VULCAN

ANNUAL REPORT 2022

Our ambition is driven by our unparalleled dedication to continuous improvement. These past two years have demonstrated how our willingness to capitalise on opportunities and take considered risks over time, reaps rewards. We are always looking ahead and know that embracing change – the only constant in life – is fundamental to advancement and increasing value for all stakeholders. Our growth over time speaks for our record of reliability and our mindset of constantly raising the bar on performance.

Welcome to Vulcan's 2022 Annual Report covering the financial year ended 30 June 2022.

This report covers our performance in the financial year ended 30 June 2022, an update on our growth initiatives, acquisition of Ullrich Aluminium Co Limited and non-financial matters including environment, social and governance (ESG) topics relating to Vulcan.

This report should be read in conjunction with all materials released by Vulcan relating to the company's 2022 financial year result.

A digital version of this report is available at **https://investors.vulcan.co/Investor-Centre/**

The report has been approved and released by the Board on 24 August 2022 and is signed on behalf of Vulcan Steel Limited by Russell Chenu - Board Chair, and Rhys Jones- Managing Director and Chief Executive Officer.

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01 / The Business year

Continuing the pursuit of excellence

Performance Highlights

REVENUE

NZ$973m[1]

+33% on NZ$732m in FY21

+20% vs NZ$809m in Prospectus[7]

ADJUSTED EBITDA[2] (EXCLUDING OFFER COSTS & SHARE GIFT)

NZ$243m

(NZ$218m pre-IFRS 16[3,4] basis)

+82% on NZ$133m in FY21

+63% vs NZ$149m in Prospectus

ADJUSTED NPAT[5] (EXCLUDING OFFER COSTS & SHARE GIFT)

NZ$142m

(NZ$146m pre-IFRS 16 basis)

+119% on NZ$65m in FY21

+89% vs NZ$75m in Prospectus[8]

ADJUSTED EPS[6] (EXCLUDING OFFER COSTS)

NZ 108.1c

(NZ 110.8c pre-IFRS 16 basis)

+119% on 49.3 NZ cents in FY21

+89% vs NZ 57.2c in Prospectus

OPERATING CASH FLOW (INCLUDING OFFER COSTS)

NZ$12m

-88% on NZ$105m in FY21

FINAL DIVIDEND (TOTALLING NZ$49m)

NZ 37.5c

Record date 23 Sep 2022
Payable on 7 Oct 2022

Fully franked, 80% imputed[8]

1. m - millions. 2. Earnings before interest, depreciation and amortisation. 3. IFRS 16 - New Zealand accounting recognition of right of use assets and corresponding liabilities on leases adopted in FY20. 4. Pre-IFRS 16 - NZ International Accounting Standard 17 – accounting treatment of leases prior to the introduction of IFRS 16 in FY20. 5. Net profit after tax. 6. Earnings per share. 7. Initial Public Offering Prospectus dated 15 October 2021. 8. The levels of franking and imputation on dividends in future financial years will be subject to the tax credits available for use.

SALES VOLUME

263,175 t

+1% on 259,728 tonnes in FY21

CUSTOMERS TRANSACTED WITH VULCAN[9]

11,839

-175 or -1.4% on 1H FY22

GROSS MARGIN

40.0%

+3.0% on 37.0% in FY21

+4.0% vs 36% in Prospectus

GROSS PROFIT DOLLAR PER TONNE

NZ$1,477

+42% or NZ$1,041 in FY21

NET DEBT TO EBITDA COVER

0.86x

vs 0.62x as at June 2021

GHG[10] INVENTORY SCOPE 1 AND 2 TOTAL

9,164t CO_2

c 9,400t in FY21

9. Based on customers that transacted with Vulcan at least once in the relevant period. 10. Green House Gas.

Report from the Chair

The last twelve months have been an extraordinary and historic period for our company. Vulcan became a publicly listed company on 4 November 2021 on the Australian Securities Exchange and New Zealand Stock Exchange.

In 2022, the company celebrated its 27th anniversary as a value-added distributor of steel and metal products. Founded in Auckland, our company now operates in 72major and regional centres across Australia and New Zealand.

For the financial year ended 30 June 2022 (FY22), the Vulcan team delivered a record performance. Our adjusted net profit after tax (NPAT) increased 119% from NZ$65m in FY21 to NZ$142m in FY22, which was 89% ahead of our NZ$75m prospectus forecast. This is an outstanding achievement by the Vulcan team considering the challenges of COVID-19, with added disruptions caused by major widespread floods that occurred in some of our operating locations.

We are extending our product offering and market presence

As a major Australasian-wide value-added steel and metal products distributor, Vulcan has always prided itself in delivering consistently high service level to our customers.

Having successfully integrated three major acquisitions between 2014 and 2020, Vulcan announced in July 2022 the acquisition of Ullrich Aluminium Co Ltd (Ullrich), one of Australasia's major aluminium product distributors. This is another step in our growth strategy to be the most service focused and efficient steel and metal products distributor and value-added processor in Australasia.
Ullrich Aluminium will be part of Vulcan's Metals offering.
We welcome our new team members to the Vulcan family.

We have added to our environmental initiatives and increased our support for the community

Vulcan has recently commenced trialling a full-electric truck for delivery of products to our in-region customers in Auckland. We have also added to our energy efficiency programme with the introduction of solar power at two facilities, bringing our hybrid-powered operating locations to a total of 8 sites, with more to be added to these going forward.

In 2022, Vulcan expanded the company's involvement and support in the community which now includes the New Zealand Dance Company, in addition to the Halberg Youth Council in New Zealand and Arts Centre Melbourne in Australia.

Dividend for 2022 financial year

Following a strong performance year, Vulcan is pleased to declare a final dividend of 37.5 NZ cents per share, bringing the total dividend (excluding pre-listing special distribution) for the financial year to 65.0 NZ cents per share. This represents approximately a 60% payout ratio of Vulcan's net profit after tax before significant items and in line with the current recommended 60% to 80% distribution policy range. Dividend declared totalled NZ$85m for the financial year of which NZ$36m was paid as interim dividend.

Board update

As part of the initial public offering, it was determined appropriate that we review the size of our Board.

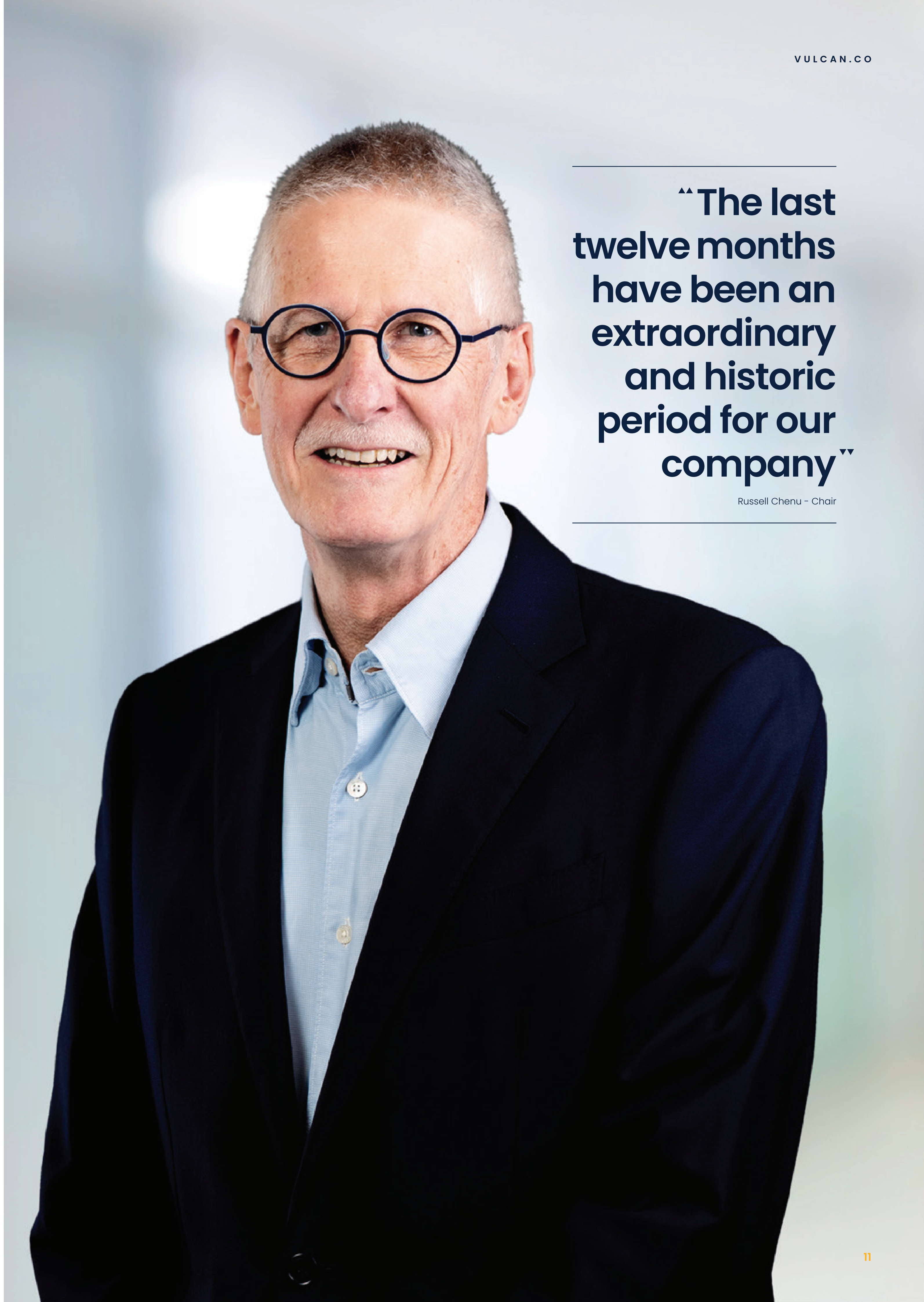
As a new director joining in May 2021 and succeeding our founder Peter Wells as chair, I am honoured and welcome this opportunity to support and contribute to our company's exciting journey forward. We are also pleased to welcome Carolyn Steele who joined our Board in August 2021 and who is chair of our Audit and Risk Committee.

Thank you

We would like to thank Mary and Peter Wells - Peter being our founder director - for their generous share gift through Takutai Trust to Vulcan employees during the year. Their contribution in positioning and shaping Vulcan's culture and financial success are well recognised by everyone in our company.

The Board remains committed to supporting Vulcan's growth aspirations. We thank our employees for their dedication and customers for their ongoing support, especially during the challenging period over the past two years.

Russell Chenu
CHAIR AND ON BEHALF OF THE BOARD



"The last twelve months have been an extraordinary and historic period for our company"

Russell Chenu - Chair

Our year in review

Our business in the past financial year experienced significant disruptions with Covid-19 outbreaks and multiple lockdowns across New Zealand and Australia, and major widespread floods in Queensland and New South Wales. Our customers have been impacted with increased product prices and disrupted supply chains which have made product availability and good communication challenging.

Demand throughout the year has been uneven with surges of activity occurring after each lockdown. Notwithstanding these events, the Vulcan team rose to the challenges and the company traded exceptionally well during the period.

Statutory Basis

- Revenue of NZ$973m was up by 33% from NZ$732m in FY21 and was 20% higher than our NZ$809m prospectus forecast
- EBITDA of NZ$224m was up by 68% from NZ$133m in FY21 and was 72% higher than our NZ$131m prospectus forecast
- NPAT of NZ$124m increased by 91% from NZ$65m in FY21 and was 117% higher than our NZ$57m prospectus forecast
- EPS of 94.4 NZ cents was up by 91% from 49.3 NZ cents in FY21 and was 117% higher than our 43.5 NZ cents prospectus forecast

Adjusted Basis (excluding offer costs and share gift)

- EBITDA of NZ$243m was up by 82% from NZ$133m in FY21 and was 63% higher than our NZ$149m prospectus forecast
- NPAT of NZ$142m was up by 119% from NZ$65m in FY21 and was 89% higher than our NZ$75m prospectus forecast
- EPS of 108.0 NZ cents was up by 119% from 49.3 NZ cents in FY21 and was 89% higher than our 57.2 NZ cents prospectus forecast

Overall, our stronger performance has been broad-based across our Australasia Steel and Metals business units. Revenue in Australia and New Zealand in FY22 grew 34% and 32% year-on-year (yoy), respectively.

Vulcan sold approximately 263,200 tonnes of product in FY22, up 1.3% from 259,700 tonnes in FY21. Following a 10% yoy increase in 1H FY22, volume in 2H FY22 declined by 6% yoy due to a combination of fewer effective trading days compared with the previous corresponding period and disruptions caused by COVID-19 and major floods across parts of Queensland and New South Wales.

Overall gross profit per tonne lifted NZ$436 to NZ$1,477 in FY22 from NZ$1,041 in FY21. Gross margin improved by 3.0% to 40.0% in FY22 compared with 37.0% in FY21. Gross profit margin per tonne in 2H FY22 improved to NZ$1,584 from NZ$1,381 achieved in 1H FY22. With the benefits of operating leverage from our business model, adjusted EBITDA margin improved by 6.7% to 24.9% in FY22 from 18.3% (excluding gain on property sale) in FY21.

Vulcan continues to focus on stock management, employee development and service level ensuring our customers remain well-served. The strong FY22 performance has enabled the company to invest in our employees, working capital and processing capacity, and support the debt funding for our acquisition of Ullrich to position the company for long term growth.

P&L - STATUTORY & NON-GAAP RECONCILIATION

MILLIONS NZ$ (unless stated)	REVENUE FY22	REVENUE FY21	EBITDA FY22	EBITDA FY21	EBIT FY22	EBIT FY21	NPAT FY22	NPAT FY21	EPS (NZ cents) FY22	EPS (NZ cents) FY21
Statutory basis	**972.7**	**731.5**	**224.4**	**133.4**	**197.1**	**103.5**	**124.0**	**64.8**	**94.4**	**49.3**
+ Offer costs	-	-	15.8	-	15.8	-	15.8	-	12.1	-
+ Founder share gift to employees			2.2		2.2		2.2		1.7	
Adjusted basis, before significant items	**972.7**	**731.5**	**242.5**	**133.4**	**215.1**	**103.5**	**142.0**	**64.8**	**108.1**	**49.3**
Proforma items[1]										
Gain on property sale	-	-	-	(3.1)	-	(3.1)	-	(3.1)	-	(2.4)
Public company costs	-	-	(1.3)	(3.9)	(1.3)	(3.9)	(0.9)	(2.8)	(0.7)	(2.1)
Employee incentives	-	-	-	3.2	-	3.2	-	2.3	-	1.8
Interest on pro forma bank debt	-	-	-	-	-	-	(0.5)	(0.2)	(0.4)	(0.2)
Proforma basis	**972.7**	**731.5**	**241.2**	**129.7**	**213.8**	**99.9**	**140.5**	**61.1**	**107.0**	**46.5**
Adjusted basis	972.7	731.5	242.5	133.4	215.1	103.5	142.0	64.8	108.1	49.3
- Operating leases adjustment	-	-	(24.4)	(23.5)	(6.2)	(4.9)	3.7	4.6	2.8	3.5
Adjusted pre-IFRS 16 basis	**972.7**	**731.5**	**218.1**	**109.9**	**208.9**	**98.6**	**145.7**	**69.4**	**110.9**	**52.8**

1. As outlined in Vulcan's prospectus (15 October 2021).

"Vulcan is pleased to announce a record performance in FY22"

Rhys Jones - Managing Director and CEO

In addition to an adjustment made to the base remuneration for our employees during the financial year, Vulcan had also paid eligible employees a living cost support bonus to help alleviate the financial pressures on our team and their families during this period of high inflation.

The Vulcan team continues to provide higher service levels despite employee shortages caused by COVID-19. The focus on helping our clients in the most trying of times is a credit to our employees and proves that our teamwork is outstanding. Our overall DIFOT in FY22 was broadly stable at 96.4% in FY22 compared with 97.2% in FY21.

Steel Segment

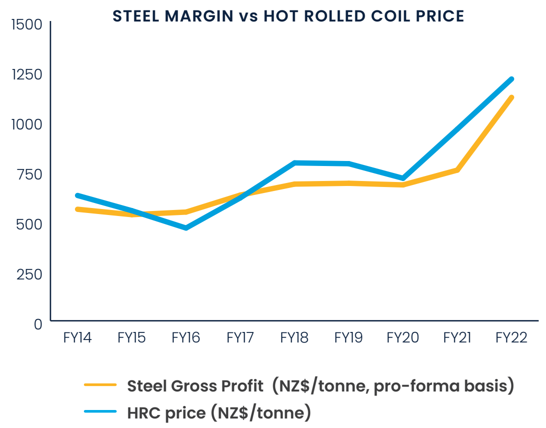
Our Steel segment revenue rose NZ$176m (39%) to NZ$626m in FY22 from NZ$450m in FY21. Sales tonnes increased to approximately 214,000 tonnes in FY22, up 1.5% from the 211,000 tonnes achieved in FY21. Average revenue per tonne rose NZ$792 (37%) to NZ$2,926 in FY22 from NZ$2,134 in FY21.

Steel gross profit per tonne improved NZ$364 (48%) to NZ$1,118 in FY22 from NZ$754 in FY21 which translated to 38.2% gross margin in FY22 compared with 35.3% in FY21. Positive operating leverage benefits saw Steel deliver a 26.9% EBITDA margin in FY22, up from 21.0% in FY21. As a result, adjusted EBITDA increased NZ$74m to NZ$169m in FY22 from NZ$95m in FY21.

Strong margin performance across Steel & Metals

POST IFRS 16[1] MILLION NZ$	STEEL FY22	FY21	Change
Revenue	626.2	450.2	39.1%
Adjusted EBITDA[2]	168.5	94.5	78.3%
Sales (000 tonnes)	214.0	211.0	1.5%
Revenue / Tonne	2,926	2,134	37.1%
EBITDA Margin[2]	26.9%	21.0%	5.9%

1. NZ International Financial Reporting Standard (IFRS) 16 – accounting recognition of right of use assets and corresponding liabilities on leases adopted in FY20.
2. Before significant items (offer costs and share gift to employees by Takutai Trust in FY22).



Metals Segment

Our Metals segment revenue rose NZ$66m (23%) to NZ$347m in FY22 from NZ$281m in FY21. Sales tonnes increased to approximately 49,200 tonnes in FY22, up 0.8% from the 48,800 tonnes achieved in FY21. Average revenue per tonne rose NZ$1,281 (22%) to NZ$7,049 in FY22 from NZ$5,768 in FY21.

The Metals segment gross profit per tonne improved NZ$761 (33%) to NZ$3,043 in FY22 from NZ$2,282 in FY21 which translated to 43.2% gross margin in FY22 compared with 39.6% in FY21.

The Metals segment also benefited from positive operating leverage which led to a 6.4% increase in EBITDA margin to 27.7% in FY22, up from 21.3% in FY21. As a result, EBITDA increased NZ$36m to NZ$96m in FY22 from NZ$60m in FY21.

POST IFRS 16[1] MILLION NZ$	METALS FY22	FY21	Change
Revenue	346.5	281.3	23.2%
Adjusted EBITDA[2]	95.9	59.9	60.1%
Sales (000 tonnes)	49.2	48.8	0.8%
Revenue / Tonne	7,049	5,768	22.2%
EBITDA Margin[2]	27.7%	21.3%	6.4%

1. NZ International Financial Reporting Standard (IFRS) 16 – accounting recognition of right of use assets and corresponding liabilities on leases adopted in FY20.
2. Before significant items (offer costs and share gift to employees by Takutai Trust in FY22).

Operating Expenditure (OPEX)

Excluding offer costs and share gift (totalling approximately $18m), OPEX (before depreciation and amortisation) increased approximately NZ$6m (5%) to NZ$146m in FY22 from NZ$140m in FY21. This reflects a combination of inflation on underlying costs and the additional costs as a public company.

Despite the inflationary pressures on our business (excluding offer costs and share gift), Vulcan was able to contain the negative impact on our cost efficiency (Opex per tonne) to approximately 3% with 1.3% growth in year-on-year sales volume in FY22.

Total employees reached 891 at the end of June 2022 with an average 858 during the year. This compared with 842 as at end June 2021 and an average 841 during the financial year. Total employee benefits (including defined contribution plans) which accounted for approximately 63% of Total Opex in FY22 (excluding offer costs and share gift, depreciation and amortisation) increased approximately NZ$2m (2%) to NZ$93m in FY22 from NZ$91m in FY21.

OPEX , MILLION NZ$	FY22	FY21	Change
Employee Benefits	92.5	90.7	2%
Selling & Distribution (S&D)	18.4	17.0	8%
Occupancy Costs	6.3	6.7	(6%)
General & Admin. (G&A)	29.1	25.6	14%
Operating Expenses[1,2]	146.3	140.0	5%
Average employee numbers	858	841	2%
Sales Volume (000 Tonnes)	263.2	259.7	1%
Total Opex / Tonne ($000)	555.9	539.0	3%

1. Excludes Depreciation & Amortisation.
2. Before significant items (offer costs and share gift in FY22).

Cash Flow

OPERATING CASH FLOWS

Net cash flow from operating activities decreased NZ$93m to NZ$12m for the financial year. A strong increase in cash flow from earnings was offset by increased investment in working capital (discussed in the "Balance Sheet" section), and payments for higher taxes and offer costs in FY22.

CAPITAL EXPENDITURE

Capital expenditure was NZ$12m in FY22 compared with Vulcan's budget of NZ$14m (as outlined in the Company's prospectus dated 15 October 2021), and NZ$6m in FY21. We expect to spend between NZ$25m and NZ$27m on capital expenditure in FY23 including the newly acquired aluminium business.

Working capital requirement is expected to ease in FY23

DISTRIBUTION

The NZ$104m dividend paid in FY22 comprises NZ$18m ordinary distribution and NZ$50m special distribution paid prior to its public listing (as outlined in Vulcan's prospectus dated 15 October 2021), and NZ$36m interim dividend paid in April 2022.

MILLION NZ$	FY22	FY21	Change
Receipts from customers	1,005.4	786.3	28%
Payments to suppliers & employees	(937.2)	(648.8)	44%
Interest paid	(4.2)	(2.3)	83%
Tax paid	(40.3)	(18.4)	119%
Lease interest paid	(11.5)	(11.4)	1%
Net cash flows from operating activities	**12.2**	**105.4**	**-88%**
Capital expenditure	(12.2)	(5.7)	114%
Lease liability payments	(12.9)	(12.2)	6%
Dividends	(104.1)	(53.0)	96%

Balance Sheet

WORKING CAPITAL

Net working capital (excluding cash and tax payable) increased from NZ$180m on 30 June 2021 to NZ$343m on 30 June 2022. Higher product costs, our decision to maintain higher stock levels to accommodate Vulcan's product procurement lead times and positioning for future growth have led to greater investment in inventory. On the recent weakness observed in global steel prices, we expect that our working capital requirement will likely reduce, from current levels, in 2H FY23.

DEBT

Excluding lease liabilities of NZ$202m, Vulcan completed the financial year with a net debt position of NZ$187m. This represented an increase of NZ$117m compared with a net debt position of NZ$70m excluding NZ$195m of lease liabilities on 30 June 2021.

Vulcan has a total combined NZ$400m credit line which includes a NZ$150m facility to fund the Ullrich acquisition.

At 0.86 times net debt to EBITDA cover and 49 times EBIT to net interest cover (twelve months to 30 June 2022 and pre IFRS 16 basis), Vulcan remains well within its banking covenants of less than three times net debt to EBITDA and more than three times EBIT to net interest cover.

FUNDS EMPLOYED

Including NZ$185m shareholders' funds and NZ$202m lease liabilities, Vulcan's funds employed were NZ$575m on 30 June 2022 compared with NZ$419m on 30 June 2021.

MILLIONS NZ$	30 Jun 22	30 Jun 21	Change
Trade and other receivables	157.2	128.1	23%
Inventories	353.2	191.5	84%
Trade and other payables	(167.1)	(139.9)	19%
Working capital excluding tax items	**343.3**	**179.8**	**-**
Tax payable	(29.7)	(13.8)	116%
Working capital	**313.6**	**166.0**	**89%**
Property, plant and equipment	56.2	51.8	8%
Intangibles	12.8	13.3	(4%)
Right-of-use assets	180.7	179.0	1%
Other assets and liabilities	11.2	8.5	32%
Lease liabilities	(202.3)	(194.7)	4%
Net banking debt	(186.9)	(69.8)	168%
Net assets / Shareholders funds	**185.3**	**154.1**	**20%**

Growth Initiatives

THE ULLRICH ACQUISITION

Ullrich is an aluminium distribution-focused operator with a large sales network, together with extrusion facilities and fabrication operations in Australia and New Zealand. With 60 years' operating history with 41 sales centres, 2 extrusion facilities and more than 600 employees, the company is regarded as one of the leading downstream participants in Australasia.

In August 2022, Vulcan took ownership of Ullrich for an agreed NZ$165m[1] enterprise value based on NZ$131m projected NTA and NZ$34m net debt assumed by Vulcan as part of the acquisition.

The aluminium distribution market is an opportunity which Vulcan has been considering for many years. Ullrich's platform and network combined with Vulcan offer significant potential synergies which includes the following.

- A well-established platform with scale across Australia and New Zealand
- Complementary with Vulcan stainless product offering
- Alignment between Vulcan and Ullrich company culture
- A customer-centric service model which includes ownership of truck fleet operated by employee drivers
- The potential for additional hybrid sites and cross selling collaboration, especially in stainless and aluminium products
- Margin enhancement opportunity
- Site optimisation and productivity gain opportunity
- Optimisation of aluminium stock range to improve working capital efficiency
- The introduction of value-added processing opportunity for aluminium

The effective NZ$145m acquisition price (including debt assumed but excluding the NZ$20m deferred settlement payment for working capital) is fully debt-funded.

