



**VULCAN**▲

INTERIM REPORT 2023

## Appendix 4D – Half Year Report

### Details of the company and reporting periods

Name of entity	Vulcan Steel Limited (“Vulcan”)
ARBN	652 996 015 (incorporated in New Zealand)
Current reporting period	Half year ended 31 December 2022 (“1H FY23”)
Previous corresponding reporting period	Half year ended 31 December 2021 (“1H FY22”)
Release date	14 February 2023

### Result for announcement to the market

Financial Performance (NZ\$ million, unless stated)			1H FY23	1H FY22
Revenue from ordinary activities	Up	+38% to	638.0	463.0
EBITDA <sup>1</sup> before significant items <sup>5</sup>	Down	-3% to	115.1	118.1
EBIT <sup>2</sup> before significant items <sup>5</sup>	Down	-10% to	94.1	104.8
Net financing costs	Up	145% to	-17.4	-7.1
Profit before tax and significant items <sup>5</sup>	Down	-6% to	76.7	81.9
Income tax	Down	-20% to	-22.4	-28.0
NPAT <sup>3</sup> from ordinary activities before significant items <sup>5</sup>	Down	-22% to	54.4	69.7
Significant items <sup>4</sup>	Down	-100% to	-	-15.8
NPAT from ordinary activities after significant items	Up	+1% to	54.4	53.9
Earnings per share before significant items	Down	-22% to	41.4	53.0

### Net Tangible Assets (NTA, NZ\$ per share)

As at	31 Dec 22	31 Dec 21
NTA per share attributable to Vulcan shareholders	1.21	0.96

### Dividends (NZ cents per share)

	FY23			FY22		
	Amount	Imputation*	Franking**	Amount	Imputation*	Franking**
Interim ordinary	24.5	100%	100%	27.5	100%	0%
Final ordinary dividend	-	-	-	37.5	80%	100%
Record date for determining entitlements to 1H FY23 interim dividend				10 March 2023		
1H FY23 Interim dividend payment date				6 April 2023		

\* At 28% corporate tax rate in New Zealand. \*\* At 30% corporate tax rate in Australia.

### Commentary on the results for the period

Additional disclosure requirements and supporting information for the Appendix 4D are contained within Vulcan’s FY23 Half Year Report. This Appendix should be read in conjunction with Vulcan’s Half Year Financial Report and other related releases.

This announcement was approved for release by Vulcan Board of Directors.

1. EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation.

2. EBIT – Earnings Before Interest and Tax.

3. NPAT – Net Profit After Tax attributable to shareholders.

4. Significant items in FY22 – Offer Costs incurred by Vulcan in relation to the public listing of the Company.

5. Profit before significant items is a non-IFRS measure reported to provide a greater understanding of the underlying business performance of Vulcan. The above disclosures are extracted or derived from the financial report for the period ended 31 December 2022, which has been reviewed by Deloitte. The Independent Auditor’s Review Report provided by Deloitte is included in Vulcan’s Half Year Report for the period ended 31 December 2022.

# Inside

It has been an eventful first half of FY23 at Vulcan, including the purchase of Ullrich Aluminium, the largest acquisition our company has made in its history.

Our business performed well despite an expected more testing environment than our last financial year. Vulcan's 1H FY23 results still represent one of the best periods for our company after a record FY22. The team at Vulcan have the tools, skills and experience to thrive through challenging conditions on our journey of growth.

We are excited by the opportunities to create long-term value for all of our stakeholders.

## 01

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01 / Half Year Operating  
and Financial Review

We have our  
eyes on the  
future



# Performance Highlights

REVENUE<sup>1</sup>

## NZ\$638m<sup>2</sup>

+38% on NZ\$463m in 1H FY22

GROSS PROFIT \$/TONNE<sup>1</sup>

## +30%

1H FY23 on 1H FY22

GROSS MARGIN

## 35.9%

-5.4% on 41.3% in 1H FY22

ADJUSTED EBITDA<sup>1,3</sup>  
(EXCLUDING SIGNIFICANT ITEMS<sup>4</sup>)

## NZ\$115m

(NZ\$97m pre-IFRS 16<sup>5,6</sup> basis)

-3% on NZ\$118m in 1H FY22

ADJUSTED NPAT<sup>5</sup>  
(EXCLUDING SIGNIFICANT ITEMS)

## NZ\$54m

(NZ\$57m pre-IFRS 16 basis)

-22% on NZ\$70m in 1H FY22

OPERATING CASH FLOW<sup>1</sup>

## NZ\$16m

vs NZ\$36m in 1H FY22

CUSTOMERS TRANSACTED  
WITH VULCAN<sup>7</sup>

## 11,941

+1% on 11,839 in 1H FY22

SALES VOLUME<sup>1</sup>

## 127,354t

-8% on 138,265 tonnes in 1H FY22

INTERIM DIVIDEND  
(TOTTALLING NZ\$32m)

## NZ 24.5c

vs NZ27.5c in 1H FY22

1. Included five months of aluminium contribution in 1H FY23. 2. m – millions. 3. Earnings before interest, tax, depreciation and amortisation. 4. 1H FY23: Statutory report included NZ\$3m gain on acquisition as required by NZ IFRS 3 for accounting treatment for business combination. 5. IFRS 16 – New Zealand accounting recognition of right of use assets and corresponding liabilities on leases adopted in FY20. 6. Pre-IFRS 16 – NZ International Accounting Standard 17 – accounting treatment of leases prior to the introduction of IFRS 16 in FY20. 7. Based on customers that transacted with Vulcan at least once in the relevant period, and excludes aluminium customers.

