VULCAN

ANNUAL REPORT 2023

Forging ahead

As we collaborate with our new colleagues in aluminium, we are forging new pathways for growth. Our principles dedicated to improvement and ambition guide us at every step.

Economic ups and downs will not sway our motivation or determine our direction. We see challenges as opportunities to strengthen our resilience.

Years from now, we at Vulcan aim to reflect on this time, recognising it as another waypoint in our company's journey to create continued value for all stakeholders.

WE INVITE YOU TO JOIN US ON THIS JOURNEY ▶

Welcome to Vulcan's 2023 Annual Report covering the financial year ended 30 June 2023.

This report covers our performance in the financial year ended 30 June 2023, 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 2023 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 29 August 2023 and is signed on behalf of Vulcan Steel Limited by Russell Chenu - Board Chair, and Rhys Jones - Managing Director and Chief Executive Officer.

Inside...

01 THE BUSINESS YEAR

Laying the foundations for the next chapter

Performance highlights

REVENUE NZ$

$1,245m[1]

+28% on $973m in FY22

ADJUSTED EBITDA[2] NZ$ (EXCLUDING SIGNIFICANT ITEMS[3])

$219m

-10% on $243m in FY22

ADJUSTED NPAT[4] NZ$ (EXCLUDING SIGNIFICANT ITEMS)

$95m

-33% on $142m in FY22

ADJUSTED EPS[5] NZ$ (EXCLUDING SIGNIFICANT ITEMS)

72.3c

-33% on 108.1 cents in FY22

OPERATING CASH FLOW NZ$

$145m

+$133m on $12m in FY22

FINAL DIVIDEND NZ$ (TOTALLING $40m)

30.5c

Record date 28 Sep 2023
Payable on 12 Oct 2023
100% franked, 44% imputed[6]

SALES VOLUME

251,400t

-4% on 263,200 tonnes in FY22

CUSTOMERS TRANSACTED WITH VULCAN[7]

12,108

+167 or +1.4% on 1H FY23

GROSS MARGIN

35.7%

-431bps[8] on 40.0% in FY22

GROSS PROFIT DOLLAR PER TONNE NZ$

$1,765

+20% on $1,477 in FY22

NET DEBT NZ$

$340m

vs $390m as at Dec 2022

GHG[9] INVENTORY SCOPE 1 AND 2 TOTAL CO_2

13,963t

(including 5,536t for aluminum)
9,164t in FY22

1. m - millions. 2. Earnings before interest, depreciation and amortisation. 3. Integration costs in FY23, public listing costs & share gift in FY22. 4. Net profit after tax. 5. Earnings per share. 6. The levels of franking and imputation on dividends in future financial years will be subject to the tax credits available for use.

7. Based on customers that transacted with Vulcan at least once in the relevant period (excludes aluminium customers). 8. bps: basis points. 9. Green House Gas.

Report from the Chair

Entering the next phase of our value creation journey.

The financial year ended 30 June 2023 (FY23) has been a busy, exciting, as well as a demanding twelve months for our company and people.

In the face of challenging economic settings, Vulcan remains focused on opportunities to further create value over time.

Our new aluminium offering in Australia and New Zealand, combined with the company's pre-existing metal product platforms, provide a strong foundation for the next phase of our growth. Vulcan has made strong progress with our aluminium integration programme since completing the acquisition in August 2022.

In FY23, additional greenfield and brownfield growth initiatives that our team previously identified, have moved into revenue generation phase. Further opportunities are being pursued.

Market conditions have been challenging in FY23

Coming off the indirect boost provided by the COVID-19 policy responses, which benefited the metal distribution and processing industry in FY22, the financial year ended 30 June 2023 was a more disrupted year for our business. Higher interest rates and inflationary pressure on costs constrained activity in our industry.

Under the circumstances, our company and team have navigated through these challenges well. We continue to maintain our operating and financial discipline.

Dividend for 2023 financial year

Based on our earnings, cashflows and financial position, the board has declared a final dividend of 30.5 NZ cents per share, bringing the total dividend for the financial year to 55.0 NZ cents per share. This represents a 76.1% payout ratio of Vulcan's net profit after tax before significant items and is in-line with the Board's current intended payout ratio of 60% to 80% of annual earnings before significant items. Dividends declared totalled NZ$72.3m in respect of FY23, of which NZ$32m was paid as an interim dividend.

Building on our environmental initiatives and support for our community

In early FY23, we commenced trialling a full-electric truck for delivery of products to our in-region customers in Auckland. We remain committed to this trial and are reviewing options for an electric truck with a longer range. During the 2023 financial year, we continued with the roll out of solar power for energy efficiency at three facilities across Australia and New Zealand, bringing our hybrid-powered locations to a total of 11 sites (from eight in FY22). Vulcan also took the opportunity to reduce the company's upstream emission footprint for our aluminium supply chain, where viable, through local or in-region sourcing of material.

In 2023, we continued our ongoing support for the Halberg Youth Council in New Zealand, the New Zealand Dance Company and the Arts Centre Melbourne in Australia. Vulcan also provided direct financial assistance to members of the communities that were affected by the major floods in the North Island of New Zealand in February 2023.

Board update

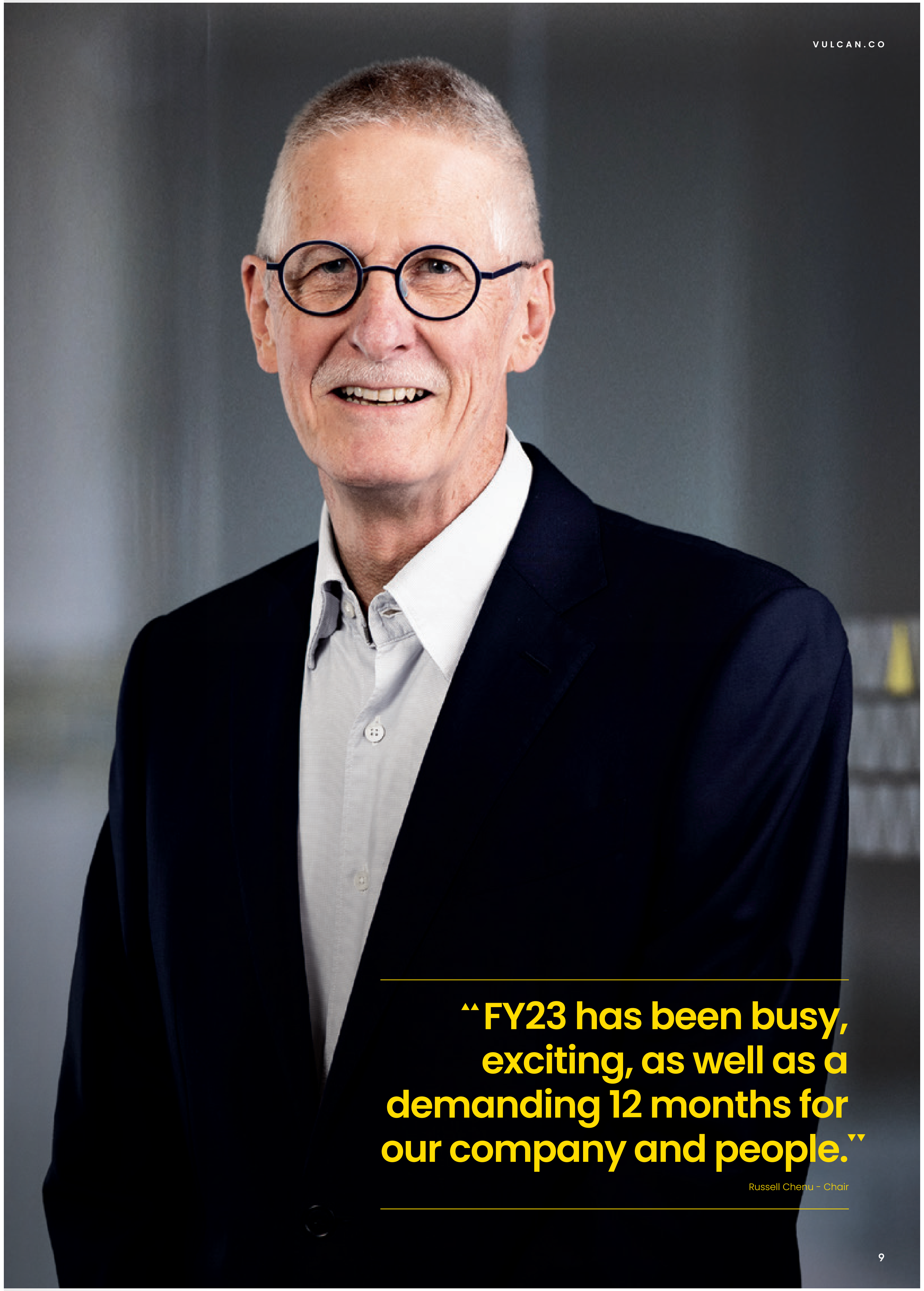
Peter Wells and Pip Greenwood retired as directors at the conclusion of our 2022 annual shareholder meeting in October 2022. We thank them for their contribution.

We are well-progressed in our search for a new independent non-executive director.

Thank you

Our Board remains excited and committed to supporting Vulcan's growth aspirations. We thank our employees for their dedication and our customers for their ongoing support, especially during this challenging period during FY23.

Russell Chenu
CHAIR AND ON BEHALF OF THE BOARD



Report from the MD and CEO

It has been a challenging, but pivotal year for our business.

FY23, compared to FY22, was a more challenging year for Vulcan, following major tailwinds that benefited our business in FY22. Australasian markets, especially in New Zealand, progressively softened during FY23. As previous indirect boost from COVID-19 policy response abated, customers reduced stock holdings. Further, significantly higher interest rates impacted on business activity and investment appetite. High inflation added to the pressure on business costs. Demand across most segments that we serve fell, with destocking activity across the industry adding to the pressure on selling prices and industry margins in some product and service categories. This, coupled with increasing operating costs due to inflation, has meant that our industry is in what we consider to be the most challenging period we have faced since 2008.

Despite this very difficult environment, Vulcan's overall operational performance remained strong. Our customer service was maintained at high levels with 97.4% DIFOT in FY23 (compared with 96.4% in FY22). Our team's higher customer engagement effort in FY23 drove our active trading accounts, excluding aluminium, to its highest level in three years. The combination of strong operational and financial discipline has enabled Vulcan to continue to deliver sound financial returns in FY23.

During FY23, we also successfully completed the IT systems migration for our aluminium business. The IT systems integration is a major step forward to sustainably elevate our aluminium business to the next level of operational and financial excellence over time.

As a team, Vulcan will weather the current economic storm and emerge stronger, with aluminium expected to be a key contributor in the coming years.

Statutory basis

- Revenue of NZ$1,244.8m was up by 28.0% from NZ$972.7m in FY22
- EBITDA of NZ$208.7m was down 7.0% from NZ$224.4m in FY22
- NPAT of NZ$87.9m declined by 29.1% from NZ$124.0m in FY22
- EPS of 66.9 NZ cents was down 29.1% from 94.4 NZ cents in FY22

Adjusted basis

- EBITDA of NZ$218.9m was down 9.7% from NZ$242.5m in FY22
- NPAT of NZ$95.1m was down by 33.0% from NZ$142.0m in FY22
- EPS of 72.3 NZ cents was down by 33.1% from 108.1 NZ cents in FY22

Industry demand weakened across Australasia during FY23, particularly in New Zealand in 2H FY23. Including aluminium products, Vulcan recorded approximately 251,400 tonnes of sales in FY23, down 4.5% yoy from 263,200 tonnes in FY22.

Sales volume including aluminium products was down 1.3% yoy in Australia and 9.8% yoy in New Zealand in FY23. For the 11 months of Vulcan's ownership in FY23, sales volume for our aluminium products was down 8.3% yoy with the decline in Australia partially offset by growth in New Zealand.

Following a 15.3% yoy decline in our average sales volume tonne per trading day (TPD) in 1H FY23, excluding aluminium, TPD in 2H FY23 declined by 12.6% yoy mainly due to further weakness in New Zealand's market conditions.

Overall, Vulcan Group gross profit per tonne increased NZ$288 to NZ$1,765 in FY23 (from NZ$1,477 in FY22) mainly due to the addition of aluminium products. Gross margin declined by 4.3% to 35.7% in FY23 (compared with 40.0% in FY22). Gross profit per tonne in 2H FY23 declined slightly to NZ$1,734, from NZ$1,796 achieved in 1H FY23. Gross margin in 2H FY23 was 35.4% compared with 35.9% 1H FY23. Underlying EBITDA margin declined by 7.4% to 17.5% in FY23 (from 24.9% in FY22).

In addition to adjustments made in FY23 to the base remuneration for our eligible employees, Vulcan 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 ongoing high inflation.

Steel segment

Our Steel segment revenue declined NZ$29.2m (-4.8%) to NZ$596.3m in FY23 (from NZ$626m in FY22). Sales volume declined to 182,800 tonnes in FY23 (down 14.6% from the 214,000 tonnes achieved in FY22). Average revenue per tonne rose NZ$336 (11.5%) to NZ$3,262 in FY23 (from NZ$2,926 in FY22).

Steel segment gross profit per tonne declined 8.9% yoy, which translated to 31.2% gross margin in FY23 compared with 38.2% in FY22. EBITDA margin fell 7.9% to 19.0% in FY23 from 26.9% in FY22. As a result, our Steel segment EBITDA declined NZ$55.3m (-33%) to NZ$113.2m in FY23 (from NZ$169.5m in FY22).

Metals segment

Our Metals segment revenue rose NZ$302.1m (87.2%) to NZ$648.6m in FY23 (from NZ$346.5m in FY22) due to the first-time contribution from our aluminium business. Sales tonnes increased to 68,600 tonnes in FY23 (up 39.6% from the 49,200 tonnes achieved in FY22). Average revenue per tonne rose NZ$2,404 (34.1%) to NZ$9,453 in FY23 (from NZ$7,049 in FY22) due to higher year-on-year selling price for our Metal segment products including aluminium.

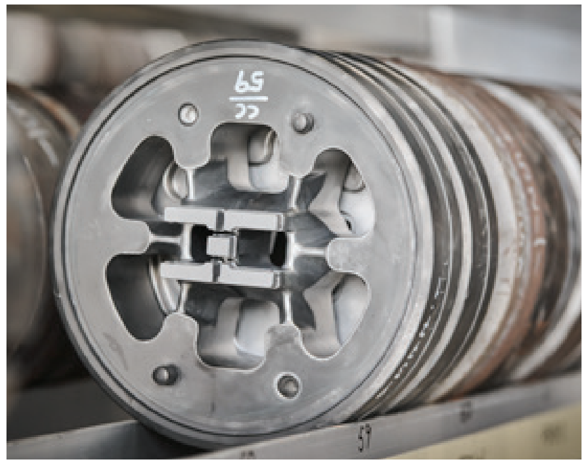
The Metals segment gross profit per tonne rose due to the product mix contribution from aluminium. This translated to 39.7% gross margin in FY23 (compared with 43.2% in FY22). Metals EBITDA margin (excluding integration costs) fell 7.5% to 20.2% in FY23 from 27.7% in FY22. Metals segment EBITDA (excluding integration costs) increased NZ$35.1m to NZ$131.0m in FY23 (from NZ$95.9m in FY22). Since the acquisition on 1 August 2022, our aluminium businesses have delivered strongly to segment earnings.

STEEL, NZ$m	FY23	FY22	% change
Revenue	596.3	626.2	-4.8%
EBITDA [1,2]	113.2	168.5	-32.8%
Sales (000 tonnes)	182.8	214.0	-14.6%
Revenue/tonne ($)	3,262	2,926	11.5%
EBITDA margin [1,2]	19.0%	26.9%	-793 bps

1. Post NZ IFRS 16 basis
2. Before significant item

METALS, NZ$m	FY23	FY22	% change
Revenue	648.6	346.5	87.2%
EBITDA [1,2]	131.0	95.9	36.6%
Sales (000 tonnes)	68.6	49.2	39.6%
Revenue/tonne ($)	9,453	7,049	34.1%
EBITDA margin [1,2]	20.2%	27.7%	-748 bps

1. Post NZ IFRS 16 basis
2. Before significant item



Operating expenditure (OPEX)

Excluding significant items , OPEX (before depreciation and amortisation) increased approximately NZ$78.7m (53.8%) to NZ$225.0m in FY23 (from NZ$146.3m in FY22). This reflects a combination of inflation on underlying costs and OPEX relating to our acquired aluminium business.

Due to inflation and the change in our business mix, OPEX per tonne (excluding integration costs, depreciation and amortisation) increased to NZ$896.6m in FY23 (from NZ$555.9m in FY22).

Vulcan's employees totalled 1,361 at the end of June 2023 compared to 903 employees as at the end of June 2022. Approximately 600 employees were part of the aluminium business acquired on 1 August 2022. Total employee benefits (including defined contribution plans) which accounted for approximately 63% of total OPEX in FY23 (excluding integration costs, depreciation and amortisation) increased NZ$49.7m (53.7%) to NZ$142.2m in FY23 (from NZ$92.5m in FY22).

Cash flow

OPERATING CASH FLOWS

Net cash flow from operating activities improved to NZ$145.4m in FY23 (from NZ$12.1m in FY22). The increased operating cash flow reflects improved working capital position in FY23 compared with FY22 (which is discussed in the "Balance Sheet" section on page 16).

