftermarket:

### Partquip, A-Line Wheels, Abes Technoseal and Ironman 4X4

During turbulent economic times, with limited consumer disposable income, the aftermarket parts market is usually resilient, since vehicle repair is more affordable than replacement. In 2024, cash-strapped consumers were again faced with having to prioritise spend across competing needs, resulting in a reduction in or deferral of discretionary spend and price sensitivity, with a tendency to sacrifice quality for price. While there was some respite for consumers from savings resulting from reduced load-shedding, those who had invested in their own generation systems still needed to meet longer term commitments. Logjams at the ports also continued to impact these businesses. Volumes, revenue and margins were all down on 2023 but the performance of these businesses remained strong in the circumstances.

Partquip remains the biggest business in this segment and distributes a select range of automotive components, including suspension, wheel bearings and rubber mountings, to resellers in the automotive aftermarket, primarily motor spares retailers.

A-Line Wheels distributes alloy and steel wheels, under its own A-Line trademark, together with accessories, to both OEMs and wheel and tyre fitment centres. Its wheels meet strict safety criteria and it seeks to deliver the latest trends and most attractive designs to suit all automotive enthusiasts.

Ironman 4X4, with its primary supplier Ironman 4X4 International in Australia as a 50% shareholder, represents the Ironman 4X4 vehicle accessory brand as sole distributor for the southern Africa market.

Abes Technoseal distributes light and heavy-duty Valeo and PHC Valeo clutch kits, Bougicord ignition leads and Valeo cabin air filters. The sealing division offers hydraulic and pneumatic seals to the industrial and construction equipment markets and rotary shaft seals for the automotive and general engineering sectors.

After a slow start, our automotive aftermarket businesses were able to make up lost ground towards the end of the year and finished ahead of 2023 on turnover and operating profit, albeit at reduced margins. In particular, A-Line Wheels managed to claw back volume sales after the crunch of 2023 as did Abes in some of their key product lines.

### PRINCIPAL BRANDS: AUTOMOTIVE AFTERMARKET

	Select range of quality guaranteed automotive components.	Own brand since 1984
	Select range of alloy and steel wheels.	Own brand since 1999
	4-wheel drive suspension, accessories and camping equipment.	Sole distributor since 2005
	Light and heavy-duty clutch kits from France.	Exclusive distributor since 2005
	Clutch kits from Korea.	Exclusive distributor since 1994
	Oil seals from Germany.	Preferred distributor since 1950
	Ignition cables from France.	Exclusive distributor since 2007

## Power tools and fasteners:

### Rutherford and Boltworld

Rutherford represents Makita Japan, a market leader in the production of industrial power tools and outdoor power equipment Makita has seen growth in cordless power tool and outdoor power equipment sales due to its improvement in battery technology. Rutherford markets both the premium industrial Makita range and the excellent second-tier industrial power tool range, Makita MT. Despite volumes and revenue being well down again in 2024 in the face of the lack of activity in the construction industry and the availability of lower-priced products at a time that the consumer has been under pressure, astute management of product mix, margins and expenditure enabled the business to maintain its operating profit.








**Consumer-related products *continued***

Boltworld is a leading distributor of industrial fasteners, offering a comprehensive range of bolts and fasteners. It leverages off the Rutherford branch network. After at least two years of exceptional growth, since 2023 this business has faced headwinds from the decline in the construction sector and aggressive competitor pricing. Volumes were down but they managed to keep operating profit flat.

Rutherford Marine, the southern African distributor for both the Mercury outboard and the Mercruiser inboard motor brands, also offers a wide range of marine accessories and boat-motor-trailer packages to

dealers. The business continued to feel the effects of pressure on discretionary spend but the introduction of high-powered 600hp outboard engines to its range provided a boost in the latter part of the year and it outperformed 2023.

VI Instruments, Rutherford’s survey instrumentation division, promotes both the South and Ruide survey instrumentation brands, which offer high-quality value to the market. In addition, VI markets the American Troxler brand of nuclear density gauges throughout Africa. VI Instruments continued to show strong growth and performed very well in 2024.

PRINCIPAL BRANDS: POWER TOOLS AND FASTENERS		
	Japanese designed industrial power tools.	Distributor since 1968 Sole distributor since 1985
	Outboard motors from USA.	Sole distributor since 1986
	Inboard motors and sterndrives from USA.	Sole distributor since 1986
	Construction testing equipment, including nuclear gauges used for compaction control of soil, concrete, asphalt and aggregate from USA.	Sole distributor since 1974
	Global positioning systems and survey instrumentation from China.	Sole distributor since 2015
	Global positioning systems and survey instrumentation from China.	Sole distributor since 2014
	Quality range of pre-packed fasteners.	Sole distributor since 2018

**Security and communication equipment:**

**Elvey Security Technologies, Pentagon and Global Communications (Elvey group)**

The Elvey group is the distribution business of physical security and security-related communications solutions within Hudaco. It goes to market through its national infrastructure of 19 branches and seeks to drive value through independent security installers, armed response companies, systems integrators and dealer network.

The Elvey group maintained operating margins in spite of the pricing pressures brought about by difficult economic conditions. Improved efficiencies and carefully managed net operating assets have positioned the business well to take advantage of the growth anticipated for the 2025 financial year.

Elvey Security Technologies experienced lower sales volumes off the back of reductions in consumer spending on residential security equipment and the knock-on effect on the retail and retail banking sectors. A focus on building out the tier two product portfolio resulted in successfully onboarding the Tiandy surveillance and ZKTeco access control brands towards the end of the fourth quarter.

Pentagon Distribution felt the impact of longer sales cycles in large integrated commercial security projects and the delay in releasing of budgets due to political uncertainties. The launch of Milestone, an industry-leading open platform Video Management Software solution, has positioned Pentagon as the security distributor with the largest number of brands that can be integrated into this solution without bespoke development. This allows the business to design systems that meet highly complex security requirements by integrating products across the surveillance, access control, intrusion and fire detection categories.

Global Communications launched the DAMM TETRA radio system allowing full interoperability with all TETRA portable and mobile two-way radios and providing greater flexibility, reliability and safety in critical operations. The Kenwood range of radios is distributed through a network of 150 dealers nationwide.

The Elvey group continues to invest in building strategic partnerships as the trusted advisor for security solutions in southern Africa. It supplements its product offering with superior service, training, and top-class technical support.



Consumer-related products *continued*






PRINCIPAL BRANDS: SECURITY AND COMMUNICATION EQUIPMENT		
	A leading manufacturer of alarm systems from the UK.	Sole distributor since 2018
 <small>From Tyco Security Products</small>	Canadian manufacturer of intrusion detection products.	Distributor since 1990 Sole distributorship regained in 2023
	Japanese intrusion detection devices.	Distributor since 1987
	Ukrainian manufacturer of wireless self-contained intruder detection and smart home systems.	Distributor since 2021
 <small>ACCESS CONTROL</small>	South African manufacturer of access control systems.	Distributor since 2011
	Industry-leading open platform video management software.	Distributor since 2024
	Manufacturer of building performance and analytics solutions.	Distributor since 2018
 <small>Invented for life</small>	Manufacturer of security and safety systems.	Distributor since 2011
 <small>COMMUNICATIONS</small>	Manufacturer of video surveillance products.	Distributor since 2019
	Mobile radio solutions and networks.	Sole distributor since 1987
	Manufacturer of body-worn cameras.	Distributor since 2010

## Data networking equipment:

## MiRO

This business was impacted by several market related factors in 2024: the fibre networks cutting back significantly on network expansion to rather focus on customer concentration on existing network coverage; the impact of a key broadband wireless supplier having started in 2023 to sell directly into our market, thus exerting pressure on selling prices and margins, was felt for the full year; the entry of cheaper products into the market putting pressure on the turnover and margins of established brands; and the financial pressure experienced by certain significant customers. The business was slow to respond to the decline in turnover, resulting in a lower operating margin compared to 2023. However, steps have been taken to align the expense base until there is a sustainable improvement in market conditions.

MiRO provides a complementary product range under one roof to meet the strong demand for connectivity in southern Africa, including fixed wireless broadband, Wi-Fi, fibre-based technologies, home automation and IoT. The MiRO B2B/B2C e-commerce website continues to grow as an effective route to market.

PRINCIPAL BRANDS: DATA NETWORKING EQUIPMENT		
	Wireless data communication products from USA.	Distributor since 2008
	Wireless products and routers from Latvia.	Distributor since 2006
	Wireless broadband solutions from USA.	Master distributor since 2016
 <small>CONNECTING THE WORLD</small>	Unified communications and networking solutions from USA.	Distributor since 2005
	Smart home solutions from China.	Distributor since 2021

## Consumer-related products *continued*




### Batteries and sustainable energy:


#### Deltec Energy Solutions, Specialised Battery Systems and Eternity Technologies

We indicated in the 2023 integrated report that, with new management in place, we were considering combining Deltec Energy Solutions and Hudaco Energy into a single operation. This change was effected in 2024 under the Deltec Energy Solutions name and additional management changes have since followed. The challenge faced as we went into the year was to respond to the glut of product that had saturated the South African market and driven stressed competitors and opportunist market entrants to liquidate stock at low prices. We are pleased with the significant progress that has been made in reducing the overstocked situation, with inventory of solar products coming down considerably, notwithstanding the suspension of load-shedding since March 2024. Deltec focuses on the automotive, mining, solar power and storage, and lithium-based product markets. Insofar as the solar market is concerned, the business has shifted away from solutions required to deal with frequent load-shedding to rather providing solutions aimed at reducing energy costs for commercial, industrial and residential applications in the face of ever-increasing tariffs from Eskom.

Specialised Battery Systems (SBS) supplies stand-by battery systems for support infrastructure in the UPS, telecommunications and security alarm markets. SBS had another very disappointing year in 2024. The new management team has been grappling with challenges in the market, including delays in big data centre construction and the entry of new competitors into the market. SBS moved to new premises in Kempton Park in December 2024 and is well set to improve its performance in the year ahead.

Eternity Technologies operates in the traction, forklift and battery bay markets, supplying large warehouses that operate 24/7. Eternity also has a formation plant, which assembles and forms locally the complete range of 2 Volt surface motive power cells. The BSLBATT Lithium-ion product range provides new and replacement batteries for all types of material handling equipment. After making great strides in 2023, it regressed in 2024, with very little project work for distribution centres coming through until a large installation in November and December resulted in a strong close to the year and start to 2025.

PRINCIPAL BRANDS: BATTERIES AND SUSTAINABLE ENERGY		
	Sealed lead-acid batteries.	Own brand since 2000
	Batteries for golf carts and industrial machines.	Sole distributor since 2012
	Back-up power in UPS, telecoms security, etc.	Distributor since 2012

PRINCIPAL BRANDS: BATTERIES AND SUSTAINABLE ENERGY		
	Back-up power in UPS.	Sole distributor since 2000
	Back-up power (UPS) and solar systems.	Sole distributor since 2000
	48V Lithium battery modules for solar systems (energy storage systems).	Sole distributor since 2018
	Custom solar systems using the SBS solar products.	Sole distributor since 2009
	Full international range of British standard cells, DIN standard cells and BCI standard cells.	Distributor since 2014
	Innovative and tailor-made systems for charging batteries in intralogistics.	Distributor since 2013
	Improving the life and performance of industrial batteries.	Sole distributor since 2008
	Full range of all SMP Lithium-ion battery modules to accommodate all different OEM model types.	Sole distributor since 2018
	Wireless inductive charging for AGVs and traction applications.	Sole distributor since 2021
	Solar and hybrid inverters and lithium storage.	Distributor since 2021
	PV modules (solar panels).	Distributor since 2021

**Consumer-related products *continued***



**Gas and outdoor products:**

**CADAC**

Hudaco acquired the business of Cadac South Africa in 2022. The CADAC brand has been warming the hearts and homes of South Africans for over 75 years and includes an extensive, product range trusted by consumers and synonymous with quality, safety and value for money. The goal is to bring gas-related products to customers safely, conveniently and affordably. Cadac benefited significantly from

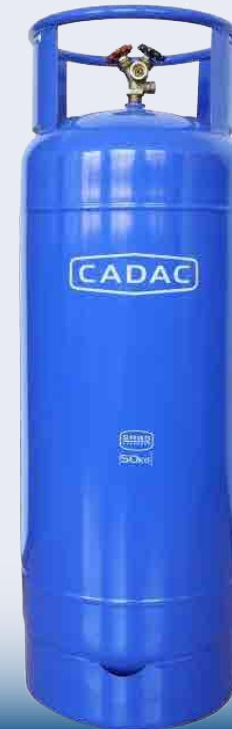
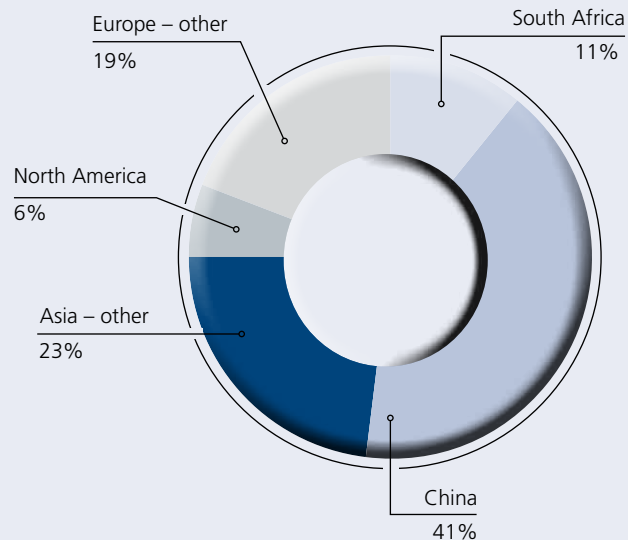
load-shedding in 2023, with unprecedented demand for gas-based cooking and heating. In 2024, there was no load-shedding after March and the winter was both late and mild. All this contributed to a significant decline in turnover and profitability, and this was compounded by some poor operational decision making. Senior management has been changed and there is now a focus on bringing the cost base back into line. We are confident that 2025 will be a much better year for Cadac.

**PRINCIPAL BRAND: GAS AND OUTDOOR PRODUCTS**

	Gas-related products, parts and accessories.	Distributor since 2022
	Gas-related products and accessories.	Own distributor since 2023

**Consumer-related products**

**Source of products**



## Engineering consumables

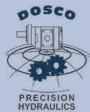
Most businesses in this segment distribute mature industrial products to mature economic segments (mainly mining and manufacturing).

**This segment comprises the following main businesses and activities:**

- Bearings, belting and power transmission: Bearings International, Belting Supply Services and Brewtech have over 50 branches across southern Africa. The main brands distributed are FAG, INA, Koyo and Rexnord bearings, Habasit belting and Rexnord chain and sprockets. These businesses also distribute seals, electric motors and a range of transmission products.
- Diesel engines and spares: Deutz Dieselpower represents Deutz AG, one of the world's leading independent manufacturers of air-cooled and liquid-cooled medium-sized compact diesel engines. It also represents HJS, a German manufacturer of high-quality sintered metal filters and other exhaust aftertreatment products.
- Filtration: Filter and Hose Solutions (FHS) is a leading distributor of high-quality filtration products, including the Donaldson, Filtrec and Mann + Hummel brands, and filtration solutions for a broad range of applications.
- Fire detection, containment and suppression: Brigit Fire distributes fire detection, containment and suppression products and solutions.
- Hydraulics and pneumatics operations comprise HERS, Dosco, Ernest Lowe and Gear Pump Manufacturing (GPM), which manufactures high-quality gear pumps for the local and international markets, with a sales presence in the USA and UK.
- Specialised steel: Ambro Steel, Sanderson Special Steels, Bosworth (pulleys), Joseph Grievesson (castings) and The Dished End Company (dished ends for pressure vessels).
- Electrical power transmission: This comprises Powermite (mining and industrial cabling and connectors), Three-D Agencies (cable accessories) and Varispeed (electric motor control).
- Thermoplastic pipes, fitting and equipment: Astore Keymak imports thermoplastic pipes and fittings and manufactures drag-line hose, while Plasti-Weld imports plastic welding equipment, hot-air tools, specialised test and inspection equipment and thermo cutters and manufactures plastic welding rods.



JOSEPH GRIEVESON  
EST. 1915



DEUTZ DIESELPOWER

**Performance**

The 19 businesses that constitute engineering consumables made up 54% of sales and 57% of operating profit. In 2023 this segment contributed 50% of sales and 50% of operating profit.

The segment increased turnover by a marginal 0.6% to R4.5 billion and operating profit by 7.6% to R625 million. These numbers were boosted by acquisitions. The two most significant market sectors in this segment are mining and manufacturing. The best performances came from our businesses supplying diesel engines, modular belting, thermoplastic pipes, fittings and equipment, hydraulics and gear pumps, and filtration. The operating profit margin increased from 12.9% to 13.9%. In 2021 the operating margin was 10.4% so the increase over three years has been noteworthy.

As with the consumer-related products businesses, Hudaco's engineering consumables businesses are geared towards general economic activity (GDP). Fixed investment (GDFI) spending is important to our businesses but mostly because it creates future economic activity. This characteristic makes earnings of this segment less cyclical compared with, for instance, sellers of capital equipment. However, during economic downturns, customers reduce activity and often mothball capital equipment, from which they can strip replacement parts. This obviously impacts our sales, but it generally does not last long and demand soon resumes.

The main brands stocked by Hudaco are of European or Japanese origin or design but are manufactured in many countries around the world, including China. We are often asked if there is a threat of cheaper Chinese and Indian brands taking market share from Hudaco. When manufacturers in countries with lower production costs reach the appropriate quality-to-price standard, as they do, Hudaco is a logical and sought-after local distributor. We carry many brands from these countries alongside

our more established brands and increasingly offer them to customers when we are confident that quality matches the application. We have first, second and sometimes third-tier products in most of our businesses.

Most businesses in this segment distribute mature industrial products to mature economic segments. These market sectors were in decline for many years, partly due to natural boom and bust cyclicity of resources but also due to investment unfriendly regulations and political posturing. Strong stockholding to be able to take advantage of any increased activity, has contributed to the strong operating performance. While the expense structure of Hudaco's businesses in this segment is considerably higher because of the extensive branch network and the large number of separate businesses, the rationalisation of elements of this cost structure in recent years has also assisted in enhancing performance.

The recruitment and retention of skilled and experienced technical professionals has become increasingly difficult in most of the businesses in the engineering consumables segment.

Refer to page 40 for a geographic analysis of the source of supply of the consumer-related products range.

**Thermoplastic pipes, fittings and equipment:**





**Astore Keymak and Plasti-Weld**

Astore Keymak is a leading supplier and manufacturer of a comprehensive range of thermoplastic pipes, pipe fittings, hoses, valves, and pipeline accessories in various engineered plastic materials. Its key market segments include irrigation, industrial, mining and infrastructure. After several disappointing years, this business' strong recovery, which started in 2022, continued through 2024. With enhanced capacity and operational efficiencies at the Keymak factory. Astore division also continued to perform well, although

government investment in or maintenance of water and sanitation infrastructure still remains woeful. The increasingly dire state of water infrastructure in the country represents a major opportunity for Astore, as the authorities surely cannot wait much longer to upgrade it.

Plasti-Weld is a distributor of plastic welding equipment and manufacturer of plastic welding rods. It was acquired 1 December 2023 and has performed exceptionally well in its first year within the group. Its integration and operations are overseen by the management team of Astore Keymak.

**PRINCIPAL BRANDS: THERMOPLASTIC PIPES, FITTINGS AND EQUIPMENT**

	Thermoplastic pipes and fittings from Austria.	Sole distributor since 1995
	Mechanical seal compression fittings from Italy.	Sole distributor since 1997
	PVC pipes, fittings, and valves from Italy.	Sole distributor since 1997
	Plastic welding equipment and hot air tools from Switzerland.	Sole distributor since 1994

**Bearings, belting and power transmission:**

**Bearings International, Belting Supply Services and Brewtech**









Bearings International distributes bearings and seals, transmission products, chains, belts and electric motors through its extensive branch network to diverse end-user segments (including mining, steel, manufacturing, petro-chemical, sugar, other agriculture, wholesale and retail). It is also a distributor and repairer of geared and electric motors, industrial helical, bevel and worm transmissions and drive solutions.




Bearings International grew revenue again in 2024 but profitability remained flat. The business continued to experience problems in getting shipments through the ports. The decline in the production of new vehicles at the Toyota factory was felt in 2024. We feel that our slogan "In motion" and our people's commitment to the promise of improving equipment uptime and reducing total cost of ownership for our industrial customers are key to our success. We will continue to focus on enhancing the customer experience and the value proposition of related products and services. We will also continue to look for the right opportunities to expand the branch network and our network of partners in southern Africa in 2025.

## Engineering consumables *continued*

Belting Supply Services is a leading supplier of quality rubber and PVC belting-related products, industrial hose and cryogenic valves, instrumentation and sealing products predominantly into the food and beverage and industrial sectors. It is a distributor for Habasit and Forbo belting, NCR industrial hose, Bestobell valves as well as NDC, Sauter and Madelena instrumentation. As part of its value proposition, it offers a 24/7 on-site splicing service for large industrial customers. It had an excellent year, with turnover up at an enhanced operating profit margin.

Brewtech is a leading supplier of a range of stainless steel and plastic flat top chains, plastic modular and wire mesh belts, related conveyor components and specialised engineered plastic parts that are mainly produced in-house for applications within the food and beverage and related manufacturing and packaging sectors. It is a distributor of the Rexnord, System Plast, Marbett, MCC and Intralox ranges of chains and has in-house engineering capability to design and produce complete conveyor systems. Turnover was down but operating profit was maintained.

PRINCIPAL BRANDS: BEARINGS, BELTING AND POWER TRANSMISSION		
	Precision bearings from Germany.	Distributor since 2005
	Ball and roller bearings from Japan.	Sole distributor since 1962
	Bearings and transmission from USA.	Distributor since 2001
	Chain and sprockets from the Netherlands.	Distributor since 2010
	Split roller bearings from UK.	Distributor since 1937
	Electric motors and smart sensors from Europe and Asia.	Distributor since 2020
	Industrial hose from Thailand.	Sole distributor since 2002
	Transmission and conveyor belting from Switzerland.	Distributor since 1970
	On-line or at-line analysers from the USA.	Sole distributor since 1994

PRINCIPAL BRANDS: BEARINGS, BELTING AND POWER TRANSMISSION		
	Building, HVAC and process control from Germany.	Sole distributor since 1980
	Plastic chain and modular belts from Italy.	Distributor since 2021
	Geared motors from Germany.	Sole distributor since 1989



### Diesel engines and spares:

#### Deutz Dieselpower (DDP)

Deutz diesel engines are designed for high-end, heavy-duty variable speed and high-load industrial applications, and their primary market is the mining industry. Most Deutz engines sold into Africa south of the equator – broadly the geographical area for which DDP has responsibility – are fitted to underground equipment manufactured in other parts of the world and imported by original equipment manufacturers (OEMs).

Therefore, DDP's principal activity is providing support for Deutz engines through service, spare parts, reconditioned engines, the sale of replacement engines to customers, and supplying new engines to the limited number of local OEMs in this region. The service business forms an integral part of DDP's activities, so a key strategy is to continue growing the engine population and thereby secure the aftermarket business. DDP achieves this by offering excellent support for Deutz engines wherever they are located. It is becoming increasingly more difficult to find competent field service technicians in certain areas.

Despite decreased demand in the power generation sector due to the absence of load-shedding for most of the year, DDP performed exceptionally well again in 2024, mainly due to another strong performance in the mining segment. Operating profits were up, notwithstanding the decrease in turnover, because the lower-margin genset business declined while the more profitable side of the business thrived.

PRINCIPAL BRANDS: DIESEL ENGINES AND SPARES		
	Air and liquid-cooled engines from Germany 12 – 620kW.	Sole distributor since 1969
	Exhaust after-treatment systems from Germany.	Distributor since 2018

**Filtration:**




**Filter and Hose Solutions (FHS)**

FHS is one of the largest heavy-duty aftermarket filtration distributors in Africa. It is an authorised distributor of Donaldson, Filtrec, Mann + Hummel and other premier filtration brands. FHS delivers a complete range of fuel, lube, coolant, and air filters for diesel engines, as well as hydraulic and bulk filtration for the mining, agriculture, construction and manufacturing industries, together with value-added services, including

but not limited to technical expertise, customisable service kits and strong logistics capabilities. In addition, FHS manufactures exhaust systems for heavy-duty and automotive applications, mainly in open cast mining, on-highway truck and military markets.

After strong revenue growth in 2023, FHS maintained its turnover and operating profit levels. The focus on a delineated route-to-market strategy has continued to yield positive results. The management team remains optimistic about prospects and continues to identify opportunities to diversify target market sectors.

**PRINCIPAL BRANDS: FILTRATION**

	Heavy duty filtration from USA.	Distributor since 1994
	High-performance hydraulic filtration from Italy.	Sole distributor since 2003
	German-based global technology leader in filtration.	Distributor since 2012

**Fire detection, containment and suppression:**





**Brigit Fire**

Brigit Fire offers “One Source Total Fire Protection” that includes fire detection, fire containment protection and fire suppression systems. Brigit distributes several products that it has developed itself, along with leading

international products, throughout Sub-Saharan Africa. The products offered are singularly focused on fire security and safety disciplines, specifically required for commercial and industrial applications. It was acquired only three months before the 2023 year-end and has been included for the full year in 2024. It performed exceptionally well indeed.



**PRINCIPAL BRANDS: FIRE DETECTION, CONTAINMENT AND SUPPRESSION**

	Various OEM brands for gas suppression systems.	Own brands since 2015
	Fire panel and smoke detector manufacturer in UK.	Sole distributor since 2010
	Valve and special risk manufacturer in Luxembourg.	Sole distributor since 2015
	Optic fibre heat and acoustic sensing from USA and Germany.	Sole distributor since 2023

**Electrical power transmission:**

**Powermite, Varispeed and Three-D Agencies**

The businesses in this portfolio operate in a broader electrical cluster with a focus on working together to provide the market with a comprehensive electrical supply offering. The electrical portfolio includes:

- Powermite – solution provider for flexible electrical cables and a comprehensive range of associated equipment and components.
- Varispeed – solution provider of industrial automation and electric motor control solutions.
- Three-D Agencies – a leading supplier of electric cable-related equipment and accessories.










Powermite gave up some of the gains it made in 2023, from a turnover perspective this is partly because it no longer had the unprofitable Proof Engineering business that was sold in 2023. The dearth of project business while the country went through the uncertainty of national elections was a factor.

After three consecutive years of outstanding performance, Varispeed took a step backwards in 2024, but still delivered a credible result.

Three-D Agencies had another good year, although not as strong as its excellent performance the year before.

## Engineering consumables *continued*

### PRINCIPAL BRANDS: ELECTRICAL POWER TRANSMISSION

	Low and medium voltage variable speed drives, servos, motion controllers, PLCs and HMLs from Japan.	Distributor since 1992
	Low and medium voltage soft starters from Israel.	Distributor since 1999
	1 000V variable speed drives from America.	Distributor since 2021
	Plugs and sockets from Germany.	Sole distributor since 1974
	Own range of electrical plugs and sockets.	Since 1974
	Electrical cable from Poland.	Distributor since 1998
	Electrical feeder systems from Europe.	Distributor since 1970
	Energy chain solutions.	Sole distributor since 2023
	Uni-T instruments and meters from China.	Sole distributor since 2005

### Hydraulics and pneumatics:

#### Ernest Lowe, HERS, Dosco and GPM

Gear Pump Manufacturing (GPM) manufactures in Cape Town and distributes high-quality bearing and bushing hydraulic gear pumps for both export and local markets. It also has a sales arm in the USA and in the UK an assembly and sales facility, which serves the European market. 70% of production is exported globally. GPM continued to experience high demand internationally. Sales were down because of difficulties in getting export shipments through the Cape Town port but the strong operating profit achieved last year was maintained as the reduction in load-shedding helped reduce operating costs. There is a steady replacement and modernisation





agenda in place for some of the ageing machinery. The product quality remains well accepted with pricing and lead times remaining competitive. Demand across the world remains strong and the general view on future market trends remains positive. The biggest constraint in this business is production capacity rather than market opportunities.

Dosco is a leading re-manufacturer and repairer of hydraulic pumps and motors and supplies new units as a distributor of the GPM, Kawasaki and Staffa brands. It operates in the OEM and mining space. After a difficult 2023, the business had a vastly improved 2024 under its new leadership, with increased turnover and much better operating margin.

Ernest Lowe is an authorised distributor of a wide range of globally branded hydraulic and pneumatic products. Its scope of supply far surpasses the industry norm, with in-house capabilities to assist with the design and manufacture of both hydraulic and pneumatic systems and cylinders to customer specification. Turnover was flat on the previous year but operating margins came under pressure. Performance for 2024 was severely impacted by lower demand for commodities, specifically PGMs, diamonds, iron ore and coal but this was largely countered by an increase in export related sales.

HERS is a specialist in underground mining machine drivetrain repairs, focusing on axles, transmissions, and torque converters, while also supplying and servicing various hydraulic products, including hydraulic cylinders and rotary actuators. HERS had a much-improved result even with turnover remaining flat on last year, and this was due to the management focusing on all the key business ratios within our control.

### PRINCIPAL BRANDS: HYDRAULICS AND PNEUMATICS

	European pneumatic equipment.	Distributor since 1959
	Kawasaki axial piston pumps and motors, as well as Kawasaki Staffa radial piston motors.	Distributor since 2000
	Hydraulic, grey iron, bearing and bushing gear pumps.	Manufacturer and distributor since 1985
	Axles (including sub-assembly components such as brakes, centre portions and planetary hub assemblies), transmissions and convertors.	Repairer since 2001 and official spares distributor and repairs agent in SADC since 2009 and holder of Kessler Trained Service & Repair Centre status since 2020, the only such centre in Africa.
	Axles, transmissions and torque converters, including assembly of components.	Repairer since 2001 and spares distributor since 2019

**Specialised steel:**

**Ambro Steel group, Bosworth, Joseph Grieveson and The Dished End Company**

The Ambro Steel group comprises Ambro Steel, Sanderson Special Steels and Donsteel & Forgings. It is a market leader in supplying special steels and a heat treatment service to the engineering sector. The group thrives on providing an efficient and service-friendly customer experience. Extensive metallurgical knowledge and expertise in-house compliment the service offering, as does the wide range of engineering and tool steels and the heat treatment capacity. The group had another difficult year in 2024, with the entire steel industry under pressure. Turnover and profits were down, but the business still delivered credible results.

Bosworth is a leading supplier and manufacturer of conveyor pulleys, idlers, wear lining solutions and other fabricated components and operates predominantly in the mining and other bulk material handling industries.

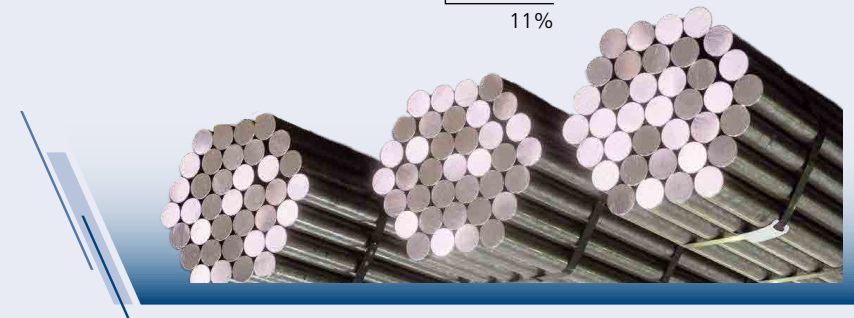
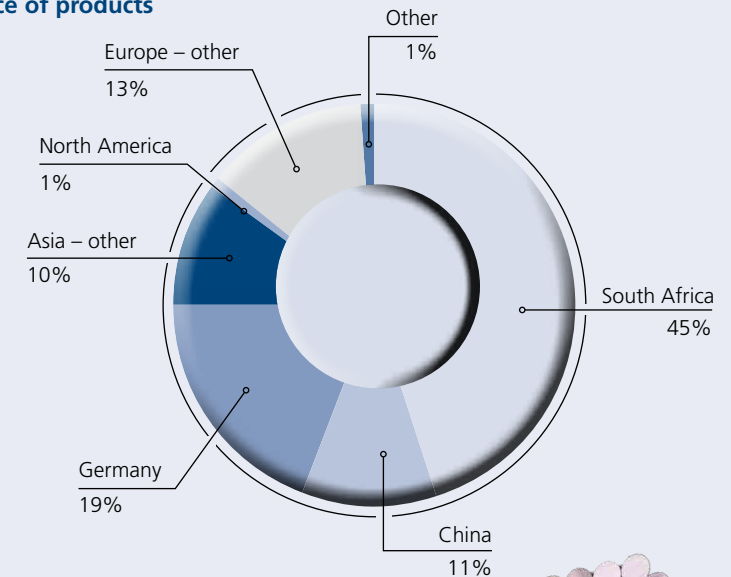
Its profitability is volatile because a key driver is the level of project business it can secure. After a successful 2023, Bosworth had probably its worst year ever in 2024 and made a substantial loss, because almost no project business for the manufacture of pulleys was awarded. This is indicative of the lack of investment in the mining industry.

Joseph Grieveson is predominantly a jobbing foundry that manufactures ferrous and non-ferrous castings. The reduction of load-shedding in 2024 helped increase capacity and efficiencies because the furnaces could be run without interruption. This led to increased turnover, but operating profit was flat.

The Dished End Company specialises in manufacturing various types of dished ends, from 400 mm to 5.5 m in diameter and thicknesses ranging from 4 mm to 50 mm. It also offers the pressing and flanging of small conical sections and a range of single-pressed weld caps. Although down on last year, the business had another very good year.

**Engineering consumables**

**Source of products**



**PRINCIPAL BRAND: SPECIALISED STEEL**



Ferrous and non-ferrous castings.

Manufacturer and distributor since 1915

**Black economic empowerment**

The group is audited by an independent verification body. Hudaco Trading is rated as a level 3 B-BBEE contributor, which is advantageous and applies to all the Hudaco Trading businesses, meaning that customers are able to claim 110% of their spend with us for purposes of their own scorecards. The next rating will be conducted in the second quarter of 2025.

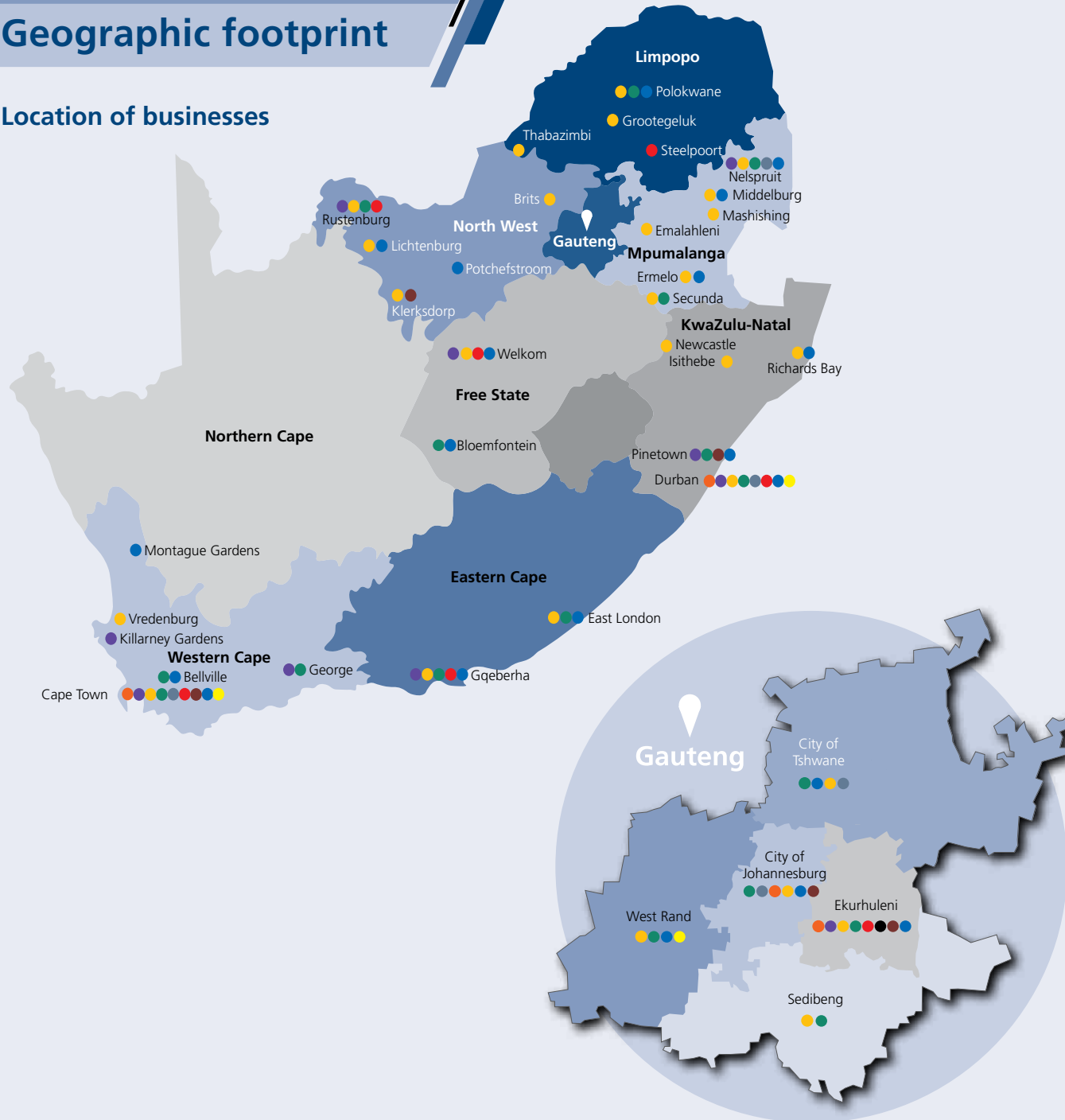
While it is difficult to quantify, we are of the opinion that our B-BBEE standing has resulted in the following benefits:

- business won;
- customers retained; and
- attracting potential acquisitions – several of the acquisitions we have made were previously 100% owned by white shareholders. Our BEE status has become critical to our acquisitive success.

Two BEE trusts, which have identical trust deeds and beneficiaries, together own directly 15% of the shares in Hudaco Trading. The beneficiaries of these trusts are all black employees of Hudaco with at least three years' service. These trusts provide Hudaco's black employees with an economic interest in Hudaco and also enhance Hudaco's ownership component for the B-BBEE Codes. In February 2025, the trusts will distribute R12 million to approximately 1 720 black employees of Hudaco, with each beneficiary receiving R7 000.

# Geographic footprint

## Location of businesses



### Number of permanent employees

	2024	2023
Gauteng	2 406	2 435
Western Cape	465	467
KwaZulu-Natal	403	416
Mpumalanga	79	77
North West	78	85
Eastern Cape	60	66
Limpopo	40	45
Free State	36	29
UK	7	7
Zambia	5	5
USA	3	3
<b>Total</b>	<b>3 582</b>	<b>3 635</b>

### KEY

- AUTOMOTIVE AFTERMARKET PRODUCTS
- BATTERIES AND SUSTAINABLE ENERGY
- BEARINGS AND BELTING
- SECURITY AND COMMUNICATIONS
- DATA NETWORKING EQUIPMENT
- DIESEL ENGINES AND SPARES
- HEAD OFFICE
- POWER TOOLS AND FASTENERS
- OTHER ENGINEERING CONSUMABLES
- GAS AND OUTDOOR PRODUCTS

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Commitment to sustainability

As a business that has grown and expanded its operations for over a century, Hudaco appreciates that operating sustainably has to be an integral part of its strategic framework and integrated in how we conduct everyday business. Hudaco's commitment as a responsible corporate citizen, includes adopting responsible business practices and focusing on those areas where the management team believes we can make a meaningful and sustainable contribution for a better world in the future.

We believe that a sustainable business integrates a range of considerations, affecting the environment, people, and the needs of stakeholders, enabling it to create value in the long term and as a responsible corporate we will deliver products and services in a sustainable manner.

Our approach to sustainability is pragmatic and recognises that the work of integrating and embedding environment, social and governance aspects is never-ending. We are, therefore, committed to learning and continuously adapting our approach on this journey.



Hudaco supports sustainable development goals



## Environment

At Hudaco, we are fully aware that climate change is one of the most defining challenges of our times and we remain committed to being a responsible corporate citizen that plays an active role in the global response to climate change impact reduction, so we continue to review and shape our operations to support a low-carbon economy.

Hudaco is committed to contributing to an environment that is not harmful to health or wellbeing and that it is protected for use by current and future generations. We are committed to conduct business in a manner that complies with all relevant environmental legislation and applicable regulations and in particular the Constitution of South Africa, which states that every person has the right to an environment that is not harmful to their health or wellbeing.

Hudaco's environmental strategy aims at both proactively addressing environmental risk from its operations and contributing positively to environmental transformation and the global race to decarbonisation by:

- reducing scope 1 and 2 carbon emissions through the evaluation and application of more efficient technologies in our operations;
- preventing pollution and limiting harmful emissions;
- reducing energy usage in its operations and moving to renewable energy sources where possible;
- reducing water consumption; and
- reducing waste to landfill and increasing recycling.

## Social

### Employee safety and health

The safety of our people comes first in everything we do, and, we strive towards zero safety incidents in our operations. We have intensified our focus on safety in the workplace with accountability at all levels in the organisation and the ongoing implementation and application of Hudaco's QHSE (Quality, Occupational Health, Safety and Environmental) framework that drives standardisation of policies, processes and procedures as well as continuous improvement through the deployment of best practices and sharing lessons learnt across the businesses in the group.

Hudaco's safety and health strategy is underpinned by its commitment to creating an inclusive and diverse work environment, with active engagement of our employees through continuous training and communication, pro-active identification, and elimination of risks in the workplace and establishing a culture around safety and health at all levels. This inclusive approach not only makes our work environment safer but also creates a competitive advantage for our businesses and measures and monitors performance as a basis for improvement as follows:

- **Leading indicator** – Visual leadership engagement that measures the compliance of senior management conducting operational assessments to predefined minimum guidelines and requirements.
- **Lagging indicators** – The following key performance indicators (KPIs) have been adopted: LTIFR – Lost time injury frequency rate, LTISR – Lost time injury seriousness rate and AIFR – All Incident Frequency Rate. Refer to metrics on page 49.

## Other social initiatives, including skills development and transformation

Other social initiatives, including for people outside the group and other elements of transformation, are very important aspects of Hudaco's commitment to sustainability. These include:

- the development of skills of employees and their immediate family members;
- the development of skills of unemployed young South Africans to enhance their employability;
- enterprise development;
- supplier development;
- socio-economic development initiatives;
- talent management;
- succession planning;
- corporate ethics;
- employee rights and collective bargaining;
- fair and responsible remuneration;
- risk benefits; and
- post-retirement benefits.

Information on these aspects is detailed in the human capital report commencing on page 50.

## Governance

For extensive information on the overall governance of the company by its board and relevant committees, refer to the corporate governance report commencing on page 81. The paragraphs below are devoted to governance in the context of QHSE.

We are committed to regularly reviewing our QHSE policies, management system, and performance in all our operations to ensure continued sustainable business practices and a safe working environment for our employees.

The major elements of our QHSE management approach can be outlined as follows:

- Our integrated management system (IMS) covers the group's operations (manufacturing sites, distribution centres and commercial sites) particularly for ISO 9001, ISO 45001, and ISO 14001 compliance.