# Half Year Operating and Financial Review continued

**Vulcan (ASX: VSL, NZX: VSL) an Australasian-wide industrial product distributor and value-added processor recorded a sound performance for the six months ended 31 December 2022 (1H FY23, the first half of 2023 financial year)**

## Overview

### Statutory basis

- Revenue of NZ\$638m, up 38% from NZ\$463m in 1H FY22
- EBITDA of NZ\$115m, up 12% from NZ\$102m in 1H FY22
- NPAT of NZ\$54m, inline with 1H FY22
- EPS of 41.4 NZ cents, inline with 1H FY22

### Adjusted basis (excluding offer costs)

- EBITDA was NZ\$115m, down 3% in 1H FY23 from NZ\$118m in 1H FY22
- NPAT of NZ\$54m, down 22% in 1H FY23 from NZ\$70m in 1H FY22
- EPS of 41.4 NZ cents, down 22% in 1H FY23 from 53.0 NZ cents in 1H FY22

In August 2022, Vulcan expanded its Metals segment product offering in the market following the company's acquisition of Ullrich Aluminium business across Australia and New Zealand. Hence, the 1H FY23 result included five months of contribution from our aluminium business.

The first half of FY23 trading reflected ongoing normalisation from the previous peak demand period during FY22 as a result of COVID-19, and softness in Australian and New Zealand economic conditions. Reported revenue including the contribution from acquisition increased 38% year-on-year to NZ\$638m in 1H FY23 compared with NZ\$463m in 1H FY22. When excluding acquisition, revenue was up approximately 9% year-on-year (YoY) to NZ\$503m in 1H FY23.

Overall, like-for-like sales volume including our aluminium business declined by 15% year-on-year to approximately 127,000 tonnes in the first half of FY23. Our aluminium sales tonnes which accounted for approximately 8% of Group volume fell by 17% YoY during the five-month period in 1H FY23 compared with the corresponding period of FY22.

Encouragingly, active trading accounts for our Steel and Metals segment (excluding aluminium) lifted 1% half-year-on-half-year in 1H FY23 compared with 2H FY22.

Reported overall gross profit per tonne lifted approximately 30% in 1H FY23 compared with 1H FY22. Excluding the impact of aluminium, gross profit per tonne in 1H FY23 was 9% ahead of 1H FY22 and remains steady compared with the full year of FY22.

Because of higher average cost and selling price in 1H FY23, gross margin declined 5.4% to 35.9% in 1H FY23 compared with the 41.3% achieved in the corresponding period of FY22. In addition, due to the negative impact of inflation on our operating cost base, Vulcan's adjusted EBITDA margin retreated 7.5 percentage points from a historic peak of 25.5% in 1H FY22 to 18.0% in 1H FY23.

MILLION NZ\$ (unless stated)	EBITDA		EBIT		NPAT		EPS (NZ cents)	
	1H FY23	1H FY22	1H FY23	1H FY22	1H FY23	1H FY22	1H FY23	1H FY22
<b>Statutory basis</b>	<b>115.1</b>	<b>102.4</b>	<b>94.1</b>	<b>89.0</b>	<b>54.4</b>	<b>53.9</b>	<b>41.4</b>	<b>41.0</b>
+ IPO Offer costs	-	15.8	-	15.8	-	15.8	-	12.0
<b>Adjusted basis</b>	<b>115.1</b>	<b>118.1</b>	<b>94.1</b>	<b>104.8</b>	<b>54.4</b>	<b>69.7</b>	<b>41.4</b>	<b>53.0</b>
- Operating leases	-18.3	-11.8	-4.0	-2.9	2.8	2.0	2.2	1.5
<b>Adjusted pre-IFRS16 basis</b>	<b>96.8</b>	<b>106.3</b>	<b>90.1</b>	<b>101.9</b>	<b>57.2</b>	<b>71.7</b>	<b>43.5</b>	<b>54.6</b>

# Half Year Operating and Financial Review continued

## Steel

Steel revenue rose NZ\$17m (5%) to NZ\$317m in 1H FY23 from NZ\$300m in 1H FY22. Sales tonnes declined to approximately 94,500 tonnes in the first half of FY23, down 16% from 113,000 tonnes in the corresponding period of FY22. Average revenue per tonne rose NZ\$692 (26%) to NZ\$3,351 in 1H FY23 from NZ\$2,659 in 1H FY22.

Steel gross profit per tonne achieved in 1H FY23 was steady YoY compared with 1H FY22 but percentage gross margin was down 7.6 percentage points in 1H FY23 to 32.2% due to higher average cost and selling compared with 39.8% achieved in 1H FY22.

Steel EBITDA margin declined 7.8% to 20.3% in 1H FY23 from 28.1% in 1H FY22. As a result, EBITDA decreased NZ\$20m to NZ\$64m in 1H FY23 from NZ\$85m in 1H FY22.

## Metals

With five months of contribution from our aluminium business, Metals revenue increased NZ\$158m (98%) to NZ\$321m in 1H FY23 from NZ\$163m in 1H FY22. When excluding the contribution from our aluminium business, Metals revenue rose NZ\$24m (15%) to NZ\$187m.