CAPITAL EXPENDITURE

Capital expenditure was NZ$22.7m in FY23 (compared with NZ$11.6m in FY22). We expect to spend between NZ$25m and NZ$30m on capital expenditure in FY24.

DISTRIBUTION

Vulcan paid NZ$81.5m in dividends in FY23, which comprised NZ$49.3m final dividend from FY22 and NZ$32.2m interim dividend for FY23. The NZ$104.1m dividend paid in FY22 was a combination of NZ$18.0m ordinary distribution and NZ$50.0m special distribution paid prior to its public listing, and NZ$36.1m interim dividend paid in April 2022.

OPEX , NZ$m	FY23	FY22	% change
Employee benefits	142.2	92.5	53.7%
Selling & distribution (S&D)	26.7	18.4	45.1%
Occupancy costs	11.0	6.3	74.6%
General & admin. (G&A)	45.1	29.1	55.0%
Operating expenses [1,2]	225.0	146.3	53.8%
Employee numbers (at period end)	1,361	903	50.7%
Sales volume (000 tonnes)	251.4	263.2	-4.5%
Total opex/tonne ($000)	896.6	555.9	61.3%

1. Excludes depreciation & amortisation.
2. Before significant items in FY23 and FY22

CAH FROW EXTRACT, NZm	FY23	FY22	% change
Receipts from customers	1,273.8	947.8	34.4%
Payments to suppliers & employees	-1,021.4	-879.6	16.1%
Interest paid	-21.2	-4.2	404.8%
Tax paid	-69.4	-40.3	72.2%
Lease interest paid	-16.4	-11.5	42.6%
Net cash flows from operating activities	**145.4**	**12.1**	**1,101.7%**
Capital expenditure	-22.7	-11.6	95.7%
Acquisition (incl debt assumed)	-169.2	0.0	n/a
Lease liability payments	-21.4	-12.9	65.9%

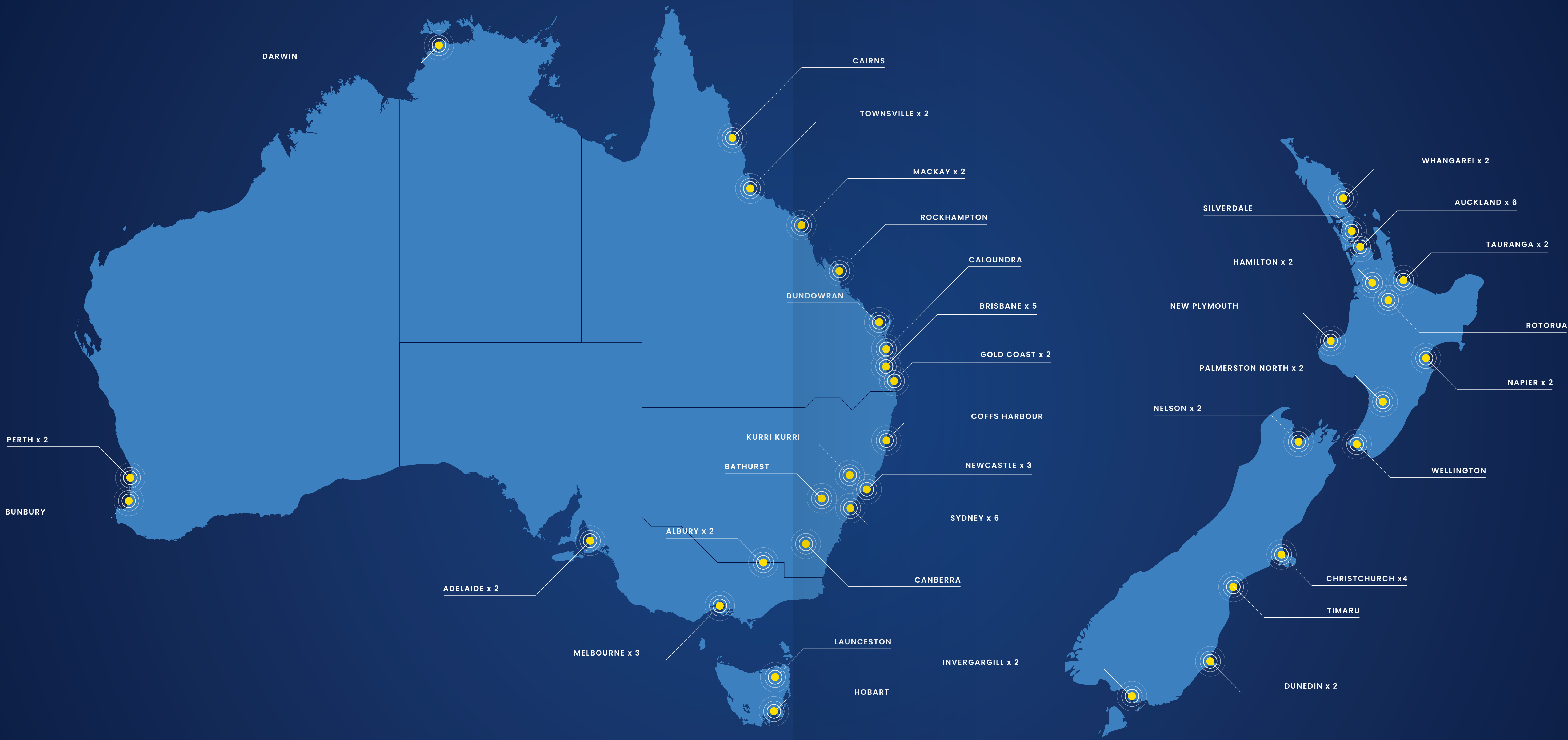
Vulcan's Network

Opportunity to drive more operating leverage from our footprint and scale

72
STRATEGICALLY LOCATED SITES

1,361
COMPANY EMPLOYEES

12k
ACTIVE CUSTOMERS*



* Excluding Aluminium

Balance Sheet

WORKING CAPITAL

Net working capital (excluding cash and tax payable) increased to NZ$441.5m on 30 June 2023 (compared with NZ$343.3m on 30 June 2022), reflecting the working capital we assumed as part of our aluminium acquisition. Through active management of stock relative to our sales levels, our product costs and inventory level peaked during the year and have since declined. Inventory was at NZ$437.7m on 30 June 2023, compared with NZ$492.5m at 31 December 2022 and NZ$353.2m at 30 June 2022 (which was prior to the purchase of our aluminium business.

DEBT

Vulcan has made substantial progress in debt reduction during the second half of the financial year. Excluding lease liabilities of NZ$289.7m, Vulcan completed the 2023 financial year with a net debt position of NZ$339.7m. This represented a NZ$152.8m increase on the NZ$186.9m net debt position at the end of FY22. The increase in net debt reflects our aluminium acquisition during the year which was fully debt-funded. Vulcan currently has total committed credit facilities of NZ$440m.

At 1.85 times net debt to EBITDA cover as at the end of FY23 and 7.5 times EBIT to net interest cover for 12 months to 30 June 2023 on pre NZ IFRS 16 basis, Vulcan remains well within its banking covenants.

FUNDS EMPLOYED

Vulcan's funds employed were NZ$815.3m on 30 June 2023 comprising NZ$185.9m shareholders' funds, NZ$289.7m lease liabilities and NZ$339.7m in net debt. As at 30 June 2022, the company's funds employed were $574.5m.

NZ$m	30 Jun 23	30 Jun 22	% change
Trade and other receivables	170.7	157.2	8.6%
Inventories	437.7	353.2	23.9%
Less trade and other payables	-166.9	-167.1	0.1%
Working capital excluding tax items	**441.5**	**343.3**	
Property, plant and equipment	86.8	56.2	54.5%
Intangibles	15.0	12.8	17.3%
Right-of-use assets	260.4	180.7	44.1%
Other assets and liabilities	11.6	-18.5	n/a
Lease liabilities	-289.7	-202.3	43.2%
Net banking debt	-339.7	-186.9	81.7%
Net assets/Shareholders funds	**185.9**	**185.3**	**0.4%**

Ongoing brownfield and greenfield initiatives

A further four Vulcan growth initiatives moved into revenue generation phase during FY23. We expect another two initiatives to commence in the next six months, which would bring the number of Vulcan's growth initiatives commissioned to a total of 16 over the last 24 months.

Outlook – market conditions could remain challenging for a period

The New Zealand and Australian steel and metal products markets registered the negative impact of sharply higher interest rates and cost inflation on general business consumption and investment spending throughout FY23. With present monetary policy settings expected to remain restrictive in the foreseeable future, the economic backdrop will remain uncertain and challenging in FY24, especially in New Zealand where the economic outlook is showing no sign of improvement.

Global steel demand is projected to grow by 2.3% in the 2023 calendar year and is also projected to lift a further 1.7% in the 2024 calendar year. However, short-term demand for steel in major markets, including China, may put a cap on the near-term recovery in global steel prices from current levels.

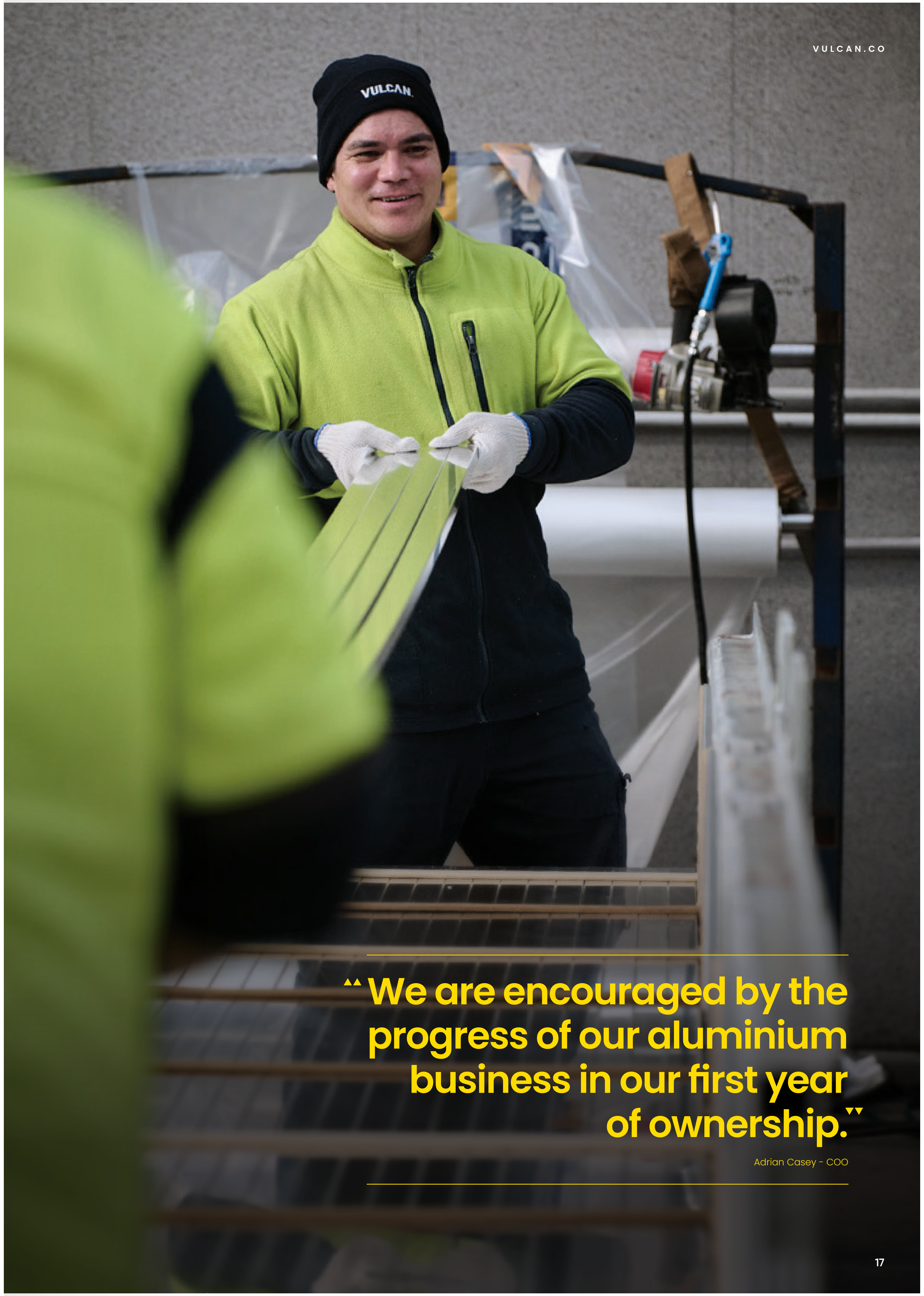
Vulcan will endeavour to mitigate these market pressures by focusing on our sales discipline which is through maintaining a high service level and strong value proposition for customers, lifting our customer engagement efforts, and carefully managing our cost base.

Thank you

We thank our employees for their personal commitment and great teamwork, as well as our customers for their ongoing support over the past year. Our culture, and our employee work ethic and teamwork continue to shine through despite a constrained market environment.

Rhys Jones

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER



02 / ENVIRONMENT & SUSTAINABILITY

Mapping our sustainable pathway

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 our 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 foundations of how we operate and form our unique culture. We are 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. In 2023, we added to this initiative through employee group conferences and social events designed to build on our culture. We believe these initiatives play an integral role in helping new employees understand our culture and feel a sense of purpose and belonging as they enter the business

Flat structure

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

Flexible work environment

We believe in creating flexible, relaxed, enjoyable workplaces for our team. While not all our roles enable flexibility in the traditional sense, we believe in supporting flexibility wherever possible to ensure everyone's jobs enhance, not hinder, 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, have very untraditional work hours, or have transitioned to working entirely from home to support their families. While we recognise that this level of flexibility is not 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 (**EAP**) 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 external EAP 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 that genuinely cares about our people, we want to support our employees in a way that is completely 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 staff.

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

Our principles

Provide an enjoyable workspace

We want you to genuinely enjoy the work you 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 staff safety is our primary, ongoing priority. Not only do we want our staff 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 staff 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 staff 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 staff 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

Our people's health and happiness directly depends 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 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 contribute to the success of the team and company.

These initiatives are also available to family members of our staff, 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 family. 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 operated with input from specialist providers across New Zealand and Australia. These providers consist of teams of professionals from trainers to nutritionists.

Where we have onsite Vulcan gyms, trainers offer an induction programme and scheduled group fitness classes each week, as well as being on hand to write and guide employees through tailored exercise programmes up to 13 hours a week.

We have seen encouraging engagement rates across all our onsite gyms. We are actively working to ensure that our new Aluminium colleagues are engaged with our onsite gyms that they are in close proximity to. We have several success stories where our health and wellbeing programme has helped employees make significant improvements to their physical and mental health.

New onsite gyms

In FY23 we have expanded our onsite gym offering with the completion of gyms in both our Jandakot site in Western Australia and our Pooraka site in South Australia. The value of these additional sites has been positive with over 90% of employees at Jandakot and 100% of employees at Pooraka completing their wellness coaching session during launch week. Further gym roll-outs, where appropriate, are being considered, with plans currently underway to establish an onsite gym in our Dandenong site in Victoria by the end of FY24.

> **"The Vulcan wellness programme has drastically changed my life. I haven't felt this good since I was a teen. My self-confidence, concentration at work, and energy have all improved 10 fold, and my family time has benefitted."**
>
> Jared King - Engineering, Brisbane

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.

2023
Onsite gym launched at Jandakot site in Western Australia.
Onsite gym launched at Pooraka site in South Australia.

2024
Onsite gym planned for Dandenong site in Victoria.

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 carry out their responsibilities at 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 ensure diversity is fostered with perpetuity, we have a Diversity and Inclusion Policy which is reviewed annually alongside corresponding objectives. In 2022 a diversity, equity and inclusion (**DEI**) team was established, consisting of three focussed working groups, to create and implement the Vulcan DEI programme. The DEI programme includes workshops and trainings, provided to a leadership group of over 113 employees, and an annual DEI survey of all Vulcan employees (1,381 people at the time of the survey) to ensure diversity data is current and action plans best reflect this

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 enable a DEI action plan, and to facilitate the ongoing implementation of these initiatives. We are members of Diversity Works New Zealand and our DEI working group continues to work closely with their consultants to understand best practice in the DEI space, facilitate our internal workshops and trainings, establish robust processes and collate our annual diversity data from which we set measurable goals and targets for the year ahead.

Following our 2022 company-wide DEI survey, our DEI team created three workstream groups to target initiatives based on the survey results - the Inclusive Facilities group, the Developmental and Educational Pathways group, and the Recruitment and Onboarding Experience group.

INCLUSIVE FACILITIES

The key objective of the Inclusive Facilities group is encouraging and supporting the creation of facilities that are welcoming and comfortable for a diverse group of current and prospective employees. Over the past year comprehensive facilities audits have been undertaken of all Vulcan sites (prior to our Aluminium acquisition), which included assessments of toilets, change rooms, private spaces, lunch areas, and disabled access. Improvement plans for sites with facilities gaps are underway, as are audits on our newly acquired aluminium sites.

DEVELOPMENTAL AND EDUCATIONAL PATHWAYS

The key objective of the Developmental and Educational Pathways group is ensuring our employees are engaged in training and education that not only helps with their development but also fosters inclusivity and belonging. Over the past year a pilot education programme has been underway in Plate Tauranga. This program covers literacy, numeracy, communication, and leadership skills. A similar pilot programme has also been underway in Sydney from June 2023, and further opportunities are being reviewed in Auckland and Perth. Cost benefit analysis of the pilot educational programs will be conducted and presented later in 2023. In addition, unconscious bias trainings have been completed by 113 leaders across the business with further trainings planned for the near future.