- Hudaco has developed its own QHSE framework to drive standardisation of policies, standards and guidelines and adopting best practices across the group to strengthen our health, safety and environmental risk assessments, management and assurance processes and learning from incident investigation and sharing these learnings to prevent incidents.
- Annual risk assessments are conducted by all business units to identify health, safety and environmental risks and potential impact on the business. These are used as key inputs to drive management of control measures and improvement plans, with progress tracked by cluster and group QHSE teams.
- Regular legal liability assessments are conducted by external legal experts in the field to identify potential gaps in legal requirements and compliance registers.
- The Hudaco group risk and internal audit department conducts independent QHSE audits as outlined in the group internal audit and risk framework in all business units to determine compliance to requirements of the international standards (ISO 9001:2015; ISO 14001:2015 and ISO 45001:2018), relevant laws, regulations, and the group QHSE framework which provides third line assurance. Progress of corrective actions on identified gaps are tracked by both the internal and risk management department and the group QHSE and continual improvement manager, with results reported to the social and ethics and audit and risk management committees of the Hudaco board.
- All businesses complete quarterly attestations on key compliance criteria and minimum requirements.
- A baseline Greenhouse Gas (GHG) emissions assessment was conducted by a third-party climate change advisory firm to determine requirements for reporting GHG emissions to the Department of Environment, Forestry and Fisheries that takes specific technology capacity thresholds for activities listed in the GHG Reporting Regulations and the Technical Guidelines into account for GHG Reporting. Activities relevant to Hudaco's operations include the assessment of electricity generators, furnaces, boilers, and heat treatment processes.

## Material aspects

Our business model is based on the life cycle assessment approach which includes our entire value chain and gives us valuable input to our environmental impact, including the impact of utilisation of our products by end-users.

- Material aspects were selected based on the potential negative and positive impacts on the economy, the environment, and people, including impacts on their human rights across all Hudaco's activities and business relationships.
- Material aspects and related metrics are prioritised and aligned to support the United Nations Sustainable Development Goals that provides a shared blueprint for peace and prosperity for people and the planet. The following material aspects were selected: reduction of GHG emissions, sustainable water usage and reduction, waste management, responsible packaging, health and safety, employee wellness, product safety and quality and customer satisfaction and skills development.
- Sustainable development goals under each of the ESG pillars are based on the opportunities for the group to positively contribute to the related global challenges and aligned with the group strategy and key performance indicators.
- The views of the board, executive committee and social and ethics committee have informed the selection and setting of goals as well as the periodic review on progress against goals on selected material aspects.
- Material aspects are absolute in measure and relates to all operations within the Hudaco group.

## Management of material topics

Hudaco considers the following in relation to its activities and impact of material aspects:

- It's business relationships with all stakeholders including business partners, entities in its value chain which include suppliers, service providers and contractors directly linked to its operations, products, or services.
- Hudaco's purpose, value or mission statements, business model, strategies and related impact on stakeholders and the environment.
- The types of activities our business units carry out and the geographic locations as well as the types of products and services we offer and the market sectors we serve and their characteristics.
- The number of employees, including whether they are permanent or temporary, and their demographic characteristics (eg age, gender, geographic location).

The actions taken to manage material topic and related impacts:

- **Reduction of GHG** (greenhouse gas) emissions – a baseline assessments was conducted in 2021 for all business entities and the group as a whole, with annual objective set to reduce Scope 1 and 2 carbon emissions and increase renewable energy as a % of total energy consumption. Performance metrics (refer to page 46) are reported and tracked quarterly against objectives per business and the group. All businesses are actively exploring opportunities to reduce electricity usage and adopt solar energy where possible.
- **Sustainable water usage and reduction** – a baseline assessments was conducted in 2021 across all business entities and the group as a whole, with objectives set annually to reduce water consumption by the end of 2025. Performance metrics (refer to page 47) are reported quarterly but tracked monthly by all businesses to ensure quicker responses to water leaks and





consumption peaks. All business entities are actively exploring solutions to reduce water consumption.

- **Waste management** – a baseline assessments was conducted in 2021 across all business entities and the group as a whole, with objectives set annually to reduce waste to landfill and increase recycling as a % of total waste generated by end 2025.
- **Responsible packaging** – due to the extent of products distributed by the various business entities a baseline assessment is still in progress to establish the % of products containing plastic as part of the packaging. Once the baseline has been established objectives will be defined.
- **Health and safety** – metrics measured and reported by all businesses monthly with annual objectives set per business to improve KPIs. Various initiatives undertaken by the QHSE community across all businesses to pro-actively reduce incidents through awareness campaigns, incident investigation and root

cause analysis to avoid reoccurrences, quarterly performance reviews and best practice sharing, visual leadership and 6S deployment and inspections conducted by business and group QHSE leadership. Further information is set out on the next pages.

- **Employee wellness** – comprehensive information on this aspect is set out in the human capital report on page 54.
- **Product safety and quality and customer satisfaction** – objective to align reporting and control registers to track product testing and compliance against certification standards where applicable (ie SANS, IEC, SABS). Customer satisfaction is measured and tracked in every business through quarterly and annual surveys.
- **Skills development** – comprehensive information on this aspect is set out in the human capital report on page 55.

### Progress report on material ESG aspects

Material aspect	UN Sustainable Development Goals	Hudaco Governance	Responsibility	Objectives	Status	2024 Initiatives
<b>ENVIRONMENTAL</b>						
<b>GHG emissions</b>	 <b>Affordable and clean energy</b>	QHSE policy Hudaco QHSE framework	Social and ethics committee EXCO	Reduce scope 1 and 2 carbon emissions 3% by 2025 from 2021 baseline.	Emission 1: -8% vs 2023 +6% vs 2021 baseline.	GHG reporting and monitoring per business. Ongoing awareness training.
	 <b>Responsible consumption</b>	Environmental reporting	Risk committee	Increase renewable energy to 5% of total electricity consumption by 2025.	Emission 2: +4% vs 2023 Flat vs 2021 baseline.	Lighting assessments done and targeting replacement of conventional with LED lights. Installed solar on group owned buildings and engaging with landlords to explore solar installations as part of lease renewal negotiations.
	 <b>Climate action</b>				Renewable energy = 7% of total electricity consumption.	Audit quality of sustainability data per month. Monthly performance reports published.
<b>Sustainable water usage and reduction</b>	 <b>Clean water and sanitation</b>	QHSE policy Hudaco QHSE framework	Social and ethics committee EXCO	Reduce water consumption 3% by 2025 from 2021 baseline.	-5% vs 2023 +7% vs 2021 baseline.	Water consumption reported and monitored monthly. Water effluent treatment being considered where applicable.
	 <b>Responsible consumption and production</b>	Environmental reporting	Risk committee			Rainwater harvesting.
	 <b>Climate action</b>					

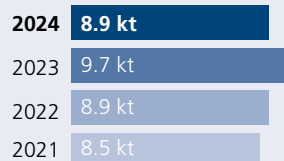
Material aspect	UN Sustainable Development Goals	Hudaco Governance	Responsibility	Objectives	Status	2024 Initiatives
<b>ENVIRONMENTAL</b> <i>continued</i>						
<b>Waste management</b>	 <b>Responsible consumption and production</b>  <b>Life on land</b>	QHSE policy Hudaco QHSE framework Environmental reporting	Social and ethics committee EXCO Risk committee	Reduce waste to landfill by 2% and increase recycling 3% as % of total waste generated by 2025 from 2021 baseline.	Waste to landfill +15% vs 2023 +32% vs 2021 baseline. Recycling 91% of total 2023 waste generated. -4% pts vs 2021 baseline.	Waste generated and recycling reported and monitored monthly. Introduced approved waste management service providers. Ongoing assessment of waste streams in accordance with cradle to grave principles.
<b>Responsible packaging</b>	 <b>Responsible consumption and production</b>  <b>Climate action</b>	QHSE policy Hudaco QHSE framework Environmental reporting	Business leadership Group QHSE manager	Re-use packaging: Increase 1%.	Assessments show more than 1% is re-used.	2022 packaging assessment used as a baseline for increase in re-use initiative. Opportunities to reduce plastic in packaging to be identified.

## GHG emissions

### Scope 1 – Direct emissions from fuel combustion (CO<sub>2</sub>e kilotons)

8%

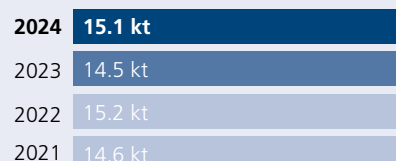
Reduction from 2023



### Scope 2 – Indirect emissions from generated and purchased electricity (CO<sub>2</sub>e kilotons)

4%

Increase from 2023



During the reporting period (Dec 2023 to Nov 2024) our operations generated 24.0 kilotons of CO<sub>2</sub> equivalent emissions (ktCO<sub>2</sub>e) under scope 1 and 2 that is a reduction of 0.4% when compared to the 2023 reporting period.

**Scope 1** – emissions (direct from fuel combustion) decreased by 8% vs 2023 mainly due to reduction in load-shedding and related decrease of diesel usage in backup generators. Load-shedding decreased significantly from 335 days in 2023 to 250 consecutive days without load-shedding at the end of 2024. Fuel used in generators reduced by 67% during 2024 when compared to 2023 and equated to 3% of total fuel consumed in 2024 compared to 8% in 2023.

**Scope 2** – emissions (indirect from generation and purchase of electricity) increased by 4% to 15 799 MWh of electricity used compared to 2023 as a direct result of reduced load-shedding. Various electricity reduction initiatives are still ongoing that includes converting conventional lighting in offices, warehouses and industrial operations to LEDs, energy management awareness programs, installing variable speed drives to reduce start-up loads in our industrial operations and converting to solar power where possible in company-owned and leased facilities.

## Renewable energy installation

A total of 1 202 MWh of renewable energy was generated during the reporting period from rooftop solar installations, compared to 685 MWh in 2023 that equates to an increase of 75% and represents 7.1% of total energy consumption for the group that contributed to a reduction of 1 209 tons of CO<sub>2</sub>e, which is equivalent to that offset by 48 000 trees. The following Gauteng based businesses have installed rooftop solar installations: Bosworth and Deltec Energy, both located in Alberton, Bearings International located in Boksburg, Partquip located in Selby, Rutherford and Belting Supply Services, both located in City Deep, and the combined premises of Powermite, Varispeed and Three-D Agencies located in Linbro Park. We will continue to engage with our landlords to explore the installation of rooftop solar where possible. Hudaco Energy (distributor of solar panels, batteries and inverters) offered solar solutions to all employees for their own homes at preferential pricing.

Elvey Security received a three-star rating from the Green Building Council of South Africa for its commendable adherence to good practices.

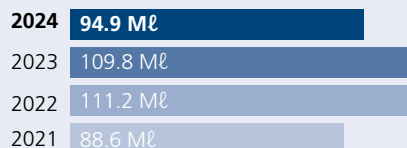
## Sustainable water usage and reduction

Water consumption across the group reduced by 14% to 95 million litres for the reporting period when compared to 2023. Various water conservation and savings campaigns were initiated across the group during 2024 that contributed to the reduction. Water consumption is reported on a monthly basis by all businesses and helps with early identification of leaks in infrastructure and billing discrepancies. Various initiatives are ongoing to explore the harvesting of rainwater for irrigation and cooling where possible.

### Water consumption

14%

#### Reduction from 2023



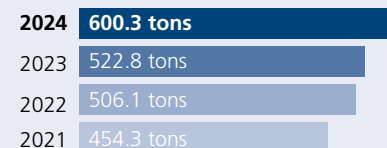
## Waste management





Total waste generated by the group increased by 10% to 6 872 tons in 2024. Waste to landfill increased by 15% to 600 tons for the reporting period. Hazardous waste for the reporting period increased by 14% to 111 tons versus 2023 and is 19% of the total waste sent to landfill. The increase in hazardous waste was mainly attributable to increased volumes of oil discarded through the refurbishment of hydraulic cylinders and engines at HERS and Deutz Dieselpower. Waste to landfill represents 9% of total waste generated by the group.

### Waste to landfill

15%

#### Increase from 2023



Material aspect	UN Sustainable Development Goals	Hudaco Governance	Responsibility	Objectives	Status	2024 Initiatives
<b>SOCIAL</b>						
<b>Health and safety</b>	 <b>3 Good health and wellbeing</b>	QHSE policy	Social and ethics committee	Reduce LTIFR and AIFR by 5% per annum from 2021 baseline.	LTIFR = 5.0 -35% vs 7.6 in 2023 and -15% vs 2021 baseline.	Drive pro-active awareness and workplace incident reductions.
	 <b>4 Quality education</b>	Hudaco QHSE framework	EXCO	Introduce LTISR measure and reduce annually from 2022 baseline.	AIFR = 1.5 -43% vs 2.6 in 2023 and -52% vs 2021 baseline.	Awareness campaigns.
	 <b>11 Sustainable cities and communities</b>	Group safety reporting	Risk committee	Standardise risk management processes.	LTISR = 5.6 -49% vs 10.9 in 2023 and -34% vs 2022 baseline.	Performance management and objectives per business. Root cause analysis and focused improvement campaigns. Visual leadership principles deployed. 6S implementation (priority in manufacturing sites). Hudaco standardised risk assessment and management processes.

Material aspect	UN Sustainable Development Goals	Hudaco Governance	Responsibility	Objectives	Status	2024 Initiatives
<b>SOCIAL</b> <i>continued</i>						
<b>Employee wellness</b>	 <b>Good health and wellbeing</b>  <b>Quality education</b>  <b>Sustainable cities and communities</b>	QHSE policy Hudaco QHSE framework Safety reporting	Social and ethics committee EXCO Risk committee	Occupational health and hygiene monitoring and improvement from 2021 baseline.	86% vs 87% in 2023 and 32% pts improvement vs 2021 baseline.	Surveys conducted by accredited third party service providers. Intensified focus on employee wellness since Covid pandemic.
<b>Product safety and quality</b> <b>Customer satisfaction</b>	 <b>Good health and wellbeing</b>  <b>Responsible consumption and production</b>	QHSE policy Hudaco QHSE framework Non-conformance reporting (NCR) management	Social and ethics committee EXCO Risk committee	Aligned non-conformance reporting (NCR) and control registers. Customer satisfaction tracking against targets in all business units. Relevant product certifications in place (ie SANS, IEC, SABS).	100% implemented.	Reporting standardisation as part of the integrated management system (IMS). Training and deployment of non-conformance reporting and tracking. NCR standardised and tracked monthly at each business and at group level. Six Sigma projects launched to improve customer satisfaction.

## Health and safety

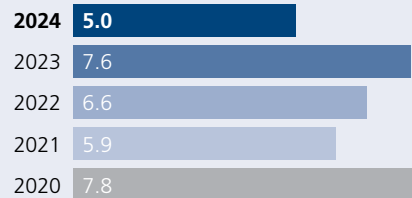
**LTIFR** decreased by 35% when compared to 2023 with the number of lost time incidents reducing by 32% to 40 in 2024, mainly at our manufacturing operations.

**LTISR** decreased by 49% when compared to 2023 with the number of days lost due to injuries, decreasing by 46% to 223 days lost in 2024.

**LTIFR = Lost time injury frequency rate: standardised to 1 million hours worked**

35%

Reduction from 2023



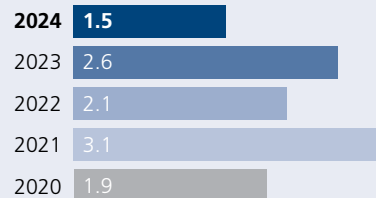
**AIFR** decreased by 43% when compared to 2023 for all work-related incidents and incidents involving property damage where employees could have been injured.

The overall safety performance for the group during the reporting period improved significantly when compared to 2023, and we believe that its due to marked transformation in fostering a more positive, inclusive and accountable culture towards safety and health at all levels. This positive shift is attributable to a series of

**AIFR = All incident frequency rate: standardised to 200 000 hours worked**

43%

Reduction from 2023

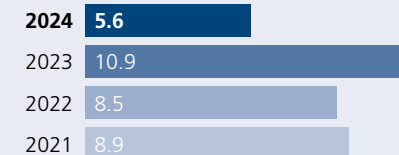


comprehensive group initiatives undertaken during the reporting period to improve overall safety and health awareness and reduce workplace incidents. It included: developing detailed improvement plans for all businesses where improvements were lacking, various workplace safety campaigns including “returning safely to your loved ones”, hazard and risk identification training for employees and management, best practice sharing across the group, and lessons learnt from incident investigations.

**LTISR = Lost time injury severity rate: standardised to 200 000 hours worked**

49%

Reduction from 2023



## Employee wellness

Occupational health and hygiene monitoring are being done across all businesses through third party service providers with improvement objectives set by business. Various on-site employee wellness days were held by Discovery Health to provide basic health screening to improve employee self-awareness. Medical surveillance programs implemented in all businesses that include entry and exit medicals as well as regular screening of employees to hazardous substances exposure in the workplace. Annual executive medicals are offered to all business and senior executives through ExecCare.

## Product safety and quality and customer satisfaction

Customers are key stakeholders in our business and their satisfaction with our products, services and performance as a responsible citizen is of high importance. We have aligned reporting and controls across the group to track testing and conformance to relevant product certification standards as well as non-conformance to ISO and other standards as a basis for continuous improvement. CRM (customer relationship management) systems are also being used and adopted by more businesses in the group. Customer satisfaction surveillance surveys are conducted and tracked individually by the respective businesses and showed improvements during 2024.

# HUMAN CAPITAL REPORT



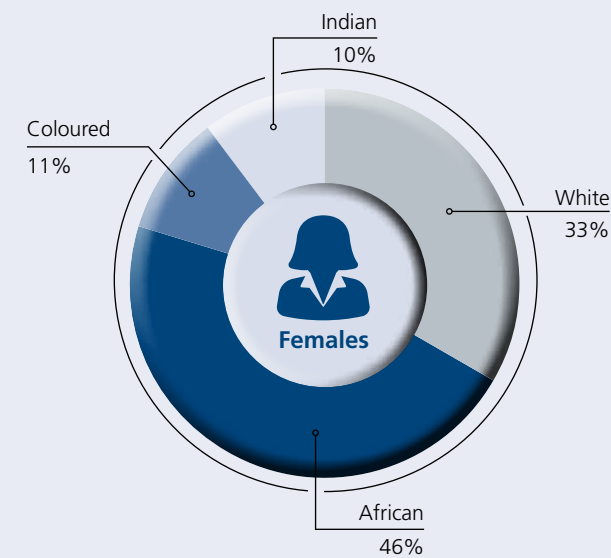
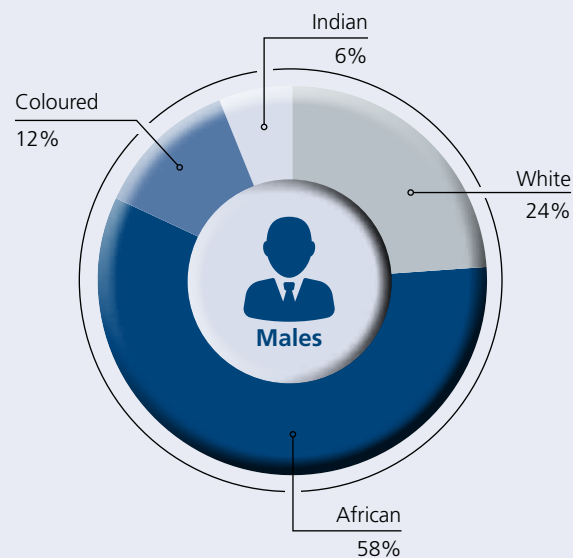
People are at the heart of our business and it is their skills, experience, commitment and application that create value for the group and drive its success. Many of the business-critical skills that we require are in short supply and we recognise the importance of attracting, developing, managing, rewarding and retaining the best people to deliver on our business goals. The way in which we invest in our human capital and express our duty of care will contribute to the growth and development of the group.

Our key focus areas include attracting and developing core skills, implementing sustainable leadership development and succession plan strategies, leveraging off technological innovation, achieving transformation and maintaining our B-BBEE rating. However, we also continue to manage other areas important to human capital success, including employee engagement, building cohesion and empowering teams, defining skills and competencies, health and safety, organised labour relations, performance management and salary benchmarking.

We also recognise that it behoves us to contribute to the development of human capital beyond just the people who work for Hudaco. As can be seen from the section on skills below, our initiatives also extend to benefitting close family members of employees, enterprises undertaken by former employees and other young South Africans seeking an education that will enable them to participate in the economy, some of whom may ultimately find permanent employment within the Hudaco group.

## Workforce profile

	2024	2023
Total workforce	3 742	3 864
Less: Non-permanent employees	160	229
<b>Total permanent workforce</b>	<b>3 582</b>	<b>3 635</b>
<b>Racial and gender profile</b>		
White males	630	638
White females	321	340
African, Indian and Coloured males	1 964	1 982
African, Indian and Coloured females	667	675
<b>Occupational level profile</b>		
Top and senior management	113	113
Other management	1 577	1 647
Non-management	1 892	1 875
<b>Management profile by gender</b>		
Females	514	540
Males	1 176	1 220
<b>Management profile by race</b>		
White	768	806
African, Indian and Coloured	922	954
<b>Non-management profile by gender</b>		
Females	474	475
Males	1 418	1 400
<b>Non-management profile by race</b>		
White	183	172
African, Indian and Coloured	1 709	1 703
<b>Disability profile by gender</b>		
Females	21	15
Males	38	36
<b>Disability profile by race</b>		
White	6	5
African, Indian and Coloured	53	46



The average staff turnover rate for 2024 was 18%.

This report describes in three sections how we interact with and develop human capital:

- Governance of matters pertaining to human capital;
- Steps to safeguard the safety and health of our people; and
- Development of skills within and outside the group.

## Governance of matters pertaining to human capital

### Decentralised management

Hudaco has developed a decentralised management style that has proven successful over many years.

Placing decision-making responsibility in the hands of people at all levels of the organisation offers benefits to independently minded employees. Delegating authority and responsibility:

- empowers employees and allows them to respond quickly to customers' requirements and changing circumstances; and
- instils self-discipline and encourages leadership, initiative and innovation.

We will continue to provide our full support to those of our employees, both current and future, who choose to invest in their careers, work hard and see their future within the Hudaco group.

It is an important function of group management to put in place remuneration structures that ensure decentralised management personnel keep a strong focus on the contribution they need to make to enable the group to meet group strategic objectives, while adhering to good governance and risk management principles.

### Corporate ethics and governance

The cost of compliance in corporate South Africa is significant.

The ongoing introduction of new legislation, new reporting standards, listings requirements, BEE requirements, environmental, social and governance (ESG) issues, etc seems to continue unabated. ESG is currently receiving the most intense focus around the world, and justifiably so.

While compliance with all these requirements is compulsory within the group, Hudaco's executives are sensitive to the practical considerations and concerns. We therefore try to ensure that, insofar as possible, compliance is head office driven. Nevertheless, many essential aspects can only be dealt with at business unit level.

The Hudaco code of ethics is in line with King IV. The code applies to all employers and employees in the group. It is communicated as part of every new employee's induction, is available on the Hudaco website, is included in all relevant training programmes, and guides us in the determination of our corporate values. These values include: fairness, respect and dignity, tolerance of alternative views, protection from victimisation, encouraging healthy relationships, mutual support and loyalty. Employees are not inhibited in any way regarding collective bargaining or union membership but levels of unionisation in our businesses are low.

To facilitate enforcement of our code of ethics, Hudaco has established a fraud and ethics hotline, which is managed by an external service provider. This hotline (0800 21 21 52) enables employees, or any other party, to communicate sensitive information securely, confidentially and anonymously if they suspect that a criminal act or any contravention of the code has been committed by another employee. Some of our suppliers run compliance programmes which are extended to us – for example, Deutz AG's global policies on anti-corruption, money laundering, emissions, labour safety and compliance with Germany's federal office of economics and export control legislation.

Potential exposure to bribery and corruption is mitigated through internal controls within our businesses, by taking strong action against transgressors, closely scrutinising sales reports, conducting regular stock counts, using undercover security personnel, reviews by group internal audit and encouraging honesty and professionalism in the day-to-day activities of the businesses.

After making regular enquiries, the board is not aware of any significant non-compliance with legislation, including anti-competitive behaviour, during the year.

## Code of ethics

All Hudaco group businesses and their employees are to strive conscientiously to act with honesty and integrity in accordance with a high level of moral and ethical standards in their business and interpersonal dealings.

All employees in Hudaco group businesses are required to know, understand and support these values and will be assumed to do so. Some of the specific values are listed below:

- compliance with laws, rules and regulations;
- fairness, respect and dignity;
- tolerance of alternative views;
- mutual trust, honesty and respect for colleagues;

- support and loyalty;
- superior performance;
- providing a safe and healthy working environment for all employees;
- management of performance and recognition;
- customer satisfaction;
- proper communication and transparency;
- confidentiality;
- non-corruption;
- avoiding any conflicts of interest; and
- care for the environment.

## Ownership and BEE trusts

The beneficiaries of the Hudaco Trading BEE ownership trusts are all black South African employees of Hudaco Trading with more than three years' service. This means that Hudaco's black employees have 15% effective ownership in Hudaco Trading, the group's main operating company. The trustees have resolved that, in February 2025, the trusts will distribute R12 million to approximately 1 720 beneficiaries, with each beneficiary receiving R7 000. In February 2024, 1 618 employees each received R7 000 from the trusts.

## Transformation and succession planning

We acknowledge that management control is still a key area of opportunity to improve our BEE rating. The development of black management remains a national priority for the sustainability of the economy. We acknowledge that still too many of our senior management are white males and that, while there has been some good progress in recent years, we have still not achieved as much as we would have liked. The need for developing future black, female and disabled management talent continues to receive significant priority.

Our strategy for transformation remains largely unchanged:

- Black representation in management is a core focus for all management appointments. All senior appointments in the group – the designated top 100 or so people – are monitored at the executive committee and

board level to ensure that every endeavour is made to find appropriately qualified and experienced black candidates to fill vacant positions.

- Transformation has been incorporated into succession planning. The retirement process offers an opportunity to identify the date when positions will become vacant and allows time to develop black candidates at middle-management level and below, for these senior management posts.
- Hudaco also seeks to concentrate on a better gender balance across its workforce. Recruitment and development processes throughout the organisation focus on female as well as black recruits to ensure a balanced pipeline of talent.

The group will conduct a Senior Leadership Development programme through the University of Cape Town Graduate School of Business in 2025. 20 employees from middle and senior management levels have been identified and enrolled for a bespoke programme.

To help us to grow our own talent, a formal performance management and succession policy is in place. We continued to focus on communicating our succession plans with senior management during the year and ensuring that our training and development efforts and employment equity plans are aligned.

## Organised labour and employee rights

There are nine (2023: seven) trade unions that between them have 505 (2023: 445) employees of various Hudaco businesses as members. These employees are covered by collective bargaining agreements.

In addition to union representation, employee rights are protected through full compliance of all the businesses with relevant labour and employment-related legislation.

Copies of the Basic Conditions of Employment Act, Skills Development Act and the Employment Equity Act are displayed in all workplaces. Formal grievance procedures are in place through which employees can raise issues. There were no grievance relating to human rights during the year.

While certain countries from which Hudaco sources products have been identified as posing a potential risk to human rights, none of our businesses has specifically been identified as posing a risk for incidents of forced or compulsory labour, child labour or for undermining the right to exercise freedom of association.

All businesses are required to communicate to their suppliers a Business Partner Code of Conduct, approved by the group's social and ethics committee.

## Remuneration

An important aspect of our management philosophy is to establish in our remuneration structures a clear link between performance of the group (delivering value to shareholders) and the performance of the underlying businesses (delivering value to customers). To achieve this, executive remuneration at the group level, as well as senior management within each business, is structured on three levels:

- **Guaranteed pay and benefits:** This level of remuneration applies to all employees within the group. In addition, employees are required to join a group selected medical aid scheme (unless they are below a certain earnings threshold or on a spouse's medical aid scheme) and a pension or provident fund if they are not on an industry fund. Employees earning below the compulsory threshold have the option to join Flexicare, the group's selected primary care offering.

- **Formula-based short-term incentives:** This level of remuneration applies to the top 100 or so senior managers in the group. For those employed in business units, this comprises two roughly equal annually measured performance criteria: RONTA, and growth in profits in the businesses under their control. The group chief executive and financial director are remunerated on primarily return on equity and growth in comparable headline earnings per share. A portion of their short-term incentive is based on the achievement of non-financial key objectives.

- **Long-term share-based arrangements:**
  - Share appreciation rights scheme: This level of remuneration applies only to the top about 240 managers in the group. It comprises a reward for share price appreciation realised through share appreciation rights that vest between three and five years after award. It is designed to ensure that management takes a medium to long-term view when acting on matters which may affect business performance and share price.
  - Retention-based share matching scheme: To align better the interests of the executives with those of shareholders and to ensure that the executives have capital at risk in Hudaco, a share matching arrangement is in place for executives and certain senior managers. Participants are entitled to invest in Hudaco shares up to a maximum of 50% of their maximum potential short-term incentive-based remuneration. These shares are to be acquired by the executives on the open market using their own money. Provided the participant holds these shares and remains in the employ of Hudaco for the specified service period, which is normally three years, the company will match the value of the shares by acquiring shares on the open market for the benefit of the executive in a ratio determined by the remuneration committee. Currently, 14 executives are eligible to participate in this scheme.

Further information on remuneration is set out in the remuneration report commencing on page 61.

## Retirement funds

Employees who do not belong to an industry fund (ie unionised staff) contribute to the umbrella defined contribution pension and provident Superfunds administered by Old Mutual. Fund members receive risk benefits such as life cover, spouse and children pensions, funeral cover and disability cover, depending on the fund to which they belong. There are some businesses acquired by the group whose employees remain on their pre-acquisition retirement funds.

Employees have a choice of underlying investment options. The range of options includes a passive investment option and the default option is a lifestage-based solution with a portfolio that has a higher weighting to equity-based investments but with a staggered switch to a more conservative portfolio, starting five years before retirement age. All members receive annual benefit statements and have access to an online portal at any time so that they can track their retirement savings, risk contributions and costs.

Hudaco is advised by employee benefit consultants, independent actuaries and risk benefit consultants to ensure retirement funding arrangements remain appropriate and up to date. Interaction with these advisers is through a committee with representatives from Hudaco head offices and some of the underlying businesses.

## Socio-economic development

Each year the board sets aside a specific amount for socio-economic development. Through financial and non-financial contributions, Hudaco supports several specific projects aimed at improving the lives of previously disadvantaged communities.

These funds are, in the main, managed and distributed by Hudaco's head office on behalf of business units. In 2024, Hudaco donated approximately R3 million to a variety of socio-economic development initiatives. This included sponsoring the "Second Chance" programme run by ORT South Africa, through which matric students who had failed only the STEM subjects of mathematics and physical science are given a second chance to study those subjects under rigorous instruction. On Mandela day, businesses made contributions to various initiatives and encouraged their employees to participate in the designated activities on the day. Hudaco employees visited St Francis Centre in Boksburg, Tembisa Child Welfare, Rays of Hope in Alexandra and Kids Haven in Benoni.

## Steps to ensure the safety and health of our people

### Employee safety

Steps to safeguard our employees are comprehensively set out in the ESG report on pages 42 to 49.

### Employee health and wellness

We understand that a person's health and wellbeing include physical, emotional, social and psychological factors and all have a strong impact on how people engage with and contribute positively to the performance of the business, their families, communities, society and the environment.

### Management approach and governance

Our approach to health and wellness management is built on two key pillars:

- reducing occupational exposure, which involves identifying, measuring and reducing harmful exposure, conducting surveys and providing risk-based guidelines in dealing with chronic illnesses; and
- improving employee wellness, which is achieved by assisting employees in dealing with issues impacting their wellbeing and productivity in the workplace, including the provision of support in coping with TB and HIV/AIDS.

Improving occupational health and hygiene is critical in meeting our safety objectives, so we apply the same rigour to reducing and eliminating occupational health hazards as we do to eliminating workplace safety hazards and risks and providing employees with appropriate personal protective equipment wherever there is a risk of exposure levels exceeding safe limits.

### Medical aid

Hudaco acknowledges the importance of belonging to a stable and sustainable medical aid scheme, which contributes towards a productive and healthy workforce. The overriding principle is that Hudaco wishes to facilitate that all employees have the opportunity to take up medical scheme cover, while recognising that some employees earn at a level such that private medical cover is prohibitively expensive and that they must, therefore, rely on the state to provide them with healthcare.

Membership of the company's preferred medical scheme (currently Discovery Health) is compulsory for all employees who earn above the compulsory threshold, unless proof is supplied of membership of another medical scheme as a dependant or, under certain circumstances, if employed in a business before it was acquired by Hudaco. The compulsory threshold is currently R24 000 per month, recognising the significant other living costs with which our people must contend. Members may select any medical aid plan offered by the preferred medical scheme. Employees earning below the compulsory threshold have three options: to join a Discovery medical aid plan; to join Discovery's primary care offering (which is through Auto & General's Flexicare medical insurance product); or to rely solely on state health facilities.

All employees who belong to the company's preferred medical scheme must also belong to the company's preferred gap insurance product (currently Cinagi). This insurance covers members who experience shortfalls on their hospital and oncology claims because of co-payments or tariff differences charged by medical professionals.

The company provides a subsidy by paying, for the employee and qualifying dependants (one spouse and up to three child dependants up to age 21), 50% of the premium for the gap insurance and the medical aid plan selected by the member or Flexicare, limited to the level of the Classic Priority plan. The company does not subsidise fees for Discovery Vitality, membership of which is optional. Where a member selects a plan higher than Classic Priority, the company will contribute 50% of the premium for Classic Priority and the member

will be responsible for the balance of the premium, including any fees for Discovery Vitality. Members whose remuneration is based on total cost-to-company (senior management) do not benefit from this subsidy.

There were, on average, 1 145 employees and 1 380 dependants on the medical scheme during the year to November 2024. 68 employees and 66 dependants are currently on Flexicare while 270 employees have chosen to be members of Vitality, with 60% actively engaged in the programme. Annual contributions (excluding Vitality contributions) totalled R85 million, of which R36 million was covered by the Hudaco subsidy, which was limited to 50% of Classic Priority. Top senior executives are remunerated on total cost-to-company and were not included in the subsidy amount. Gap insurance cost a further R2.5 million, half of which was covered by Hudaco.

Gap payments to assist members with medical shortfalls exceeded R1.1 million, with the average claim being R7 500. The highest in-hospital medical claim for a single employee was R758 000 whilst the highest out-of-hospital claim was R100 000. 43% of Hudaco members are classified by the medical aid as "healthy" whereas 7% are classified as "unhealthy", based on their claims history.

7.2% of our members are registered for a chronic illness, the most common of which is essential hypertension. 74% of members selected an option that has a medical savings account that pays for their day-to-day medical expenses. 48% did not deplete their annual savings and had a positive balance at the end of the benefit year. Less than 5% of members selected a hospital only plan.



## Employee wellness

With the support of Alexander Forbes Health, Hudaco ran 28 employee wellness events at our locations in Gauteng, Durban and Cape Town. The offering to employees, irrespective of whether they are covered by medical aid or not and at no cost to themselves, typically includes:

- health risk assessment: height, weight, blood pressure, cholesterol, glucose and BMI;
- eye screening by a mobile optometrist;
- HIV voluntary testing and counselling;
- questionnaire on lifestyle habits; and
- immediate feedback of the results including information on risk factors, healthy eating and exercise habits.

At the events that were held in 2024, 1 011 employees were tested and the major risk factors identified continued to be body mass index (BMI) and elevated blood pressure. Since 2023, there was a 24% reduction in the number of member with high cholesterol. Poor nutrition was the highest lifestyle risk factor, with employees not getting enough exercise also on the rise. 55% were assessed as being overweight.

The wellness days also provide the opportunity for employees who are not on medical aid, and who would otherwise not take the time to be tested for these potentially life-threatening conditions, to have their assessments done on-site and free of charge. The relevant employees are given the appropriate advice to address their conditions. Just over 520 employees not on medical aid availed themselves of this opportunity in 2024. Some Hudaco businesses provide additional support.

Filter and Hose Solutions sponsors two doctor visits per annum (which includes medication) for their employees or their family members who are not on medical aid. Every second week DDP runs a mobile clinic, staffed by a qualified nurse, offering medical advice to employees not covered by medical aid.

## Development of skills inside and outside the group

### Talent management

Learning and development of people is a core responsibility of the executive teams in all our businesses as this empowers employees to perform their functions effectively and to enhance their skills,

thereby providing a pipeline for promotions and transfers between businesses. During 2024, 20 of our employees and 54 dependants furthered their studies with the assistance of the Hudaco B-BBEE bursary programme, striving to attain qualifications for their own betterment as well as that of Hudaco and the country at large. The bursary programme has been part of the group's value proposition to employees since 2009.

As far as possible, we try to maximise retention of key talent by providing incentives in the form of performance bonuses and developing long-term career path opportunities for our staff within the broader group. We communicate to our staff the opportunities for lateral movement between our businesses and internal promotions within the group. We feel that the group is diverse enough to be able to accommodate individual career aspirations without having to lose talent to competitors. However, one of the consequences of investing in skills development in South Africa, especially in black professionals, is that as these employees develop and gain experience and skills, they become a prime target for headhunting by larger organisations that can offer more attractive packages. The alternative, ie not investing in staff development, would, however, be a far more serious threat to the continuity and sustainability of our business model.

### Skills development and training

Successfully taking advantage of opportunities for growth, both acquisitive and organic, depends on the quality of our people. Given the shortage of technical and engineering skills in general in South Africa and particularly among the black population, we put special focus and resources on building these skills. We have identified the building of the following skill sets within Hudaco as being our key focus areas:

- **The senior management team:** We have identified members of the senior management team whom we believe have the qualities required for growth to executive level in due course. These people have been given expanded responsibilities and are being nurtured with a view to their being able to step into the breach as more senior managers reach retirement age. Many members of the senior management team have attended Master of Business Administration (MBA) and other master's degree courses at various universities.
- **Technical expertise:** Critical relationships in the field are with the technical and maintenance teams of our customers. They place the orders upon which we depend for our turnover.

We need a constant supply of new sales staff with the right technical skills to be able to adapt to and service our customers' changing needs. Although we are essentially a group of distribution businesses, we run in-house learnerships where we can and technical traineeships where we cannot.

Customer interaction occurs primarily through our technical sales team. As they are the face of the business and the drivers of organic growth in revenue, we invest heavily in their training. New appointees are sent for training prior to being placed in the field. The board also supports training and skills development initiatives through bursary programmes, management training schemes (as described above), experiential trainee programmes, mentorships, apprenticeships, educational assistance and learnerships. Extensive in-house and external training is given in a wide range of practical and theoretical subjects to better equip employees with the skills required for senior positions. The learnership programme content typically includes financial administration, human resources administration, inventory management, end-user computing and warehousing courses, as well as technical product training.

Five of our businesses (Deutz Dieselpower, Gear Pump Manufacturing, Joseph Grieveson, Varispeed and HERS) ran SETA-accredited apprenticeship programmes with 23 participants in 2024 being trained in various trades. An additional 386 abled learners and 10 learners with disabilities were recruited for learnership programmes run by the Maharishi Institute, ORT SA, and Afrika Tikkun. They commenced their courses in 2024, for completion in 2025.

During the year under review, group expenditure on training amounted to approximately R29 million.

Hudaco also provides financial support to the Thuthuka Bursary Fund, which develops and trains black chartered accountants. In 2024 Hudaco again sponsored the "Second Chance" programme run by ORT South Africa. 59 matric students in Katshehong on the East Rand, who had failed only the STEM subjects of Mathematics and Physical Science, were given a second chance to study those subjects under rigorous instruction. 42 of these students ultimately wrote the matric exams, achieving pass rates of 75% for Physical Science and 71% for Mathematics.

We also invest in developing product knowledge in our customers or the installers of the products that we distribute, which results in deep brand loyalty. As a policy, we do not charge or charge just a nominal fee for this training of the installers or our agents – we

believe that, as we are in the business of distributing high-quality brands, the more the customers understand the value of the product, the more loyal they will be.

Hudaco conducts a graduate development programme with the aim of addressing skills shortages in our businesses. All of the participants are black and every effort is made to absorb the graduates into our employ as they qualify. The graduate development programme includes a range of disciplines such as engineering, finance, accounting, human resources, health and safety, sales and marketing and information technology. Participants complete a course in business administration with Siyanqoba Seminars to prepare them for the work environment and received on-the-job training at our businesses. In the past two years, 10 graduate interns completed the programme and seven of them have been absorbed into permanent employment. A new cohort of 25 graduates began in June 2024.

Employment equity and skills development committees exist at the group's various businesses to drive the various skills development initiatives.

### Staff education programme

Hudaco Trading empowers current black employees, their spouses and their children by granting tertiary education bursaries to eligible applicants. Beneficiaries may study towards any career of their choice and, on completion of their studies, are under no obligation to work for Hudaco.

In 2024, 74 students were granted bursaries, of whom 43 were women. Of these, 11 completed their qualifications. Feedback from some of the parents and the successful students is set out on pages 57 to 59. For the 2025 academic year, 72 students have been identified for bursaries, of whom 38 are women. Hudaco spent R5 million on these bursaries in 2024.

### Enterprise development

Hudaco favours suppliers that have good BEE scorecard ratings and uses SMMEs (small, medium and micro-enterprises) wherever possible, working closely with them to improve their service delivery.

Hudaco applied R15 million to various enterprise and supplier development initiatives during its 2024 financial year. Some of these included the following:

- Offering interest-free loans to qualifying black-owned businesses;
- Ambro Steel provides facilities for a black woman optometrist on their premises. Hudaco has assisted her with the purchase of sophisticated equipment that is geared towards providing eye care to the poor by keeping costs low. The equipment has made a significant impact;
- Abes Technoseal subsidised canteen facilities, owned by a black woman, at their premises; and supported an SMME with rent-free premises, telephone line, internet usage and utilities. They also process early payments to a level 2 B-BBEE contributor;
- FHS support a recycling initiative with black-owned SMMEs;
- Rutherford supports and subsidises a black-woman-owned canteen;
- Deltec supported a level 1 sustainable energy business;
- Three-D Agencies, Bearings International and Hudaco head office support a business in Thembisa; and
- Hudaco head office continued supporting a car wash and Invincible Outsourcing and Invincible Nature, not-for-profit organisations that apply income earned to fund bursaries at the Maharishi Institute.



## Bursary programme

Hudaco bursary thank you letters



### **Bianca Moodley**

*Employee at MiRO*

*Bachelor of Commerce in Human Resource Management*

Completing my degree has not only given me the qualifications I need but has also enabled me to fully commit to a career in Human Resources, a field I am deeply passionate about.

Your generosity over the past three years has been life changing. It has opened doors that once seemed out of reach and has inspired me to strive for excellence in all areas of my life.



### **Donevon Sako**

*Employee at MiRO*

*Higher Certificate in Public Sector Procurement*

Your belief in my potential has been a tremendous source of motivation. I am committed to applying my acquired knowledge and skills to impact my field and community positively. I am also inspired to support others in their educational journeys, just as you have supported me.



### **Lerato Phiri**

*Daughter of Kingsley Phiri of Deltec Energy Solutions*

*Bachelor of Education in Intermediate phase*

Throughout my academic journey, the bursary has profoundly impacted my college experience. It has alleviated financial stress, allowing me to focus entirely on my studies and immerse myself in academic and extracurricular activities. The bursary has empowered me to pursue my passion for teaching without worrying about financial constraints.



