

The cover features a central circular graphic divided into five segments. Clockwise from the top, the segments contain: a solid light blue arc, a hand holding a glowing atomic model, a city at night, a bright sun, and a blue abstract pattern. The central circle has a blue background with white text. The background of the entire cover is dark blue with a glowing molecular structure in the top left and curved lines with dots in the bottom right.

# ANNUAL REPORT 2024

**necsa**  
*We're in your world*



South African  
Nuclear Energy Corporation Ltd





**NECSA**

**INTEGRATED ANNUAL  
REPORT**

**FINANCIAL YEAR 2023/24**

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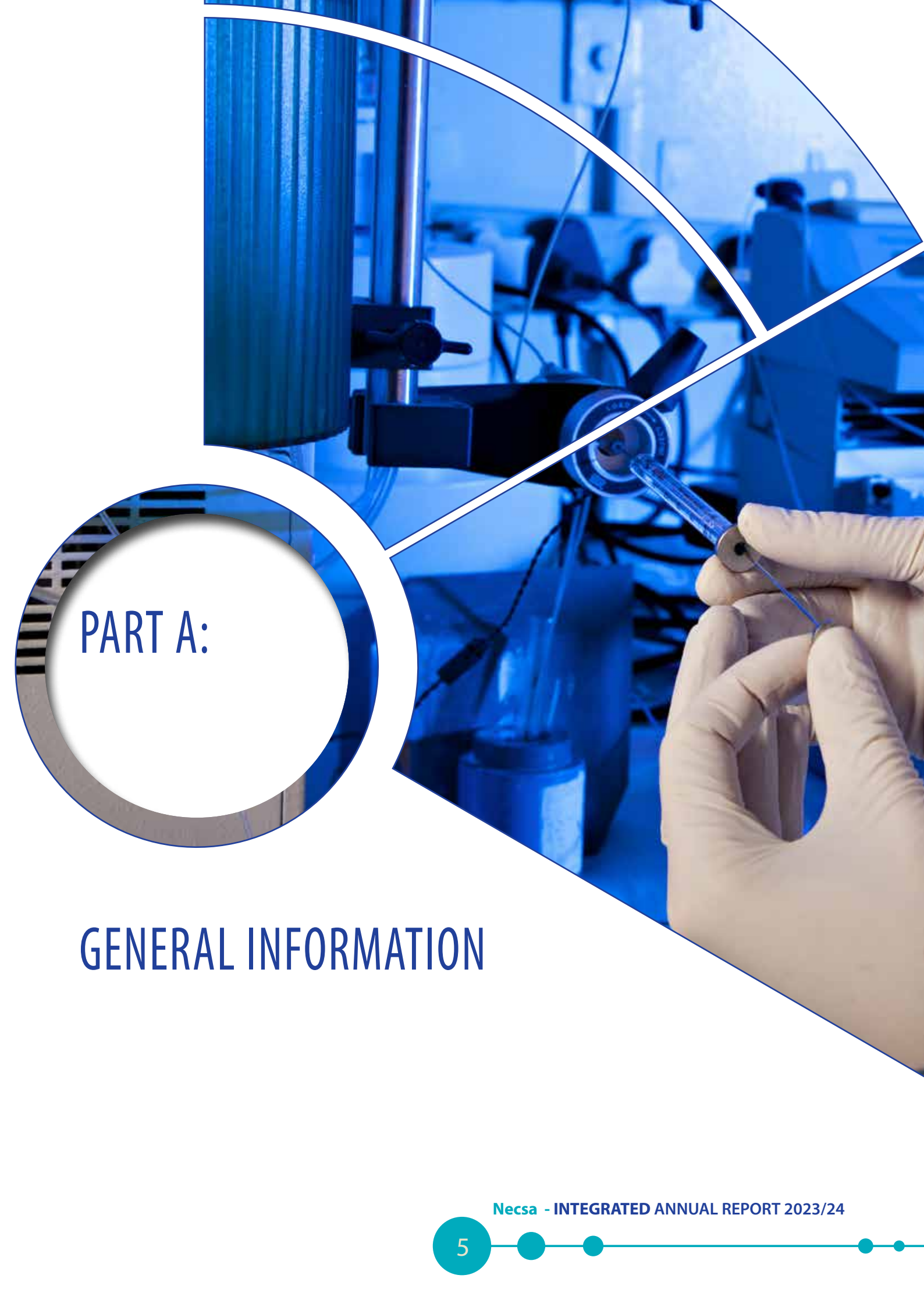
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PART A:

## GENERAL INFORMATION

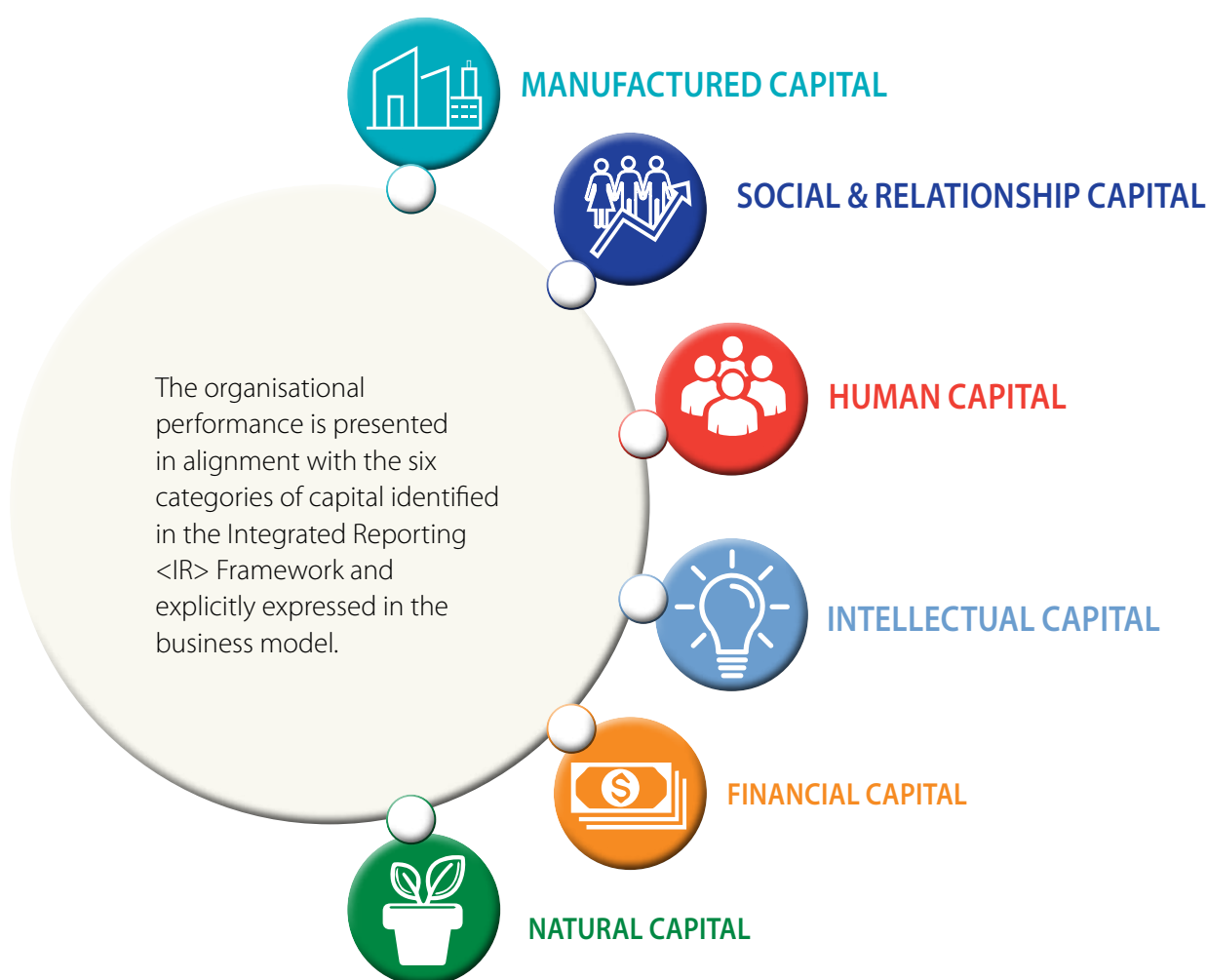


## About this Report

This integrated annual report outlines the financial performance and key information of the South African Nuclear Energy Corporation (Necsa) for the 2023/24 financial year (FY). It serves as a legislative accounting and governance tool, transparently showcasing achievements against predetermined objectives and compliance with financial and governance regulations in alignment with Necsa's founding mandates.