RECRUITMENT AND ONBOARDING EXPERIENCE

The key objective of the Recruitment and Onboarding Experience group is to create a recruitment experience that reduces barriers and bias in hiring across Vulcan and implements an onboarding experience which ensures that once people are hired, they feel a sense of inclusion and belonging. Over the past year this group has created culture videos for the purpose of aiding in the communication of our unique culture. A cultural handbook, induction programme, standardisation of job ads and review of advertising channels is also underway.

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 is a focus through our monthly leadership hubs and will continue to be a cultural foundation that is revisited regularly.

Following the acquisition of our Aluminium division we conducted a cultural integration survey with all aluminium leaders across the group. This anonymous online survey was followed by 20-minute one-to-one interviews to gain a 360-degree view on how leaders felt about the integration. This was an invaluable exercise that was repeated in August 2023. We have also found that leadership hubs, leadership development plans, buddy systems, and education around our core competencies have been effective vehicles in maintaining a consistent culture across the group following such a large-scale acquisition.

Unconscious bias training

We have an ongoing partnership with Diversity Works New Zealand to help facilitate our unconscious bias training. Facilitated by a Diversity Works consultant, these trainings are conducted over three sessions with groups of between 70-90 leaders across New Zealand and Australia. These interactive sessions are invaluable in helping employees to form a foundational understanding of unconscious bias from which we can continue to build. Following a formal education session, site leaders hold informal discussions with their teams that focus on identifying and sharing personal experiences of biases and how best to mitigate these at a site level. As a third step, a leadership meeting (attended by 91 leaders) is dedicated to site leaders sharing and reflecting upon these discussions and their resulting action plans. This three-step process is repeated bi-annually across New Zealand and Australia to ensure ongoing education for both new and existing leaders.

Understanding our diverse team

We conduct an annual DIE survey to understand the diversity of our team and from this, how we can best serve them as employees. This data provides us with valuable insights into the gender, age, nationality, ethnicity, religious, language and education diversity across Vulcan. The anonymous comments section also provides valuable feedback and suggestions, identifying areas where we can aim to improve. Following each annual survey, we review these results and determine our actions for the coming 12 months.

As expected, following our Aluminium acquisition we have seen significant changes in the DEI survey data from 2022 to 2023. Employee headcount has increased by 54%, number of birth countries by 29%, and people identifying as multi-ethnic by 97%. Interestingly, the percentage of employees who 'preferred not to say' which ethnicity they identified with increased by 6%. Other significant changes were in the employee age mix where the number of people in the 20-30 age group increased by approximately 62%, and both the 40-50 age group and the 50+ age group increased by approximately 50%.

Diversity, equity and inclusion survey data results summary 2023

1,361
EMPLOYEES

930
RESPONDERS

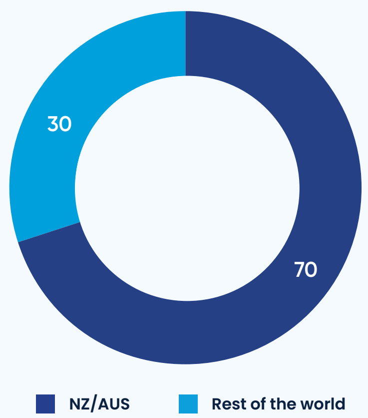
67%
RESPONSE RATE

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 members invaluable contribution to our business. We remain committed to ensuring ongoing pay equity as our business grows.

National diversity

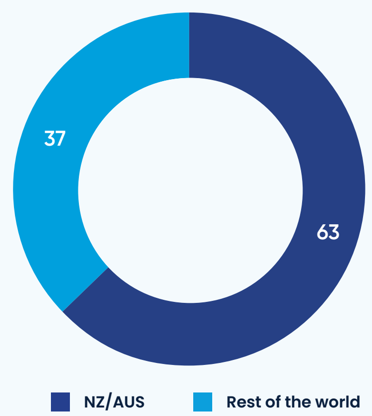
EMPLOYEE COUNTRY OF ORIGIN



71
NUMBER OF TOTAL BIRTH COUNTRIES

Ethnic diversity

EMPLOYEE ETHNICITY PERCENTAGE

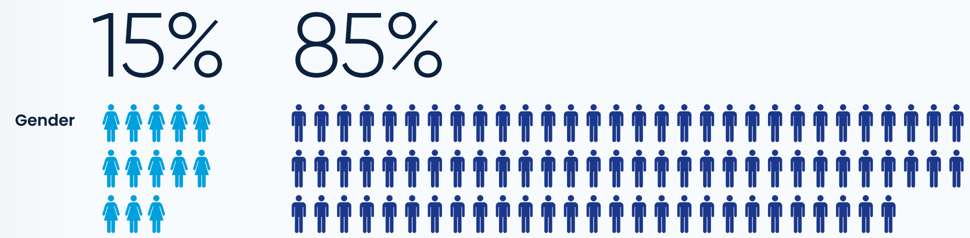


98
NUMBER OF TOTAL ETHNICITIES

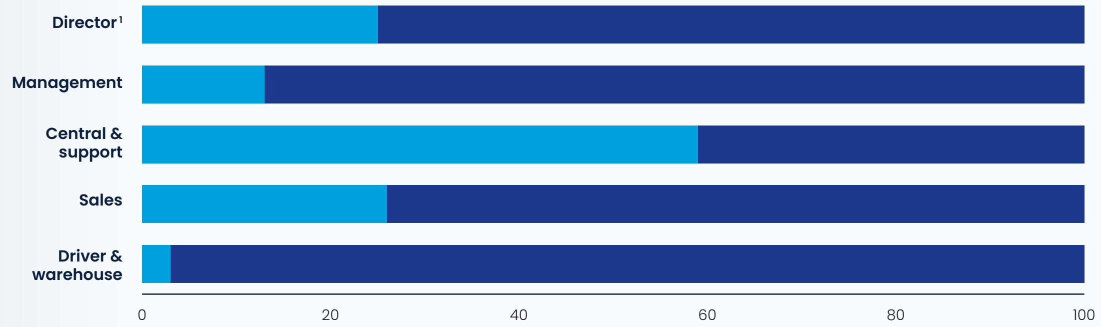
132
PEOPLE IDENTIFYING AS MULTI ETHNIC

Gender diversity

EMPLOYEE GENDER MIX TOTAL

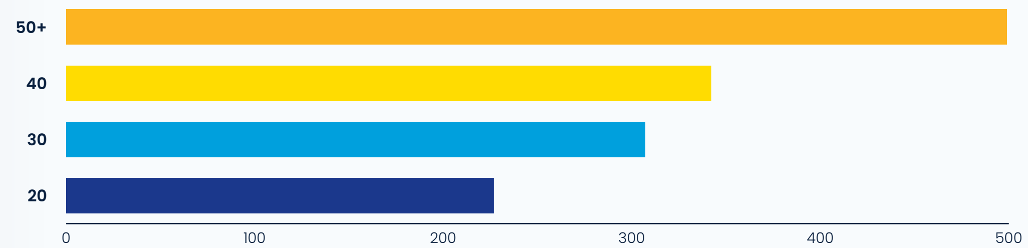


EMPLOYEE GENDER MIX BY ROLE GROUP

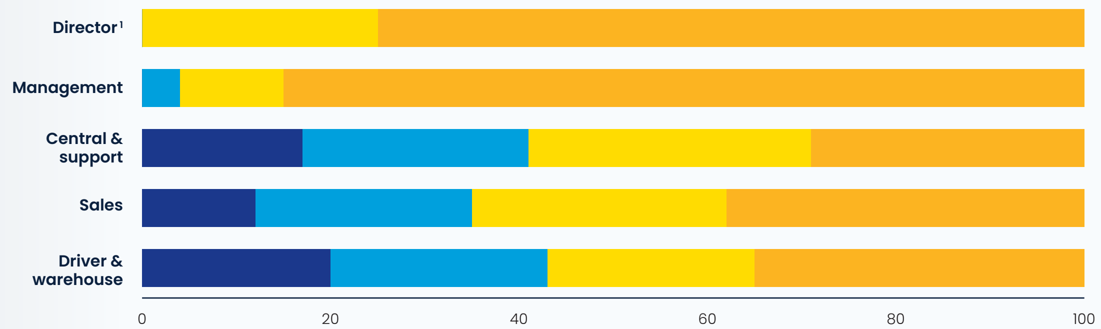


Age diversity

EMPLOYEE AGE MIX TOTAL



EMPLOYEE AGE MIX BY ROLE GROUP



1. Director excludes executive directors.

Learning and development

Helping our people reach their full potential in turn helps the business to succeed. 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 FY23 we have continued to implement comprehensive learning and development initiatives including our Leadership Development Programme, coaching for high potential employees, and leadership hubs. We have also invested in sending senior leaders to the Kellogg Executive Education programme for Maximising Sales Force Performance, biannually. In addition to these leadership focussed 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 85% of Vulcan's employees identifying as male, there is a particularly strong focus on attracting, retaining and developing female employees. In FY23 three women have been promoted into site and functional leadership positions off the back of development plans and mentoring.

With a robust structure around learning and development initiatives in place, our focus moving forward is to expand the reach of these programmes and continue to embed these practices into the business.

Leadership development programme

Our structured leadership development programme was introduced in November 2021 and continues to form the foundation of our leadership initiatives. The way the programme works is that senior and aspiring leaders from across the business are identified and conversations initiated around development aspirations both within current roles and potential future roles. Structured, personalised professional development plans are then implemented that align with Vulcan's core competencies and encompass mentorship support, leadership coaching and quarterly reviews. Leaders are 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 with 14 leaders, as of June 2023 this programme now has 29 participants and will be expanding to include further leaders, including Aluminium leaders, in the latter part of 2023.

The success of this leadership development programme has seen multiple people promoted into larger roles and it continues to be a valuable pathway for preparing and developing leaders for the next steps in their careers. We have found it invaluable for retention and motivation as well as being a great way for functional leaders to learn more about the business and integrate into the company with ease. All Leadership Team members are sponsors for the leadership development programme, as well as most being participants themselves.

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 almost 100 leaders from across New Zealand and Australia, each session focuses in on a specific leadership topic where two to three 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 Leadership Hubs often spark the desire for further leadership development and result in practical conversations and collaboration between leaders from different sites. We have found these Leadership Hubs a valuable integration vehicle for our aluminium business leaders following the acquisition

Kellogg Executive Education at Northwestern University, Chicago

The Kellogg Executive Education programme for Maximising Sales Force Performance immerses sales leaders in a collaborative learning environment intensely focused on practical ways to significantly improve sales force performance. Recognising that sales force effectiveness is critical for profitable business growth, we have committed to sending two cohorts of six to seven leaders annually, in line with the course offering. Our first cohort completed the programme in October 2022, our second in April 2023 and another cohort will be attending the programme in October 2023. This industry leading course exposes senior leaders to best practice and simultaneously helps to build working relationships between business leaders.

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. We have found this offering directly correlates to higher job satisfaction and success, as well as decreased stress and improved time management.

> "There is a strong focus on ensuring diversity, equity and inclusion across all learning and development initiatives."

Health and safety

Health and safety are core aspects of our principles and ethos. Our view is that all accidents are preventable, and we 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. We have a strong focus on how emerging technology, particularly in the AI space, can enhance our health and safety systems. Our 'return to work' and rehabilitation practices also have extensive processes 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.

New work safety software

The most significant update over the past 12 months regarding health and safety is the introduction of 'Noggin' – our Work Safety Software. Still in the early stages of development while we tailor it to our specific needs, Noggin will be used to manage every aspect of our safety and compliance programme within our health and safety reporting. This will include capturing hazards, near misses, injuries, incidents, investigations, workplace inspections, trainings, contractor management, and document control. It will provide all the tools needed to automate our management cycle in a centralised, user-friendly platform. Noggin will be introduced for trial in stages, starting with our Melbourne sites where the trial commenced in July 2023. This will expand to include our Aluminium sites towards the end of 2023, and across the rest of the business in the first half of 2024.

> "Detection of unsafe behaviour enables us to put an education plan in place to teach operators about safer p ractices, this leads to a reduction of incidents."
>
> James Wells - CIO

Safer driving system

In 2021, we began trialling an upgraded version of our safer driving system that incorporates artificial intelligence and provides more detailed alerting and detection around on-road driver safety. While this trial is ongoing, it is proving to be a valuable addition to our Health and Safety Toolkit, with AI monitoring improving the reinforcement of positive behaviours, such following distance monitoring, rather than only highlighting negatives from incidents. The success of this Safer Driving System for ongoing implementation will be assessed upon trial completion.

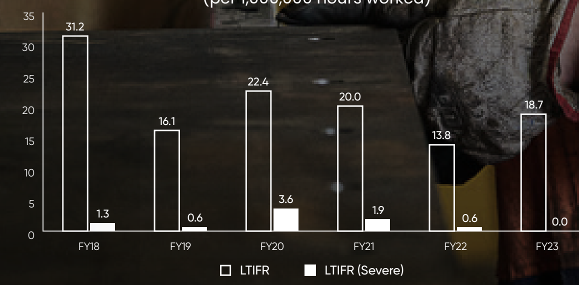
Inviol

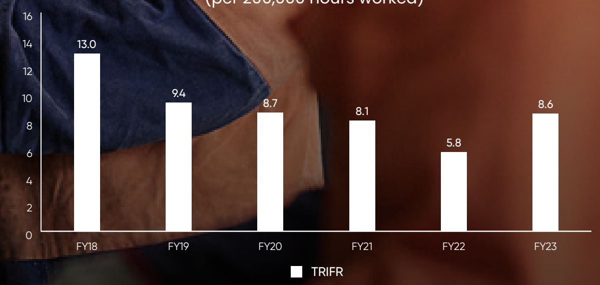
Over the past 12 months we have continued to trial Inviol, an innovative, AI-driven health and safety programme. Inviol has achieved further traction with its product with other major businesses that require significant health and safety risk management tools.

With AI enabled systems, Inviol constantly 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, our 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 at work.

While this trial is ongoing, we have found it valuable in capturing incidents and near misses, while out on the road and at customer sites which has resulted in improved employee safety. This has given us the opportunity to review and introduce additional proactive safety measures in direct response to incidents. In addition, we have found that it has added value to our customers as we are able to provide feedback where appropriate, increasing the awareness and safe working environments of not just our employees, but also our customers.

Inviol is the brainchild of James Wells, Vulcan's Chief Information Officer. After creating a working proof of concept, a former Vulcan employee subsequently approached us around commercialising the system.





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.

Health and safety policy – this was reviewed and republished in May 2023.

Drug, alcohol and substance policy and procedures – these were reviewed and republished in November 2022.

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 early 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 upon 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.

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 staff members coming to us with projects, organisations, causes or individuals that need support within their direct communities. An example of this was our support for several individuals that found themselves the victims of New Zealand's devastating floods in February 2023. We donated a total of $85,000 directly to individuals to support them and their families in the immediate aftermath of Cyclone Gabrielle. 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 community that fosters meaningful and lasting change. Vulcan donated a total of $275,000 during FY23

School sponsorship, New Zealand

Vulcan has for several 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.

New Zealand Dance Company (NZDC)sponsorship, New Zealand

In 2022 Vulcan began supporting the New Zealand Dance Company through sponsoring a dancer, 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.

Bryan Mould, as the NZDC model and coordinator, initiated the connection between NZDC and The Halberg Foundation which resulted in the NZDC performing at the annual Halberg Sports awards. The NZDC received outstanding acclamation and were subsequently able to raise their profile in front of a larger live audience than usual as well as coverage on national TV.

1115
MISSIONS DURING 2022

54
RAPID RESPONSE VEHICLE MISSIONS

Auckland Rescue Helicopter Trust, New Zealand

2024 will mark Vulcan's 20th anniversary of continued support for the Auckland Rescue Helicopter Trust. For over 50 years, the life-saving Auckland Westpac Rescue Helicopter service has assisted the greater Auckland, outer islands and Coromandel communities. As one of New Zealand's most trusted charities and an essential medical service, we are proud to support this lifesaving organisation.

Image credit: Auckland Rescue Helicopter Trust

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 to 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 or in secondary school.

Vulcan has supported the Halberg Youth Council since 2017, helping in both a practical and financial manner to assist the Halberg Youth Council in facilitating change and encourage other young people with physical disabilities to have more positive and inclusive experiences. We cover all costs associated with bringing Council members together biannually for one to 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.

The profile of the Halberg Youth Council continues to grow. In July 2023, they successfully gained another meeting with Hon Grant Robertson (current Minister of Finance), Dame Cindy Kiro (current Governor General) and other high-profile people of influence in Wellington.

Vulcan understands the importance of championing the voice of young leaders and with it, their ability to lead change and shape a better, more inclusive future for all. Through supporting The Halberg Youth Council, we hope to empower the voices of their young leaders who are building a pathway towards a brighter future.

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.

VULCAN/ HALBERG YOUTH COUNCIL SCHOLARSHIP

To further assist on an individual level, in 2023 Vulcan initiated an annual scholarship of $5,000 to be awarded in February of each year to assist the chosen individual with costs associated with successfully participating in their chosen field, for example (but not limited to) sports, education, trades, or the arts. The inaugural scholarship was awarded to Guy Harrison who is hoping to represent New Zealand in both swimming and golf in future Paralympics.