### **Lerato Phiri's father, Kingsley Phiri**

*Employee at Deltec*

It has brought me great peace of mind knowing that my daughter has consistent support, ensuring she can attend school without any logistical concerns. I do not take it for granted, and I want to acknowledge how much it has meant to me and my family. It's rare to come across such a caring and thoughtful organisation, and I am truly fortunate to be part of this company.



### **Laiken De Lange**

*Daughter of Gavin De Lange of Brigit Fire*

*BSc Physiotherapy (Hons)*

Your scholarship helped me finish my degree and enabled me to be placed in community service. I can now apply my skills and contribute to the community's well-being while gaining valuable experience.



### **Laiken de Lange's father, Gavin de Lange**

*Employee at Brigit Fire*

This incredible opportunity provided by Hudaco not only empowered Laiken to achieve her educational goals but also reinforced the importance of investing in young talent. Her success stands as a testament to the transformative impact of your commitment to education and student empowerment.



**Ramonday Basson**

*Daughter of Roland Basson of Deltec  
Bachelor of Education in Foundation phase*

As I complete my education, I am incredibly grateful. This bursary has enabled me to fulfil my dream of becoming a teacher and laid the foundation for a future where I can positively impact young learners' lives.



**Ramonday Basson's father,  
Roland Basson**

*Employee at Deltec*

Her future looks bright, and I am here as a proud parent with a grateful heart to express my gratitude for your support. Thank you again for your kindness and generosity from day one until the last day. I really appreciate all the assistance that you provided me and my daughter.



**Tshepiso Mokhomatha**

*Son of Puseletso Mokhomatha of Rutherford  
Diploma in Business Management*

I am grateful for the opportunity, which has allowed me to further my knowledge in the business field; this experience has furnished my knowledge and skills for the business environment and how to approach strategies and problems in the 4th Industrial Revolution.



**Tshepiso Mokhomatha's mother,  
Puseletso Mokhomatha**

*Employee at Rutherford*

I'm so proud to work at such a company that assists its staff members. I really appreciate it. Thank you very much once again.



**Jacqueline Sampson**

*Spouse of Renirro Sampson of Gear Pump Manufacturing  
Bachelor of Education in Intermediate phase teaching*

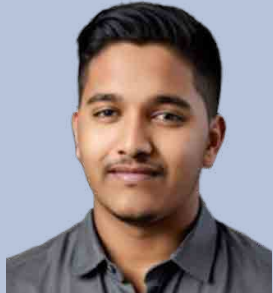
As I progress in my career, this bursary has positioned me for success and will continue positively impacting my future. It has not only helped me achieve my dream of becoming a qualified teacher, but it will also enable me to better my life and positively contribute to future generations' education.



**Sunaina Parsard**

*Daughter of Rucksha Ranjeth Bhoodram of Bearings International  
Diploma in International Travel Management*

This bursary has allowed me focus on my studies and to access in-depth training on aviation safety, in-flight services, and customer care, all of which are critical for a successful career as a cabin crew member. I have also been able to explore aspects of tourism, including promoting destinations and ensuring a seamless travel experience for passengers.



**Veashin Caedyn Padayachee**

*Son of Pooven Padayachee of Belting Supply Services  
National Certificate in Information Technology  
Systems Support*

It has been an honour to be selected for this life-defining opportunity, which has allowed me to pursue my studies in IT Engineering. Thank you for the invaluable impact you have had on my life and my future. Your generosity has inspired me to give back and support others in the same way so that they can achieve their dreams as I have.



**Veashin Padayachee's father,  
Pooven Padayachee**

*Employee at Belting Supply Services*

As a parent, it is incredibly fulfilling to see my child thrive and achieve his dreams without the added burden of financial strain. The Hudaco Bursary has not only lightened our financial load but has also given Veashin the freedom to commit fully to his education and personal growth. Your contribution has truly set him on a path toward success and stability.



**Kgomotso Ntoke**

*Daughter of Morgan Ntoke of Hudaco head office  
Bachelor of Law*

There were times when my dreams of pursuing a higher education seemed impossible, but the financial assistance you provided helped me tremendously and kept me going. Your earnest investment in my future goals will not be forgotten.



**Kgomotso Ntoke's father,  
Morgan Ntoke**

*Employee at Hudaco head office*

Words cannot express how grateful I am for the contribution you have made towards my daughter's future, which is an honour and privilege. The Hudaco bursary has not only lightened our financial burden but has fulfilled my daughter's dream.

**Feedback from BEE Trust beneficiaries**



**Eternity Technologies**

**Linda Tshabalala**

It really goes long way to assist each one of us. We really appreciate the step taken by the mother body Hudaco. It's a very helpful initiative to compliment our pay. Many thanks.

**Belting Supply Services**

**Shan Appalsamy**

There is a lot I have to do and it will help me to settle most of my bills.

**Brewtech**

**Evelyn Dube**

It will help me pay a lot of my bills and I know that I won't have to borrow money from anyone. I was also behind with my rent so I will pay and be able to catch up with my arrears.

**Elvey**

**Noma Maaseko**

It is an excellent initiative; it helps me a lot to relieve the financial burdens.

**Ernest Lowe**

**Dashnee Seecharan**

The payout that I received, definitely comes at best time of the year. As January always seems to be the longest and hardest month financially.

**Abes Technoseal**

**Virginia Mazibuko**

The money helped me to settle my debts and be able to pay school fees. I really appreciate it, and if it happens that I do not get it in the future, I will lose weight as I depend on it for school fees.

**Hudaco head office**

**Lesibana Nkulube**

It made a huge difference in my income as I was able to afford additional needs in that particular month.

**HERS**

**Simangele Masinga**

It was a good financial boost because I had an outstanding module with UNISA so I paid it towards my fees. They must continue doing a good job. We really appreciate this from Hudaco.

**Powermite**

**Wiseman Mdhletshe**

It helped me a lot to pay school fees. I also managed to fix a leak on my house roof.

**Three-D Agencies**

**Elias Dladla**

I depend on BEE trust funds to visit and spoil my family at KZN (900 km away), close to the border gates of Maputo; with my salary only, I cannot afford to do so. I appreciate it a lot. May God bless Hudaco.



# REMUNERATION REPORT



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The terms of reference of the remuneration committee align its activities with the principles contained in King IV. The structure of Hudaco's remuneration report and the level of detail provided regarding the remuneration of executive directors are also in compliance with King IV.

In contemplating remuneration and incentives, the remuneration committee considers different categories of personnel and the following terminology has been used throughout this remuneration report to describe these categories:

- The executive directors, of whom there were three for most of the year;
- The executive committee members, of whom there were nine for four months and eight for the rest of the year, including the executive directors;
- The senior leadership cohort, which includes the executive committee members and comprises the top about 15 executives, who generally have responsibility for the largest businesses or multiple businesses;
  - Business level executives, comprising the approximately 75 divisional directors of Hudaco's individual businesses, excluding the senior leadership cohort;
  - Senior managers, comprising approximately 230 people across the group, being the business level executives and the next level of management;
- The general body of staff, comprising all personnel except the senior leadership cohort and the business level executives.

## Section 1: Background statement



For the general body of staff, the group's remuneration policies aim to attract and retain high-calibre people and reward them fairly for their skills and performance and to provide a happy and challenging work environment. All Hudaco's employees have the opportunity to receive short-term bonus awards.

At the senior leadership cohort and business executive levels, the remuneration policy is designed to more sharply:

- reflect group and relevant business unit performance; and
- incentivise these employees to act in the best long-term interests of shareholders via performance measures that stress earnings growth, cash generation and the returns earned by the businesses for which they are responsible. These measures are described in more detail further on in this report and include malus and clawback provisions.

The compensation of most of the group's unionised employees (505 people) is determined collectively or based on sector norms. Hudaco endeavours to maintain positive day-to-day working relationships with unionised employees and to balance their right to industrial action with the right of the group to conduct its activities.

### Internal and external factors that influence remuneration

In discharging its duties the committee considers various factors, including general economic and business conditions, past and expected performance of the group and the business unit concerned, the inflation outlook, the employment market conditions and trends and, importantly, the pay gap that exists in the group and the business sector generally.

Where considered necessary, the committee seeks the advice of experts regarding these factors, particularly concerning conditions of employment, fair pay and trends.

For many years now, the group's response to the pay gap issue has been to grant higher average salary increases to lower-paid employees than to their more senior colleagues who participate in the executive pay schemes. The remuneration committee monitors progress in managing the pay gap in the group.

During 2024, the committee obtained assurance on outliers on both sides of the salary increase scale with a view to ensuring that no prejudice or favouritism took place in the process. The committee also received confirmation that there are no instances of non-compliance with minimum wage requirements.

### Most recent results of voting

At the annual general meeting held on 27 March 2024, Hudaco presented both the remuneration policy and the implementation report as two separate non-binding votes to shareholders for approval. The group's remuneration policy received the support of 78.52% of shareholders who voted and the implementation report received 78.71% approval.

### Key areas of focus and key decisions

During the year the committee focused on:

- providing general salary increase guidelines;
- conducting performance appraisals for the executive directors and the other executive committee members;
- reviewing the guaranteed remuneration packages of the senior leadership cohort;
- considering the overall performance of the group, including intrinsic shareholder value added in context of the prevailing market conditions, in order to confirm the reasonableness of the short-term bonuses for the senior leadership cohort;
- approval of incentive bonus payments to the senior leadership cohort for the previous year's performance, including any amounts subject to clawback on under-performance;
- approval of the short-term and long-term performance criteria for the year ahead for the senior leadership cohort;
- confirmation of share matching opportunities in terms of the share matching scheme;
- allocation of share appreciation rights;
- considering the malus and clawback policy;
- reviewing the retirement funding options available to employees and the management thereof;

### Remuneration in context of the group and the workforce

Over many years, the group has refined its remuneration policy and practices in support of its aim to be a thriving, growing organisation which is highly dependent for its success on the quality and motivation of its people, and it continues to do so when appropriate. The group believes that its remuneration practices are in line with the King IV remuneration governance principles, and that these principles underpin the achievement of its business objectives, its ethical culture and the fair reward of its employees.

Employee compensation is the single largest component of the group's operating expenses. During the 2024 financial year, employees received approximately 57% of the total wealth created by the group. (See the value-added statement on page 27 of this integrated report.) The table below provides further context to the significance to Hudaco of employee remuneration:

	2024	2023
Total number of employees	3 742	3 864
Total compensation to employees (Rm)	1 520	1 481
Total compensation as a % of revenue	18	17

Section 1: Background statement *continued*

- reviewing service agreements of the senior leadership cohort with special reference to restraint of trade clauses, severance packages (if any) and notice periods;
- proposing non-executive directors' fees;
- reviewing the accuracy of the inputs to the intrinsic shareholder value model since shareholder value added forms part of the short-term incentive for executive directors;
- monitoring and considering the provisions of the Companies Amendment Act insofar as they pertain to remuneration and the disclosure thereof; and
- reviewing the remuneration report for publication in the 2024 integrated report in the context of the King IV principles on remuneration, the JSE Listings Requirements and the Companies Act.

In making decisions, the general principles followed by the committee include:

- the use of discretion by the committee to override policy or performance measure outcomes should be avoided, unless in exceptional circumstances or for compelling reasons and appropriately disclosed;
- there should be no change to pre-set performance measures once the outcome is already evident;
- that remuneration generally should support the sustainability of the business, be fair and reasonable, externally competitive and internally equitable and that variable remuneration should be contingent on, and correlate with, performance and value creation that, by and large, is within the control of executives.

The above principles were largely gleaned from the Guide to the Application of the King IV Principle 14: Governance of Remuneration, issued by the South African Reward Association and the Institute of Directors Southern Africa.

Other factors which inform the general thinking of the committee, particularly as regards the senior leadership cohort, are:

- The attraction, retention and motivation of the leadership team – The board and the committee are very much of the view that Hudaco has a highly competent and effective leadership team and that this was once again clearly demonstrated in the results produced in the 2024 financial year despite a very difficult economic environment and persistent logistical challenges.

- The entrepreneurial culture of the group – The board and the committee are also of the view that the entrepreneurial spirit that has long infused the culture of the group and been key to its success and an important element in its decentralised business model, should be nurtured and encouraged. In this regard, the board and the committee are conscious of the characteristics of the entrepreneurial type of person that the group seeks to attract, retain and motivate: namely that they are highly effective people who “make things happen”; they are mobile – many of them have built and run businesses themselves; are confident in their own abilities; are much sought after as managers; and tend to be highly responsive to financial incentives and having “skin in the game”.

### General salary increases

In June 2024 the committee approved, except where benchmarking, performance or promotion indicated a different increase was appropriate, average annual salary increases of 5.5% for those employees who earned above a threshold of R1.35 million per annum, 6.5% for those who earned below R240 000 per annum, and 6% for those whose earnings were between those two thresholds. This differentiation was aimed at assisting the lowest paid employees with the most pressing needs and is a further step in addressing the remuneration gap. The Consumer Price Index (CPI) was an important reference point in determining these increases. The average 6% increase approved by the committee was higher than the CPI increase.

### Short-term incentives

The short-term bonuses for the senior executives are largely formula driven on criteria set at the beginning of the financial year and include earnings growth, return on capital and shareholder value added.

The group performed well in 2024 in the context of the prevailing economic conditions, which were heavily impacted by the build-up to the general election and thereafter by the pending formation of a new government and the consequent uncertainty regarding the future direction of the country. Notwithstanding these difficult circumstances, the group produced operating profit of over R1 billion, in line with the previous two years; reduced borrowings by R434 million; returned R291 million to shareholders in the form of dividends; improved gross profit margins; limited operating expense growth to well below inflation; and successfully bedded down

the Brigit and Plasti-Weld acquisitions. In addition, shareholders benefited from a substantial year on year share price improvement of over 20%, which increased the market value of the company by over R1 billion.

In these circumstances, and in keeping with our policy that the shareholders' returns and management incentives are aligned, the committee felt justified in awarding bonuses totalling R29 million to the senior leadership cohort. The 2024 bonus pool included awards to certain of these executives totalling R9 million, which the committee felt were warranted in recognition that, notwithstanding the very challenging election year market conditions, the executives performed excellently in improving margins, generating cash, managing working capital and delivering total shareholder returns in excess of R1 billion. The committee made these awards as it felt that motivating and retaining these top executives was vital to the interests of the company. The total bonus pool for the senior leadership cohort in 2022 was R41 million, and in 2023 it reduced by 17% to R34 million. This year the pool is a further 15% down to take account of the 2024 decline of 6% in comparable earnings per share, which had been up by 10% in 2023. Dividends per share were maintained in 2024 and had been up by 11% in 2023.

Although the executive directors did not benefit from the intrinsic shareholder value award in 2024 because the target was not achieved, the committee noted that, over the past 4 years, intrinsic shareholder value of R108 per share had been added, against targets of R80 per share set for the executives over the same period.

The model used to determine the intrinsic shareholder value creation incentive, which is regularly monitored by the board, is described in the fifth paragraph of the section headed “short-term performance-based remuneration” on page 66.

### Long-term incentives

#### Performance-based share appreciation bonus scheme

The concept behind this scheme is that the participants should benefit to the extent that the share price appreciates over the vesting period. Approximately 240 people, comprising the senior leadership cohort and the senior managers, participate in the scheme, with performance criteria applying to the senior leadership cohort. The performance criteria applicable to the senior leadership cohort are measured on return on equity and increase in comparable earnings per share over three, four and five years, and must be met before these participants can benefit from any share price appreciation.

Section 1: Background statement *continued***Retention-based share matching scheme**

The committee views this scheme as an important component of remuneration in the context of Hudaco. It involves the most senior executives (the senior leadership cohort) being encouraged to invest their own money in Hudaco shares on the basis that, after three years, the number of shares purchased, and held unencumbered, by the participant over the period is matched in the matching ratio with shares acquired in the market (so as not to dilute existing shareholders). Although it was originally put in place primarily as a retention incentive, the committee views the scheme as more than just a retention incentive. It encourages the leaders of the group to have “skin in the game” via a direct financial commitment of their own money, which aligns their interests directly with those of other shareholders. In terms of the scheme rules, the matching ratio is at the discretion of the committee. The committee is cognisant of the fact that the loss of business heads through emigration and for other opportunities remains a constant threat. This is a trend which the group can ill afford at this juncture, especially amongst the senior leadership cohort, which has proved itself yet again to be effective in steering the group through challenging times. Taking all of this into account, the committee felt it appropriate to keep the matching ratio unchanged for the 2025 financial year at 1:1 on an after-tax basis, which equates to approximately 1.8:1 pre-tax.

**Remuneration of executive directors and senior leadership**

The implementation section of this remuneration report sets out in the required detail the remuneration of the executive directors, including the chief executive and the chief financial officer. The committee undertakes a benchmarking exercise by external consultants every second year. In 2023, Khokhela Remuneration

Advisors were engaged to benchmark the average salary increase for the senior leadership cohort and found that, after their increases that year, their packages were appropriately positioned. In 2024, inflationary increases of 5.5% were granted and benchmarking will again be undertaken in 2025.

**Future areas of focus**

The remuneration committee is committed to continued improvement and forward-looking principles. Specifically:

To date, non-binding resolutions have been put to shareholders on the remuneration policy and the implementation report, with Hudaco offering to engage with the shareholders as necessary in the event of any significant dissenting votes on either resolution. In terms of new amendments to the Companies Act, binding ordinary resolutions must be put to shareholders for: the remuneration policy at least every three years (Section 30A); and a remuneration report annually (Section 30B). The change will be implemented once the relevant sections of the Companies Amendment Act come into effect, on a date yet to be proclaimed.

The Companies Amendment Act has also introduced additional disclosure requirements pertaining to the remuneration gap, pending proclamation of an effective date. Hudaco is managed on a decentralised business model so payroll related systems are currently being aligned across the group to facilitate and enhance collation of the relevant data for the new requirements.

The principle of fair and responsible remuneration, and the remuneration gap in particular, will be considered again during 2025, as is done each year.

**Remuneration consultants**

In order to ensure remuneration is fair and market-related, all elements of remuneration are subject to regular benchmarking exercises. Every two years the committee engages remuneration consultants to advise on general salary increases and to benchmark remuneration of the senior leadership cohort against an appropriate peer group and to provide input on recent trends. This was done in June 2023 by Khokhela Remuneration Advisors, whom the committee satisfied itself were independent and objective. The exercise will next be done in 2025.

**Achievement of stated objectives**

Hudaco is strongly of the view that pay, working conditions and, at senior executive level, well considered performance measures linked to variable pay, are strong drivers of behaviour and performance.

The committee remains confident that Hudaco's remuneration policy is well aligned to its strategy and the interests of its stakeholders and has contributed to Hudaco's growth and resilience in a challenging economic climate over an extended period of time. We are satisfied that the remuneration objectives for the 2024 financial year were achieved and that the responsibilities delegated to the committee via its terms of reference were satisfactorily discharged.


**MR Thompson***Chairman of the remuneration committee*

25 February 2025

## Section 2: The remuneration policy



Hudaco has an integrated approach to remuneration strategy, in which remuneration components are aligned to strategic direction and financial returns. The group's remuneration philosophy is to ensure that employees are rewarded appropriately for their contribution to the execution of the strategy of Hudaco and its performance.

The remuneration policy is designed to attract, engage, retain and motivate the right diverse talent required to deliver sustainable growth and good returns. The policy recognises and rewards individual responsibility, performance and behaviour in the achievement of Hudaco's goals. The policy is applicable to all group employees but participation in short and long-term incentive schemes is dependent on an individual's role and level within the group.

The remuneration policy and the implementation thereof are focused on achieving a fair and sustainable balance between fixed guaranteed remuneration, short-term incentives and long-term incentives, having regard for the person's responsibilities.

Some of the principles adopted by Hudaco to drive fair and responsible remuneration include:

- equal pay for work of equal value, specifically addressing any income disparities based on gender or race;
- all employees of Hudaco having the opportunity to receive short-term bonus awards;

- annual increases on base salary being granted based on market conditions as well as individual and applicable business unit performance;
- up-skilling of low-paid employees;
- consideration being given to minimum wage legislative requirements; and
- all permanent employees having the opportunity to participate in benefits such as retirement funding, risk benefits and medical aid.

Hudaco is mindful of the remuneration gap within the group, and has for many years therefore ensured that the percentage increases in base salary awarded to lower-paid employees have been generally greater than those awarded to the executive and senior management tiers.

### Determination of performance incentives

Hudaco has various formal and informal frameworks for performance management that are directly linked to increases of

fixed guaranteed remuneration and annual short-term incentive bonuses. Performance management and assessment sessions take place regularly throughout the group, where business performance, personal achievement of key performance indicators and delivery on key strategic imperatives are discussed.

### Overview of remuneration

Hudaco's employees are critical to the achievement of the group's strategic objectives. Many of the business-critical skills that the group requires are in short supply and Hudaco recognises the importance of attracting, developing, retaining and motivating the best people to deliver on the group's business goals.

Employee remuneration, particularly fixed guaranteed remuneration, is a significant component of the group's total operating cost. Remuneration is structured to be competitive and relevant in the sectors in which the group operates. Variable remuneration, which pertains more strongly to more senior tiers, has the advantage of serving as an automatic cost reduction mechanism when returns are under pressure.

### The remuneration policy is structured around the following key principles

Total rewards	Incentive-based rewards	Incentive plans, performance measures and targets	The design and implementation of long-term incentive schemes
Set at levels that are responsible and competitive within the relevant market.	Capped and earned through the achievement of demanding growth and return targets consistent with shareholder interests over the short, medium and long term. They include an element of potential clawback.	Structured to operate soundly throughout the business cycle.	Prudent and do not expose shareholders to dilution or unreasonable financial risk. While they are defined as equity-settled, it is policy not to issue new shares but to rather acquire shares in the market. Malus provisions apply, whereby awards may be forfeited under certain circumstances.

### General employees' remuneration

The total remuneration mix for the general body of staff consists of guaranteed pay and benefits (fixed guaranteed remuneration) as well as a short-term bonus award.

Fixed guaranteed remuneration is monitored and benchmarked on a regular basis. Remuneration levels are set considering industries, sectors and geographies from which skills are acquired or to which skills are likely to be lost, the general market and the market in which each business operates. They are designed to

meet each business' industry and operational needs as well as strategic objectives. The structure for unionised employees is driven by collective bargaining and sectoral determinations. General adjustments to guaranteed pay are effective from 1 July each year. In unionised environments, collective bargaining arrangements may come into operation at other agreed times. Annual increase parameters are set using guidance from group budgeting processes, market movements, individual performance, the performance of the business and any other relevant factors. Increases above inflation depend on the factors set out above.

## Section 2: The remuneration policy *continued*

Hudaco pays short-term bonuses aligned to best practice and in some instances this may include a guaranteed bonus equal to one month's salary. However, in most cases bonuses depend on the performance of the individual and of the business in which they are employed.

Employees at the business executive and senior manager levels (approximately 240 people) also qualify for participation in the group's share appreciation scheme.

Other benefits include pension and provident fund membership, medical aid membership and medical expense gap cover, death and disability insurance, funeral cover and in some cases travel allowances or the use of company-owned vehicles. Hudaco considers the provision of these benefits to be socially responsible employment practice.

### Remuneration of the senior leadership cohort and business level executives

Members of the senior leadership cohort (the most senior, approximately 15 executives) are responsible for leading others and taking significant decisions about the short and long-term operation of the business, its assets, funders and employees. They require specific skills and experience and are held to a higher level of accountability. Hudaco's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the group's strategy to optimise long-term shareholder value. It also seeks to align the entrepreneurial ethos and long-term interests of the senior management with those of the shareholders, while not diluting the equity stake of existing shareholders. The senior management remuneration policy places a significant portion of total remuneration "at risk" whilst not encouraging behaviour contrary to the company's approach to risk management and ethical conduct. The group's general philosophy for executive remuneration is that the performance-based pay of the senior leadership cohort and business level executives should form a significant portion of their expected total compensation. There should also be an appropriate balance between rewarding operational performance (through annual incentive bonuses) and rewarding long-term sustainable performance (through share-based incentives).

The total remuneration mix consists of guaranteed pay and benefits (fixed guaranteed remuneration) and short and long-term incentives. The ratios within the remuneration mix differ depending on seniority levels and responsibilities.

The group's remuneration structure for the senior leadership cohort and business level executives has three elements:

- fixed guaranteed remuneration on a cost-to-company basis;
- short-term performance-related remuneration, based on annual results and the achievement of non-financial objectives; and
- long-term (three to five years) remuneration linked to share price appreciation and therefore long-term value-adding performance.

To ensure remuneration is market-related, all elements of remuneration are subject to regular benchmarking exercises.

The board believes that the group's remuneration policy aligns senior management's interests with those of the stakeholders by promoting and measuring performance that drives long-term sustained shareholder wealth.

### Fixed guaranteed remuneration

The remuneration policy starting point is for fixed guaranteed remuneration to be close to the median of comparable positions as a general guideline. The remuneration committee then exercises discretion to place individuals above or below the median.

Generally, similar types of benefits are offered to all permanent employees, but defensible differentiation is applied having regard for the size and complexity of the position, the need to attract and retain certain skills and individual performance.

Past and expected future performance of each individual, as well as inflation and benchmarking against salary trends, are used as a basis for remuneration reviews. Other benefits funded from the total cost-to-company fixed remuneration package include a provident fund with group life and disability insurance, funeral cover, medical aid membership, medical expense gap cover and travel allowances or, in some cases, the use of a company-owned vehicle. Providing these benefits is considered market competitive.

### Short-term performance-based remuneration

The senior leadership cohort and business level executives are eligible to receive performance-related annual bonuses. The bonus is non-contractual and not pensionable. The remuneration committee reviews the individual bonuses of the senior leadership cohort annually and determines the level of each bonus primarily based on performance criteria set at the beginning of the performance period.

Where there are exceptional circumstances or compelling reasons, other factors may be taken into account. All the bonuses in the group are subject to approval at least one level above the person's direct manager.

Short-term performance-related remuneration for executive directors is based primarily on a pre-determined return on equity range, which is capped, the achievement of comparable earnings per share growth and intrinsic shareholder value-added. For 2025, no ROE bonus will be paid if ROE is below 14% and the primary target is 17%. As a stretch target, a cap will be reached at ROE of 23%. Any impairments of goodwill are excluded when calculating ROE for this purpose because IFRS does not allow the recognition of increases in goodwill or re-instatement of impaired goodwill. While the payment for comparable earnings per share growth is not capped, it is subject to partial clawback and increases more steeply once this growth exceeds 15%. Intrinsic value of R20 per share must be added to achieve the maximum capped bonus for that component. For Ernie Smith, one-third of the short-term incentive is aligned with the incentives of the other executive directors and two-thirds is on the same metrics as for other members of the senior leadership cohort.

A portion of the executive directors' possible performance-related earnings is subject to the achievement of non-financial objectives, determined from time to time but at longest annually, up to a maximum of 25% of fixed guaranteed remuneration.

For the other members of the senior leadership cohort, performance-based remuneration is linked to a combination of the achievement of appropriate returns on net tangible operating assets (capped) and annual growth in operating profit (uncapped) in the businesses under their direction. A portion of potential performance-related earnings for the senior leadership cohort, other than executive directors, is subject to the achievement of non-financial objectives, determined from time to time but at longest annually, up to a maximum of 14% of fixed guaranteed remuneration.

An incentive directly linked to increasing the intrinsic value of Hudaco shares, and limited to 15% of their fixed guaranteed remuneration, is offered to the executive directors. The concept behind the incentive is that, using a standard point-in-time valuation methodology, as used by professional investment advisers, the value of the shares as at the beginning of the year is determined and, using the same methodology and capitalisation multiple, the value of the shares, including cash returned to shareholders during the year, is determined as at the end of the year.

## Section 2: The remuneration policy *continued*

The executive directors will be entitled to receive the full 15% of their guaranteed remuneration if the intrinsic value of the shares so calculated increases by the target per share or more, with a pro-rata entitlement to bonus for lesser (but positive) increases after accounting for the cost of the incentive. For the 2024 financial year the target intrinsic value increase per share was again set at R20, which represents an attractive return for shareholders. A clawback policy would apply if the value were to decline in the following year. The committee had the discretion to make any adjustments to the 2024 valuation that it deemed necessary to ensure a fair comparison, but none was warranted.

As a retention and “skin in the game” strategic alignment strategy, the senior leadership cohort are encouraged to invest a portion of their maximum potential bonuses in Hudaco shares. Refer to the section headed “Retention-based share matching rights”.

### Long-term remuneration

Long-term performance-related remuneration is linked to the appreciation of the Hudaco share price. There are two long-term schemes currently in place: share appreciation bonus rights as a long-term performance incentive and a share matching scheme for retention and executive “skin in the game”. These schemes are described in more detail below.

If a participant’s employment terminates due to resignation or dismissal before the vesting date, all unvested share appreciation rights and share matching rights are forfeited.

### Performance-based share appreciation rights

Share appreciation rights are awarded to the senior leadership cohort and senior managers (approximately 240 people).

Share appreciation bonus rights are awarded every year. Participants in the scheme are paid a bonus, settled in Hudaco shares (which Hudaco acquires on the open market for that purpose) and equal to the appreciation in the market value (calculated on a 10-day VWAP) of a pre-determined number of Hudaco shares following each of the third, fourth and fifth years after the award. Participants may elect to defer the right to the bonus for up to four years after vesting. The number of rights awarded to the executive committee members is based on the participant’s level of seniority and fixed guaranteed remuneration.

The performance requirement for grants to vest, which applies only to the senior leadership cohort (approximately 15 people), is set by the remuneration committee and comprises two elements:

- Portion is dependent on the achievement of a pre-determined average return on equity from the date of award to the vesting date (between 14% and 16% for the 2024 award); and
- Portion is dependent on the achievement of a cumulative increase in comparable earnings per share of CPI between the date of the award and the vesting date, with the exception that for the first two years of the 2023 and 2024 grants the requirement is to at least match the earnings per share of 2022 and 2023, respectively. For grants that were awarded in better economic conditions the requirement is higher at CPI plus 3% or CPI plus 5%.

The remuneration committee determines an appropriate performance level and split between the two elements for each award based on conditions prevailing at the time it was made and the requirement is not changed thereafter.

In several instances, the senior leadership cohort have not derived any financial benefits from share appreciation awards as a result of performance factors not being met or the market price being below award price, or both.

Because performance requirements of this share appreciation rights scheme do not apply to senior managers, this scheme serves also as a retention scheme for that level of participant.

### Retention-based share matching rights

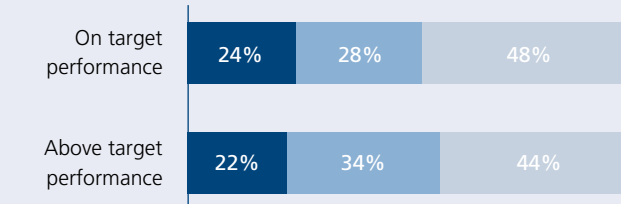
To serve as a retention strategy, to better align their interests with those of shareholders and to ensure that these executives have capital at risk in Hudaco, a share matching arrangement exists for the senior leadership cohort (the 15 most senior people in the group). Participants are encouraged to invest in Hudaco shares up to a maximum of 50% of their maximum potential pre-tax short-term incentive-based remuneration. These shares are to be acquired by the participants on the open market. Provided the participant holds these shares and remains in the employ of Hudaco for the matching period (normally three years), the company will match the number of shares at the matching ratio by acquiring shares on the open market for the benefit of the participant, at the end of the matching

period. The remuneration committee determines the matching ratio at the time the invitation to invest is extended to the executives. The committee wishes to encourage the senior leadership cohort to invest more of their own personal wealth in the company, thereby increasing their “skin in the game”, further aligning their interests with those of the shareholders and binding them more tightly to the company. In the circumstances, for 2025 the committee decided to again invite the senior leadership cohort to invest up to 50% of their maximum potential bonus in the scheme at a post-tax matching ratio of 1:1, which approximates 1.8:1 before tax. The rationale for this long-term incentive is further explained in the background statement, specifically on page 64.

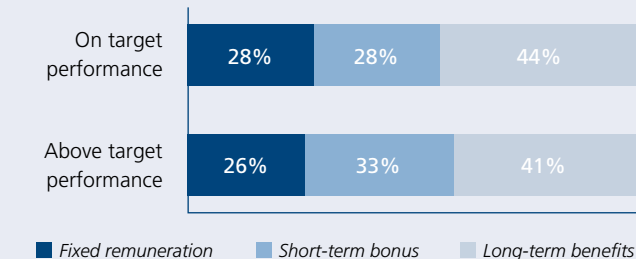
### Comprehensive remuneration of the chief executive and group financial director

The breakdown of the potential comprehensive remuneration of the chief executive and group financial director can be depicted graphically as follows:

#### Chief executive



#### Group financial director



## Section 2: The remuneration policy *continued*

### Service contracts of executives

The senior leadership cohort are appointed for an unspecified open-ended period subject to Hudaco's standard terms and conditions of employment, which provide for retirement at age 65. For all these executives, the notice period is at least three months. No contractual payments are due to any of them on termination of employment. If there is a change of control of the company, share appreciation and share matching rights vest, but there are no other contractual payments due.

Graham Dunford and Barry Fieldgate have restraint of trade agreements that apply for three years after termination of employment. These were put in place at the time Hudaco acquired the businesses they had owned. No other executive has a restraint of trade agreement.

### Non-executive directors' remuneration

Non-executive directors are appointed to the Hudaco Industries Limited board based on their specific skills and their ability to contribute competence, insight and experience appropriate to assisting the group to achieve its objectives. Non-executive

directors are remunerated for their membership of the board of Hudaco and board committees. They understand their duties and responsibilities and what is expected from them as non-executive directors.

The non-executive directors are paid a base fee and are required to forfeit a specific penalty for non-attendance of a meeting.

Non-executive directors do not participate in any of Hudaco's long or short-term incentive arrangements.

The board recommends the fees payable to the chairman and non-executive directors for approval by the shareholders. Proposals for fees are prepared by management, for consideration by the remuneration committee and the board. Consideration has been given to the significant responsibility placed on non-executive directors due to the burdensome legal and regulatory requirements and the commensurate risks assumed. Benchmarking information of companies of similar size and complexity are factors considered when reviewing the annual fees. An independent benchmarking exercise conducted in January 2024 by Khokhela Remuneration Advisors revealed that the fees for certain roles ought to be

realigned. Some were found to be lower and some higher than those of the comparator group. At the March 2024 AGM, shareholders approved revisions to better align remuneration for the individual roles and the overall average increase was 6%. The proposed increase being put to shareholders at the March 2025 AGM is 5.5%, which aligns with the increases awarded to executive directors.

### Non-binding advisory vote

As the effective date of the relevant sections of the Companies Amendment Act has not yet been proclaimed, Hudaco will table its remuneration policy and implementation report for two separate non-binding advisory votes at the upcoming annual general meeting, as before. If 25% or more of the shareholders vote against either resolution at the annual general meeting, the board will invite the identifiable dissenting shareholders to engage with the remuneration committee on their concerns.



## Section 3: Implementation of the remuneration policy



The group had no prescribed officers for the financial year. Prescribed officers are persons, not being directors, who either alone or with others exercise executive control and management over the whole or a significant portion of the business of the company.

Louis Meiring's resignation as an executive director was effective 27 March 2024 and his employment terminated on that date. Other than for salary and accumulated leave, no payments were made in this regard. No *ex gratia* payment was made to any director or other executive.

There was no deviation from the remuneration policy and the committee is satisfied that the remuneration policy achieved its objectives in the 2024 financial year.

### Fair and responsible remuneration

Hudaco continues to work on ensuring that there is fair and responsible remuneration within the group. The principle of equal pay for work of equal value and the elimination of any gender-based pay gap is a priority. The fixed guaranteed remuneration of the senior leadership cohort was benchmarked by Khokhela Remuneration Advisors in June 2023 against companies with similar size, complexity and geographical spread. Considering inflation rates, in general it was increased by 5.5% in July 2024. Increases for those members of the general body of staff whose remuneration exceeded R1.35 million were authorised at an average of 5.5% and increases for those whose remuneration was below R1.35 million, but not below R240 000 per annum, at an average of 6%. Those earning below R240 000 per annum were authorised at 6.5%, to assist the lowest paid employees with pressing needs. A similar differentiation has been applied for several years.

After adjusting for amounts carried over from 2023, potentially subject to clawback, the bonuses in 2024 of the senior leadership cohort as a percentage of fixed remuneration, were lower by 22% than in 2023 and 40% than in 2022, whereas for the general body of staff the percentage was unchanged. This is consistent with the policy of having more remuneration at risk for senior management.

In 2024, 705 146 (2023: 759 760) share appreciation rights were awarded to a total of 236 people. For the share appreciation rights awarded to the senior leadership cohort to vest, performance conditions must be met. Rights awarded to the other 225 participants do not have performance conditions.

The highest paid employee is the chief executive, whose remuneration is detailed below, and group policy is that the lowest paid employees earn appropriately in excess of the minimum wage. We will continue to work on addressing the pay gap and taking reasonable steps to mitigate it.

Section 3: Implementation of the remuneration policy *continued*

## Executive directors' remuneration for the year ended 30 November 2024

Graham Dunford – Group chief executive

R000	Fixed remuneration	Retirement fund contributions	Other benefits	Short-term incentive bonus	Total before share-based payments	Value of long-term incentives awarded during the year	Total remuneration
2024	6 641	1 009	213	9 250	17 113	14 980	32 093
2023	6 293	923	228	10 800	18 244	14 904	33 148

## Fixed guaranteed remuneration and benefits

Graham's total fixed cost-to-company remuneration increased by 5.5% on 1 July 2024 from R7 600 000 to R8 020 000. His position had been externally benchmarked by Khokhela Remuneration Advisors in June 2023 against companies with a similar size, complexity and geographical spread.

## Annual short-term incentive bonus

The following short-term incentive performance criteria and weightings, as determined by the remuneration committee, were used to calculate Graham's annual bonus of R9 250 000 (2023: R10 800 000).

2024 measure		Measure achieved 2024	Maximum bonus % available	Bonus % achieved
Measurement	Target			
Return on equity	Minimum – 14% Primary – 17% Stretch – 23%	17.4%	54%	44.67%
Increase in ceps	Primary – 10% Stretched	(6.3)%	63% uncapped but subject to clawback	0.00%
Increase in intrinsic value	R20 per share	R0	15%	0.00%
Personal non-financial objectives			25%	23.00%
Recognition of excellent performance in improving margins, cash generation, working capital management and total shareholder return in very challenging election year market conditions				47.67%
Total percentage of guaranteed fixed remuneration payable				115.34%

Section 3: Implementation of the remuneration policy *continued***Performance-based share appreciation bonus scheme**

In line with long-term incentive benchmarks for executive directors, on 29 July 2024 Graham was awarded 112 650 share appreciation bonus rights to be measured off a 10-day VWAP base of R178.13 per share. Subject to the performance criteria, one-third of the allocation will vest three years from the allocation date with another third vesting at the end of year four and the balance at the end of year five.

On 7 August 2024 Graham exercised 3 322 rights awarded in 2016 at a base price of R102.93, 4 620 rights awarded in 2017 at a base price of R125.10, 44 375 rights awarded in 2019 at a base price of R117.27, 78 333 rights awarded in 2020 at a base price of R68.37 and 40 635 rights awarded in 2021 at a base price of R124.91. These rights were exercised at a 10-day VWAP of R180.31, resulting in a gain, settled by the delivery of 79 468 Hudaco shares acquired by the company on the open market at R14 459 313.

He forfeited 29 512 rights because the performance factors were not met in full.

Graham has the following rights in terms of the share appreciation bonus scheme:

	Out-standing rights beginning of year	Strike price R	Granted during the year	Taken up during the year	Forfeited during the year	Out-standing rights end of year	Date granted	Number of tranches	Date benefit to be determined	Prospects of meeting performance requirements	Estimated value at end of year R000
<b>2024</b>	<b>673 544</b>		<b>112 650</b>	<b>171 285</b>	<b>29 512</b>	<b>585 397</b>					
	15 120	125.24			15 120		10-Jul-15	3	Jul 18 – Jul 24	Partial	Nil
	10 196	102.93		3 322	3 437	3 437	20-Jul-16	3	Jul 19 – Jul 25	Partial	166
	32 865	125.10		4 620	10 955	17 290	24-Jul-17	3	Jul 20 – Jul 26	Partial	982
	34 068	149.51				34 068	23-Jul-18	3	Jul 21 – Jul 27	Partial	1 157
	47 528	117.27		44 375		3 153	26-Jul-19	3	Jul 22 – Jul 28	Good	256
	156 667	68.37		78 333		78 334	27-Jul-20	3	Jul 23 – Jul 29	Very good	10 350
	135 000	124.91		40 635		94 365	09-Jul-21	3	Jul 24 – Jul 30	Very good	7 101
	122 100	146.50				122 100	29-Jul-22	3	Jul 25 – Jul 31	Very good	6 593
	120 000	158.63				120 000	17-Jul-23	3	Jul 26 – Jul 32	Very good	5 024
		178.13	112 650			112 650	29-Jul-24	3	Jul 27 – Jul 33	Too soon	Nil
<b>2023</b>	<b>1 081 560</b>		<b>120 000</b>	<b>466 868</b>	<b>61 148</b>	<b>673 544</b>					
	69 500	92.04		23 352	46 148		25-Jul-14	3	Jul 17 – Jul 23	Partial	Nil
	60 000	125.24		29 880	15 000	15 120	10-Jul-15	3	Jul 18 – Jul 24	Partial	285
	115 860	102.93		105 664		10 196	20-Jul-16	3	Jul 19 – Jul 25	Partial	553
	105 000	125.10		72 135		32 865	24-Jul-17	3	Jul 20 – Jul 26	Partial	860
	102 000	149.51		67 932		34 068	23-Jul-18	3	Jul 21 – Jul 27	Partial	311
	137 100	117.27		89 572		47 528	26-Jul-19	3	Jul 22 – Jul 28	Good	2 181
	235 000	68.37		78 333		156 667	27-Jul-20	3	Jul 23 – Jul 29	Very good	14 851
	135 000	124.91				135 000	09-Jul-21	3	Jul 24 – Jul 30	Very good	5 169
	122 100	146.50				122 100	29-Jul-22	3	Jul 25 – Jul 31	Very good	2 039
		158.63	120 000			120 000	17-Jul-23	3	Jul 26 – Jul 32	Too soon	Nil

Section 3: Implementation of the remuneration policy *continued***Retention-based share matching scheme**

In terms of Hudaco's retention-based share matching scheme, Graham was entitled to make a three-year investment to the value of up to 50% of his 2024 potential maximum short-term incentive bonus in Hudaco shares. Graham elected to make the maximum commitment of 50%, amounting to R5 966 000. To achieve this, on 1 March 2024 when the market price was R161.65 per share, Graham committed to the scheme 36 906 shares, which will be matched at a ratio of 1:1 post-tax, so he received 1.818 rights for each share.

In February 2024 Graham exercised the rights granted to him in 2021, so between 23 February and 25 April 2024 the company purchased for him 185 974 shares, in the open market at a weighted average price of R165.31 per share and a total consideration of R30 744 174. In February 2025, Graham exercised rights granted to him in 2022, so between 18 February and 20 February the company purchased for him a further 62 198 shares in the open market at a weighted average price of R201.91 per share and a total consideration of R12 558 522.

Based on his potential maximum short-term bonus, he was entitled to commit to the scheme further shares up to a maximum value of R6 295 700 by 17 April 2025. These shares will be matched in 2028 at a ratio of 1:1 post-tax, which approximates 1.8:1 before tax, as set out in the background statement, specifically on page 64. On 18 February 2025, Graham committed 31 393 shares for this purpose, being the maximum permitted.