This report reflects the transition to integrated reporting as guided by the National Treasury Guidelines, the Public Finance Management Act (PFMA), the Integrated Reporting <IR> Framework (IRF), the Global Reporting Initiative 2021 in terms of its stakeholder universe, the King IV Report on Corporate Governance for South Africa, 2016 (King IV™), the International Financial Reporting Standards (IFRS), and the founding Nuclear Energy Act 46 of 1999, Section 23(2)(c).

The Necsa Group Board has a fiduciary duty to ensure the integrated annual report provides an accurate, complete and holistic representation of the organisation, including financial performance, corporate governance, risk management and sustainability. It oversees an entity that is driven ethically, with integrity and commitment to competence conducted in a transparent and fair manner. This is fulfilled through the governing body (the Board) reporting to the Shareholder and all its stakeholders in an honest and transparent manner, sharing a holistic narrative of the business.







## 1. Organisational Overview

Necsa was established as a public company under the Republic of South Africa Nuclear Energy Act of 1999 and is wholly owned by the State.

Necsa is responsible for research and development in the field of nuclear energy and radiation sciences, processing source material, including uranium enrichment, and cooperating with other institutions, locally and abroad, on nuclear and related matters for the promotion of socio-economic development in South Africa, as well as executing institutional responsibilities on behalf of government.

The Necsa Group holds two primary, 100%-owned subsidiaries, NTP Radioisotopes SOC Ltd and Pelchem SOC Ltd.

### Mission:

To develop and safely utilise nuclear, radiation and related technologies to make socio-economic impact in diverse global markets through commercial and non-commercial technologies, in an environmentally responsible manner.

### Vision:

To be a global nuclear and related technology leader, positively touching people's lives socio-economically.



## 1.1 About Necsa

**HISTORY** The South African Nuclear Energy Corporation, trading as Necsa, is a Schedule 2 state-owned company (SOC) according to the PFMA.



Necsa boasts a solid background and history of 76 years since its predecessor Atomic Energy Board was formed in 1948.

### ATOMIC ENERGY BOARD ERA

1948  
to 1959

- South Africa's Atomic Energy Board was established primarily to regulate and control uranium production and sales in 1948.
- An intergovernmental bilateral agreement between South Africa and the United States of America (USA) on the civilian uses of atomic energy was signed in Washington, providing for the procurement of a research reactor from the USA.
- Government approved the creation of a nuclear research and development mandate.
- South Africa became a member state of the International Atomic Energy Agency (IAEA) in 1957.

### RESEARCH AND DEVELOPMENT ERA

1960s  
to mid-  
1970s

- Pelindaba site was established in 1961.
- South African Fundamental Atomic Research Installation (SAFARI-1) Materials Testing Reactor constructed and went critical on 18 March 1965.
- Uranium Enrichment Corporation was established in 1970.

### STRATEGIC ERA

1970s

- South Africa embarked on an extensive nuclear fuel programme (pressurised water reactor).
- Nuclear weapons programme.

1980s

### ATOMIC ENERGY CORPORATION (AEC) ERA

- The Nuclear Energy Act (Act 46 of 1999) made the AEC, formerly the Atomic Energy Board, responsible for all nuclear matters.
- Pelchem SOC Ltd was established.
- A wholly owned subsidiary of Necsa SOC Ltd and the sole producer and supplier of fluorochemicals in the southern hemisphere.
- The Uranium Enrichment Corporation and the Nuclear Development Corporation were incorporated into the AEC.

1990s

### TRANSITIONING ERA

- South Africa signed the Non-Proliferation of Nuclear Weapons Treaty (NPT).
- Mo-99 programme commenced.
- Commercialisation of fluorine and related products.
- The Nuclear Energy Act (1999) transitioned the AEC to the South African Nuclear Energy Corporation (Necsa).