The acquisition is expected to be earnings accretive in FY23.

1. Including NZ$20m working capital to be reduced which will be funded by a deferred settlement of NZ$20m for the transaction in 1H 2023. NZ$79m of capitalised lease obligation is excluded for the calculation of this enterprise value.

"The acquisition of Ullrich Aluminium will be a key plank for our growth"

Kar Yue Yeo - CFO

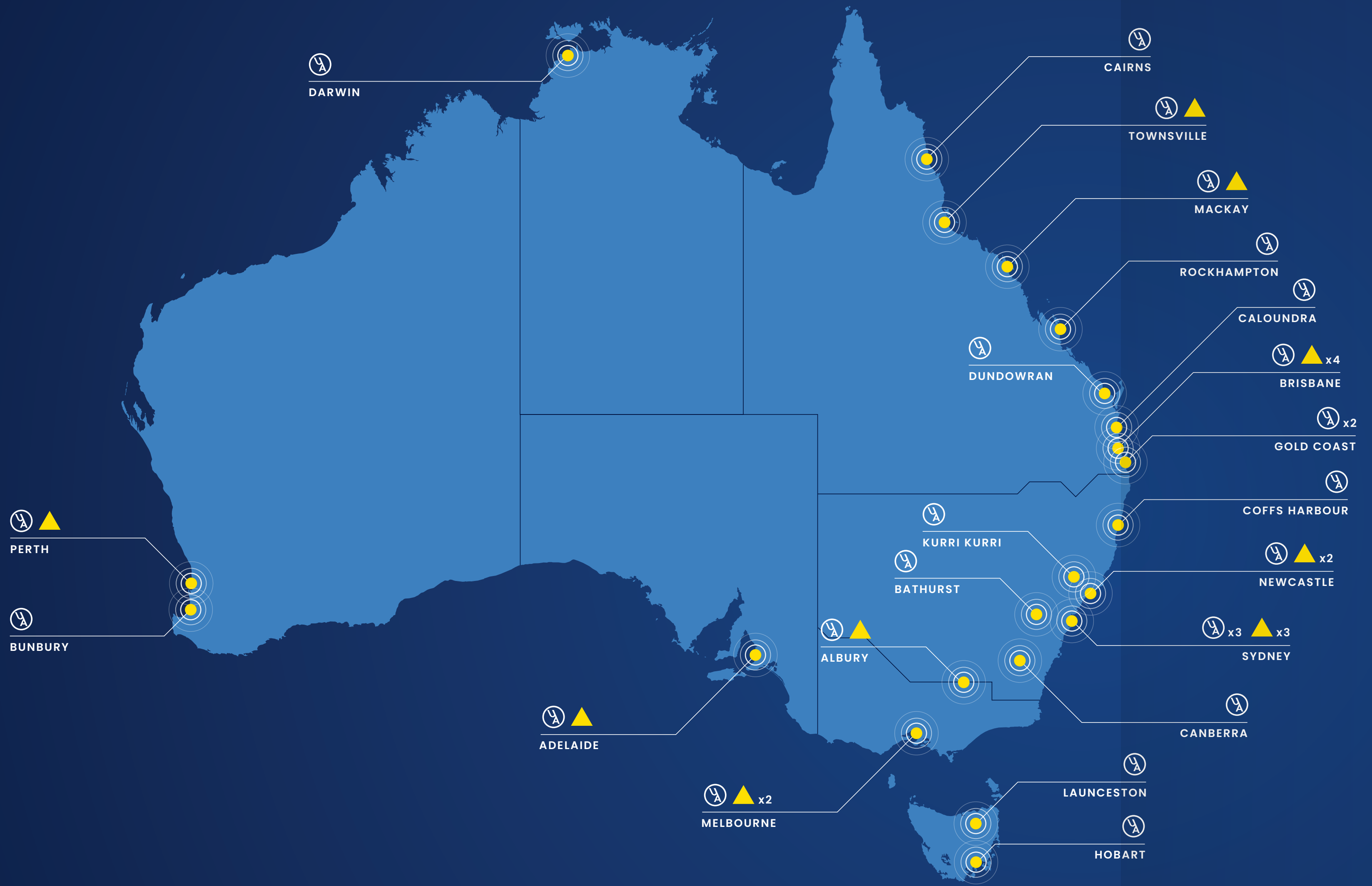
Operational Overlap

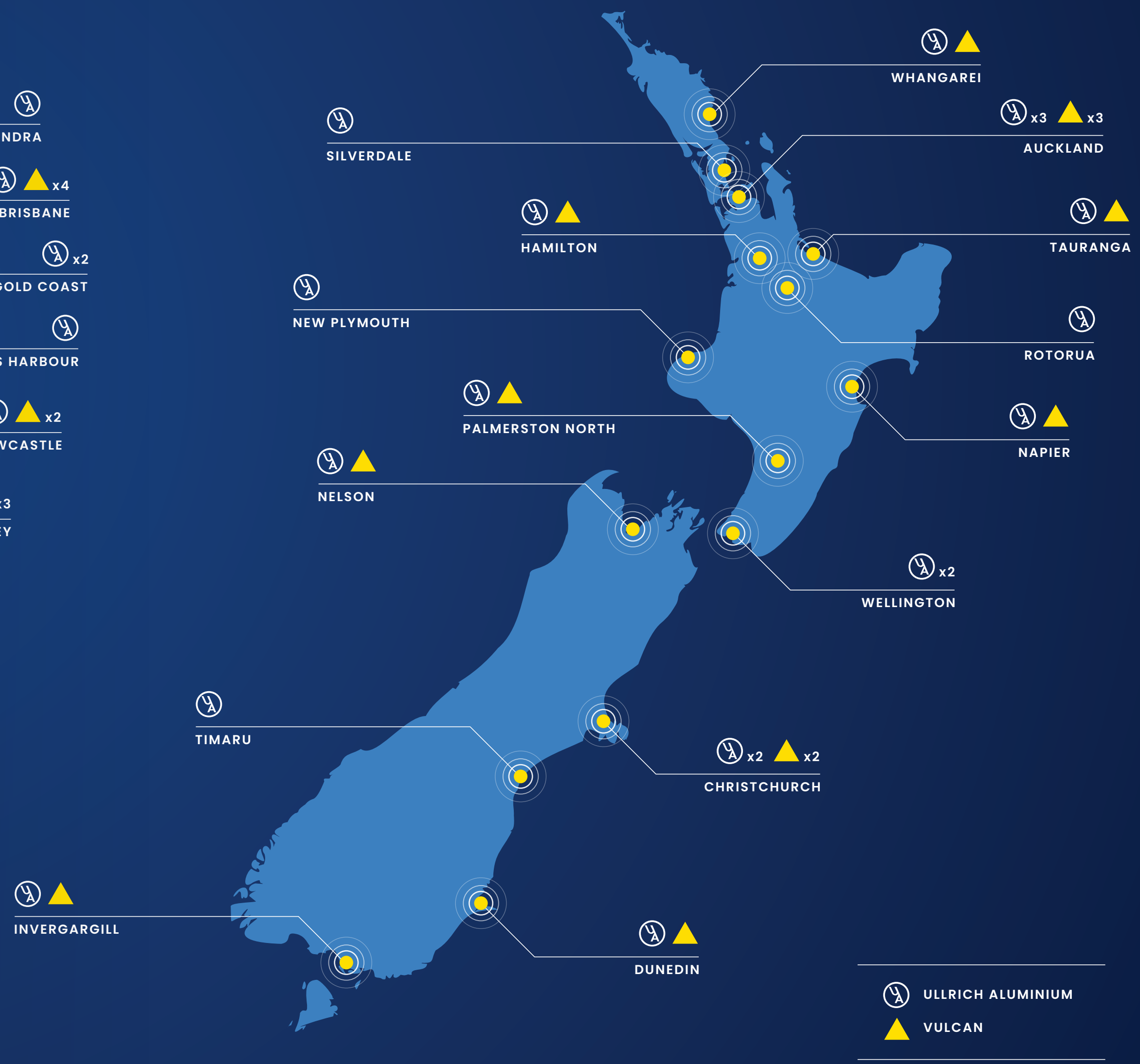
Vulcan and Ullrich location overlap in Australia

- 7 out of 25 Ullrich locations are within 5 minutes drive of existing Vulcan sites

Vulcan and Ullrich location overlap in New Zealand

- 6 out of 18 Ullrich locations are within 5 minutes drive of existing Vulcan sites





72
SITES STRATEGICALLY LOCATED TO SERVE THE LOCAL CUSTOMER BASE

~1500
COMPANY EMPLOYEES

12k
ACTIVE CUSTOMERS*

* Excluding Aluminium

Ongoing Brownfield and Greenfield Initiatives

As outlined in Vulcan's prospectus (15 October 2021), the company commenced the implementation of several business improvement opportunities with potential to increase its annual run-rate revenue by up to NZ$60m over 36 months based on prevailing market demand, costs, and pricing conditions. As of August 2022, ten of the seventeen initiatives previously identified have commenced and are now in revenue generation phase. We anticipate the other initiatives to begin delivering sales in 2H FY23.

FY23 will likely be a more challenging year

Vulcan's overall FY22 performance has been well ahead of our previous expectations. This is due to an extended period of strong global steel and metal products prices, where the positive impact was partially offset by a variable volume environment that resulted from COVID-19 and flood-related disruptions in or near some of our operating locations.

Global steel demand is projected to be broadly stable in 2022 and increase by 2.2% in 2023[1]

Global steel demand is projected to be broadly stable in 2022 and increase by 2.2% in 2023. However, short term disruptions to steel demand in major markets including China, coupled with concerns for a slowing global economy, have led to a downdraft in global steel prices over the past six months.

Accordingly, some normalisation in margins will likely occur in FY23 following a stronger than expected lift in FY22. Vulcan will endeavour to mitigate these market pressures by focusing on our sales discipline.

Ongoing workforce absenteeism due to COVID-19 and a rising interest rate environment may continue to negatively impact on demand for steel and metal products in the New Zealand and Australian markets. Vulcan's focus is to continue to maintain and lift its sales volume over time.

Thank you

Our team and culture are key to delivering enduring future successes. The team's focus is to further improve our service level and continue to meet the needs of our growing and diverse customer base. We thank all our customers, suppliers and shareholders for their ongoing support. Finally, I would like to thank every team member for their contribution to making our company successful, for without everyone giving their best we would not be in a strong position to capitalise on the opportunities and face the challenges going forward.

Rhys Jones
CHIEF EXECUTIVE OFFICER
MANAGING DIRECTOR

1. World Steel Association Projections
2. IFRS 16 – International Financial Reporting Standards 16 ,accounting treatment of leases

02 / Environment & Sustainability

In pursuit of a better tomorrow, everyday.

Caring for our People

Vulcan's sustained growth can be attributed to our dedication to continuous improvement across every facet of our business – and this always starts with people. Our employees are the heart of our business and we are committed to supporting them both professionally and personally to ensure they are happy and healthy.

Principles and Ethos

Our Principles and Ethos are the guiding foundations of how we operate and form our unique culture. We're committed to the ongoing education of all employees on our principles and ethos, to ensure these are not just statements but actively embodied values.

Preserving our culture

In 2022, we began the process of producing several short videos for the purpose of embodying and preserving Vulcan's unique culture. These videos cover everything from Vulcan's story and history to what different roles look like within the business, to how our flat, flexible, and autonomous culture is practically embodied day-to-day. Pictures speak a thousand words, and we believe these videos will play an integral role in helping new employees understand our culture and feel a sense of purpose and belonging as they join the business.

Our employees are the heart of our business and we are committed to supporting them both professionally and personally to ensure they are happy and healthy

Flat structure

Since inception we have operated a flat structure model, centred around the belief that everyone is equally as important to our success, therefore should be an active decision maker and empowered with responsibility and autonomy within their role. We've found that this mentality keeps our business agile, efficient, and effective, and our employees feeling trusted, valued, and fulfilled.

Flexible work environment

We believe that flexible, relaxed, enjoyable workplaces make for happy people. While not all of our roles enable flexibility in the traditional sense, we believe in supporting flexibility wherever possible to ensure everyone's job enhances, not hinders, their lives. We aim to nurture an open culture where employees feel comfortable initiating conversations around any support they may need whether at work or in their personal lives. We have many examples of employees who have worked internationally for extended periods of time, have very untraditional work hours, or have transitioned to working entirely from home in order to support their families. While we recognise that this level of flexibility isn't always practical for our more hands-on roles, we are committed to finding personalised solutions on a case-by-case basis that enable all employees, regardless of their role, to feel supported. The most important thing to us is nurturing a culture that enables our people to feel comfortable initiating these conversations.

Employee Assistance Programme

Our employee assistance programme is available to all employees and their family members. To engage with this support, employees can either speak to their manager or reach out directly to our provider. While we encourage our people to engage with this support in whichever way makes them feel most comfortable, we hope to nurture an environment where they also feel comfortable bringing their concerns directly to someone at Vulcan so that we can offer them individualised support in addition to what can be offered through our EAP partners. As a business who genuinely cares about our people, we want to support our employees in a way that is personalised and flexible to their individual circumstances and needs. In the past this has ranged from funding surgeries to family counselling, to drug and alcohol rehabilitation. There is no rule book or precedent around the ways in which we are willing to support our employees.

“We believe that by creating the right environment we inspire the delivery of amazing results.”

Our principles

Provide an enjoyable workspace

We want our employees to genuinely enjoy the work that they do. Aside from having well resourced, high standard facilities, we aim to create a workplace where everyone feels listened to, valued and supported in reaching their full potential.

Promote a safe working environment

By nature, working with steel has inherent risks, therefore ensuring our employees safety is our primary, ongoing priority. Not only do we want our employees to get home safely to their families every night, we also want them to feel psychologically safe and supported while at work.

Be financially prosperous

This enables us the freedom to invest in our business and people to ensure we're thriving, not just surviving. It gives us the ability to determine our future success from which everyone can prosper.

Remain ambitious

Ambition is about being courageous enough to try, knowing that while we may not always succeed, we will learn, grow, adapt and ultimately find a better way. Innovation isn't without risk, and we're here to support our employees in stepping outside of the box and striving for greatness.

Balance the above

We know that balancing the above is critical to our success.

“At Vulcan we hold ourselves to the highest standards in our work, how we do it and how we treat one another.”

Our ethos

Team first, with respect for the individual

We've got an "everyone supports the team, and the team supports everyone" culture. No one person is more important than another, therefore we value and respect everyone's individual perspectives and ensure that all decision making reflects what's best for the team.

Each person responsible with minimum mis-understanding

We trust everyone to have complete responsibility and autonomy within their role. Our employees don't have someone looking over their shoulder and should feel empowered and enabled to do their job to the best of their ability, in a way that works best for them.

Relaxed, professional and committed

Work should be somewhere our employees enjoy going every day. We don't take ourselves too seriously and our relaxed, yet committed environment ensures everyone feels comfortable asking questions, receiving feedback and supporting one another.

Support our local communities

The health and happiness of our people is directly dependent on the health and happiness of those around them. These extended networks of friends and families across New Zealand and Australia, are our local communities. Through understanding their difficulties and helping support, uplift and improve the lives of these people, we hope to foster meaningful and lasting change.

Clear profit centre goals

Everyone has a clear understanding of their responsibilities and goals and has the resources and decision-making authority to achieve them.

Health and Wellness Programme

Our holistic health and wellbeing programme encompasses physical exercise, nutrition, and mental health support. Available to all our employees across New Zealand and Australia, its purpose is to support our people in feeling their best so they can show up professionally and personally as the best versions of themselves.

These initiatives are also available to family members of our employees as we recognise that the health and happiness of our people is directly related to the health and happiness of those close to them. We have seen that this inclusive approach leads to greater engagement in our health and wellbeing initiatives, as well as ultimately having greater, more meaningful impacts for our people and their whanau. From a health and safety perspective, we also recognise the importance of these initiatives as stronger, fitter, healthier and more resilient employees naturally equate to safer working environments.

Established in 2019, our health and wellbeing programme is run by specialist providers across New Zealand and Australia. These providers consist of teams of professionals from personal trainers and nutritionists, to counsellors and mindfulness coaches, and has a particular emphasis on rehabilitation and injury prevention. Recognising the benefits of physical exercise for our employees physical and mental health, in 2020 we completed the installation of our first onsite Vulcan gyms in both Auckland and Yatala, Queensland – both of which are used by multiple surrounding sites. Seeing impressive engagement and clear results, we completed the installation of our second Australian onsite gym in March 2022 at the Smithfield site in New South Wales. We intend to continue rolling out gyms in key locations across Australasia with work currently underway to complete gyms in South Australia, Western Australia and Victoria by the end of 2022. Where we have onsite Vulcan gyms, personal trainers offer a schedule of up to 10 group fitness classes per week as well as being on hand to write and guide employees through tailored exercise programmes up to 13 hours a week. For sites without access to an onsite gym, trainers provide tailored fitness programmes to be used either at home or local gyms. We have seen continuous improvement in engagement rates across all onsite gyms and hope to continue to see this grow. We have a growing number of success stories where this programme has helped employees make significant improvements to their physical and mental health.

VULCAN GYM ROLLOUT ACROSS AUSTRALASIA

2019

Health and wellness programme established.

2020

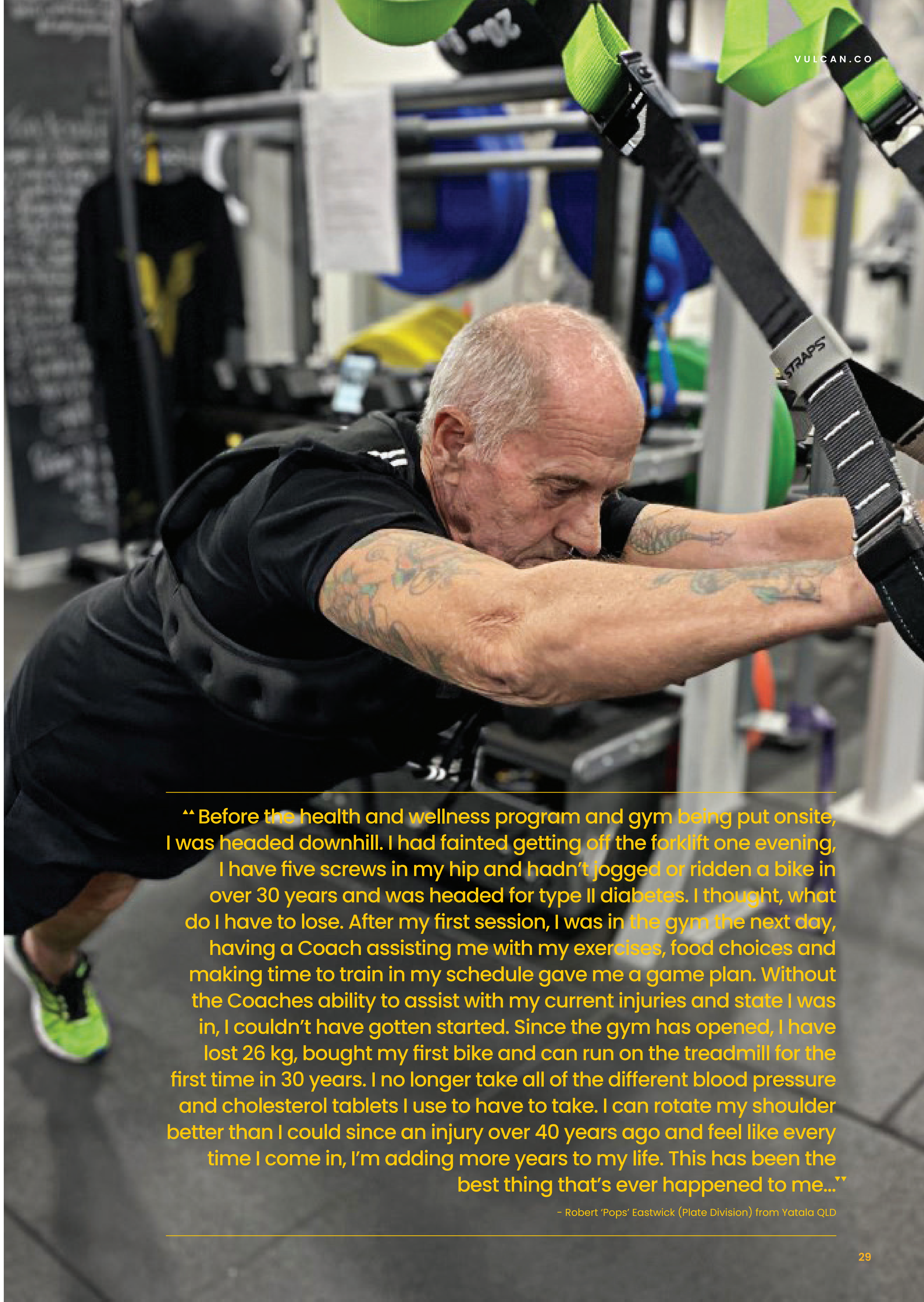
First onsite gym launched in Auckland, NZ - used by multiple Auckland sites.

First onsite gym launched in Australia at Yatala site in Queensland – used by multiple surrounding sites.

2022

Onsite gym launched at Smithfield site in New South Wales, Australia.

Onsite gyms to be completed in South Australia, Western Australia and Victoria.



"Before the health and wellness program and gym being put onsite, I was headed downhill. I had fainted getting off the forklift one evening, I have five screws in my hip and hadn't jogged or ridden a bike in over 30 years and was headed for type II diabetes. I thought, what do I have to lose. After my first session, I was in the gym the next day, having a Coach assisting me with my exercises, food choices and making time to train in my schedule gave me a game plan. Without the Coaches ability to assist with my current injuries and state I was in, I couldn't have gotten started. Since the gym has opened, I have lost 26 kg, bought my first bike and can run on the treadmill for the first time in 30 years. I no longer take all of the different blood pressure and cholesterol tablets I use to have to take. I can rotate my shoulder better than I could since an injury over 40 years ago and feel like every time I come in, I'm adding more years to my life. This has been the best thing that's ever happened to me..."

– Robert 'Pops' Eastwick (Plate Division) from Yatala QLD

Diversity, Equity and Inclusion

At Vulcan, we are committed to fostering a diverse, equitable and inclusive workplace where all employees are treated fairly with dignity and respect. We endeavour to create an environment where everyone's differences are understood, valued and celebrated and where our people feel empowered to bring their whole selves to work.

We believe that fostering a truly diverse and inclusive workplace not only leads to happier employees who feel a greater sense of value and belonging but also plays an important role in enhancing our culture, creativity and productivity - leading to an inherently stronger and more successful business.

To continue to achieve diversity within Vulcan, we have a Diversity and Inclusion Policy which is to be reviewed at least annually alongside corresponding objectives, and we have established a diversity, equity and inclusion (DEI) program. The DEI program has resulted in the establishment of a DEI working group to facilitate the program, workshops and trainings (initially provided to a leadership group of up to 90 employees) and a DEI survey of all Vulcan employees (approximately 890 people) has been conducted to collect baseline diversity data within Vulcan.

> "We endeavour to create an environment where everyone's differences are understood, valued and celebrated..."

DEI Working Group

Recognising the importance of creating a structured and ongoing programme around our DEI initiatives, in February 2022 Vulcan established our DEI working group. This group consists of 16 people across the group. The purpose of this group is to establish and facilitate a DEI action plan, and to manage the ongoing implementation of these initiatives. We are members of Diversity Works NZ and our DEI working group has been working closely with their consultants to begin our internal workshops and trainings, and to collate our baseline diversity data from which we can set measurable goals and targets for the year ahead.

Unconscious bias training

In March 2022 we partnered with Diversity Works NZ to provide our first round of unconscious bias training. Facilitated by a Diversity Works consultant, this training was conducted over three sessions with an initial group of 83 leaders across New Zealand and Australia. These interactive sessions were invaluable in helping employees to form a foundational understanding of unconscious bias from which we can continue to build. Following this formal education session, site leaders held informal discussions with their teams that focused on identifying and sharing personal experiences of biases and how best to mitigate these at a site level. As the third step to this initial unconscious bias training, Vulcan's monthly leadership meeting (attended by 91 senior members of Vulcan team) was dedicated to site leaders sharing and reflecting upon these discussions and their resulting action plans. Going forward, this three-step process will be repeated at least bi-annually across New Zealand and Australia to ensure ongoing education for new and existing leaders.

Celebrating and evolving our culture

An extension of our leadership education around unconscious bias, has been the introduction and education of our leaders around the importance of belonging. For our employees to feel truly appreciated, supported, valued, happy and fulfilled, they must feel a sense of belonging when they come to work. We aim to nurture a culture where everyone at Vulcan feels they belong – where they feel seen and understood, and where what makes them unique is celebrated. This sense of belonging is foundational to the ongoing success of our flat structure model, where everyone feels empowered as an active decision maker and recognises their value within the business. As is true when it comes to embedding and maintaining any cultural principles across the business – infusion from the top down is essential. Therefore, the importance of belonging and how to nurture this inclusive environment has been introduced as a focus through our monthly leadership hubs and will continue to be a cultural foundation that is revisited regularly.

Understanding our Diversity Baseline

In April 2022, we conducted our first diversity, equity and inclusion (DEI) survey in order to collate and understand our baseline data from which we can set measurable goals and targets for improvements. With a 60% response rate, this data provided us with valuable insights into our gender, age, nationality, ethnicity, religious, language and education diversity across Vulcan. The anonymous comments section also provided valuable feedback and suggestions, identifying further areas where we can aim to improve. Our focus will now shift to reviewing these results and determining our actions for the coming 12 months.