Because of higher selling price for aluminium products, the average revenue per tonne rose NZ\$1,809 (28%) to NZ\$9,772 in 1H FY23 from NZ\$6,428 in 1H FY22.

On a like-for-like basis, Metals sales tonnes including aluminium declined to approximately 33,000 tonnes in the first half of FY23, down 12% from the corresponding period in FY22.

Excluding the impact of our aluminium business, Metals gross profit per tonne achieved in 1H FY23 was ahead of the corresponding period in FY22.

The Metals segment EBITDA of NZ\$67m in 1H FY23 included NZ\$23m of contribution from our aluminium business. Excluding this contribution, Metals EBITDA was comparable to the NZ\$44m recorded in 1H FY22.

POST IFRS 16 <sup>1</sup> MILLION NZ\$	Steel			Metals <sup>1</sup>		
	1H FY23	1H FY22	% Change	1H FY23	1H FY22	% Change
Revenue	316.5	300.3	5%	321.4	162.7	97%
Adjusted EBITDA <sup>1</sup>	64.3	84.5	-24%	66.6	44.3	50%
Sales (000 tonnes)	94.5	113.0	-16%	32.9	25.3	30%
Revenue/Tonne	3,351	2,659	26%	9,772	6,428	52%
EBITDA Margin <sup>1</sup>	20.3%	28.1%	-7.8%	20.7%	27.2%	-6.5%

<sup>1</sup> Includes five months of contribution from the aluminium business acquired.

# Half Year Operating and Financial Review continued

## Operating Expenditure (OPEX)

OPEX (before depreciation and amortisation) increased NZ\$41m (56%) to NZ\$114m in 1H FY23 from NZ\$73m in 1H FY22. This reflected a combination of the aluminium business acquired, higher headcount, and inflation on employee costs and other operating costs.

Due to the significant rise in general living costs, Vulcan paid to eligible employees a living cost support bonus in 1H FY23 to help alleviate the financial pressures on our team and their families. Travel cost was significantly higher during the period. Identifiable costs incurred for our aluminium business integration programme in 1H FY23 accounted for approximately NZ\$1.5m increase of the overall increase in OPEX.

Excluding the addition of our aluminium business and integration costs, OPEX (before depreciation and amortisation) increased NZ\$11m (15%) to NZ\$84m in 1H FY23 from NZ\$73m in 1H FY22.

Cost management is a key discipline embedded in Vulcan's business culture. With current market conditions and general business confidence expected to prevail for a period, Vulcan will further increase the company's efforts on initiatives to mitigate the impact of general inflation on our cost base.

MILLION NZ\$	1H FY23	1H FY22	% Change
Employee Benefits	70.7	47.3	50%
Selling & Distribution (S&D)	13.3	8.8	51%
Occupancy Costs	4.9	2.8	76%
General & Admin. (G&A)	25.1	14.1	78%
<b>Operating Expenses<sup>1,2</sup></b>	<b>114.0</b>	<b>73.0</b>	<b>56%</b>
Employee numbers (at period end)	1440	848	70%
Sales Volume (000 Tonnes)	127.4	138.3	-8%
Total OPEX/Tonne (\$)	895.4	528.0	70%

1. Exclude Depreciation & Amortisation  
2. Before significant items (offer costs in 1H FY22)

## Aluminium Business Integration Programme

The progress made in our aluminium business integration since acquisition has been encouraging.

A joint executive team was established immediately after Vulcan took ownership of the Ullrich Aluminium business on 1 August 2022. Key staff have also been appointed to spearhead workstreams and identify opportunities for improvements.

A focus in 1H FY23 has been to familiarise our aluminium team with the Vulcan business model as well as the company's culture - our principles and ethos. This is an ongoing investment of time by our leadership team which is expected to deliver improved operational and earnings outcomes going forward.

In December 2022, we completed the migration of our NZ aluminium business operating systems onto Vulcan's platforms. This is a critical milestone as our team will have greater visibility and more real-time information to facilitate timely decisions and business improvement initiatives. We expect our Australian aluminium business to be operating on Vulcan's platforms by late-FY23.

Our aluminium product procurement process and product offering are currently being streamlined which is anticipated to deliver positive benefits in FY24 and beyond.



# Half Year Operating and Financial Review continued

## Cash Flows

### Operating cash flows

Cash generated from our operations recorded a net NZ\$16m inflow in 1H FY23 compared with NZ\$36m achieved in 1H FY22. The cashflow generated from earnings were applied toward:

- Higher payments for inventory received in 1H FY23 (discussed in the "Balance Sheet" section)
- Higher tax payments in 1H FY23 which were related to terminal payments for higher FY22 earnings and FY23 provisional tax payments
- Increased funding costs which were due to higher debt level and interest rate increases

### Capital expenditure

Capital expenditure was NZ\$11m 1H FY23 compared with NZ\$5m in 1H FY22. We expect to incur between NZ\$25m and NZ\$27m of capital expenditure in the current financial year.

### Acquisition

The cash paid for our acquisition of the Ullrich Aluminium business in 1H FY23 amounted to NZ\$149m including debt assumed as part of the purchase. As agreed with the vendor and announced previously, a total \$20m of deferred settlement payments are scheduled for 2H FY23 relating to working capital to be reduced.

### Distribution

The NZ\$49m dividend paid in 1H FY23 reflected the final ordinary dividend of 37.5 NZ cents per share declared for FY22.