> **"I believe in the importance of sport and recreation which helps with personal overall health, especially for those of us growing up and living with a physical disability."**
>
> Guy Harrison

Guy intends to use this scholarship for trying to become the first New Zealander to travel around on the European Disabled Golf Association Circuit with the aim to play the big events alongside the European Tour.

Arts Centre Melbourne, Australia

The Arts Centre Melbourne (**ACM**) is the single feeder of technical skills to the arts and theatre industry across Australia. Vulcan has been supporting ACM since 2021 after Melbourne's vibrant arts and theatre industry was sadly devastated by repeated COVID-19 waves, and extended lock downs, and although the work force was highly casualised, it did not attract government wage support like other sectors.

We support ACM through making an annual financial contribution to their Registered Training Organisation to ensure their Traineeship programme for Production Technical Staff has the funding to 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. Those individuals 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 programme provides training and employment for young people and addresses an immediate, ongoing need for skilled and qualified production staff to work in Australia's performing arts venues.

In a first for the programme this year, and highly reflective of the current industry skills crisis, each trainee has also been provided with the opportunity to learn more about each other's production departments (lighting, staging, sound and vision). This is an important addition to the programme to help bridge some of the knowledge gaps across the production team and encourage a more rounded, multi-skilled outcome, reflective of the wider industry.

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 2023 technical trainees. From left to right; Joshua, Kara, Emma and Clara.

Our environmental footprint

We are 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, 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. We produce an internal annual greenhouse gas (GHG) emissions inventory report to measure our emissions and take accountability for our carbon footprint. The annual report is completed with the support of sustainability specialists. Including our acquired Aluminium business, our FY23 inventory report estimated that approximately 13,963 tonnes of CO2 for Scope 1 and 2 was a complete and accurate representation of the GHG emissions directly resulting from our operations within our defined scope and boundaries for the 12-months to 30 June 2023.

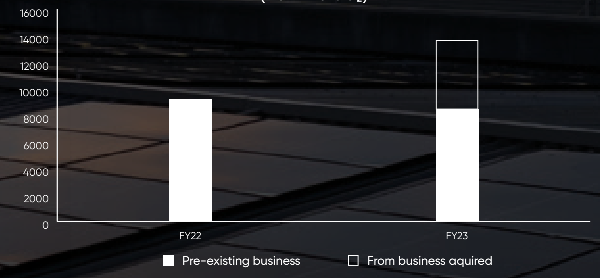
Deloitte undertake assurance work over our annual GHG emissions inventory report. For Scope 1 and Scope 2 emissions we obtain reasonable assurance, and for Scope 3 we obtain limited assurance.

We are committed 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

Excluding the Aluminium business (Ullrich acquisition), Vulcan's scope 1 and 2 emissions reduced by 737 tonnes or 8%. This is predominantly driven by the reduction in Scope 2 electricity emissions which is a combination of our efforts around solar transition on more sites, new and more efficient processing machines and volume.

GREENHOUSE GAS EMISSIONS SCOPE 1 AND 2 (TONNES CO_2)



GREENHOUSE GAS EMISSIONS COMPOSITION FY23

Inclusions	FY23 Tonnes CO_2	Percent	FY22 Tonnes CO_2	Percent	Percent YoY
Scope 1	6,400	18%	4,283	12%	49%
Scope 2	7,563	21%	4,881	13%	55%
Scope 1 and 2 Total	**13,963**	**39%**	**9,164**	**24%**	**52%**
Scope 3	21,836	61%	28,402	76%	-23%
Scope 1, 2 and 3 Total	**35,799**	**100%**	**37,566**	**100%**	**-5%**

Emissions per unit of activity (unless otherwise stated)	FY23	FY22	Percent YoY
Revenue NZ$m	1,245	972	28%
Sales volume (000 tonnes)	251	263	-4%
Scope 1, 2 kgs of emissions per sales tonne	55.5	34.8	60%
Scope 3 kgs of emissions per sales tonne	86.9	107.9	-20%
Scope 1, 2 tonnes of emissions per million dollars of revenue	11.2	9.4	19%
Scope 3 tonnes of emissions per million dollars of revenue	17.5	29.2	-40%

Transitioning to solar

With most of Australia's electricity generated from non-renewable resources, our solar strategy to date has been centred around prioritising the transition of our Australian sites to solar. As of June 2023, seven of our 18 Australian sites (prior to Aluminium acquisition) have been transitioned to solar, with an additional two Australian sites due to be transitioned to solar by the end of 2023. 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 transitioned our first New Zealand site to solar (Stainless Steel Auckland), which has reduced their total energy consumption from the grid by one third. In December 2022, we completed our second New Zealand solar site at our Plate Auckland facility, and we are currently reviewing the solar viability for other New Zealand sites. 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 or are prone to variable weather conditions which make the production of solar energy more variable.

Hybrid company car fleet

In 2020, we commenced the introduction of hybrid vehicles (**Hybrids**) into our sales rep fleets across New Zealand and Australia. COVID-19 and the associated supply chain and delivery issues significantly slowed our anticipated uptake of Hybrids; however, we have continued to transition our fleets, in line with availability, across New Zealand and Australia. To date, we have successfully transitioned 50% of our fleet (Vulcan company cars excluding Aluminium) to Hybrids where a hybrid solution exists for the vehicle type required. A key focus over the coming 12 months is to include our newly acquired Aluminium division in this initiative, replacing vehicles with Hybrids as they come up for renewal.

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 (at June 2023)

Current total fleet size	81
Hybrid vehicles (31% of fleet)	25

NEW ZEALAND (at June 2023)

Current total fleet size	63
Hybrid vehicles (33% of fleet)*	21

* Numbers exclude Ullrich company cars which will be transitioned over time.

EV truck trial

In July 2022, we commenced the trial of our first electric truck, a Fuso E-Canter, which is used two to three times a week for in-region deliveries. While this trial is ongoing, the primary limiting factor that has been identified is range. The Fuso E-Canter has an average range of 120kms. However, a typical range required is 150kms. Since initiating this trial, there is now an alternative electric truck available with an average range of 170kms. This is currently being investigated further as this increased range could make an electric truck a viable ongoing solution for all in-region runs.

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. As we replace and refresh our truck fleet, all new vehicles will be Euro 6 compliant, if available and fit for purpose. Additional initiatives to keep emissions as low as possible include optimal route planning and ensuring trucks are carrying full loads to reduce multiple journeys.

Biodiesel

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.

> "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 - MD and CEO

Supplier engagement

We recognise that the extraction, processing, and manufacturing of metals can have significant environmental and social impacts. As processors and distributors of steel and aluminium products, 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 Modern Slavery Statement, Environmental Policy, Human Rights Policy, Procurement Policy, and Supplier Code of Conduct.

Modern Slavery Statement

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 modern slavery risks within our business, ensuring confidence 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.

In 2022, following our aluminium acquisition, our Modern Slavery Statement was revised to encompass this division. In the past 12 months we have also engaged a third party to conduct a comprehensive desktop audit of our suppliers in relation to modern slavery. High risk suppliers were identified and given a risk score. These suppliers will be closely monitored and reassessed on an ongoing basis.

Procurement Policy

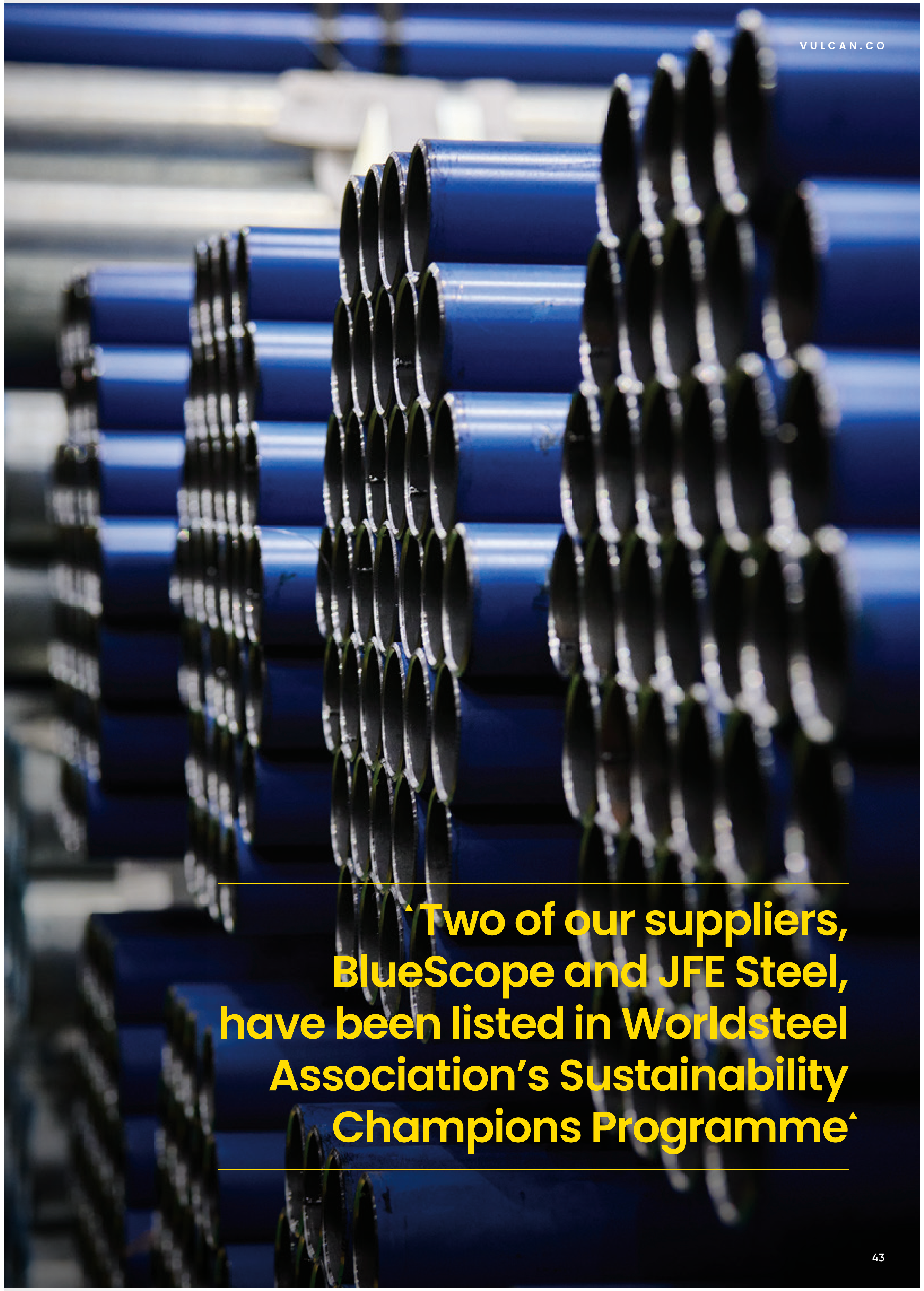
Our Procurement Policy outlines our commitment to balancing economic, social and environmental considerations throughout the procurement process. We are committed to acting fairly, honestly and ethically and seek to engage with suppliers who share in our values. We are aligned to high quality suppliers, driving partnerships with long term objectives, including that of reducing total carbon emissions.

Two of our suppliers, BlueScope and JFE Steel, have been listed in Worldsteel Association's Sustainability Champions Programme as two of the world's top 10 sustainable steel companies, being recognised as clearly demonstrating their commitment to sustainable development.

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.



Progress on sustainable steel solutions

Steel

LOCALLY SOURCED

We currently purchase up to 85% of our carbon steel locally, reducing the carbon emissions that can be linked to importing. One of our local partners has announced the commissioning of an electric arc furnace, targeting by 2025 a carbon emissions reduction of 90%. We are actively engaging our overseas suppliers to understand and document their carbon reduction goals and initiatives.

ENVIRONMENTAL PRODUCT DECLARATIONS

Overseas mills are starting to develop Environmental Product Declarations (**EPDs**) which are independently verified and registered documents that communicate transparent and comparable data and other relevant environmental information about the life-cycle environmental impact of a product. EPDs include multiple datasets such as resource consumption of energy, water and renewable resources, and emissions to air, water and soil. This data is aggregated using multiple environmental impacts including contributions to climate change (carbon footprint), air, water and soil pollution and resource depletion. As EPDs become an industry standard and more countries mandate them, it will become significantly easier to identify mills with the lowest impact and highest appetite for change.

LOWER CARBON MILLS

We are progressively identifying mills that are investing in electric arc furnaces, switching from raw material inputs feeding blast furnaces to scrap steel. This, along with understanding mill energy sources, will enable us to make environmentally sound sourcing decisions. Countries around the world have numerous carbon reduction initiatives. We will keep informed on these and align sourcing strategies accordingly.

One of our international suppliers has invested extensively in solar and is trialling the use of renewable energies such as wind and biofuel.

Engineering steel

LOCAL SOURCING STRATEGY AND LOWER CARBON INITIATIVES

To reduce the carbon emissions of our engineering steel, we have a local sourcing strategy where we buy locally wherever commercially possible. One third of our engineering steel is purchased locally through a mill and processor in Newcastle, Australia. This mill is leading the way with lower carbon initiatives, working in partnership with industry groups to maximise their electricity efficiency. They have implemented several initiatives such as modelling their production time around the lowest peak use periods.

The remaining supply of our engineering steel is currently imported. We have strong relationships with our international mills, and we continue to work alongside them to understand targets and initiatives aligned to that of Vulcan.

Stainless steel

CULTIVATING RELATIONSHIPS WITH MILLS

Our stainless steel is imported in its entirety from overseas as there are no local suppliers. While we are actively working to obtain information about our suppliers' environmental initiatives, goals and carbon footprints, this is more challenging than our other divisions due to stainless' significantly longer supply chain. We primarily deal with stainless steel traders; however, it is always our intention to simultaneously build relationships directly with our mills to understand their values and practices. This is something we will continue to do and aim to make significant progress on over the coming 12 months.

Aluminium

EXCLUSIVE LOCAL SOURCING

To reduce the carbon emissions of our aluminium products, we have made the business decision to exclusively source aluminium billet locally from New Zealand and Australia, respectively. In addition, we actively choose to buy aluminium billet from the smelters closest to our extrusion sites. This ensures that carbon emissions from transportation are kept as low as possible. As we are in control of our own extrusion sites, we are exploring several initiatives to reduce our footprint around aluminium. Over the past 12 months we have conducted a complete energy review and an energy efficiency audit to understand the areas where we can have the greatest impact.

WORLD'S LOWEST CARBON BILLET

Our New Zealand extrusion site is supplied with billet that has one of the lowest carbon emissions in the world. The billet is smelted in NZ and is powered by hydroelectricity, placing us in a strong position as customers become increasingly invested in lower carbon products.

Our governance philosophy

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 personnel and representatives operate in an appropriate environment, and maintain high standards, of corporate governance. 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 1 April 2023).

Vulcan has a dedicated investor website which contains copies of Vulcan's annual reports and financial statements (including this FY23 Annual Report), all announcements made to ASX and NZX, notice of shareholder meetings, key dates for investors and its corporate governance practices and policies. The investor website can be found at: **https://investors.vulcan.co/**

Board of Directors

During the FY23 reporting period, Adrian Casey was appointed to the Vulcan Board and Peter Wells (Vulcan's founder) and Pip Greenwood resigned their directorships. The timing of the changes in Directors is set out below:

1 July 2022 to 12 September 2022	13 September 2022 to 20 October 2022	21 October 2022 to 30 June 2023
Russell Chenu (Chair)	Russell Chenu (Chair)	Russell Chenu (Chair)
Rhys Jones (MD and CEO)	Rhys Jones (MD and CEO)	Rhys Jones (MD and CEO)
Peter Wells	Peter Wells	Wayne Boyd
Wayne Boyd	Wayne Boyd	Bart de Haan
Bart de Haan	Bart de Haan	Carolyn Steele
Pip Greenwood	Pip Greenwood	Adrian Casey
Carolyn Steele	Carolyn Steele	
	Adrian Casey	

Adrian Casey was elected, and Wayne Boyd and Russell Chenu were re-elected, as Directors by Vulcan Shareholders at the ASM on 20 October 2022.

Vulcan has an experienced Board. The tenure, experience and qualifications of Vulcan's current Directors is noted below:

Director	Date appointed	Tenure in years (at 29 August 2023)
Russell Chenu (Chair)	18 June 2021	2
Rhys Jones (MD and CEO)	5 September 2006	16
Wayne Boyd	2 June 1995	28
Adrian Casey	13 September 2022	11 months*
Bart de Haan	21 September 2015	7
Carolyn Steele	16 August 2021	2

* Adrian was also previously a director of VSL from 24 May 2001 to 31 December 2015.

Our Board of Directors

Russell Chenu

CHAIR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Russell has significant experience across the corporate sector, having held senior management 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 business planning and business change, including several turnarounds, new market expansions and management leadership initiatives.

Russell currently serves as a director of Reliance Worldwide Corp (ASX: RWC) (where he is the Chair of the Audit and Risk Committee and member of the Nomination and Remuneration Committee) and also CIMIC Group (previously listed on ASX). He was a director of Metro Performance Glass and James Hardie.