Diversity, Equity and Inclusion Survey Data Results Summary 2022

891
EMPLOYEES

549
RESPONDERS

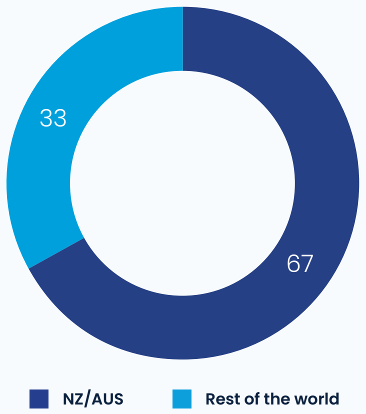
62%
RESPONSE RATE

Pay equity

Vulcan undertakes a detailed annual pay review for every individual employee to ensure there is pay equity across our organisation. Our people are the heart of our business; therefore, it is of the utmost importance to us that we offer a competitive pay structure that reflects each team member's invaluable contribution to our business. We remain committed to ensuring ongoing pay equity as our business grows.

National Diversity

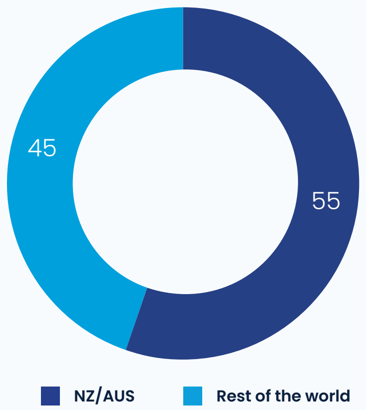
EMPLOYEE COUNTRY OF ORIGIN



55
NUMBER OF TOTAL BIRTH COUNTRIES

Ethnic Diversity

EMPLOYEE ETHNICITY PERCENTAGE

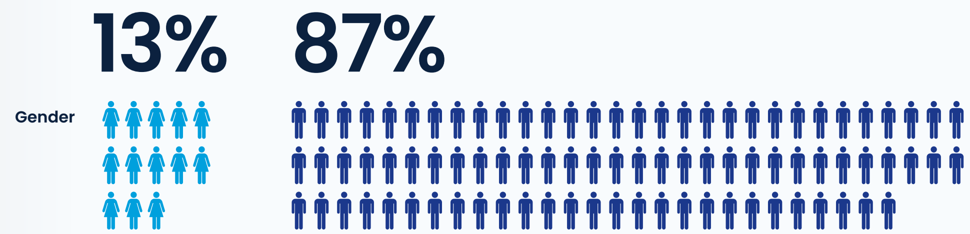


117
NUMBER OF TOTAL ETHNICITIES

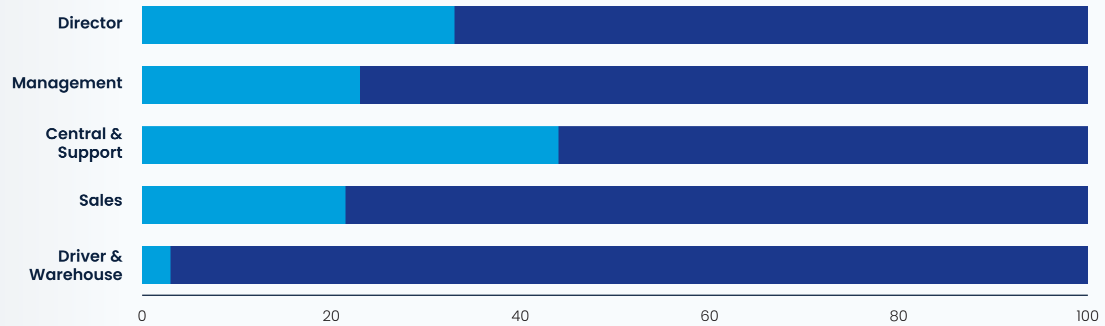
67
PEOPLE IDENTIFYING AS MULTI ETHNIC

Gender Diversity

EMPLOYEE GENDER MIX TOTAL

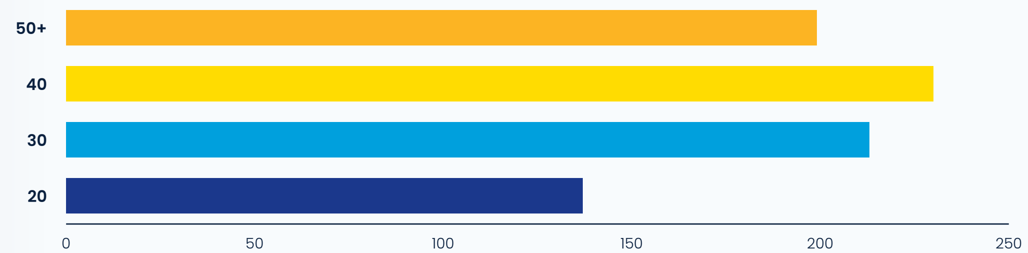


EMPLOYEE GENDER MIX BY ROLE GROUP

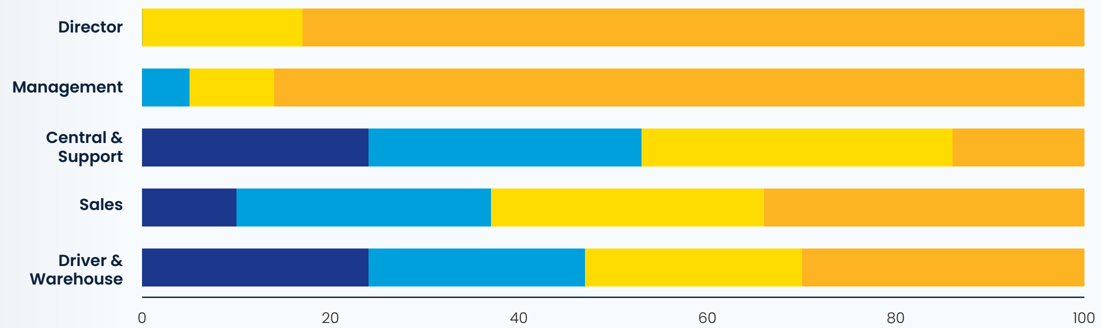


Age Diversity

EMPLOYEE AGE MIX TOTAL



EMPLOYEE AGE MIX BY ROLE GROUP



Learning and Development

We are passionate about helping our people reach their full potential. We support learning and development and invest time and resources in upskilling our people to help them progress.

Being a rapidly growing company naturally creates multiple leadership opportunities for our people at all levels, from small Business Unit leadership roles to the management of large and complex Business Units and transformation projects. Within FY22 we have implemented comprehensive learning and development initiatives including a Leadership Development Programme, coaching for high potential employees, and leadership hubs. In addition to these leadership focused initiatives, we have ongoing training programmes in place across all roles within the business to support employees in expanding their skills and progressing their career in line with their aspirations.

There is a strong focus on ensuring diversity, equity and inclusion across all learning and development initiatives. With 87% of Vulcan's employees identifying as male, there is a particularly strong focus on attracting, retaining and developing female employees.

Having now formed a strong structure around learning and development initiatives, moving forward it is our intention to expand their reach and continue to embed these practices into the business.

Leadership Development Programme

In November 2021, a structured Leadership Development Programme was introduced. Senior leaders and aspiring leaders from across the business were identified and conversations initiated around development aspirations both within current roles and potential future roles. Structured, personalised professional development plans were then implemented that align with Vulcan's core competencies and encompass mentorship support, leadership coaching and quarterly reviews. Leaders were identified based on either the scope of their leadership impact (senior business leaders), or their leadership potential (new and aspiring leaders). Initially introduced as a six month pilot, this programme has been confirmed and extended. The initial pilot phase included 14 participants, with phase 2 now underway with an additional 10 participants.

Coaching for high potential employees

Vulcan has identified the value of ongoing professional and confidential coaching support, to complement on-the-job development. In addition to the Leadership Development Programme, coaching sessions are offered to high potential employees who have expressed a desire in career development or improving a specific skill, either on a regular or ad hoc basis. Coaching is carried out face-to-face or online across New Zealand and Australia and was initiated in March 2021.

Leadership Hubs

Monthly Leadership Hubs were established in August 2021 with their purpose being to share and promote good leadership practices across the business, as well as promoting internal networking, enabling leaders to share personal expertise and experiences on different topics. Held digitally and attended by up to 60 leaders from across Australasia, each session focuses in on a specific leadership topic where 2-3 leaders share their experience in a way that's practical and useful, followed by best practice examples and education given by certified Leadership Coach, Helene Deschamps. These hubs often spark the desire for further leadership development and result in practical conversations and collaboration between leaders from different sites.

> "Vulcan leaders have embraced these leadership programmes wholeheartedly to build their leadership capabilities, with the same professionalism and passion as applied to the other core competencies that contribute to Vulcan's culture and success. These programmes also provide an effective and accelerated training platform to identify and prepare future leaders within Vulcan, beyond technical capabilities."
>
> - Helene Deschamps, Leadership Coach

Supporting our People through Covid-19

Over the past two years, like all businesses, Vulcan has weathered the impact of Covid-19. However, right from the start of the pandemic, we have been committed to fully supporting our employees and unequivocally guaranteeing their job security. Standing by our word, all employees have retained their jobs with full pay throughout the pandemic and we feel strongly that this was not only the right thing to do but has resulted in stronger trust, respect and commitment from our employees. We have been immensely proud of everyone in the business for the level of support they have continued to offer across this period and continuing to go above and beyond to keep Vulcan running smoothly and with the same level of unmatched customer service throughout these exceptional circumstances.

Acknowledgement of Share Gift

We would like to offer a special acknowledgement to Vulcan's founders Peter and Mary Wells, for their generous share gift earlier this year of 250 shares to each of the 829 eligible employees. Having founded Vulcan in 1995 and being involved in some capacity through to 2022, Peter and Mary chose this gift as a token of gratitude as they step back from the business.

Health & Safety

Health and Safety are core aspects of our principles and ethos. We believe all accidents are preventable and are uncompromising in providing a safe and healthy workplace.

We take a pre-emptive and highly detailed approach to providing a safe and healthy workplace for our employees, contractors, visitors, and the public who share the roads with our trucks. Over the past year, we have had a strong focus on how emerging technology, particularly in artificial intelligence (AI), can enhance our health and safety systems. We have also done extensive work around our 'return to work' and rehabilitation practices to ensure we have systems in place to holistically support our people as they recover from injury. As with all areas of our business, we have a continuous improvement philosophy around Health and Safety and will be continuing to actively seek out, trial and implement all innovative options available.

Driver monitoring system

Over the past 12 months we have been trialling an upgraded version of our driver monitoring system that incorporates AI and provides more detailed alerting and detection around on-road driver safety. This trial is ongoing, its success will be assessed upon completion.

Inviol

We are in the initial trial phase of Inviol, an innovative, AI-driven health and safety programme. Through 24/7 AI integrated video feeds, Inviol monitors our pre-configured or custom health and safety rules and identifies high risk events across a range of workspaces including the back of trucks, warehouses, manufacturing sites, or wherever we feel risk assessment is required. When identified, the team is notified so that there can be quick reinforcement of Health and Safety rules as well as timely coaching and development. Existing to identify and remove complacency, Inviol ensures teams are keeping safe while loading and unloading at work. The idea for Inviol was formed within Vulcan by a now former employee who approached us around commercialising the concept. As strong advocates for safety above all else, we provided seed capital to this enterprise and anticipate it will be an invaluable addition to our Health and Safety toolkit.

Steady state ongoing health and safety initiatives

We have several ongoing health and safety initiatives which are reviewed and updated regularly in line with best practice and emerging technologies. These include:

Quarterly health and safety site reviews – undertaken via peer review and/or self-assessment.

Drug, alcohol and substance policy and procedures – these were reviewed and republished in September 2021.

Randomised drug, alcohol and substance testing regime – pre-employment testing is compulsory and is supplemented with randomised testing across the whole business to ensure employees can perform their duties in a safe, productive, and healthy manner for the benefit of themselves, their workmates, and the public.

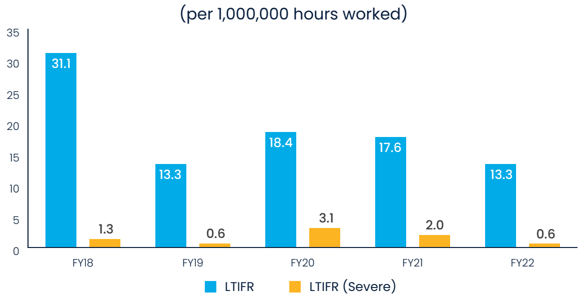
Traffic management plan – this includes on-truck cameras, exclusion zones, onsite traffic flow and speed limit, and load restraint training across all sites.

Return to work policy and procedures – this is to encourage the timely return of employees to full duties as soon as practicable, following a work-related injury or illness and where practical non-work-related injury or illness. Where possible, management, in consultation with medical/rehabilitation professionals, will return employees to their usual work, modified duties or alternative duties within their capacity as soon as possible.

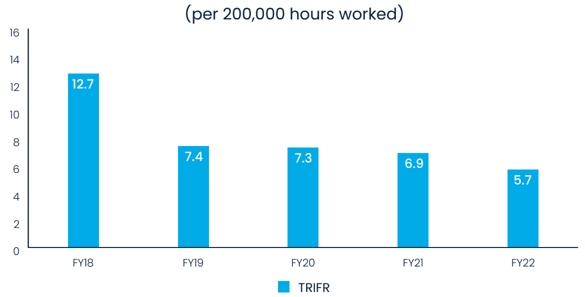
Noise assessments – assessments are undertaken to accurately ensure that noise levels do not exceed the exposure standard, and to understand and determine what control measures can be taken to ensure our workplaces are safe.

Health and safety training – all employees undertake a comprehensive company and site induction on employment, with annual refreshers. Further internal training is ongoing and covers Standard Operating Procedures (SOPs). A Training Needs Analysis is undertaken for each site and can include specialised training such as First Aid, Health and Safety Representative / Committee, Emergency Preparedness, High Risk Work Licences.

LOST TIME INJURY FREQUENCY RATE (LTIFR)[1]
(per 1,000,000 hours worked)



TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)[1]
(per 200,000 hours worked)



1. Prior period metrics have adjusted slightly due to reclassification of incidents post review.

"Detection of unsafe behaviour enables us to put an education plan in place to teach operators about safer practices, this leads to a reduction of incidents"

James Wells - CIO, Vulcan Steel

Our Community

We believe that giving back to and supporting the communities that support us and our people, is simply the right thing to do. Our philosophy around community support is that wherever possible, we are actively involved and ensure that our support goes directly where it is needed - ideally directly to individuals.

While we have significant, long-term and ongoing involvement with two larger organisations – the Halberg Trust in New Zealand, and the Arts Centre Melbourne – we are regularly involved in many smaller initiatives within our local communities. Often this involvement stems from employees coming to us with projects, organisations, causes or individuals that need support within their direct communities. Through understanding the difficulties facing our local communities, especially those that directly impact our people, and being able to offer support, we hope to play even a small role in improving the lives of our extended whānau that fosters meaningful and lasting change. Vulcan donated a total of $263,389 during FY22.

Halberg Youth Council sponsorship, New Zealand

The Halberg Youth Council is a group of 10 young leaders from around New Zealand representing the voices of physically disabled young people. Youth council members are selected by the Halberg Foundation and are typically part of the programme for two-three years in which time they support the Halberg Foundation's various programmes throughout the country and are mentored around a wide variety of valuable life and business skills. Youth council members range from young adults that are currently working at university to students in secondary school.

Vulcan has been supporting the Halberg Youth Council for the past five years, providing both monetary and mentorship support. We cover all costs associated with bringing council members together biannually for one-two days of presentations and discussions with business leaders and public servants from around the country. Three members of Vulcan's leadership team, Paul Tomich, Shane Temata, and Amber Marshall are actively involved with the Youth Council and personally hold one of these presentation and discussion sessions each year.

Vulcan also provides work experience opportunities to Youth Council members who wish to gain work experience with Vulcan. In addition, over the years Vulcan has provided several individual sponsorships to members who have wished to gain further experience in specific areas as well as supporting with funding for various smaller causes run by council members on an ad hoc basis.

New Zealand Dance Company sponsorship, New Zealand

In 2022 Vulcan began supporting the New Zealand Dance Company through sponsoring a dancer at the value of $40,000 annually, enabling an aspiring young performer to pursue a full-time career in dance. The New Zealand Dance Company is a sustainable, full-time arts organisation that creates and presents innovative and inspiring contemporary dance, for audiences in New Zealand and around the world.

Photo credit: John McDermott

School sponsorship, New Zealand

Vulcan has for a number of years supported a local, low decile New Zealand secondary school by providing laptop computers to pupils and offering financial scholarships to talented students to enable them to more easily embark on tertiary study.

Arts Centre Melbourne, Australia

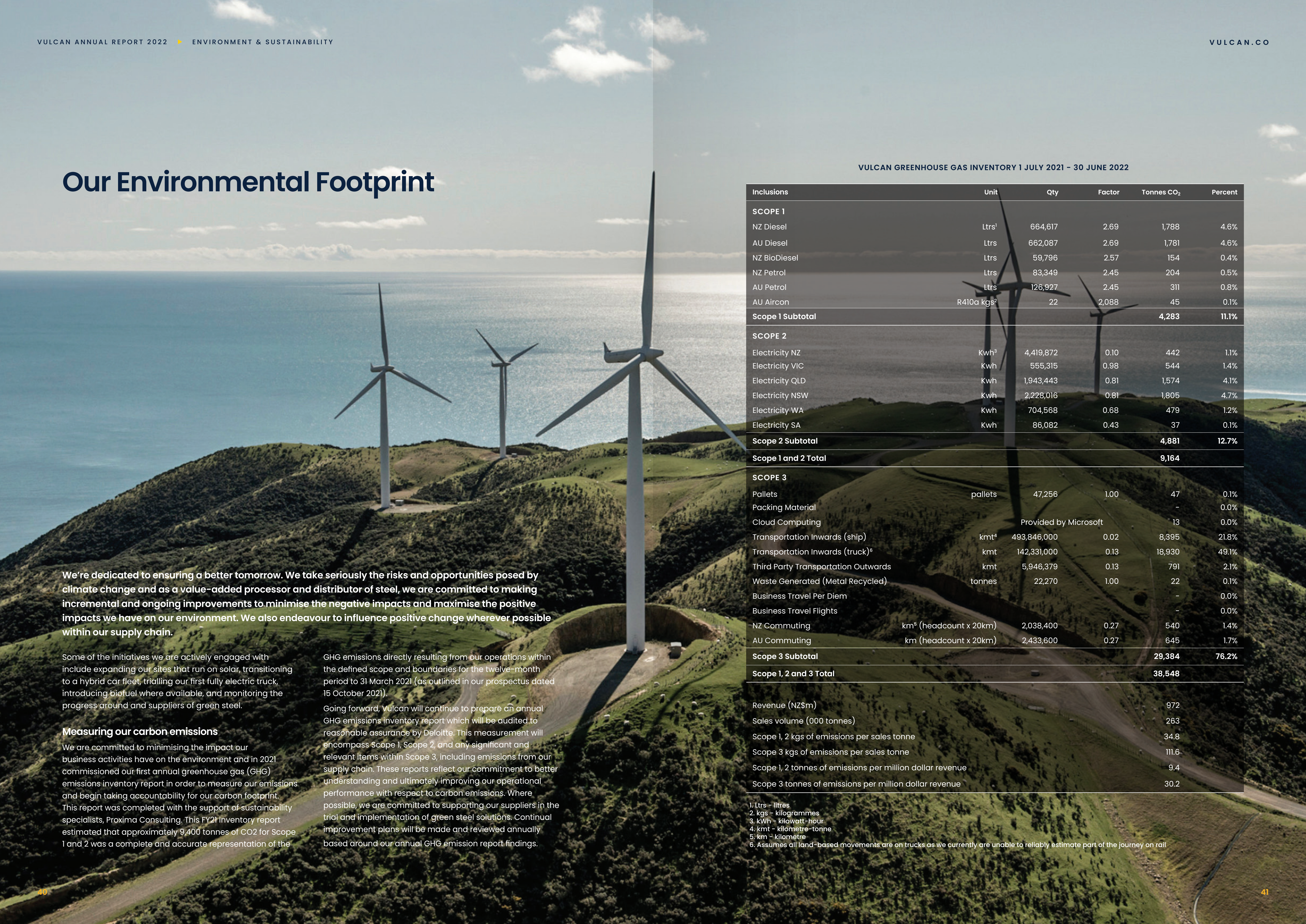
Melbourne's vibrant arts and theatre industry was sadly devastated by repeated COVID waves, and extended lock downs, and although the work force was highly casualised, it did not attract government wage support like other sectors. With Australia having grown to be Vulcan's largest geographical market, in 2021 we reached out to the Arts Centre Melbourne - who are the single feeder of technical skills to the arts and theatre industry across Australia - to understand how we could best offer our support.

The resulting support has been in the form of contributing $50,000 annually to their Registered Training Organisation, whereby their Trainee program for Production Technical employees could continue. Each year this donation goes directly towards the training of four talented young individuals who are selected from a pool of several hundred applicants following a comprehensive recruitment process. They then undertake formalised workplace-based training and assessment under the guidance of technical trainers and skilled production team mentors to achieve their Nationally Recognised Qualifications.

This Traineeship program provides training and employment for young people and addresses an immediate, ongoing need for skilled and qualified production employees to work in Australia's performing arts venues.

Over the past ten years Vulcan has also purchased a significant number of artworks from the Arts Centre Melbourne's sponsored fine artists including sculptures, paintings and photographs. The now extensive collection which has been collated over many years from these talented young artists is on exhibit across our Australian offices.

▲ **Arts Centre Melbourne 2021 graduating trainees with Vulcan's, Brendon Chandulal. Trainee's from left to right; Georgia D' Souza (Trainee, Broadcast & Digital); Angus Beaumont (Trainee, Sound and Vision); and Kelly Wilson (Trainee, Staging).**



Our Environmental Footprint

We're dedicated to ensuring a better tomorrow. We take seriously the risks and opportunities posed by climate change and as a value-added processor and distributor of steel, we are committed to making incremental and ongoing improvements to minimise the negative impacts and maximise the positive impacts we have on our environment. We also endeavour to influence positive change wherever possible within our supply chain.

Some of the initiatives we are actively engaged with include expanding our sites that run on solar, transitioning to a hybrid car fleet, trialling our first fully electric truck, introducing biofuel where available, and monitoring the progress around and suppliers of green steel.

Measuring our carbon emissions

We are committed to minimising the impact our business activities have on the environment and in 2021 commissioned our first annual greenhouse gas (GHG) emissions inventory report in order to measure our emissions and begin taking accountability for our carbon footprint. This report was completed with the support of sustainability specialists, Proxima Consulting. This FY21 inventory report estimated that approximately 9,400 tonnes of CO2 for Scope 1 and 2 was a complete and accurate representation of the GHG emissions directly resulting from our operations within the defined scope and boundaries for the twelve-month period to 31 March 2021 (as outlined in our prospectus dated 15 October 2021).

Going forward, Vulcan will continue to prepare an annual GHG emissions inventory report which will be audited to reasonable assurance by Deloitte. This measurement will encompass Scope 1, Scope 2, and any significant and relevant items within Scope 3, including emissions from our supply chain. These reports reflect our commitment to better understanding and ultimately improving our operational performance with respect to carbon emissions. Where possible, we are committed to supporting our suppliers in the trial and implementation of green steel solutions. Continual improvement plans will be made and reviewed annually based around our annual GHG emission report findings.

VULCAN GREENHOUSE GAS INVENTORY 1 JULY 2021 – 30 JUNE 2022

Inclusions	Unit	Qty	Factor	Tonnes CO_2	Percent
SCOPE 1					
NZ Diesel	Ltrs[1]	664,617	2.69	1,788	4.6%
AU Diesel	Ltrs	662,087	2.69	1,781	4.6%
NZ BioDiesel	Ltrs	59,796	2.57	154	0.4%
NZ Petrol	Ltrs	83,349	2.45	204	0.5%
AU Petrol	Ltrs	126,927	2.45	311	0.8%
AU Aircon	R410a kgs[2]	22	2,088	45	0.1%
Scope 1 Subtotal				**4,283**	**11.1%**
SCOPE 2					
Electricity NZ	Kwh[3]	4,419,872	0.10	442	1.1%
Electricity VIC	Kwh	555,315	0.98	544	1.4%
Electricity QLD	Kwh	1,943,443	0.81	1,574	4.1%
Electricity NSW	Kwh	2,228,016	0.81	1,805	4.7%
Electricity WA	Kwh	704,568	0.68	479	1.2%
Electricity SA	Kwh	86,082	0.43	37	0.1%
Scope 2 Subtotal				**4,881**	**12.7%**
Scope 1 and 2 Total				**9,164**	
SCOPE 3					
Pallets	pallets	47,256	1.00	47	0.1%
Packing Material				-	0.0%
Cloud Computing		Provided by Microsoft		13	0.0%
Transportation Inwards (ship)	kmt[4]	493,846,000	0.02	8,395	21.8%
Transportation Inwards (truck)[6]	kmt	142,331,000	0.13	18,930	49.1%
Third Party Transportation Outwards	kmt	5,946,379	0.13	791	2.1%
Waste Generated (Metal Recycled)	tonnes	22,270	1.00	22	0.1%
Business Travel Per Diem				-	0.0%
Business Travel Flights				-	0.0%
NZ Commuting	km[5] (headcount x 20km)	2,038,400	0.27	540	1.4%
AU Commuting	km (headcount x 20km)	2,433,600	0.27	645	1.7%
Scope 3 Subtotal				**29,384**	**76.2%**
Scope 1, 2 and 3 Total				**38,548**	
Revenue (NZ$m)				972	
Sales volume (000 tonnes)				263	
Scope 1, 2 kgs of emissions per sales tonne				34.8	
Scope 3 kgs of emissions per sales tonne				111.6	
Scope 1, 2 tonnes of emissions per million dollar revenue				9.4	
Scope 3 tonnes of emissions per million dollar revenue				30.2	

1. Ltrs - litres
2. kgs - kilogrammes
3. kWh - kilowatt-hour
4. kmt - kilometre-tonne
5. km - kilometre
6. Assumes all land-based movements are on trucks as we currently are unable to reliably estimate part of the journey on rail

Transitioning to solar

With most of Australia's electricity generated from non-renewable resources, our solar strategy to date has been centered around prioritising the transition of our Australian sites to solar. As of June 2022, seven of our seventeen Australian sites have been transitioned to solar, with two more due to be completed by the end of 2022. We are reviewing the viability of the remainder of our sites in Australia for solar deployment.