MILLION NZ\$	1H FY23	1H FY22	% Change
Receipts from customers	763.1	522.2	46%
Payments to suppliers & employees	-681.5	-456.8	49%
Interest paid	-7.6	-1.3	496%
Tax paid	-50.0	-22.8	119%
Lease interest paid	-8.0	-5.6	43%
<b>Net cash flows from operating activities</b>	<b>16.0</b>	<b>35.6</b>	<b>-55%</b>
Capital expenditure	-10.7	-5.3	102%
Business acquisition	-149.2	0.0	n.m.
Lease liability payments	-10.3	-6.2	66%
Dividends	-49.3	-68.0	-28%

# Half Year Operating and Financial Review continued

## Balance Sheet

### Working capital

Net working capital (excluding cash and tax payable) increased to NZ\$493m at 31 December 2022 from NZ\$343m on 30 June 2022. The addition of our aluminium business, higher stock level carried to accommodate previous longer lead times for inventory from suppliers, the timing of payments for stock received, higher unit cost for products and a decision taken to accommodate future growth led to greater investment in inventory. Our investment requirement in stock should begin to normalise in 2H FY23 and FY24.

### Debt

Excluding lease liabilities of NZ\$287m, Vulcan's net debt was NZ\$390m at 31 December 2022. This represented a NZ\$203m increase compared with a net debt position of NZ\$187m excluding NZ\$202m of lease liabilities on 30 June 2022. The increase since the end of FY22 reflects a combination of the debt-funded acquisition of our aluminium business and the timing of an increase in our working capital during 1H FY23.

At 1.7 times net debt to EBITDA cover and 16.3 times EBIT to net interest cover (twelve months to 31 December 2022 basis<sup>9</sup>), Vulcan remains well within its banking covenants. The company's debt facilities are due to mature between July 2024 and July 2026.

To accommodate our aluminium business acquisition and working capital requirement, Vulcan increased its total credit facilities from NZ\$250m as at the end of FY22 to NZ\$429m in 1H FY23. Vulcan will continue to optimise between the cost of carrying excess unutilised facilities and having sufficient funding flexibility with reference to credit market conditions over time.

### Funds Employed

Including NZ\$176m shareholders' funds and NZ\$287m lease liabilities, Vulcan's funds employed were NZ\$853m on 31 December 2022. The NZ\$278m increase from NZ\$575m on 30 June 2022 reflects a combination of our aluminium business acquisition and increased working capital requirement.

## Dividends<sup>10</sup>

The Board has declared a 24.5 NZ cent per share interim dividend. This dividend will be fully franked at 30% tax rate for Australian resident shareholders, and fully imputed at 28% tax rate for New Zealand resident shareholders. Australian-domiciled shareholders may benefit from their entitlement to receive an amount in supplementary dividend payment as an offset against New Zealand non-resident withholding tax payable on this imputed interim dividend.

Vulcan intends to impute or frank the company's final dividend for FY23 to the maximum level possible subject to New Zealand and Australian tax credits available. The company does not envisage to be able to fully impute or fully frank all future dividends.

MILLION NZ\$	31 Dec 22	30 Jun 22	% Change
Trade and other receivables	154.8	157.2	-2%
Inventories	492.5	353.2	39%
Less trade and other payables	-154.1	-167.1	-8%
<b>Working capital excluding tax items</b>	<b>493.2</b>	<b>343.3</b>	<b>44%</b>
Tax payable	-7.7	-29.7	-74%
<b>Working capital</b>	<b>485.5</b>	<b>313.6</b>	<b>55%</b>
Property, plant equipment	79.9	56.2	42%
Intangibles	16.8	12.8	31%
Right-of-use assets	261.7	180.7	45%
Other assets and liabilities	9.2	11.2	-17%
Lease liabilities	-286.8	-202.3	42%
Net bank debt	-390.4	-186.9	109%
<b>Net assets / Shareholders funds</b>	<b>176.0</b>	<b>185.3</b>	<b>-5%</b>

9. Pre-IFRS 16 basis as per agreement with lenders.

10. The company targets a 60%-80% annual distribution on statutory net profit after tax adjusted for significant items approved by the Board and intends to pay between 40%-50% of the expected annual dividend as interim dividend with the balance of 50%-60% to be paid as a final dividend.

# Half Year Operating and Financial Review continued

## Outlook

As outlined in August 2022 with our full year FY22 results, we expected the present financial year to be more challenging as the market begins to normalise from peak demand trading conditions arising from COVID-19, and as economic headwinds including higher interest rates begin to impact on the wider economy and our business.

We are encouraged by our margin performance in 1H FY23 despite a weaker market environment. The demand conditions observed in 1H FY23 are not expected to materially improve in 2H FY23 across the Australian and New Zealand markets. Based on current monetary policy settings, current business confidence levels and the uncertainty surrounding New Zealand's national election in October 2023, there are risks of further weakening in the New Zealand economy in the short term.

Our aluminium business has performed better in 1H FY23 than our initial expectations. Our goal is to maintain the present momentum in the remainder of FY23.

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**^ Our aluminium business has performed better in 1H FY23 than our initial expectations ^**

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# Our principles

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

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## 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 and metals 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.



# Our ethos

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

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## 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 misunderstanding

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.

# Thank you

Our culture – our principles and ethos – remains the primacy to delivering further successes. On behalf of the Board, we thank our team, customers, suppliers and shareholders for their ongoing commitment and support.