Graham Dunford holds rights to matching shares in terms of the share matching scheme as follows:

Year invested	2024	2023	2022	2021	2020	Total
Year of vesting	2027	2026	2025	2024	2023	
Rights at 30 November 2022			62 198	185 974	48 882	297 054
Granted during year		61 585				61 585
Exercised during year					(48 882)	(48 882)
<b>Rights at 30 November 2023</b>		61 585	62 198	185 974		309 757
Granted during year	67 101					67 101
Exercised during year				(185 974)		(185 974)
<b>Rights at 30 November 2024</b>	<b>67 101</b>	<b>61 585</b>	<b>62 198</b>			<b>190 884</b>

Section 3: Implementation of the remuneration policy *continued*

## Clifford Amoils – Group financial director

R000	Fixed remuneration	Retirement fund contributions	Other benefits	Short-term incentive bonus	Total before share-based payments	Value of long-term incentives awarded during the year	Total remuneration
2024	3 943	604	209	4 600	9 356	3 314	12 670
2023	3 713	570	205	5 640	10 128	5 063	15 191

## Fixed guaranteed remuneration and benefits

Clifford's total fixed cost-to-company remuneration increased by 5.7% on 1 July 2024 from R4 610 000 to R4 875 000. His position had been externally benchmarked by Khokhela Remuneration Advisors in June 2023 against companies with a similar size, complexity and geographical spread.

## Annual short-term incentive bonus

The following short-term incentive performance criteria and weightings, as determined by the remuneration committee, were used to calculate Clifford's annual bonus of R4 600 000 (2023: 5 640 000).

2024 measure	Measure achieved 2024	Maximum bonus % available	Bonus % achieved
Measurement	Target		
Return on equity	Minimum – 14% Primary – 17% Stretch – 23%	17.4%	34.67%
Increase in ceps	Primary – 10% Stretched	(6.3)% uncapped but subject to clawback	0.00%
Increase in intrinsic value	R20 per share	R0	0.00%
Personal non-financial objectives		25%	23.00%
Recognition of excellent performance in improving margins, cash generation, working capital management and total shareholder return in very challenging election year market conditions			36.69%
Total percentage of guaranteed fixed remuneration payable		130% + ceps stretch	94.36%

Section 3: Implementation of the remuneration policy *continued***Performance-based share appreciation bonus scheme**

In July 2024, Clifford was not awarded any share appreciation bonus rights as his contractual retirement date is well within the three-year vesting period.

On 19 July 2024 Clifford exercised 1 576 rights awarded in 2016 at a base price of R102.93, 3 235 rights awarded in 2017 at a base price of R125.10, 28 638 rights awarded in 2018 at a base price of R149.51 and 17 270 rights awarded in 2021 at a base price of R124.91. These rights were exercised at a 10-day VWAP of R177.84, resulting in a gain, settled by the delivery of 11 324 Hudaco shares acquired by the company on the open market at R1 976 038.

On 7 August 2024 Clifford exercised 18 837 rights awarded in 2019 at a base price of R117.27 and 33 200 rights awarded in 2020 at a base price of R68.37. These rights were exercised at a 10-day VWAP of R180.31, resulting in a gain, settled by the delivery of 27 196 Hudaco shares acquired by the company on the open market at R4 948 350.

He forfeited 13 325 rights because the performance factors were not met in full.

Clifford has the following rights in terms of the share appreciation bonus scheme:

	Out-standing rights beginning of year	Strike price R	Granted during the year	Taken up during the year	Forfeited during the year	Out-standing rights end of year	Date granted	Number of tranches	Date benefit to be determined	Prospects of meeting performance requirements	Estimated value at end of year R000
<b>2024</b>	<b>248 670</b>			<b>102 756</b>	<b>13 325</b>	<b>132 589</b>					
	7 661	125.24			7 661		10-Jul-15	3	Jul 18 – Jul 24	Partial	Nil
	4 836	102.93		1 576	1 630	1 630	20-Jul-16	3	Jul 19 – Jul 25	Partial	79
	15 337	125.10		3 235	4 034	8 068	24-Jul-17	3	Jul 20 – Jul 26	Partial	458
	43 000	149.51		28 638		14 362	23-Jul-18	3	Jul 21 – Jul 27	Partial	488
	20 176	117.27		18 837		1 339	26-Jul-19	3	Jul 22 – Jul 28	Good	109
	66 400	68.37		33 200		33 200	27-Jul-20	3	Jul 23 – Jul 29	Very good	4 387
	51 000	124.91		17 270		33 730	09-Jul-21	3	Jul 24 – Jul 30	Very good	2 536
	28 900	146.50				28 900	29-Jul-22	2	Jul 25 – Jul 31	Very good	1 561
	11 360	158.63				11 360	17-Jul-23	1	Jul 26 – Jul 32	Very good	476
<b>2023</b>	<b>439 760</b>		<b>11 360</b>	<b>178 449</b>	<b>24 001</b>	<b>248 670</b>					
	24 700	92.04		8 299	16 401		25-Jul-14	3	Jul 17 – Jul 23	Partial	Nil
	30 400	125.24		15 139	7 600	7 661	10-Jul-15	3	Jul 18 – Jul 24	Partial	144
	54 960	102.93		50 124		4 836	20-Jul-16	3	Jul 19 – Jul 25	Partial	253
	49 000	125.10		33 663		15 337	24-Jul-17	3	Jul 20 – Jul 26	Partial	401
	43 000	149.51				43 000	23-Jul-18	3	Jul 21 – Jul 27	Partial	392
	58 200	117.27		38 024		20 176	26-Jul-19	3	Jul 22 – Jul 28	Good	926
	99 600	68.37		33 200		66 400	27-Jul-20	3	Jul 23 – Jul 29	Very good	6 297
	51 000	124.91				51 000	09-Jul-21	3	Jul 24 – Jul 30	Very good	1 953
	28 900	146.50				28 900	29-Jul-22	2	Jul 25 – Jul 31	Very good	483
		158.63	11 360			11 360	17-Jul-23	1	Jul 26 – Jul 32	Too soon	Nil

Section 3: Implementation of the remuneration policy *continued***Retention-based share matching scheme**

In terms of Hudaco's retention-based share matching scheme, Clifford was entitled to make an investment to the value of up to R2 080 900, based on his 2024 potential maximum short-term incentive bonus, in Hudaco shares. Clifford elected to make the maximum commitment, amounting to R2 080 900. To achieve this, on 1 March 2024 when the market price was R161.65 per share, Clifford committed to the scheme 12 872 shares, which will be matched in 2026 (his contracted retirement) at a ratio of 2:1 post-tax so he received 1.818 rights for each share.

In February 2024 Clifford exercised the rights granted to him in 2021, so between 23 February and 25 April 2024 the company purchased for him 92 523 shares, in the open market at a weighted average price of R165.31 per share and a total consideration of R15 295 381. In February 2025, Clifford exercised rights granted to him in 2022, so between 18 February and 20 February the company purchased for him a further 31 069 shares in the open market at a weighted average price of R201.91 per share and a total consideration of R6 273 204.

Based on his potential maximum short-term bonus, he was entitled to commit to the scheme further shares up to a maximum value of R1 144 270 by 17 April 2025. These shares will be matched in 2026 (his scheduled retirement) at a ratio of 1:1 post-tax, which approximates 1.8:1 before tax, as set out in the background statement, specifically on page 64. On 18 February 2025, Clifford committed 5 705 shares for this purpose, being the maximum permitted.

Clifford Amoils holds rights to matching shares in terms of the share matching scheme as follows:

Year invested	2024	2023	2022	2021	2020	Total
Year of vesting	2026*	2026	2025	2024	2023	
Rights at 30 November 2022			31 069	92 523	24 319	147 911
Granted during year		30 973				30 973
Exercised during year					(24 319)	(24 319)
<b>Rights at 30 November 2023</b>		30 973	31 069	92 523		154 565
Granted during year	23 404					
Exercised during year				(92 523)		
<b>Rights at 30 November 2024</b>	<b>23 404</b>	<b>30 973</b>	<b>31 069</b>			<b>85 446</b>

\* Contractual date of retirement.

Section 3: Implementation of the remuneration policy *continued*

## Ernie Smith – Executive director

R000	Fixed remuneration	Retirement fund contributions	Other benefits	Short-term incentive bonus	Total before share-based payments	Value of long-term incentives awarded during the year	Total remuneration
2024*	3 460	524	172	4 100	8 256	6 069	14 325
2023*	2 523	384	148	4 235	7 290	3 775	11 065

\* Ernie was appointed as an alternate director on 2 February 2023 and a director in his own right with effect from 1 February 2024.

## Fixed guaranteed remuneration and benefits

Ernie's total fixed cost-to-company remuneration increased by 18.4% on 1 July 2024 from R3 800 000 to R4 500 000 in recognition of his appointment as a fully-fledged director and additional responsibilities assumed. His positions had both been externally benchmarked by Khokhela Remuneration Advisors in June 2023 against companies with a similar size, complexity and geographical spread.

## Annual short-term incentive bonus

The following short-term incentive performance criteria and weightings, as determined by the remuneration committee, were used to calculate Ernie's annual bonus which amounted to R4 100 000 (2023: R4 235 000).

2024 measure		Measure achieved 2024	Maximum bonus % available	Bonus % achieved
Measurement	Target			
Return on net tangible operating assets	Minimum – 18% Primary – 21% Stretch – 26%	24.0%	35.0%	26.64%
Operating profit	Primary – Varies by business Stretched	(6.2)%	35.0% uncapped but subject to clawback	0.00%
Return on equity	Minimum – 14% Primary – 17% Stretch – 23%	17.4%	14.67%	11.56%
Increase in ceps	Primary – 10% Stretched	(6.3)%	15.33% uncapped but subject to clawback	0.00%
Increase in intrinsic value	R20 per share	R0	5%	0.00%
Personal non-financial objectives			25%	23.00%
Recognition of excellent performance in improving margins, cash generation, working capital management and total shareholder return in very challenging election year market conditions				29.9%
Total percentage of guaranteed fixed remuneration payable			130% + profit and ceps stretch	91.1%

Section 3: Implementation of the remuneration policy *continued***Performance-based share appreciation bonus scheme**

In line with long-term incentive benchmarks for executive directors, on 29 July 2024 Ernie was awarded 35 400 share appreciation bonus rights to be measured off a 10-day VWAP base of R178.13. Subject to the performance criteria, one-third of the allocation will vest three years from the allocation date with another third vesting at the end of year four and the balance at the end of year five.

On 29 July 2024 Ernie exercised 7 444 rights awarded in 2019 at a base price of R117.27, 29 167 rights awarded in 2020 at a base price of R68.37 and 10 836 rights awarded in 2021 at a base price of R124.91. These rights were exercised at a 10-day VWAP of R178.13, resulting in a gain, settled by the delivery of 23 752 Hudaco shares acquired by the company on the open market at R4 273 460.

Ernie has the following rights in terms of the share appreciation bonus scheme:

	Out-standing rights beginning of year	Strike price R	Granted during the year	Taken up during the year	Forfeited during the year	Out-standing rights end of year	Date granted	Number of tranches	Date benefit to be determined	Prospects of meeting performance requirements	Estimated value at end of year R000
<b>2024</b>	<b>173 983</b>		<b>35 400</b>	<b>47 447</b>		<b>161 936</b>					
	5 678	149.51				5 678	23-Jul-18	3	Jul 21 – Jul 27	Partial	193
	7 972	117.27		7 444		528	26-Jul-19	3	Jul 22 – Jul 28	Good	43
	58 333	68.37		29 167		29 166	27-Jul-20	3	Jul 23 – Jul 29	Very good	3 854
	36 000	124.91		10 836		25 164	09-Jul-21	3	Jul 24 – Jul 30	Very good	1 894
	32 400	146.50				32 400	29-Jul-22	3	Jul 25 – Jul 31	Very good	1 750
	33 600	158.63				33 600	17-Jul-23	3	Jul 26 – Jul 32	Very good	1 407
		178.13	35 400			35 400	29-Jul-24	3	Jul 27 – Jul 33	Too soon	Nil
<b>2023</b>	<b>189 981</b>		<b>33 600</b>	<b>49 598</b>		<b>173 983</b>					
	17 000	149.51		11 322		5 678	23-Jul-18	3	Jul 21 – Jul 27	Partial	52
	17 081	117.27		9 109		7 972	26-Jul-19	3	Jul 22 – Jul 28	Good	366
	87 500	68.37		29 167		58 333	27-Jul-20	3	Jul 23 – Jul 29	Very good	5 532
	36 000	124.91				36 000	09-Jul-21	3	Jul 24 – Jul 30	Very good	1 378
	32 400	146.50				32 400	29-Jul-22	3	Jul 25 – Jul 31	Very good	541
		158.63	33 600			33 600	17-Jul-23	3	Jul 26 – Jul 32	Too soon	Nil

Section 3: Implementation of the remuneration policy *continued***Retention-based share matching scheme**

In terms of Hudaco's retention-based share matching scheme, Ernie was entitled to make a three-year investment to the value of up to 50% of his 2024 potential maximum short-term incentive bonus in Hudaco shares. Ernie elected to make the maximum commitment of 50%, amounting to R2 730 000. To achieve this, on 29 February 2024 when the market price was R162.06 per share, Ernie committed to the scheme 16 845 shares, which will be matched at a ratio of 2:1 post-tax so he received 1.818 rights for each share.

In April 2024 Ernie exercised the rights granted to him in 2021, so between 19 and 25 April 2024 the company purchased for him 18 182 shares, in the open market at a weighted average price of R162.04 per share and a total consideration of R2 952 775. In February 2025, Ernie exercised rights granted to him in 2022, so between 18 February and 20 February the company purchased for him a further 14 691 shares in the open market at a weighted average price of R201.91 per share and a total consideration of R2 966 289.

Based on his potential maximum short-term bonus, he was entitled to commit to the scheme further shares up to a maximum value of R2 925 000 by 17 April 2025. These shares will be matched in 2027 at a ratio of 1:1 post-tax, which approximates 1.8:1 before tax, as set out in the background statement, specifically on page 64. On 18 February 2025, Ernie committed 14 585 shares for this purpose, being the maximum permitted.

Ernie Smith holds rights to matching shares in terms of the share matching scheme as follows:

Year invested	2024	2023	2022	2021	2020	Total
Year of vesting	2027	2026	2025	2024	2023	
Rights at 30 November 2022			14 691	18 182	5 000	37 873
Granted during year		15 025				15 025
Exercised during year					(5 000)	(5 000)
<b>Rights at 30 November 2023</b>		15 025	14 691	18 182		47 898
Granted during year	30 627					30 627
Exercised during year				(18 182)		(18 182)
<b>Rights at 30 November 2024</b>	<b>30 627</b>	<b>15 025</b>	<b>14 691</b>			<b>60 343</b>

Section 3: Implementation of the remuneration policy *continued*

## Louis Meiring – Executive director

R000	Fixed remuneration	Retirement fund contributions	Other benefits	Short-term incentive bonus	Total before share-based payments	Value of long-term incentives awarded during the year	Total remuneration
2024*	1 249	192	456		1 897		1 897
2023	3 612	557	274	5 080	9 523	6 857	16 380

\* Louis left the group on 27 March 2024.

**Fixed remuneration**

Louis' total fixed cost-to-company remuneration was R4 500 000 per annum until he left the group on 27 March 2024. His position had been externally benchmarked by Khokhela Remuneration Advisors in June 2023 against companies with a similar size, complexity and geographical spread.

**Annual short-term incentive bonus**

Louis did not qualify for a short-term incentive bonus in 2024.

**Performance-based share appreciation bonus scheme and retention-based share matching scheme**

All unvested share appreciation bonus rights and share matching rights were forfeited on account of Louis' resignation from the group and no vested rights were exercisable by him in the 2024 financial year.

Section 3: Implementation of the remuneration policy *continued*

## Non-executive directors' remuneration

## Non-executive directors' remuneration for the year ended 30 November 2024

R000 (excluding VAT)	Proposed 2025/26	
	Base fee	Penalty for non-attendance
	<b>2024</b>	2023
SJ Connelly	1 350	1 268
B Bulu	749	227
N Mandindi	823	787
D Naidoo <sup>#</sup>	311	910
MR Thompson	857	777
<b>Total</b>	<b>4 090</b>	3 969

<sup>#</sup> D Naidoo retired from the board with effect from 27 March 2024.

## Proposed non-executive directors' fees for 2025/2026

At Hudaco's annual general meeting to be held on 27 March 2025, shareholders will be requested to approve the non-executive directors' fees for the period 1 April 2025 until 31 March 2026 as set out below. These non-executive directors' fees were benchmarked against those of similar companies in the market in January 2024 by Khokhela Remuneration Advisors and the proposal now is to increase them by 5.5% from those of the past year, which accords well with the increase in the consumer price index and the increase awarded to executive directors.



R000 (excluding VAT)	Proposed 2025/26	
	Base fee	Penalty for non-attendance
<b>Board</b>		
Chairman of the board	1 452*	28
Lead independent non-executive	430	23
Board member	388	19
<b>Audit and risk management committee</b>		
Chairman of the committee	319	25
Committee member	187	19
<b>Remuneration committee</b>		
Chairman of the committee	224	25
Committee member	110	18
<b>Nomination committee</b>		
Chairman of the committee	*	19
Committee member	95	15
<b>Social and ethics committee</b>		
Chairman of the committee	207	25
Committee member	97	15

\* All-inclusive fee.

The penalty incurred for non-attendance as chairman of a meeting would be paid to the member who stood in as chairman at that meeting. The fee for additional meetings would be: chairman – R39 000 and member – R28 500.

# CORPORATE GOVERNANCE



Hudaco is committed to maintaining a high standard of corporate governance and to creating value for stakeholders in a balanced, ethical and sustainable manner. The board seeks to ensure that good governance is practiced at all levels in the group and that it is an integral part of Hudaco's operations.

Each member of the board is committed to continue, individually and collectively, to cultivate and exhibit in their conduct the following characteristics: integrity, competence, responsibility, accountability, fairness and transparency.

Hudaco's values support the approach adopted in the King IV Report on Corporate Governance for South Africa (King IV) of wider stakeholder inclusivity and enhanced corporate citizenship, which underpin Hudaco's reporting and engagement approach to a wider group of stakeholders. Doing business is about creating shared value and meeting responsibilities to contribute to economic development and to give back to communities and the environment, for the benefit of the wider stakeholder group.

The board is the focal point of the group's corporate governance system and remains ultimately accountable and responsible for its performance and affairs.

A corporate culture of compliance with applicable laws, regulations, internal policies and procedures has been established within the group. Responsible corporate citizenship and accountability for stewardship of assets have played a key role in securing sustainable returns and serve to provide stakeholders with the assurance that the group's businesses are managed appropriately.

The board members are further accountable for the ethical and effective leadership of Hudaco and are required to conduct themselves in accordance with the highest ethical standards and with honesty and integrity.

### Application of and compliance with King IV

The board conducts a continuous process of self-assessment against the relevant principles as well as the related recommended practices of King IV. The board is satisfied that the Hudaco group is in substantive alignment with the principles and has adopted relevant practices. The board is fully committed to the four outcomes of King IV being: an ethical culture, good performance, effective control and legitimacy.

A report on Hudaco's application of and compliance with the King IV principles is set out on the Hudaco website.

## Our governance framework and structure

The board performs its governance responsibilities within a framework of policies and controls, with which it manages the group's economic, environmental and social performance and provides for effective risk assessment. The board remains committed to a governance philosophy that advocates high standards of leadership, ethics, integrity, accountability and responsibility. The board's responsibilities are outlined in its charter, which the board reviews and adopts annually.

The board charter, which is aligned with the recommendations of King IV, the Companies Act, the JSE Listings Requirements and Hudaco's Memorandum of Incorporation (the MOI), details the responsibilities and duties of the board.

Board committees facilitate the discharge of board responsibilities and provide in-depth focus in specific areas. The board reviews each committee's terms of reference at least once a year. Terms of reference set out the role, responsibilities, delegated authority with respect to decision-making, the tenure, when and how the committee should be reporting to the board, access to resources and information, composition and procedures of each committee as well as arrangements for evaluating performance.

The committees report to the board through their respective chairmen and the minutes are available to every board member.

Some members have, on occasion, attended board and committee meetings by video conference but, overwhelmingly, attendance has been in person.

The diagram that follows sets out the Hudaco group's governance structure, reflecting the Hudaco board as having ultimate oversight:



## Compliance management

The board is ultimately responsible for the governance of compliance with applicable laws and adopted, non-binding rules, codes and standards. To this end, the board has approved a corporate compliance policy that articulates and gives effect to the board's direction on compliance, and identifies which non-binding rules, codes and standards the board has adopted. The policy also sets out Hudaco's principles of business conduct.

Various other policies exist within the Hudaco group requiring compliance with applicable legislation and rules. The group secretary, together with various financial, human resources, risk management, internal audit and treasury functions, assists operations in ensuring that legislation is complied with at all times by educating members of management and staff regarding legislative requirements.

Compliance reports are presented to the audit and risk management committee as well as the social and ethics committee. The board monitors compliance with:

- **JSE Listings Requirements:** Hudaco, as a listed company, is subject to, and remains compliant with, the JSE Listings Requirements. Hudaco is guided by its sponsor, Nedbank Corporate and Investment Banking, a division of Nedbank Limited, in this regard.
- **King IV:** The board is satisfied that the Hudaco group substantially complies with the principles and spirit of King IV.
- **Companies Act:** The Companies Act aims to promote good corporate governance and transparency in South African businesses. The audit and risk management committee as well as the social and ethics committee ensure compliance with all the relevant governance provisions of the Act.
- **Other legislation:** A board-approved compliance framework is implemented by Hudaco and its operating businesses in line with an annual compliance plan.

During the period under review, Hudaco maintained a focus on relevant aspects of legislation, particularly compliance with the Protection of Personal Information (POPI) Act and the Competition Act, including recent amendments thereto. The annual compliance certificate confirming Hudaco's compliance with the JSE Listings Requirements has been completed and submitted to the JSE.

Neither Hudaco nor any of its directors or officers was subject to any material regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations.

Focus areas for 2025 include understanding and embedding applicable amendments to the Companies Act and the JSE Listings Requirements, the continued application of King IV practices, ensuring businesses understand and comply with the POPI Act and the expanded high-value goods supplier obligations, refreshing knowledge of risks pertaining to the Competition Act, ongoing training of employees on legislative compliance in identified areas and the review and updating of existing policies and procedures.

## Board of directors

### Board composition

Hudaco has a unitary board structure, comprising seven directors. Three are independent non-executive directors, one is a non-executive director and the remaining three are executive directors. The board also included an alternate executive director, until he was appointed a director in his own right from 1 February 2024 to replace an executive director who exited. A short *curriculum vitae* of each of the directors appears on pages 20 and 21 of the integrated report.

No individual has unfettered powers of decision-making and there is a clear division of responsibilities at board level to ensure an appropriate balance of power and authority.

The board functions effectively and efficiently and is of an appropriate size and balance for the group, considering, *inter alia*, the need to have a enough directors to structure the board committees appropriately, regulatory requirements and the need to address the board's succession plans. A majority of the board members are non-executive directors, most of whom are independent.

Non-executive directors bring diverse perspectives to board deliberations, and they are encouraged to constructively challenge the views of executive directors and management.

The board understands that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustaining performance and preserving shareholder value. The board

members' collective experience and expertise provide for a balanced mix of attributes to fulfil its duties and responsibilities.

The breadth of experience on the board includes mechanical and electrical engineering, finance and accountancy, banking and treasury, public sector, investment property, property development and overall business – with almost all directors having executive experience.

The roles of the chairman and the chief executive are separate and there is a lead independent non-executive director. The board is led by Stephen Connelly, a non-executive chairman. The chief executive is Graham Dunford. As the chairman is not considered independent for the reason set out under "Independent non-executive directors" below, Mark Thompson acts as lead independent director.

The chairman's role is to set the ethical tone for the board and to ensure that the board remains efficient, focused and operates as a unit. The chairman provides overall leadership to the board without limiting the principle of collective responsibility for board decisions. He also ensures appropriate communication with shareholders and facilitates constructive relations between the executive and non-executive directors.

The lead independent director's role is to provide leadership and advice to the board, without detracting from the authority of the chairman, when the chairman has a conflict of interest. A formal mandate is in place for the lead independent director which details the following functions:

- to lead in the absence of the chairman;
- to serve as a sounding board for the chairman;
- to act as an intermediary between the chairman and other members of the board where appropriate;
- to strengthen the independence of the board;
- to deal with shareholders' concerns where contact through normal channels has failed to resolve concerns, or where such contact is inappropriate;
- to chair discussions and decision-making by the board on matters where the chairman has a conflict of interest; and
- to chair discussions which deal with the succession of the chairman and the chairman's performance appraisal.

The chief executive's principal role is to provide leadership to the executive team in running the group's businesses.

The group financial director is Clifford Amoils. The audit and risk management committee is satisfied that he has the appropriate expertise and experience for this position.

The board defines the group's levels of authority, reserving specific powers for the board while delegating others to management. The collective responsibility of management vests in the chief executive, who regularly reports to the board on the group's objectives and strategy. The board is satisfied that the group's delegation of authority framework has contributed to role clarity and the effective exercise of authority and responsibilities during the reporting period.

### Independent non-executive directors

The board annually evaluates the independence of board members. Independence is determined against the criteria set out in King IV, which states that a non-executive director may be categorised as independent when the board concludes that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interest of the organisation.

Stephen Connelly is not considered independent as he owns 274 139 Hudaco shares, the value of which he considers significant to his personal wealth.

King IV further provides that any term beyond nine years for an independent non-executive director should be subject to a particularly rigorous review by the board, not only of their performance but also the factors that may impair their independence. The assessment should show that the independent director's independence of character and judgement is in no way affected or impaired by the length of service. In this respect, the board has assessed the independence of Nyami Mandindi and concluded that she continued to be independent in both character and judgement, notwithstanding that she has served over nine years on the board, having been appointed in June 2015.

Both the other non-executive directors are considered independent.

Daisy Naidoo, a long-standing independent non-executive director and chairman of the audit and risk management committee, stepped down from the board in March 2024.

### The role of the board and board procedures

The board directs the group towards, and facilitates the achievement of, Hudaco's strategic and operational objectives. It is accountable for the development and execution of the group's strategy, operating performance and financial results. Its primary responsibilities include: determining the group's purpose and values, providing strategic direction to the group, appointing the chief executive, identifying key risk areas and key performance indicators of Hudaco's businesses, monitoring the performance of the group against agreed objectives, deciding on significant financial matters and reviewing the performance of executive management against defined objectives and, where applicable, industry standards.

A range of non-financial information is also provided to the board to enable it to consider qualitative performance factors that involve broader stakeholder interests. There is a formal schedule of material matters especially reserved for the board's approval.

The board, which meets at least quarterly, retains full and effective control over all the operations. Additional board meetings, apart from those planned, are convened as circumstances dictate. The number of meetings held during the year under review (including meetings of board-appointed committees) and the attendance of each director are set out on the ensuing pages.

The board has unrestricted access to all company information, records, documents and resources to enable it to properly discharge its responsibilities. Management is tasked with ensuring that board members are provided with all relevant information to enable the board to reach objective and informed decisions.

Board meetings are scheduled well in advance and board documentation is provided timeously. Tabling documents at board meetings is the exception rather than the rule. The board agenda and meeting structure assist the board in focusing on corporate governance, its legal and fiduciary duties, group strategy and performance monitoring, thus ensuring that the board's time and energy are appropriately applied.

Directors are kept informed of key developments affecting the group between board meetings. Non-executive directors have access to management and may meet separately with management without the attendance of executive directors.

In terms of the Companies Act, if a director has a personal financial interest in respect of a matter to be considered at a meeting of the board or knows that a related person has a personal financial

interest, the director is obliged to disclose the interest and its general nature, recuse themselves and not take part in the consideration of the matter.

The board is aware of the other commitments of its directors and is satisfied that all directors allocate sufficient time to enable them to discharge their responsibilities effectively. The group secretary maintains a register of directors' interests, which is tabled at the board on a quarterly basis and any changes are submitted to the board as they occur.

### Board charter

The board has adopted a written charter to assist it to conduct its business in accordance with the principles of good corporate governance and legislation. This charter is reviewed annually and sets out the specific responsibilities to be collectively discharged by the board members as well as the individual roles expected of board members.

The purpose of the board charter is to ensure that all the directors are aware of their powers, duties and responsibilities when acting on behalf of the company. The board charter is subject to the provisions of the Companies Act, JSE Listings Requirements, the MOI and all other applicable legislation. The salient features thereof are:

- role and function of the board;
- detailed responsibilities;
- discharge of duties;
- board composition; and
- establishment of committees.

During the period under review, material issues discussed by the board were determined by assessing the external environment, the needs and expectation of Hudaco's key stakeholders and other significant topics and/or events. For 2024, the dominant issues were the group's response to the lengthening of the supply chain because incapacity at South African ports and global conflicts affecting routes, and the resultant impact on goods in transit, the challenges and opportunities arising from of the suspension of load-shedding and specifically excess inventory of panels and batteries for solar installations, the slower than expected economic turnaround pursuant to the elections and the formation of a government of national unity. The key strategic focus areas were capital allocation, inventory levels, acquisition opportunities and, as always, the management of the relationship between margins, inventories and costs in a very challenging economic environment.

Key focus areas for 2025, some of which remain unchanged, include:

- managing inventory levels while dealing with the difficulties in getting goods through South African ports;
- challenges and opportunities arising through degradation of local infrastructure;
- tight management of operating margins;
- continuing efforts to develop and retain more black African managers within the group;
- building on progress made in improving the performance of the three battery businesses;
- supporting new management team in the Cadac business to improve performance after a disappointing year due to internal and external factors;
- restoring the Bosworth pulley manufacturing business to profitability after a year in which projects did not materialise; and
- optimising capital allocation, ideally through acquisitions.

The board is satisfied that it fulfilled its responsibilities in accordance with its charter for the reporting period.

### Board meeting attendance 2024

	Feb	Mar	Jun	Oct
CV Amoils	✓	✓	✓	✓
B Bulo	✓	✓	✓	✓
SJ Connelly	✓	✓	✓	✓
GR Dunford	✓	✓	✓	✓
N Mandindi	✓	✓	✓	✓
EJ Smith	✓	✓	✓	✓
MR Thompson	✓	✓	✓	✓
LFJ Meiring <sup>^</sup>	✓	✓	n/a	n/a
D Naidoo <sup>*</sup>	✓	✓	n/a	n/a

<sup>\*</sup> Retired with effect from 27 March 2024.

<sup>^</sup> Resigned with effect from 27 March 2024.

### Board appointments

A third of the directors retire by rotation annually. If they are eligible, available and recommended for re-election by the nomination committee, their names are submitted for re-election at the annual general meeting accompanied by an appropriate *curriculum vitae* set out in the integrated report. In terms of the MOI, every director must retire by rotation at least once in three years. Shareholders also approve the initial appointment of each new director at the first annual general meeting of shareholders following that director's appointment.

The nomination committee assists the board with the recruitment, assessment and nomination of new directors, subject to the whole board approving these appointments. Board members are also invited to interview any potential appointees. In general, the attributes of prospective directors include individuals with the capacity to think strategically and contribute to the company's ongoing evolution of strategy, ability to work collaboratively and integrity that is above reproach. The nomination committee also considers appropriate diversity in its assessment, including but not limited to race and gender diversity.

A formal and transparent procedure applies to all board appointments, which are subject to confirmation by the shareholders at the annual general meeting. A formal policy has been adopted in this respect by the board.

Prior to appointment, potential board appointees are subject to a fit and proper test as required by the JSE Listings Requirements.

In reviewing the board's composition, Hudaco's nomination committee is committed to considering the benefits of all aspects of diversity, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience, to discharge its duties and responsibilities effectively.

The nomination committee discusses and agrees annually all measurable objectives for achieving diversity on the board and recommends them to the board for adoption. In respect of gender diversity, the board aims to ensure that at least 25% of the board of Hudaco Industries is made up of women and that at least 30% of the board should comprise black people. At the date of this report, the board comprised 28.6% black women.

### Succession planning

The board's successful evolution is dependent on careful succession planning. The nomination committee is responsible for the board's succession plans and so it ensures that, as directors retire, candidates with sufficient skills and experience have been identified to ensure that the board's competence and balance is either maintained or enhanced, considering the group's current and future needs.

The board further oversees that key management functions in Hudaco are headed by individuals with the necessary competence and authority and that they are adequately resourced. There is succession planning in place for the chief executive as well as the executive management and other key positions, to provide continuity of leadership. Succession plans are reviewed periodically and provide for both succession in emergency situations as well as succession over the longer term.

### Board committees

Board-appointed committees have been established to assist the board in discharging its responsibilities. The membership and principal functions of the standing committees appear on the ensuing pages. Specific responsibilities have been delegated to the board committees and they operate under written terms of reference approved by the board. Each committee's terms of reference is reviewed annually by the board. Board committees are free to take independent outside professional advice as and when deemed necessary and a formal policy, which sets out the process for this, is in place. The group secretary provides secretarial services for the committees, except for the remuneration committee.

Notwithstanding the establishment of various board committees, the board reserves for itself a range of key matters to ensure that it retains proper direction and control of the company.

There is transparency and full disclosure from board committees to the board. The committee chairmen report formally to the board on the proceedings after each meeting and attend the annual general meeting to respond to any questions from shareholders regarding the committees' areas of responsibility. Directors have full access to all board committee documentation and committee chairmen provide the board with oral reports on recent committee activities.

The board is of the opinion that all the board committees have effectively discharged their responsibilities, as contained in their respective terms of reference.

## Evaluation

Formal board and committee assessments are conducted every second year in the form of written responses and/or a one-on-one interview conducted by the chairman with each member of the board. Every alternate year, the board considers its progress against agreed outcomes of the prior evaluation process, if any.

The evaluation of the chairman is conducted by the board.

The last formal board and committee assessments were conducted during November 2023 by way of a questionnaire covering a range of aspects. The questionnaire was compiled and the process was managed by Acorim (Pty) Ltd. Key topics covered during this evaluation included:

- board composition and performance;
- culture and communication;
- strategy and strategic alignment;
- risk and compliance governance;
- prioritisation; and
- succession planning.

The board members reviewed the summary of the combined results which, in general, pointed to an efficient and effective board. Overall board appraisal scored 3.38 out of 4. There were no areas where the average score was below 3 out of 4.

The next formal evaluation will be conducted in 2025 but, in the interim, in June 2024 the nomination committee and the board considered the composition of the board and concluded that it remained appropriate.

## Remuneration committee

The members of the remuneration committee for the year under review were:

Mark Thompson (chairman), Stephen Connelly, Nyami Mandindi (until 27 March 2024) and Bukelwa Bulu (from 27 March 2024). All the members are non-executive directors and only Stephen Connelly is not considered independent.

The chief executive and the group financial director attend the meetings by invitation, subject to recusal at appropriate times. The remuneration committee meets twice a year, unless additional meetings are required.

The remuneration committee operates under a board-approved mandate and the terms of reference were reviewed in 2024. The committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.

## Remuneration committee meeting attendance 2024

	Jan	Jun
MR Thompson	✓	✓
SJ Connelly	✓	✓
N Mandindi*	✓	n/a
B Bulu <sup>^</sup>	n/a	✓

\* Resigned from the committee with effect from 27 March 2024.

<sup>^</sup> Appointed to the committee from 27 March 2024.

The remuneration report can be found on pages 61 to 80 of this report.

## Nomination committee

The members of the nomination committee for the year under review were:

Stephen Connelly (chairman), Mark Thompson, Daisy Naidoo (until 27 March 2024) and Nyami Mandindi (from 27 March 2024). All the members, with the exception of Stephen Connelly, are independent non-executive directors.

The chief executive and the group financial director attend the meetings by invitation, subject to recusal at appropriate times.

The nomination committee functions under written terms of reference and meets at least twice a year, unless otherwise required. It is chaired by the chairman of the board, as required by the JSE Listings Requirements.

The nomination committee assists the board in ensuring that:

- the board has the appropriate composition to execute its duties effectively. Aspects that are considered regarding board composition include whether the candidates would enable the company to:
  - maintain a mixture of business skills and experience relevant to the company and balance the requirements

of transformation, diversity, continuity and succession planning; and

- comply with corporate governance requirements in respect of matters such as the balance between executive, non-executive and independent non-executive directors on the board;
- each potential director meets the appropriate fit and proper test;
- directors are appointed through a formal and transparent process;
- induction and ongoing training and development of directors takes place;
- formal succession plans for the board, chief executive and senior management are in place; and
- formal board and committee assessments are conducted at least every second year.

The nomination committee also provides assurance to the board that the independent non-executive directors offering themselves for election as members of the Hudaco audit and risk management committee, collectively:

- are independent non-executive directors as contemplated in King IV and the JSE Listings Requirements;
- are suitably qualified and experienced for audit committee membership;
- have an understanding of integrated reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance process (including information technology governance) within the company;
- possess skills which are appropriate to the company's size and circumstances, as well as industry;
- understand IFRS Accounting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the company; and
- adequately keep up to date with the key developments affecting their required skill set.

**Nomination committee meeting attendance 2024**

	Jan	Jun
SJ Connelly	✓	✓
D Naidoo*	✓	n/a
MR Thompson	✓	✓
N Mandindi <sup>^</sup>	n/a	✓

\* Retired from the committee with effect from 27 March 2024.

<sup>^</sup> Appointed to the committee from 27 March 2024.

During the period under review, the nomination committee recommended Bukelwa Bulu for appointment as chairman of the audit and risk management committee to succeed Daisy Naidoo.

Focus areas for 2025 again include ensuring that appropriate succession plans are in place for senior management and for board members whose tenure will be approaching recommended limits over the next few years.

The board is satisfied that the nomination committee fulfilled its responsibilities in accordance with its terms of reference during the reporting period.

**Audit and risk management committee**

The members of the audit and risk management committee for the full year under review were: Bukelwa Bulu (chairman from 27 March 2024), Nyami Mandindi and Mark Thompson. Daisy Naidoo served as chairman until 27 March 2024, when she retired from the committee and the board.

The audit and risk management committee comprises independent non-executive directors only, as required by the Companies Act.

All the members have the requisite financial and/or commercial skills and experience to contribute to the committee's deliberations.

Meetings are held at least three times a year and the chairman of the board, all executive directors, the head of group risk and internal audit and representatives from the external auditors attend committee meetings by invitation. The committee functions under written terms of reference which were most recently reviewed in October 2024. The audit and risk management committee is satisfied that it fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

From an audit oversight perspective, the audit and risk management committee is primarily responsible for:

- considering and monitoring the independence of the external auditors and the appropriate rotation of the lead audit partner and to make recommendations to the board on the appointment and dismissal of the external auditor;
- requesting from the external audit firm the information required for its assessment of the suitability for appointment of the current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every reappointment;
- ensuring that the appointment of the external auditor is presented and included as a resolution at the annual general meeting of the company;
- overseeing the effectiveness of the group's internal control systems, ensuring that they are designed in response to identified key business and control risks, and have been effective throughout the year;
- overseeing the establishment of appropriate financial reporting procedures and that these procedures are operating;
- reviewing the scope and effectiveness of the external and internal audit functions;
- monitoring that adequate accounting records have been maintained;
- monitoring proposed changes in accounting policy;
- considering the accounting and taxation implications of major transactions;
- reviewing the JSE's annual report in pro-active monitoring of financial statements and considering its impact on the group's reporting;
- reviewing and reporting on compliance with IFRS, King IV and the JSE Listings Requirements;
- considering that the group's going concern assertion remains appropriate;
- reviewing the quality of the interim and annual financial statements before submission to the board;
- considering the appropriateness of the expertise and experience of the financial director on an annual basis;
- evaluating the independence of the internal audit function; and
- evaluating the activities and the effectiveness of the internal audit function.

The Companies Act imposes further duties and responsibilities upon the audit and risk management committee including the following:

- nominating for appointment a registered external auditor who is independent of the company;
- determining the fees to be paid to the external auditor and the external auditor's terms of engagement;
- ensuring that the appointment of the external auditor complies with the Companies Act and any other legislation relating to the appointment of external auditors;
- determining the nature and extent of any non-audit services which the external auditor may provide to the company;
- pre-approving any contract with the external auditor for the provision of non-audit services to the company;
- preparing a report, to be included in the annual financial statements:
  - describing how the committee carried out its functions;
  - stating whether the committee is satisfied that the external auditor is independent of the company; and
  - commenting in any way the committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the company; and
- receiving and dealing appropriately with any complaints relating to the accounting practices and internal audit of the company, the content or auditing of the financial statements, the internal financial controls of the company or any other related matter.

In line with the above, the audit and risk management committee reports that it has discharged all its obligations. Specifically:

- After considering their suitability for appointment in terms of paragraph 3.87 of the JSE Listings Requirements, the audit and risk management committee again nominated the audit firm Deloitte & Touche and audit partner Petrus van Zijl for appointment by the shareholders at the forthcoming annual general meeting as the auditor for the 2025 financial year. The committee is satisfied that the firm and the individual auditor are independent of the company.

- Any non-audit-related services to be performed by the external auditors require the approval of the audit and risk management committee on a case-by-case basis. The overarching criterion for approval is that the independence of the external auditors should not be impaired through the provision of services under consideration. It was agreed that there will be a rebuttable presumption that non-audit fees totalling up to 25% of the budgeted annual audit fees will not alone impair the independence of the auditors. During the period under review, no non-audit-related services were rendered by Deloitte & Touche.
- Budgeted audit fees for the financial year ended 30 November 2024 were approved and the scope of the proposed audit work was agreed.
- The committee confirmed the independence of the internal audit function and satisfied itself that internal audit is functioning effectively.
- The internal and external auditors have unrestricted access to this committee. Members of the committee are also afforded the opportunity to meet with the head of internal audit and the external auditors without management being present.
- The committee reviewed the interim and annual financial statements and approved them for submission to the board. This review included a consideration of the estimates, judgements and assumptions set out in note 2 to the financial statements.
- The committee considered and noted the key audit matter as determined by Deloitte & Touche and described in the independent auditor's report.
- No complaints have been received relating to the accounting practices and internal audit of the company or to the content or auditing of the company's financial statements or its internal financial controls, or to any related matter. As part of their routine pro-active monitoring process, the JSE reviewed our 2023 financial statements and pointed out some areas in the group financial statements where disclosure could be enhanced. They also queried the basis of recognition of dividends received from subsidiaries in the holding company income, which highlighted that there was a better way to deal with the time value of money aspect. All these matters have been addressed in the 2024 financial statements.

- In terms of paragraph 3.84(g) of the JSE Listings Requirements, the committee has satisfied itself that: (i) the expertise and experience of the financial director are appropriate; (ii) Hudaco has established appropriate financial reporting procedures and that these procedures are operating adequately, after considering the group's structure, to ensure that the committee had access to all the financial information; (iii) the appointment of Deloitte & Touche is presented and included as a resolution at the forthcoming annual general meeting of the company to be held in March 2025.

The audit and risk management committee further oversees that a combined assurance model is applied which enables an effective internal control environment, supports the integrity of information used for internal decision-making and supports the integrity of related external reports. Through formal reports in committee papers and the attendance of all key executives involved with assurance, the audit and risk management committee is provided with a thorough review of the group's assurance activities. These reports include the principles of combined assurance through reports from management and internal and external audit. Attendees at audit and risk management committee meetings include the chairman of the board, all executive directors, the head of group risk and internal audit, the internal audit manager and external audit representatives. During the year, the combined assurance model was reviewed, and the committee was satisfied that the financial risks and financial reporting risks were appropriately reflected therein.