In comparison, 84% of New Zealand's electricity is from renewable sources (New Zealand Ministry of Business Innovation and Employment, 2020), therefore our solar strategy in New Zealand has been based around transitioning our largest sites where weather patterns are sufficiently dependable to rely on solar power generation. In January 2022, we successfully transitioned our first New Zealand site to solar (Stainless Plate Auckland), which has reduced their total energy consumption from the grid by one third. Our second New Zealand solar site is currently in progress and intended to be completed by the end of 2022. While we will continue to assess the viability of transitioning the remainder of our New Zealand sites, many of our locations have minimal power consumption and/or prone to variable weather conditions which make the production of solar energy more variable.

VULCAN DANDENONG SOLAR SITE

An energy consumption analysis carried out prior to the installation of solar at our Dandenong site in Victoria found that 50% of the site's energy consumption occurs between 9am to 5pm - Monday to Friday and represents an opportunity to reduce the reliance on the grid in this window. Consequently, the installation of a 99kW system was estimated to reduce the operating costs of the business by over $15,505 and remove 111,406kg CO_2 from the atmosphere annually. It was estimated at the time of analysis that the lifetime energy savings (over 25 years) would equate to $519,997.

Hybrid company car fleet

In 2020, we commenced the introduction of hybrid vehicles into our sales rep fleets across New Zealand and Australia. Covid-19 and the associated supply chain and delivery issues has significantly slowed our anticipated uptake of hybrids; however, we intend to continue transitioning our fleets, in line with availability, across Australasia. Hybrids are widely considered to be up to 30% more fuel efficient per mile than conventional fuel-powered vehicles, and while we believe that hybrids are currently the most appropriate form of low emission transport for our sales fleet, we will continue to analyse and trial alternative options that could be viable, lower emission solutions.

AUSTRALIA (as of June 2022)

Current total fleet size	72
Hybrid vehicles (14% of fleet)	10
Expected Hybrid vehicles by end of 2022 (33% of fleet)	24

NEW ZEALAND (as of June 2022)

Current total fleet size	59
Hybrid vehicles (14%)*	8
Expected hybrid vehicles by end of 2022 (25% of fleet)	15

* In FY 22, eight of eleven vehicles leased were hybrid, representing 73%. The three non-hybrid vehicles acquired were utes, with no suitable alternatives at this stage.

EV truck trial

In July 2022 we commenced the trial of our first electric truck, a Fuso E-Canter, which covers in-region deliveries. Early indications from the trial are positive in terms of range and energy consumption. We note the inherent weight of the battery unit significantly increases the tare weight (excluding load carried) of the truck thus reducing the payload capacity in order to remain within the regulated overall truck weight thresholds without the driver operator being subject to a heavy truck licensing requirement.

Environmentally efficient trucks

Our truck fleet is kept up to date with the latest vehicles to ensure they are as safe, efficient and comfortable as possible. By continuing to upgrade our fleet, we are keeping emissions as low as possible while we continue to explore alternative options, such as electric and hydrogen, as they become available. Additional initiatives to keep emissions as low as possible include optimal route planning and ensuring trucks are carrying full loads to reduce multiple journeys.

Bio-diesel

We are advocates for moving to biodiesel where available. Owning our own trucking fleet gives us the ability to encourage, or where appropriate mandate, the adoption of greener fuel options such as biodiesel. Currently, the only biodiesel available to our drivers is in Auckland, New Zealand and over the past 12 months has made up 36% of our total fuel consumption from our Auckland based fleet. Our drivers are encouraged to use this biodiesel truck stop wherever possible, despite it being more expensive.

"While the options for commercially viable long-range, fully electric heavy class trucks are limited at present, our commercial trial of a lighter class electric truck for in-region product delivery is one of several initiatives underway to reduce the overall emissions footprint in our business over time. As an intermediary between steel producers and our customers, we want to play our part in the overall industry efforts to reduce emissions in the whole supply chain."

- Rhys Jones, Managing Director and CEO

Supplier Engagement

We recognise that the extraction, processing, and manufacturing of steel can have significant environmental and social impacts. As processors and distributors of steel, we are acutely aware of the role we play in identifying these impacts within our value chain and actively partnering with suppliers who are passionate about incremental and ongoing impact reduction.

We have several policies in place that outline our procurement philosophies and practices, which include our Procurement Policy, Modern Slavery Policy, Environmental Policy, Human Rights Policy, and Supplier Code of Conduct.

Procurement Policy

Our procurement policy outlines our commitment to balancing economic, social and environmental considerations throughout the procurement process. We are committed to acting fairly, honestly and ethically and seek to engage with suppliers who share in our values. We only buy from high quality suppliers and where possible source our steel locally to reduce carbon emissions from transportation.

> "At Vulcan, we aim to build long therm, trusted partnerships with our suppliers"

Our top two suppliers, BlueScope and JFE Steel have been listed in the World Steel Association's Sustainability Champions Programme as two of the world's top ten sustainable steel companies, being recognised as clearly demonstrating their commitment to sustainable development. BlueScope in particular is leading the way in sustainable steel.

Modern Slavery Policy

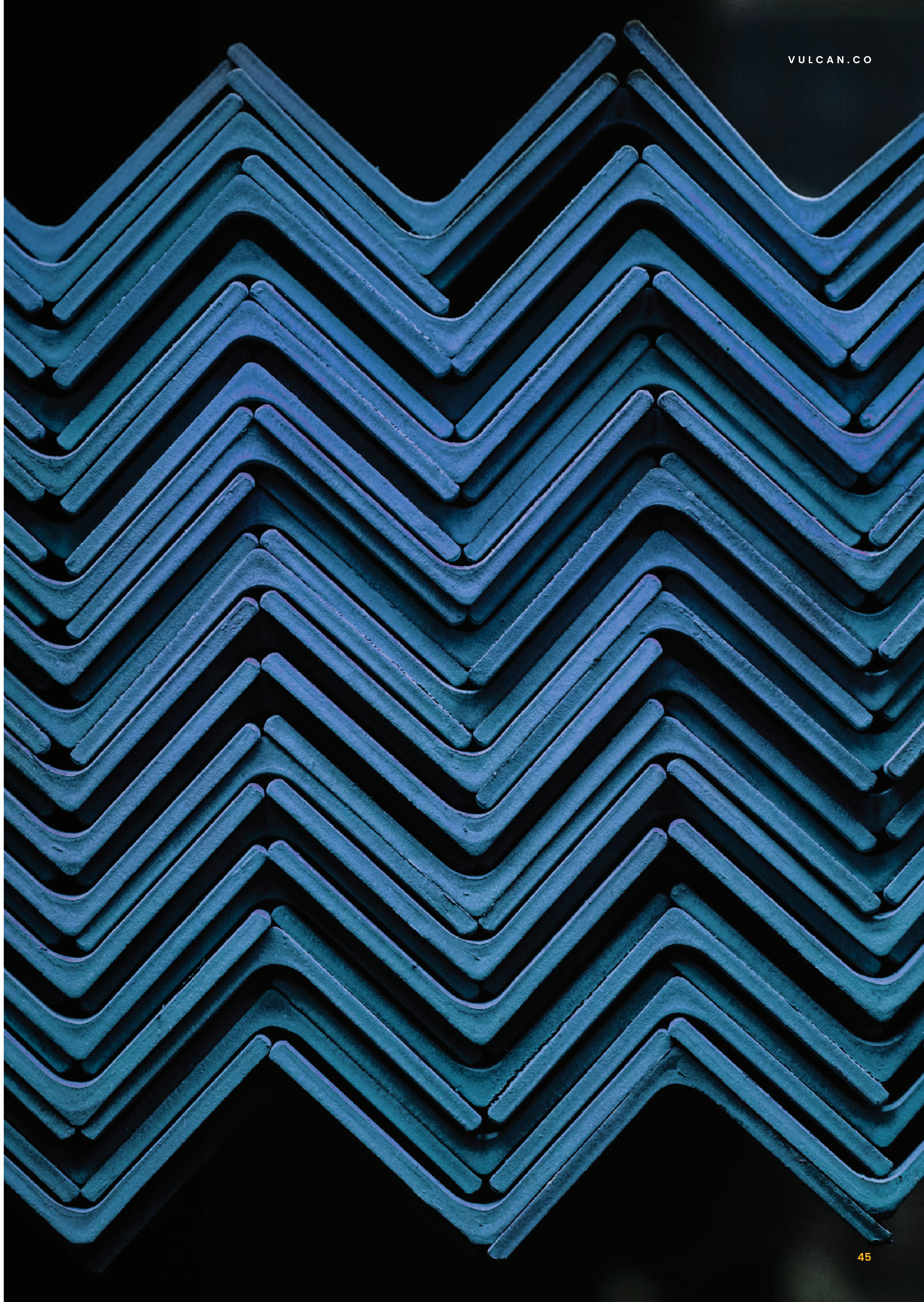
We have a zero-tolerance policy for human rights violations including modern slavery practices. Our Modern Slavery Statement outlines our commitment to identify and address the risks of modern slavery practices in our operations and supply chain. With a company culture proudly centred around safe and enjoyable workplaces, ensuring modern slavery practices are not present in our operations or supply chain is of the highest priority.

We are committed to thoroughly assessing risks in all areas of our business to enable the highest level of assurance to shareholders and stakeholders that Modern Slavery practices are not present. We assess and report risks on an annual and ongoing basis and recognise that tackling the risk of modern slavery in supply chains will take ongoing commitment, time and resources and requires awareness and education of all stakeholders.

Supplier Code of Conduct

At Vulcan, we aim to build long term, trusted partnerships with our suppliers. We intend to prosper together by supporting continuous improvement and maintain regular, clear and open conversation with suppliers to encourage transparency. We believe that all people have the right to safe, healthy, fair, honest, non-discriminatory and free places of work, and that all businesses should consider their impact on society and the environment. Our Supplier Code of Conduct outlines the minimum expectations and behaviours for doing business with Vulcan, with the intention to ensure alignment across basic, fundamental human rights, labour, environment and anti-corruption principles.

Our Supplier Code of Conduct is written in line with the Ten Principles of the United Nations Global Compact



Our Governance Philosophy

Vulcan is committed to maintaining high standards of corporate governance.

The Board is responsible for the overall corporate governance of Vulcan, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of Vulcan and oversees its business strategy, including approving the strategic goals of Vulcan and considering and approving an annual business plan.

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Vulcan.

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Vulcan. In conducting Vulcan's business with these objectives, the Board seeks to ensure that Vulcan is properly managed to protect and enhance Shareholder interests, and that Vulcan and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Vulcan, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Vulcan's business and which are designed to promote the responsible management and conduct of Vulcan.

Vulcan is primary-listed on the ASX and has a secondary listing on the NZX as a foreign exempt issuer. Vulcan's corporate governance policies and practices have been developed with regard to the recommendations set by the ASX Corporate Governance Council in its Corporate Governance Principles and Recommendations (fourth Edition) and the NZX Corporate governance Code (dated 10 December 2020).

Vulcan has a dedicated investor website that can be found at **https://investors.vulcan.co/**

On this website, Vulcan provides information about itself, copies of its annual reports and financial statements (including this Annual Report) and its corporate governance practices (including its Constitution; the Board and the two Board committee Charters; the Board's Code of Conduct; and Corporate Governance Statements).

Board of Directors

Vulcan's directors during the FY22 reporting period and at the date of this Annual Report were:

Director	Date appointed	Tenure (as at 24 August 2022)
Russell Chenu (Chairperson)	18 June 2021	1
Rhys Jones (MD and CEO)	5 September 2006	15
Wayne Boyd	2 June 1995	27
Bart de Haan	21 September 2015	7
Pip Greenwood	1 August 2019	3
Carolyn Steele	16 August 2021	1
Peter Wells	2 June 1995	27

Our Board of Directors

Russell Chenu

CHAIR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Russell has significant experience across the corporate sector, with over 24 years in senior management roles. Russell held numerous senior roles in several ASX-listed companies, including building products companies such as James Hardie, where he was Chief Financial Officer for 10 years until 2013.

In a number of these roles, Russell was engaged in significant strategic planning and business change, including turnarounds, expansions and leadership initiatives.

Russell is also a director and Chair of the Audit and Risk Committee of Reliance Worldwide Corp (ASX: RWC) and CIMIC Group (previously listed on ASX), and was a director of Metro Performance Glass and James Hardie until August 2021 and November 2020 respectively.

Russell holds a Masters of Business Administration from Macquarie Graduate School of Management and is a Member of the Society of Certified Practising Accountants (Australia).

Member of Audit and Risk Management Committee and People and Remuneration Committee

Rhys Jones

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Rhys joined Vulcan in 2006 as an Executive Director and became Managing Director/Chief Executive Officer in 2011.

Rhys has previously held several management positions within the steel industry including as an executive of Fletcher EasySteel NZ and General Manager/Chief Executive Officer of Pacific Steel and Wiremakers.

Rhys was formerly the Chief Operating Officer of Carter Holt Harvey's Pulp, Paper, Packaging and New Ventures division at the time of the Rank Group takeover.

Rhys also serves as a director of Ridley Corporation (ASX: RIC) and Metro Performance Glass (NZX: MPG; ASX: MPP).

Rhys holds a Bachelor of Science from Victoria University of Wellington. In addition, Rhys holds a Bachelor of Business Studies with first class honours and a Masters in Business Studies by thesis from Massey University.

Pip Greenwood

NON- EXECUTIVE DIRECTOR

Pip has significant experience in capital markets, mergers and acquisitions and governance, and has advised on many high-profile corporate transactions.

Pip currently serves on the boards of Fisher & Paykel Healthcare (NZX: FPH; ASX: FPH), The a2 Milk Company (NZX: ATM; ASX: A2M) and Westpac New Zealand. Since 1 October 2021 she has Chaired the Board of Westpac NZ.

Pip was a corporate partner of New Zealand law firm Russell McVeagh for nearly 20 years. During her time with Russell McVeagh, Pip spent over 10 years on their board including time as its Chair, and was formerly the interim Chief Executive Officer and a Senior Partner at the firm.

Pip was also a member of the New Zealand Takeovers Panel from 2008 to 2011.

Pip has previously worked at Linklaters in London and New York and holds a Bachelor of Laws from the University of Canterbury.

Member of the Audit and Risk Management Committee

Carolyn Steele

INDEPENDENT NON-EXECUTIVE DIRECTOR

Carolyn is a professional director with extensive experience in capital markets, mergers and acquisitions and investment management.

During the FY22 reporting period, Carolyn was a director of Green Cross Health, the Halberg Foundation, Oriens Capital GP 2, Tuatahi First Fibre (previously Ultrafast Fibre Limited) and WEL Networks. Carolyn resigned as a director of Tuatahi First Fibre on 28 July 2022 and was appointed as a director of Property For Industry Limited on 22 August 2022.

Carolyn has previously served as a director for Datacom and Metlifecare.

Carolyn was Portfolio Manager at Guardians of New Zealand Superannuation, the Crown entity that manages the New Zealand Superannuation Fund.

Prior to this, Carolyn spent 10 years in investment banking at Credit Suisse and Forsyth Barr.

Carolyn holds a Bachelor of Management Studies (Honours) from the University of Waikato.

Chair of the Audit and Risk Management Committee

Bart de Haan

INDEPENDENT NON-EXECUTIVE DIRECTOR

Bart has 25 years of experience as a strategy consultant working with senior management and boards of top 50 companies in Australia, the United States, and Holland.

Bart was previously a Partner at A.T. Kearney and a Consultant at the Boston Consulting Group. Bart co-founded the boutique strategy consulting firms Pacific Strategy Partners and Australian Consulting Partners in Australia.

Bart's consulting experience spans across numerous sectors including energy, transport, resources and building products.

Bart has previously worked as an advisor at Deloitte and has held, or holds, several directorships in venture capital and early-stage businesses.

Bart holds a Bachelor of Arts in Sociology from the University of Tilburg and a Masters of Business Administration from New York University.

Chair of the People and Remuneration Committee

Wayne Boyd

NON-EXECUTIVE DIRECTOR

Wayne has been a Director of Vulcan since inception, and has extensive experience in law, investment banking and governance.

Wayne previously held the position of Chairman at publicly listed companies Auckland International Airport, Freightways, Shotover Jet and Telecom New Zealand, as well as private companies such as Vulcan, Ngai Tahu Holdings and Meridian Energy.

Wayne was the Chairman of the Halberg Foundation, New Zealand Blood Service and the New Zealand Hockey Foundation.

Wayne holds a Bachelor of Laws (Honours) from the University of Auckland.

Member of the People and Remuneration Committee

Peter Wells

NON-EXECUTIVE DIRECTOR

Peter is the founder of Vulcan.

Peter has 50 years' experience in the steel industry across New Zealand, Australia, Sweden, South Africa and England.

More than 30 of those years have been in Chief Executive roles.

Peter was a Member of the Australasian Institute of Metals from 1982-1987.

Peter undertook an exclusive, invitation only, business education course in Sweden (Training for International Operators) run by the Swedish School of Economics in 1985-1986.

Member of the Audit and Risk Management Committee

Company Secretary

Sarah-Jane Lawson

COMPANY SECRETARY

Sarah-Jane joined Vulcan as Company Secretary from 1 March 2022.

Prior to joining Vulcan, Sarah-Jane was a Special Counsel in the corporate and commercial team at Hudson Gavin Martin.

Sarah-Jane holds a Bachelor of Laws (Honours) and Bachelor of Commerce (Accounting) from University of Auckland, and holds a New Zealand Law Society practising certificate.

Our Leadership Team

Rhys Jones

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Rhys joined Vulcan in 2006 as an Executive Director and became Chief Executive Officer/Managing Director in 2011.

Rhys has previously held several management positions within the steel industry including as an executive of Fletcher EasySteel NZ and General Manager/Chief Executive Officer of Pacific Steel and Wiremakers.

Rhys was formerly the Chief Operating Officer of Carter Holt Harvey's Pulp, Paper, Packaging and New Ventures division at the time of the Rank Group takeover.

Rhys also serves as a director of Ridley Corporation (ASX: RIC) and Metro Performance Glass (NZX: MPG; ASX: MPP).

Rhys holds a Bachelor of Science from Victoria University of Wellington. In addition, Rhys holds a Bachelor of Business Studies with first class honours and a Masters in Business Studies by thesis from Massey University.

Kar Yue Yeo

CHIEF FINANCIAL OFFICER

Kar Yue is the Chief Financial Officer, leading Vulcan's finance and accounting teams. Kar Yue is responsible for Vulcan's financial strategy, reporting, budgeting and forecasting.

Kar Yue consulted to Vulcan for over two years before joining Vulcan in December 2020. Prior to joining Vulcan, Kar Yue worked as an adviser to several publicly listed and private businesses in New Zealand and overseas in the consumer foods and industrial sectors on process improvement, product range optimisation, channels-to-markets and business portfolio rationalisation and strategies.

Kar Yue has worked in financial markets for over 25 years, with previous roles at Jarden, Citigroup and Deutsche Morgan Grenfell across New Zealand, Australia and Asia as an equity research analyst covering a range of industrial sectors including steel, and held leadership roles during this period.

Kar Yue was also an auditor for three years.

Kar Yue holds a Bachelor of Commerce and Administration from Victoria University of Wellington.

Adrian Casey

CHIEF OPERATING OFFICER

Adrian has responsibilities for overall Group procurement as well as leading Vulcan's steel business in New Zealand.

Adrian has worked in the steel sector in Australia and New Zealand for over 40 years. Adrian held management positions at Steel & Tube before leaving to build his own downstream steel operation which he subsequently successfully merged with Vulcan in 1998. Adrian successfully led Vulcan's entry into the Melbourne market in 2002. Adrian has had various oversight roles across Vulcan's business units during his tenure with Vulcan.

Adrian holds a New Zealand Certificate in Quantity Surveying from the Christchurch Polytechnic, and completed the Advanced Management Program from the Wharton Business School of the University of Pennsylvania.

James Wells

CHIEF INFORMATION OFFICER

James is responsible for innovation, health and safety, brand and marketing and capital expenditure at Vulcan.

Prior to joining Vulcan in 2004, James consulted to Vulcan, whilst competing in professional sport. James took on responsibilities for reviewing and implementing Vulcan's IT systems.

James documented, designed and managed the development of Vulcan's fit-for-purpose IT software, and has led Vulcan's NZ Health & Safety and Group Capital program since 2012.

James has completed courses in innovative technologies, business process modelling and object-oriented analysis.

Helene Deschamps

LEADERSHIP DEVELOPMENT

An ICF-accredited leadership coach, Helene is Vulcan's executive team partner resource for leadership development.

Helene is also a Managing Director (Executive & Leadership Coach) at ChangingNow.

Helene has held senior positions as a Strategy, Sales & Marketing and People Development & Culture specialist with global and NZ organisations including Capgemini and Carter Holt Harvey, with a focus on shaping behaviour and culture to achieve the desired performance outcome.

Helene holds a BA in Political Sciences (France), a Masters of Business Administration (South Africa), and an Evidence Based Coaching Master Certificate (USA).

Brendon Chandulal

AUSTRALIAN LEADER

Brendon leads Vulcan's distribution, coil and plate operations (Steel division) in Australia.

Prior to Vulcan, Brendon held various leadership roles in the packaging industry such as Executive General Manager (Food & Beverage Australia) at Pact Group, Primary Packaging Division General Manager at Visy, and Operations Manager at Southcorp Packaging.

Brendon holds a Bachelor of Science (Physics) from the University of Waikato and a New Zealand Certificate of Mechanical Engineering from the Auckland Technical Institute.

Matthew Lee

AUSTRALIAN LEADER

Matthew leads Vulcan's procurement activity in Australia.

Matthew has over 20 years' experience within highly competitive distribution markets.

Prior to Vulcan, Matthew held procurement and manufacturing managerial roles in the packaging industry.

Such positions include Group Procurement and Logistics Manager at Pro-Pac Packaging Group, General Manager – Procurement and Manufacturing (Australia, New Zealand, and China) at San Miguel Yamamura Australasia and International Purchasing Manager at Cospak.

Bradley Childs

AUSTRALIAN LEADER

Bradley leads Vulcan's Australian distribution business.

Prior to Vulcan, Bradley has held a number of senior management roles in both Australia and Europe, with PACT Group, VISY and Newell Rubbermaid. These roles have encompassed, R&D, technical, sales, P&L and general management.

Bradley holds a PhD (Chemistry) and BSc (Hons, Chemistry) from the University of New South Wales, together with a Masters of Organisational Leadership from Monash University.

Governance - continued

Directors' meetings and interests

BOARD AND COMMITTEE MEETINGS

The number of Board meetings and meetings of Board Committees held and the number attended by each of the Directors of Vulcan during the FY22 reporting period are listed below.

	BOARD		AUDIT & RISK MANAGEMENT COMMITTEE		PEOPLE & REMUNERATION COMMITTEE	
	Eligible to attend*	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Wayne Boyd	6	6			2	2
Russell Chenu	6	6	3	3	2	2
Bart de Haan	6	6			2	2
Pip Greenwood	6	6	3	3		
Rhys Jones	6	6				
Carolyn Steele	6	6	3	3		
Peter Wells	6	6	3	3		

* The number of Board meetings listed above does not include unscheduled Board meetings which were held throughout the year (all unscheduled meetings were held via Microsoft Teams).

For Board Committee meetings there is a standing invitation to any Directors who are not members of that Board Committee to attend and observe such Committee's meetings, and some Directors do attend from time to time. The above table only reflects attendance at Committee meetings by those Directors who are members of the relevant Committee(s).

DISCLOSURE OF INTERESTS BY DIRECTORS

During FY22, the Directors of Vulcan:

- made such disclosures of share dealings (under section 148 of the Companies Act) and general interest disclosures (under section 140(2) of the Companies Act) as set out in the table opposite;
- authorised particulars relating to remuneration and other benefits (under section 161 of the Companies Act) as is disclosed in the sections in the Remuneration Report headed "executive remuneration framework" for Rhys Jones and "non-executive director remuneration" for the other six directors;
- authorised the following particulars to be entered into the interest register for each director (in accordance with section 162 of the Companies Act) "Entry into Deed poll of indemnity, access and insurance dated 13 October 2021;
- made no disclosures of interests in transactions (under section 140(1) of the Companies Act); and
- made no interest register entries in respect of disclosure or use of company information (under section 165 of the Companies Act).