**Russell Chenu**  
DIRECTOR



**Rhys Jones**  
CHIEF EXECUTIVE OFFICER  
MANAGING DIRECTOR





## 02 / Financials

# Navigating through challenges



# Financial Statements

## Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (unaudited)

FOR THE SIX MONTHS TO 31 DECEMBER 2022

NZD \$000'	Notes	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
Revenue	5	637,960	462,993
Cost of sales		(408,844)	(272,013)
<b>Gross profit</b>		<b>229,116</b>	<b>190,980</b>
<b>Other income</b>	<b>5</b>	<b>34</b>	<b>-</b>
Selling and distribution expenses		(13,282)	(8,768)
General and administrative expenses		(121,769)	(93,199)
<b>Total operating expenses</b>	<b>6</b>	<b>(135,051)</b>	<b>(101,967)</b>
<b>Operating profit before financing costs</b>		<b>94,099</b>	<b>89,013</b>
Financing income		15	3
Financing expenses		(17,373)	(7,078)
<b>Net financing costs</b>		<b>(17,358)</b>	<b>(7,075)</b>
<b>Profit before tax</b>		<b>76,741</b>	<b>81,938</b>
Tax expense		(22,386)	(28,000)
<b>Profit after tax</b>		<b>54,355</b>	<b>53,938</b>
<b>Other comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss when specific conditions are met</i>			
Exchange differences on translation of foreign operations		(10,139)	(809)
Fair value gain/(loss) on cash flow hedges		(6,789)	(51)
Tax effect of movement in cash flow hedges		1,915	20
<b>Other comprehensive income, net of tax</b>		<b>(15,013)</b>	<b>(840)</b>
<b>Total comprehensive income</b>		<b>39,342</b>	<b>53,098</b>
<b>Attributable to:</b>			
Owners of Vulcan Steel Limited		39,342	53,098
Basic earnings (cents per share)	10	41.4	41.0
Diluted earnings (cents per share)	10	41.4	41.0



# Financial Statements *continued*

## Consolidated Balance Sheet (unaudited)

AS AT 31 DECEMBER 2022

NZD \$000'	Notes	Unaudited 31 Dec 2022	Audited 30 Jun 2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		-	24,033
Trade and other receivables		154,787	157,240
Inventories		492,525	353,243
Derivative financial instruments		-	5,039
<b>Total current assets</b>		<b>647,312</b>	<b>539,555</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		79,884	56,161
Right-of-use assets		261,749	180,705
Intangible assets		16,821	12,785
Deferred tax assets		11,004	6,174
<b>Total non-current assets</b>		<b>369,458</b>	<b>255,825</b>
<b>TOTAL ASSETS</b>		<b>1,016,770</b>	<b>795,380</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Bank overdraft		2,849	-
Trade and other payables		154,082	167,149
Derivative financial instruments		1,761	-
Lease liabilities		21,486	14,004
Tax payable		7,734	29,716
<b>Total current liabilities</b>		<b>187,912</b>	<b>210,869</b>
<b>Non-current Liabilities</b>			
Lease liabilities		265,349	188,276
Interest-bearing liabilities		387,558	210,970
<b>Total non-current liabilities</b>		<b>652,907</b>	<b>399,246</b>
<b>TOTAL LIABILITIES</b>		<b>840,819</b>	<b>610,115</b>
<b>EQUITY</b>			
Share capital	9	11,988	11,988
Retained earnings		162,307	157,230
Reserves		1,656	16,047
<b>TOTAL EQUITY</b>		<b>175,951</b>	<b>185,265</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,016,770</b>	<b>795,380</b>

# Financial Statements *continued*

## Consolidated Condensed Interim Statement of Changes in Equity (unaudited)

FOR THE SIX MONTHS TO 31 DECEMBER 2022

NZD \$000'	Notes	Share Capital	Retained Earnings	Share Based Payment Reserve	Other Reserves	Attributable to Owners of Vulcan Steel Ltd
<b>Balance as at 1 July 2021</b>		<b>11,988</b>	<b>137,383</b>	<b>-</b>	<b>4,746</b>	<b>154,117</b>
<b>Comprehensive income</b>						
Profit after tax		-	53,938	-	-	53,938
<b>Other comprehensive (loss)/income</b>						
Foreign currency translation reserve		-	-	-	(809)	(809)
Cash flow hedge reserve		-	-	-	(31)	(31)
<b>Total comprehensive income</b>		<b>-</b>	<b>53,938</b>	<b>-</b>	<b>(840)</b>	<b>53,098</b>
<b>Transactions with owners</b>						
Share based payments reserve		-	-	300	-	300
Dividends paid		-	(68,000)	-	-	(68,000)
<b>Balance as at 31 December 2021</b>		<b>11,988</b>	<b>123,321</b>	<b>300</b>	<b>3,906</b>	<b>139,515</b>
<b>Balance as at 1 July 2022</b>		<b>11,988</b>	<b>157,230</b>	<b>2,683</b>	<b>13,364</b>	<b>185,265</b>
<b>Comprehensive income</b>						
Profit after tax		-	54,355	-	-	54,355
<b>Other comprehensive (loss) income</b>						
Foreign currency translation reserve		-	-	-	(10,139)	(10,139)
Cash flow hedge reserve		-	-	-	(4,874)	(4,874)
<b>Total comprehensive income</b>		<b>-</b>	<b>54,355</b>	<b>-</b>	<b>(15,013)</b>	<b>39,342</b>
<b>Transactions with owners</b>						
Share based payments reserve		-	-	622	-	622
Dividends paid		-	(49,278)	-	-	(49,278)
<b>Balance as at 31 December 2022</b>		<b>11,988</b>	<b>162,307</b>	<b>3,305</b>	<b>(1,649)</b>	<b>175,951</b>