Russell holds a Bachelor of Commerce degree from the University of Melbourne, 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

Member of People and Remuneration Committee

Rhys Jones

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Rhys joined Vulcan in 2006 as an executive director, and has been Vulcan's Managing Director and Chief Executive Officer since 2011.

Prior to Vulcan, Rhys 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) and was formerly the Chief Operating Officer of Carter Holt Harvey's Pulp, Paper, Packaging and New Ventures division.

Rhys currently serves as a director of Ridley Corporation (ASX: RIC). He was a director of Metro Performance Glass (NZX: MPG; ASX: MPP) until 24 July 2023.

Adrian Casey

EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER

Adrian re-joined the Vulcan Board in September 2022, having previously been a director for over 14 years (from May 2001 to December 2015).

Adrian has significant experience in the steel sector in Australia and New Zealand, having worked in that sector for over 40 years. He held management positions in a major New Zealand steel distribution operation before leaving to build his own downstream steel operation which he then successfully merged with Vulcan in 1998.

As Vulcan's Chief Operating Officer, Adrian has responsibilities for overall Group procurement as well as leading Vulcan's steel business in New Zealand and the integration of the aluminium business following the acquisition in August 2022.

Wayne Boyd

NON-EXECUTIVE DIRECTOR

Wayne has been a director of Vulcan since Vulcan's inception.

Wayne has extensive experience in law, investment banking and governance. In his governance roles, Wayne has been the Chair of publicly listed companies (Auckland International Airport, Freightways, Shotover Jet and Telecom New Zealand), private companies (including Ngai Tahu Holdings and Meridian Energy) and non-for-profit organisations (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

Carolyn Steele

INDEPENDENT NON-EXECUTIVE DIRECTOR

Carolyn's considerable experience relates to capital markets, mergers and acquisitions and investment management.

Carolyn is also a director of Property For Industry Limited (NZX:PFI), Green Cross Health (NZX: GXH), Oriens Capital GP 2 and WEL Networks, and is currently Chair of the Halberg Foundation.

Carolyn has previously served as a director for Datacom, Metlifecare and Tuatahi First Fibre.

In an executive capacity, Carolyn was Portfolio Manager at Guardians of New Zealand Superannuation (the Crown entity that manages the New Zealand Superannuation Fund) and prior to that 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

Member of People and Remuneration Committee

Bart de Haan

INDEPENDENT NON-EXECUTIVE DIRECTOR

Bart is an experienced strategy consultant, having worked with senior management and boards of top 50 companies in Australia, the United States, and Holland scanning across numerous sectors (including energy, transport, resources and building products).

Bart co-founded the boutique strategy consulting firms Pacific Strategy Partners and Australian Consulting Partners in Australia. Prior to that, he was a partner at A.T. Kearney and a consultant at Boston Consulting Group.

Bart has previously worked as an advisor at Deloitte and has held 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

Member of Audit and Risk Management Committee

Company Secretary

Sarah-Jane Lawson

COMPANY SECRETARY

Sarah-Jane joined Vulcan as Company Secretary in March 2022.

Prior to joining Vulcan, Sarah-Jane was a Special Counsel in the corporate and commercial team at law firm, Hudson Gavin Martin, and also worked at Coca-Cola Amatil and Bell Gully.

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

Directors' meetings and interests

BOARD AND COMMITTEE MEETINGS

The number of Board and Board Committee meetings held, and the number attended by each of the Directors of Vulcan, during the FY23 reporting period are listed below.

	Board total	Audit & Risk Management Committee total	People & Remuneration Committee total
Current directors			
Wayne Boyd	11/11	-	5/5
Adrian Casey [1]	7/7	-	-
Russell Chenu	11/11	5/5	5/5
Bart de Haan [2]	11/11	3/3	5/5
Rhys Jones	11/11	-	-
Carolyn Steele [3]	11/11	5/5	4/4
Previous directors			
Peter Wells [4]	5/5	2/2	-
Pip Greenwood [5]	5/5	2/2	-

1. Adrian was appointed as a director by the Board on 13 September 2022 and elected by the shareholders on 20 October 2022.
2. Bart joined the Audit and Risk Management Committee from 20 October 2022.
3. Carolyn joined the People and Remuneration Committee from 20 October 2022.
4. Peter resigned as a director effective from 20 October 2022.
5. Pip resigned as a director effective from 20 October 2022.

For Board Committee meetings there is 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 Committees.

DISCLOSURE OF INTERESTS BY DIRECTORS

During FY23, the current 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 below;
- authorised particulars relating to remuneration and other benefits (under section 161 of the Companies Act) are disclosed in the sections in the Remuneration Report headed "Executive remuneration framework" for Rhys Jones and Adrian Casey, and "Non-executive director remuneration" for the other four directors;
- authorised the following particulars to be entered into the interest register for each director (in accordance with section 162 of the Companies Act);
- 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 145 of the Companies Act).

	Share dealings under section 148	General notice under section 140(2)
Wayne Boyd	Nil – all 7,303,688 shares are subject to voluntary escrow until 29 August 2023 (see page 59 of this Report)	Investor in three property syndicates where a Vulcan group company is a tenant. In New Zealand: • Plasma Investments Limited – Wayne is a director of one of its shareholders, Partitio Trustee Limited. • Texas Properties Limited – Wayne is a director of one of its shareholders, Partitio Trustee Limited. In Australia: • Tri-Nation Investments Pty Ltd - Shareholder.
Adrian Casey	Nil – all 5,870,711 shares are subject to voluntary escrow until 29 August 2023 (see page 59 of this Report)	Investor in four property syndicates where a Vulcan group company is a tenant. • Palmerston North Investments Limited - Adrian is a shareholder (and previously was a director to 29 April 2023). • Plasma Investments Limited - Adrian is a shareholder (and previously was a director to 29 April 2023). • Pounamu Investments Limited - Adrian is a shareholder. • Texas Properties Limited – Adrian is a shareholder (and previously was a director to 29 April 2023).
Russell Chenu	Nil	• CIMIC Group Limited - Independent non-executive director and member of the Ethics, Compliance and Sustainability Committee. Previously was Chair of the Audit and Risk Committee and member of the Remuneration and Nomination Committee until those committees were disestablished on 10 October 2022. • Reliance Worldwide Corporation Limited (ASX:RWC) - independent non-executive director, Chair of the Audit and Risk Committee and since 3 August 2022 has been a member of the Nomination and Remuneration Committee. • Scappino Pty Limited – Director.
Bart de Haan	Nil	-
Rhys Jones	Nil – all 4,718,000 shares are subject to voluntary escrow until 29 August 2023 (see page 59 of this Report)	• Ridley Corporation Limited (ASX: RIC) – Director • Ceased to be a director of Metro Performance Glass Limited (NZX: MPG; ASX: MPP) on 24 July 2023
Carolyn Steele	Acquisition of 4,000 ordinary shares on 5 September 2022 - disclosure on 7 September 2022	• Halberg Foundation – Chair. • Property for Industry (NZX:PFI) – Director (appointed on 15 August 2022). • Green Cross Health Limited (NZX: GXH) - Director • WEL Networks Limited – Director. • Oriens Capital GP2 Limited - Director. • Forsyth Barr Limited – Shareholder. • Ceased to be a director of First Fibre Bidco NZ Limited, Tuatahi First Fibre Limited and UFF Holdings Limited on 28 July 2022.

Our Leadership Team

Rhys Jones

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Rhys joined Vulcan in 2006 as an executive director, and has been Vulcan's Managing Director and Chief Executive Officer since 2011.

Prior to Vulcan, Rhys 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) and was formerly the Chief Operating Officer of Carter Holt Harvey's Pulp, Paper, Packaging and New Ventures division.

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

Adrian Casey

CHIEF OPERATING OFFICER

Adrian has significant experience in the steel sector in Australia and New Zealand, having worked in that sector for over 40 years. He held management positions in a major New Zealand steel distribution operation before leaving to build his own downstream steel operation which he then successfully merged with Vulcan in 1998.

As Vulcan's Chief Operating Officer, Adrian has responsibilities for overall Group procurement as well as leading Vulcan's steel business in New Zealand and the integration of the Ullrich Aluminium business. In addition, Adrian has had various oversight roles across Vulcan's business units during his tenure with Vulcan, including successfully leading Vulcan's entry into the Melbourne market in 2002.

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.

Kar Yue Yeo

CHIEF FINANCIAL OFFICER

As Vulcan's Chief Financial Officer, Kar Yue leads Vulcan's finance and accounting teams, which includes being responsible for Vulcan's financial strategy, reporting, budgeting and forecasting.

Prior to joining Vulcan, Kar Yue worked as an adviser to several publicly listed and private businesses and as an equity research analyst covering a range of industrial sectors including steel at Jarden, Citigroup and Deutsche Morgan Grenfell across New Zealand, Australia and Asia.

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

James Wells

CHIEF INFORMATION OFFICER

James leads Vulcan's IT team, having documented, designed and managed the development of Vulcan's fit-for-purpose IT software. Since 2012 he has also been 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 has completed courses in innovative technologies, business process modelling and object-oriented analysis.

Helene Deschamps

LEADERSHIP DEVELOPMENT

Helene facilitates Vulcan's leadership development programmes for Vulcan's executive board and senior management teams.

Helene is an ICF-accredited leadership coach, and also a Managing Director (Executive and Leadership Coach) at ChangingNow.

Previously, Helene held senior positions with global and New Zealand organisations (including Capgemini and Carter Holt Harvey), with a focus on shaping behaviour and culture to achieve the desired performance outcome.

Helene holds a Bachelor of Arts in Political Sciences from SciencesPo Paris, a Masters of Business Administration from Cape Town University (South Africa), and an Evidence Based Coaching Master Certificate from Fielding University (Santa Barbara, USA).

Matthew Lee

AUSTRALIAN LEADER

Matthew leads Vulcan's procurement activity in Australia, having joined Vulcan in 2017.

Prior to Vulcan, Matthew held procurement and manufacturing managerial roles in the packaging industry, including at Pro-Pac Packaging Group, San Miguel Yamamura Australasia and International Purchasing Manager at Cospak.

Matthew holds a Bachelor of Science from the University of New South Wales, a Graduate Diploma in Applied Science from The University of Tasmania, a Master of Management from the University of Wollongong and a Certificate IV in Work Health and Safety

Our Leadership Team

Bradley Childs

AUSTRALIAN LEADER

Bradley has been with Vulcan for almost five years and 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, research and development, technical sales, profit and loss 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.

Ken Collin

AUSTRALIAN LEADER

Ken is responsible for Vulcan's aluminium operations in Australia (which were acquired through the acquisition of Ullrich Aluminium in August 2022).

Ken was previously responsible for Vulcan's Sales Force Effectiveness across Australia and from 2015 to 2021 he led Vulcan's steel distribution business in New Zealand.

He has senior experience at Carter Holt Harvey in Packaging and Pulp & Paper, and has consulting experience in strategy and change projects across Australia, New Zealand and South East Asia. He also worked in the FMCG industry in sales roles at Procter & Gamble, Lion Nathan and South African Breweries.

Ken holds a Bachelor of Arts from the University of New South Wales (majoring in History and Political Science).

Richard Love

AUSTRALIAN LEADER

Richard leads Vulcan's Engineering Steel business in Australia.

With over 20 years of experience in the metals industry across the country from manufacturing to warehousing and distribution, Richard's industrial distribution background has specialised in supply to the mining and manufacturing industries. Richard has held operational, procurement and sales based positions as well as site and business unit leadership.

Richard has completed courses in People & Performance Leadership, as well as Strategic Sales Performance.

Risk management

Risk management at Vulcan

The philosophy of risk management within Vulcan is based on the premise that major risk factors which could 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 ensure Vulcan acts in a manner which is consistent with Vulcan's core "principles and ethos" (which are Vulcan's guiding values and are set out at pages 24 and 25 of this Annual Report).

At Vulcan, the Leadership Team are 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. In addition, it is part of Vulcan's culture that each employee is responsible for identifying and managing risks relating to their workplace.

The Board is responsible for overseeing Vulcan's 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 the risk management framework, major risk areas and policies and processes in consultation with management.

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 desired financial results and financial 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
Information technology (IT) failure (including cyber)	Regular penetration tests. Top Microsoft Security Systems. Robust tested backup	Vulcan continues to invest in and update its IT systems to ensure it has a fit-for purpose and reliable platforms that support Vulcan's business operations
Fail to maintain Vulcan's principles and ethos - Vulcan's culture	Proper succession planning is key. Maintain an egalitarian and title-less culture, offer leadership training to staff to improve leadership skillset, secondment programme for emerging leaders and holiday internships	Accepting that people and culture intertwine 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	Focus on customer service, especially in stock availability and "Delivery-In-Full-On-Time (DIFOT) level. Strong customer relationships. Active processes to gain and retain customers	Vulcan continues to focus on maintaining appropriate stock holdings to ensure high DIFOT levels for customers continued whilst maintaining an optimised level of working capital
Failure to achieve growth strategy	Ongoing strategic review from leadership team and regular communication with unit managers on progress. Ongoing channel checks on market and operational dynamics	Good progress has been made during FY23 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 our aluminium business acquisition in FY23 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	Continue to grow active trading accounts (ATAs) through economic cycle. Manage gross margin and operating cost efficiency	Vulcan has carefully monitored financial performance targets in the past financial year. Vulcan lifted its ATAs in FY23 (compared with FY22) and remains focused on segment and customer selection to optimise the overall long-term return to the business
Health and Safety risk	Regular reminder and training of health and safety practices. Review incidents and on-going education. Driver training, speed monitoring, camera on trucks, and a modern fleet and maintenance programme. 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 independently reviewed by an external party biennially
Key suppliers unable to fulfil supply for a period	Partner supplier understanding and relationships. Multi-mill supply strategy. Maintain contingent supply through trader channels. 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.

Shareholder information

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 2023 (**Disclosure Date**) (such date being after Vulcan's FY23 balance date of 30 June 2023 and not more than six weeks before the date of this Annual Report, being 29 August 2023); and
- section 293 of the FMC Act and where noted is current as at 30 June 2023 (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 Listing 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 (which was adopted on listing).

Distribution of Shareholders

As at the Disclosure Date, the distribution of Shareholders holding Vulcan's 131,408,572 ordinary shares is 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	780	48.99%	350,369	0.27%
1,001 to 5,000	533	33.48%	1,315,297	1.00%
5,001 to 10,000	114	7.16%	842,495	0.64%
10,001 to 100,000	109	6.85%	3,356,720	2.55%
100,001 and over	56	3.52%	125,543,961	95.54%
Total	1,592	100.00%	131,408,572	100.00%

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] and ASX Appendix 3Y – Change of Director's Interest Notice dated 31 May 2022	18,456,289	14.04%	NZX Notice of Disclosure of movement of 1% or more dated 8 November 2021[2,3]	18,416,039	14.01%
Forsyth Barr Group Limited, Forsyth Barr Investment Management Limited and Octagon Asset Management Limited	ASX Form 604 – Notice of Change of Interests of Substantial Holder dated 25 January 2023[4]	7,923,216	6.03%	ASX Form 604 – Notice of Change of Interests of Substantial Holder dated 25 January 2023[4]	7,923,216	6.03%
Partitio Trustee Limited	NZX Notice of Disclosure of movement of 1% or more dated 8 November 2021[2]	7,303,688	5.56%	NZX Notice of Disclosure of movement of 1% or more dated 8 November 2021[2]	7,303,688	5.56%

1. Request to trade made in accordance with Vulcan's Securities Trading Policy.
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 10 August 2023, Mayoral Trust Limited as trustee of the Vulcan Continuity Trust filed a "beginning to have a substantial holding notice" in Vulcan with ASX and NZX (in accordance with section 276 of the FMC Act). On that date, Mayoral Trust Limited held 9,247,780 ordinary shares in Vulcan (being 7.04%).

20 LARGEST SHAREHOLDERS

As at the Disclosure Date, the 20 largest Shareholders on Vulcan's share register held 82.89% 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	16,955,602	12.90%
3	New Zealand Central Securities Depository Limited	12,543,042	9.55%
4	Partitio Trustee Limited	7,303,688	5.56%
5	Adrian John Casey, Henderika Fiona Casey and B.W.S Trustee Company 2012 Limited	5,870,711	4.47%
6	Helen Cynthia Moore, Patrick James Moore and P J & H C Moore Trustee Limited	5,400,000	4.11%
7	J P Morgan Nominees Australia Pty Limited	4,779,800	3.64%
8	Rhys Jones and Lorraine Susan Taylor	4,718,000	3.59%
9	HSBC Custody Nominees (Australia) Limited	3,975,595	3.03%
10	Mayoral Trust Limited	3,935,126	2.99%
11=	Sentrust Cas Limited	3,205,669	2.44%
11=	Sentrust Res Limited	3,205,669	2.44%
13	Jenny Kam Ching Leung Lau	3,069,339	2.34%
14=	Brian James Hedge, Rosemary Anne Hedge and Stanley Neil Gollan	3,069,337	2.34%
14=	Marion Jones, Warwick Nelson Jones and GL Bentley Jones Guardian Limited	3,069,337	2.34%
16	Jana Paige Gousmett and Mark Brian Hastings	2,400,000	1.83%
17=	David Trevor Knight and Gaze Burt Trustees 20 Limited	1,800,000	1.37%
17=	Michelle Andrea Knight and Gaze Burt Trustees 20 Limited	1,800,000	1.37%
19	Brent Washington Smith aAnd Cornelis Jacobus Henrikis Witteman	1,732,669	1.32%
20	Wilson Mckay Trustee Company (107111) Limited	1,600,002	1.22%
Total 20 largest shareholders' shares		**108,889,875**	**82.89%**
Total shares on issue		**131,408,572**	**100.00%**

– Continued over

VOLUNTARY ESCROW

A total of 36,428,438 ordinary shares in Vulcan are subject to escrow arrangements that were entered into on 4 November 2021 (being the date of Vulcan's official quotation on ASX and NZX). These escrow restrictions end at 4:15pm Australian Eastern Standard Time on 29 August 2023 (being the date that Vulcan's full year results for FY23 are released to ASX and NZX).