	Share dealings under section 168	General notice under section 140(2)[1]
Wayne Boyd	Disposal of 4,869,126 ordinary shares as part of IPO, resulting in Partitio Trustee Limited holding 7,303,688 ordinary shares (5.56%) – disclosure on 9 November 2022	Investor in three property syndicates where a Vulcan group company is a tenant In New Zealand: • Texas Properties Limited – one of its shareholders, Partitio Trustee Limited, Wayne is a director of. • Plasma Investments Limited – one of its shareholders, Partitio Trustee Limited, Wayne is a director of. In Australia: • Tri-Nation Investments Pty Ltd
Russell Chenu	Acquisition of 22,750 ordinary shares as part of IPO - disclosure on 9 November 2022	• CIMIC Group Limited - Independent non-executive director, chairperson of the Audit and Risk Committee, member of the Remuneration and Nomination committee, and member of the Ethics, Compliance and Sustainability committee • Reliance Worldwide Corporation Limited - independent non-executive director and chairperson of the Audit and Risk committee • Scappino Pty Limited – Director
Bart de Haan	Disposal of 120,000 ordinary shares as part of IPO, resulting in Bart holding 180,000 ordinary shares (0.14%) – disclosure on 9 November 2022	-
Pip Greenwood	Disposal of 60,000 ordinary shares as part of IPO, resulting in Pip, Eugene Sparrow and David Gibson holding 90,000 ordinary shares (0.07%) – disclosure on 9 November 2022	• Westpac New Zealand Limited – Director and Chairperson • Fisher & Paykel Healthcare Limited - Director • The a2 Milk Company Limited - Director
Rhys Jones	Disposal of 3,145,333 ordinary shares as part of IPO, resulting in Rhys and Lorraine Susan Taylor holding 4,718,000 ordinary shares (3.59%) – disclosure on 9 November 2022	• Ridley Corporation Limited - Director • Metro Performance Glass Limited - Director
Carolyn Steele	Acquisition of 16,000 ordinary shares as part of IPO - disclosure on 9 November 2022	• Halberg Foundation – Chairperson • Tuatahi Fibre – First Fibre Bidco NZ Limited, Tuatahi First Fibre Limited and UFF Holdings Limited - Director[2] • WEL Networks Limited – Director • Green Cross Health Limited - Director • Oriens Capital GP2 Limited - Director • Forsyth Barr Limited – Shareholder • Property For Industry Limited - Director
Peter Wells	Disposal of 12,277,359 ordinary shares as part of IPO, resulting in Takutai Limited holding 18,416,039 ordinary shares (14.01%%) – disclosure on 9 November 2022 Acquisition of 250,000 ordinary shares, resulting in Takutai Limited holding 18,666,039 ordinary shares (14.20%) – disclosure 4 March 2022 Disposal of 209,750 ordinary shares, resulting in Takutai Limited holding 18,456,289 ordinary shares (14.045%) – disclosure 31 May 2022	Takutai Limited – Director and shareholder. Investor in (through Takutai Limited) six property syndicates which own seven properties where a Vulcan group company is a tenant. Director of four (of the six) property syndicate companies. In New Zealand: • Angitu Limited Partnership (269 TR Limited) - Director and shareholder through Takutai Limited • Palmerston North Investments Limited – Director and shareholder through Takutai Limited • Plasma Investments Limited– Director and shareholder through Takutai Limited • Pounamu Investments Limited – Shareholder through Takutai Limited. • Texas Properties Limited – Director and shareholder In Australia: • Tri-Nation Investments Pty Ltd - Shareholder

1. Except as otherwise noted, these disclosures were made to Vulcan on 21 September 2021.
2. Carolyn resigned her directorships with related companies of Tuatahi Fibre on 28 July 2022.

Governance - continued

Risk management at Vulcan

Vulcan sets a culture of risk management where each person is responsible for identifying and managing risk. Management is responsible for establishing Vulcan's risk management framework, including identifying major risk areas and establishing policies and processes to identify, monitor and manage these risks.

The Board is responsible for overseeing this risk management framework, as well as disclosing any material exposure to environmental and/or social risks and how those risks will be managed. The ARMC is responsible for monitoring and reviewing Vulcan's risk management framework, major risk areas and policies and processes in consultation with management.

The philosophy of risk management within Vulcan is based on the premise that major risk factors which negatively impact stakeholders – whether shareholder, supplier, customer, employee, community, environment - will be identified, monitored and mitigated. Material risks will be transparently analysed, quantified and understood within a wider stakeholder perspective to enable Vulcan to act in a manner which demonstrate that Vulcan's core "principles and ethos" are the guiding values.

Set out in the table below are:

- a summary of some of the material business risks which Vulcan considers could impact Vulcan's ability to achieve its business objectives and/or its financial results and position; and
- the mitigation strategy that Vulcan's leadership team has put in place to mitigate each of those risks.

The risks identified in the table are listed in no particular order and do not provide an exhaustive list of the risks that Vulcan has identified.

Risk description	Mitigation strategy	Comments
Fail to maintain Vulcan's principles and ethos - Vulcan's culture	Proper succession planning is key. Vulcan maintains an egalitarian and title-less culture, and offers leadership training to employees to improve leadership skillset, secondment programme for emerging leaders and holiday internships.	Accepting People and Culture intertwines and that there is also a trade-off at times, Vulcan accepts the risk of higher turnover and short-term succession risks in order to preserve its culture.
Competitive dynamics deteriorate	Vulcan focuses on customer service, especially in stock availability and "Delivery-In-Full-On-Time (DIFOT) level. The company has strong customer relationships and active processes to gain and retain customers.	Vulcan continues to focus on maintaining appropriate stock holdings through the supply chain disruption of the past year to ensure high DIFOT levels for customers continued.
Failure to achieve growth strategy	Vulcan's leadership team conducts ongoing strategic reviews including market and operational dynamics, and has regular communications with unit managers on progress.	Good progress has been made during the past year in Vulcan's organic growth initiatives which remains an ongoing focus for the team (see "Ongoing brownfield and greenfield initiatives" in the MD and CEO Report). The completion of the Ullrich Aluminium acquisition adds to the growth opportunities through synergies available to Vulcan.
Failure to meet financial performance targets due to internal and external factors including a downturn in economies	Vulcan aims to grow active trading accounts (ATAs) through the economic cycle, manage gross margin and operating cost efficiency.	Vulcan has carefully monitored financial performance targets throughout the lockdowns in the past year. Vulcan maintained its ATAs in FY22 and remained focused on segment and customer selection to optimise the overall long-term return to the business.
Health & Safety risk	Vulcan provides to employees regular reminders and training of health and safety practices, also reviews incidents and on-going education. The company's mitigation programme includes driver training, speed monitoring, camera on trucks, a modern fleet and maintenance schedule, the use of an artificial intelligence-assisted tool that help identifies high-risk events across a range of workspaces including back-of-trucks surroundings, the warehouse and manufacturing sites.	Sites are reviewed relative to standard formal review criteria by internal senior peers every four months and are reviewed independently by an external party biennially.
Key suppliers unable to fulfil supply for a period	This includes building strong understanding and relationships with partner suppliers, a multi-mill supply strategy, and maintaining contingent supply through trader channels as well as buffer stock disciplines with several months stock on hand in place.	Reliability of supply in the right stock category and specification is a key discipline at Vulcan that enables the company to maintain its high service level to its customers.
Information technology (IT) failure (including Cyber)	Vulcan performs regular penetration tests, deploys top Microsoft security systems, has robust backup policy, and undertakes external reviews.	Vulcan continues to invest in and update its IT systems to ensure it has fit-for-purpose and reliable platforms that support Vulcan's business operations.

Shareholders

The following information is provided in compliance with:

- Rule 4.10 of the ASX Listing Rules and where noted is current as at 31 July 2022 (Disclosure Date) (such date being after Vulcan's balance date of 30 June 2022 and not more than six weeks before the date of this Annual Report, being 24 August 2022); and
- section 293 of the FMC Act and where noted is current as at 30 June 2022 (being Vulcan's balance date) (Balance Date).

ORDINARY SHARES

As at the Balance Date and the Disclosure Date, Vulcan had 131,408,572 fully-paid ordinary shares on issue.

Vulcan has not issued any other classes of shares.

STOCK EXCHANGE LISTINGS

Since 4 November 2021, Vulcan's ordinary shares have been listed on the Official List of ASX (ticker code VSL) and on the NZX Main Board as a foreign exempt issuer (ticker code VSL).

As a foreign exempt issuer on the NZX Main Board, Vulcan must comply with the ASX Listing Rules (other than as waived by ASX) but does not need to comply with the vast majority of the NZX Listing Rules (including those NZX rules on continuous disclosure, periodic reporting, shareholder approval of share issuances, escrow, transactions with persons of influence and significant transactions). Vulcan does need to comply with the rules specified in NZX Listing Rule 1.7.2, which are relatively procedural in nature.

VOTING RIGHTS OF ORDINARY SHARES

Each fully-paid ordinary share confers on the holder the right to one vote at a meeting of the company on any resolution when a poll is called. Where voting is by show of hands or by voice then every Shareholder present in person (or by representative) has one vote. Voting rights are set out in clauses 3.1(a) and 19.7 of Vulcan's Constitution.

Distribution of Shareholders

As at the Disclosure Date, the distribution of Shareholders holding Vulcan's 131,408,572 ordinary shares was as follows:

Category (size of shareholding)	Number of Shareholders	Percentage of Shareholders	Number of ordinary shares	Percentage of total ordinary shares
1 to 1,000	529	45.49	234,242	0.18
1,001 to 5000	392	33.71	1,009,114	0.77
5,001 to 10,000	96	8.25	724,195	0.55
10,001 to 50,000	70	6.02	1,411,895	1.07
50,001 to 100,000	18	1.55	1,312,262	1.00
100,001 and over	58	4.99	126,716,864	96.43
Total	**1,163**	**100.00**	**131,408,572**	**100.00**

Governance - continued

SUBSTANTIAL HOLDERS

According to substantial product holder notices given to Vulcan under the Corporations Act and the FMC Act and Vulcan's records, the following persons were substantial product holders in respect of the ordinary shares in Vulcan as at:

- Balance Date (such disclosure being required under section 293 of the FMC Act); and
- Disclosure Date (such disclosure being required under Rule 4.10.4 of the ASX Listing Rules).

	AS AT BALANCE DATE			AS AT DISCLOSURE DATE		
Substantial holder giving notice	**Disclosure to Vulcan or Vulcan's records**	**Number of ordinary shares in Vulcan in which a "relevant interest" is held**	**Percentage of total ordinary shares**	**Disclosure to Vulcan**	**Number of ordinary shares in Vulcan in which a "relevant interest" is held**	**Percentage of total ordinary shares**
Takutai Limited	Securities Trading Form dated 31 May 2022[1]	18,456,289	14.04%	Notice of Disclosure of movement of 1% or more dated 8 November 2021[2,3]	18,416,039	14.01%
Partitio Trustee Limited	Notice of Disclosure of movement of 1% or more dated 8 November 2021[2]	7,303,688	5.56%	Notice of Disclosure of movement of 1% or more dated 8 November 2021[2]	7,303,688	5.56%
Regal Funds Management Pty Limited and its Associates	Notice of Change of interests of substantial holder[4]	6,573,850	5.00%	-	-	-

1. Since 8 November 2021, Takutai Limited has twice made written requests, in accordance with Vulcan's Securities Trading Policy, for prior clearance to trade in Vulcan's shares (firstly to buy shares in March 2022 and secondly to transfer shares in May 2022). These requests were made in relation to the unconditional gift of Vulcan shares to 839 eligible Vulcan employees, which was announced to ASX and NZX on 31 May 2022.
2. Notice given under sections 277 and 278 of the FMC Act.
3. The ASX Listing Rules only require disclosures relating to substantial holding notices given to an entity, whereas the FMC Act requires disclosures relating to notices given to an entity and an entity's own records. This is why this disclosure (which is as at the Disclosure Date – as per the ASX Listing Rules) is for an earlier date than the disclosure given as at the Balance Date (as per the FMC Act).
4. Notice given under section 671B of Corporations Act. On 26 July 2022, Regal Funds Management Pty Limited (Regal) gave notice that it ceased to be a substantial holder in Vulcan. This is why there is no disclosure as a substantial product holder from Regal in the "as at the Disclosure Date" section of the table above.

20 LARGEST SHAREHOLDERS

As at the Disclosure Date, the 20 largest Shareholders on Vulcan's share register held 84.01% of Vulcan's issued ordinary shares.

Rank	Shareholder Name	Number of ordinary shares	Percentage of total ordinary shares
1	Takutai Limited	18,456,289	14.04%
2	Citicorp Nominees Pty Limited	15,893,766	12.09%
3	New Zealand Central Securities Depository Limited	9,871,851	7.51%
4	Partitio Trustee Limited	7,303,688	5.56%
5	Adrian John Casey & Henderika Fiona Casey & B.W.S Trustee Company 2012 Limited	5,870,711	4.47%
6	Helen Cynthia Moore & Patrick James Moore & P J & H C Moore Trustee Limited	5,400,000	4.11%
7	HSBC Custody Nominees (Australia) Limited	5,311,480	4.04%
8	Rhys Jones & Lorraine Susan Taylor	4,718,000	3.59%
9	Mayoral Trust Limited	3,935,126	2.99%
10	Sentrust Cas Limited	3,205,669	2.44%
11	J P Morgan Nominees Australia Pty Limited	3,129,373	2.38%
12	Jenny Kam Ching Leung Lau	3,069,339	2.34%

- Continued over

Rank	Shareholder Name	Number of ordinary shares	Percentage of total ordinary shares
13	Marion Jones & Warwick Nelson Jones & Gl Bentley Jones Guardian Limited	3,069,337	2.34%
14	Jana Paige Gousmett & Mark Brian Hastings	2,400,000	1.83%
15	Merrill Lynch (Australia) Nominees Pty Limited	2,088,094	1.59%
16	Warbont Nominees Pty Ltd	1,888,224	1.44%
17	David Trevor Knight & Gaze Burt Trustees 20 Limited	1,800,000	1.37%
17	Michelle Andrea Knight & Gaze Burt Trustees Limited	1,800,000	1.37%
18	Brent Washington Smith & Cornelis Jacobus Henrikis Witteman	1,732,669	1.32%
19	Wilson Mckay Trustee Company (107111) Limited	1,600,002	1.22%
20	National Nominees Limited	1,578,779	1.20%
	Total	**110,397,403**	**84.01%**
	Total Shares On Issue	**131,408,572**	**100.00%**

VOLUNTARY ESCROW

A total of 79,064,144 ordinary shares in Vulcan are subject to escrow arrangements that were entered into as part of Vulcan's IPO.

The escrowed shares fall into three categories:

- executive escrowed shares – approximately 36.4 million ordinary shares – held by entities associated with Peter Wells, Rhys Jones, Wayne Boyd, Adrian Casey and Kar Yue Yeo;
- non-executive employee escrowed shares – 3,996,334 ordinary shares held by a total of 26 Shareholders (who are employees of Vulcan or entities associated with an employee at Vulcan); and
- other escrowed shares – 38,639,372 ordinary shares held by a total of 22 Shareholders.

Each escrowed Shareholder has agreed to enter into an Escrow Deed in respect of their shareholding, which prevents them from disposing of their respective escrowed shares for the applicable escrow period, and subject to certain limitations, as described below.

The 42,635,706 escrowed shares held by the non-executive employees and other escrowed Shareholders is subject to escrow restrictions for the period commencing on 4 November 2021 (being the date of official quotation on ASX and NZX) and ending at 4.15pm Australian Eastern Standard Time on 24 August 2022 (being the date that Vulcan's full year results for financial year ending 30 June 2022 are released to ASX and NZX).

The escrowed shares held by the five executive escrowed Shareholders are subject to escrow restrictions for the period commencing on 4 November 2021 (being the date of official quotation on ASX and NAX) and ending at 4.15pm Australian Eastern Standard on the date that the Company's full year results for the financial year ending 30 June 2023 are released to ASX and NZX.

Shareholder Name	Number of Escrowed Shares on Completion of the Offer (millions)	Escrowed Shares (as a % of Shares on issue on Completion of the Offer)
Rhys Jones and Lorraine Susan Taylor[1]	4.7	3.6%
Takutai Limited[2]	18.4	14.0%
Partitio Trustee Limited[3]	7.3	5.6%
Kar Yue Yeo jointly held with Karin Won[4]	0.1	0.1%
Adrian Casey, Henderika Casey and B.W.S. Trustee Company 2012 Limited[5]	5.9	4.5%
Total	**36.4**	**27.7%**

1. Shareholding entity associated with Rhys Jones.
2. Shareholding entity associated with Peter Wells.
3. Shareholding entity associated with Wayne Boyd.
4. Shareholding entity associated with Kar Yue Yeo.
5. Shareholding entity associated with Adrian Casey.

Governance - continued

MARKETABLE PARCELS

On the Disclosure Date, a marketable parcel of Vulcan's shares was 57 ordinary shares (based on the closing price of AU$8.80 on Friday, 29 July 2022 (being the last trading day prior to the Disclosure Date – which was a Sunday). Such a parcel of 57 ordinary shares would then have had a total value of AU$501.60.

On the Disclosure Date, there were 32 Shareholders with less than the marketable parcel of 57 ordinary shares.

CURRENT ON-MARKET SHARE BUYBACKS

There is no current share buyback in the market.

OTHER MATTERS

There are no issues of securities that have been approved for the purposes of Item 7 of section 611 of the Corporations Act and which have not yet been completed.

During the FY22 reporting period, there were no securities purchased on-market:

- under or for the purposes of an employee incentive scheme; or
- to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Business

CORPORATE GOVERNANCE STATEMENT

Vulcan's FY22 Corporate Governance Statement is available on Vulcan's corporate governance page of Vulcan's website at **www.investors.vulcan.co/investor-centre/?page=corporate-governance**

All of Vulcan's corporate governance policies can also be accessed via the same page.

DIVIDENDS

On 11 February 2022, a fully imputed interim dividend (unfranked) of NZ$0.275 per share for FY22 was declared by Vulcan's Board. The interim dividend was paid to eligible Shareholders on 8 April 2022.

On 24 August 2022, Vulcan's Board declared a final dividend (fully franked, 80% imputed) for FY22 of NZ$0.375 per share. It is intended that the final dividend will be paid to eligible Shareholders on 7 October 2022.

The Company does not have a dividend reinvestment plan.

EVENTS SUBSEQUENT TO REPORTING DATE

On 22 July 2022, the Company announced it had signed a conditional sale and purchase agreement with Gilbert Ullrich (the founder and owner of Ullrich Aluminium) to acquire 100% of the shares in Ullrich Aluminium Co Limited (NZ company number 47279) for approximately NZ$165m (A$149m).

The acquisition was completed on 1 August 2022.

The purchase price represented the projected book value of Ullrich Aluminium's net tangible assets of NZ$131m and net debt of NZ$34m within Ullrich assumed by Vulcan on completion (excluding NZ$79m capitalised lease obligations). The projected $34m debt includes working capital, to be reduced, which will be funded by deferred settlement of $20m in the first half of 2023. The final purchase price remains subject to finalisation of the accounts for the period 1 April 2022 to 31 July 2022, which is expected to occur in September 2022.

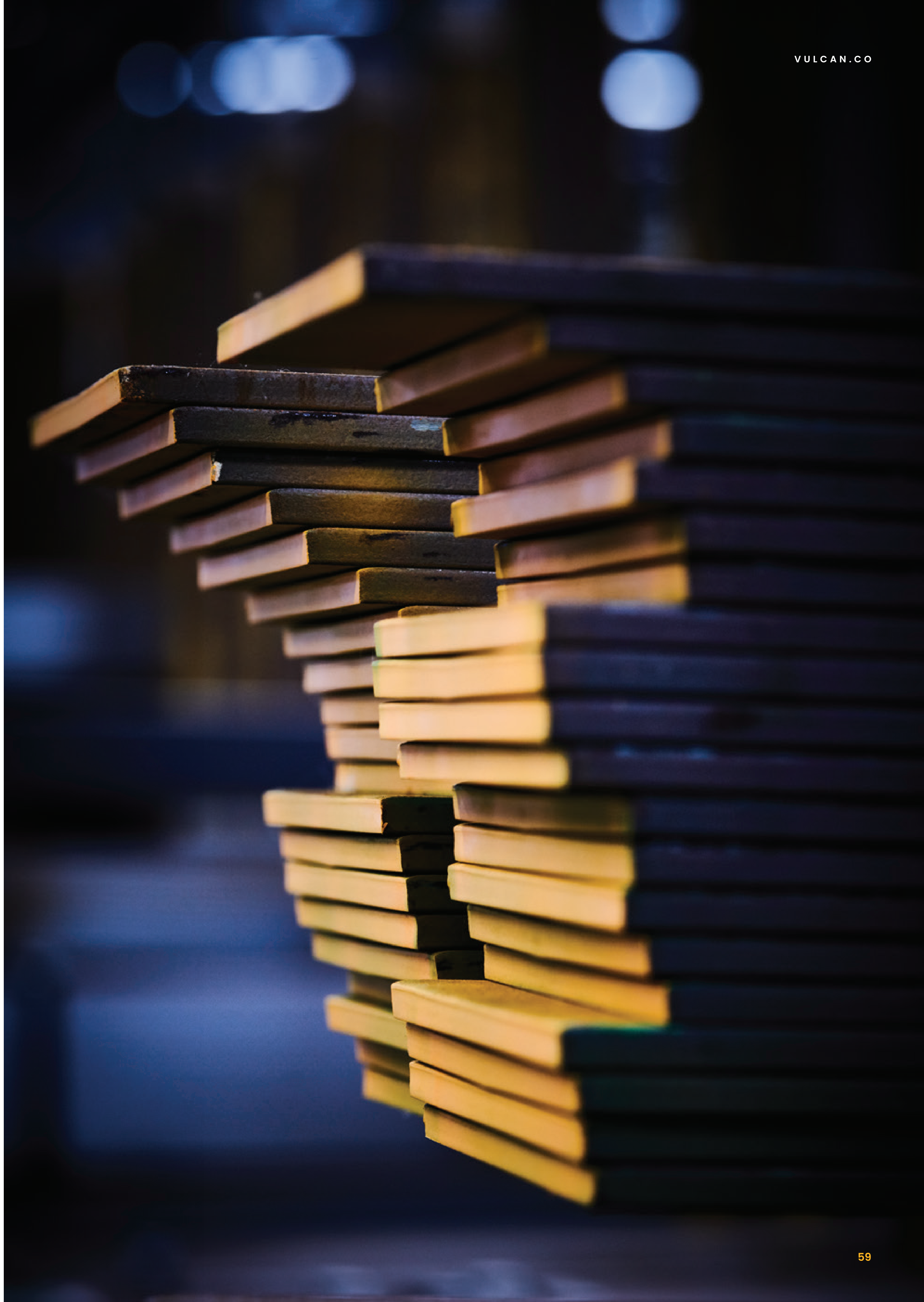
The consideration for the acquisition was fully debt funded.

Ullrich Aluminium was established 60 years ago and is an integrated aluminium distributor with extrusion facilities and fabrication operations, employing more than 600 employees and operates in 43 locations across Australia and New Zealand.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the reporting period that has significantly affected or may significantly affect the operations of Vulcan, the results of those operations or the state of affairs of Vulcan in subsequent financial reporting periods which has not been covered in this Annual Report.

USE OF CASH AND ASSETS

From 4 November 2021 (being the date of official quotation on ASX and NZX) to 30 June 2022 (being the end of the FY22 reporting period), Vulcan used the cash and assets (in a form readily convertible to cash) that it had at the time of admission in a way consistent with its business objectives as set out in its IPO Prospectus (dated 15 October 2021).



Remuneration

People and Remuneration Committee Chair Report

Vulcan Steel Limited (Vulcan) successfully listed on the Australian Securities Exchange (ASX) and New Zealand Stock Exchange (NZX) on 4 November 2021. On behalf of the Board, I am pleased to present Vulcan's inaugural remuneration report (this Report).

This Report describes our remuneration principles and framework for directors and executives. It sets out the links between our remuneration framework and business strategy, performance and reward, and shareholder value creation.

Group performance

FY22 was a volatile year which saw COVID-19, global supply chain and product price disruptions. Notwithstanding, our operational excellence in inventory management and logistics has delivered financial results above prospectus forecasts:

- Revenue increased by 33% to NZ$973m
- Adjusted EBITDA increased by 82% to NZ$243m
- Adjusted NPAT increased by 119% to NZ$142m[1]

"The long-term-only incentive structure for Vulcan executive KMPs is intended to encourage sustainable value creation and full alignment of interest with shareholders."

FY22 remuneration

Our FY22 remuneration framework is consistent with the disclosures made in our initial public offer Prospectus (dated 15 October 2021).

Vulcan established a Long-Term Incentive Plan (LTIP) to assist in the motivation, retention and alignment of the executive key management personnel with the interest of Shareholders by providing an opportunity to receive an equity interest in the Company. The first LTIP offer was granted around completion of Vulcan's listing on the ASX and NZX and will vest on 1 July 2024, subject to service and performance conditions.

FY22 executive remuneration was comprised of fixed remuneration and the LTIP. Executives do not have short-term incentive opportunities.

Looking forward

The FY23 executive remuneration framework will be consistent with the FY22 framework and comprise fixed remuneration and an annual grant of LTIP. The Company will seek shareholder approval for the LTIP grants to be made in FY23 to the relevant Officers. Further details will be provided in our notice of annual general meeting of shareholders.

On behalf of the Board, we recommend this Report to you and welcome any feedback you may have.

Bart de Haan

CHAIR PEOPLE AND REMUNERATION COMMITTEE

1. Adjusted basis to exclude offer costs and share gift.

Remuneration Key Questions

Executive Remuneration Framework	
What was the Executive key management personnel remuneration structure in FY22?	To align the interests of the executive team with the goals of Vulcan and creation of shareholder value, our executive remuneration packages comprise of: • Fixed remuneration • Equity long-term incentives, subject to service and performance over three years

	BASE SALARY	MAXIMUM LTIP AS % OF BASE SALARY
Rhys Jones (MD and CEO)	NZ$1,250,000	157%
Kar Yue Yeo (CFO)	NZ$680,000	72%
Adrian Casey (COO)	NZ$680,000	72%

What portion of remuneration is at-risk?	LTIP awards are based on performance and therefore at-risk. 61% of the MD and CEO's total remuneration is at-risk. 42% of the CFO's and COO's total remuneration (excluding other benefits) are at-risk.
How does the Board set performance conditions?	The Board focuses on performance conditions that it believes executives can create the best value for shareholders. The LTIP performance measures are weighted 50% to relative total shareholder return and 50% to return on capital employed. These measures were chosen to drive long-term sustainable growth in shareholder value, while maintaining capital efficiency as a high value-added steel and metals distributor and processor.
Why is there no short-term incentive plan for Executive KMP?	The Board and executive team believe that an excessive focus on short-term results will detract from building a more valuable and sustainable longer term business.
Are there any malus or clawback provisions for incentives?	No malus or clawback provisions were applicable. However, these provisions will be considered by the People and Remuneration Committee for future application.
Is there a minimum shareholding policy?	There is no formal minimum shareholding requirement for Directors and Executive KMP All directors and Executive KMP hold shares in Vulcan. Executive KMP also participate in long-term incentives which are delivered in equity. Shares held by Directors and Executive KMP prior to the IPO, comprising of 27.7% of shares on issue post-IPO, will be escrowed until Vulcan's full year FY23 results are released to the ASX and NZX.