# Financial Statements *continued*

## Consolidated Condensed Interim Statement of Cash Flows (unaudited)

FOR THE SIX MONTHS TO 31 DECEMBER 2022

NZD \$'000'	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	763,082	522,208
Interest received	15	3
Payments to suppliers and employees	(681,459)	(456,822)
Tax paid	(50,041)	(22,840)
Interest paid	(7,598)	(1,275)
Lease interest paid	(8,033)	(5,626)
<b>Net cash flows from operating activities</b>	<b>15,966</b>	<b>35,648</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for business acquisition	(106,385)	-
Debt acquired	(42,793)	-
Sale of property, plant and equipment and intangibles	255	349
Purchase of property, plant and equipment and intangibles	(10,687)	(5,270)
<b>Net cash flows used in investing activities</b>	<b>(159,610)</b>	<b>(4,921)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liability payments	(10,271)	(6,213)
Drawdown/(repayment) of borrowings	177,799	46,000
Dividends paid	(49,278)	(68,000)
<b>Net cash flows from financing activities</b>	<b>118,250</b>	<b>(28,213)</b>
Net increase/(decrease) in cash	(25,394)	2,514
Effect of foreign exchange rates	(1,488)	(20)
Opening cash	24,033	10,163
<b>Closing cash/(overdraft)</b>	<b>(2,849)</b>	<b>12,657</b>
<b>RECONCILIATION OF CLOSING CASH</b>		
Cash and cash equivalents	(2,849)	12,657
<b>Closing cash</b>	<b>(2,849)</b>	<b>12,657</b>
<b>CASH FLOW RECONCILIATION</b>		
<b>Profit after tax</b>	<b>54,355</b>	<b>53,938</b>
Add/(deduct) non cash items:		
Amortisation of right of use assets	14,284	8,987
Depreciation, amortisation and impairment of other assets	6,730	4,355
Net loss/(gain) on disposal of assets	(61)	(71)
Other non-cash items	99	(156)
	<b>21,052</b>	<b>13,115</b>
<b>Net working capital movements:</b>		
Trade and other receivables	44,061	4,795
Inventories	(18,848)	(72,886)
Trade and other payables	(56,983)	31,446
Taxation payable	(25,778)	5,478
Deferred tax asset	(1,893)	(238)
	<b>(59,441)</b>	<b>(31,405)</b>
<b>Net Cash flows from Operating Activities</b>	<b>15,966</b>	<b>35,648</b>

# Financial Statements *continued*

## Condensed Notes to the Interim Consolidated Financial Statements (unaudited)

AS AT AND FOR THE SIX MONTHS TO 31 DECEMBER 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 period.

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 condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) as appropriate for Tier 1 for-profit entities' interim financial statements. The Group financial statements have been prepared in accordance with the New Zealand equivalent to International Accounting Standard 34 - Interim Financial reporting (NZ IAS 34). In complying with NZ IAS 34, these statements comply with International Standard 34 - Interim Financial Reporting.

These consolidated condensed interim financial statements have not been audited. The financial statements comply with IAS 34 Interim Financial Reporting and have been the subject of review by the auditor, pursuant to NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity, issued by the External Reporting Board. They do not include all of the notes normally included in an annual financial report, and should be read in conjunction with the audited financial statements for the year ended 30 June 2022.

#### Basis of measurement

The consolidated condensed interim financial statements have been prepared on the basis of historical cost with the exception of the revaluation of certain 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 condensed interim 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.

#### Significant accounting policies

The accounting policies and computation methods used in the preparation of the consolidated condensed interim financial statements are consistent with those used as at 30 June 2022 and 31 December 2021.

#### Changes to accounting policies

There are no new standards or amendments to standards applicable to the Group for the six months ended 31 December 2022 that have materially impacted the financial statements. No changes to accounting policies have been made during the period and policies have been consistently applied to all periods presented.

### 3. SIGNIFICANT TRANSACTIONS AND EVENTS FOR THE CURRENT PERIOD

#### 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 was 23 September 2022 and payment occurred on 7 October 2022. The dividend was 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 Company Limited ("Ullrich") to acquire 100% of the company.

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 consideration for the acquisition has been fully debt-funded. The accounting for this acquisition is outlined in Note 15.



#### 4. 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.

Aluminium – distribution of internally extruded standard and customised products and third party products including sheet, plate and coil products.

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.