The escrowed shares are held by five shareholders as set out below:

Shareholder name	Related party	Escrowed shares
Takutai Limited as trustee of the Takutai Trust	Peter Wells (former director)	18,416,039[1]
Partitio Trustee Limited as trustee of the Aoraki Partnership Trust	Wayne Boyd (non-executive director)	7,303,688
Adrian Casey, Henderika Casey and B.W.S Trustee Limited as trustees of the Casey Family Trust	Adrian Casey (executive director and Chief Operating Officer)	5,870,711
Rhys Jones and Lorraine Susan Taylor as trustees of the Ellsar Trust	Rhys Jones (Managing Director and Chief Executive Officer)	4,718,000
Kar Yue Yeo and Karin Won jointly	Kar Yue Yeo (Chief Financial Officer)	120,000

1. Since entering into the escrow arrangements, Takutai Limited has traded in Vulcan shares (in accordance with Vulcan's Securities Trading Policy). As at the Balance Date, Takutai Limited held 18,456,289 ordinary shares, with only 18,416,039 ordinary shares being subject to the escrow restrictions.

MARKETABLE PARCELS

On the Disclosure Date, a marketable parcel of Vulcan's shares was 65 ordinary shares (based on the closing price of AU$7.76 on Monday, 31 July 2023, being the Disclosure Date). Such a parcel of 65 ordinary shares would then have had a total value of AU$504.40.

On the Disclosure Date, the number of shareholders holding less than a marketable parcel of 65 ordinary shares was 53, and together those shareholders held 1,669 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 FY23 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 FY23 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 14 February 2023, an interim dividend (fully imputed, fully franked) of NZ$0.245 per share for the FY23 was declared by Vulcan's Board. The interim dividend was paid to eligible Shareholders on 6 April 2023.

On 29 August 2023, Vulcan's Board declared a final dividend (fully franked, 44% imputed) for FY23 of NZ$0.305 per share. It is intended that the final dividend will be paid to eligible Shareholders on 12 October 2023.

The Company does not have a dividend reinvestment plan.

EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any 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.

Remuneration

People and Remuneration Committee Chair Report.

On behalf of the Board, I am pleased to present Vulcan's remuneration report for FY23 (**Rem Report**).

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

Group performance

FY23 was a challenging year which saw contraction in sector demand driven by a tighter economic environment and inventory correction in the steel and metals distribution industries, mainly due to shortening in global and regional supply chain lead times. Notwithstanding a weaker financial outcome, we delivered a strong operational performance in our overall customer service and engagement levels, as well as inventory management.

- EBITDA of NZ$218m was down 10% (from NZ$243m in FY22)
- NPAT of NZ$95m was down 33% (from NZ$142m in FY22)
- Operating cashflow of $145m was up $113m (from $12m in FY22)
- Orders delivered-in-full-on-time improved to 97.4% in FY23 (from 96.4% in FY22)
- Active trading accounts reached its highest level in three financial years
- Return on capital employed of 21.3% on post IFRS 16 basis which is equivalent to 31.6% on pre-IFRS 16 basis in FY23

FY23 remuneration

No significant changes were made to the remuneration framework in FY23.

Vulcan established a long-term incentive plan (LTIP) prior to the IPO 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 on 4 November 2021 and will vest on 1 July 2024, subject to service and performance conditions. The second LTIP offer was granted on 4 November 2022, and will vest on 1 July 2025 (also subject to certain service and performance conditions).

The FY23 remuneration for our Executive KMP comprised three elements - fixed base salary, the LTIP and other benefits (like KiwiSaver). Executive KMPs do not have short-term incentive opportunities.

Looking forward

The FY24 remuneration framework for our Executive KMP will be consistent with the FY23 framework and will comprise fixed annual remuneration (base salary and benefits) and an annual grant of LTIP. Vulcan has extended the coverage of its LTIP to a wider group of senior management in FY24.

Vulcan will seek shareholder approval for the LTIP grants to be made in FY24 to our MD and CEO, and COO (who also serve as directors). Further details will be provided in our notice of annual meeting of shareholders.

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

Bart de Haan

CHAIR OF VULCAN'S 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 FY23?	To align the interests of the Executive KMP with the goals of Vulcan and the creation of shareholder value, our Executive KMPs' 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 the executive KMPs can create the best value for shareholders. The LTIP performance measures are weighted 50% relative total shareholder return and 50% 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 metals distributor and processor.		
Why is there no short-term incentive plan for Executive KMP?	The Board and Vulcan's senior leadership 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 or the Executive KMP. All Directors and Executive KMP hold shares in Vulcan. Executive KMP also participate in long-term incentives which are delivered in equity.		

Remuneration governance

People and Remuneration Committee

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

The PRC's responsibilities include:

- overseeing Vulcan's remuneration framework and policies to enable it to attract, retain and motivate the talent necessary to create value for shareholders;
- reviewing and making recommendations on the size and composition of the Board and appointment of directors to Board Committees, having regard to succession plans for the Board, Board skills matrix and any diversity objectives;
- reviewing and making recommendations to the Board on succession plans for the Board and senior management (including the Executive KMP);
- reviewing Vulcan's Code of Conduct, communicating its importance to all Vulcan employees and ensuring the Board is informed of any material breaches;
- developing and recommending to the Board measurable objectives for achieving gender diversity within the Board, and reviewing its effectiveness on an annual basis, in accordance with Vulcan's Diversity and Inclusion Policy; and
- instilling and continually reinforcing a culture across Vulcan of acting lawfully, ethically and responsibly.

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

Members of the PRC on 30 June 2023 were:

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

The PRC 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
Wayne Boyd	Non-Executive Director	Full Year
Bart de Haan	Independent Non-Executive Director	Full Year
Carolyn Steele	Independent Non-Executive Director	Full Year
Peter Wells	Non-Executive Director	Retired 20 October 2022
Pip Greenwood	Independent Non-Executive Director	Retired 20 October 2022
EXECUTIVE DIRECTORS		
Rhys Jones	Managing Director and Chief Executive Officer (MD & CEO)	Full Year
Adrian Casey	Executive Director and Chief Operating Officer (COO)	Appointed as Director 13 September 2022
SENIOR EXECUTIVE		
Kar Yue Yeo	Chief Financial Officer (CFO)	Full Year

Executive KMP refers to the Executive Directors and Senior Executive 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 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.

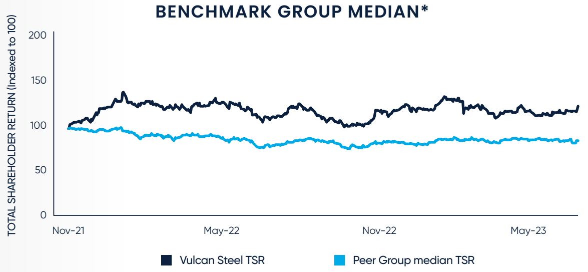
Relationship with Vulcan's performance

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.

The graph below shows Vulcan's total shareholder return (TSR) performance compared to the median company in the S&P/ASX 300 (excluding mining, energy and financial companies) for the period from listing on 4 November 2021 to 30 June 2023.

VULCAN'S TSR COMPARED TO BENCHMARK GROUP MEDIAN*



* S&P/ASX 300 companies (excluding mining, energy and financial companies) as at 4 November 2021

Remuneration framework

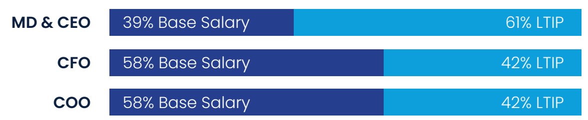
Remuneration levels are benchmarked against peer Australian and New Zealand companies that are comparable in size, complexity, and operational scope. The remuneration framework is reviewed to ensure it remains market competitive and aligns with our remuneration principles.

Vulcan's Executive KMP remuneration framework comprises three elements:

- fixed base salary;
- LTIP; and
- other Benefits, including employer contributions to KiwiSaver, allowances, benefits and fringe-benefits tax.

The figure below illustrates the Executive KMP's remuneration mix of fixed base salary and LTIP (based on the maximum opportunity) in FY23.

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.

On 9 June 2023, the Board approved an increase in the base salary for the COO and CFO for FY24 to NZ$780,000 (from NZ$680,000). It is intended that the remuneration mix of fixed base salary and LTIP to be a 50:50 mix for the COO and CFO for FY24.

Long-term incentive plan

Vulcan established a 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 certain employees to receive an equity interest in Vulcan.

The terms of the LTIP are detailed below.

Feature	Approach
Purpose	To align the interests of Vulcan's Executive KMP with the goals of Vulcan and the creation of shareholder value.
Participants	MD and CEO, COO and CFO. Vulcan has extended the coverage of its LTIP to a wider group of senior management in FY24.
Instruments issued	Performance share 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.
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 COO and CFO. **POSITION** — **MAXIMUM FY23 LTIP GRANTED (FACE VALUE)** MD & CEO — $1,965,000 COO — $490,000 CFO — $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 total shareholder return (**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 Vulcan'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%

– Continued over

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%
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 three year financial period for the ROCE Vesting Condition, (the Testing Date). The performance period for the FY23 LTIP is 1 July 2022 to 30 June 2025.
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 the equivalent shares. Each vested Right entitles the Participant to one ordinary share in Vulcan. No amount is payable by the Participant to exercise the Rights for Shares (other than personal tax obligations).
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 FY23. 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)	FY23	$1,250,000	$0	$163	$1,250,163	$0	$1,250,163
Adrian Casey (COO)	FY23	$680,000	$0	$1,824	$681,824	$0	$681,824
Kar Yue Yeo (CFO)	FY23	$680,000	$33,442[4]	$2,970	$716,413	$0	$716,413

3. Fuel card benefit.
4. Compulsory employer contributions equal to 3% of base salary plus Employer Superannuation Contribution Tax (ESCT).

Shareholdings

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

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

Name	Held at 1 July 2022	Received on exercise of rights or options	Acquisitions and disposals	Held at 30 June 2023
NON-EXECUTIVE DIRECTORS				
Russell Chenu	22,750	0	0	22,750
Wayne Boyd	7,303,688	0	0	7,303,688
Bart de Haan	180,000	0	0	180,000
Carolyn Steele	16,000	0	4,000	20,000
EXECUTIVE DIRECTORS				
Rhys Jones	4,718,000	0	0	4,718,000
Adrian Casey	5,870,711	0	0	5,870,711
SENIOR EXECUTIVE				
Kar Yue Yeo	120,000	0	0	120,000

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 KMP for FY23 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. FY23 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-months fixed annual remuneration.
Non-solicitation/restrictions on future activities	Rhys' 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. FY23 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 employ 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.

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. FY23 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.
Non-solicitation/restrictions on future activities	Kar Yue's employment contract contains restraints that apply during his employ 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**) is set to enable Vulcan to attract and retain high calibre Directors with the necessary skills and experience to ensure the Board can effectively oversee the Company's governance, and to recognise the workload of directors.

Aggregate NED fees are limited to NZ$1,300,000 per annum.

FY23 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 FY23.

Name	Year	Base Board	Audit and Risk Management Committee	People and Remuneration Committee	Other fees	Total FY23 fees
Russell Chenu	FY23	$270,000[4]	$0[5]	$0[5]	$0	$270,000
Wayne Boyd	FY23	$120,000[5]	–	$15,000[5]	$0	$135,000
Bart de Haan	FY23	$120,000[5]	$13,333[5]	$25,000[4]	$0	$158,333
Carolyn Steele	FY23	$120,000[5]	$30,000[4]	$10,000[5]	$0	$160,000
Pip Greenwood[1]	FY23	$40,000[5]	$6,667[5]	–	$0	$46,667
Peter Wells[2]	FY23	$1[5]	$0[5]	–	$0	$1
Total	FY23	$670,001	$50,000	$50,000	$0	$770,001

2. Pip Greenwood retired as a Director on 20 October 2022. Remuneration reflects the period in which she was a KMP.
3. Peter Wells elected to receive $1 for his board director fee and did not receive any fee as a member of the Audit and Risk Management Committee.
   Peter Wells retired as a Director on 20 October 2022.
4. Chair.
5. Member.

Employee Remuneration

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

Remuneration range (NZD)	Number of employees	Remuneration range (NZD)	Number of employees
$100,001 - $110,000	92	$260,001 - $270,000	2
$110,001 - $120,000	72	$270,001 - $280,000	3
$120,001 - $130,000	41	$300,001 - $310,000	1
$130,001 - $140,000	25	$310,001 - $320,000	1
$140,001 - $150,000	9	$330,001 - $340,000	1
$150,001 - $160,000	6	$350,001 - $360,000	1
$160,001 - $170,000	11	$360,001 - $370,000	1
$170,001 - $180,000	6	$370,001 - $380,000	1
$180,001 - $190,000	6	$410,001 - $420,000	1
$190,001 - $200,000	4	$420,001 - $430,000	1
$200,001 - $210,000	5	$450,001 - $460,000	1
$210,001 - $220,000	2	$520,001 - $530,000	1
$220,001 - $230,000	2	$560,001 - $570,000	1
$230,001 - $240,000	3	$680,001 - $690,000	2
$250,001 - $260,000	1	$1,250,001 - $1,260,000	1

03 / FINANCIALS

Navigating the terrain with determination

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

NZ$000's	Notes	2023	2022
Revenue	5	1,244,837	972,667
Cost of sales		(800,942)	(583,882)
Gross profit		**443,895**	**388,785**
Selling and distribution expenses	6	(26,663)	(18,401)
General and administrative expenses	6	(253,799)	(173,307)
Total operating expenses		**(280,462)**	**(191,708)**
Operating profit before financing costs		**163,433**	**197,077**
Financing income	7	51	4
Financing expenses	7	(38,585)	(15,748)
Net financing costs		**(38,534)**	**(15,744)**
Profit before tax		**124,899**	**181,333**
Tax expense	8	(37,000)	(57,349)
Profit after tax		**87,899**	**123,984**
Other comprehensive Income			
Exchange differences on translation of foreign operations		(3,461)	5,886
Fair value (loss)/gain on cash flow hedges		(4,941)	3,801
Tax effect of movement in cash flow hedges		1,399	(1,069)
Other comprehensive (loss)/income, net of tax		**(7,003)**	**8,618**
Total comprehensive income		**80,896**	**132,602**
Attributable to:			
Owners of Vulcan Steel Limited		**80,896**	**132,602**
Basic earnings per share	17	$0.67	$0.94
Diluted earnings per share	17	$0.67	$0.94

Consolidated Statement of Financial Position

AS AT 30 JUNE 2023

NZ$000's	Notes	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents		20,318	24,033
Trade and other receivables	9	170,662	157,240
Inventories	10	437,746	353,243
Tax receivable		2,902	-
Derivative financial instruments	20	1,710	5,039
Total current assets		**633,338**	**539,555**
Non-Current Assets			
Property, plant and equipment	11	86,846	56,161
Right-of-use assets	12	260,366	180,705
Intangible assets	13	15,018	12,785
Deferred tax assets	8	8,643	6,174
Total non-current assets		**370,873**	**255,825**
TOTAL ASSETS		**1,004,211**	**795,380**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	166,869	167,149
Lease liabilities	12	22,665	14,004
Tax payable		1,692	29,716
Total current liabilities		**191,226**	**210,869**
Non-current Liabilities			
Lease liabilities	12	267,067	188,276
Interest-bearing liabilities	15	360,000	210,970
Total non-current liabilities		**627,067**	**399,246**
TOTAL LIABILITIES		**818,293**	**610,115**
EQUITY			
Share capital	16	11,988	11,988
Retained earnings		163,643	157,230
Reserves	19	10,287	16,047
TOTAL EQUITY		**185,918**	**185,265**
TOTAL LIABILITIES AND EQUITY		**1,004,211**	**795,380**

These financial statements and the accompanying notes were authorised by the Board on 29 August 2023.
For the Board

Russell Chenu
DIRECTOR

Rhys Jones
DIRECTOR

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

NZ$000's	Notes	Share capital	Retained earnings	Share based payment reserve	Other reserves	Attributable to owners of Vulcan Steel Ltd
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 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	18	-	-	1,982	-	1,982
Share based payments reserve	18	-	-	701	-	701
Dividends declared	19	-	(104,137)	-	-	(104,137)
Balance as at 30 June 2022		**11,988**	**157,230**	**2,683**	**13,364**	**185,265**
Balance as at 1 July 2022		**11,988**	**157,230**	**2,683**	**13,364**	**185,265**
Comprehensive income						
Profit after tax		-	87,899	-	-	87,899
Other comprehensive income						
Foreign currency translation reserve		-	-	-	(3,461)	(3,461)
Cash flow hedge reserve		-	-	-	(3,542)	(3,542)
Total comprehensive income		**-**	**87,899**	**-**	**(7,003)**	**80,896**
Transactions with owners						
Share based payments reserve	18	-	-	1,243	-	1,243
Dividends declared	19	-	(81,486)	-	-	(81,486)
Balance as at 30 June 2023		**11,988**	**163,643**	**3,926**	**6,361**	**185,918**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