Remuneration Governance

People and Remuneration Committee

The People and Remuneration Committee (the Committee) provides advice and recommendations to the Board regarding remuneration matters.

The Committee's responsibilities includes:

- Overseeing Vulcan's remuneration framework and policies to enable it to attract, retain and motivate the talent necessary to create value for shareholders;
- Advising and making recommendations on the composition of the Board and appointment to Board committees, having regard to Board succession plans, board skills matrix and diversity objectives;
- Advising and making recommendations to the Board on succession plans for the Board and Executive KMP;
- Reviewing Vulcan's Code of Conduct, communicating its importance to employees and ensuring the Committee is informed of any material breaches;
- Developing and recommending measurable objectives for achieving gender diversity, and reviewing its effectiveness on an annual basis, in accordance with the Diversity Policy; and
- Instilling and continually reinforcing a culture across the organisation of acting lawfully, ethically and responsibly.

A copy of the charter of the Committee is available on Vulcan's website in the Corporate Governance section:
https://investors.vulcan.co/investor-centre/?page=corporate-governance.

Members of the Committee on 30 June 2022 were:

- Bart de Haan (Chair)
- Russell Chenu (Member)
- Wayne Boyd (Member)

The Committee engages external advisors as required. External advisers provide advice on market remuneration levels and mix, market trends, incentives and performance measurement, governance, taxation and legal compliance.

Key Management Personnel

Key management personnel (KMP) covered in this Report are detailed below (See page 48 and 49 for details of each director):

Name	Position Held	Tenure
NON-EXECUTIVE DIRECTORS		
Russell Chenu	Independent Non-Executive Chair	Full Year
Peter Wells	Non-Executive Director	Full Year
Wayne Boyd	Non-Executive Director	Full Year
Pip Greenwood	Independent Non-Executive Director	Full Year
Bart de Haan	Independent Non-Executive Director	Full Year
Carolyn Steele	Independent Non-Executive Director	10 months
EXECUTIVE DIRECTOR		
Rhys Jones	Managing Director & Chief Executive Officer (MD & CEO)	Full Year
SENIOR EXECUTIVES		
Kar Yue Yeo [2]	Chief Financial Officer & Company Secretary (CFO)	Full Year
Adrian Casey	Chief Operating Officer (COO)	Full Year

2. Kar Yue held the position of Company Secretary from 1 July 2021 to 28 February 2022. Sarah Jane Lawson was appointed as Company Secretary from 1 March 2022.

Executive Key Management Personnel ("Executive KMP") refers to the Executive Director and Senior Executives as noted in the table above.

Executive Remuneration

Remuneration Principles

The principles of Vulcan's remuneration framework and policies are:

- To attract, retain and motivate the talent necessary to create and sustain long-term value for shareholders;
- Ensure remuneration outcomes are consistent with Vulcan's delivery of long-term strategic objectives and long-term shareholder wealth creation;
- Reward executives and other employees fairly and responsibly, having regard to the performance of Vulcan and individual;
- Be aligned with Vulcan's Principles and Ethos, flat organisational structure and egalitarian culture; and
- Compliance with all relevant legal and regulatory provisions.

Relationship with Vulcan's Performance

The remuneration framework is structured to promote long-term sustainable growth of Vulcan by the delivery of a significant portion of remuneration in equity that is at-risk, aligning the senior leadership team with long-term performance and shareholder value creation.

The performance measures are chosen to drive long-term sustainable growth in shareholder value while maintaining capital efficiency as a high value-added steel and metals distributor and processor.

Remuneration Framework

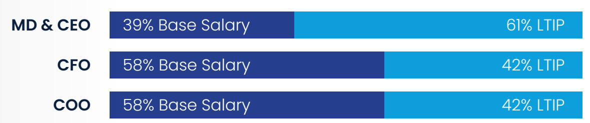
Remuneration levels are benchmarked against peer Australian and New Zealand companies that are comparable in size, complexity, and operational scope. The remuneration framework is reviewed to ensure it remains market competitive and aligns with our remuneration principles.

Vulcan's Executive KMP remuneration framework comprises three elements:

- Base Salary
- Other Benefits, including employer contributions to KiwiSaver, allowances, benefits and fringe-benefits tax.
- Long-Term Incentive Plan.

The figure below illustrates the pay mix of base salary and LTIP at maximum opportunity .

PAY MIX OF BASE SALARY AND LTIP AT MAXIMUM OPPORTUNITY



Fixed Annual Remuneration

Fixed Annual Remuneration (FAR) includes base salary, employer contributions to KiwiSaver, allowances, benefits and fringe-benefits tax.

FAR is reviewed periodically by the Board to ensure that it remains competitive for each Executive KMP's specific skills, competence, and value to Vulcan.

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Long-term Incentive Plan

Vulcan established a Long-Term Incentive Plan (LTIP) to assist in the motivation, retention and reward of eligible employees. The LTIP is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in the Company.

The terms of the LTIP are detailed below.

Feature	Approach
Purpose	To align the interests of Vulcan's Executive KMP with the goals of the Company and the creation of shareholder value.
Participants	MD and CEO, CFO and COO.
Instruments issued	Performance Rights (Rights) which are rights to acquire ordinary shares in Vulcan for nil consideration, conditional on the achievement of pre-determined performance hurdles over a three year performance period.
Grant date	Rights are granted annually on 1 July to reflect the new financial year. The Initial Public Listing LTIP Offer, comprising of Rights issued for 2021 at the Offer Price (A$7.10/NZ$7.52), was granted on 9 September 2021.
Dividends and voting entitlement	The Rights do not provide the Participant to any right to participate in any dividend of Vulcan and do not provide the Participant with any voting rights.
Maximum value of equity to be granted	The maximum LTIP opportunity is 157% of base salary for the MD and CEO, and 72% of base salary for the two Senior Executives.

POSITION	MAXIMUM FY22 LTIP GRANTED (FACE VALUE)
MD & CEO	$1,965,000
CFO	$490,000
COO	$490,000

Vesting conditions

The Rights are subject to two vesting conditions:

- 50% of the Rights issued to a Participant are subject to a "Relative Total Shareholder Return" ("Relative TSR") vesting condition; and
- 50% of the Rights issued to a Participant are subject to a "Return On Capital Employed" ("ROCE") vesting condition.

Relative TSR

In order for the Rights subject to the Relative TSR vesting condition to vest, Vulcan's TSR based on the 20 trading day volume weighted average price (VWAP) of the Shares prior to the Testing Date will be benchmarked against the TSRs of ASX 300 companies (excluding mining, energy and financial companies) – the "Benchmark Group".

Depending on where the Company's TSR ranks against the Benchmark Group companies' TSRs, certain Rights will vest. The percentage of Rights subject to the Relative TSR vesting condition that vest, if any, will be determined over the performance period by reference to the below vesting schedule:

VULCAN PERCENTILE RANK	% OF RELATIVE TSR RIGHTS THAT VEST
Below 50th Percentile	0%
At 50th Percentile	50%
Between 50th and 75th Percentile	50% to 100%, straight-line basis
At or Above 75th Percentile	100%

To align LTIP vesting outcomes with the experience of parties who invest in Vulcan as part of the IPO, for the Initial Public Listing LTIP Offer, the Relative TSR calculation will adopt the IPO offer price (A$7.10/NZ$7.52) as the starting reference share price. For companies in the Benchmark Group, the starting share prices will be based on the 20 trading day VWAP prior to date the Company's shares commenced trading on the ASX and NZX (4 November 2021).

Feature	Approach
Vesting conditions	ROCE for each of the three financial years in the Performance Period are averaged. The percentage of Rights subject to the ROCE Vesting Condition that vest, if any, will be determined over the performance period by reference to the below vesting schedule:

VULCAN AVERAGE ROCE	% OF ROCE RIGHTS THAT VEST
Below 20%	0%
At 20%	50%
Between 20% and 25%	50% to 75%, straight-line basis
Between 25% and 30%	75% to 100%, straight-line basis
At or Above 30%	100%

Feature	Approach
Performance period	The vesting conditions for the Rights are tested at: • the third anniversary from the date the Rights are granted for the Relative TSR vesting condition; and • the relevant 3 year financial period for the ROCE vesting condition, (the "Testing Date"). The performance period for the IPO LTIP Offer granted is: • 4 November 2021 to 1 July 2024 for the Relative TSR vesting condition; and • 1 July 2021 to 30 June 2024 for the ROCE vesting condition.
Expiry of Rights	Rights which do not achieve both vesting conditions will lapse. All Rights which have vested, will lapse three years after the relevant vesting date unless exercised.
Exercise	Vested Rights may be exercised by the Participant to receive a share. No amount is payable by the Participant to exercise rights for Shares.
Restriction on dealing	Rights may not be sold, transferred, mortgaged, pledged, charged, granted as security or otherwise disposed of, without the prior approval of the Board, or unless required by law. The Participants are restricted from entering into any hedging arrangements with respect to the Rights.
Treatment on termination	The Board has discretion to determine if a Participant is a "good leaver" and if the Participant, in such circumstances, will be entitled to retain a pro-rata amount of their unvested Rights. In the event of a Participant's redundancy, death or total and permanent disablement where the Participant otherwise qualifies for Rights, the Participant will be entitled to retain a pro-rata amount of their unvested Rights (based on the proportion of the term of the offer that the Participant was employed by the Company with reference to the number of whole months employed). In the event of a Participant's termination with cause, outstanding Rights will lapse. In all other circumstances of cessation of employment prior to the vesting date, the Board may determine how to treat the unvested Rights of a Participant in its absolute discretion.
Change of control	In the event of a change of control or a likely change of control in Vulcan, the Board may, in its absolute discretion, determine that all or a specified number of a Participant's Rights vest and determine whether to exercise vested but unexercised Rights.
Capital structure adjustments	The LTIP includes provisions addressing adjustments or otherwise on bonus issues, rights issues and capital restructures undertaken by Vulcan in future.

Realised Remuneration

The table below sets out the realised remuneration received by Executive KMP during FY22. All amounts are stated in New Zealand dollars.

The LTIP was established prior to the IPO. The first LTIP offer was granted following completion of the IPO and will vest on 1 July 2024, subject to service and performance conditions.

Name (Position)	Year	Base Salary	KiwiSaver	Non-monetary Benefits[3]	Fixed Annual Remuneration	LTIP vested	Total Remuneration Received
Rhys Jones (MD and CEO)	FY22	$1,250,000	$0	$163	$1,250,163	$0	$1,250,163
Kar Yue Yeo (CFO)	FY22	$680,000	$33,442[4]	$2,970	$716,413	$0	$716,413
Adrian Casey (COO)[5]	FY22	$680,000	$0	$1,824	$681,824	$0	$681,824

3. Fuel card benefit.
4. Compulsory employer contributions equal to 3% of base salary plus Employer Superannuation Contribution Tax (ESCT).
5. Amounts exclude incentive payment received in July 2021 which was earned in FY21.

Shareholdings

Vulcan does not have a formal minimum shareholding requirement for Executive KMP. Nonetheless, all Directors and Executive KMP hold shares in the Company. Executive KMP participate in long-term incentives which are delivered in equity.

Shares held by certain Directors and Executive KMP prior to the IPO, comprising of 27.7% of shares on issue post-IPO, will be escrowed until Vulcan's full year FY23 results are released to the ASX and NZX.

The current shareholdings of KMP are summarised in the table below.

Name	Held at 1 July 2021	Received on exercise of rights or options	Acquisitions and disposals	Held at 30 June 2022
NON-EXECUTIVE DIRECTORS				
Russell Chenu	0	0	22,750[8]	22,750
Peter Wells	30,693,398	0	(12,237,109)[6]	18,456,289
Wayne Boyd	12,172,814	0	(4,869,126)[7]	7,303,688
Pip Greenwood	150,000	0	(60,000)[7]	90,000
Bart de Haan	300,000	0	(120,000)[7]	180,000
Carolyn Steele	0	0	16,000[8]	16,000
EXECUTIVE DIRECTOR				
Rhys Jones	7,863,333	0	(3,145,333)[7]	4,718,000
SENIOR EXECUTIVES				
Kar Yue Yeo	200,000	0	(80,000)[7]	120,000
Adrian Casey	9,784,518	0	(3,913,807)[7]	5,870,711

6. Peter Wells sold 12,277,359 shares as part of the IPO, acquired 250,000 shares and disposed 209,750 shares as part of Takutai share gift to employees.
7. Shares sold as part of IPO.
8. Shares acquired as part of a priority offer in IPO.

Employment Contracts

Each Executive KMP has a formal contract, known as a "service agreement". These agreements are of a continuing nature and have no set term of service (subject to the termination provisions).

The key terms of the service agreements for the Executive are summarised below:

RHYS JONES (MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER) EMPLOYMENT

Term	Description
Fixed annual remuneration (FAR)	Rhys is entitled to receive base salary of NZ$1,250,000. Superannuation will not be payable.
Long-term Incentive	Rhys will be eligible to participate in Vulcan's LTI plan. FY22 LTIP: Maximum opportunity of 157% of base salary.
Notice period, termination and termination payments	Either Rhys or Vulcan Steel Limited can terminate Rhys' employment by giving the other party 12-months' notice in writing (or by Vulcan making payment in lieu of notice of part or all of Rhys' notice period). Vulcan may summarily terminate Rhys' employment in certain circumstances, including where Rhys engages in serious misconduct. Rhys' employment may end by way of 'no fault' termination whereby Vulcan will pay Rhys the equivalent of 12-month's fixed annual remuneration.
Non-solicitation/restrictions on future activities	Rhys' employment contract contains restraints that apply during his employment and for 6-months post-employment, including: • Non-compete restraints; • Restrictions against soliciting Vulcan customers, contractors or suppliers; and • Restrictions against soliciting, employing or engaging any employees. The non-competition restriction above purports to operate in New Zealand and Australia. The enforceability of the above restraints is subject to all usual legal requirements.

KAR YUE YEO (CHIEF FINANCIAL OFFICER) EMPLOYMENT

Term	Description
Fixed annual remuneration (FAR)	Kar Yue is entitled to receive base salary of NZ$680,000. Vulcan's employer contributions to KiwiSaver (3% of base salary plus ESCT) will also be payable on top of this base salary.
Long-term Incentive	Kar Yue will be eligible to participate in Vulcan's LTI plan. FY22 LTIP: Maximum opportunity of 72% of base salary.
Notice period, termination and termination payments	Either Kar Yue or Vulcan can terminate Kar Yue's employment by giving the other party 6-months' notice in writing (or by Vulcan making payment in lieu of notice of part or all of Kar Yue's notice period). Vulcan may summarily terminate Kar Yue's employment in certain circumstances, including where Kar Yue engages in serious misconduct. Kar Yue's employment may end by way of 'no fault' termination whereby Vulcan will pay Kar Yue the equivalent of 12-months' fixed annual remuneration.
Non-solicitation/restrictions on future activities	Kar Yue's employment contract contains restraints that apply during his employment and for 6-months post-employee, including: • Non-compete restraints; • Restrictions against soliciting Vulcan customers, contractors or suppliers; and • Restrictions against soliciting, employing or engaging any employees. The non-competition restriction above purports to operate in New Zealand and Australia. The enforceability of the above restraints is subject to all usual legal requirements.

ADRIAN CASEY (CHIEF OPERATING OFFICER) EMPLOYMENT

Term	Description
Fixed annual remuneration (FAR)	Adrian is entitled to receive base salary of NZ$680,000. Superannuation will not be payable.
Long-term Incentive	Adrian will be eligible to participate in Vulcan's LTI plan. FY22 LTIP: Maximum opportunity of 72% of base salary.
Notice period, termination and termination payments	Either Adrian or Vulcan can terminate Adrian's employment by giving the other party 6-months' notice in writing (or by Vulcan making payment in lieu of notice of part or all of Adrian's notice period). Vulcan may summarily terminate Adrian's employment in certain circumstances, including where Adrian engages in serious misconduct. Adrian's employment may end by way of 'no fault' termination whereby Vulcan will pay Adrian the equivalent of 12-months' fixed annual remuneration.
Non-solicitation/restrictions on future activities	Adrian's employment contract contains restraints that apply during his employment and for 6-months post-employee, including: • Non-compete restraints; • Restrictions against soliciting Vulcan customers, contractors or suppliers; and • Restrictions against soliciting, employing or engaging any employees. The non-competition restriction above purports to operate in New Zealand and Australia. The enforceability of the above restraints is subject to all usual legal requirements.

Non-Executive Director Remuneration

Remuneration for Non-Executive Directors (NEDs) are set to enable Vulcan to attract and retain high calibre Directors with the necessary skills and experience ensure the Board can effectively oversee the Company's governance, and to recognise the workload of directors.

Aggregate NED fees are limited to $1,300,000 per annum approved by shareholders.

The table below sets out the NED fee structure. Non-Executive Directors are not entitled to retirement benefits.

FY22 NON-EXECUTIVE DIRECTOR FEES

Name	Chair Fee	Member Fee
BASE BOARD FEE	$270,000[1]	$120,000
Audit and Risk Management Committee	$30,000	$20,000
People and Remuneration Committee	$25,000	$15,000

1. The Board Chair does not receive any additional fees for committee work.

Directors may also be reimbursed for all reasonable travel, accommodation and other expenses incurred in attending meetings of the Board or Committees, or in connection with the business. A Director who is engaged by Vulcan to perform services in a capacity other than that of Director may be paid additional fees (as determined by the Board).

The table below illustrates the remuneration received by NEDs for FY22.

Name	Year	Base Board	Audit and Risk Management Committee	People and Remuneration Committee	Other Fees	Total FY22 Fees
Russell Chenu	FY22	$270,000[3]	$0[4]	$0[4]	$0	$270,000
Wayne Boyd	FY22	$120,000[4]	–	$15,000[4]	$0	$135,000
Bart de Haan	FY22	$120,000[4]	–	$25,000[3]	$0	$145,000
Pip Greenwood	FY22	$120,000[4]	$20,000[4]	–	$0	$140,000
Carolyn Steele (appointed during FY22)	FY22	$120,000[4]	$30,000[3]	–	$0	$144,185
Peter Wells[2]	FY22	$1[4]	$0[4]	–	$0	$1
Total	FY22	$750,001	$50,000	$40,000	$0	$834,186

2. Peter Wells elected to receive $1 for his base Board fee and does not receive any fee as a member of the Audit and Risk Management Committee.
3. Chair.
4. Member.

Employee Remuneration

The table below shows employee remuneration in ranges of $10,000 and the number of employees in the ranges, in accordance with section 211(1)(g) of the NZ Companies Act 1993.

Remuneration Range	Number of employees	Remuneration Range	Number of employees
$100,001 - $110,000	51	$240,001 - $250,000	2
$110,001 - $120,000	38	$270,001 - $280,000	1
$120,001 - $130,000	15	$280,001 - $290,000	2
$1301,001 - $140,000	9	$290,001 - $300,000	1
$140,001 - $150,000	13	$310,001 - $320,000	1
$150,001 - $160,000	2	$320,001 - $330,000	1
$160,001 - $170,000	4	$330,001 - $340,000	1
$170,001 - $180,000	2	$350,001 - $360,000	1
$180,001 - $190,000	5	$360,001 - $370,000	1
$190,001 - $200,000	1	$380,001 - $390,000	1
$200,001 - $210,000	2	$460,001 - $470,000	1
$210,001 - $220,000	3	$530,001 - $540,000	1
$220,001 - $230,000	2	$680,001 - $690,000	1
$230,001 - $240,000	3	$890,001 - $900,000	1

03 / Financials

Our results reflect team ambition and dedication

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

NZD $000'	Notes	2022	2021
Revenue	4	972,667	731,546
Cost of sales		(583,882)	(461,154)
Gross profit		**388,785**	**270,392**
Other income	4	-	3,067
Selling and distribution expenses	5	(18,401)	(16,993)
General and administrative expenses	5	(173,307)	(152,878)
Total operating expenses		**(191,708)**	**(169,871)**
Operating profit before financing costs		**197,077**	**103,588**
Financing income	6	4	13
Financing expenses	6	(15,748)	(13,699)
Net financing costs		**(15,744)**	**(13,686)**
Profit before tax		**181,333**	**89,902**
Tax expense	7	(57,349)	(25,070)
Profit after tax		**123,984**	**64,832**
Other comprehensive Income			
Items that may be reclassified to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations		5,886	295
Fair value gain on cash flow hedges		3,801	2,669
Tax effect of movement in cash flow hedges		(1069)	(775)
Other comprehensive income, net of tax		**8,618**	**2,189**
Total comprehensive income		**132,602**	**67,021**
Attributable to:			
Owners of Vulcan Steel Limited		**132,602**	**67,021**
Basic earnings per share	16	$0.94	$0.49
Diluted earnings per share	16	$0.94	$0.49

The accompanying notes form part of these Financial Statements.

Consolidated Balance Sheet

AS AT 30 JUNE 2022

NZD $000'	Notes	2022	2021
ASSETS			
Current Assets			
Cash and cash equivalents		24,033	10,163
Trade and other receivables	8	157,240	128,141
Inventories	9	353,243	191,532
Derivative financial instruments	19	5,039	1,227
Total current assets		**539,555**	**331,063**
Non-Current Assets			
Property, plant and equipment	10	56,161	51,831
Right-of-use assets	11	180,705	179,002
Intangible assets	12	12,785	13,302
Deferred tax assets	7	6,174	7,255
Total non-current assets		**255,825**	**251,390**
TOTAL ASSETS		**795,380**	**582,453**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	167,149	139,894
Lease liabilities	11	14,004	13,078
Tax payable		29,716	13,761
Total current liabilities		**210,869**	**166,733**
Non-current Liabilities			
Lease liabilities	11	188,276	181,603
Interest-bearing liabilities	14	210,970	80,000
Total non-current liabilities		**399,246**	**261,603**
TOTAL LIABILITIES		**610,115**	**428,336**
EQUITY			
Share capital	15	11,988	11,988
Retained earnings		157,230	137,383
Reserves	18	16,047	4,746
TOTAL EQUITY		**185,265**	**154,117**
TOTAL LIABILITIES AND EQUITY		**795,380**	**582,453**

These financial statements and the accompanying notes were authorised by the Board on 24 August 2022.
For the Board

Russell Chenu
DIRECTOR

Rhys Jones
DIRECTOR

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

NZD $000'	Notes	Share Capital	Retained Earnings	Share Based Payment Reserve	Other Reserves	Attributable to Owners of Vulcan Steel Ltd
Balance as at 1 July 2020		**11,862**	**120,551**	**-**	**2,557**	**134,970**
Comprehensive income						
Profit after tax		-	64,832	-	-	64,832
Other comprehensive income						
Foreign currency translation reserve		-	-	-	295	295
Cash flow hedge reserve		-	-	-	1,894	1,894
Total comprehensive income		**-**	**64,832**	**-**	**2,189**	**67,021**
Transactions with owners						
Issue of shares	15	126	-	-	-	126
Dividends declared	18	-	(48,000)	-	-	(48,000)
Balance as at 30 June 2021		**11,988**	**137,383**	**-**	**4,746**	**154,117**
Balance as at 1 July 2021		**11,988**	**137,383**	**-**	**4,746**	**154,117**
Comprehensive income						
Profit after tax		-	123,984	-	-	123,984
Other comprehensive (loss) income						
Foreign currency translation reserve		-	-	-	5,886	5,886
Cash flow hedge reserve		-	-	-	2,732	2,732
Total comprehensive income		**-**	**123,984**	**-**	**8,618**	**132,602**
Transactions with owners						
Transfer of shares to employees	17	-	-	1,982	-	1,982
Share based payments reserve	17	-	-	701	-	701
Dividends declared	18	-	(104,137)	-	-	(104,137)
Balance as at 30 June 2022		**11,988**	**157,230**	**2,683**	**13,364**	**185,265**

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

NZD $000'	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,005,413	786,325
Interest received		4	11
Payments to suppliers and employees		(937,189)	(648,785)
Tax paid		(40,334)	(18,398)
Interest paid		(4,249)	(2,307)
Lease interest paid		(11,499)	(11,392)
Net cash flows from operating activities		**12,146**	**105,454**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for business acquisition		-	(5,371)
Sale of property, plant and equipment and intangibles		617	10,210
Purchase of property, plant and equipment and intangibles		(12,209)	(5,661)
Net cash flows used in investing activities		**(11,592)**	**(822)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital		-	126
Lease liability payments		(12,866)	(12,153)
Drawdown (repayment) of borrowings		129,433	(44,430)
Repayment of shareholder advance		-	754
Dividends paid	18	(104,137)	(53,000)
Net cash flows from/(used in) financing activities		**12,430**	**(108,703)**
Net increase/(decrease) in cash		12,984	(4,071)
Effect of foreign exchange rates		886	38
Opening cash		10,163	14,196
Closing cash		**24,033**	**10,163**
RECONCILATION OF CLOSING CASH			
Cash and cash equivalents		24,033	10,163
Closing cash		**24,033**	**10,163**
CASH FLOW RECONCILIATION			
Profit after tax		**123,984**	**64,832**
Add/(deduct) non cash items:			
Amortisation of right of use assets		18,226	18,573
Depreciation, amortisation and impairment of other assets		9,140	11,285
Net gain on disposal of assets		(87)	(3,058)
Bad debts		-	82
Other non-cash items		452	(230)
Foreign currency translation		9,112	(385)
		36,843	**26,267**
Net working capital movements:			
Trade and other receivables		(29,099)	(32,377)
Inventories		(161,711)	(2,352)
Trade and other payables		27,255	41,654
Taxation payable		15,955	10,054
Deferred tax asset		(1,081)	(2,624)
		(148,681)	**14,355**
Net Cash flows from Operating Activities		**12,146**	**105,454**

The accompanying notes form part of these Financial Statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

1. REPORTING ENTITY

Vulcan Steel Limited (the "Company") together with its subsidiaries (the "Group") is primarily involved in the sale and distribution of steel and metal products, with operations in New Zealand and Australia. There have been no changes to the nature of the business during the current financial year.