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

NZD \$'000'	Unaudited 31 Dec 2022				Unaudited 31 Dec 2021			
	Steel	Metals	Corporate	Total	Steel	Metals	Corporate	Total
<b>Total operating revenue</b>	<b>316,535</b>	<b>321,425</b>	<b>-</b>	<b>637,960</b>	<b>300,311</b>	<b>162,682</b>	<b>-</b>	<b>462,993</b>
<b>EBITDA post IFRS16</b>	<b>64,257</b>	<b>66,567</b>	<b>(15,711)</b>	<b>115,113</b>	<b>84,498</b>	<b>44,344</b>	<b>(10,734)</b>	<b>118,108</b>
Significant items				-				(15,753)
<b>EBITDA post IFRS 16 and significant items</b>				<b>115,113</b>				<b>102,355</b>
Depreciation & amortisation				(21,014)				(13,342)
<b>EBIT</b>				<b>94,099</b>				<b>89,013</b>
Finance costs				(17,358)				(7,075)
<b>Profit before tax</b>				<b>76,741</b>				<b>81,938</b>
Tax expense				(22,386)				(28,000)
<b>Reported NPAT attributable to shareholders</b>				<b>54,355</b>				<b>53,938</b>
Depreciation & amortisation of PPE & intangibles				(6,730)				(4,355)
Amortisation of right of use assets				(14,284)				(8,987)
<b>Total depreciation &amp; amortisation</b>				<b>(21,014)</b>				<b>(13,342)</b>
Finance income				15				3
Finance charges - interest, line fees & other				(9,340)				(1,452)
Finance charges on lease liabilities				(8,033)				(5,626)
<b>Finance charges</b>				<b>(17,358)</b>				<b>(7,075)</b>
Principal lease payments	(7,205)	(10,968)	(131)	(18,304)	(6,711)	(5,128)	-	(11,839)
<b>Adjusted EBITDA pre-IFRS16</b>	<b>57,052</b>	<b>55,599</b>	<b>(15,842)</b>	<b>96,809</b>	<b>77,787</b>	<b>39,216</b>	<b>(10,734)</b>	<b>106,269</b>
<b>Significant items<sup>1</sup></b>								
IPO costs	-	-	-	-	-	-	(15,753)	(15,753)
<b>Total significant items</b>							(15,753)	(15,753)
TOTAL ASSETS <sup>2</sup>	383,983	605,879	26,908	1,016,770	424,303	319,486	51,591	795,380
TOTAL LIABILITIES <sup>2</sup>	165,501	240,367	434,951	840,819	201,836	146,548	261,731	610,115
<b>Geographical Information</b>	<b>NZ</b>	<b>Australia</b>	<b>Corporate</b>	<b>Total</b>	<b>NZ</b>	<b>Australia</b>	<b>Corporate</b>	<b>Total</b>
TOTAL OPERATING REVENUE	239,240	398,720	-	637,960	171,353	291,640	-	462,993
EBITDA post IFRS 16 and significant items	57,433	73,391	(15,711)	115,113	52,470	76,372	(26,487)	102,355
TOTAL NON CURRENT ASSETS <sup>2</sup>	107,599	230,937	30,922	369,458	57,330	173,912	24,583	255,825

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 financial statements.

2. Assets and liabilities for the comparative period have been presented at 30 June 2022.

**5. REVENUE**

NZD \$000'	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
Total operating revenue	637,960	462,993
Other income	34	-

**6. EXPENSES**

NZD \$000'	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
<b>Profit before tax includes the following expenses:</b>		
Employee benefit expenses	65,618	43,775
Defined contribution plans	5,120	3,507
Depreciation and amortisation	21,014	13,342
Selling and distribution	13,282	8,768
Occupancy costs	4,940	2,778
IPO costs	-	15,753
Other expenses	25,077	14,044
<b>Total selling, general and administrative expenses</b>	<b>135,051</b>	<b>101,967</b>

**7. EMPLOYEE SHARED BASED COMPENSATION****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"). 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.

The Benchmark Group comprise all 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 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.

An additional 372,417 PSR's (FY23 Grant) were granted in the current period with a combined face value of \$2,495,000. Grants previously issued were the FY22 Grant of 391,622 PSR's with a combined face value of \$2,945,000.

The total expense recognised in the period to 31 December 2022 in relation to equity settled share based payments was \$621,683 (2021: \$300,000). No rights were exercised during the year.

**8. IMPAIRMENT TESTING AND INTANGIBLES**

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 ("FVLCD") 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.

There are no indicators of impairment at 31 December 2022.

**9. SHARE CAPITAL**

FULLY PAID ORDINARY SHARES	Unaudited 31 Dec 2022		Audited 30 Jun 2022	
	Number of Shares	Share Capital \$000	Number of Shares	Share Capital \$000
Opening balance	131,408,572	11,988	131,408,572	11,988
Issue of shares			-	-
Employee share based payment plans			-	-
Repurchases of shares			-	-
Repayments of debt and equity securities			-	-
Number of shares on issue	131,408,572	11,988	131,408,572	11,988
<b>Closing balance</b>	<b>131,408,572</b>	<b>11,988</b>	<b>131,408,572</b>	<b>11,988</b>

**10. EARNINGS PER SHARE**

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
Profit after tax (\$000)	54,355	53,938
Weighted average ordinary shares outstanding (number of shares)	131,408,572	131,408,572
Basic earnings per share (cents per share)	41.4	41.0
Diluted earnings per share (cents per share)	41.4	41.0

**11. FINANCIAL INSTRUMENTS**

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.

**12. CAPITAL COMMITMENTS**

Total capital expenditure contracted as at balance date but not provided for in the accounts was \$4,732,423 (30 June 2022: \$4,382,445).

**13. CONTINGENT LIABILITIES**

There is a bank guarantee with National Australia Bank Limited of \$10.6m (30 June 2022: \$11.0m) over property in Australia.

**14. RELATED PARTY TRANSACTIONS**

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

Related party transactions continue to include key executive remuneration, lease payments on the buildings and dividends paid by the Group to its directors and shareholders. In addition to this, a long term incentive plan has been entered into by the Group for its key management personnel which includes two executive directors. Refer to note 7 for details on this arrangement.