From a risk management perspective, the audit and risk management committee's main responsibilities include overseeing the group's risk management programme. The responsibility for identifying, evaluating and managing risk resides with management. The risk management process involves a formalised system to identify and assess risk, both at strategic and operational levels. The process includes the evaluation of the mitigating controls and other assurances in identifying and assessing the risks.

Risks are continually being identified and mitigated in terms of a process that involves allocating responsibility, developing action plans and monitoring compliance with these action plans. Every employee has a role to play in this endeavour and in achieving the group's goals and objectives.

During the year under review, the audit and risk management committee discharged all its duties in respect of risk management. Specifically, it:

- concluded that appropriate systems were in place to identify and monitor risks affecting the group;
- evaluated the adequacy of the effectiveness of the risk management process;
- reviewed and assessed issues such as compliance with legislation and corporate governance matters, the impact that significant litigation could have on the group, the adequacy of the insurance cover as well as the effectiveness of controls over areas of risk;
- provided board-level oversight of the management of sustainability issues; and
- satisfied itself that technology and information governance continued to form an integral part of the company's risk management processes.

The major risks faced by the group are described on pages 17 and 19 of this integrated report.

In addition, the audit and risk management committee has received input on processes in all the businesses to support the chief executive and financial director such that they are in a position to sign the responsibility statement required by the JSE and dealt with more fully on page 95.

Focus areas for 2025 include continued optimisation of risk management at operational level, with particular emphasis on enhancing IT governance in an increasingly challenging cyber world and accelerating the upgrading of risk management within newly acquired businesses without detracting from the culture that made the business an attractive addition to the group.

### Audit and risk management committee meeting attendance 2024

	Jan	Jun	Oct
D Naidoo*	✓	n/a	n/a
B Bulu	✓	✓	✓
N Mandindi	✓	✓	✓
MR Thompson	✓	✓	✓

\* Retired from the committee with effect from 27 March 2024.

## Financial control and risk management

The committee recognises the board's responsibility to report a balanced and accurate assessment of the group's financial results and financial position in terms of IFRS, its business, operations and prospects.

Hudaco has an established system of controls and procedures to ensure the accuracy and integrity of the accounting records and to effectively monitor the group's businesses and their performance. The system encompasses a wide range of checks and balances, as well as interactive controls.

These include:

- decentralised and self-accounting operational and financial management;
- an approval framework with defined authority limits;
- a detailed budgeting system;
- the preparation of forecasts, which are regularly reviewed and updated;
- monthly reporting of income and financial position, together with written reports highlighting areas of particular risk or opportunity;
- a centralised treasury, which incorporates foreign currency and cash management functions;
- regular reporting on treasury, legal, pension, medical aid and insurance matters;
- regular meetings of the boards of the individual operating businesses;
- risk registers at operating and group level, which are monitored on a regular basis; and
- an internal financial control framework.

## Chief executive's and financial director's responsibility statement

The audit and risk management committee noted the responsibility statement, as required by paragraph 3.84(k) of the JSE Listings Requirements, submitted by the chief executive and the financial director. The evaluation of controls by the chief executive and the financial director included:

- identification and classification of risks, including the determination of materiality;

- testing the design and determining the implementation of controls to address high-risk areas;
- utilising internal audit to test the operating effectiveness of controls and to address the high-risk areas on an annual basis; and
- obtaining control assessments and attestations from the chief executive and chief financial officer of each decentralised business on the operating effectiveness of controls in their business.

The audit and risk management committee noted a relatively small number of deficiencies, none of which represents a material threat to the group, remedial action taken or to be taken, as well as applicable timeframes. These deficiencies were most prevalent in general IT controls and did not result in any material breakdowns in internal control, including financial controls, business risk management and maintenance of effective internal control systems. Having received input from the internal auditors, external auditors and executive directors, and having considered the reports presented to it throughout the year, the audit and risk management committee supports the conclusion in the responsibility statement submitted by the chief executive and the financial director.

## Delegation of authority

Hudaco has adopted specific levels of authority and the required approvals necessary for all major decisions at both group and divisional levels. Through this framework, operational and financial responsibility is formally and clearly delegated to the chief executive, the group financial director and the executives of the principal operating businesses. This is designed to maintain an appropriate control environment within the constraints of board-approved strategies and budgets, while providing the necessary local autonomy for day-to-day operations.

## Internal audit

A group risk and internal audit department, which functions under a written charter, provides the role and functions as envisaged in the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The department's work is designed to ensure that all aspects of each business, including internal control procedures, are subject to professional risk assessment on a regular basis. These controls and procedures provide reasonable assurance that assets are safeguarded from material loss or unauthorised

use and that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

This department has complied with its brief, which is to conduct a formal review of the effectiveness of all the group's systems of internal control over a three-year cycle, with major systems in all businesses reviewed annually.

The department reports any material findings and matters of significance to the audit and risk management committee on a regular basis. The reports highlight whether actual or potential risks to businesses are being appropriately managed and controlled.

Progress in addressing any previous unsatisfactory finding is monitored until proper resolution of the problem area has been reported.

The annual internal audit plan, which is pre-approved by the audit and risk management committee, is determined through an assessment and understanding of risks.

The scopes of the internal and external audits are coordinated to provide efficient and effective assurance to the group's audit and risk management committee.

## Risk

The audit and risk management committee and the board assess the risks in the group's business environment with a view to eliminating or reducing them in the context of the group's strategies, operations and risk appetite. The board has confirmed its acceptance of the group's risk management processes and is satisfied that all risks are appropriately governed. The major risks faced by the group are described on pages 17 and 19 of this integrated report. The group's annual internal audit plan incorporates the outcomes of the risk management process. The group risk and internal audit department provides a risk identification facilitation role, but to maintain their independence, the internal audit team members do not participate in this process. Management is responsible for managing risks on a daily and operational basis.

The board is responsible for determining the group's risk appetite and tolerance levels. These have been defined and approved. The group risk map, examined by the board at each meeting, includes a risk tolerance line to highlight whether any residual risks fall beyond the risk tolerance level.

An operational risk management committee, chaired by the group financial director and comprising, *inter alia*, all the managing directors of the various businesses, facilitates the group's risk management programme. This committee meets twice a year prior to the audit and risk management committee and provides valuable insight into the status of risk practices within the group, including IT governance.

During 2022, an independent assessment of Hudaco's enterprise risk management was conducted by a practicing risk management professional, who is the head of risk at another group listed on the JSE. The objective of the review was to assess the adequacy and effectiveness of risk management within the Hudaco group. The very pleasing conclusion by the independent reviewer included the following statements:

*"A common theme that pervaded all interactions with the leaders across the group was that ERM is viewed as a practical enabler to the success of the business, which is precisely the objective of any ERM program. Another key observation across all discussions was a deep desire to constantly improve everything that Hudaco embarks on, a mindset that in my opinion lends itself to excellent risk management."*

*"I am therefore able to satisfy myself that Hudaco's ERM program not only meets but exceeds King 4 requirements, more specifically principle 11 ie "The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives"."*

## Litigation and legal

In the normal course of business, Hudaco is subject to various proceedings, actions and claims. These matters are subject to risks and uncertainties that cannot be reliably predicted.

## Technology and information governance

Protecting electronic assets is increasingly complex as networks, systems and electronic data expand and cybercrime increases. Depending on the internet for communication attracts additional risk. Ensuring proper system security, data integrity and business continuity is the responsibility of the board but is overseen by the executive committee and the audit and risk management

committee. IT systems at Hudaco are decentralised, with each business determining the most appropriate systems for its own operations. This reduces the group's exposure to any one IT system failure or cybercrime attack.

The board is of the opinion that the systems of internal control over information technology are adequate and effective and is not aware of any material breakdown thereof during the year.

An IT governance committee assists the board in ensuring the effective and efficient management of IT resources to facilitate the achievement of Hudaco's objectives. The IT governance committee functions under a written IT governance charter. Its purpose is to define and deliver the overall IT strategy approved by the group's executive committee and the audit and risk management committee. It is responsible for the development and functionality of IT governance at businesses, IT strategy at functional level, monitoring compliance and measuring progress against plans.

Through the delivery of the IT goals, the IT governance committee is responsible for the primary focus areas of IT governance at Hudaco:

- IT strategic alignment;
- value for money in operational IT spend;
- effective selection and control of IT capital projects;
- recovery from business interruption;
- security of information;
- physical security of IT assets;
- risk from intellectual property infringement (unauthorised or under-licensed software); and
- risk from failure to keep the Hudaco IT systems up to date.

The nature of Hudaco's business has intrinsic key risk mitigation characteristics in that:

- the decentralised structure means that the risk is spread over about 25 different systems. A failure in any one system could be material but would not threaten the entire group. The other side of the coin is that it introduces other risks, such as multiple points through which threats could be introduced, but these risks can be, and are being, managed;

- Hudaco's businesses generally do not require custom written software and use off-the-shelf packages, which means the risks involved in software development are not present. These risks include major cost overruns, software loss without adequate up-to-date versions available for restoration and loss of key skills. To the extent that customisation is done for the group, it is data analysis and report writing;
- Hudaco generally does not embark on very expensive IT projects, which contain the risk of fraud and/or mismanagement; and
- overall IT spend is not very high considering the size of the group.

The IT governance committee, chaired by the group financial director, currently comprises the chief executives of all Hudaco's businesses as well as IT professionals from the larger businesses within Hudaco. The committee's charter is fully aligned with King IV requirements. Following an independent review of IT governance within the group, an IT forum was established early in 2023 to provide guidance to the IT governance committee. The IT forum is chaired by the managing director of one of the businesses, consists mainly of IT professionals within the group's businesses and has an independent expert as a member to bring an external perspective.

Focus areas for 2025 include the following:

- Understanding and managing IT risks
  - establishing a comprehensive understanding of the IT risk landscape of all significant business units within the group in accordance with King IV principals;
  - enhancing IT risk identification and maintenance of IT risk registers at individual businesses;
- Policy development and compliance
  - further developing group-wide IT policies and minimum requirements;
  - auditing business compliance with specified minimum IT standards, policies and controls, including new acquisitions;
- Governance and reporting
  - standardising and improving IT governance reporting across the group to ensure consistent oversight and accountability;

- Strategic alignment and optimization
  - aligning and documenting IT strategies with broader business objectives to ensure seamless integration, optimize performance and enhance competitive advantage; and
- Strengthening IT resources and collaboration
  - evaluating strengths and weaknesses of IT resources within the businesses, to foster a culture of learning and collaboration of IT teams across the group.

### Social and ethics committee

As a responsible corporate citizen, Hudaco is committed to ethical leadership and the demonstration of sound corporate governance practices, underpinned by the group's values.

### Composition and terms of engagement

The chairman of the social and ethics committee for the year under review was Nyami Mandindi. Louis Meiring and Daisy Naidoo served as members until 27 March 2024. Ernie Smith, who is also the executive responsible for health, safety and environmental issues, and Bukelwa Bulu were appointed in their stead, from that date.

The chairman and one other member of the committee are independent non-executive directors, while the remaining member is an executive director. The social and ethics committee meets twice a year and reports to the board. Meetings are also attended by the group financial director (Clifford Amoils), group secretary, transformation and human resources executive (Esther Nkosi), and the group QSHE manager (Firdaws Ismail). The head of risk and internal audit and the QSHE internal auditor attend for the agenda items to which their activities are relevant. Furthermore, the social and ethics committee is entitled to invite other executives and senior managers of Hudaco to attend meetings as required to fulfil its mandate.

Hudaco's social and ethics committee monitors and oversees Hudaco's activities in relation to:

- social and economic development, including broad-based black economic empowerment and employment equity;

- good corporate citizenship, including the promotion of equality, prevention of unfair discrimination, corporate social responsibility, ethical behaviour, managing environmental impact, and the principles of the UN Global Compact and the OECD's recommendations on corruption;
- health and safety in the workplace;
- consumer relations; and
- labour and employment, including skills development.

Each business within the Hudaco group has its own social and ethics subcommittee. These committees are required to meet twice a year prior to the main committee meeting and provide feedback and input on their activities.

### Role and responsibilities

During the 2024 financial year the committee met twice, at which meetings performance in the following areas was reviewed on a rotational or core agenda basis, in response to the requirements of the Companies Act:

- anti-corruption compliance;
- human capital management;
- transformation;
- monitoring for gender or race-based pay gaps;
- regulatory and compliance matters;
- stakeholder relations;
- socio-economic development;
- health and safety; and
- environmental impact.

The social and ethics committee's terms of reference were reviewed during October 2024.

The social and ethics committee confirms that it has discharged its mandate as prescribed by the Companies Regulations to the Companies Act. Management has confirmed that there has been no material non-compliance with legislation or regulations which are within the remit of the committee's mandate. In addition, there have not been any infringements of the relevant governance codes,

and no material issues were identified during the year under review. Accordingly, the social and ethics committee confirmed that Hudaco remains a responsible corporate citizen and that the group will continue its efforts to further create value and contribute positively to the environment, social and governance imperatives.

At the forthcoming annual general meeting, scheduled to take place on 27 March 2025, the chairman of the social and ethics committee will be available to report to shareholders on the matters within the committee's mandate in accordance with regulation 43(5)(c) of the Companies Act.

Focus areas for 2025 include continuing to monitor the group's implementation of health and safety standards and environmental impact initiatives and compliance with the Competition and POPI Acts. The B-BBEE scorecard will also continue to be an area of focus, as will social initiatives, particularly in the field of education. The committee will respond to the recent amendments to the Companies Act which increase the committee's duties pertaining to remuneration and the remuneration gap and the disclosure thereof.

### Social and ethics committee meeting attendance 2024

	Mar	Oct
N Mandindi	✓	✓
B Bulu <sup>+</sup>	n/a	✓
E Smith <sup>+</sup>	n/a	✓
D Naidoo <sup>*</sup>	✓	n/a
LFJ Meiring <sup>^</sup>	**	n/a

<sup>\*</sup> Retired from the committee with effect from 27 March 2024.

<sup>+</sup> Appointed to the committee from 27 March 2024.

<sup>^</sup> Resigned with effect from 27 March 2024.

\*\* Apologies tendered.

## Executive committee

The members of the executive committee during the year were:

Graham Dunford (chairman), Clifford Amoils, Louis Meiring (until 27 March 2024), Ernie Smith, Barry Fieldgate, Chris Pillay, Esther Nkosi, Lavern Jacobs and Burtie Roberts. The head of risk and internal audit and other senior executives have standing invitations to attend the meetings.

The executive committee is chaired by the chief executive, Graham Dunford, and meets quarterly, prior to the board meeting. Its principal terms of reference are to advise the chief executive on the formulation of operating policy, the implementation of group strategy and the management of key group risks. The committee incorporates a quality, health, safety and environment subcommittee which has its own written terms of reference.

### Executive committee meeting attendance 2024

	Jan	Mar	Jun	Oct
GR Dunford	✓	✓	✓	✓
CV Amoils	✓	✓	✓	✓
BWJ Fieldgate	✓	✓	✓	✓
L Jacobs	✓	✓	✓	✓
E Nkosi	✓	✓	✓	✓
B Roberts	✓	✓	✓	✓
EJ Smith	✓	✓	✓	✓
C Pillay	✓	✓	✓	✓
LfJ Meiring*	✓	✓	n/a	n/a

\* Resigned with effect from 27 March 2024.

## Group secretary

Acorim (Pty) Ltd, represented by Natasha Davies, is the group secretary of Hudaco.

The group secretary, who is subject to a fit and proper test, assists the board in fulfilling its functions and is empowered by the board to perform her duties. The group secretary, directly or indirectly:

- assists the chairman, chief executive and financial director with the induction of new directors;
- assists the board with director orientation, development and education;
- where practical ensures the group complies with legislation applicable and/or relevant to Hudaco;
- monitors the legal and regulatory environment and communicates new legislation and any changes to existing legislation to the board and the operating businesses; and
- provides the board with a central source of guidance and assistance.

The group secretary also assists the chairman and chief executive in determining the annual board plan and board agendas and in formulating governance and board-related matters.

On 5 February 2025, the board considered and was satisfied with the competence, qualifications and experience of Natasha Davies, who represents the group secretary. It concluded that during this time, an arm's length relationship had been maintained between the board members and the group secretary. This conclusion was supported by the fact that she performed her role independently from the board or any individual board member and without the directors having an undue influence over her.

The certificate required to be signed by the group secretary in terms of section 88(2)(e) of the Companies Act appears in the annual financial statements on page 95.

## Share dealings

Hudaco has adopted a closed-period policy, which precludes directors, officers, participants in share-based payment arrangements and staff who may have access to price-sensitive information from dealing in Hudaco shares prior to the release of interim and final results as well as during other price-sensitive periods.

All the directors, the members of the executive committee and their personal assistants are required to obtain written clearance from the chief executive before dealing in Hudaco's securities. The chief executive and financial director require prior clearance from the chairman.

Details of share dealings by directors and the group secretary are disclosed through the Securities Exchange News Service (SENS).

The group secretary maintains a record of all dealings in Hudaco shares by directors and affected employees.

No major subsidiary has any director who is not also a director of Hudaco.

## Relationship with stakeholders

Hudaco's relationship with stakeholders is dealt with in the section on stakeholder engagement on pages 15 and 16.

The Hudaco group has various policies governing communication, relationships and conduct with its stakeholders, which comprise shareholders, employees, customers, suppliers, bankers, the community and government.

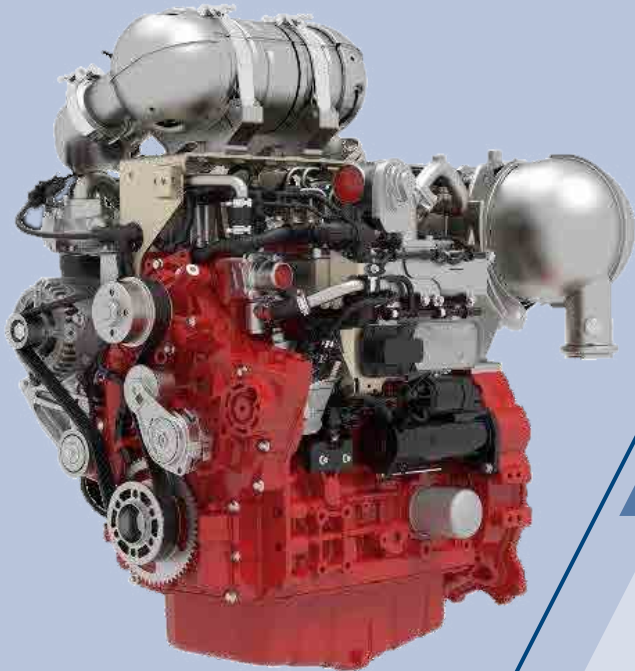
Nedbank Corporate and Investment Banking, a division of Nedbank Limited, acted as the company's sponsor during the year under review.

Hudaco acknowledges the importance of its shareholders attending the company's annual general meetings as these meetings offer an opportunity for the shareholders to participate in discussions relating to general meeting agenda items and to raise additional issues. To this end, online attendance was facilitated for the 2024 annual general meeting and will be available again in 2025. Explanatory notes setting out the effects of all proposed resolutions have been included in the notice of annual general meeting. The company's transfer secretaries attend every meeting of shareholders to assist with the recording of shareholders' attendance and to tally the votes.

The chairmen of board-appointed committees, as well as the executive directors, are required to attend annual general meetings or other general meetings to respond to questions from shareholders.

# AUDITED ANNUAL FINANCIAL STATEMENTS

*Institutional investors, private shareholders, bankers, corporate finance houses, analysts and government*



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## Audit and risk management committee's report

**Hudaco is committed to maintaining a high standard of corporate governance and to creating value for stakeholders in a balanced, ethical and sustainable manner. The board seeks to ensure that good governance is practiced at all levels in the group and that it is an integral part of Hudaco's operations.**

The audit and risk management committee has pleasure in submitting this report, as required in terms of the South African Companies Act.

The audit and risk management committee consists of three directors (until 27 March 2024, four directors) who act independently. During the year under review three meetings were held. At these meetings the members fulfilled their functions as prescribed by the Companies Act and the JSE Listings Requirements. Details of the functions of the audit and risk management committee are contained in the corporate governance section on pages 87 to 91.

The audit and risk management committee has satisfied itself that:

- the auditors are independent of the company and are thereby able to conduct their audit without any influence from the company;
- the accounting practices and systems of internal control are appropriate, adequate and monitored effectively; and
- the committee considered and noted the key audit matter determined by Deloitte & Touche as described in the independent auditor's report.

The audit and risk management committee has evaluated the group and company annual financial statements for the year ended 30 November 2024 ("the annual financial statements") and considers that they comply, in all material aspects, with the requirements of the Companies Act and IFRS Accounting Standards. The audit and risk management committee therefore recommended the annual financial statements for approval by the board. The board has subsequently approved the annual financial statements, which will be presented at the forthcoming annual general meeting.



**B Bulu**

*Chairman of the audit and risk management committee*

25 February 2025

## Social and ethics committee's report

Hudaco is committed to fostering ethical, socially responsible, and sustainable business practices that align with our values and contribute to the broader community. The board ensures that social and ethical governance is embedded at all levels of the group and that it forms an integral part of Hudaco's operations.

The social and ethics committee is constituted in accordance with Regulation 43 of the Companies Regulations, 2011, and is comprised of two independent non-executive directors and one executive director, collectively ensuring effective oversight and compliance with the prescribed legislative and governance requirements.

During the year under review, the committee convened two meetings, during which members diligently fulfilled their mandate, as required by the Companies Act, including oversight of the company's adherence to relevant laws, prevailing codes of best practice, and matters outlined in Regulation 43.

Details of the committee's role, responsibilities, and activities are outlined in the corporate governance section on page 91 of this integrated report.

The social and ethics committee has satisfied itself that it has fulfilled its functions, as specified in Regulation 43(5).

The committee is confident that Hudaco continues to uphold its commitment to ethical governance, sustainability, and the creation of long-term value for its stakeholders.



**N Mandindi**

*Chairman of the social and ethics committee*

25 February 2025

# Group chief executive's and group financial director's responsibility statement

Each of the directors, whose names are stated below, hereby confirms that:

- (a) the annual financial statements set out on pages 102 to 134 fairly present in all material respects the financial position, financial performance and cash flows of Hudaco Industries Limited and its subsidiaries ("Hudaco") 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 Hudaco and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Hudaco;
- (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 management 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.



**GR Dunford**  
Chief executive

25 February 2025



**CV Amoils**  
Group financial director

25 February 2025

## Certificate by the group secretary

In accordance with the provisions of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, the company has filed for the financial year ended 30 November 2024 all such returns and notices as are required of a public company in terms of the said Act, and that all such returns and notices appear to be true, correct and up to date.



**Acorim (Pty) Ltd**  
Represented by Ms N Davies

25 February 2025

# Directors' report

## Reporting period

The directors have pleasure in presenting their report for the company's financial year ended 30 November 2024. The annual financial statements for the year ended 30 November 2024 were authorised for issue in accordance with a resolution of the directors on 25 February 2025. Hudaco Industries Limited is a public company incorporated and domiciled in South Africa whose shares are publicly traded.

The principal activities of the group are described below:

## Nature of business

Hudaco Industries is a South African group specialising in the importation and distribution of high-quality branded automotive, industrial and electronic consumable products, mainly in the southern African region.

Hudaco businesses fall into the following categories:

Consumer-related products	Engineering consumables
Supplied to markets with a bias towards consumer spending and generally sold to installers	Products generally used in the maintenance of machines and sold mainly to mining and manufacturing customers
<ul style="list-style-type: none"> <li>■ Automotive aftermarket products</li> <li>■ Power tools and fasteners</li> <li>■ Data networking equipment</li> <li>■ Batteries and sustainable energy products</li> <li>■ Security and communication equipment</li> <li>■ Gas and outdoor products</li> </ul>	<ul style="list-style-type: none"> <li>■ Bearings, belting and power transmission</li> <li>■ Diesel engines and spares</li> <li>■ Electrical power transmission</li> <li>■ Filtration</li> <li>■ Fire detection, containment and suppression</li> <li>■ Hydraulics and pneumatics</li> <li>■ Specialised steel</li> <li>■ Thermoplastic pipes, fittings and equipment</li> </ul>

Hudaco sources branded products, mainly on an exclusive basis, directly from leading international manufacturers and to a lesser extent from local manufacturers. Hudaco seeks out niche areas in markets where customers need, and are prepared to pay for, the value Hudaco adds to the products it distributes.

The value added includes product specification, technical advice, application and installation training and troubleshooting, combined with ready availability at a fair price. The group has a network of specialised branches and independent distributors throughout southern Africa to ensure product availability to its customers.

## Financial results

Earnings attributable to equity holders of the parent for the year ended 30 November 2024 were R506 million (2023: R611 million).

The results represent basic earnings per share of 1 782 cents (2023: 2 142 cents). Headline earnings per share and comparable earnings per share were 2 012 cents (2023: 2 148 cents).

The results of the company and the group are set out in these financial statements.

## Dividends

R million	2024	2023
Dividend number 73 of 700 cents per share declared on 1 February 2024 The record date was 1 March 2024 and the dividend was paid on 4 March 2024	199	177
Dividend number 74 of 325 cents per share declared on 27 June 2024 The record date was 16 August 2024 and the dividend was paid on 19 August 2024	92	92

The dividends reflected above are net of the dividends on 2 507 828 shares held by a subsidiary.

On 5 February 2025 the directors declared dividend number 75 of 700 cents per share, being the final dividend in respect of the year ended 30 November 2024. The record date will be Friday, 28 February 2025 and the dividend will be paid on Monday, 3 March 2025.

## Acquisition

### Plasti-Weld

As a bolt-on acquisition for Astore Keymak, Hudaco's thermoplastic pipes and fittings business, the business of Plasti-Weld CC was purchased on 1 December 2023. The final consideration will be determined on results to February 2025 with a maximum of R56 million, which includes an initial payment of R43 million made in December 2023. Further detail is provided in note 23.4 to the financial statements.

### Isotec

Since year-end Hudaco has entered into an agreement with Insulation Advanced Technologies (Proprietary) Limited, Isotec Balancing (Proprietary) Limited, Isomec (Proprietary) Limited and Moholi Supplies (Proprietary) Limited (collectively "Isotec") to acquire the trading assets and liabilities of Isotec with effect from the first day of the month following the fulfilment of the final suspensive conditions, which include the satisfactory conclusion of a due diligence review. Isotec is a leading provider of insulation materials and solutions in South Africa. The group manufactures and distributes thermal and electrical insulation materials primarily used in the manufacture and repair of transformers and electrical motors for the manufacturing, mining, repair, railway, generation and switchgear segments. The main production activities involve the insulation of copper and aluminium conductors and the production of composite material according to customer specifications. Isotec has 135 employees in five locations in South Africa and generates revenue of about R500 million per year.

The purchase consideration will be a multiple of the average annual profit after tax (but excluding interest received) of Isotec for the three years following the effective date. The maximum consideration is R709 million. If the suspensive conditions are met, the consideration will be funded from cash generation, existing and (if necessary) new facilities and will be paid as follows: an initial amount of between R250 million and R287 million, payable in cash on the effective date; and three tranches payable in cash two months after the first, second and third anniversaries of the effective date, based on actual average levels of profitability achieved in each of those years.

## Authority to buy back shares

At the forthcoming annual general meeting in March 2025, shareholders will be asked to provide the directors with authority to purchase up to 1 544 799 (5%) of Hudaco's issued shares. If approved, this authority will be valid until the following year's annual general meeting and subject to the Listings Requirements of the JSE Limited, allowing the Hudaco group to purchase its own shares up to 1 544 799 of the issued shares, at a price not greater than 10% above the preceding five-day weighted average.

During the year Hudaco continued to hold indirectly, through a wholly owned subsidiary, a total of 2 507 828 Hudaco shares, representing approximately 8.12% of its issued capital at the date of this report, by way of treasury shares.

## Share capital

### Authorised and issued

The authorised and the issued share capital remained unchanged during the year.

Full details of the authorised and issued capital of the company at 30 November 2024 are contained in notes 18.1 and 18.2 to the financial statements.

### Share-based remuneration schemes

Full details of the company's share-based remuneration schemes are set out in note 18.6 to the financial statements.

## Directorate

Information on the directors of the company in office at the date of this report appears on pages 20 and 21 of the integrated report.

Ernie Smith, who had been an alternate director to Louis Meiring, was appointed a director in his own right on 1 February 2024.

On 27 March 2024, Daisy Naidoo retired from the board after serving as an independent non-executive director since 2011. Louis Meiring stepped down as an executive director and left the group on 27 March 2024.

In terms of the company's Memorandum of Incorporation, Stephen Connelly, Clifford Amoils and Bukelwa Bulu are required to retire by rotation at the forthcoming annual general meeting. They are all available, eligible and recommended for re-election.

## Directors' interests

The directors' interests in the issued shares of the company are set out in note 25.1.

Details of the executive directors' interests in the performance-based Hudaco share appreciation bonus scheme and retention-based share matching scheme are provided in the implementation of the remuneration policy section of the remuneration report, specifically dealing with executive directors' remuneration as set out on pages 69 to 79.

## Directors' remuneration and details of their service agreements

The remuneration of executive and non-executive directors is recommended to the board by the company's remuneration committee.

Further information relating to the remuneration of the directors, together with details relating to the value of share appreciation right and share matching right allocations during the year, are set out in the implementation of the remuneration policy section of the remuneration report, specifically dealing with executive directors' remuneration as set out on pages 69 to 79 and non-executive directors' remuneration on page 80.

Information on the executive directors' service agreements is set out on page 68.

## Secretary

Acorim (Pty) Ltd, represented by Natasha Davies, is the secretary of the company. The address of the secretary is set out on page 146.

## Borrowing powers

The borrowing powers of the Hudaco group are unlimited. At 30 November 2024 unutilised borrowing facilities amounted to R1 467 million (2023: R1 055 million), of which R500 million is uncommitted.

## Material risks disclosure

A description of all material risks which are specific to Hudaco Industries and/or the industries in which the company operates is set out on pages 17 to 18. The manner in which the company manages risk is explained on pages 89 to 90.

## Social and ethics committee

In compliance with Regulation 43 of the Companies Regulations 2011, the company has a social and ethics committee, comprised of two independent non-executive directors and one executive director. N Mandindi served as chairman of the committee throughout the year. D Naidoo and L Meiring served as members until 27 March 2024. B Bulu and E Smith (executive director) served as members from 27 March 2024. The activities of the committee are detailed in the corporate governance section, on page 91 of the integrated report. The social and ethics committee report required in terms of the Companies Act is set out on page 94.

## Statement of directors' responsibility

The directors of the company are responsible for the preparation of the annual financial statements and related financial information that fairly present the state of affairs and the results of the company and the group.

The annual financial statements set out in this report have been prepared under the supervision of CV Amoils CA(SA), financial director, in accordance with statements of IFRS Accounting Standards, the financial reporting pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act and the JSE Listings Requirements. These are based on appropriate accounting policies, consistently applied, which are supported by reasonable judgements and estimates.

The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings thereon. The auditor's report is set out on pages 99 to 101.

To enable the board to meet its responsibilities, systems of internal control and accounting and information systems have been implemented. These are aimed at providing reasonable assurance that risk of error, fraud or loss is reduced. The group's internal audit function, which has unrestricted access to the group's audit and risk management committee, evaluates and, if necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business.

The audit and risk management committee, together with the internal auditors, plays an oversight role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of its knowledge and belief, based on the above and after making enquiries, the board of directors confirms that it has every reason to believe that the company and the group have adequate resources in place to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the annual financial statements. The board of directors further confirms that, to the best of its knowledge and belief, the company is in full compliance with the provisions of the Companies Act No 71 of 2008, as amended, specifically related to its incorporation and that it is operating in conformity with its Memorandum of Incorporation.

The annual financial statements for the year ended 30 November 2024, which appear on pages 102 to 134, were approved by the board on 25 February 2025 and are signed on its behalf by:



**SJ Connelly**  
Chairman

25 February 2025



**GR Dunford**  
Chief executive

# Independent auditor's report

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Hudaco Industries Limited

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

##### Opinion

We have audited the consolidated and separate financial statements of Hudaco Industries Limited (the Group and Company) set out on pages 102 to 134 and 70 to 80, which comprise the consolidated and separate statements of financial position as at 30 November 2024 and the consolidated and separate 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 a summary of 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 Hudaco Industries Limited and its subsidiaries as at 30 November 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 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 in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matter

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.

## Key Audit Matter – Group

## How the matter was addressed in the audit

### Valuation of goodwill related to the Eternity Technologies cash generating unit

IAS 36: Impairment of Assets ("IAS 36") requires an entity to assess at the end of each reporting period whether goodwill and other indefinite life intangible assets are impaired.

Management performed the required impairment test on goodwill, as disclosed in note 14 of the consolidated financial statements.

The discounted cash flow model used to determine the recoverable amount of the cash generating units (CGUs) is detailed and complex and included the following inputs which are subject to estimation uncertainty and judgment by management:

- revenue growth
- pre-tax discount rate (WACC)
- terminal growth rate
- operating profit margin

Due to the judgements and estimates used in determining the inputs and assumptions into the free cash flow model and discount rates applied and the relative sensitivity of the outcome of the assessment to movements in inputs when compared to other CGU's, the impairment of goodwill of Eternity Technologies has been considered as a key audit matter.

As disclosed in note 14, the value of goodwill has decreased by R77 million as a result of an impairment of goodwill in Eternity Technologies in the current financial year.

We evaluated the design and implementation of the control implemented by the directors in the execution of the Group's year-end impairment tests.

This control is designed and implemented to ensure the robustness of the key assumptions used in the impairment tests, including detailed scrutiny of operational forecasts by the management team of each cash generating unit.

We performed further audit procedures on the following sensitive assumptions in the Eternity Technologies CGU:

- Weighted average cost of capital (WACC)
- Revenue growth rate
- Operating profit margin
- Terminal value growth rate

These procedures included the following:

- comparison to prior performance
- comparison to the budget approved by the board
- sensitivity analysis of the revenue growth rate, operating profit margin and WACC rate
- assessment of growth prospects based on the current available asset base
- auditing CGU specific adjustments to the WACC from the group determined WACC

Key Audit Matter – Group	How the matter was addressed in the audit
<p data-bbox="163 252 963 276"><b>Valuation of goodwill related to the Eternity Technologies cash generating unit</b></p>	<p data-bbox="645 300 1088 384">With respect to the impairment models, we utilised internal valuation specialists on the audit team to assist with:</p> <ul data-bbox="645 403 1088 639" style="list-style-type: none"> <li data-bbox="645 403 1088 547">■ auditing and challenging the Hudaco group WACC used by comparing key inputs to external market data, industry practice and relevant industry data published by specialist agencies</li> <li data-bbox="645 560 1088 639">■ auditing and challenging the weighting of the cost of debt and equity utilised in the WACC calculation.</li> </ul> <p data-bbox="645 663 1088 715">We performed the following procedures on the construct of management's impairment models:</p> <ul data-bbox="645 735 1104 914" style="list-style-type: none"> <li data-bbox="645 735 1104 847">■ assessing the construct of the 5-year discounted cash flow valuation model, to ensure that it complied with the requirements of IAS 36</li> <li data-bbox="645 863 1104 914">■ testing the mathematical integrity and formulas in the model</li> </ul> <p data-bbox="645 938 1088 989">We considered the disclosure in note 14 against the requirements of IAS 36.</p> <p data-bbox="645 1013 1088 1125">Based on the procedures we performed, the significant judgements and inputs used in the estimations and related disclosures appear appropriate.</p>

We do not have a key audit matter to report for the Company.

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Hudaco Integrated Report 2024", which includes the Group overview, Review of operations, Environmental, social and governance report, Human capital report, Remuneration report, Corporate governance report, Audit and risk management committee's report, Social and ethics committee's report, Group chief executive's and group financial director's responsibility statement, Certificate by the group secretary, Directors' report and Shareholder information which we obtained prior to the date of this report. The other information does not include the consolidated and 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 and will 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 on the other information obtained prior to the date of this auditor's report, 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 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's and the 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 / or the 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's and the 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's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Hudaco Industries Limited for three years.

Signed by:  
  
**Deloitte & Touche**  
 Registered Auditor  
 Per: PWM van Zijl  
 Partner  
 25 February 2025

5 Magwa Crescent, Waterfall City, 2090, South Africa

# Group statement of comprehensive income

for the year ended 30 November 2024

R000	Notes	2024	2023
<b>Turnover</b>	5	<b>8 379 253</b>	8 896 563
– Operations in the group for at least 24 months at 30 November 2024		<b>8 042 177</b>	8 843 029
– Operations acquired after December 2022		<b>337 076</b>	53 534
Cost of sales		<b>(5 216 349)</b>	(5 693 784)
<b>Gross profit</b>		<b>3 162 904</b>	3 202 779
Increase in expected credit losses		<b>(8 436)</b>	(19 708)
Operating expenses	6	<b>(2 147 276)</b>	(2 111 924)
<b>Operating profit before fair value adjustments</b>		<b>1 007 192</b>	1 071 147
– Operations in the group for at least 24 months at 30 November 2024		<b>922 311</b>	1 059 550
– Operations acquired after December 2022		<b>84 881</b>	11 597
Impairment of goodwill		<b>(77 000)</b>	
Loss on disposal of business			(2 703)
Fair value adjustments	7	<b>(12 366)</b>	(3 892)
<b>Profit before interest</b>		<b>917 826</b>	1 064 552
Interest on lease liabilities	19.3	<b>(38 286)</b>	(37 797)
Finance costs		<b>(114 669)</b>	(112 321)
<b>Profit before taxation</b>		<b>764 871</b>	914 434
Taxation	9	<b>(218 843)</b>	(245 051)
<b>Profit for the year</b>		<b>546 028</b>	669 383
<b>Other comprehensive income that will subsequently be reclassified to profit or loss</b>		<b>8 673</b>	34 065
Profit on fair value of cash flow hedges – current year		<b>15 060</b>	38 202
Tax effect of the above	15.2	<b>1 342</b>	(4 120)
Exchange loss on translation of foreign operations		<b>(7 729)</b>	(17)
<b>Total comprehensive income for the year</b>		<b>554 701</b>	703 448
Profit attributable to:			
– Equity holders of the parent		<b>505 736</b>	610 808
– Non-controlling shareholders	18.5	<b>40 292</b>	58 575
		<b>546 028</b>	669 383
Total comprehensive income attributable to:			
– Equity holders of the parent		<b>513 175</b>	644 133
– Non-controlling shareholders	18.5	<b>41 526</b>	59 315
		<b>554 701</b>	703 448
<b>Basic earnings per share (cents)</b>	10	<b>1 782</b>	2 142
<b>Diluted earnings per share (cents)</b>	10	<b>1 744</b>	2 067

# Group statement of financial position

at 30 November 2024

R000	Notes	2024	2023
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	11	360 780	406 393
Property, plant and equipment	12	377 247	362 439
Intangible assets	13	145 644	131 789
Goodwill	14	1 226 418	1 285 385
Deferred taxation	15	59 009	42 890
		<b>4 059 076</b>	4 427 606
<b>Current assets</b>			
Inventories	16	2 461 011	2 693 350
Trade and other receivables	17	1 329 398	1 489 268
Bank deposits and balances	23.6	268 667	244 988
		<b>6 228 174</b>	6 656 502
<b>Total assets</b>			
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity holders of the parent		3 410 049	3 284 874
Non-controlling interest	18.5	201 243	196 305
		<b>1 107 829</b>	1 601 470
<b>Non-current liabilities</b>			
Amounts due to bankers	19.1	750 000	1 150 000
Amounts due to vendors of businesses acquired	19.2		82 480
Lease liabilities	19.3	306 998	360 757
Deferred taxation	15	50 831	8 233
		<b>1 509 053</b>	1 573 853
<b>Current liabilities</b>			
Trade and other payables	20	1 175 407	1 277 570
Bank overdraft	23.6	107 542	107 580
Amounts due to vendors of businesses acquired	19.2	86 213	53 044
Lease liabilities	19.3	120 506	109 513
Taxation		19 385	26 146
		<b>6 228 174</b>	6 656 502
<b>Total equity and liabilities</b>			

# Group statement of cash flows

for the year ended 30 November 2024

R000	Notes	2024	2023
<b>Cash flow from operating activities</b>			
Operating profit before fair value adjustments		1 007 192	1 071 147
<i>Adjusted for non-cash items:</i>			
– Equity-settled share-based payments	18.6	45 195	48 867
– Depreciation and profit on disposal of plant and equipment	6, 12	56 979	51 964
– Depreciation and profit on remeasurement of right-of-use assets	6, 11	115 146	111 060
– Amortisation and loss on scrapping of intangible assets	6, 13	16 888	10 889
Decrease (increase) in working capital	23.1	297 801	(392 278)
<b>Cash generated from operations</b>		<b>1 539 201</b>	901 649
Taxation paid	23.2	(204 814)	(259 867)
<b>Net cash from operating activities</b>		<b>1 334 387</b>	641 782
<b>Cash flow from investing activities</b>			
Additions to property, plant and equipment	12	(78 569)	(105 229)
Additions to intangible assets	13	(4 414)	(7 744)
Proceeds from disposal of property, plant and equipment		7 490	9 182
Acquisition of businesses	23.4	(41 863)	(146 789)
Payments to vendors of businesses acquired	23.3	(70 156)	(24 248)
<b>Net cash utilised in investing activities</b>		<b>(187 512)</b>	(274 828)
<b>Cash flow from financing activities</b>			
Advances from non-current amounts due to bankers			400 000
Repayment of non-current amounts due to bankers		(400 000)	
Share-based payments settled		(125 475)	(100 593)
Repurchase of shares			(111 699)
Repayment of lease liabilities (rent paid)	19.3	(150 585)	(143 600)
– Capital		(112 299)	(105 803)
– Interest		(38 286)	(37 797)
Finance costs paid		(114 669)	(112 321)
Dividends paid	23.5	(324 279)	(290 287)
<b>Net cash utilised in financing activities</b>		<b>(1 115 008)</b>	(358 500)
Increase in net bank balances		31 867	8 454
Foreign exchange translation (loss) gain		(8 150)	168
<b>Net bank balances at the beginning of the year</b>		<b>137 408</b>	128 786
<b>Net bank balances at the end of the year</b>	23.6	<b>161 125</b>	137 408

# Group statement of changes in equity

for the year ended 30 November 2024

<b>R000</b>	<b>Share capital</b>	<b>Non-distributable reserves</b>	<b>Retained income</b>	<b>Equity holders of the parent</b>	<b>Non-controlling interest</b>	<b>Equity</b>
Note	18.2	18.4			18.5	
<b>Balance at 1 December 2022</b>	3 159	158 231	2 953 579	3 114 969	158 124	3 273 093
Repurchase of shares	(70)		(111 629)	(111 699)		(111 699)
Transfer to cost of inventory		(22 410)		(22 410)	(534)	(22 944)
Comprehensive income for the year		33 325	610 808	644 133	59 315	703 448
Movement in equity compensation reserve		(3 396)	(48 330)	(51 726)		(51 726)
Dividends (note 21)			(269 687)	(269 687)	(20 600)	(290 287)
<b>Balance at 30 November 2023</b>	3 089	165 750	3 134 741	3 303 580	196 305	3 499 885
<i>Less: Shares held by subsidiary company</i>	(251)	(41)	(18 414)	(18 706)		(18 706)
<b>Net balance at 30 November 2023</b>	2 838	165 709	3 116 327	3 284 874	196 305	3 481 179
<b>Balance at 1 December 2023</b>	<b>3 089</b>	<b>165 750</b>	<b>3 134 741</b>	<b>3 303 580</b>	<b>196 305</b>	<b>3 499 885</b>
Transfer to cost of inventory		(16 741)		(16 741)	(3 288)	(20 029)
Comprehensive income for the year		7 439	505 736	513 175	41 526	554 701
Movement in equity compensation reserve		(12 627)	(67 653)	(80 280)		(80 280)
Dividends (note 21)			(290 979)	(290 979)	(33 300)	(324 279)
<b>Balance at 30 November 2024</b>	<b>3 089</b>	<b>143 821</b>	<b>3 281 845</b>	<b>3 428 755</b>	<b>201 243</b>	<b>3 629 998</b>
<i>Less: Shares held by subsidiary company</i>	(251)	(41)	(18 414)	(18 706)		(18 706)
<b>Net balance at 30 November 2024</b>	<b>2 838</b>	<b>143 780</b>	<b>3 263 431</b>	<b>3 410 049</b>	<b>201 243</b>	<b>3 611 292</b>

# Notes to the annual financial statements

for the year ended 30 November 2024

## 1. Accounting policies

### 1.1 Basis of preparation

The group and company annual financial statements are prepared on the historical cost basis adjusted for certain financial instruments measured at fair value, and incorporate the following principal accounting policies, which conform with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act and the JSE Listings Requirements. Except for the adoption of amendments to IAS 1 *Presentation of financial statements* and IFRS 7 *Financial Instruments: Disclosures*, the group did not change any accounting policies or adopt any new accounting standards during the year. These adoptions did not have a material impact on the financial statements of the group.