2000s

### GROWTH ERA

- NTP Radioisotopes SOC Ltd formally incorporated as a wholly owned subsidiary of Necsa.
- Pelchem SOC Ltd was corporatised as a wholly owned subsidiary of Necsa.
- Nuclear Skills Development SOC Ltd was formed, now known as Necsa Learning Academy.

2010s  
to date

### CONSOLIDATION ERA

- Necsa Group operates as a holding company with two main 100%-owned subsidiaries, NTP Radioisotopes SOC Ltd and Pelchem SOC Ltd.
- Necsa consolidates its business operations on the back of its nuclear research mandate and production of radioisotopes for industrial and medical applications and beneficiation of fluorine and other chemical products.
- The Necsa Visitor Centre is launched to conduct guided tours, run workshops on nuclear topics and present school holiday programmes.
- The approval of the multi-purpose reactor (MPR) by Cabinet in 2021 paves way for Necsa sustainability into the future.

## 1.2 Mandate

Necsa's strategy is guided by its mandate rooted in the Nuclear Energy Act.



### Nuclear Energy Act (NEA, Act No. 46 of 1999)

Undertake and promote research and development in the fields of nuclear energy and radiation sciences and technology and make these generally available.

Process source material, special nuclear material and restricted material and reprocess and enrich source material and nuclear material.

Execute institutional responsibilities on behalf of the government, e.g., operation and utilisation of SAFARI-1, decommissioning and waste management, and international obligations.

Cooperate with any person or institution in matters falling within these functions.

## 1.3 Legislative Framework

Necsa follows and adheres to various laws, regulations, and policies that are relevant to its operations and its role in contributing to the transformation and development of the economy through nuclear energy research, development, and innovation in South Africa.

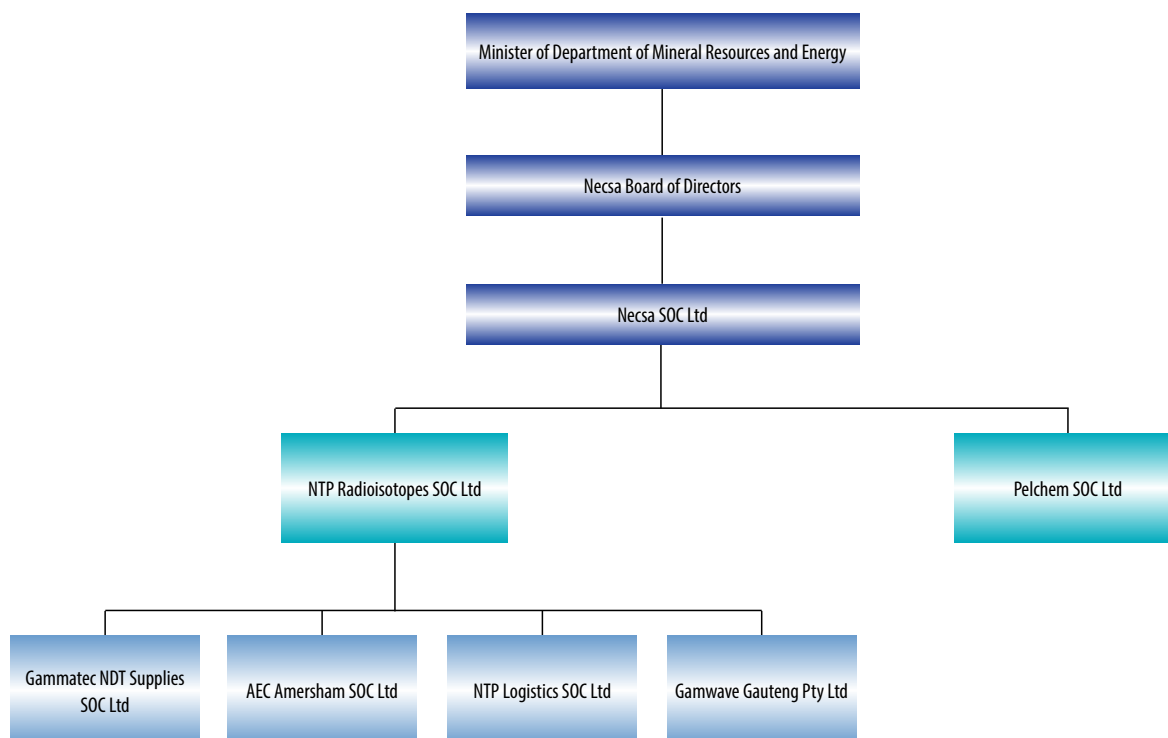
Necsa's legislative framework guides its involvement in the uranium value chain, including the development of uranium conversion capabilities, exploration of establishing uranium enrichment capabilities, and the development of nuclear fuel fabrication capabilities.