NZ$000's	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers [1]		1,273,782	947,799
Interest received		51	4
Payments to suppliers and employees [1]		(1,021,441)	(879,575)
Tax paid		(69,391)	(40,334)
Interest paid		(21,234)	(4,249)
Lease interest paid		(16,363)	(11,499)
Net cash flows from operating activities		**145,404**	**12,146**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for business acquisition	26	(170,543)	-
Sale of property, plant and equipment and intangibles		260	618
Purchase of property, plant and equipment and intangibles		(22,952)	(12,209)
Net cash flows used in investing activities		**(193,235)**	**(11,591)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability payments		(21,372)	(12,866)
Proceeds from borrowings		149,702	129,433
Dividends paid	19	(85,173)	(104,137)
Net cash flows from financing activities		**43,157**	**12,430**
Net (decrease)/increase in cash		(4,674)	12,985
Effect of foreign exchange rates		(406)	885
Cash on acquisition		1,365	-
Opening cash		24,033	10,163
Closing cash		**20,318**	**24,033**
RECONCILIATION OF CLOSING CASH			
Cash and cash equivalents		20,318	24,033
Closing cash		**20,318**	**24,033**
CASH FLOW RECONCILIATION			
Profit after tax		**87,899**	**123,984**
Add/(deduct) non cash items:			
Amortisation of right of use assets		29,400	18,843
Depreciation, amortisation and impairment of other assets		15,867	8,523
Net gain on disposal of assets		(188)	(159)
Other non-cash items		(1,612)	-
		43,467	**27,207**
Net working capital movements (net of acquisitions):			
Trade and other receivables [2]		28,900	(24,868)
Inventories [2]		38,581	(156,899)
Trade and other payables [2]		(21,053)	25,707
Taxation payable [2]		(32,550)	16,851
Deferred tax asset [2]		160	164
		14,038	**(139,045)**
Net cash flows from operating activities		**145,404**	**12,146**

1. This statement is prepared exclusive of GST for 2023, the 2022 comparatives have been adjusted by $57.6 million to reflect this change. Net cash flow from operating activities for 2022 remains unchanged.
2. The working capital movements for 2022 include foreign currency movements of $9.6 million which were previously disclosed separately.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

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 AND PRINCIPLES OF CONSOLIDATION

Statement of compliance

These consolidated financial statements for the year ended 30 June 2023 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 the Consolidated Statement of Comprehensive Income.

The Consolidated Statement of 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 exclusive 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 Assumptions for the future and other major sources of estimation can create uncertainty at the end of the year, resulting in significant risk of material adjustments to carrying amounts of assets and liabilities in the next financial year. 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 acquisition fair value assessments 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.

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 2022.

There are no new standards or amendments to standards applicable to the Group for the year ended 30 June 2023 that have materially impacted the financial statements. No other changes to accounting policies have been made during the year and policies have been consistently applied to all years presented.

Management is currently assessing the following standard that is not yet effective.

On 14th December 2022, the External Reporting Board (XRB) published its climate-related disclosure standards. The mandatory reporting regime for disclosing risk in the annual report is for reporting periods beginning on or after 1 January 2023.

The Group currently prepares disclosure related information as part of its Environment and Sustainability section in the annual report. Disclosures aligned to the new standard will form part of the 30 June 2024 annual report.

3. SIGNIFICANT TRANSACTIONS AND EVENTS FOR THE CURRENT PERIOD

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 26.

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 Managing Director and CEO, CFO and COO) 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 standardised 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. 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)

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

NZ$000's	2023				2022			
	Steel	Metals	Corporate	Total	Steel	Metals	Corporate	Total
Total operating revenue	596,278	648,559	-	1,244,837	626,175	346,492	-	972,667
EBITDA (post NZ IFRS 16 and pre significant items)	113,193	130,965	(25,278)	218,880	168,512	95,896	(21,912)	242,496
Significant items [1]				(10,180)				(18,053)
EBITDA (post NZ IFRS 16 and significant items)				208,700				224,443
Depreciation & amortisation				(45,267)				(27,366)
Operating profit before financing costs				163,433				197,077
Net financing costs				(38,534)				(15,744)
Profit before tax				124,899				181,333
Tax expense				(37,000)				(57,349)
Profit after tax				87,899				123,984
Depreciation & amortisation of PPE & intangibles				(15,867)				(9,140)
Amortisation of right of use assets				(29,400)				(18,226)
Total depreciation & amortisation				**(45,267)**				**(27,366)**
Finance income				51				4
Finance expenses - interest, line fees & other				(22,222)				(4,249)
Finance expenses on lease liabilities				(16,363)				(11,499)
Net financing costs				(38,534)				(15,744)
Principal lease payments	(16,290)	(21,431)	(14)	(37,735)	(13,778)	(10,587)	-	(24,365)
Underlying EBITDA (pre NZ IFRS 16 and significant items)	96,903	109,534	(25,292)	181,145	154,734	85,309	(21,912)	218,131
Significant items [1]								
IPO costs	-	-	-	-	-	-	(15,839)	(15,839)
Share gift (refer note 18)	-	-	-	-	-	-	(2,214)	(2,214)
Ullrich integration costs	-	-	(10,180)	(10,180)	-	-	-	-
Total significant items	-	-	**(10,180)**	**(10,180)**	-	-	**(18,053)**	**(18,053)**
TOTAL ASSETS	381,436	567,454	55,321	1,004,211	424,303	319,486	51,591	795,380
TOTAL LIABILITIES	179,847	213,488	424,958	818,293	201,836	146,548	261,731	610,115
Geographical information	**NZ**	**Australia**	**Corporate**	**Total**	**NZ**	**Australia**	**Corporate**	**Total**
TOTAL OPERATING REVENUE	451,875	792,962	-	1,244,837	369,368	603,299	-	972,667
EBITDA (post NZ IFRS 16 and significant items)	105,609	138,549	(35,458)	208,700	110,458	153,668	(39,683)	224,443
TOTAL NON CURRENT ASSETS	**106,479**	**232,853**	**31,541**	**370,873**	**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 Accounts.

5. REVENUE

NZ$000's	2023	2022
Total operating revenue	1,244,837	972,667

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.

6. EXPENSES

NZ$000's	2023	2022
Profit before tax includes the following expenses:		
Employee benefit expenses	132,258	85,623
Defined contribution plans	9,981	6,931
Depreciation and amortisation	45,267	27,366
Selling and distribution	26,663	18,401
Occupancy costs	11,048	6,256
Ullrich integration costs	10,180	-
IPO costs	-	15,839
Share gift costs (refer to Note 18)	-	2,214
Other expenses	45,065	29,078
Total selling, general and administrative expenses	**280,462**	**191,708**
Fees paid to auditors:		
Audit of financial statements		
Auditor remuneration - Audit and review of financial statements	510	416
Other services		
IPO Report	-	745
Tax services	-	7
Greenhouse gas inventory assurance review	25	12

KEY POLICY **Auditor remuneration**

Other 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 consulting services.

7. FINANCE INCOME AND EXPENSES

NZ$000's	2023	2022
Financing income		
Interest income	51	4
Financing expenses		
Bank facility fees	(2,903)	(1,496)
Interest paid and payable	(19,319)	(2,753)
Interest expense on lease liabilities	(16,363)	(11,499)
	(38,585)	**(15,748)**
Net financing costs	**(38,534)**	**(15,744)**

KEY POLICY Finance income comprises interest income on funds invested, 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.

8. INCOME TAX

NZ$000's	2023	2022
Income tax expense		
Profit before tax	124,899	181,333
Tax at the New Zealand rate of 28% (2022: 28%)	34,972	50,773
Tax adjustments:		
Non-assessable (income)/loss	(60)	-
Non-deductible expenses	1,716	5,405
Adjustments to prior years	(1,032)	(632)
Foreign rates other than 28%	1,319	1,748
Other	85	55
Tax expense	**37,000**	**57,349**
This is represented by:		
Current tax	36,760	57,233
Deferred tax	240	116
Tax expense	**37,000**	**57,349**

Imputation credits

There are $6,891,761 imputation credits available for use in New Zealand as at 30 June 2023 (2022: $4,301,124) and $19,681,775 franking credits available for use in Australia as at 30 June 2023 (2022: $12,420,733).

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.

NZ$000's	2023	2022
Deferred tax assets		
The balance comprises:		
Employee benefits	3,831	2,466
Leased assets and liabilities	8,662	6,374
Cash flow hedge	11	-
Accruals and provisions	1,553	877
Inventory provisions	3,688	-
Provision for doubtful debts	733	591
Other	59	90
	18,537	10,398
Deferred tax liabilities		
The balance comprises:		
Customer book acquired at fair value	806	259
Property, plant and equipment	8,999	2,386
Cash flow hedge	40	1,432
Prepayments	49	147
	9,894	4,224
Net deferred tax	**8,643**	**6,174**

NZ$000's	Property, plant and equipment	Leased assets and liabilities	Cash flow hedge	Provisions, accruals and prepayments	Stock	Intangibles	Total
Year ended 30 June 2022							
Opening balance	(444)	4,618	(374)	3,832	-	(377)	7,255
Adjustments to prior years	-	-	17	(65)	-	-	(48)
Credit/(charged) to the Consolidated Statement of Comprehensive Income	(1,942)	1,756	-	110	-	(40)	(116)
(Charged) to equity	-	-	(1,075)	-	-	-	(1,075)
Foreign exchange movements	(12)	106	-	75	-	(11)	158
Net deferred tax	**(2,398)**	**6,480**	**(1,432)**	**3,952**	**-**	**(428)**	**6,174**
Year ended 30 June 2023							
Opening balance	(2,398)	6,480	(1,432)	3,952	-	(428)	6,174
Adjustments to prior years	-	219	-	1,239	940	-	2,398
Deferred tax on acquisition	(2,195)	1,186	-	747	2,426	(845)	1,319
Credit/(charged) to the Consolidated Statement of Comprehensive Income	(4,512)	908	-	321	352	293	(2,638)
Credited to equity	-	-	1,399	-	-	-	1,399
Foreign exchange movements	106	(131)	4	(132)	(30)	174	(9)
Net deferred tax	**(8,999)**	**8,662**	**(29)**	**6,127**	**3,688**	**(806)**	**8,643**

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.

9. TRADE AND OTHER RECEIVABLES

NZ$000's	2023	2022
Trade receivables	171,910	159,110
Allowances for credit losses	(2,562)	(2,064)
Prepayments	1,314	194
	170,662	**157,240**
Movement in allowance for credit losses		
Opening balance	2,064	2,044
Release of provision	(734)	20
Provision on Acquisition	1,263	-
Foreign exchange translation gains/losses	(31)	-
Balance at the end of the year	**2,562**	**2,064**

The Group has recognised a loss of $570,371 (2022: $85,809) in respect of bad debts written off. The loss has been included in general and administrative expenses in the Consolidated Statement of Comprehensive Income. A credit loss allowance has been applied against trade receivables of $2,562,207 for the year ended 30 June 2023 for the Group (2022: $2,064,378).

TRADE AND OTHER RECEIVABLES (CONTINUED)

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 (2022: 85%).

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.

NZ$000's	Not past due	0-30 days past due	30-60 days past due	60-90 days past due	90+ days past due	Total
2023						
Trade receivables	146,685	23,804	942	479	-	171,910
2022						
Trade receivables	134,732	23,524	854	-	-	159,110

Customer and receivable concentration		
Five largest customers' proportion of the Group's:	**2023**	**2022**
Operating revenue	4%	6%
Trade receivables	5%	8%

10. INVENTORIES

NZ$000's	2023	2022
Finished goods	417,862	325,805
Goods in transit	18,071	26,153
Consumables	1,061	290
Work in progress	752	995
	437,746	353,243

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.

11. PROPERTY, PLANT AND EQUIPMENT

NZ$000's	Plant, machinery and vehicles	Furniture fittings & equipment	Land & buildings	Capital work in progress	Total
Cost					
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**
Balance 1 July 2022	109,360	19,828	4,254	4,396	137,838
Acquisition	46,050	1,061	-	-	47,111
Additions & reclassifications	17,744	5,765	541	(1,269)	22,781
Disposals	(858)	(38)	-	-	(896)
Exchange movement	(1,743)	(211)	(32)	(29)	(2,015)
Balance 30 June 2023	**170,553**	**26,405**	**4,763**	**3,098**	**204,819**
Accumulated depreciation & impairment losses					
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**
Balance 1 July 2022	70,308	11,062	307	-	81,677
Acquisition	23,615	363	-	-	23,978
Depreciation	11,588	2,617	51	-	14,256
Disposals	(789)	(35)	-	-	(824)
Exchange movement	(996)	(113)	(5)	-	(1,114)
Balance 30 June 2023	**103,726**	**13,894**	**353**	**-**	**117,973**
Carrying amounts					
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
As at 30 June 2023	**66,827**	**12,511**	**4,410**	**3,098**	**86,846**

Security

At 30 June 2023, the fixed assets of the Group are subject to a first debenture to secure bank loans (see note 15).

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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).

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 Consolidated Statement of Comprehensive Income. 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

12. RIGHT-OF-USE ASSETS

NZ$000's	Motor vehicles	Buildings	Total
Cost			
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**
Balance 1 July 2022	**5,498**	**232,431**	**237,929**
Additions and renewals	3,076	107,794	110,870
Disposals	(356)	(3,638)	(3,994)
Exchange movement	(54)	(3,129)	(3,183)
Balance 30 June 2023	**8,164**	**333,458**	**341,622**
Accumulated amortisation			
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**
Balance 1 July 2022	**3,718**	**53,506**	**57,224**
Disposals	(1,614)	(3,027)	(4,641)
Amortisation for the year	2,285	27,115	29,400
Exchange movement	(36)	(691)	(727)
Balance 30 June 2023	**4,353**	**76,903**	**81,256**
Carrying amounts			
As at 30 June 2021	1,913	177,089	179,002
As at 30 June 2022	1,780	178,925	180,705
As at 30 June 2023	**3,811**	**256,555**	**260,366**

NZ$000's	2023	2022
Lease liabilities included in the Consolidated Statement of Financial Position		
Current	22,665	14,004
Non-current	267,067	188,276
	289,732	**202,280**
Lease expenses included in Consolidated Statement of Comprehensive Income		
Interest on leases	16,363	11,499
Right-of-use asset amortisation	29,400	18,226
	45,763	**29,725**
Lease cash flows included in Consolidated Statement of Cash Flows		
Interest paid on leases (operating activities)	16,363	11,499
Payments for lease liabilities principal (financing activities)	21,372	12,866
Total cash outflows from lease liabilities	**37,735**	**24,365**

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 was not readily available. Incremental borrowing rates applied to lease liabilities range between 5.75% - 5.95% (2022: 5.75% - 5.95%).

The Group has leases for buildings and motor vehicles. Leases are either non-cancellable or may only be cancelled by incurring a substantive 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 building leases typically run for a period from 10 to 20 years. Lease payments for buildings 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.

13. INTANGIBLE ASSETS

NZ$000's	Goodwill	Computer software	Customer book	Total
Cost				
Balance 1 July 2021	12,822	13,882	2,093	28,797
Disposals	–	(491)	–	(491)
Exchange movement	138	5	65	208
Balance 30 June 2022	**12,960**	**13,396**	**2,158**	**28,514**
Balance 1 July 2022	12,960	13,396	2,158	28,514
Acquisitions	292	8	3,468	3,768
Additions & reclassifications	–	171	–	171
Exchange movement	(70)	(4)	(45)	(119)
Balance 30 June 2023	**13,182**	**13,571**	**5,581**	**32,334**
Amortisation & impairment losses				
Balance 1 July 2021	1,196	13,462	837	15,495
Amortisation for the Year	–	202	415	617
Disposals	–	(429)	–	(429)
Exchange movement	–	4	42	46
Balance 30 June 2022	**1,196**	**13,239**	**1,294**	**15,729**
Balance 1 July 2022	1,196	13,239	1,294	15,729
Acquisitions	–	2	–	2
Amortisation for the Year	–	128	1,483	1,611
Exchange movement	–	(3)	(23)	(26)
Balance 30 June 2023	**1,196**	**13,366**	**2,754**	**17,316**
Carrying Amounts				
Balance at 30 June 2021	11,626	420	1,256	13,302
Balance at 30 June 2022	11,764	157	864	12,785
Balance at 30 June 2023	**11,986**	**205**	**2,827**	**15,018**

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.

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:

NZ$000's	2023	2022
Horan Steel	2,384	2,423
Plate Australia	2,178	2,215
Plate New Zealand	7,126	7,126
Ullrich Aluminium	299	–
	11,987	**11,764**

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"). The Group uses a VIU approach 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 2022.

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 2024, with key assumptions being EBITDA and capital expenditure for the CGU. A post-tax discount rate of 11.1% was utilised for all the CGU's (2022: 9.7%). 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.

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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 the Consolidated Statement of Comprehensive Income 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 Consolidated Statement of Comprehensive Income 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 and the Ullrich Aluminium Limited acquisitions. These were 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 for Horan Steel and 3 years for Ullrich Aluminium).