### 1.2 Basis of consolidation

The group financial statements incorporate all the assets, liabilities and results of the company and all entities that are controlled by the company. In all cases results are reported from the effective date of acquisition to the effective date of disposal using the acquisition method.

The company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

Non-controlling interests in the net assets of consolidated entities are identified and recognised separately from the group's interest therein, and are recognised within equity on a proportionate share basis.

### 1.3 Business combinations

The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition date fair values in terms of IFRS 3.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of:

- fair value of consideration transferred;
- the recognised amount of any non-controlling interest in the acquiree; and
- acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets.

If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at the acquisition date.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be a liability, is recognised in accordance with IFRS 9 in profit or loss.

### 1.4 Revenue

The group's revenue is predominantly derived from the sale of products and related services of high-quality branded engineering consumables and consumer-related products, overwhelmingly in South Africa. A small portion of its revenue is earned over time.

Revenue from contracts with customers for the supply of goods at a point in time is recognised when the performance obligation is satisfied. Generally this means that the customer has taken undisputed delivery of goods and that all risks and rewards have been transferred to the customer. Revenue from contracts with customers for the supply of goods is recognised over time where there is no alternative use to the group and the group has an enforceable right to payment for performance completed to date. The contracts embody a single performance obligation and are measured on the percentage of completion method, as this is deemed the most appropriate. Revenue from contracts with customers to provide services to customers is recognised when the performance obligation is satisfied and could be over time as the services are rendered or at a point in time upon completion of the services.

Generally, customers are permitted to return faulty goods under the standard warranty terms. The warranties provide assurance that the goods are functioning as expected and they run for periods relevant to the nature of the product. Incidence of warranty claims is very low and in most cases responsibility for redress lies with the supplier. The group raises a warranty provision in terms of IAS 37 but the amount thereof is insignificant. In some businesses customers have a short-term right of return for credit but there is little usage thereof.

As the period of time between customer payment and performance will always be one year or less, the company applies the practical expedient and does not adjust the promised amount of consideration for the effects of financing. Overwhelmingly, the group sells on credit with terms ranging from 30 days to 90 days but there is also an element of cash sales.

### 1.5 Income from investments

In the company, dividend income from investments is recognised when the shareholder's right to receive payment has been established. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

### 1.6 Other income

Other income is recognised when the group's right to receive payment has been established.

### 1.7 Cost of sales

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

**Notes to the annual financial statements *continued***

for the year ended 30 November 2024

**1. Accounting policies *continued*****1.8 Short-term employee benefits**

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care) is recognised in the period in which the service is rendered and is not discounted.

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

**1.9 Lease liabilities**

The group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

The company applies the short-term lease recognition exemption to its short-term leases of buildings (ie, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value (<R100 000 per item). Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

At the commencement date of a lease, the group recognises a lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees and payments of penalties for terminating a lease, if the lease term reflects the group exercising the option to terminate.

After the commencement date, the amount of the lease liabilities is increased to show the accretion of interest and reduced for the lease payments made. The carrying amount of the lease liabilities is also remeasured if there is a modification, a change in the lease payments or a change in the lease term.

**1.10 Share-based payments**

The group operates equity-settled share-based compensation plans for senior and middle management including executive directors. The costs of these arrangements are measured by reference to their fair value at the dates on which they were granted. The fair values are charged as an expense in determining operating profit, with a corresponding credit to equity, on a straight-line basis over the initial vesting period of each grant. The costs take into account the best estimate of the number of rights that are expected to vest, taking into account non-market conditions such as exits from the schemes prior to vesting and operating performance compared to targets for vesting, where applicable. These estimates are revised at each reporting date and the impact of the revision is to spread the new estimated remaining cost over the balance of the vesting periods, including the current year. All differences between these recognised expenses and the actual payments on the exercise of these rights as well as the excess, if any, of any taxation benefit of the cash settlement over the equity accrual, are accounted for directly in retained earnings.

**1.11 Retirement benefits**

Defined contribution pension or provident schemes are operated by all group companies. Contributions made to these schemes are charged to profit or loss in the year in which they are payable.

By virtue of the types of schemes operated in the group, no past service costs or experience adjustments will arise in the retirement funding arrangements.

**1.12 Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred, except where capitalisation is required in terms of IAS 23.

**1.13 Current taxation**

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income as it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's tax liability is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

**1.14 Property, plant and equipment**

Buildings, plant and equipment are carried at cost less accumulated depreciation and impairment. They are depreciated on a straight-line basis to their expected residual values over their estimated useful lives. Both their residual values and useful lives (note 12) are reassessed annually. Land is stated at cost to the group.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

**1.15 Right-of-use assets**

Right-of-use assets are presented on the statement of financial position and are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. Depreciation starts at the commencement date of a lease and the charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Initial measurement is at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

**Notes to the annual financial statements *continued***

for the year ended 30 November 2024

**1. Accounting policies *continued*****1.16 Investments in subsidiaries**

In the company financial statements, investments in subsidiaries are carried at cost less accumulated impairments, if any. The cost of the investment in a subsidiary is the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the company.

**1.17 Goodwill**

Goodwill is initially measured and carried at cost. It represents the excess of the purchase consideration over the fair value of the group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition. Goodwill is reviewed for impairment at least annually. Any impairment is immediately recognised as an expense and not reversed in future periods.

**1.18 Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance and is initially recognised at fair value if acquired as part of a business combination and at cost if acquired separately.

If assessed as having a finite life, it is amortised over its useful life using the straight-line basis and tested for impairment if there is an indication that it may be impaired. Useful lives (note 13) are reassessed annually. Indefinite life intangible assets are tested for impairment annually.

Intangible assets that are fully amortised and are no longer in use are derecognised.

**1.19 Deferred tax**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which these unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

**1.20 Inventories**

Inventories are valued at the lower of cost and net realisable value. The basis of determining cost is first-in-first-out or weighted average, and includes direct costs and where applicable, a

proportion of manufacturing overheads. Each business unit applies one of these bases consistently from year to year.

**1.21 Financial instruments**

Financial instruments are initially measured at fair value when the related contractual rights or obligations arise. Subsequent to initial recognition these instruments are measured as follows:

- Trade and other receivables are stated at amortised cost less allowance for expected credit loss. Receivables are considered to be in default when they are in breach of their agreed credit terms and are written off when management considers the recoverability of the outstanding balance to be highly unlikely. The group and the company apply the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for trade receivables.
- Cash and cash equivalents are measured at amortised cost less allowance for expected credit loss.
- Financial liabilities – non-derivative financial liabilities are measured at amortised cost, comprising net proceeds from original debt less principal payments.
- Financial liabilities – amounts due to vendors of businesses acquired are measured at fair value through profit or loss.
- Derivative instruments, including forward exchange contracts, are measured at fair value.
- Intercompany loans are stated at amortised cost less allowance for expected credit loss. The general model applies to intercompany loans. In terms of the general model, a loss allowance for lifetime expected credit losses (ECL) is recognised for an intercompany loan if there has been a significant increase in credit risk since initial recognition. When determining whether the credit risk of an intercompany loan has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and forward-looking information.

Hedge accounting transactions are classified into two categories:

- Fair value hedges, which hedge exposure to changes in the fair value of a recognised asset or liability, ie forward exchange contracts in respect of foreign trade liabilities.
- Cash flow hedges, which hedge exposure to variability in future cash flows attributable to forecasted transactions, ie forward exchange contracts in respect of orders placed with foreign suppliers but not yet shipped.

Gains or losses on subsequent measurements are treated as follows:

- Any gains or losses on fair value hedges are recognised in profit or loss for the year.
- Gains or losses on effective cash flow hedges are recognised in other comprehensive income. These gains or losses are recycled to profit or loss in the same period in which the hedged future transaction occurs and impacts profit or loss.
- The ineffective portion of any cash flow hedge is recognised in profit or loss for the year.
- Gains or losses from a change in the fair value of financial instruments that are not part of a hedging relationship are included in profit or loss for the period in which they arise.

**Notes to the annual financial statements *continued***

for the year ended 30 November 2024

**1. Accounting policies *continued*****1.22 Impairment**

On an annual basis the group reviews goodwill carried on the statement of financial position for impairment and all tangible assets and definite life intangible assets for indicators of impairment. Where the recoverable amount of an asset or cash-generating unit is estimated to be lower than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are charged against profit or loss in the period in which they are identified.

Except in the case of goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. Such increases in carrying amounts shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss in the period in which such reversal is identified.

**1.23 Foreign currency transactions**

The functional and presentation currency of all the entities in the group is Rand, except for the foreign operations in Kenya, Namibia, UK, USA and Zambia.

Transactions in foreign currencies are initially recorded in the functional currency of the operation concerned at the exchange rate ruling at the date of the transaction.

All assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate ruling at the reporting date.

Exchange differences arising on the settlement of transactions at rates different from those at the transaction date, and unrealised exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in profit or loss for the year.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rand at the appropriate exchange rate at the reporting dates. The income and expenses of foreign operations are translated to Rand at exchange rates at the dates of the transactions.

Foreign currency differences relating to foreign operations are recognised directly in equity in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

**1.24 Contingencies**

Contingent assets and liabilities that do not form part of a business combination are not recognised, but are disclosed in the notes to the financial statements.

**1.25 Segment reporting**

Hudaco's businesses have been divided into two primary reportable segments serving distinct markets. Hudaco's reportable segment information differentiates between consumer-related products, which markets are influenced mainly by consumer spending, and engineering consumables, which markets are influenced mainly by mining and manufacturing customers. These operations are monitored by the individuals as set out on page 22.

The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. In the financial period under review, this primarily applies to the group's headquarters.

**2. Use of estimates, judgements and assumptions made in the preparation of the financial statements**

Significant estimates and judgements are made in the following areas:

- Right-of-use assets – incremental borrowing rate, reasonable certainty of renewal option exercise – note 11
- Impairment of goodwill – future cash flows and determining the discount rate – note 14
- Inventories – allowance for slow-moving and obsolete inventory – note 16
- Trade and other receivables – allowance for expected credit loss – note 17
- Control assessment over subsidiary – note 18.5
- Fair value of share-based payments – estimate of the fair value of share rights – note 18.6
- Value of vendor liabilities – amount and timing of contingent consideration – note 19.2
- Lease liabilities – incremental borrowing rate, reasonable certainty of renewal option exercise – note 19.3

Actual results could differ from the estimates made by management from time to time.

**3. Changes in accounting policies**

Except for the adoption of amendments to IAS 1 *Presentation of financial statements* and IFRS 7 *Financial Instruments: Disclosure*, the group did not change any accounting policies or adopt any new accounting standards during the year. These adoptions did not have a material impact on the financial statements of the group.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

#### 4. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new amendments that are expected to be relevant to the group's financial statements, is provided below. These amendments are not expected to have any material impact on the group's financial statements.

Standard	Details of amendments	Annual periods beginning on or after
IFRS 9 <i>Financial Instruments</i>	<ul style="list-style-type: none"> <li>■ <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i> – Two narrow scope amendments were made to IFRS 9:               <ul style="list-style-type: none"> <li>– Derecognition of lease liabilities. The amendment clarifies that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss arising from the difference between the carrying amount of the lease liability extinguished or transferred and any consideration paid in profit or loss.</li> <li>– Transaction price. Removal of an inconsistency between the requirements of IFRS 9 and the requirements in IFRS 15 <i>Revenue from Contracts from Customers</i> in relation to the initial measurement of trade receivables at their transaction price. The amendment clarifies that trade receivables must be measured at the amount determined by applying IFRS 15.</li> </ul> </li> </ul>	1 January 2026
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	<ul style="list-style-type: none"> <li>■ IFRS 18 is the culmination of the IASB's Primary Financial Statements project.</li> <li>■ IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies:               <ul style="list-style-type: none"> <li>– Improved comparability in the statement of profit or loss (income statement) through the introduction of three defined categories for income and expenses – operating, investing and financing – to improve the structure of the income statement, and a requirement for all companies to provide new defined subtotals, including operating profit.</li> <li>– Enhanced transparency of management-defined performance measures with a requirement for companies to disclose explanations of those company-specific measures that are related to the income statement.</li> <li>– More useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses.</li> </ul> </li> <li>■ This Standard replaces IAS 1 <i>Presentation of Financial Statements</i>. It carries forward many requirements from IAS 1 unchanged.</li> </ul>	1 January 2027
IAS 1 <i>Presentation of Financial Statements</i>	<ul style="list-style-type: none"> <li>■ <i>Classification of Liabilities as Current or Non-current</i>: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.</li> <li>■ <i>Non-current liabilities with Covenants</i>: The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months.</li> </ul>	1 January 2024
IAS 7 <i>Statement of Cash Flows</i>	<ul style="list-style-type: none"> <li>■ <i>Annual Improvements to IFRS Accounting Standards – Volume 11 – Cost method</i> – Narrow scope amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of 'cost method' from IFRS Accounting Standards.</li> </ul>	1 January 2026

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

R000	2024	2023
<b>5. Revenue</b>		
<b>Turnover comprises</b>		
<b>Revenue from contracts with customers</b>		
Sales of products	8 110 144	8 673 024
Rendering of services	269 109	223 539
	<b>8 379 253</b>	8 896 563
<b>Timing of revenue recognition</b>		
Goods and services transferred at a point in time	8 288 423	8 731 908
Goods and services transferred over time <sup>(1)</sup>	90 830	164 655
	<b>8 379 253</b>	8 896 563
<small><sup>(1)</sup> The remaining transaction price allocated to unsatisfied performance obligations will be satisfied within one year.</small>		
<b>Geographical disaggregation</b>		
Goods and services sold in South Africa	7 581 398	8 053 964
Goods and services sold outside South Africa	797 855	842 599
	<b>8 379 253</b>	8 896 563
Refer to note 27 for further disaggregation of turnover.		
<b>6. Operating expenses</b>		
<b>Operating expenses comprise</b>		
Employee-related expenses	1 520 355	1 480 752
Property rentals under short-term operating leases	1 459	14 002
Depreciation – property, plant and equipment	57 191	53 628
Depreciation – right-of-use assets	119 755	112 218
Amortisation – intangible assets	16 883	10 418
Profit on disposal and scrapping of plant and equipment	(212)	(1 664)
Profit on remeasurement of right-of-use assets	(4 609)	(1 158)
Loss on scrapping of intangible assets	5	471
Acquisition costs – new businesses	285	1 333
Other expenses – including non-executive directors' fees	683 848	697 866
Allocated to cost of sales	(247 684)	(255 942)
	<b>2 147 276</b>	2 111 924

R000	2024	2023
<b>7. Fair value adjustments</b>		
<b>Fair value of amounts due to vendors of businesses acquired</b>		
Adjustment to estimated capital amounts due	1 342	
Adjustment for time-value of money	(13 708)	(3 892)
	<b>(12 366)</b>	(3 892)
<b>8. Auditor's remuneration</b>		
Audit fees – current year	13 837	13 623
– prior year	450	409
	<b>14 287</b>	14 032
<b>9. Taxation</b>		
<b>9.1 Taxation comprises</b>		
South African normal taxation		
Current year	192 058	228 110
Prior years over provision	(1 052)	(883)
Deferred taxation		
Current year	20 610	10 170
Effect of rate change	(16)	
Prior years under provision	196	1 524
Foreign normal taxation	7 047	6 130
	<b>218 843</b>	245 051
<b>9.2 Reconciliation of rate of taxation</b>	%	%
Normal rate	27.0	27.0
Non-deductible holding company and other expenses	0.7	0.5
Impairment of goodwill	2.7	
Prior year (over) under provision	(0.1)	0.1
Rate differential		(0.1)
Non-taxable income	(0.8)	(0.1)
Learnership allowances	(0.9)	(0.6)
	<b>28.6</b>	26.8

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

R000	2024	2023
<b>10. Earnings, headline earnings and comparable earnings per share</b>		
<b>Calculation of headline and comparable earnings</b>		
Profit attributable to equity holders of the parent	<b>505 736</b>	610 808
<i>Adjusted for:</i>		
Impairment of goodwill	<b>77 000</b>	
Non-controlling interest	<b>(11 550)</b>	
Loss on disposal of business		2 703
Tax effect		260
Non-controlling interest		(445)
Profit on disposal of plant, equipment and intangible assets	<b>(207)</b>	(1 193)
Tax effect	<b>56</b>	322
Non-controlling interest	<b>34</b>	113
<b>Headline and comparable earnings</b>	<b>571 069</b>	612 568
<b>Earnings per share (cents)</b>		
Basic	<b>1 782</b>	2 142
Diluted basic	<b>1 744</b>	2 067
Headline and comparable	<b>2 012</b>	2 148
Diluted headline and comparable	<b>1 969</b>	2 073

The calculation of comparable, headline and basic earnings per share is based on comparable earnings, headline earnings and earnings attributable to equity holders of the parent, divided by the weighted average of 28 388 152 (2023: 28 518 810) shares in issue during the year, taking account of shares held by a subsidiary.

Comparable earnings and comparable earnings per share are calculated, as the directors of the company believe these are more reliable measures of the ongoing trading performance of the group.

The calculation of diluted earnings per share is based on 28 996 090 (2023: 29 549 258) shares, being the weighted average number of shares in issue of 28 388 152 (2023: 28 518 810) plus 607 938 (2023: 1 030 448) deemed free issue shares. This assumes that any bonus due in terms of the share appreciation bonus scheme and share matching scheme is settled in shares at the year-end price of R200.50 (2023: R163.20) per share. The number of deemed free issue shares is the difference between the number of shares assumed to have been taken up and the number of shares that could have been acquired with such proceeds less the future IFRS 2 charge on the unvested rights, at the average market price per share.

R000	2024	2023
<b>11. Right-of-use assets</b>		
<b>Cost – Buildings</b>		
Opening balance	<b>796 051</b>	675 471
Derecognised	<b>(35 235)</b>	(15 865)
Effect of reassessment of the probability that options to renew will be exercised	<b>41 602</b>	78 849
Leases concluded during the year	<b>32 540</b>	57 596
Closing balance	<b>834 958</b>	796 051
<b>Accumulated depreciation – Buildings</b>		
Opening balance	<b>389 658</b>	293 305
Derecognised	<b>(35 235)</b>	(15 865)
Depreciation for the year – note 6	<b>119 755</b>	112 218
Closing balance	<b>474 178</b>	389 658
<b>Net book value</b>	<b>360 780</b>	406 393

The disclosure of the lease liabilities in respect of these assets is in note 19.3.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

## 12. Property, plant and equipment

R000	Freehold land	Buildings	Plant	Computer hardware	Motor vehicles	Other assets	Total
<b>2024</b>							
<b>Cost</b>							
Opening balance	19 037	115 280	293 403	77 970	156 657	83 449	745 796
Derecognised/scrapped			(1 756)	(5 549)	(2 349)	(482)	(10 136)
Exchange differences			(117)	(22)	(67)	(25)	(231)
Acquisition of business			268	108	1 648	76	2 100
Additions	1 852	6 985	31 024	8 157	19 242	11 309	78 569
Disposals			(2 314)	(1 460)	(14 304)	(6 124)	(24 202)
Closing balance	20 889	122 265	320 508	79 204	160 827	88 203	791 896
<b>Accumulated depreciation</b>							
Opening balance		23 705	163 926	56 686	83 191	55 849	383 357
Derecognised/scrapped			(1 756)	(5 495)	(2 349)	(482)	(10 082)
Exchange differences			(97)	(21)	(32)	(8)	(158)
Acquisition of business			116	43	1 128	32	1 319
Depreciation for the year		2 650	20 351	9 892	15 563	8 735	57 191
Disposals			(1 900)	(1 102)	(8 156)	(5 820)	(16 978)
Closing balance		26 355	180 640	60 003	89 345	58 306	414 649
<b>Net book value</b>	<b>20 889</b>	<b>95 910</b>	<b>139 868</b>	<b>19 201</b>	<b>71 482</b>	<b>29 897</b>	<b>377 247</b>
<b>2023</b>							
<b>Cost</b>							
Opening balance	19 037	77 205	280 216	74 129	144 757	80 277	675 621
Reclassification			252	(107)		(145)	
Derecognised/scrapped			(351)	(1 778)		(2 496)	(4 625)
Exchange differences			283	76	(149)	(19)	191
Acquisition of business			1 856	331	1 834	130	4 151
Additions		38 075	26 795	10 878	23 109	11 679	110 536
Disposal of business			(1 575)	(37)		(42)	(1 654)
Disposals			(14 073)	(5 522)	(12 894)	(5 935)	(38 424)
Closing balance	19 037	115 280	293 403	77 970	156 657	83 449	745 796
<b>Accumulated depreciation</b>							
Opening balance		21 280	156 360	53 937	79 241	55 648	366 466
Reclassification			64	(44)		(20)	
Derecognised/scrapped			(351)	(1 778)		(2 496)	(4 625)
Exchange differences			232	70	(90)	(7)	205
Depreciation for the year		2 425	18 923	9 516	14 501	8 263	53 628
Disposal of business			(1 343)	(28)		(40)	(1 411)
Disposals			(9 959)	(4 987)	(10 461)	(5 499)	(30 906)
Closing balance		23 705	163 926	56 686	83 191	55 849	383 357
<b>Net book value</b>	<b>19 037</b>	<b>91 575</b>	<b>129 477</b>	<b>21 284</b>	<b>73 466</b>	<b>27 600</b>	<b>362 439</b>
The initial expected useful lives are set within these ranges (years):		20 – 40	3 – 25	3 – 6	3 – 10	3 – 15	
The remaining useful lives are set within these ranges (years):		11 – 39	1 – 20	1 – 5	1 – 8	1 – 15	

As the residual values and remaining useful lives are reassessed on an annual basis, there are assets outside these ranges. Details of freehold land and buildings are available at the registered office of the group.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

**13. Intangible assets**

R000	Customer relationships	Trade names	Computer software	Total
<b>2024</b>				
<b>Cost</b>				
Opening balance	76 739	33 663	66 055	176 457
Derecognised			(3 130)	(3 130)
Acquisition of new business	23 690	2 639		26 329
Additions			4 414	4 414
Scrapping			(152)	(152)
Closing balance	100 429	36 302	67 187	203 918
<b>Accumulated amortisation</b>				
Opening balance	2 299	1 493	40 876	44 668
Derecognised			(3 130)	(3 130)
Scrapping			(147)	(147)
Amortisation for the year	10 043	1 381	5 459	16 883
Closing balance	12 342	2 874	43 058	58 274
<b>Net book value</b>	<b>88 087</b>	<b>33 428</b>	<b>24 129</b>	<b>145 644</b>
<b>2023</b>				
<b>Cost</b>				
Opening balance	3 819	11 452	65 151	80 422
Derecognised	(1 281)		(5 883)	(7 164)
Acquisition of new business	74 201	22 211		96 412
Additions			7 744	7 744
Scrapping			(957)	(957)
Closing balance	76 739	33 663	66 055	176 457
<b>Accumulated amortisation</b>				
Opening balance	1 391	640	39 869	41 900
Derecognised	(1 281)		(5 883)	(7 164)
Scrapping			(486)	(486)
Amortisation for the year	2 189	853	7 376	10 418
Closing balance	2 299	1 493	40 876	44 668
<b>Net book value</b>	<b>74 440</b>	<b>32 170</b>	<b>25 179</b>	<b>131 789</b>
The initial expected useful lives are set within these ranges (years):				
	10	3 – Indefinite	2 – 25	
The remaining useful lives are set within these ranges (years):				
	8 – 9	1 – Indefinite	1 – 8	

The costs attributable to intangible assets that were acquired as part of the acquisition of a business and the annual impairment reviews have been determined by valuation specialists and management, applying recognised valuation techniques and exercising judgement on the same basis as for goodwill, as described in note 14.

R000

2024

2023

**14. Goodwill****14.1 Goodwill comprises:**

Goodwill at cost	1 703 763	1 685 730
Accumulated impairment	(477 345)	(400 345)
	<b>1 226 418</b>	<b>1 285 385</b>

**14.2 Movement for the year**

Balance at the beginning of the year	1 285 385	1 182 116
Acquisition during the year	18 033	100 936
Impairment during the year	(77 000)	
Finalisation of purchase price allocation		6 000
Derecognition due to sale of business		(3 667)
	<b>1 226 418</b>	<b>1 285 385</b>

The net book value of goodwill is attributable to the following cash-generating units (CGUs):

Partquip	249 747	249 747
Filter and Hose Solutions	226 784	226 784
MiRO	171 069	171 069
Brigit Fire	100 936	100 936
Eternity Technologies	80 838	157 838
Rutherford – Boltworld	66 016	66 016
Joseph Grieveson	55 834	55 834
The Dished End Company	51 212	51 212
Dosco Precision Hydraulics	40 932	40 932
Astore Keymak	24 397	24 397
Hydraulic Engineering Repair Services	22 850	22 850
Gear Pump Manufacturing	21 011	21 011
Plasti-Weld	18 033	
CADAC	17 822	17 822
Specialised Battery Systems	14 955	14 955
Abes Technoseal	14 435	14 435
Varispeed	11 586	11 586
Three-D Agencies	9 968	9 968
Deltec	8 114	8 114
Brewtech Engineering	7 389	7 389
Ironman 4X4	3 400	3 400
Powermite group	1 568	1 568
Other	7 522	7 522
	<b>1 226 418</b>	<b>1 285 385</b>

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

**14. Goodwill continued****14.2 Movement for the year continued**

Goodwill arises on acquisitions because the cost of acquisitions includes amounts that are not recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets. These include premiums paid for control, amounts in relation to the benefit of expected synergies, a skilled workforce, revenue growth, future market development and diversification of revenue streams.

Goodwill arising in business combinations is allocated, at acquisition, to the CGUs acquired and those expected to benefit from that business combination. The group tests goodwill for impairment at least annually by estimating the recoverable amount of any CGU to which goodwill has been allocated. The recoverable amount of all significant amounts of goodwill are estimated by using the higher of the value-in-use method and the fair value less cost to sell. During the current year, all recoverable amounts were based on value-in-use.

A discounted cash flow valuation model is applied using five-year forecasts with terminal values, as all CGUs have an expected life beyond five years. Detailed budgets, prepared by the management of the CGU and approved by the Hudaco board, are used to determine the cash flow for the first year and are the quantification of strategies of the specific CGU. The process ensures that any significant risks and sensitivities are appropriately considered and factored into these forecasts. Key assumptions are based on industry-specific performance levels as well as economic indicators, especially forecast consumer price index increases, approved by the executive and their impact on turnover and operating margins. Assumptions are generally consistent with external sources of information and with past experience of the impact thereof on the group's cash flow. In the absence of specific factors or strategies that may be expected to have a significant impact on margins, it is assumed that these will remain unchanged from those of recent years.

Cash flows for the second and third years are forecast by applying individual estimated sustainable levels of growth for the specific businesses, taking into account the drivers of the economic sectors in which they operate and their expected impact on turnover and margins, their business strategies and the risks they face. For the fourth and fifth years and terminal value, cash flows are determined by using estimated sustainable growth levels of turnover for CGUs ranging from 5% to 8% and 5% (2023: 5% to 8% and 5%) per annum, respectively, which rates are considered reasonable in context of the industries in which they operate. Beyond the short-term, they are derived from the use of a common forecasting process followed across the group.

Discount rates applied to cash flow projections are based on a South African specific pre-tax weighted average cost of capital (WACC), which takes into account appropriate risk-free rates adjusted for market risk, company-specific risk, cost of debt and the relevant weighting between debt and equity. The WACC applied to CGUs ranges from 17.0% to 24.4% (2023: 18.0% to 25.4%). The movement in WACC from the previous year is mainly attributable to changes in the cost of the risk-free rate of return and the debt weighting.

Eternity Technologies incurred trading losses during the current year due to decreased revenue resulting from fewer projects and tenders awarded to Eternity Technologies. Over the past few years there have been significant management and staff changes and although the new structure is expected to result in improved results, it is unlikely that the future profit will reach the same level as was experienced at and immediately post-acquisition. For this reason, it was decided to impair the goodwill of Eternity Technologies by an amount of R77 million as determined from a value-in-use model of valuation using a weighted average cost of capital of 22.2%, terminal revenue growth of 5% and net profitability of 12%. The remaining value of the goodwill is R81 million.

For most of the CGUs, the calculated goodwill is well above the carrying value and would only be subject to an impairment if the assumptions are materially wrong. Those CGUs with less headroom are reflected in the table below, along with the reduction in the calculated goodwill resulting from changes in the main drivers of the calculated goodwill.

	Reduction of calculated goodwill resulting from:							
	Headroom (Rm)		Increase in WACC of 0.5% (Rm)		Decline in revenue growth of 0.5% per year (Rm)		Decline in terminal operating profit margin of 0.5% (Rm)	
	2024	2023	2024	2023	2024	2023	2024	2023
MiRO	13.5	25.8	10.5	5.3	4.2	4.4	20.4	8.9
Eternity Technologies	0	3.8	5.1	6.6	2.1	3.3	4.6	4.6
Joseph Grieveson	20.6	48.9	3.4	4.2	1.5	2.0	2.8	2.7
Dosco Precision Hydraulics	5.5	10.2	2.1	2.7	1.0	1.1	2.1	2.2

The recoverable amounts for the goodwill of the most significant CGUs have been determined by using the following main inputs:

	Revenue growth (%)		Working capital growth (%)		Pre-tax discount rate (%)		Terminal growth rate (%)	
	2024	2023	2024	2023	2024	2023	2024	2023
Partquip	5 – 8	5 – 11	5 – 9	1 – 7	19.3	21.3	5.0	5.0
Filter and Hose Solutions	5 – 11	5 – 10	5 – 30	5 – 16	17.9	18.0	5.0	5.0
MiRO	5 – 12	5 – 11	5 – 9	1 – 7	22.2	24.9	5.0	5.0
Brigit Fire	4 – 10	5 – 30	5 – 12	3 – 24	20.4	20.2	5.0	5.0

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

R000	2024	2023
<b>15. Deferred taxation</b>		
<b>15.1 Deferred taxation comprises temporary differences arising from:</b>		
Capital allowances	<b>(35 072)</b>	(34 406)
Amounts due to vendors	<b>(1 995)</b>	(5 450)
Intangible assets	<b>(30 086)</b>	(25 533)
Right-of-use assets	<b>(97 255)</b>	(109 278)
Lease liabilities	<b>115 322</b>	126 438
Allowance for expected credit loss	<b>7 840</b>	11 456
Leave pay, bonus accruals and share-based payments	<b>47 745</b>	71 821
Fair value of cash flow hedges	<b>171</b>	(1 171)
Other	<b>1 508</b>	780
Net deferred taxation asset	<b>8 178</b>	34 657
Deferred taxation is reflected on the group statement of financial position as follows:		
Deferred tax assets	<b>59 009</b>	42 890
Deferred tax liabilities	<b>(50 831)</b>	(8 233)
	<b>8 178</b>	34 657

The deferred tax asset has been raised as it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

R000	2024	2023
<b>15.2 Movement for the year</b>		
Balance at the beginning of the year	<b>34 657</b>	81 208
Arising on acquisitions during the year		
Amounts due to vendors	<b>(245)</b>	(6 346)
Intangible assets	<b>(7 109)</b>	(20 034)
Allowance for expected credit loss	<b>41</b>	350
Leave pay and bonus accruals	<b>282</b>	600
Arising on additions during the year		
Capital allowances		(5 307)
Raised (utilised) during the year (including prior years under/over provision and rate change)		
Capital allowances	<b>(666)</b>	(794)
Amounts due to vendors	<b>3 700</b>	1 051
Intangible assets	<b>2 556</b>	2 320
Right-of-use assets	<b>12 023</b>	(6 791)
Lease liabilities	<b>(11 116)</b>	8 231
Allowance for expected credit loss	<b>(3 657)</b>	717
Leave pay, bonus accruals and share-based payments	<b>(24 358)</b>	(15 113)
Fair value of cash flow hedges	<b>1 342</b>	(4 120)
Other	<b>728</b>	(1 315)
	<b>8 178</b>	34 657
The movement has been recognised as follows:		
– in the current year tax charge (note 9)	<b>(20 790)</b>	(11 694)
– in other comprehensive income	<b>1 342</b>	(4 120)
– acquisition (note 23.4)	<b>(7 031)</b>	(25 430)
– addition of property		(5 307)
	<b>(26 479)</b>	(46 551)

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

R000	2024	2023
<b>16. Inventories</b>		
Finished goods and merchandise	2 362 617	2 585 259
Raw materials and components	49 108	48 092
Work in progress	49 286	59 999
	<b>2 461 011</b>	2 693 350
Cost of inventory recognised as an expense in cost of sales	4 968 665	5 437 842
Write-down of inventory to net realisable value and losses of inventory	27 216	13 832
Amounts removed during the year from the cash flow hedging reserve decreasing the initial cost of inventories	20 029	22 944
<b>17. Trade and other receivables</b>		
Trade receivables	1 219 754	1 361 687
Allowance for expected credit loss	(50 887)	(69 976)
Fair value of forward exchange contracts	5 287	3 238
Indirect taxes	15 252	48 411
Other receivables	90 622	86 303
Pre-payments and deposits	49 370	59 605
	<b>1 329 398</b>	1 489 268
<b>Allowance for expected credit loss</b>		
Balance at the beginning of the year	69 976	64 916
Exchange differences	(147)	81
Additional allowance charged to profit or loss	13 500	22 783
Allowance reversed to profit or loss	(5 064)	(3 074)
Allowance utilised	(27 378)	(14 730)
	<b>50 887</b>	69 976

All trade receivables are provided for based on the lifetime expected credit loss impairment method using the simplified approach. The provision is predominantly determined by the use of a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the industry that the accounts receivable related to, including interest and exchange rate, industry growth expectations and extended payment terms granted. The group also provides fully for amounts past their due dates that are not insured, which based on history and the circumstances surrounding the individual receivable are not considered to be recoverable. Individual businesses are allowed discretion as to when a fully impaired receivable is written off and no group policy is imposed. Generally, this will be done when the management team at the business believes that all reasonable avenues for collection have been exhausted.

Expected credit losses on financial assets included in other receivables have been determined to be immaterial.

The table below sets out information regarding the group's credit risk exposure on trade receivables using the aforementioned provision matrix.

Ageing of trade receivables	Expected credit loss rate %	Total gross carrying amount R000	Expected credit loss R000
<b>2024</b>			
Less than 30 days	1	766 438	8 157
31 to 60 days	1	253 866	3 068
61 to 90 days	3	48 350	1 367
91 to 120 days	6	22 534	1 444
121 days and more	20	57 971	11 542
Specifically impaired		70 595	25 309
		<b>1 219 754</b>	<b>50 887</b>
<b>2023</b>			
Less than 30 days	1	818 738	7 878
31 to 60 days	1	292 202	4 106
61 to 90 days	3	73 984	2 070
91 to 120 days	5	39 254	2 079
121 days and more	31	52 769	16 352
Specifically impaired		84 740	37 491
		1 361 687	69 976

There is no significant concentration of credit risk in any one customer of the group. At 30 November 2024, of gross trade receivables of R1 220 million, there were only 23 customers across the group owing more than R5 million individually and together these comprised only 22% of the book, with the largest representing 3%. The decrease in the expected credit loss rate on receivables aged at 121 days and more was attributable to a greater focus on specific impairment and an increase in receivables written off.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

R000	2024	2023					
<b>18. Shareholders' equity</b>							
<b>18.1 Authorised share capital</b>							
40 000 000 ordinary shares of 10 cents each	4 000	4 000					
<b>18.2 Issued share capital</b>							
30 895 980 (2023: 31 590 980) ordinary shares outstanding at the beginning of the year	3 089	3 159					
695 000 ordinary shares repurchased during 2023		(70)					
30 895 980 (2023: 30 895 980) ordinary shares	3 089	3 089					
Less: 2 507 828 ordinary shares held by subsidiary company	(251)	(251)					
Net 28 388 152 (2023: 28 388 152) ordinary shares outstanding at the end of the year	2 838	2 838					
<b>18.3 Unissued shares</b>							
4 003 000 unissued shares have been made available to the employee share incentive scheme although it is not policy to issue new shares to meet the obligations under the scheme (see note 18.6).							
<b>18.4 Non-distributable reserves</b>							
R000	Special reserve account	Cash flow hedging reserve	Foreign currency translation reserve	Equity compensation reserves	BEE transaction share-based payments	Total	
Note		24.2.1					
<b>Balance at 1 December 2022</b>	332	(6 766)	886	126 453	37 326	158 231	
Transfer to cost of inventory		(22 410)					
Other comprehensive income for the year		32 340	985				
Decrease in equity compensation reserves				(3 396)			
<b>Balance at 30 November 2023</b>	332	3 164	1 871	123 057	37 326	165 750	
Less: Shares held by subsidiary company	(41)						
<b>Net balance at 30 November 2023</b>	291	3 164	1 871	123 057	37 326	165 709	
<b>Balance at 1 December 2023</b>	<b>332</b>	<b>3 164</b>	<b>1 871</b>	<b>123 057</b>	<b>37 326</b>	<b>165 750</b>	
Transfer to cost of inventory		(16 741)					
Other comprehensive income for the year		13 183	(5 744)				
Decrease in equity compensation reserves				(12 627)			
<b>Balance at 30 November 2024</b>	<b>332</b>	<b>(394)</b>	<b>(3 873)</b>	<b>110 430</b>	<b>37 326</b>	<b>143 821</b>	
Less: Shares held by subsidiary company	(41)						
<b>Net balance at 30 November 2024</b>	<b>291</b>	<b>(394)</b>	<b>(3 873)</b>	<b>110 430</b>	<b>37 326</b>	<b>143 780</b>	

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

**18. Shareholders' equity continued****18.5 Non-controlling interest**

R000	2024			2023		
	Ironman 4X4 Africa RF (Pty) Ltd <sup>(1)</sup>	Hudaco Trading (Pty) Ltd	DD Power Holdings (Pty) Ltd	Ironman 4X4 Africa RF (Pty) Ltd <sup>(1)</sup>	Hudaco Trading (Pty) Ltd	DD Power Holdings (Pty) Ltd
Proportion of ownership held by non-controlling interests	50%	15%	30%	50%	15%	30%
Turnover	56 800	8 345 874	469 545	60 374	8 863 599	519 787
Profit after tax for the year	7 039	63 615	90 766	7 877	203 546	80 350
Profit allocated to non-controlling interests for the year	3 520	9 542	27 230	3 939	30 531	24 105
Dividends paid to non-controlling interests for the year		(11 400)	(21 900)	(2 000)	(10 800)	(7 800)
Total comprehensive income for the year allocated to non-controlling interests	3 559	11 994	25 973	3 939	33 127	22 249
Accumulated equity allocated to non-controlling interests	19 340	116 246	66 577	15 820	118 921	62 975
Cash flow from operating activities	1 512	1 200 947	127 070	5 053	643 030	37 003
Cash flow from investing activities	(72)	(195 870)	232	(1 268)	(272 797)	(1 682)
Cash flow from financing activities	(205)	(1 018 336)	(73 000)	(5 537)	(372 093)	(26 000)
Non-current assets	11 219	2 755 473	8 899	13 838	2 860 706	7 358
Current assets	39 381	3 835 800	273 961	31 119	4 208 781	286 081
Non-current liabilities	4 727	4 084 711	188	6 507	4 702 015	1 656
Current liabilities	7 194	2 661 812	58 404	6 809	2 513 611	80 544

<sup>(1)</sup> The group has voting control of Ironman 4X4 Africa RF (Pty) Ltd by agreement between the shareholders.

All entities are headquartered in Gauteng and operate mainly throughout South Africa.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

**18. Shareholders' equity continued****18.6 Employee share-based remuneration schemes**

Senior employees, including executive directors, participate in two equity-settled share-based remuneration schemes. They are the share appreciation bonus scheme (with approximately 240 participants) and the share matching scheme, in which only executive directors and nominated senior managers participate (about 15 participants).

	Number of shares	
	2024	2023
<b>000</b>		
Shares currently available to be granted in terms of the share appreciation bonus scheme in the future <sup>(1)</sup>	1 580	1 580
Shares potentially required to meet obligations in terms of the share appreciation bonus scheme <sup>(2)</sup>	612	778
Shares available	968	802

<sup>(1)</sup> Authorised at the annual general meeting held on 27 March 2024.

<sup>(2)</sup> The number of shares varies in accordance with the Hudaco share price. This number has been calculated using the share price at year-end. Group policy is not to issue new shares but to acquire them on the open market.

**Share matching scheme**

The following share matching rights have been granted in terms of the scheme:

	Weighted average strike price in cents		Number of rights (000)	
	2024	2023	2024	2023
Rights not taken up at the beginning of the year	10 876	9 674	853	824
Rights granted during the year	14 138	14 388	186	192
Rights forfeited during the year	13 649		(61)	
Rights exercised during the year	8 685	8 949	(478)	(163)
Rights not taken up at the end of the year	13 846	10 876	500	853

152 226 rights are first exercisable in the financial year ending November 2025, 162 299 in the financial year ending November 2026 and the remaining 185 885 in the financial year ending November 2027.

Participants in the scheme will receive one Hudaco share for each right if they remain in Hudaco's employ and hold on to their shares for three years after the date on which they were acquired.

**Share appreciation bonus scheme**

The following share appreciation bonus rights have been granted in terms of the scheme:

	Weighted average strike price in cents		Number of rights (000)	
	2024	2023	2024	2023
Rights not taken up at the beginning of the year	12 403	11 216	3 688	5 149
Rights granted during the year	17 813	15 863	705	760
Forfeited during the year	12 086	10 483	(450)	(826)
Rights exercised during the year	10 376	11 045	(773)	(1 395)
Rights not taken up at the end of the year	14 144	12 403	3 170	3 688
Already exercisable	11 689	12 425	437	570
First exercisable in the financial years ending:				
November 2024		9 702		813
November 2025	10 764	10 683	752	864
November 2026	14 428	14 420	650	732
November 2027	16 215	15 292	645	465
November 2028	16 875	15 863	453	244
November 2029	17 813		234	
	14 144	12 403	3 171	3 688

Participants in this scheme will receive a bonus, settled in Hudaco shares at market price, equal to the appreciation in the Hudaco share price between the date of grant (strike price) and the date of exercise, multiplied by the number of rights granted. It is Hudaco's policy to acquire these shares on the open market and not to issue new shares. Tranche 1 vests three years after grant, tranche 2 vests four years after grant and tranche 3 vests five years after grant. Each tranche must be taken up within four years of vesting.