## 15. ACQUISITION OF SUBSIDIARY

On 22 July 2022, the Company signed a conditional sale and purchase agreement with Gilbert Ullrich, the founder owner of Ullrich Aluminium Company Limited ("Ullrich") to acquire 100% of the company. Key conditions of the sale and purchase agreement were satisfied on 1 August 2022 and the Company took control of Ullrich from that date.

Ullrich is a major integrated distributor of industrial aluminium products in Australasia with a large sales network, 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 amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

NZD \$000'	2022
<b>Fair value of consideration transferred</b>	
Amount settled in cash	107,750
Deferred cash settlement	20,000
<b>Total</b>	<b>127,750</b>
Recognised amounts of identifiable net assets	
Property, plant and equipment	23,139
Customer list value	3,468
Deferred tax assets	1,319
Right-of-use assets	421
<b>Total non-current assets</b>	<b>28,347</b>
Inventories	126,775
Trade and other receivables	34,247
Prepayments	9,138
Cash and cash equivalents	1,365
<b>Total current assets</b>	<b>171,525</b>
Borrowings	42,793
Tax payable	5,606
<b>Total non-current liabilities</b>	<b>48,399</b>
Other liabilities	5,212
Capitalised lease obligations	444
Trade and other payables	18,359
<b>Total current liabilities</b>	<b>24,015</b>
<b>Identifiable net assets</b>	<b>127,458</b>
<b>Goodwill on acquisition</b>	<b>292</b>
Cash settled to date on acquisition	107,750
Cash acquired	(1,365)
	106,385
Debt acquired/assumed	42,793
<b>Net cash outflow on acquisition</b>	<b>149,178</b>
Acquisition costs charged to expenses	794

### Consideration transferred

The acquisition of Ullrich was settled in cash amounting to \$107,750,000 with a further \$20,000,000 payable by 30 June 2023. Acquisition-related costs amounting to \$793,617 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of administration expenses.

### Identifiable net assets

The fair value of the trade and other receivables acquired as part of the business combination amounted to \$34,247,131 with a gross contractual value of \$35,509,898. The best estimate at acquisition date of the contractual cash flows not to be collected is \$1,262,767.

### Goodwill

The calculation of goodwill of \$291,802 arising from the acquisition consists of growth expectations, expected future profitability, the skills and expertise of Ullrich's workforce and expected cost synergies. Goodwill has been allocated to the metals division and is not expected to be deductible for income tax purposes.



**Ullrich's contribution to the Group results**

Ullrich contributed \$134,350,295 revenue and \$20,552,887 to the Group's profit before tax for the period between the date of acquisition and the reporting date.

If the acquisition of Ullrich had been completed on the first day of the financial year, estimated Group revenues for the full half-year would have been \$662,827,475 and estimated Group profit before tax would have been \$79,075,503.

**16. EVENTS OCCURRING AFTER BALANCE DATE**

On 14 February 2023, the Directors approved an interim dividend of 24.5 cents per share totalling \$32.2m. The dividend record date is 10 March 2023 and payment will occur on 6 April 2023. The dividend will be fully franked and fully imputed.

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

## Directors' Declaration

The unaudited interim financial statements of Vulcan Steel Limited and its subsidiaries (the Group) for the half year ended 31 December 2022 were authorised for issue on 14 February 2023 in accordance with a resolution of the directors.

In accordance with ASX Listing Rule 4.2A.2A, the directors declare that, as at that date, and in the directors' opinion:

1. There are reasonable grounds to believe the Group will be able to pay its debts as and when they become due and payable: and
2. The relevant interim financial statements and notes comply with the accepted accounting standards in New Zealand.

For and behalf of the Board



**Russell Chenu**  
DIRECTOR



**Rhys Jones**  
CHIEF EXECUTIVE OFFICER  
MANAGING DIRECTOR



**INDEPENDENT AUDITORS REVIEW REPORT  
TO THE SHAREHOLDERS OF VULCAN STEEL LIMITED**

**Conclusion**

We have reviewed the consolidated condensed interim financial statements of Vulcan Steel Limited ('the Company') and its subsidiaries ('the Group') on pages 16 to 25 which comprise the consolidated condensed interim balance sheet as at 31 December 2022, and the consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated interim statement of cash flows for the six months ended on 31 December 2022, and condensed notes to the interim consolidated financial statements and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the 6 months ended on that date in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

**Basis for Conclusion**

We conducted our review in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Interim Financial Statements section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in Vulcan Steel Limited or its subsidiaries.

**Directors' responsibilities for the interim financial statements**

The directors are responsible on behalf of the Company for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibilities for the review of the interim financial statements**

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement.

We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly we do not express an audit opinion on the interim financial statements.

**Restriction on use**

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a review 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 engagement, for this report, or for the conclusions we have formed.

**Andrew Boivin, Partner  
for Deloitte Limited**

Auckland, New Zealand

14 February 2023

## Corporate Directory

### BOARD OF DIRECTORS

**Russell Chenu** (Chairman)

**Wayne Boyd**

**Rhys Jones**

**Adrian Casey** (appointed 20 October 2022)

**Bart De Haan**

**Carolyn Steele**

**Pip Greenwood** (retired 20 October 2022)

**Peter Wells** (retired 20 October 2022)

### 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.**

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