14. TRADE AND OTHER PAYABLES

NZ$000's	2023	2022
Trade payables	142,762	150,089
Employee benefits	18,927	14,399
Other taxes (GST)	5,180	2,661
	166,869	**167,149**

Payables denominated in currencies other than the functional currency comprise 69% of trade payables (2022: 62%).

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.

15. INTEREST-BEARING LIABILITIES

NZ$000's	2023	2022
Secured bank loans - non current	360,000	210,970
	360,000	**210,970**

NZ$000's	2023	2022
Reconciliation of movement in secured Bank loans		
Opening balance	210,970	80,000
Net cashflow from financing activities	149,702	129,433
Foreign exchange movements	(672)	1,537
Closing balance	**360,000**	**210,970**

The Group has $440 million loan facility across the Bank of New Zealand, National Australia Bank Ltd, Westpac New Zealand Ltd, ANZ Bank. The facility expires, $40 million 1 November 2023, $75 million 16 July 2024, $250 million 3 July 2025, $75 million 16 July 2026. 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, ANZ Bank New Zealand Ltd and MUFG Bank Ltd under a facility agreement dated 28 June 2018 (as amended and restated most recently on 15 May 2023) 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.

NZ$000's'	2023	2022
Unused lines of credit		
Bank overdraft facilities	20,891	4,215
Borrowing facility	67,765	30,080
	88,656	**34,295**

16. SHARE CAPITAL

	2023		2022	
FULLY PAID ORDINARY SHARES	Number of shares	Share capital NZ$000's	Number of shares	Share capital NZ$000's
Opening balance	131,408,572	11,988	131,408,572	11,988
Issue of shares	-	-	-	-
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.

17. EARNINGS PER SHARE

NZ$000's	2023	2022
Profit after tax	**87,899**	**123,984**
Ordinary shares outstanding (number of shares)	131,408,572	131,408,572
Basic earnings per share (cents per share)	$0.67	$0.94
Diluted earnings per share (cents per share)	$0.67	$0.94

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.

18. 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, a director at the time of the gifting of the shares 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 NZD$1,982,000 non-cash expense item and an offsetting increase in reserves.

NZ$000's	2022
Included in profit before tax:	
Value of shares gifted to employees	1,982
Tax liabilities	1,285
Reimbursement from Takutai Limited of tax liabilities	(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)

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 Consolidated Statement of Comprehensive Income over the vesting period of the rights with a corresponding entry to the share based payments reserve.

An additional 332,417 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 $2,103,000.

The total expense recognised in the year to 30 June 2023 in relation to equity settled share based payments was $1,243,365 (2022: $701,004). 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 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:

	2023 Performance share rights	2022 Performance share rights
Number outstanding		
As at beginning of the year	391,622	-
Granted during the year	332,417	391,622
Vested during the year	-	-
Lapsed during the year	-	-
As at end of the year	**724,039**	**391,622**
Exercisable at year end	-	-
Number of employees holding PSRs and ESRs	3	3
Weighted average remaining contractual life (months)	18	24
Fair value of rights granted during the year ($000)	2,495	2,103
Fair value of rights granted during the year ($ per share)	4.90	5.37
Key inputs and assumptions used in fair value of grants during the year		
Share price at grant date ($ per share)	7.71	7.52
Contractual life (years)	3	3
Expected volatility (i)	30.08%	39.31%
Expected dividend yield	8.43%	5.25%
5 year NZD risk free rate	3.51%	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.

19. RESERVES AND DIVIDENDS

NZ$000's	2023	2022
Capital reserve	8,548	8,548
Cash flow hedge reserve	65	3,607
Foreign currency translation reserve	(2,252)	1,209
Share based payment reserve	3,926	2,683
	10,287	**16,047**

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 $81,485,797 were declared and paid by the Group to qualifying shareholders for the year ended 30 June 2023 (2022: $104,137,357). Supplementary dividends of $3,687,681 were also paid during the year.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2023		2022	
NZ$000's	Assets	Liabilities	Assets	Liabilities
Foreign currency forward exchange contracts - cash flow hedges	1,710	-	5,039	-

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 the Consolidated Statement of Comprehensive Income immediately unless the derivative is designated and deemed effective as a hedging instrument, in which event the timing of the recognition in the Consolidated Statement of Comprehensive Income 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 the Consolidated Statement of Comprehensive Income.

21. FINANCIAL INSTRUMENTS

KEY POLICY Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position 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 the Consolidated Statement of Comprehensive Income) 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 the Consolidated Statement of Comprehensive Income 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 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 (2022: 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 80 percent of its committed foreign currency exposure in respect of purchases over the following six 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 date.

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

NZ$000's	NZD	AUD	Total
2022			
Cash	(725)	24,758	24,033
Trade receivables	62,476	94,764	157,240
Trade and other payables	(48,111)	(88,478)	(136,589)
Borrowings	(170,000)	(40,970)	(210,970)
	(156,360)	**(9,926)**	**(166,286)**
2023			
Cash	6,745	13,573	20,318
Trade receivables	58,919	111,743	170,662
Trade and other payables	(11,141)	(96,356)	(107,497)
Borrowings	(360,000)	-	(360,000)
	(305,477)	**28,960**	**(276,517)**

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:

NZ$000's	2023		2022	
Foreign exchange rate change	**-10%**	**+10%**	**-10%**	**+10%**
Impact on profit after tax	4,924	(4,029)	6,782	(5,549)
Impact on hedging reserves (within equity)	39	(39)	(361)	361
	4,963	**(4,068)**	**6,421**	**(5,188)**

(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 2023 the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

NZ$000's	2023	2022
Financial assets		
Cash and cash equivalents	20,318	24,033
Total financial assets exposed to interest rate risk	20,318	24,033
Financial liabilities		
Interest-bearing liabilities	(360,000)	(210,970)
Total financial liabilities exposed to interest rate risk	(360,000)	(210,970)
Net exposure	**(339,682)**	**(186,937)**

The following table summarises 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:

NZ$000's	2023		2022	
Interest rate change	**-0.25%**	**+0.25%**	**-0.25%**	**+0.25%**
Impact on profit after tax	622	(622)	247	(247)
	622	**(622)**	**247**	**(247)**

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 Consolidated Statement of Financial Position.

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 indemnified 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 2023. The expected timing of actual cash flows from these financial instruments may differ.

NZ$000's	Payable < 1 year	Payable 1-2 years	Payable 2-5 years	Payable > 5 years	Total contractual cashflows
2022					
Non derivative financial liabilities					
Trade payables	136,589	-	-	-	136,589
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	**181,152**	**13,630**	**254,302**	**131,314**	**580,398**
2023					
Non derivative financial liabilities					
Trade payables	107,497	-	-	-	107,497
Lease liabilities	38,552	38,458	110,168	215,075	402,251
Interest bearing liabilities	-	35,000	325,000	-	360,000
Derivative financial liabilities					
Forward exchange contracts	59,372	-	-	-	59,372
Group contractual cashflows	**205,421**	**73,458**	**435,166**	**215,075**	**927,120**

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 Consolidated Statement of Financial Position. 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 created by the general security and common terms deed (as restated on 22 September 2014 and amended from time to time) and other security granted for the benefit of ANZ/BNZ/MUFG and Westpac. 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.

22. CAPITAL COMMITMENTS

Total capital expenditure contracted as at balance date but not provided for in the accounts was $1,201,469 (2022: $4,382,445).

23. CONTINGENT LIABILITIES

There is a bank guarantee with National Australia Bank Ltd of $13.3 million (2022:$11.0 million) over property in Australia.

24. RELATED PARTIES

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

SUBSIDIARIES AND ASSOCIATES	Principal activity	Place of incorporation	2023 Holding	2022 Holding
Vulcan Steel Australia Pty Limited	Steel Distribution	Australia	100%	100%
Global Metals Pty Limited (non-trading, in liquidation)	Steel Distribution	Australia	100%	100%
Ullrich Aluminium Limited	Aluminium Distribution	New Zealand	100%	-
Ullrich Aluminium Pty Limited	Aluminium Distribution	Australia	100%	-
Ullrich Fabrications Pty Limited (non-trading)	Aluminium Distribution	Australia	100%	-
Ullrich Noyes Administration Services Pty Limited (non-trading)	Aluminium Distribution	Australia	100%	-
Wintec Aluminium Pty Limited (non-trading)	Aluminium Distribution	Australia	100%	-
Inviol Limited	Health & Safety Systems	New Zealand	30%	30%

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL NZ$000's	2023	2022
Salaries paid (including KiwiSaver and cashed-up annual leave)	2,610	2,656
Bonuses paid	-	200
Total remuneration	2,610	2,856

Key management includes the Managing Director and Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer. In addition Directors' fees of $770,001 (2022: $834,186) were paid.

Shareholder loan accounts - management personnel

As at 30 June 2023 there were no shareholder loans (2022: nil).

Building leases

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

	2023		2022	
NZ$000's	Principal lease payment	Lease liability outstanding	Principal lease payment	Lease liability outstanding
Tri-Nation Investments Pty Ltd	2,975	35,032	3,054	35,719
Pounamu Investments Ltd	1,490	10,892	1,265	9,666
Palmerston North Investments Ltd	636	4,413	613	4,208
Texas Properties Ltd	623	4,079	527	3,693
Plasma Investments Ltd	370	1,818	364	2,067
Angitu Limited Partnership	564	3,476	572	3,743
	6,658	59,710	6,395	59,096

Other transactions

During the year a $120,000 loan was provided to Inviol Limited and remained payable at 30 June. Also during the year the Group paid Inviol $9,000 for health and safety services.

Gifting of shares

On 31 May 2022 Mary and Peter Wells (founder and shareholder) made a gift of shares in Vulcan Steel Limited to company employees via their shareholding in Takutai Limited. Refer to note 18 for details of this gift.

25. EVENTS OCCURRING AFTER BALANCE DATE

Dividend

On 29 August 2023, the Directors approved a final dividend of 30.5 cents per share totalling $40.1 million. The dividend record date is 28 September 2023 and payment will occur on 12 October 2023. The dividend will be fully franked and 44% imputed.

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.

26. 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 Groups growth strategy.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

NZ$000's	2023
Fair value of consideration transferred	
Amount settled in cash	127,750
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
Total non-current assets	**28,347**
Inventories	126,775
Trade and other receivables	34,247
Prepayments	9,138
Cash and cash equivalents	1,365
Total current assets	**171,525**
Borrowings [1]	42,793
Tax payable	5,606
Total non-current liabilities	**48,399**
Other liabilities	5,212
Capitalised lease obligations	444
Trade and other payables	18,359
Total current liabilities	24,015
Identifiable net assets	**127,458**
Goodwill on acquisition	**292**

1. Borrowings of $42.8 million were repaid as part of the settlement of the acquisition.

Consideration transferred

The acquisition of Ullrich was settled in cash amounting to $127,750,000.

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 Comprehensive Income, as part of administration expenses.

Identifiable net assets

The fair value of the trade and other receivables 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.

The fair value of inventory amounted to $126,774,547, with a gross value of $140,740,427. An inventory provision was established for $13,965,880 on acquisition.

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 $274,438,857 revenue and $23,110,044 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, Group revenues for the year would have been $1,269,704,625 and Group profit before tax would have been $127,233,367.

ESTIMATE

Significant judgement and estimation is required when valuing both the tangible and intangible assets acquired as part of the acquisition to ensure that the fair value of the recognised amounts of identifiable assets acquired and liabilities assumed is appropriate.

The fair value of property, plant and equipment was completed using a depreciated replacement cost approach. The cost approach considers the current replacement costs adjusted for the age of property, plant and equipment acquired and residual useful lives. Where appropriate the estimate also considered the secondary market for certain assets. Customer lists valuation reflects the present value of assessed excess earnings and the attrition rate from revenue generating customers. Inventory valuation is based on the lower of cost or net realisable value following a review of market value of the inventory. As part of this review, management considered the saleability of items and for any items not deemed saleable consideration was given to scrap values in determining the realisable value. Trade receivables valuation is based on face value net of assessed allowance for potential credit losses.

Deloitte.

INDEPENDENT AUDITOR'S 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 statement of financial position as at 30 June 2023, and the consolidated statement of 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 74 to 99, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2023, and its consolidated statement of comprehensive income and consolidated statement of 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 carried out another assignment for the Group, providing assurance services in respect of green house gas inventories. These services have not impaired our independence as auditor of the Company and Group. In addition to this, partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. The firm has no other relationship with, or interest 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.

KEY AUDIT MATTER

Revenue cut-off

The Group reported revenue of $1,245 million during the year, from $973 million in 2022 as set out in note 5 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 manual process used by management 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 around year end applying parameters designed to identify entries that were not in accordance with our expectations.

KEY AUDIT MATTER

Acquisition of Ullrich Aluminium Co Limited

On 1 August 2022, the Group acquired the Ullrich Aluminium Co Limited's business as disclosed in note 26. The acquisition of the Ullrich Aluminium business was significant due to the subjectivity and complexity inherent in this business acquisition and the requirements of NZ IFRS 3 Business Combinations.

The Group recorded the identifiable tangible and intangible assets acquired, and liabilities assumed at their fair value as at acquisition date. Goodwill of $0.3 million was recorded as the excess of the consideration paid of $127.8 million over the fair value of the net assets acquired of $127.5 million.

We considered this a key audit matter due to the significance of the acquisition to the Group, coupled with the significant judgements and estimates involved in identifying and determining the fair value of the assets and liabilities acquired.

How our audit addressed the key audit matter

As part of our audit we:

- Read the sale and purchase agreement relating to the acquisition to understand key terms and conditions of the transaction;
- Assessed Management's evaluation of the sale and purchase agreement to determine the associated accounting treatment by comparing those terms and conditions against the requirements of NZ IFRS 3; Business Combinations and other relevant guidance;
- Evaluated the appropriateness and completeness of the intangible assets identified by the Group based on knowledge of business, the industry and other relevant guidance;
- Engaged our internal valuation specialists to assist with assessing the resonableness of the fair value of net assets acquired by reviewing the valuation methodology and mathematical accuracy of models, comparing discount rate assumptions to market observable inputs, and tested the mathematical accuracy of the Group's purchase price accounting calculation;
- Recalculated the resulting goodwill to be recognised on acquisition; and
- Considered the adequacy of the disclosures in the consolidated financial statements against NZ IFRS 3.

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
29 August 2023

This audit report relates to the consolidated financial statements of of Vulcan Steel Limited (the 'Company') for the year ended 30 June 2023 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 29 August 2023 to confirm the information included in the audited consolidated financial statements presented on this website.

Glossary

1H	first half of FY23, being 1 July 2022 to 31 December 2022
2H	second half of FY23, being 1 January 2023 to 30 June 2023
2023 Annual Report	Vulcan's annual report for FY23 dated 29 August 2023
ARMC	Vulcan's Audit and Risk Management Committee
ASM	annual meeting of shareholders
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 2023
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)
EBITDA	earnings before interest, tax, depreciation and amortisation
ESG	environment, social and governance
Executive KMP	MD and CEO, COO and CFO, which for FY23 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 ending on 30 June 2022
FY23	financial year starting 1 July 2022 and ending on 30 June 2023
Leadership Team	Rhys Jones (MD and CEO), Adrian Casey (COO), Kar Yue Yeo (CFO), James Wells (Chief Information Officer), Helene Deschamps (Leadership Development), Bradley Childs (Australian Leader), Matthew Lee (Australian Leader), Ken Collin (Australian Leader) and Richard Love (Australian Leader)
MAP	market announcement platform
MD and CEO	Vulcan's Managing Director and Chief Executive Officer
NZX	New Zealand Stock Exchange
Personnel	all Vulcan directors, officers and employees, including temporary employees
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
Representatives	any consultants, secondees, contractors, agents and intermediaries who have been engaged to work for and/or represent Vulcan
Shareholders	shareholders of Vulcan
Statement	Vulcan's corporate governance statement for the reporting period which ended on 30 June 2023
TPD	tonne per trading day
Vulcan	Vulcan Steel Limited (NZBN 9429038466052 /ARBN 652 996 015)
Vulcan 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, liquidated on 20 June 2023), Ullrich Aluminium Co Limited (NZ company number 47279) and Ullrich Aluminium Pty Limited (ACN 001 697 445)
yoy	year on year

Corporate Directory

BOARD OF DIRECTORS
Russell Chenu (Chair)
Rhys Jones
Adrian Casey (appointed 13 September 2022)
Wayne Boyd
Bart De Haan
Carolyn Steele
Pip Greenwood (ceased 20 October 2022)
Peter Wells (ceased 20 October 2022)

EXECUTIVE TEAM
Rhys Jones
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Adrian Casey
CHIEF OPERATING OFFICER

Kar Yue Yeo
CHIEF FINANCIAL OFFICER

REGISTERED OFFICE
New Zealand
29 Neales Road
East Tamaki
Auckland 2013
Telephone: +64 9 273 7214

Australia
c/o - Pitcher Partners Advisors Proprietary Limited
Level 13, 664 Collins Street
Docklands
VIC 3008
Telephone: +61 3 8610 5000

ADMINISTRATIVE OFFICE
New Zealand
269 Ti Rakau Drive
East Tamaki
Auckland 2013
Telephone: +64 9 272 7495

Australia
72-86 Nathan Road
Dandenong South
VIC 3175
Telephone: +61 3 8792 9699

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
New Zealand company number: 68137
New Zealand business number: 9429038466052
Australian registered business number: 652 996 015

VULCAN.CO