For executive directors and nominated senior managers, the number of rights that may be taken up in each tranche is subject to two performance tests. For other participants there are no performance tests. For the rights awarded in 2020, 2021, 2022, 2023 and 2024 the two performance measures carry equal weighting. For those awarded in 2016 the weighting is 60% on return on equity and 40% on ceps growth, while for those awarded in 2017, 2018 and 2019 the weighting is 70% on return on equity and 30% on ceps growth. For full vesting, return on equity from date of the award until vesting date must be at least 18% per annum for 2016 to 2019, 17% for 2020 and 2021, 15% for 2022 and 16% for 2023 and 2024. Comparable earnings per share growth must exceed inflation plus 3% for rights awarded in 2015 to 2021, inflation for 2022 and for those awarded in 2023 and 2024 ceps must match the ceps of the year prior to the award for the first two years and CPI growth thereafter.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

**18. Shareholders' equity continued****18.6 Employee share-based remuneration schemes continued****Cost of share-based payments**

The estimated fair value of these rights was calculated at grant date using a modified binomial tree option pricing model with the following inputs:

**Share matching scheme**

Granted during	2021	2022	2023	2024
Number of rights granted	515 976	182 537	192 517	<b>185 885</b>
Number of rights forfeited	(5 432)	(30 311)	(30 219)	
Number of rights exercised	(510 544)			
Unvested rights		152 226	162 298	<b>185 885</b>
Share price at grant date (R)	95.56	148.00	164.24	<b>161.39</b>
Expected volatility (%) <sup>(1)</sup>	31	31	32	<b>31</b>
Expected dividend yield (%)	4.9	6.3	5.0	<b>6.1</b>
Risk-free rate (%)	7.4	8.7	9.3	<b>8.6</b>
Vesting period (years)	3	3	3	<b>3</b>
Estimated fair value per right (R)	86.60	129.12	143.88	<b>141.38</b>

**Share appreciation bonus scheme**

Date of grant	20 Jul 16	24 Jul 17	23 Jul 18	26 Jul 19	27 Jul 20	9 Jul 21	29 Jul 22	17 Jul 23	29 Jul 24
Number of rights granted	787 420	698 950	751 410	882 870	1 469 675	860 695	769 500	759 760	<b>705 146</b>
Rights forfeited/expired	(225 026)	(209 415)	(273 066)	(323 801)	(430 642)	(225 638)	(146 000)	(83 810)	<b>(1 385)</b>
Rights taken up	(543 786)	(413 183)	(364 146)	(486 308)	(629 516)	(158 831)			
Rights still outstanding	18 608	76 352	114 198	72 761	409 517	476 226	623 500	675 950	<b>703 761</b>
Vested rights	18 608	76 352	114 198	72 761	94 883	60 395			
Unvested rights					314 634	415 831	623 500	675 950	<b>703 761</b>
Exercise price (R) – strike price (10-day VWAP)	102.93	125.10	149.51	117.27	68.37	124.91	146.50	158.63	<b>178.13</b>
Share price at grant date (R)	104.21	127.40	150.00	117.96	70.00	129.39	149.56	160.00	<b>180.00</b>
Expected volatility (%) <sup>(1)</sup>	28	28	27	27	29	31	31	32	<b>31</b>
Expected dividend yield (%)	4.8	4.7	4.1	5.5	8.3	4.9	6.3	5.0	<b>6.1</b>
Risk-free rate (%)	8.1	7.7	8.1	7.3	6.4	7.4	8.7	9.3	<b>8.6</b>
Vesting period (years)	3 to 5	3 to 5	3 to 5	3 to 5	3 to 5	3 to 5	3 to 5	3 to 5	<b>3 to 5</b>
Estimated fair value per right (R)	29.54	37.23	45.41	32.22	13.07	40.48	43.51	49.65	<b>48.63</b>

<sup>(1)</sup> Taking into account the expected term of the right, the Hudaco Industries Limited historical weekly volatility information was used to estimate expected future volatility, as there is nothing to indicate that this would not be an appropriate proxy for forecasting volatility.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

R000	2024	2023
<b>18. Shareholders' equity continued</b>		
<b>18.6 Employee share-based remuneration schemes continued</b>		
Employee share-based payment expense included in operating profit arising from:		
Share appreciation scheme	21 713	18 261
Share matching scheme	23 482	30 606
	<b>45 195</b>	<b>48 867</b>
<b>19. Non-current liabilities</b>		
<b>19.1 Amounts due to bankers</b>		
Unsecured borrowings on a R500 million general banking facility from FirstRand Bank Limited (RMB) bearing interest at rates that vary between prime minus 2.05% and prime minus 1.85%.	250 000	400 000
Unsecured borrowings on a R500 million 3 year revolving credit facility from Absa Bank Limited, expiring on 2 December 2027, with an option to extend. The facility bears interest at a rate of JIBAR plus 1.44%.	250 000	250 000
Unsecured borrowings on a R500 million 5 year revolving credit facility from Nedbank Limited, expiring on 31 August 2029. The facility bears interest at a rate of JIBAR plus 1.55%.	250 000	500 000
For each of the facilities, the bank has the right to call it up on 367 days' notice and the primary financial covenants are that the interest cover to EBITDA ratio shall exceed 4:1 (RMB – 3.5:1) and the net debt to EBITDA ratio shall not exceed 2.5:1 (RMB – 3:1).		
At year-end these were 10.4:1 (2023: 11.1:1) and 0.5:1 (2023: 0.7:1), respectively. The basis of calculation for RMB is slightly different from the others.		
	<b>750 000</b>	<b>1 150 000</b>

R000	2024	2023
<b>19.2 Amounts due to vendors of businesses acquired</b>		
Estimated amount due to the vendors of Brigit Fire acquired in 2023. The amount finally payable (maximum R98 million) is subject to average earnings of the business, for the two years up to 31 August 2025.	76 170	129 524
Amount due to the vendors of Plasti-Weld acquired in 2024.	10 043	
Estimated amount due to the vendors of CADAC acquired in 2022.		6 000
Total fair value of liabilities	<b>86 213</b>	<b>135 524</b>
Less: Payable within 12 months	<b>86 213</b>	<b>53 044</b>
		<b>82 480</b>

These liabilities are estimated based on available information. Any adjustment is debited or credited to profit or loss when the adjustment is determined.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

R000	2024	2023
<b>19. Non-current liabilities continued</b>		
<b>19.3 Lease liabilities</b>		
Balance at the beginning of the year	<b>470 270</b>	440 786
New leases concluded during the year	<b>32 540</b>	57 596
Effect of reassessment of the reasonable certainty that extension options will be exercised	<b>36 993</b>	77 691
Interest charged to lease liability during the year	<b>38 286</b>	37 797
Repayments of principal and interest during the year (rent paid)	<b>(150 585)</b>	(143 600)
Balance at the end of the year	<b>427 504</b>	470 270
Less: Payable within 12 months	<b>120 506</b>	109 513
	<b>306 998</b>	360 757
In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The discount rate applied to leases concluded during the year varied between 8.2% and 8.6% (2023: 8.2% and 10.0%), being the borrowing rate of the group at the time of entering a new lease agreement.		
Lease liabilities mostly relate to warehouse and office facilities and represent the financial obligation of the group to make lease payments to landlords to use the underlying leased premises (right-of-use assets), during the lease term. The majority of leases cover an initial period of three to five years, and some include an option to renew on expiry. The lease term includes the renewal period only if the group has agreed terms with the landlord and the renewal contract is enforceable by both parties, and the probability of exercising the renewed option is reasonably certain.		
The lease liability will be settled as follows:		
– during the year ending 30 November 2024		143 672
– during the year ending 30 November 2025	<b>150 733</b>	126 949
– during the year ending 30 November 2026	<b>129 363</b>	112 058
– during the year ending 30 November 2027	<b>82 107</b>	74 026
– during the year ending 30 November 2028	<b>60 566</b>	55 588
– during the year ending 30 November 2029 and thereafter	<b>86 303</b>	57 056
	<b>509 072</b>	569 349
Imputed interest	<b>(81 568)</b>	(99 079)
	<b>427 504</b>	470 270
The assets relating to the liabilities are disclosed in note 11.		

R000	2024	2023
<b>20. Trade and other payables</b>		
Trade payables	<b>769 477</b>	827 846
Fair value of forward exchange contracts	<b>7 482</b>	213
Payroll accruals	<b>154 489</b>	163 686
Indirect taxes	<b>59 919</b>	61 493
Other payables	<b>184 040</b>	224 332
	<b>1 175 407</b>	1 277 570
<b>21. Dividends</b>		
Dividends paid to equity holders of the parent were:		
Dividend number 73 of 700 cents per share declared on 1 February 2024	<b>216 272</b>	193 099
The record date was 1 March 2024 and the dividend was paid on 4 March 2024		
Dividend number 74 of 325 cents per share declared on 27 June 2024	<b>100 412</b>	100 412
The record date was 16 August 2024 and the dividend was paid on 19 August 2024		
Dividends paid to subsidiary company	<b>(25 705)</b>	(23 824)
	<b>290 979</b>	269 687
On 5 February 2025 the directors declared dividend number 75 of 700 cents per share, being the final dividend in respect of the year ended 30 November 2024. The record date will be 28 February 2025 and the dividend will be paid on 3 March 2025. This dividend has not been included as a liability in these financial statements.		
<b>22. Commitments</b>		
The group has budgeted to spend R90 million (2023: R122 million) to acquire, plant and equipment and computer software in 2025, none of which is committed or contracted for. A further R12 million is already contracted for in respect of the acquisition of property. Total capital expenditure will be financed by net cash flow from operations and the utilisation of unutilised borrowing facilities.		
Subject to certain conditions precedent, the group has agreed to acquire the business of Isotec. Further details are set out in note 29.1.		

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

R000	2024	2023
<b>23. Notes to the statement of cash flows</b>		
<b>23.1 Decrease (increase) in working capital</b>		
Decrease (increase) in inventories	242 727	(285 407)
Amounts from cash flow hedging reserve allocated to initial value of inventories	(4 332)	10 925
Decrease (increase) in trade and other receivables	184 057	(76 730)
(Decrease) increase in allowance for expected credit loss	(19 089)	5 060
Exchange differences	492	(170)
Decrease in trade and other payables	(105 419)	(50 288)
Fair value of current year cash flow hedges included in working capital	(635)	4 332
	<b>297 801</b>	<b>(392 278)</b>
<b>23.2 Taxation paid</b>		
Net amounts owed at the beginning of the year	(26 146)	(52 656)
Current tax charge	(192 058)	(228 110)
Prior year over provision	1 052	883
Foreign tax charge	(7 047)	(6 130)
Net amounts owed at the end of the year	19 385	26 146
	<b>(204 814)</b>	<b>(259 867)</b>
<b>23.3 Payments to vendors of businesses acquired</b>		
Amounts owed at the beginning of the year	(135 524)	(23 667)
Acquisition during the year	(8 479)	(126 213)
Finalisation of purchase price allocation		(6 000)
Adjustment to fair value of amounts due to vendors of businesses acquired	(12 366)	(3 892)
Amounts owed at the end of the year	86 213	135 524
	<b>(70 156)</b>	<b>(24 248)</b>

R000	2024	2023
<b>23.4 Acquisition of businesses</b>		
	<b>Plasti-Weld</b>	<b>Brigit Fire</b>
Effective date of control	1 December 2023	1 September 2023
Fair value of net assets acquired:		
Plant and equipment	781	4 151
Goodwill	18 033	100 936
Intangible assets	26 329	96 412
Inventories	10 388	62 349
Trade and other receivables	5 098	40 784
Trade and other payables	(3 256)	(6 200)
Bank balance	1 029	3 241
Deferred taxation	(7 031)	(25 430)
Net operating assets acquired	51 371	276 243
Bank balances assumed	(1 029)	(3 241)
Balance owed to vendors at acquisition date	(8 479)	(126 213)
Net cash outflow on acquisition	41 863	146 789
Profit after tax since acquisition date included in the consolidated results for the year	10 901	6 565
Turnover since acquisition date included in the consolidated results for the year	69 725	53 621
Group profit after tax had the business combinations been included for the entire year	546 028	695 712
Group turnover had the business combinations been included for the entire year	8 379 253	9 042 763
The factors making up the goodwill acquired this year include: significant potential market synergies through accessing the branch network and customer base of Hudaco's Astore Keymak business; leveraging the Astore Keymak infrastructure to achieve cost reductions; a skilled workforce with product knowledge; and technical expertise that does not qualify for separate recognition as an intangible asset.		
Refer to page 96 in the directors' report for further information.		
<b>23.5 Dividends paid</b>		
To equity holders of the parent	(290 979)	(269 687)
To non-controlling shareholders	(33 300)	(20 600)
	<b>(324 279)</b>	<b>(290 287)</b>
<b>23.6 Net bank balances</b>		
Bank deposits and balances	268 667	244 988
Bank overdraft	(107 542)	(107 580)
	<b>161 125</b>	<b>137 408</b>

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

R000	2024	2023
<b>24. Financial instruments</b>		
Details of the group's financial instruments are set out below:		
<b>24.1 Summary of financial instruments</b>		
<b>Financial assets by class:</b>		
Trade receivables – net	1 168 867	1 291 711
Trade receivables	1 219 754	1 361 687
Allowance for expected credit loss	(50 887)	(69 976)
Other receivables (excluding indirect taxes)	90 622	86 303
Fair value of forward exchange contracts	5 287	3 238
Bank deposits and balances	268 667	244 988
	<b>1 533 443</b>	<b>1 626 240</b>
<b>Financial assets by category:</b>		
At amortised cost	1 528 156	1 623 002
Derivatives used for hedging at fair value	5 287	3 238
	<b>1 533 443</b>	<b>1 626 240</b>
<b>Financial liabilities by class:</b>		
Amounts due to vendors of businesses acquired	86 213	135 524
Amounts due to bankers	750 000	1 150 000
Bank overdraft	107 542	107 580
Trade payables	769 477	827 846
Fair value of forward exchange contracts	7 482	213
Other payables (excluding payroll accruals and indirect taxes)	184 040	224 332
	<b>1 904 754</b>	<b>2 445 495</b>
<b>Financial liabilities by category:</b>		
Financial liabilities at amortised cost	1 811 059	2 309 758
Financial liabilities at fair value through profit or loss	86 213	135 524
Derivatives used for hedging at fair value	7 482	213
	<b>1 904 754</b>	<b>2 445 495</b>

Forward exchange contracts are recognised at fair value in the statement of financial position. The fair value is indirectly derived from prices in active markets for similar liabilities, which means it is classified as a level 2 fair value measurement.

All other financial instruments are carried at amounts that approximate fair value. The fair values for bank deposits and balances, receivables, payables and bank overdraft approximate their carrying values due to the short-term nature of these instruments. The fair values have been determined by using available market information and appropriate valuation methodologies.

**24.2 Market risk****24.2.1 Foreign currency risk**

The group imports more than 70% of its inventories and consequently has significant exposure to currency risk arising from the volatility of the South African Rand against major currencies. Group policy is to use forward cover contracts to mitigate risk resulting from the future payment for goods where transactions are denominated in foreign currencies and to protect Hudaco's cash flows in the functional currency of ZAR. The Hudaco basket of currencies for the year ended 30 November 2024 was very typical for the group and comprised approximately 63% USD, 27% EUR, 4% YEN, 4% CNY, 1% CHF and 1% GBP. Amounts for other currencies were insignificant. Management of foreign currency exposure is based on the principle of avoiding speculation and employing a hedging strategy designed to achieve high hedge effectiveness. All foreign currency liabilities are hedged directly by the time ownership of the asset passes to Hudaco, which is usually on bill of lading date.

In addition, on average about 30% of open orders on suppliers are also hedged directly to guard against spikes in exchange rates. Each business has its own mandate for covering orders varying from 0% to 100%. An important driver of the extent to which orders of a business are hedged is the opportunity to change selling prices between the time the order is placed on the supplier and the point at which a selling price is committed to the customer. It is understood that, in the context of Rand volatility, rather than the preferred gradual depreciation of the currency, this hedging strategy involves a risk of being locked in at weak exchange rates at times when the Rand strengthens. The FECs related to open orders are initially accounted for as cash flow hedges and once the related inventory and payable is recognised in the statement of financial position, the FECs are accounted for as fair value hedges.

Hudaco's hedging policy has the objective of getting as close to 100% effectiveness as reasonably possible on the exposures that are hedged, and is designed accordingly. While Hudaco would consider 80% effectiveness of hedges to be acceptable because of vagaries in the supply chain, the targeted and actual effectiveness is expected to be above 90% for the group as a whole.

The hedge is assessed using the following criteria set out in IFRS 9:

- An economic relationship between the hedged item (payments to suppliers) and the hedging instrument (FEC in the same currency as the hedged item) exists in that the value attributable to the hedging instrument and to the hedged item move proportionately in opposite directions.
- Credit risk does not dominate value changes: Only the big four South African banks are used as counterparties, so credit risk is negligible and does not give rise to any value changes in the hedging relationship.
- The hedge ratio: The amount and nature of the hedged item and the amount of the hedging instrument are identical in all instances, except in the case of cancelled orders or short delivery. This results in a hedge ratio of 1:1 or 100%.

The above three criteria have been met and all hedges are effective.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

**24. Financial instruments continued****24.2 Market risk continued****24.2.1 Foreign currency risk continued**

The primary factor that could affect hedge effectiveness is the cancellation of orders or delays that are so long and unexpected or uncertain that an existing forward contract is used for a different transaction. The extent to which this happens is very small in the context of Hudaco's total imports.

**Fair value hedges** – during the year the group entered into various forward exchange contracts to cover foreign currency liabilities. The cost of these fair value hedges amounted to R20.0 million (2023: R22.9 million). These contracts for the purchase of foreign currency will be utilised for the settlement of foreign accounts payable in the next year:

Forward exchange contracts	Foreign amount 000	Year-end spot rate R	Rand value at spot rate R000	Contract rate R	Rand value at contract rate R000	Fair value gain/(loss) R000
<b>Assets</b>						
Pound Sterling	67	22.89	1 542	22.67	1 527	<b>15</b>
Euro	170	19.04	3 244	18.23	3 107	<b>137</b>
US Dollar	5 899	18.05	106 449	17.46	103 021	<b>3 428</b>
Australian Dollar	(165)	11.74	(1 932)	11.76	(1 936)	<b>4</b>
Chinese Yuan	18	2.49	45	2.47	45	
Swiss Franc	9	20.49	187	20.38	186	<b>1</b>
Japanese Yen	121 143	8.31	14 578	8.55	14 161	<b>417</b>
						<b>4 002</b>
<b>Liabilities</b>						
Pound Sterling	178	22.89	4 076	23.09	4 111	<b>(35)</b>
Euro	6 494	19.04	123 661	19.44	126 244	<b>(2 583)</b>
US Dollar	5 543	18.05	100 034	18.32	101 533	<b>(1 499)</b>
Australian Dollar	(38)	11.74	(444)	11.64	(440)	<b>(4)</b>
Chinese Yuan	426	2.49	1 061	2.51	1 068	<b>(7)</b>
Swiss Franc	31	20.49	632	20.56	634	<b>(2)</b>
Japanese Yen	205 867	8.31	24 773	7.86	26 205	<b>(1 432)</b>
						<b>(5 562)</b>

**Cash flow hedges** – at 30 November 2024 the group had entered into the following forward exchange contracts relating to forecast purchase transactions, ie orders placed on suppliers but not yet shipped. These contracts for the purchase of foreign currency will be utilised for settlement of shipments received during the next two months:

Forward exchange contracts	Foreign amount 000	Year-end spot rate R	Rand value at spot rate R000	Contract rate R	Rand value at contract rate R000	Fair value gain/(loss) R000
<b>Assets</b>						
Pound Sterling	23	22.89	515	22.80	513	<b>2</b>
Euro	200	19.04	3 805	18.94	3 784	<b>21</b>
US Dollar	3 612	18.05	65 173	17.72	63 980	<b>1 193</b>
Chinese Yuan	196	2.49	488	2.44	479	<b>9</b>
Japanese Yen	19 157	8.31	2 305	8.53	2 245	<b>60</b>
Gain recognised directly in equity on import orders						<b>1 285</b>
<b>Liabilities</b>						
Pound Sterling	12	22.89	270	23.10	273	<b>(3)</b>
Euro	2 624	19.04	49 969	19.63	51 504	<b>(1 535)</b>
US Dollar	3 999	18.05	72 157	18.13	72 488	<b>(331)</b>
Japanese Yen	16 644	8.31	2 003	8.10	2 054	<b>(51)</b>
Loss recognised directly in equity on import orders						<b>(1 920)</b>
Fair value of cash flow hedges						<b>(635)</b>
Taxation (note 15.1)						<b>171</b>
Non-controlling interest						<b>70</b>
Net loss recognised in equity (note 18.4)*						<b>(394)</b>

\* To be allocated to initial cost of inventories in subsequent accounting periods.

The group determines whether the forward exchange contracts being used in hedging transactions are indeed highly effective.

**Notes to the annual financial statements *continued***

for the year ended 30 November 2024

**24. Financial instruments continued****24.2 Market risk continued****24.2.1 Foreign currency risk continued**

Hudaco's central treasury is responsible for the management of foreign currency exposure throughout the group. This is done within clear guidelines set by the board, and exposure and limits are reviewed at quarterly board meetings. There has been no change during the year to the group's approach to managing foreign currency risk.

The group does not speculate in foreign currencies and hedging is only done where management is satisfied that there is a firm and ascertainable underlying commitment. As an element of control over input data, all information submitted is authorised by the chief financial officer of the business concerned.

The Rand remained volatile during 2024 and the conservative approach in the hedging policy was maintained so as not to expose the group to the continued volatility.

**24.2.2 Interest rate risk**

The group uses bank finance and has been reluctant to fix interest rates for extended periods on borrowings that finance working capital.

The interest rate profile of non-current borrowings is as follows:

	Year of repayment	Interest rate %	<b>2024 R000</b>	2023 R000
Amounts due to bankers	2026	JIBAR plus premium	<b>750 000</b>	1 150 000

A change of 1% in the interest rate charged on non-current borrowings will affect profit after tax by approximately R5.5 million (2023: R8.4 million) per year and profit attributable to equity holders of the parent by R4.7 million (2023: R7.1 million).

**24.3 Credit risk**

Credit risk is present in trade receivables and short-term cash investments.

At group level trade receivables consist of a large, widely-spread customer base with no significant concentration of risk to any one customer or industry. Each business in the group is responsible for the management of credit risk in receivables and does so through ongoing credit evaluations, credit insurance and credit control policies and procedures. Management does not consider there to be any material credit risk exposure that is not already covered by an allowance for expected credit loss.

It is group policy to deposit short-term cash investments with major banks, within limits approved by the board, where security rather than yield is the overriding consideration.

The maximum credit risk to which the group is exposed is as follows:

<b>R000</b>	<b>2024</b>	2023
Trade receivables – net	<b>1 168 867</b>	1 291 711
Other receivables (excluding indirect taxes)	<b>90 622</b>	86 303
Fair value of forward exchange contracts	<b>5 287</b>	3 238
Bank deposits and balances	<b>268 667</b>	244 988
	<b>1 533 443</b>	1 626 240

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

**24. Financial instruments continued****24.4 Liquidity risk**

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised facilities at 30 November 2024 were R1 467 million.

There is no restriction on borrowing powers in terms of the Memorandum of Incorporation and at 30 November 2024 the group's banking facilities substantially exceeded its forecast requirements for the forthcoming year.

The maturity profile of financial liabilities is as follows:

	Contractual cash flows during the year ending		
	Total	30 November 2025	30 November 2026 and thereafter
<b>R000</b>			
Amounts due to bankers	<b>818 975</b>	<b>68 975</b>	<b>750 000</b>
Lease liabilities	<b>509 072</b>	<b>150 733</b>	<b>358 339</b>
Bank overdraft	<b>107 542</b>	<b>107 542</b>	
Trade payables	<b>769 477</b>	<b>769 477</b>	
Other payables (excluding payroll accruals and indirect taxes)	<b>184 040</b>	<b>184 040</b>	
Amounts due to vendors	<b>93 953</b>	<b>93 953</b>	
		Contractual cash flows during the year ending	
		30 November 2024	30 November 2025 and thereafter
<b>R000</b>			
Amounts due to bankers	1 264 775	114 775	1 150 000
Lease liabilities	569 349	143 672	425 677
Bank overdraft	107 580	107 580	
Trade payables	827 846	827 846	
Other payables (excluding payroll accruals and indirect taxes)	224 332	224 332	
Amounts due to vendors	155 716	56 844	98 872

**24.5 Fair value of derivative financial instruments**

The unrealised profit (loss) arising on the fair value adjustment on all forward exchange contracts is set out below:

<b>R000</b>	<b>2024</b>	2023
Profit arising on the fair value adjustment included in receivables:	<b>5 287</b>	3 238
– Fair value hedges	<b>4 002</b>	(1 097)
– Cash flow hedges	<b>1 285</b>	4 335
Loss arising on the fair value adjustment included in payables:	<b>(7 482)</b>	(213)
– Fair value hedges	<b>(5 562)</b>	(213)
– Cash flow hedges	<b>(1 920)</b>	

**24.6 Capital management**

The group seeks to ensure that it and each separate entity has sufficient capital to support its activities and its medium-term growth objectives.

In setting the ideal mix between debt and equity, the group seeks to optimise its return on shareholders' equity while maintaining prudent financial gearing. Generally, the objective is to operate with net interest-bearing debt not exceeding 2.0 times EBITDA. In 2024 it was 0.5 times (2023: 0.8 times).

Excess capital will be returned to shareholders in the form of special dividends or share buy-backs when appropriate.

In setting the maximum amount of unsubordinated debt the group would carry, the group's objective would also be to have net interest covered at least five times by operating profit; net interest being interest paid on interest-bearing debt less interest received. In 2024 it was 8.8 times covered by operating profit (2023: 9.5 times) and 10.4 times by EBITDA (2023: 11.1 times).

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

**25. Directors' interests and remuneration****25.1 Interests of directors in the share capital of the company as at 30 November 2024**

The total beneficial interests of directors in the shares of the company are:

	Direct Share register (own name)		Indirect Held by associates	
	2024	2023	2024	2023
SJ Connelly	274 139	274 139	1 680	1 680
CV Amoils	217 781	167 054	7 500	7 500
GR Dunford	536 690	434 728	250 000	250 000
EJ Smith	33 250	21 750		
LFJ Meiring*		101 773		
	<b>1 061 860</b>	999 444	<b>259 180</b>	259 280

\* Resigned 27 March 2024.

There have been no changes in the above shareholdings between 30 November 2024 and the date of the notice of the annual general meeting.

**25.2 Directors' interests in the share appreciation bonus scheme and the share matching scheme**

The directors' interests in the share appreciation bonus scheme and the share matching scheme are set out in the implementation of the remuneration policy section of the remuneration report, specifically dealing with executive directors' remuneration as set out on pages 70 to 79 of the integrated report.

**25.3 Directors' remuneration**

The remuneration of the directors is set out in the implementation of the remuneration policy section of the remuneration report, specifically dealing with executive directors' remuneration as set out on pages 70 to 79 of the integrated report and non-executive directors' remuneration on page 80.

**26. Related-party transactions**

Related parties are those that control or have a significant influence over the group (including holding companies, major investors and key management personnel) and parties that are controlled or significantly influenced by the group (including subsidiaries and retirement benefit plans).

Hudaco has no holding company, nor is there a major shareholder that has significant influence over the group. Group companies have entered into transactions in the ordinary course of business with certain financial institutions that are also shareholders, or their affiliates. In the main, these transactions relate to property leases and financial services. All such transactions have been concluded under terms that are consistent with those entered into with third parties.

The company and its subsidiaries do have dealings with each other but these are eliminated on consolidation and are not dealt with in this note. A list of principal subsidiaries is provided on page 134.

Details of transactions between the group and other related parties are disclosed below.

Key management personnel are defined as directors of the company and members of the executive committee and include partners and children.

Hudaco does not have prescribed officers as defined in Regulation 38 of the Companies Regulations, 2011.

R000	2024	2023
Compensation of key management personnel (excluding non-executive directors):		
Short-term employee benefits	57 238	66 550
Value of long-term incentives awarded during the year	33 902	40 576
	<b>91 140</b>	107 126

In addition to the above, key management personnel exercised share appreciation rights during 2024 with a difference between the market price at exercise date and the strike price amounting to R61.0 million (2023: R52.0 million). The value of share matching rights maturing during the year was R29.8 million (2023: R25.3 million).

Details of directors' remuneration and share-based payments are set out in the implementation of the remuneration policy section of the remuneration report, specifically dealing with executive directors' remuneration as set out on pages 70 to 79 of the integrated report and non-executive directors' remuneration on page 80.

Shareholdings of the directors are set out in note 25.

GR Dunford, chief executive of Hudaco, is an 82% shareholder of the landlord of premises occupied by Ambro Steel, Bearings International Power Transmission division, Dosco Precision Hydraulics, Gear Pump Manufacturing and Joseph Grieveson. Related-party rentals paid in respect of these businesses are as follows:

R000	Expiry date	2024	2023
Ambro Steel	Jul 26	4 858	4 444
Bearings International Power Transmission	expired*	3 134	2 929
Dosco Precision Hydraulics	Apr 27	2 245	2 083
Gear Pump Manufacturing	expired*	3 172	2 952
Joseph Grieveson	expired*	4 144	3 857

\* Renewal under negotiation.

Before any lease is concluded with a related party, a third-party property expert is consulted to determine market-related rental terms fair to both parties. Where a fairness opinion is required in terms of the JSE Listings Requirements, an additional independent expert is engaged to provide that opinion.

Notes to the annual financial statements *continued*

for the year ended 30 November 2024

## 27. Segment information

R million	Group		Head office, shared services and eliminations		Consumer-related products		Engineering consumables	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Statement of net income</b>								
Turnover <sup>(1)</sup>	8 379	8 897	(15)	(17)	3 881	4 426	4 513	4 488
EBITDA	1 196	1 246	(91)	(100)	549	667	738	679
Depreciation less recoupments and remeasurements								
– property, plant and equipment	(57)	(54)		(1)	(21)	(21)	(36)	(32)
– right-of-use assets	(115)	(111)	(1)	(1)	(50)	(49)	(64)	(61)
Amortisation of intangible assets	(17)	(10)			(4)	(5)	(13)	(5)
Operating profit (loss) before fair value adjustments	1 007	1 071	(92)	(102)	474	592	625	581
Impairment of goodwill	(77)				(77)			
Loss on disposal of business		(3)						(3)
Fair value adjustments	(12)	(4)				(1)	(12)	(3)
Profit (loss) before interest	918	1 064	(92)	(102)	397	591	613	575
<b>Statement of financial position</b>								
Property, plant and equipment	377	363	2	2	78	86	297	275
Right-of-use assets	361	406	9	10	142	160	210	236
Goodwill	1 226	1 285			626	704	600	581
Intangible assets	146	132	1		20	22	125	110
Deferred taxation – net	8	35	26	45		3	(18)	(13)
Inventories	2 461	2 693			1 215	1 385	1 246	1 308
Trade and other receivables	1 329	1 490	38	29	578	652	713	809
Trade and other payables	(1 175)	(1 279)	(84)	(98)	(456)	(510)	(635)	(671)
Taxation – net	(19)	(25)	120	130	(66)	(82)	(73)	(73)
Net operating assets	4 714	5 100	112	118	2 137	2 420	2 465	2 562
<b>Turnover comprises</b>								
Revenue from contracts with customers	8 379	8 897	(15)	(17)	3 881	4 426	4 513	4 488
Sales of products	8 110	8 673	(15)	(17)	3 832	4 373	4 293	4 317
Rendering of services	269	224			49	53	220	171
Timing of revenue recognition	8 379	8 897	(15)	(17)	3 881	4 426	4 513	4 488
Goods and services transferred at a point in time	8 288	8 732	(15)	(17)	3 871	4 399	4 432	4 350
Goods and services transferred over time	91	165			10	27	81	138
Geographical disaggregation	8 379	8 897	(15)	(17)	3 881	4 426	4 513	4 488
Goods and services sold in South Africa	7 581	8 054	(15)	(17)	3 559	4 132	4 037	3 939
Goods and services sold outside South Africa	798	843			322	294	476	549
<b>Additional information</b>								
Average net operating assets <sup>(2)</sup>	5 013	4 724	36	(17)	2 397	2 426	2 580	2 315
Capital expenditure	83	81	8	3	17	31	58	47
Operating profit margin (%)	12.0	12.0			12.2	13.4	13.9	12.9
Return on average net operating assets (%)	20.1	22.7			19.8	24.4	24.2	25.0
Number of permanent employees	3 582	3 635	23	24	1 545	1 584	2 014	2 027
Cost of sales	5 216	5 694			2 551	2 937	2 665	2 757
Employee-related expenses	1 520	1 481	119	135	549	548	852	798

<sup>(1)</sup> Of the R15 million (2023: R17 million) elimination, R13 million (2023: R14 million) relates to consumer-related products and the balance to engineering consumables.

<sup>(2)</sup> The average is determined by using the monthly closing balances for 13 months.

No secondary segment information has been prepared as revenue and assets outside South Africa are less than 10% of the group total. The performance of operating segments is measured at operating profit level. Management of interest is centralised.

## Notes to the annual financial statements *continued*

for the year ended 30 November 2024

### 28. Retirement benefits

It is the policy of the group to provide for employees' retirement benefits by contributing to separate, defined contribution pension or provident plans which are independent entities managed by trustees and subject to the Pension Funds Act, 1956. Membership is of umbrella funds administered by Old Mutual. There are some businesses acquired by the group whose employees remain on their pre-acquisition retirement funds.

Contributions to retirement funding during the year amounted to R86.4 million (2023: R81.6 million). All permanent employees are required to become members of one of these plans unless they are obliged by legislation to be members of various industry funds.

The group does not contribute to post-retirement medical costs for current or future pensioners.

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### 29. Events after reporting date

#### 29.1 Acquisition

Hudaco has entered into an agreement with a group of companies trading as Isotec, to acquire the group as a going concern. A sale of business agreement was signed, subject to various suspensive conditions, including completion of a successful due diligence review and approval from the Competition Commission, which is expected around 1 March 2025. Isotec manufactures and distributes thermal and electrical insulation materials primarily used in the manufacture and repair of transformers and electrical motors for the manufacturing, mining, repair, railway, generation and switchgear segments.

The business will be acquired on an earn-out and the financial consideration is dependent on the average profit for the three years after the effective date, with a maximum consideration of R709 million.

Hudaco constantly seeks out opportunities to expand operations and Isotec is being acquired to increase the revenue earning capacity of the group.

#### 29.2 Dividends

Refer to note 21 for details of dividend 75 declared on 5 February 2025.

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# Company financial statements

for the year ended 30 November 2024

## Hudaco Industries Limited Statement of financial position

at 30 November 2024

R000	2024	2023
<b>Assets</b>		
<b>Non-current assets</b>		
Interest in subsidiaries (note 1)	1 114 092	1 269 463
<b>Current assets</b>	281 798	350 916
Amounts owed by subsidiaries (note 1)	280 000	350 000
Receivables	1 798	916
<b>Total assets</b>	1 395 890	1 620 379
<b>Equity and liabilities</b>		
<b>Shareholders' equity</b>	1 394 143	1 618 795
<b>Current liabilities</b>	1 747	1 584
Payables and taxation	1 747	1 584
<b>Total equity and liabilities</b>	1 395 890	1 620 379

## Statement of comprehensive income

for the year ended 30 November 2024

R000	2024	2023*
Dividends from subsidiaries		
– Hudaco Investment Company (Pty) Ltd		1 851 856
– Hudaco Trading (Pty) Ltd	64 600	61 200
Operating costs	(5 670)	(5 568)
Imputed interest	33 102	28 209
Profit for the year	92 032	1 935 697

\* Restated see note 7.

## Statement of changes in equity

for the year ended 30 November 2024

R000	Share capital	Special reserve account	Retained income	Shareholders' equity
Note	3			
<b>Balance at 1 December 2022</b>	3 159	332	84 817	88 308
Profit after taxation			1 935 697	1 935 697
Repurchase of shares (note 3.2)	(70)		(111 629)	(111 699)
Dividends to shareholders			(269 687)	(269 687)
Dividends to subsidiary			(23 824)	(23 824)
<b>Balance at 30 November 2023</b>	3 089	332	1 615 374	1 618 795
Profit after taxation			92 032	92 032
Dividends to shareholders			(290 979)	(290 979)
Dividends to subsidiary			(25 705)	(25 705)
<b>Balance at 30 November 2024</b>	3 089	332	1 390 722	1 394 143

## Statement of cash flows

for the year ended 30 November 2024

R000	2024	2023*
<b>Cash generated from operating activities</b>		
Cash dividends received	64 600	764 077
– Per statement of comprehensive income	64 600	1 913 056
– Long-term loan account		(1 148 979)
Operating costs paid	(5 670)	(5 568)
Increase in working capital	(719)	(677)
<b>Cash flow from operating activities</b>	58 211	757 832
<b>Cash flow from investing activities</b>		
Increase in long-term loan account	(134 600)	
Decrease in long-term loan account	323 073	
<b>Cash flow from investing activities</b>	188 473	
<b>Cash flow from financing activities</b>		
Repurchase of shares		(111 699)
Dividends paid	(316 684)	(293 511)
<b>Cash utilised in financing activities</b>	(316 684)	(405 210)
(Decrease) increase in cash and cash equivalents	(70 000)	352 622
Cash and cash equivalents at the beginning of the year	350 000	(2 622)
<b>Cash and cash equivalents at the end of the year</b>	280 000	350 000

\* Restated see note 7.

Company financial statements *continued*

for the year ended 30 November 2024

## Notes to the company financial statements

for the year ended 30 November 2024

R000	2024	2023
<b>1. Interest in and loans to subsidiaries</b>		
Shares at cost less amounts written off	92 275	92 275
Loans to subsidiaries (note 5)	1 301 817	1 527 188
	<b>1 394 092</b>	1 619 463

These loans are unsecured, interest-free and have no fixed repayment terms.

The investment in a subsidiary company is carried at cost less impairment losses where applicable. The risk of default on the loans is considered to be highly unlikely and classified as stage 1 and therefore no allowance for expected credit loss has been raised.

Details of subsidiaries are in note 6.

**2. Contingent liability**

The company has guaranteed the senior banking facilities of Hudaco Trading (Pty) Ltd, amounting to R750 million (2023: R1 150 million) at year-end. When allocating the risk to the various guarantors it is important to assess the structure of the transaction. The two primary guarantors within the structure are Hudaco Industries Limited and Hudaco Investment Company (Pty) Ltd. The difference in exposure of the two entities is, however, materially impacted by the intercompany loan between Hudaco Investment Company (Pty) Ltd and Hudaco Trading (Pty) Ltd. By acting as a guarantor Hudaco Investment Company (Pty) Ltd has structurally *de facto* subordinated itself to the lending banks. In the event of Hudaco Trading (Pty) Ltd defaulting, Hudaco Investment Company (Pty) Ltd will only be entitled to recover cash flows, against the intercompany loan, once the exposure to the banks has been settled.

Given the structure above, Hudaco Industries Ltd will only be required to step in as guarantor if the cash flows realised from Hudaco Trading (Pty) Ltd is not sufficient to settle the amounts due to the senior lenders. To assess the potential exposure of Hudaco Industries Limited the Loss Given Default was estimated after accounting for the structural *de facto* sub-ordination of the intercompany loan.

The assessment resulted in a Loss Given Default of 0% indicating that Hudaco Industries Ltd has minimal exposure to a Hudaco Trading (Pty) Ltd default event. There has been no significant increase in credit risk.

R000	2024	2023
<b>3. Share capital</b>		
<b>3.1 Authorised share capital</b>		
40 000 000 ordinary shares of 10 cents each	4 000	4 000
<b>3.2 Issued share capital</b>		
30 895 980 (2023: 31 590 980) ordinary shares outstanding at the beginning of the year	3 089	3 159
695 000 ordinary shares repurchased during 2023		(70)
30 895 980 (2023: 30 895 980) ordinary shares outstanding at the end of the year	3 089	3 089

**4. Risk management**

Risk is managed under the same principles as set out in note 24 of the consolidated annual financial statements on pages 125 to 128 of this report. This includes the amounts owed by subsidiaries of R1 302 million (2023: R1 527 million).

**5. Group loans**

The company does not have a day-to-day bank account. It utilises the short-term loan account for operational matters. The short-term portion of R280 million (2023: R350 million) (determined by a forecast of the company's cash demands for the next 12 months) are classified as cash and cash equivalents in the statement of cash flows. These loan accounts have no fixed payment terms with no penalty and are readily convertible to a known amount of cash to meet the company's cash commitments, and are subject to an insignificant risk of change in value.

The balance of the loan account is deemed to be collectable in 367 days and is classified as long term and its carrying value is discounted by using the weighted average group interest rate at the time of 8.18% (2023: 9.74%) per annum.

Company financial statements *continued*

for the year ended 30 November 2024

Notes to the company financial statements *continued*

for the year ended 30 November 2024

## 6. Principal subsidiaries

	Interest of holding company						
	Issued share capital Rand	Group's effective interest		Book value of shares		Loans owing by (to)	
		2024 %	2023 %	2024 R000	2023 R000	2024 R000	2023 R000
Hudaco Trading (Pty) Ltd	2 000	85 <sup>(1)</sup>	85 <sup>(1)</sup>	2	2		
Hudaco Investment Company (Pty) Ltd	26 160	100	100	48 158	48 158	1 301 817	1 527 188
Ironman 4X4 Africa RF (Pty) Ltd <sup>(4)</sup>	100	50 <sup>(3)</sup>	50 <sup>(3)</sup>				
DD Power Holdings (Pty) Ltd <sup>(4)</sup>	300 000	70 <sup>(2)</sup>	70 <sup>(2)</sup>				
DD Power (Pty) Ltd <sup>(4)</sup>	7 450 000	70	70				
Valhold Ltd	959 841	100	100	37 692	37 692		
Valard Ltd	874 149	100	100	6 423	6 423		
Interest in subsidiaries				92 275	92 275	1 301 817	1 527 188

<sup>(1)</sup> 15% of the shares in Hudaco Trading (Pty) Ltd are held by the following BEE shareholders: The Hudaco Trading Empowerment Trust Number 1 – 10%; The Hudaco Trading Empowerment Trust Number 2 – 5%.

<sup>(2)</sup> 30% of the shares in DD Power Holdings (Pty) Ltd are held by Deutz AG, incorporated in Germany.

<sup>(3)</sup> 50% of the shares in Ironman 4X4 RF (Pty) Ltd are held by Ironman 4X4 International (Pty) Ltd incorporated in Australia.

<sup>(4)</sup> Indirectly held.

Refer to the group directory on pages 147 to 151 for a comprehensive list of all trading businesses.

A complete list of subsidiaries is available to shareholders on request at the registered office of the company.