The Company is a profit-oriented entity, domiciled in New Zealand, registered under the Companies Act 1993 and the financial statements comply with this Act. The Company is listed on the Australian Securities Exchange ("ASX") with a dual listing on the NZX main board (under the code "VSL"). The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements for the year ended 30 June 2022 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) as appropriate for Tier 1 for-profit entities. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost with the exception of the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss and other comprehensive income.

The Statement of Profit or Loss and Other Comprehensive Income has been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced. The cash flows from operating activities are presented inclusive of GST.

Functional currency

The consolidated financial statements are presented in NZD which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

Foreign currency transactions and balances

Foreign currency transactions are translated into the relevant functional currency at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve (FCTR) in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Key accounting estimates and judgements

The Group's management is required to make judgements, estimates, and apply assumptions that affect the amounts reported in the consolidated financial statements. They have based these on historical experience and other factors they believe to be reasonable. Actual results may differ from these estimates.

ESTIMATE The estimates and assumptions that have had areas of judgement applied in preparing these financial statements are highlighted throughout the report in boxes shaded in blue. The key estimates relate to income tax, goodwill, expected credit losses, property plant and equipment and incremental borrowing rates.

Significant accounting policies

KEY POLICY Key accounting policies are disclosed in each of the applicable notes to the financial statements in boxes shaded in grey.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at balance date and the results of all subsidiaries for the year then ended. All subsidiaries are 100% owned within the Group.

The Group applies the acquisition method to account for business combinations.

The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group.

Consideration transferred is the fair value of assets transferred, liabilities incurred to the former owners of the acquiree and equity interests issued by the Group. Consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at acquisition date.

All intercompany balances and transactions, including unrealised profits on transactions between group companies have been eliminated.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at balance date and the results of all subsidiaries for the year then ended. All subsidiaries are 100% owned within the Group.

The Group applies the acquisition method to account for business combinations.

The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group.

Consideration transferred is the fair value of assets transferred, liabilities incurred to the former owners of the acquiree and equity interests issued by the Group. Consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at acquisition date.

All intercompany balances and transactions, including unrealised profits on transactions between group companies have been eliminated.

Changes to accounting policies

The accounting policies and computation methods used in the preparation of the consolidated financial statements are consistent with those used as at 30 June 2021.

There are no new standards or amendments to standards applicable to the Group for the year ended 30 June 2022 that have materially impacted the financial statements. No changes to accounting policies have been made during the year and policies have been consistently applied to all years presented.

Management has assessed the following standards that are not yet effective and assessed that there will be no material impact on the financial statements once they are effective:

- Amendments to NZ IAS 16 - Property, Plant and Equipment - Proceeds Before Intended Use;

3. OPERATING SEGMENTS

Vulcan comprises the following operating segments based on internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM - comprising the CEO and Managing Director, supported by members of the Board of Directors) in assessing performance and in determining the allocation of resources:

Steel business across Australia and New Zealand

Steel distribution – the sale of hollows, merchant products including bars, beams, angles, channels, unprocessed coil and plate;

Plate processing – cutting, drilling, tapping, countersinking and folding of plates to customer requirements;

Coil processing – sheeting & slitting to customer specifications.

Metals business across Australia and New Zealand

Stainless steel – the sale of stainless steel products including hollows, bars, fittings and sheets, and processing services including cutting, drilling, tapping, countersinking and folding of plates to customer requirements, as well as sheeting & slitting of stainless coil;

Engineering steel - the sale of high-performance steel and metal products, and cutting service to specification.

Reporting is received on at least a monthly basis, and performance is measured based on underlying segment earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA is used to measure performance as the CODM believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry.

The Group has a diverse range of customers from various industries, with no single customer contributing more than 10% of the Group's revenue.

Interest income and expenses are not allocated to segments, as decisions are made on a pre-NZ IFRS 16 Leases basis and other interest income and expense related activities are driven by the central corporate function, which manages the cash position of the Group.

Assets and liabilities are provided to the CODM on a Group basis, and are separately reported with respect to the individual operating segments.

Sales between segments are eliminated on consolidation. The amounts provided to the CODM with respect to segment revenue are measured in a manner consistent with that of the financial statements.

OPERATING SEGMENTS (CONTINUED)

Vulcan comprises the following operating segments based on internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM - comprising the CEO and Managing Director, supported by members of the Board of Directors) in assessing performance and in determining the allocation of resources:

Steel business across Australia and New Zealand

Steel distribution - the sale of hollows, merchant products including bars, beams, angles, channels, unprocessed coil and plate;

Plate processing – cutting, drilling, tapping, countersinking and folding of plates to customer requirements;

Coil processing – sheeting & slitting to customer specifications.

Metals business across Australia and New Zealand

Stainless steel – the sale of stainless steel products including hollows, bars, fittings and sheets, and processing services including cutting, drilling, tapping, countersinking and folding of plates to customer requirements, as well as sheeting & slitting of stainless coil;

Engineering Steel - the sale of high-performance steel and metal products, and cutting service to specification.

Reporting is received on at least a monthly basis, and performance is measured based on underlying segment earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA is used to measure performance as the CODM believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry.

The Group has a diverse range of customers from various industries, with no single customer contributing more than 10% of the Group's revenue.

Interest income and expenses are not allocated to segments, as decisions are made on a pre-NZ IFRS 16 Leases basis. Other interest income and expense related activities are driven by the central corporate function, which manages the cash position of the Group.

Assets and liabilities are provided to the CODM on a Group basis, and are separately reported with respect to the individual operating segments.

Sales between segments are eliminated on consolidation. The amounts provided to the CODM with respect to segment revenue are measured in a manner consistent with that of the financial statements.

The following is an analysis of the Group's results by reportable segment:

NZD $000'	2022 Steel	2022 Metals	2022 Corporate	2022 Total	2021 Steel	2021 Metals	2021 Corporate	2021 Total
Total operating revenue	626,175	346,492	-	972,667	450,232	281,314	-	731,546
EBITDA (post IFRS 16 and pre significant items)	168,512	95,896	(21,912)	242,496	94,498	59,945	(20,997)	133,446
Significant items[1]				(18,053)				-
EBITDA (post IFRS 16 and significant items)				224,443				133,446
Depreciation & amortisation				(27,366)				(29,858)
EBIT				197,077				103,588
Finance costs				(15,744)				(13,686)
Profit before tax				181,333				89,902
Tax expense				(57,349)				(25,070)
Reported NPAT attributable to shareholders				123,984				64,832
Depreciation & amortisation of PPE & intangibles				(9,140)				(11,285)
Amortisation of right of use assets				(18,226)				(18,573)
Total depreciation & amortisation				(27,366)				(29,858)
Finance income				4				13
Finance charges - interest, line fees & other				(4,249)				(2,307)
Finance charges on lease liabilities				(11,499)				(11,392)
Finance charges				(15,744)				(13,686)
Principal lease payments	(13,778)	(10,587)	-	(24,365)	(13,199)	(10,346)	-	(23,545)
Underlying EBITDA (pre-IFRS16)	154,734	85,309	(21,912)	218,131	81,299	49,599	(20,997)	109,901
Significant items[1]								
IPO costs	-	-	(15,839)	(15,839)	-	-	-	-
Share gift (refer note 17)	-	-	(2,214)	(2,214)	-	-	-	-
Total significant items	-	-	(18,053)	(18,053)	-	-	-	-
TOTAL ASSETS	424,303	319,486	51,591	795,380	315,436	231,401	35,616	582,453
TOTAL LIABILITIES	201,836	146,548	261,731	610,115	195,186	124,973	108,177	428,336
Geographical Information	**NZ**	**Australia**	**Corporate**	**Total**	**NZ**	**Australia**	**Corporate**	**Total**
TOTAL OPERATING REVENUE	369,368	603,299	-	972,667	280,407	451,139	-	731,546
EBITDA (post IFRS 16 and significant items)	110,458	153,668	(39,683)	224,443	70,632	83,811	(20,997)	133,446
TOTAL NON CURRENT ASSETS	57,330	173,912	24,583	255,825	60,541	164,581	26,268	251,390

1. Significant Item means any income or expense of such size, nature or incidence that is relevant to the user's understanding of the performance of the entity and is disclosed as a "Significant Item" in the Accounts.

4. REVENUE

NZD $000'	2022	2021
Total operating revenue	972,667	731,546
Other income	-	3,067
Other income relates to a gain on sale of property.		

KEY POLICY **Revenue from contracts with customers**
The Group derives revenue from the processing and distribution of steel and metal products. Revenue is recognised as, or when, goods are transferred to the customer at a point in time and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods

5. EXPENSES

NZD $000'	2022	2021
Profit before tax includes the following expenses:		
Employee benefit expenses	85,623	84,522
Defined contribution plans	6,931	6,161
Depreciation and amortisation	27,366	29,858
Selling and distribution	18,401	16,993
Occupancy costs	6,256	6,661
IPO costs	15,839	-
Share gift costs (refer note 17)	2,214	-
Other expenses	29,078	25,676
Total selling, general and administrative expenses	**191,708**	**169,871**
Fees paid to auditors		
Auditor remuneration - Interim Review	52	-
Auditor remuneration - Audit of financial statements	364	347
Auditor remuneration non-audit services - IPO Report	745	-
Auditor remuneration non-audit services -Tax services	7	16
Auditor remuneration non-audit services - greenhouse gas inventory assurance review	12	-

Auditor remuneration - non-audit services comprise fees paid to Deloitte for GHG inventory assurance engagement and as investigating accountant in relation to their report on historical and forecast information included in the prospectus in respect of the IPO and fees paid for tax consulting services.

6. FINANCE INCOME AND EXPENSES

NZD $000'	2022	2021
Financing income		
Interest income	4	13
Financing expenses		
Bank facility fees	(1,496)	(1,137)
Interest paid and payable	(2,753)	(1,170)
Interest expense on lease liabilities	(11,499)	(11,392)
	(15,748)	**(13,699)**
Net financing costs	**(15,744)**	**(13,686)**

KEY POLICY Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest on leases and bank facility fees.

All borrowing costs are recognised in profit or loss using the effective interest method.

7. INCOME TAX

NZD $000'	2022	2021
Income tax expense		
Profit before tax	181,333	89,902
Tax at the New Zealand rate of 28% (2021: 28%)	50,773	25,173
Tax adjustments:		
Non-assessable (income) loss	-	(715)
Non-deductible expenses	5,405	24
Adjustments to prior years	(632)	-
Foreign rates other than 28%	1,748	588
Other	55	-
Tax expense	**57,349**	**25,070**
This is represented by:		
Current tax	57,233	28,460
Deferred tax	116	(3,390)
Tax expense	**57,349**	**25,070**

Imputation credits

There are $4,301,124 imputation credits available for use in NZ as at 30 June 2022 (2021: $117,219) and $12,420,733 franking credits available for use in Australia as at 30 June 2022 (2021: $50,051,778).

ESTIMATE Preparation of the annual financial statements requires management to make estimates as to the amount of tax that will ultimately be payable, the availability of losses to be carried forward, if any, and the amount of foreign tax credits it will receive. Actual results may differ from these estimates as a result of reassessment by management or taxation authorities. Tax returns for the Group and the detailed calculations that are required for filing tax returns are not prepared until after the financial statements are prepared. Estimates of these calculations are made for the purpose of calculating income tax expense, current tax and deferred tax balances. As well as this, an assessment of the result of tax audit issues is also made. Any difference between the final tax outcomes and the estimations made in previous years will affect current year balances.

NZD $000'	2022	2021
Deferred tax		
Deferred tax assets		
The balance comprises:		
Employee benefits	2,466	2,284
Leased assets and liabilities	6,374	4,618
Accruals and provisions	877	1,189
Provision for obsolescence	-	392
Provision for doubtful debts	591	-
Other	90	4
	10,398	8,487
Deferred tax liabilities		
The balance comprises:		
Customer book acquired at fair value	259	377
Plant and equipment	2,386	444
Cash flow hedge	1,432	374
Accruals and provisions	147	37
	4,224	1,232
Net deferred tax	**6,174**	**7,255**

NZD $000'	Property, plant and equipment	Leased assets and liabilities	Cash flow hedge	Provisions and accruals	Stock	Intangibles	Total
Net deferred tax movements							
Year ended 30 June 2021							
Opening balance	(227)	2,088	400	2,871	-	(501)	4,631
Credited (charged) to the profit or loss	(217)	2,530	-	961	-	116	3,390
Credited (charged) to equity	-	-	(774)	-	-	-	(774)
Foreign exchange movements	-	-	-	-	-	8	8
	(444)	**4,618**	**(374)**	**3,832**	**-**	**(377)**	**7,255**
Year ended 30 June 2022							
Opening balance	(444)	4,618	(374)	3,832	-	(377)	7,255
Adjustments to prior years			17	(65)			(48)
Credited (charged) to the profit or loss	(1,942)	1,756	-	110	-	(40)	(116)
Credited (charged) to equity	-	-	(1,075)	-	-	-	(1,075)
Foreign exchange movements	(12)	106	-	75	-	(11)	158
	(2,398)	**6,480**	**(1,432)**	**3,952**	**-**	**(428)**	**6,174**

KEY POLICY Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax arises due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for tax purposes.

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

8. TRADE AND OTHER RECEIVABLES

NZD $000'	2022	2021
Trade receivables	159,110	130,174
Allowances for credit losses	(2,064)	(2,044)
Prepayments	194	11
	157,240	128,141
Movement in allowance for credit losses		
Opening balance	2,044	2,042
Credit losses recognised on receivables	20	2
Balance at the end of the year	2,064	2,044

The Group has recognised a loss of $85,809 (2021: $81,442) in respect of bad debts written off. The loss has been included in general and administrative expenses in the Statement of Profit or Loss. A credit loss allowance has been applied against trade receivables of $2,064,378 for the year ended 30 June 2022 for the Group (2021: $2,044,468).

ESTIMATE

Calculation of Loss Allowance

When measuring Expected Credit Losses ("ECL") the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of debtors and an analysis of debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has assessed relevant economic data for determining the factors that are specific to the debtors, the general economic conditions of the industry in which the debtors operate and the forecast direction of conditions at the reporting date. The Group hasn't significantly increased the expected loss rates for trade receivables from the prior year based on its judgement of the impact of current economic conditions and the forecast direction of travel at the reporting date. There has been no change in the estimation technique during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

KEY POLICY

Trade and other receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

An allowance for doubtful debts is made using the expected credit loss model. The amount of the provision is recognised in profit or loss. Bad debts are written off when identified.

Trade receivables credit risk

As at balance date 85% of trade receivables were current (2021: 87%). As the economic effects of COVID-19 remain uncertain and the rising interest rate environment and the consequential impact on customer credit risk adds to the uncertainty, the total loss allowance for doubtful trade receivables represents an estimate of expected credit losses in respect of trade receivables.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

NZD $000'	Not past due	0-30 days past due	30-60 days past due	60-90 days past due	90+ days past due	Total
2021						
Trade receivables	112,960	16,982	232	-	-	130,174
2022						
Trade receivables	134,732	23,524	854	-	-	159,110

Customer and receivable concentration		
Five largest customers' proportion of the Group's:	**2022**	**2021**
Operating revenue	6%	6%
Trade receivables	8%	9%

9. INVENTORIES

NZD $000'	2022	2021
Consumables	290	319
Work in progress	995	764
Finished goods	325,805	173,489
Goods in transit	26,153	16,960
	353,243	191,532

KEY POLICY Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost basis, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

10. PROPERTY, PLANT AND EQUIPMENT

NZD $000'	Plant, machinery and vehicles	Furniture fittings & equipment	Land & buildings	Capital Work in Progress	Total
Cost					
Balance 1 July 2020	101,197	20,435	7,345	145	129,122
Additions & reclassifications	3,595	1,171	-	894	5,660
Disposals	(2,276)	(3,747)	(3,189)	-	(9,212)
Exchange movement	186	36	6	-	228
Balance 30 June 2021	**102,702**	**17,895**	**4,162**	**1,039**	**125,798**
Balance 1 July 2021	102,702	17,895	4,162	1,039	125,798
Additions & reclassifications	7,097	1,781	37	3,294	12,209
Disposals	(2,412)	(198)	-	-	(2,610)
Exchange movement	1,973	350	55	63	2,441
Balance 30 June 2022	**109,360**	**19,828**	**4,254**	**4,396**	**137,838**
Accumulated depreciation & impairment losses					
Balance 1 July 2020	58,794	8,655	215	-	67,664
Depreciation	7,495	2,383	37	-	9,915
Disposals	(1,796)	(1,934)	-	-	(3,730)
Exchange movement	102	15	1	-	118
Balance 30 June 2021	**64,595**	**9,119**	**253**	**-**	**73,967**
Balance 1 July 2021	64,595	9,119	253	-	73,967
Depreciation	6,581	1,897	45	-	8,523
Disposals	(2,057)	(157)	-	-	(2,214)
Exchange movement	1,189	203	9	-	1,401
Balance 30 June 2022	**70,308**	**11,062**	**307**	**-**	**81,677**
Carrying amounts					
As at 30 June 2020	42,403	11,780	7,130	145	61,458
As at 30 June 2021	38,107	8,776	3,909	1,039	51,831
As at 30 June 2022	39,052	8,766	3,947	4,396	56,161

Security

At 30 June 2022, the fixed assets of the Group are subject to a first debenture to secure bank loans (see note 14).

ESTIMATE The determination of the appropriate useful life for a particular asset requires management to make judgements about, among other factors, the expected period of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances, and the likelihood of the Group ceasing to use the asset in its business operations. Assessing whether an asset is impaired may involve estimating the future cash flows the asset is expected to generate. This will in turn involve a number of assumptions, including rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for valuing future cash flows. Assets that are subject to depreciation or amortisation are reviewed for impairment at least annually or when changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs of disposal, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

KEY POLICY **Recognition and Measurement**

Items of property, plant and equipment, other than land, are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation rates of the Group for the current and comparative periods are as follows:

Plant, machinery and vehicles	8% to 75%	Diminishing value
Furniture, fittings and equipment	2.5% to 80.4%	Diminishing value and straight line
Buildings	2.5%	Straight line

11. RIGHT-OF-USE ASSETS

NZD $000’	Motor Vehicles	Buildings	Total
Cost			
Balance 1 July 2020	**3,506**	**191,747**	**195,253**
Additions and renewals	991	19,944	20,935
Exchange movement	6	468	474
Balance 30 June 2021	**4,503**	**212,159**	**216,662**
Balance 1 July 2021	**4,503**	**212,159**	**216,662**
Additions and renewals	902	14,765	15,667
Exchange movement	93	5,507	5,600
Balance 30 June 2022	**5,498**	**232,431**	**237,929**
Accumulated amortisation			
Balance 1 July 2020	**1,348**	**17,695**	**19,043**
Amortisation for the year	1,239	17,334	18,573
Exchange movement	3	41	44
Balance 30 June 2021	**2,590**	**35,070**	**37,660**
Balance 1 July 2021	**2,590**	**35,070**	**37,660**
Amortisation for the year	1,062	17,164	18,226
Exchange movement	66	1,272	1,338
Balance 30 June 2022	**3,718**	**53,506**	**57,224**
Carrying amounts			
As at 30 June 2021	1,913	177,089	179,002
As at 30 June 2022	**1,780**	**178,925**	**180,705**

NZD $000’	2022	2021
Lease liabilities included in the Balance Sheet		
Current	14,004	13,078
Non-current	188,276	181,603
	202,280	**194,681**
Lease expenses included in Profit or Loss		
Interest on leases	11,499	11,392
Right-of-use asset amortisation	18,226	18,574
	29,725	**29,966**
Lease cash flows included in Statement of Cash Flows		
Interest paid on leases (operating activities)	11,499	11,392
Payments for lease liabilities principal (financing activities)	12,866	12,153
Total cash outflows from lease liabilities	**24,365**	**23,545**

ESTIMATE Lease liabilities have been measured at the present value of the remaining lease payments, discounted using a discount rate derived from the incremental borrowing rate for each asset class as the interest rate implicit in the lease is not readily available. Incremental borrowing rates applied to lease liabilities range between 5.75% – 5.95%, (2021: 5.75% – 5.95%).

RIGHT-OF-USE ASSETS (CONTINUED)

The Group has leases for buildings and motor vehicles. Leases are either non-cancellable or may only be cancelled by incurring a substantial termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The leases typically run for a period from 10 to 20 years. Lease payments are increased every one to three years to reflect market rentals. Some leases provide for additional rent payments based on changes in the local price index.

The Group is prohibited from selling or pledging the underlying leased assets as security. Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group.

KEY POLICY At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received) and adjusted for any remeasurement of lease liabilities.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

12. INTANGIBLE ASSETS

NZD $000'	Goodwill	Computer Software	Customer Book	Total
Cost				
Balance 1 July 2020	12,807	14,605	2,086	29,498
Additions	-	-	-	-
Disposals	-	(724)	-	(724)
Exchange movement	15	1	7	23
Balance 30 June 2021	**12,822**	**13,882**	**2,093**	**28,797**
Balance 1 July 2021	12,822	13,882	2,093	28,797
Additions	-	-	-	-
Disposals	-	(491)	-	(491)
Exchange movement	138	5	65	208
Balance 30 June 2022	**12,960**	**13,396**	**2,158**	**28,514**
Amortisation & impairment Losses				
Balance 1 July 2020	1,196	13,761	417	15,374
Amortisation for the Year	-	416	419	835
Disposals	-	(716)	-	(716)
Impairment losses	-	-	-	-
Exchange movement	-	1	1	2
Balance 30 June 2021	**1,196**	**13,462**	**837**	**15,495**
Balance 1 July 2021	1,196	13,462	837	15,495
Amortisation for the Year	-	202	415	617
Disposals	-	(429)	-	(429)
Impairment losses	-	-	-	-
Exchange movement	-	4	42	46
Balance 30 June 2022	**1,196**	**13,239**	**1,294**	**15,729**
Carrying Amounts				
Balance at 30 June 2020	11,611	844	1,669	14,124
Balance at 30 June 2021	11,626	420	1,256	13,302
Balance at 30 June 2022	**11,764**	**157**	**864**	**12,785**

ESTIMATE The carrying value of goodwill is assessed at least annually to ensure it is not impaired. Performing this assessment generally requires management to estimate future cash flows to be generated by the investment, which entails making judgements including the expected rate of growth of revenues, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows.

INTANGIBLE ASSETS (CONTINUED)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

NZD $000'	2022	2021
Steel - New Zealand	7,126	7,126
Steel - Australia	4,638	4,500
	11,764	**11,626**

The annual impairment test is performed as at 30 June each year. Goodwill is considered to be impaired if the carrying amount of the relevant cash generating units ("CGUs") exceeds its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal ("FVLCOD) and its value-in-use ("VIU"). A VIU approach is used to estimate the recoverable amount of the CGU to which each goodwill component is allocated. Based on this assessment no impairment was identified for any CGU therefore a FVLCOD calculation was not required.

Goodwill and other intangible assets with indefinite useful lives are tested at least annually for any impairment. All CGUs were tested for impairment at the reporting date. The recoverable amounts of CGUs have been determined on a consistent basis to 30 June 2021.

The recoverable amount of the cash generating unit ("CGU") was calculated on the basis of value in use using a discounted cash flow model. Future cash flows were projected out five years, based on a conservative 2% terminal growth rate based on Board approved business plans for the year ended 30 June 2023, with key assumptions being EBITDA and capital expenditure for the CGU. A post-tax discount rate of 9.7% was utilised for all the CGU's (2021: 8.5%). The values assigned to the key assumptions represent management's assessment of future trends in the steel industry and are based on both external sources and internal sources (historical data). The cash flows beyond the five year period have been extrapolated on a similar basis. A reasonable possible change in assumptions will not result in an impairment.

KEY POLICY **Goodwill - Recognition and Measurement**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition.

Goodwill on acquisition of businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually and more frequently, if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment

Impairment is determined by the CGU (group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised firstly in relation to the goodwill and then pro rata to the other assets. Any impairment loss is recognised immediately in profit and loss and if it relates to goodwill is not reversed in a subsequent period.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

Computer Software

Computer software has been predominantly internally developed and have a finite useful life. Computer software costs are capitalised and written off on a straight line basis over the useful economic life of 2 to 5 years. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Customer Book

The customer book relates to the Horan Steel Holdings Pty Limited acquisition. It was recognised at the fair value at the date of acquisition and subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives (being 5 years).

13. TRADE AND OTHER PAYABLES

NZD $000'	2022	2021
Trade payables	150,089	124,002
Employee benefits	14,399	12,759
Other taxes (GST)	2,661	3,133
	167,149	**139,894**

Payables denominated in currencies other than the functional currency comprise 62% of trade payables (2021: 65%).

KEY POLICY **Trade and other payables**

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the Group. They are non-interest bearing and are normally settled on 30-90 day terms.