## 7. Restatement

The company has restated its statement of comprehensive income to reflect the dividend received from a subsidiary at fair value in line with the principles of IFRIC 17. Previously the dividends were reflected at its nominal value and the intercompany loan with the subsidiary reflected a day one loss to account for the fair value adjustment. The impact of this restatement is as follows:

R000	As previously stated	Adjustment	Restated
<b>Statement of comprehensive income</b>			
Dividends received from subsidiaries			
– Hudaco Investment Company (Pty) Ltd	2 000 000	(148 144)	1 851 856
Fair value loss on loan receivable	(119 935)	119 935	
Fair value adjustment for imputed interest		28 209	28 209
Profit for the year	1 935 697		1 935 697
<b>Statement of cash flows</b>			
Cash dividends received	764 077		764 077
– Per statement of comprehensive income	2 061 200	(148 144)	1 913 056
– Loan to subsidiary	(1 297 123)	148 144	(1 148 979)

# SHAREHOLDER INFORMATION



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# Shareholder analysis

as at 30 November 2024

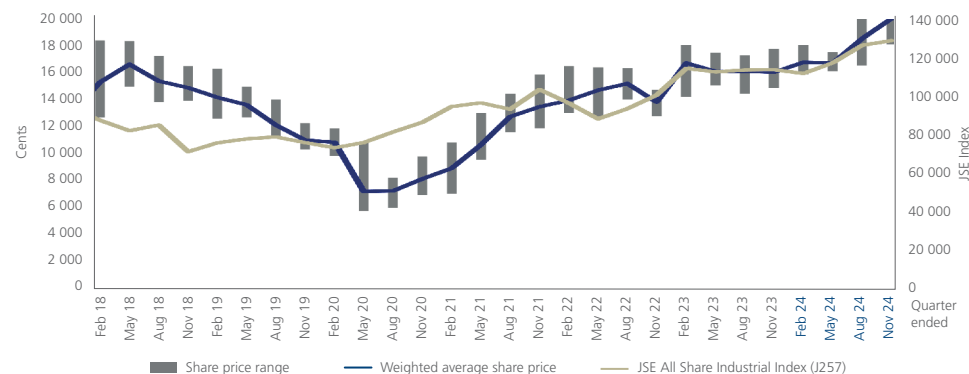
	Number of shareholders	Number of shares	% of issued shares
<b>Shareholder analysis</b>			
<b>Portfolio size</b>			
1 – 1 000 shares	4 134	<b>1 080 290</b>	3.81
1 001 – 5 000 shares	674	<b>1 467 572</b>	5.17
5 001 – 10 000 shares	101	<b>728 075</b>	2.56
10 001 – 100 000 shares	182	<b>5 632 612</b>	19.84
Over 100 000 shares	45	<b>19 479 603</b>	68.62
<b>Total*</b>	5 136	<b>28 388 152</b>	100.00
<b>Category</b>			
Banks and nominee companies	40	<b>1 904 352</b>	6.71
Financial institutions and pension funds	550	<b>21 692 083</b>	76.41
Individuals	4 483	<b>4 537 898</b>	15.99
Other corporate bodies	63	<b>253 819</b>	0.89
<b>Total*</b>	5 136	<b>28 388 152</b>	100.00
<b>Shareholder spread</b>			
Public shareholders	5 114	<b>26 894 758</b>	94.74
Non-public shareholders	22	<b>1 493 394</b>	5.26
<b>Total*</b>	5 136	<b>28 388 152</b>	100.00

\* Excludes 2 507 828 shares held by a subsidiary company.

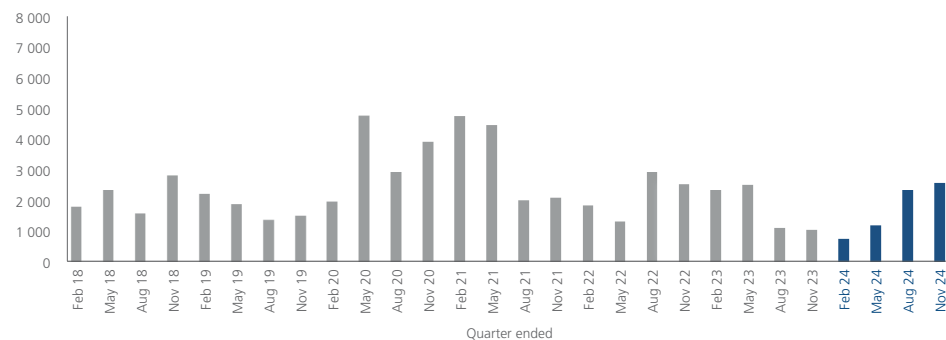
	Number of shares	% of issued shares
<b>Major shareholders</b>		
<b>Beneficial shareholders holding more than 3%</b>		
Government Employees Pension Fund	<b>4 148 317</b>	14.60
Ninety One Emerging Companies Fund	<b>1 211 721</b>	4.27
Invesco Advisers	<b>1 202 614</b>	4.24
PSG Flexible Fund	<b>1 139 663</b>	4.01
Investec IAL Special Focus Fund	<b>901 948</b>	3.18
<b>Fund managers holding more than 3%</b>		
Public Investment Corporation	<b>3 861 483</b>	13.60
PSG Asset Management	<b>2 830 710</b>	9.97
Nintey One	<b>2 259 439</b>	7.96
Aylett & Co Fund Managers	<b>2 000 698</b>	7.05
Abax Investments	<b>1 403 952</b>	4.95
Bateleur Capital	<b>1 257 910</b>	4.43
Invesco Advisers	<b>1 202 614</b>	4.24
Sanlam Investments	<b>928 793</b>	3.27

# Share information

## Share price history



## Volume of shares traded (000)



## JSE statistics

	2024	2023	2022	2021	2020	2019	2018
Market price (cents)	<b>20 050</b>	16 320	14 000	13 950	8 550	10 808	14 200
NAV per share (cents)	<b>12 012</b>	11 571	10 647	9 541	8 470	8 666	7 927
Number of shares in issue (000)*	<b>28 388</b>	28 388	29 083	30 217	31 646	31 646	31 646
Market capitalisation (Rm)*	<b>5 692</b>	4 633	4 072	4 215	2 706	3 420	4 494
Price:earnings ratio (times)	<b>10.0</b>	7.9	7.7	9.1	8.4	8.4	10.9
All Share Industrial Index PE ratio (J257)	<b>20.0</b>	18.5	22.9	22.4	32.5	22.9	19.9
Dividend yield (%)	<b>4.1</b>	4.7	4.7	3.7	3.8	4.2	3.2
All Share Industrial Index dividend yield (J257) (%)	<b>2.3</b>	2.6	2.1	1.5	1.9	2.3	2.3

## Annual trade in Hudaco shares

Number of transactions recorded	<b>22 967</b>	18 694	21 681	31 289	33 184	22 314	24 072
Volume of shares traded (000)	<b>6 768</b>	6 932	8 495	13 162	13 425	6 882	8 440
% of issued shares traded (%)*	<b>24</b>	24	29	44	42	22	27
Value of shares traded (Rm)	<b>1 220</b>	1 095	1 191	1 377	1 041	863	1 272

\* Excludes treasury shares.

# Notice of annual general meeting

## Hudaco Industries Limited

(Incorporated in the Republic of South Africa)  
(Registration number 1985/004617/06)  
Share code: HDC ISIN code: ZAE000003273  
("Hudaco" or "the company")

## Notice to shareholders of the 40th annual general meeting (AGM) of Hudaco Industries Limited

Notice is hereby given that the 40th AGM of shareholders of the company for the year ended 30 November 2024 will be held at 11:00 on Thursday, 27 March 2025 in the boardroom at Hudaco's offices situated at Building 9, Greenstone Hill Office Park, Emerald Boulevard, Greenstone Hill, Edenvale. Registration for attendance will commence at 10:30.

### Important dates and times <sup>(1), (2)</sup>

2025

Record date for determining which shareholders are entitled to receive the AGM notice	Friday, 14 February
Notice posted to shareholders on or about	Friday, 21 February
Last day to trade to be eligible to attend, participate in and vote at the AGM	Monday, 17 March
Record date for attending, participating in and voting at the AGM <sup>(3)</sup>	Thursday, 20 March
AGM to be held at 11:00	Thursday, 27 March
Results of AGM to be released on SENS on or about	Thursday, 27 March

#### Notes

- (1) All times referred to in this notice are local times in South Africa.
- (2) Any material variation of the above dates and times will be announced on SENS.
- (3) The Hudaco board of directors (the board) has determined that the record date for the purpose of determining which shareholders are entitled to receive the AGM notice is Friday, 14 February 2025, and the record date for purposes of determining which shareholders of the company are entitled to attend, participate in and vote at the AGM is Thursday, 20 March 2025. Accordingly, the last day to trade to be recorded as such in the register maintained by the transfer secretaries of the company is Monday, 17 March 2025.
- (4) Kindly note that AGM participants (including shareholders and proxies) are required to provide satisfactory picture identification before being entitled to attend or participate in and vote at the AGM. Forms of satisfactory identification include valid identity documents, driver's licences and passports.

## Business to be transacted

The purpose of the AGM is for the following business to be transacted and the following ordinary and special resolutions to be proposed, and if deemed fit, approved with or without modification:

### 1. Presentation of audited consolidated financial statements

To present the audited consolidated financial statements of the company (as approved by the board), as well as the reports of the external auditor, audit and risk management committee, social and ethics committee, remuneration committee and directors for the financial year ended 30 November 2024, distributed as required.

Copies of the integrated report, which contains the full audited consolidated annual financial statements, for the year ended 30 November 2024 are obtainable from the company's website: [www.hudaco.co.za](http://www.hudaco.co.za) or from the group company secretary at [hudaco@acorim.co.za](mailto:hudaco@acorim.co.za).

### 2. Ordinary Resolution Number 1: To re-elect directors retiring by rotation

To re-elect as directors, each by way of a separate vote, the following directors who are required to retire in terms of clause 21.6.1 of the company's Memorandum of Incorporation ("MOI") and being eligible, have offered themselves for re-election:

- 2.1 Ordinary Resolution Number 1.1: Re-election of Mr SJ Connelly;
- 2.2 Ordinary Resolution Number 1.2: Re-election of Mr CV Amoils; and
- 2.3 Ordinary Resolution Number 1.3: Re-election of Ms B Bulu.

The nomination committee of the board has reviewed the composition of the board against corporate governance and transformation requirements and has recommended the re-election of the directors listed above. It is the view of the board that re-election of the candidates referred to above would enable the company to:

- responsibly maintain a mixture of business skills and experience relevant to the company and balance the requirements of transformation, continuity and succession planning; and
- comply with corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the board.

Brief *curricula vitae* of directors who have offered themselves for re-election are included on pages 20 and 21 of the Hudaco integrated report.

For Ordinary Resolution Numbers 1.1, 1.2 and 1.3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

#### Note

In terms of clause 21.6.1 of the company's MOI at least one-third of the directors must retire each year and are eligible for re-election. The directors who shall retire shall be the longest serving directors since their last election.

### 3. Ordinary Resolution Number 2: To approve the re-appointment of external auditors

To re-appoint Deloitte & Touche (Deloitte) as independent auditors of Hudaco and to note that the individual registered auditor who will undertake the audit for the financial year ending 30 November 2025 is Mr PWM van Zijl.

The audit and risk management committee of the company has concluded that the re-appointment of Deloitte will comply with the requirements of the Companies Act, 71 of 2008 (the Companies Act), the Companies Regulations 2011 promulgated thereunder (“Companies Regulations”), and the Listings Requirements of the JSE Limited (JSE) and has accordingly nominated Deloitte for re-appointment as auditors of the company.

For Ordinary Resolution Number 2 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

### 4. Ordinary Resolution Number 3: Appointment of the members of the audit and risk management committee

To elect, each by way of a separate vote, the members of the audit and risk management committee of the company, with effect from the end of the AGM:

- 4.1 Ordinary Resolution Number 3.1: To elect Ms B Bulu as member, subject to the approval of Ordinary Resolution Number 1.3;
- 4.2 Ordinary Resolution Number 3.2: To elect Ms N Mandindi as member; and
- 4.3 Ordinary Resolution Number 3.3: To elect Mr MR Thompson as member.

Under the Companies Act, the audit committee is a committee elected by the shareholders at each AGM. A brief *curriculum vitae* of each of the independent non-executive directors mentioned above appears on page 20 of the Hudaco integrated report.

The board has reviewed the proposed composition of the audit and risk management committee against the requirements of the Companies Act and the Companies Regulations and has confirmed that the proposed audit and risk management committee will comply with the relevant requirements and have the necessary knowledge, skills and experience to enable the committee to perform its duties in terms of the Companies Act. Accordingly, the board recommends the election of the directors listed above as members of the audit and risk management committee.

For Ordinary Resolutions Numbers 3.1, 3.2 and 3.3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

### 5. Ordinary Resolution Number 4: Appointment of the members of the social and ethics committee

Following the Proclamation issued by the President of the Republic of South Africa and published in Government Gazette Vol. 714 Notice No. 51837 on 27 December 2024, certain amendments to the Companies Act made under the Companies Amendment Act, No. 16 of 2024 and the Companies Second Amendment Act, No. 17 of 2024 came into effect (Companies Act Amendments).

Pursuant to the Companies Act Amendments, section 61(8)(c)(iii) read with section 72(9A)(a) of the Companies Act requires that public companies elect a social and ethics committee at each AGM.

To elect, each by way of a separate vote, the members of the social and ethics committee of the company, with effect from the end of the AGM:

- 5.1 Ordinary Resolution Number 4.1: To elect Ms N Mandindi as member;
- 5.2 Ordinary Resolution Number 4.2: To elect Ms B Bulu as member, subject to the approval of Ordinary Resolution Number 1.3; and
- 5.3 Ordinary Resolution Number 4.3: To elect Mr EJ Smith as member.

Shareholders are required to elect the social and ethics committee members at each AGM of the company, in accordance with the Companies Act as amended pursuant to the Companies Act Amendments.

A brief *curriculum vitae* of each of the independent non-executive directors mentioned above appears on page 20 of the Hudaco integrated report.

The board has reviewed the proposed composition of the social and ethics committee against the requirements of the Companies Act and the Companies Regulations and has confirmed that the proposed social and ethics committee will comply with the relevant requirements and have the necessary knowledge, skills and experience to enable the committee to perform its duties in terms of the Companies Act. Accordingly, the board recommends the election of the directors listed above as members of the social and ethics committee.

For Ordinary Resolutions Numbers 4.1, 4.2 and 4.3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

## 6. Special Resolution Number 1: Approval of non-executive directors' remuneration

That the remuneration, exclusive of value-added tax, payable to the non-executive directors of Hudaco for their services as directors for the period 1 April 2025 until 31 March 2026, be and it is hereby approved as set out below:

R (excluding VAT)	Proposed 2025		Approved 2024	
	Base fee	Penalty for non-attendance	Base fee	Penalty for non-attendance
<b>Board</b>				
Chairman of the board	1 451 700*	27 500	1 376 000*	26 000
Lead independent director	430 400	23 200	408 000	22 000
Board member	388 200	19 000	368 000	18 000
<b>Audit and risk management committee</b>				
Chairman of the committee	318 600	25 300	302 000	24 000
Committee member	186 700	19 000	177 000	18 000
<b>Remuneration committee</b>				
Chairman of the committee	223 700	25 300	212 000	24 000
Committee member	109 700	18 000	104 000	17 000
<b>Nomination committee</b>				
Chairman of the committee	*	19 000	*	18 000
Committee member	95 000	14 800	90 000	14 000
<b>Social and ethics committee</b>				
Chairman of the committee	206 800	25 300	196 000	24 000
Committee member	97 000	14 800	92 000	14 000

\* All-inclusive fee.

The penalty incurred for non-attendance as chairman of a meeting would be paid to the member who stood in as chairman at that meeting.

The fee for additional meetings would be: Chairman – R39 000 (2024: R37 000) and member – R28 500 (2024: R27 000).

## Reason and effect of Special Resolution Number 1

This resolution is proposed in order to comply with the requirements of the Companies Act. In terms of section 65(11)(h) of the Companies Act, read with sections 66(8) and 66(9), remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years, and, only if this is not prohibited in terms of the company's MOI.

Therefore, the reason for and effect of Special Resolution Number 1 is to approve the payment of and the basis for calculating the remuneration payable by Hudaco to its non-executive directors for their services as directors of the company for the period 1 April 2025 until 31 March 2026. The fees payable to the non-executive directors are detailed above. Further details on the basis of calculation of remuneration are included in the remuneration report on page 80 of the Hudaco integrated report.

For Special Resolution Number 1 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

## 7. Non-binding Resolution Number 1: Approval of Hudaco's remuneration policy

That shareholders endorse, through a non-binding advisory vote, Hudaco's remuneration policy. Hudaco's remuneration policy is set out on pages 65 to 68 of the Hudaco integrated report.

King IV as well as the JSE Listings Requirements require the board (with the assistance of the remuneration committee) to present Hudaco's remuneration policy to the shareholders. This non-binding resolution is of an advisory nature and failure to pass this resolution will therefore not have any legal consequences for existing arrangements. However, should the resolution be voted against by 25% or more of the voting rights exercised, the board undertakes to offer to engage with those opposed to the remuneration policy to ascertain the reasons therefore, and to address appropriately legitimate objections and concerns. The manner and timing of such engagement will be communicated in the voting results announcement.

## 8. Non-binding Resolution Number 2: Approval of Hudaco's remuneration implementation report

That shareholders endorse, through a non-binding advisory vote, Hudaco's remuneration implementation report. Hudaco's remuneration implementation report is set out on pages 69 to 80 of its integrated report.

King IV as well as the JSE Listings Requirements require the board (with the assistance of the remuneration committee) to present Hudaco's remuneration implementation report to the shareholders. This non-binding resolution is of an advisory nature and failure to pass this resolution will therefore not have any legal consequences for existing arrangements. However, should the resolution be voted against by 25% or more of the voting rights exercised, the board undertakes to offer to engage with those opposed to the remuneration implementation report to ascertain the reasons therefore, and to address appropriately legitimate objections and concerns. The manner and timing of such engagement will be communicated in the voting results announcement.

## 9. Special Resolution Number 2: General authority to repurchase up to 1 544 799 (5%) of the ordinary shares in issue

That Hudaco or any of its subsidiaries be and is hereby authorised, by way of a general approval, to acquire up to 1 544 799 (5%) of Hudaco's ordinary shares (ordinary shares) in terms of the JSE Listings Requirements, being that:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between Hudaco or any subsidiary and the counterparty;
- this general authority shall be valid until Hudaco's next AGM, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
- an announcement will be published as soon as Hudaco or any of its subsidiaries has acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- acquisitions of ordinary shares in aggregate in any one financial year may not exceed 5% of Hudaco's ordinary issued share capital as at the date of passing of this Special Resolution Number 2;
- ordinary shares may not be acquired at a price greater than 10% above the weighted average of the market price at which such ordinary shares are traded on the JSE as determined over the five business days immediately preceding the date of repurchase of such ordinary shares by Hudaco or any of its subsidiaries;
- Hudaco has been given authority by its MOI;
- at any point in time, Hudaco may only appoint one agent to effect any repurchase on its behalf;

- prior to entering the market to repurchase the company's shares, a company resolution authorising the repurchase will have been passed in accordance with the requirements of section 46 of the Companies Act, stating that the board has applied the solvency and liquidity test as set out in section 4 of the Companies Act, and has reasonably concluded that the company will satisfy the solvency and liquidity test immediately after the repurchase; and
- Hudaco and/or its subsidiaries may not repurchase any ordinary shares during a prohibited period as defined by the JSE Listings Requirements unless a repurchase programme is in place and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period. Hudaco must instruct one independent third party, which makes its investment decisions in relation to the company's ordinary shares independently of, and uninfluenced by, Hudaco, prior to the commencement of the prohibited period.

Before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, will ensure that for a period of 12 months after the date of this notice of AGM:

- Hudaco and the group will be able, in the ordinary course of business, to pay its debts;
- the consolidated assets of Hudaco and the group, fairly valued in accordance with statements of IFRS Accounting Standards, will exceed the consolidated liabilities of Hudaco and the group; and
- Hudaco and the group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, which appears in the integrated report as published on Hudaco's website, is provided in terms of the JSE Listings Requirements for purposes of the general authority to repurchase shares:

- major shareholders – page 136; and
- share capital – note 18 on page 118.

### Directors' responsibility statement

The directors, whose names appear on pages 20 and 21 of this integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this Special Resolution Number 2 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Special Resolution Number 2 contains all information required by law and the JSE Listings Requirements.

### Material changes

Other than the facts and developments reported on in this integrated report, there have been no material changes in the affairs or financial position of Hudaco and its subsidiaries since the date of signature of the audit report and up to the date of this AGM notice.

**Notice to annual general meeting *continued*****Reason and effect of Special Resolution Number 2**

The reason for and effect of this special resolution is to grant the directors of Hudaco a general authority in terms of the Companies Act and the JSE Listings Requirements for the repurchase by Hudaco, or a subsidiary of Hudaco, of up to 1 544 799 (5%) of its ordinary shares. This authority will be used in the event that the board concludes that the repurchasing shares is the appropriate allocation of capital at a point in time.

For Special Resolution Number 2 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

**10. Ordinary Resolution Number 5: General authority to directors to allot and issue up to 1 544 799 authorised but unissued ordinary shares (5% of the shares in issue)**

That, as required by and subject to the MOI and the requirements of the Companies Act and the JSE Listings Requirements, from time to time, the directors be and they are, as a general authority and approval, authorised, as they in their discretion think fit, to allot and issue unissued ordinary shares of the company, subject to the following:

- the authority shall be valid until the date of the next AGM of the company, provided that it shall not extend beyond 15 months from the date of this AGM; and
- issues in terms of the authority will not, in any financial year, in aggregate, exceed 5% of the number of ordinary shares in the company's issued share capital as at the date of the AGM.

The rationale for proposing Ordinary Resolution Number 5, is that, in terms of clause 10.4 of the company's MOI, read with the JSE Listings Requirements, shareholders may authorise directors to allot and issue the authorised but unissued shares, as the directors in their discretion think fit.

In terms of the JSE Listings Requirements, for Ordinary Resolution Number 5 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

**11. Ordinary Resolution Number 6: Signature of documents**

That any one director or the group company secretary of Hudaco be and is hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement the resolutions set out in the notice convening the AGM at which this ordinary resolution will be considered.

For Ordinary Resolution Number 6 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

**Quorum**

A quorum for the purpose of considering the resolutions above consists of three shareholders of the company, personally present or represented by proxy and entitled to vote at the AGM. In addition, a quorum will comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services (Pty) Ltd, to be entitled to attend, participate in and vote at the AGM is Thursday, 20 March 2025.

**Voting and proxies**

To record the votes more effectively and give effect to the intentions of shareholders, voting on all resolutions will be conducted by way of a poll. Any shareholder entitled to attend and vote at the AGM may appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company. For the convenience of registered members of the company, a form of proxy is enclosed herewith.

The attached form of proxy is to be completed only by those shareholders who are:

- holding the company's ordinary shares in certificated form; or
- recorded on the electronic sub-register in "own name" dematerialised form.

Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the AGM must instruct their CSDP or broker to provide them with their voting instruction in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

A form of proxy is attached but may also be obtained on request from the company's registered office. Completed forms of proxy should be returned to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132), so as to reach them by no later than 11:00 on Tuesday, 25 March 2025. It may also be emailed to them at proxy@computershare.co.za. Any forms of proxy not submitted in this time may nevertheless be submitted to the transfer secretaries before the AGM or handed to the chairman of the AGM prior to the shareholder exercising any rights of a shareholder at the AGM.

## Electronic participation

In terms of section 61(10) of the Companies Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Therefore, shareholders or their proxies may participate in a meeting by way of video conference if they wish to do so. In this event:

- Hudaco's company secretary must be contacted by email (at the address [hudaco@acorim.co.za](mailto:hudaco@acorim.co.za)) by no later than 11:00 on Tuesday, 25 March 2025 in order to obtain dial-in details for participation;
- valid identification will be required:
  - if the shareholder is an individual, a certified copy of their identity document and/or passport;
  - if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, specifying the name of the individual that is authorised to represent the relevant entity at the AGM by way of video conference call as well as a valid email address and/or facsimile number; and
- no electronic voting facilities will be available so shareholders who wish to participate in the meeting by video conference and wish to vote are still required to submit their proxy forms in advance.

By order of the board



**N Davies – Acorim (Pty) Ltd**

*Company secretaries*

25 February 2025

### **Transfer secretaries**

Computershare Investor Services (Pty) Ltd

Rosebank Towers, 15 Biermann Avenue

Rosebank, 2196

(Private Bag X9000, Saxonwold, 2132)

To: **Computershare Investor Services Proprietary Limited**  
 Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
 (Private Bag X9000, Saxonwold, 2132)  
 email: proxy@computershare.co.za

**Proxy form for the 40th annual general meeting – for use by certificated Hudaco ordinary shareholders and dematerialised shareholders with own name registration only (see note 1)**

For use by Hudaco shareholders at the annual general meeting of Hudaco to be held on Thursday, 27 March 2025 at Hudaco's offices situated at Building 9, Greenstone Hill Office Park, Emerald Boulevard, Greenstone Hill, Edenvale, Gauteng at 11:00 (the annual general meeting).

I/We \_\_\_\_\_

of (address) \_\_\_\_\_

(PLEASE PRINT)

being the holder(s) of  ordinary shares

in the capital of the company, do hereby appoint (see note 2):

1 \_\_\_\_\_ or failing him/her

2 \_\_\_\_\_ or failing him/her

3 the chairman of the annual general meeting

as my/our proxy to act 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 resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of all the above ordinary shares registered in my/our name/s, in accordance with the following instructions:

Please indicate with an "X" in the appropriate box below how you wish to vote.

Resolution	Number of ordinary shares		
	For	Against	Abstain
<b>Ordinary Resolution Number 1:</b> To re-elect directors retiring by rotation:			
1.1 SJ Connelly			
1.2 CV Amoils			
1.3 B Bulo			
<b>Ordinary Resolution Number 2:</b> To approve the re-appointment of external auditors			
<b>Ordinary Resolution Number 3:</b> Appointment of the members of the audit and risk management committee:			
3.1 B Bulo (subject to the passing of Ordinary Resolution Number 1.3)			
3.2 N Mandindi			
3.3 MR Thompson			
<b>Ordinary Resolution Number 4:</b> Appointment of the members of the social and ethics committee:			
3.1 N Mandindi			
3.2 B Bulo (subject to the passing of Ordinary Resolution Number 1.3)			
3.3 EJ Smith			
<b>Special Resolution Number 1:</b> Approval of non-executive directors' remuneration			
<b>Non-binding Resolution Number 1:</b> Approval of Hudaco's remuneration policy			
<b>Non-binding Resolution Number 2:</b> Approval of Hudaco's remuneration implementation report			
<b>Special Resolution Number 2:</b> General authority to repurchase up to 1 544 799 of the ordinary shares (5% of the shares in issue)			
<b>Ordinary Resolution Number 5:</b> General authority to directors to allot and issue up to 1 544 799 authorised but unissued ordinary shares (5% of the shares in issue)			
<b>Ordinary Resolution Number 6:</b> Signature of documents			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2025

Signature(s) \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

## Notes

1. Shareholders who have dematerialised their shares through a Central Securities Depository Participant (“CSDP”) or broker must either inform their CSDP or broker of their intention to attend the annual general meeting to provide them with the necessary authority to attend or provide the CSDP or broker with their voting instruction in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder’s choice in the space provided. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder’s instructions to the proxy must be indicated by “X” in the appropriate box provided on the proxy form. Failure to comply with the above will be deemed to authorise a proxy to vote or abstain from voting at the annual general meeting as he/she deems fit in respect of all the members’ votes exercisable at the annual general meeting.
4. The completion and lodging of this form of proxy will not preclude the shareholder from attending the annual general meeting and speaking and voting thereat to the exclusion of any proxy appointed in terms hereof should the shareholder wish to do so (see note 1 above).
5. The chairman of the annual general meeting may reject or accept any proxy form that is completed and/or received, other than in accordance with these notes. Proxy forms received by way of facsimile will be acceptable.
6. Each shareholder is entitled to appoint one or more proxies (none of whom needs to be a shareholder of Hudaco) to attend, speak and vote in place of the shareholder at the annual general meeting.
7. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatories.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Hudaco.
9. Where there are joint shareholders:
  - (a) Any one shareholder may sign the form of proxy;
  - (b) The vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in Hudaco’s register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint shareholder/s.
10. For administrative purposes only, forms of proxy should be lodged with the transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or be posted to them at Private Bag X9000, Saxonwold, 2132, or emailed to them at proxy@computershare.co.za, by Tuesday, 25 March 2025, at 11:00 or thereafter to the company by hand at Hudaco’s offices situated at Building 9, Greenstone Hill Office Park, Emerald Boulevard, Greenstone Hill, Edenvale, Gauteng. Any forms of proxy not submitted by this time may nevertheless be submitted to the transfer secretaries before the annual general meeting or handed to the chairman of the annual general meeting prior to the shareholder exercising any rights of a shareholder at the annual general meeting.
11. In terms of section 61(10) of the Companies Act, every shareholders’ meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Therefore, shareholders or their proxies may participate in a meeting by way of video conference if they wish to do so. In this event:
  - Hudaco’s company secretary must be contacted by email (at the address hudaco@acorim.co.za) by no later than 11:00 on Tuesday, 25 March 2025 in order to obtain dial-in details for participation;
  - valid identification will be required:
    - if the shareholder is an individual, a certified copy of their identity document and/or passport;
    - if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, specifying the name of the individual that is authorised to represent the relevant entity at the AGM by way of video conference call as well as a valid email address and/or facsimile number; and
  - no electronic voting facilities will be available so shareholders who wish to participate in the meeting by video conference and wish to vote are still required to submit their proxy forms in advance.

**Additional forms of proxy are available from the transfer secretaries on request.**

## Corporate information

### Hudaco Industries Limited

(Incorporated in the Republic of South Africa)  
 (Registration number 1985/004617/06)  
 JSE share code: HDC  
 A2X share code: HDC  
 ISIN code: ZAE000003273

### Registered and business address

1st Floor, Building 9  
 Greenstone Hill Office Park  
 Emerald Boulevard  
 Greenstone Hill, Edenvale  
 (Private Bag 13, Elandsfontein, 1406)  
 Tel: +27 11 657 5000  
 Email: info@hudaco.co.za  
 Website: www.hudaco.co.za

### Secretary

Acorim (Pty) Ltd  
 13th Floor, Illovo Point  
 68 Melville Road  
 Illovo  
 Tel: +27 11 325 6363  
 Email: hudaco@acorim.co.za  
 Website: www.acorim.co.za

### Transfer secretaries

Computershare Investor Services (Pty) Ltd  
 Rosebank Towers, 15 Biermann Avenue  
 Rosebank  
 (PO Box 61051, Marshalltown, 2107)  
 Tel: + 27 11 370 5000

### Auditors

Deloitte & Touche  
 5 Magwa Crescent  
 Waterfall City, Midrand

### Bankers









Absa Bank Ltd  
 FirstRand Bank Ltd  
 Nedbank Ltd  
 The Standard Bank of South Africa Ltd







### Sponsor










Nedbank Corporate and Investment Banking,  
 a division of Nedbank Limited  
 135 Rivonia Road, Sandton  
 (PO Box 1144, Johannesburg, 2000)









## Shareholders' diary

Financial year-end	30 November 2024
Annual general meeting	27 March 2025
<b>Reports and financial statements</b>	
Summarised report and final dividend announcement	6 February 2025
Notification of annual general meeting (mailed to shareholders)	25 February 2025
Publication of integrated report including annual financial statements	25 February 2025
Interim report and interim dividend announcement	4 July 2025
<b>Dividend payment details</b>	
Payment of final dividend	3 March 2025
Payment of interim dividend	11 August 2025

BUSINESS NAME	PRINCIPAL ACTIVITIES	EXECUTIVES			CONTACT		
<b>CONSUMER-RELATED PRODUCTS</b>							
<b>Power tools and fasteners</b>							
<b>Rutherford</b>	Distributor of Makita power tools, Mercury marine engines and survey instrumentation.	Chris Pillay Arusha Matadin Carol Caunter Gareth Dreyer	Chief executive Financial director Divisional director Divisional director	Johan Kok Jeanie Manson Melissa Swart	Divisional director Logistics director Financial manager	Tel 011 878 2600 Email info@rutherford.co.za	
<b>Boltworld</b>	Distributor of a comprehensive range of quality fasteners, including blind rivets, self-drilling screws, hexagonal bolts, nuts and washers.	Chris Pillay Arusha Matadin Jeanie Manson	Chief executive Financial director Logistics director	Kumarin Vandayar Melissa Swart	Divisional director Financial manager	Tel 011 878 2600 Email info@rutherford.co.za	
<b>Security and communication equipment</b>							
<b>Elvey Security Technologies</b>	Distributor of electronic security equipment, including intruder detection, access control, CCTV, fire detection, electric fencing and specialised products, as well as related consumables.	Jaco Moolman Carlos Esteves	Chief executive Financial director	Tasha Smith	Sales and marketing director	Tel 011 401 6700 Email sales@elvey.co.za	
<b>Pentagon</b>	Distributor of integrated security and life safety solutions, including surveillance, access control, fire detection, public address and perimeter detection products.	Jaco Moolman Carlos Esteves	Chief executive Financial director	Tasha Smith	Sales and marketing director	Tel 011 401 6700 Email info@pentgon.co.za	
<b>Global Communications</b>	Distributor of professional mobile radio communication equipment and radio systems integrator.	Jaco Moolman Carlos Esteves	Managing director Financial director	Tasha Smith	Sales and marketing director	Tel 087 310 0400 Email info@globalcomms.co.za	
<b>Data networking equipment</b>							
<b>MiRO</b>	Distributor of wireless IP convergence solutions, including network infrastructure, switches and routers, Wi-Fi and hotspot, enterprise wireless, fixed wireless broadband, carrier class wireless, antennas and masts, voice over IP and IP surveillance products.	Marco de Ru Shireen Pillay	Managing director Financial director	Jonathan Newton	Commercial director	Tel 012 657 0960 Email sales@miro.co.za	
<b>Automotive aftermarket</b>							
<b>Abes Technoseal</b>	Distributor of light and heavy duty clutch kits, ignition leads and rotary shaftseals to the automotive aftermarket and hydraulic and pneumatic seals to the industrial and construction equipment market.	Danie Venter	Managing director	April Heath	Financial manager	Tel 011 397 4070 Email info@abes.co.za	
<b>Partquip</b>	Distributor of automotive spares and accessories.	Lavern Jacobs Chris de Kock	Managing director Financial director	Rajen Reddy	Logistics director	Tel 011 634 7600 Email info@partquip.co.za	

BUSINESS NAME	PRINCIPAL ACTIVITIES	EXECUTIVES			CONTACT		
<b>CONSUMER-RELATED PRODUCTS</b>							
<b>Automotive aftermarket</b>							
<b>A-Line Wheels</b>	Distributor of alloy and steel wheels.	Lavern Jacobs Chris de Kock	Managing director Financial director	Malene Rizzo Rajen Reddy	Divisional director Logistics director	Tel 011 634 7600 Email info@alinewheels.co.za	
<b>Ironman 4X4</b>	Distributor of suspension and accessories to the 4X4 industry.	Jaco du Plessis	Managing director	Chris de Kock	Financial director	Tel 011 058 3026 Email info@ironman4x4.co.za	
<b>Batteries and sustainable energy</b>							
<b>Deltec Energy Solutions</b>	Distributor of maintenance-free batteries for automotive, trucking, mining, stand-by, solar utility and electric vehicle applications and a provider of sustainable power and storage products and solutions, including solar inverters, PV panels, residential, commercial and industrial storage and balance of plant equipment.	Reena Magan Ataliah Matthew	Managing director Financial director	Nevish Rampersad Eva Davis	Sales director Financial manager	Tel 011 864 7930 Email sales@deltec.co.za	
<b>Eternity Technologies</b>	Distributor of batteries, high-frequency chargers and related battery equipment to the traction battery market. It also designs, builds and manages battery bays for warehouses and distribution centres.	Colin Oliver	Managing director	Juan Radley	Financial director	Tel 011 965 0575 Email info@eternitytechnologies.co.za	
<b>Specialised Battery Systems</b>	Distributor of stand-by and solar batteries.	Corné Basson	Managing director	Beatwell Ndhlovu	Financial manager	Tel 011 425 3447 Email info@special-battery.co.za	
<b>Gas and outdoor products</b>							
<b>CADAC</b>	Distributor of CADAC cooking, heating and outdoor products.	Trevelyan Hall	Managing director	Annelie du Toit	Financial director	Tel 011 470 6600 Email info@cadacsa.co.za	

BUSINESS NAME	PRINCIPAL ACTIVITIES	EXECUTIVES			CONTACT			
<b>ENGINEERING CONSUMABLES</b>								
<b>Bearings, belting and power transmission</b>								
<b>Bearings International</b>	Distributor of bearings, chains, seals, transmission and allied products. Distributor and repairer of geared and electric motors, industrial bevel helical transmissions and drive solutions.	James Calmeyer Adam Walden  Daisy Jagarnath	Managing director Portfolio financial director Financial director	Laura van Rooyen Andrew Mowat	Logistics director Operations director – Power transmission	Tel Email	011 899 0000 info@bearings.co.za	
<b>Belting Supply Services</b>	Distributor of conveyor belting, industrial hose, fluid sealing and process control products.	Mark Vorster Stephan Boshoff	Managing director Technical director	Strini Reddy	Financial manager	Tel Email	011 610 5600 sales@belting.co.za	
<b>Brewtech Engineering</b>	Distributor of plastic and stainless steel slat chains and modular belting and conveyor components. Manufacturer of plastic engineering parts for machines used in food, bottling and mining industries.	Mark Vorster	Managing director	Strini Reddy	Financial manager	Tel Email	011 708 0408 sales@brewtech.co.za	
<b>Diesel engines and spares</b>								
<b>Deutz Dieselpower</b>	Distributor of DEUTZ diesel engines, DEUTZ spare parts, HJS exhaust gas aftertreatment systems and provider of service support.	Maurice Pringle Menzi Dumisa	Managing director Financial director	Steven Moss Brenton Alexander	Sales director Branch network director	Tel Email	011 923 0600 info@deutz.co.za	
<b>Specialised steel</b>								
<b>Ambro Steel</b>	Distributor of engineering steels, solid, round, square, hexagonal and hollow bar steel.	Rolf Lung	Managing director	Elma Lottering	Financial director	Tel Email	011 824 4242 info@ambro.co.za	
<b>Sanderson Special Steels</b>	Distributor of special steels and of heat treatment to the tool making and general engineering industries.	Rolf Lung	Managing director	Elma Lottering	Financial director	Tel Email	021 951 5311 info@sanderson.co.za	
<b>Bosworth</b>	Manufacturer of conveyor drive pulleys, forging and rollings.	Burtie Roberts	Managing director	Susanna van Blerk	Financial manager	Tel Email	011 864 1643 pulleys@bosworth.co.za	
<b>The Dished End Company</b>	Manufacturer of end caps on pressure vessels and single pressed weld caps and the pressing and flanging of small conical sections.	Kerry Liebenberg	General manager	Bathabile Mashigo	Financial director	Tel Email	011 822 4550 kerry@tdec.co.za	
<b>Joseph Grieveson</b>	Manufacturer of ferrous and non-ferrous castings.	Darryl Meyer Juan Radley	Managing director Financial director	Parnusha Chetty	Financial manager	Tel Email	031 507 3640 sales@josgrieveson.co.za	

BUSINESS NAME	PRINCIPAL ACTIVITIES	EXECUTIVES			CONTACT			
<b>ENGINEERING CONSUMABLES</b>								
<b>Fire detection, containment and suppression</b>								
<b>Brigit Fire</b>	Distributor of fire detection, fire containment protection and fire suppression products and solutions.	Deon van Zyl	Managing Director	Werner de Vries	Financial manager	Tel Email	011 794 2217 info@brigit.co.za	
<b>Thermoplastic pipes, fittings and equipment</b>								
<b>Astore Keymak</b>	Distributor of specialised thermoplastic pipes, fittings and Keymak PVC hose.	Shenton Botes	Managing director	Shinead Royan	Financial manager	Tel Email	011 892 1714 info@astorekeymak.co.za	
<b>Plasti-Weld</b>	Distributor of plastic welding equipment and manufacturer of plastic welding rods.	Shenton Botes	Managing Director	Shinead Royan	Financial manager	Tel Email	011 849 9058 sales@plastiweld.co.za	
<b>Filtration</b>								
<b>Filter and Hose Solutions</b>	Distributor of filtration solutions, customised exhaust systems, kits and accessories.	Reena Magan	Managing director	Bathabile Mashigo	Financial director	Tel Email	087 150 6000 info@fhs.co.za	
<b>Hydraulics and pneumatics</b>								
<b>Dosco Precision Hydraulics</b>	Distributor of hydraulic pumps and motors to the mining, industrial, mobile, marine and forestry industries.	Marius Booyens	Managing director	Zandri Howes	Financial manager	Tel Email	011 452 5843 info@dosco.co.za	
<b>Ernest Lowe</b>	Manufacturer of hydraulic and pneumatic equipment.	Deon Krieger	Managing director	Hezekiel Tshithukhe	Financial manager	Tel Email	011 898 6600 corporate@elco.co.za	
<b>Gear Pump Manufacturing</b>	Manufacturer and assembler of hydraulic gear pumps.	Widor Grobbelaar Juan Radley Jody Flores	Managing director Financial director Financial manager	Randy Pirtle Len Jacobs	General manager – USA Managing director – United Kingdom	Tel Email	021 531 9330 sales@gearpumps.co.za	
<b>Hydraulic Engineering Repair Services</b>	Manufacturer and repairer of hydraulic cylinders and repairer of drivetrain components.	Erik van der Linde	Managing director	Kgomotso Legwale	Financial manager	Tel Email	011 825 3690 sales@hers.co.za	

BUSINESS NAME	PRINCIPAL ACTIVITIES	EXECUTIVES				CONTACT		
<b>ENGINEERING CONSUMABLES</b>								
<b>Electrical power transmission</b>								
<b>Powermite</b>	Distributor of electric cabling, plugs, sockets, electric feeder systems and crane materials.	Jacques van Rooyen Vivek Maharaj	Managing director Financial director	Leon van der Vyver	Sales director	Tel Email	011 271 0000 info@powermite.co.za	
<b>Three-D Agencies</b>	Distributor of electrical cable accessories.	Derek Gilmore Vanessa Naidoo	Managing director Financial director	Gabriel Pieterse	Sales director	Tel Email	011 392 3804 sales@three-d.co.za	
<b>Varispeed</b>	Distributor of controllers, monitors and regulators of the speed of standard AC motors.	Derek Gilmore	Managing director	Erika van de Velde	Financial director	Tel Email	011 312 5252 drives@varispeed.co.za	
<b>GROUP</b>								
<b>Group head office</b>								
<b>Hudaco Industries Hudaco Trading</b>		Graham Dunford Clifford Amoils  Ernie Smith Gary Walters Esther Nkosi	Group chief executive Group financial director Executive director Acquisitions manager Transformation and human resources executive	Cassie Lamprecht Rika Wessels-Bouwer Sonia Liebenberg Firdaws Ismail Patrick Nkomo	Group accountant Group treasurer Head of risk and internal audit Group QHSE manager Strategic projects	Tel Email Website	011 657 5000 info@hudaco.co.za www.hudaco.co.za	