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payment in respect of the purchase of these goods and services.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

14. INTEREST-BEARING LIABILITIES

NZD $000'	2022	2021
Secured bank loans - current	-	-
Secured bank loans - non current	210,970	80,000
	210,970	**80,000**

The loans under the Bank of New Zealand, National Australia Bank Ltd, Westpac New Zealand Ltd and MUFG Bank Ltd facility have a final repayment date of 3 July 2025. Loans are drawn down on a rolling basis as necessary.

Security

The loans have been provided by Bank of New Zealand, National Australia Bank Ltd, Westpac New Zealand Ltd and MUFG Bank Ltd under a facility agreement dated 28 June 2018 (as amended and restated most recently on 1 April 2022) together with tranche letters with each bank.

The Group is not subject to any externally imposed capital requirements, other than those imposed by the banks under the financing arrangements.

The Group will not create a security interest over all of the assets of the Group other than the first ranking security interest created under the General Security and Common Terms Deed in favour of Bank of New Zealand dated 15 December 2011 (as amended and restated on 22 September 2014) (and equivalent security that has been granted by the members of the Group incorporated in Australia).

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no breaches of debt covenants for the current or prior period.

Bank borrowings are initially recognised at fair value net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method where appropriate. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for more than 12 months after balance date.

NZD $000'	2022	2021
Unused lines of credit		
Bank overdraft facilities	4,215	4,148
Borrowing facility	30,080	111,318
	34,295	**115,466**

15. SHARE CAPITAL

	2022		2021	
FULLY PAID ORDINARY SHARES	**Number of Shares**	**Share Capital $000'**	**Number of Shares**	**Share Capital $000'**
Opening Balance	131,408,572	11,988	131,383,572	11,862
Issue of Shares	-	-	25,000	126
Closing Balance	131,408,572	11,988	131,408,572	11,988

All shares are fully paid. All ordinary shares carry one vote per share, carry a right to dividends and a pro rata share of net assets on a wind up.

KEY POLICY Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

16. EARNINGS PER SHARE

NZD $000'	2022	2021
Profit after tax	**123,984**	**64,832**
Ordinary shares outstanding (number of shares)	131,408,572	131,408,572
Basic earnings per share	$0.94	$0.49
Diluted earnings per share	$0.94	$0.49

KEY POLICY Basic earnings per share is calculated by dividing the profit after tax of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

17. EMPLOYEE SHARE BASED COMPENSATION

Gifting of Shares

On 31 May 2022, Mary and Peter Wells made a gift of 250 shares each in Vulcan Steel Limited (the Company) via their shareholding entity Takutai Limited, to 839 Vulcan employees across New Zealand and Australia. Peter Wells is the founder and a current director and shareholder of Vulcan Steel Limited. The offer was open to all employees employed on 18 March 2022 and still employed on 31 May 2022, but was not dependent on continued employment past this date.

Takutai Limited also funded the tax liabilities of the Company and its employees arising from the gift of shares.

Takutai Limited acquired the shares on market and the Company did not provide any financial assistance to Takutai Limited in connection with the acquisition of the gift offer shares. The Company has facilitated the delivery of these shares by entering into an arrangement with Sharesies to provide the platform to transfer the shares to each employee and by the payment of associated tax liabilities for both the Company and its employees. The tax liabilities of the employees were paid via the payroll system. Takutai Limited reimbursed the Company for these tax payments.

The Company has incurred costs associated with the administration of this transaction which included fees for legal advice and fees paid to Sharesies Limited for the use of their trading platform and will not be reimbursed for these costs.

The share gift has been accounted for in accordance with New Zealand IFRS 2 for share-based payment resulting in a NZ$1,982,000 non-cash expense item and an offsetting increase in reserves.

NZD $000'	2022	2021
Included in profit before tax:		
Value of shares gifted to employees	1,982	-
Tax liabilities	1,285	-
Reimbursement from Takutai Limited of tax liabilites	(1,285)	-
Costs associated with administration of the transaction	232	-
	2,214	
Included in reserves		
Transfer of shares from Takutai Limited to employees	1,982	-

EMPLOYEE SHARE BASED COMPENSATION (CONTINUED)

Employee Share Rights Scheme (wound up in the year ended 30 June 2021)

The Vulcan Steel Limited Share Scheme was introduced with an effective date of 1 April 2016 for selected directors. Under this restricted share scheme, ordinary shares in the Company were issued to Vesta Trustee Limited on behalf of the participants via funds lent by the Company. If the individual is still employed by the Group at the end of the vesting period (annually over a five year period), then the employee is provided a cash bonus which must be used to repay the loan and the shares are then transferred to the individual. This scheme is no longer in operation.

The fair value of share rights is independently determined using a discounted dividend approach.

In 2021, the Group paid a number of employees a bonus in shares, based on past performance. The total number of shares was 900,000, which totalled to $5,711,440 (2022: $nil).

Performance Share Rights Plan

The Company has established a Long-Term Incentive Plan (LTIP), effective 1 July 2021, to assist in the motivation, retention and reward of eligible employees. The LTIP is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for certain employees to receive an equity interest in the Company.

The Board may determine the individual employees who are eligible to participate in the LTIP from time to time. Determination of eligibility is at the Board's sole and absolute discretion.

Under the LTIP, the Company may grant Performance Share Rights (PSR) to a Participant. Each PSR unit entitles the holder (at no cost to the Participant) to one ordinary share in the Company. Unless otherwise stated, PSR grants are to be made annually on 1 July.

All incentives have a 3-year vesting period. The LTIs are split into 2 components ("Tranche 1" and "Tranche 2"). Each Tranche contains 195,811 PSR and a combined face value of $2,945,000. The vesting criteria for Tranche 1 is based on Return on Capital Employed ("ROCE") thresholds while Tranche 2 is based on the Company's total shareholder return ("TSR") ranking relative to a "Benchmark Group". For both tranches the individual must remain employed by the Company until the rights have vested.

The Benchmark Group comprises companies in the ASX 300 index (excluding mining, energy and financial companies). The measurement of both the Company's and benchmark TSRs will be the gross return based upon any capital gains (losses) and the cash component of dividends only (i.e., excluding returns attributable to franking credits). The share price returns of the Company and/or the Benchmark Group will also be adjusted for:

- The impact of bonus issues and /or capital reconstructions; and
- Referenced to the 20-day Volume Weighted Average Price ("VWAP") of the Company's share price prior to the testing date.

The total expense recognised in the year to 30 June 2022 in relation to equity settled share based payments was $701,004 (2021: $nil). No rights were exercised during the year.

KEY POLICY The fair value of PSRs are recognised as an expense in the Statement of Profit or Loss over the vesting period of the rights with a corresponding entry to the share based payments reserve.

Measurement

The fair value of PSRs is independently determined using a Monte Carlo simulation valuation methodology. The fair value of ESRs is independently determined using a discounted dividend approach. The key inputs and assumptions are included in the table below. Guerdon Associates completed the valuation.

Movements in the number of share rights outstanding and their exercise prices are as follows:

	2022		2021	
	Performance Share Rights	Employee Share Rights	Performance Share Rights	Employee Share Rights
Number outstanding				
As at beginning of the year	-	-	-	515
Granted during the year	391,622	-	-	-
Vested during the year	-	-	-	(515)
Lapsed during the year	-	-	-	-
As at end of the year	391,622	-	-	-
Exercisable at year end	-	-	-	-
Number of employees holding PSRs and ESRs	3	-	-	-
Weighted average remaining contractual life (months)	24	-	-	-
Fair value of rights granted during the year ($000)	$2,103	-	-	-
Fair value of rights granted during the year ($ per share)	$5.37	-	-	-
Key inputs and assumptions used in fair value of grants during the year				
Share price at grant date	$7.52	-	-	-
Contractual life (years)	3	-	-	-
Expected volatility (i)	39.31%	-	-	-
Expected dividend yield	5.25%	-	-	-
2 and 5 year weighted average NZD risk free rate	1.18%	-	-	-

(i) The expected share price volatility is derived by analysing the historical volatility of peer companies over the most recent historical period corresponding to the term of the PSR or ESR.

18. RESERVES AND DIVIDENDS

NZD $000'	2022	2021
Capital reserve	8,548	8,548
Cash flow hedge reserve	3,607	875
Foreign currency translation reserve	1,209	(4,677)
Share based payment reserve	2,683	-
	16,047	**4,746**

Nature and purpose of reserves

Capital reserve

The capital reserve relates to capital gains and losses transferred from retained earnings. These reserves can be distributed tax free on the eventual wind-up of the company.

Cash flow hedge reserve

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share based payment reserve

This reserve is used to recognise the fair value of shares and PSRs granted but not exercised or lapsed. Tax deductions in excess of the cumulative share based payment expense are recognised in equity. Amounts are transferred to share capital (including income tax benefits) when the vested shares or PSRs are exercised or lapse.

Dividends

All dividends are recognised as distributions to shareholders.

Dividends of $104,137,357 were declared and paid by the Group to qualifying shareholders during the year ended 30 June 2022 (2021: $53,000,000, of which $5,000,000 was declared on 8 June 2020 and paid 30 August 2020).

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2021	
NZD $000'	Assets	Liabilities	Assets	Liabilities
Foreign currency forward exchange contracts - cash flow hedges	5,039	-	1,227	-

KEY POLICY **Derivatives**

The Group uses derivative financial instruments to hedge its exposure to foreign exchange using foreign currency forward exchange contracts. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and deemed effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset.

Cash flow hedges

The Group designates certain derivatives as hedging instruments in respect of cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

(i) there is an economic relationship between the hedged item and the hedging instrument;

(ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and

(iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gains or losses in the cash flow hedge reserve are reclassified or recognised in the profit or loss in the same period as the hedged item affects profit or loss in the same line as the hedged item. If the hedged item is a non financial item, the amount accumulated in the cash flow hedge reserve is removed from equity and included in the initial carrying amount of the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

20. FINANCIAL INSTRUMENTS

KEY POLICY Financial assets and financial liabilities are recognised in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

Shareholder loan accounts, cash and cash equivalents and trade receivables are measured subsequently at amortised cost. Derivatives are measured subsequently at fair value through profit or loss (FVTPL).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see derivatives and hedge accounting policy).

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank accounts.

Financial Liabilities

The Group's financial liabilities include trade and other payables and lease liabilities.

All financial liabilities other than derivatives are measured at amortised cost. They are measured at fair value (minus transaction costs directly attributable) on initial recognition and then subsequently measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all transaction costs and other premiums or discounts), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

Fair Value Estimation

NZ IFRS 13 for financial assets and liabilities measured at fair value requires disclosure of the fair value measurements by level from the fair value hierarchy, described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; or

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); or

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All the Group's financial instruments held at fair value have been measured at the fair value measurement hierarchy of level 2 (2021: level 2).

The carrying value of the Group's financial assets and liabilities approximate the fair values.

Financial risk management

The Group's activities expose it to a variety of financial risks - market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors has approved policies and guidelines for the Group that identify and evaluate risks and authorise financial instruments to manage financial risks. These policies and guidelines are reviewed regularly. Management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's profit or the value of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group enters into derivative arrangements in the ordinary course of business to manage foreign currency risks. Market risk exposures are analysed by sensitivity analysis.

FINANCIAL INSTRUMENTS (CONTINUED)

(i) Foreign exchange risk

The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the Company's functional currency, New Zealand dollars ($), which is the presentation currency of the Group. The currencies in which transactions are primarily denominated are Australian dollars (AUD) and US dollars (USD). At any point in time the Group hedges at least 95 percent of its estimated foreign currency exposure in respect of purchases over the following 9 months. The Group uses forward exchange contracts to hedge its foreign currency risk. All of the forward exchange contracts have maturities of less than one year at the balance sheet date.

The carrying amounts of significant non derivative financial assets and liabilities are denominated in the following foreign currencies:

NZD $000'	NZD	AUD	Total
2021			
Cash	4,833	5,330	10,163
Trade receivables	49,972	78,169	128,141
Trade and other payables	(41,630)	(82,372)	(124,002)
Borrowings	(80,000)	-	(80,000)
	(66,825)	**1,127**	**(65,698)**
2022			
Cash	(725)	24,758	24,033
Trade receivables	62,476	94,764	157,240
Trade and other payables	(57,214)	(92,875)	(150,089)
Borrowings	(170,000)	(40,970)	(210,970)
	(165,463)	**(14,323)**	**(179,786)**

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign exchange risk. A sensitivity of +/-10% has been selected. The Group believes that this is reasonably possible given the exchange rate volatility observed on a historical basis. All variables other than the applicable exchange rates are held constant:

NZD $000'	2022		2021	
Foreign exchange rate change	**-10%**	**+10%**	**-10%**	**+10%**
Impact on profit after tax	6,782	(5,549)	2,283	(1,868)
Impact on hedging reserves (within equity)	(361)	361	(87)	87
	6,421	**(5,188)**	**2,196**	**(1,781)**

(ii) Interest rate risk

Interest rate risk is the risk that the value of the Company and Group's assets and liabilities will fluctuate due to changes in market interest rates. Both the Company and the Group are exposed to interest rate risk primarily through its cash balances and interest-bearing liabilities.

The Group has a policy of managing its interest rate risk by fixing borrowings for up to 180 days. The Group does not use derivatives to manage interest rate risk.

At 30 June 2022 the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

NZD $000'	2022	2021
Financial Assets		
Cash and cash equivalents	24,033	10,613
Total financial assets exposed to interest rate risk	24,033	10,613
Financial Liabilities		
Interest-bearing liabilities	210,970	80,000
Total financial liabilities exposed to interest rate risk	210,970	80,000
Net exposure	**(186,937)**	**(69,387)**

The following table summaries the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. A 0.25% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All variables other than the applicable interest rates are held constant:

NZD $000'	2022		2021	
Interest rate change	**-0.25%**	**+0.25%**	**-0.25%**	**+0.25%**
Impact on profit after tax	(247)	247	178	(178)
Impact on hedging reserves (within equity)	-	-	-	-
	(247)	247	178	(178)

b) Credit risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through trade receivables, financial instruments, and cash and cash equivalents in the normal course of business. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance Sheet.

Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered. Where available the Group reviews external ratings. In other instances bankers' references are obtained. Purchase limits are reviewed on a regular basis.

The Group may require collateral in respect of trade and other receivables.

Vulcan Australia operations are insured by Euler Hermes for any loss sustained, to permitted limits, as a result of the insolvency or protracted default of customers, provided the delivery of goods or services occurs within the policy period.

The Group's exposure to credit risk from cash, bank accounts, deposits and derivatives is limited due to the credit rating of the financial institutions concerned.

c) Liquidity Risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

The analysis below has been determined based on contractual maturity dates and circumstances existing at 30 June 2022. The expected timing of actual cash flows from these financial instruments may differ.

NZD $000'	Payable < 1 year	Payable 1-2 years	Payable 2-5 years	Payable > 5 years	Total contractual cashflows
2021					
Non derivative financial liabilities					
Trade payables	124,002	-	-	-	124,002
Lease liabilities	13,078	13,314	43,802	124,487	194,681
Interest bearing liabilities	-	-	80,000	-	80,000
Derivative financial liabilities					
Forward exchange contracts	17,170	-	-	-	17,170
Group contractual cashflows	**154,250**	**13,314**	**123,802**	**124,487**	**415,853**
2022					
Non derivative financial liabilities					
Trade payables	150,089	-	-	-	150,089
Lease liabilities	14,004	13,630	43,332	131,314	202,280
Interest bearing liabilities	-	-	210,970	-	210,970
Derivative financial liabilities					
Forward exchange contracts	30,559	-	-	-	30,559
Group contractual cashflows	**194,652**	**13,630**	**254,302**	**131,314**	**593,898**

Capital Management

The Group's capital consists of debt and leases, cash and cash equivalents, and equity, including share capital, reserves and retained earnings as shown in the Balance Sheet. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the required capital structure the Group may issue new shares, sell assets to reduce debt and/or adjust amounts paid to investors.

The Group is not subject to any externally imposed capital requirements, other than those imposed by the bank for financing. The Group will not create a charge over secured property other than created by the general security agreement with BNZ/Westpac/MUFG dated 22 September 2014. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's management of capital during the period.

21. CAPITAL COMMITMENTS

Total capital expenditure for property plant and equipment contracted as at balance date but not provided for in the financial statements was $4,382,445 (2021:5,199,658).

22. CONTINGENT LIABILITIES

There is a bank guarantee with National Australia Bank Ltd of $11.0m (2021:$8.7m) over property in Australia.

23. RELATED PARTIES

The Group has related party relationships with its controlled entities and with key management personnel.

The subsidiaries in the Group are:

SUBSIDIARIES	Principal Activity	Place of Incorporation	2022 Holding	2021 Holding
Vesta Trustee Limited	Trustee	New Zealand	100%	100%
Vulcan Steel Pty Limited	Steel Distribution	Australia	100%	100%
Global Metals Pty Limited (non-trading, in liquidation)	Steel Distribution	Australia	100%	100%
Interlloy Pty Limited (non-trading, in liquidation)	Steel Distribution	Australia	100%	100%
Horan Steel Holdings Pty Limited (non-trading, in liquidation)	Steel Distribution	Australia	100%	100%

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL NZ$000'	2022	2021
Salaries paid (including Kiwisaver and cashed-up annual leave)	2,656	1,445
Bonuses paid	200	2,028
Total remuneration	2,856	3,473

Key management includes the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer. In addition Directors' fees of $834,186 (2021: $639,041) were paid.

Shareholder loan accounts - management personnel

As at 30 June 2022 there were no shareholder loans.

Building leases

The following table shows the lease principals paid to Vulcan's related party landlords during the year, together with the outstanding lease liabilities payable. Some investors in the property syndicates listed below are Directors and senior management of the company (being Peter Wells, Wayne Boyd, and Adrian Casey)

	2022		2021	
NZD $000'	Principal Lease Payment	Lease Liability Outstanding	Principal Lease Payment	Lease Liability Outstanding
Tri-Nation Investments Pty Ltd	3,054	35,719	2,886	24,389
Pounamu Investments Ltd	1,265	9,666	1,265	10,354
Palmerston North Investments Ltd	613	4,208	613	4,568
Texas Properties Ltd	527	3,693	527	3,998
Plasma Investments Ltd	364	2,067	361	2,256
Angitu Limited Partnership	572	3,743	319	3,995
	6,395	**59,096**	**5,971**	**49,560**

An arms length transaction was completed during the year ended 30 June 2021 for a sale and lease back of a property to Angitu Limited Partnership. The sale price was $10 million.

Gifting of Shares

On 31 May 2022 Mary and Peter Wells (founder, Director and shareholder) made a gift of shares in Vulcan Steel Limited to company employees via their shareholding in Takutai Limited. Refer to note 17 for details of this gift.

24. EVENTS OCCURRING AFTER BALANCE DATE

Dividend

On 24 August 2022, the Directors approved a final dividend of 37.5 cents per share totalling $49.3 million. The dividend record date is 23 September 2022 and payment will occur on 7 October 2022. The dividend will be fully franked and 80% imputed.

Acquisition

On 22 July 2022, the Company signed a conditional sale and purchase agreement with Gilbert Ullrich, the founder owner of Ullrich Aluminium Co Limited ("Ullrich") to acquire 100% of the company for approximately $165m, which represents the projected book value of net assets and net debt as at 31 July 2022 excluding $79m capitalised lease obligations.

Ullrich is a major integrated distributor of industrial aluminium products in Australasia with a large sales network, together with extrusion facilities and fabrication operations. The acquisition of Ullrich significantly adds to the network reach and scale of the Group and supports the Group's growth strategy.

The $165m transaction price –the enterprise value -comprises the purchase of the business for projected net tangible assets (NTA) of $131m and net debt within Ullrich of $34m (both of which are subject to finalisation of accounts through to 31 July 2022). The consideration for the acquisition has been fully debt-funded.

Key conditions in the sale and purchase agreement were satisfied on 1 August 2022 and the company took control of Ullrich from that date. The accounting for this acquisition had not been completed at the date of issue of these financial statements. Therefore it is impracticable to disclose the acquisition date fair value of the amount recognised as at the acquisition date for each major class of assets acquired and liabilities assumed.

No other matters or circumstances have arisen since the end of the financial year which significantly affect the company, the results of those operations, or the state of affairs of the company in future financial years.

Deloitte.

INDEPENDENT AUDITORS REVIEW REPORT TO THE SHAREHOLDERS OF VULCAN STEEL LIMITED

Opinion

We have audited the consolidated financial statements of Vulcan Steel Limited and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 72 to 97, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Group in the areas of greenhouse gas inventory assurance review, the provision of taxation advice and IPO investigative accounting services.These services have not impaired our independence as auditor of the Company and Group. The firm has no other relationship with, or interests in, the Company or any of its subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVENUE CUT-OFF

The Group reported revenue of $973 million during the year, increased by 33% from $732 million in 2021 as set out in note 4 of the financial statements.

The Group recognises revenue from the processing and distribution of steel and metal products. The Group's policy is to recognise revenue when goods are delivered to customers, which is the point when control is transferred to customers and the performance obligation is fullfiled.

Revenue cut-off is a key audit matter due to the significance of the revenue balance to the Group and the potential impact that would arise from revenue being recorded in the incorrect period.

In particular, cut-off risk arises due to large volume of orders being placed on or around balance date and the process to trigger revenue recognition in the accounting system.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our audit approach focused on the recording of revenue around year end by performing the following procedures:

- Obtained an understanding of the revenue process and controls through corroborative inquiry and walkthroughs of key controls over the recording of revenue;
- For a sample of revenue transactions recorded in the period leading up to and post year end, assessed whether the timing of revenue recognition was appropriate by inspecting the supporting documentation, such as shipping documents and Incoterms, that evidence appropriate point of recognition has passed; and
- Tested manual journal entries posted to revenue accounts close to year end by applying analytical procedures designed to identify entries that were not in accordance with our expectations.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and ISAs (NZ) 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 financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Andrew Boivin, Partner
for Deloitte Limited
Auckland, New Zealand
24 August 2022

This audit report relates to the consolidated financial statements of Vulcan Steel Limited (the 'Company') for the year ended 30 June 2022 included on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 24 August 2022 to confirm the information included in the audited consolidated financial statements presented on this website.

Glossary

2022 Annual Report	Vulcan's annual report for FY22 dated 24 August 2022
AGM	annual general meeting of shareholders
ARMC	Vulcan's Audit and Risk Management Committee
ASX	Australian Securities Exchange
ASX Recommendation	a recommendation developed by the ASX Corporate Governance Council and set out in the ASX Corporate Governance Principles and Recommendations (fourth Edition)
Balance Date	30 June 2022
Board	Vulcan's Board of Directors
CFO	Vulcan's Chief Financial Officer
Committees	ARMC and PRC
Companies Act	Companies Act 1993 (New Zealand)
Constitution	Constitution as adopted by Vulcan on listing on 4 November 2021
COO	Vulcan's Chief Operating Officer
Corporations Act	Corporations Act 2001 (Cth) (Australia)
Deloitte	Deloitte Limited (New Zealand)
Executive KMP	MD and CEO, COO and CFO, which for FY22 was Rhys Jones, Adrian Casey and Kar Yue Yeo respectively
FMC Act	Financial Markets Conduct Act 2013 (New Zealand)
FY22	financial year starting 1 July 2021 and ended on 30 June 2022
Group	Vulcan and each of its subsidiaries, including Vulcan Steel (Australia) Pty Limited (ACN 100 061 283), Global Metals Pty limited (ACN 003 981 664), Interlloy Pty Limited (ACN 005 609 405), Horan Steel Holdings Pty Limited (ACN 101 349 348) and Vesta Trustee Limited (NZBN 9429046039262)
Leadership Team	Rhys Jones (MD and CEO), Adrian Casey (COO), Kar Yue Yeo (CFO), James Wells (Chief Information Officer), Helene Deschamps (Leadership Development), Brendon Chandulal (Australian Leader), Matthew Lee (Australian Leader) and Bradley Childs (Australian Leader)
MAP	market announcement platform
MD and CEO	Vulcan's Managing Director and Chief Executive Officer
NZX	New Zealand Stock Exchange
NZX Code	NZX Corporate Governance Code (dated 10 December 2020)
Personnel	all Vulcan employees, contractors, consultants, managers and the Board, including temporary employees, contractors and directors of Vulcan
PRC	Vulcan's People and Remuneration Committee
Prospectus	prospectus issued by Vulcan on 15 October 2021, which contained an initial public offering to acquire fully-paid ordinary shares in Vulcan
Shareholders	shareholders of Vulcan
Statement	Vulcan's corporate governance statement for the reporting period ended on 30 June 2022
Vulcan	Vulcan Steel Limited (NZBN 9429038466052 /ARBN 652 996 015)

Corporate Directory

BOARD OF DIRECTORS

Russell Chenu (Chairman)
Peter Wells
Wayne Boyd
Rhys Jones
Bart De Haan
Pip Greenwood
Carolyn Steele (appointed 16 August 2021)

EXECUTIVE TEAM

Rhys Jones
CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Kar Yue Yeo
CHIEF FINANCIAL OFFICER

Adrian Casey
CHIEF OPERATING OFFICER

REGISTERED OFFICE

New Zealand
Grant Thornton New Zealand Limited
152 Fanshawe Street
Auckland, New Zealand

Australia
Pitcher Partners Advisors Proprietary Limited
Level 13, 664 Collins Street
Docklands, VIC 3008

ADMINISTRATIVE OFFICE

29 Neales Road
East Tamaki
Auckland, New Zealand

SHARE REGISTRY

Vulcan's register of securities is maintained by Link Market Services Limited, and is held at the following addresses:

In Australia:
Level 12, 680 George Street
Sydney, NSW 2000
Telephone: +61 1300 554 474

in New Zealand:
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
Telephone: +64 9 375 5998

AUDITORS

Deloitte Limited

COMPANY NUMBERS

NZ Incorporation: 681317
Vulcan Steel Limited NZBN: 9429038466052
Vulcan Steel Pty Limited ABN: 61 100 061 283

VULCAN.

VULCAN.CO