Relevant policies include the Nuclear Energy Policy (2008), the Integrated Resource Plan (2009), the National Infrastructure Plan 2050, the National Development Plan (NDP), the Department of Mineral Resources and Energy's (DMRE) strategy plans, the United Nations Sustainable Development Goals (SDG), and other policies that seek to enable the industrialisation of the economy, including the economic reconstruction and recovery of the country.





## 1.4 Legal Structure



\*The structure also consist of the following companies which are dormant:

Cyclofil SOC Ltd

ARECSA Human Capital SOC Ltd

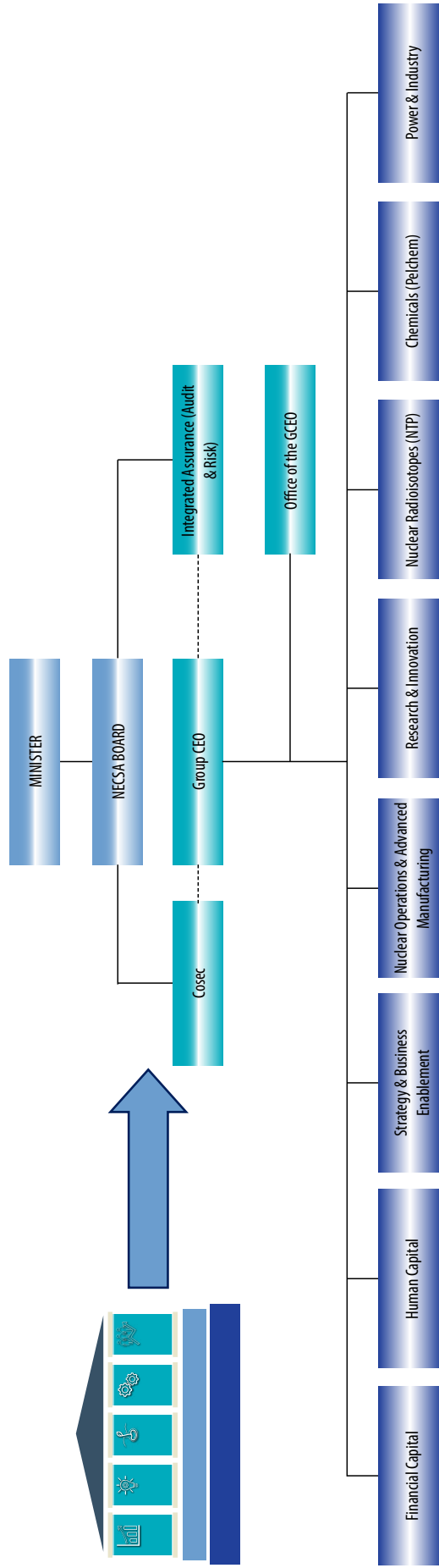
Ketlaphela Pharmaceutical SOC Ltd

## 1.5 Global Footprint

The Necsa Group has a global presence through its market-facing entities offering a range of nuclear-related and non-nuclear products and services. SAFARI-1 anchors Necsa's nuclear research and is a host of work that is done for organisations across the world, including training for nuclear and other industries at its learning academy. The ASME-III-accredited Advanced Manufacturing facilities supply local and international companies with nuclear-grade components. Through its radioisotopes subsidiary NTP, Necsa is among the top four global medical isotope producers based on research and innovation, servicing over 50 countries. Pelchem is the sole producer and supplier of fluorochemicals in the southern hemisphere. It manufactures 14 products, which are distributed in over 25 countries globally. Necsa's global footprint is shown on the map below:



## 1.6 Organisational Structure



## 2. Board Composition

The Necsa Group Board accounts to the Ministry of Mineral Resources and Energy, which appoints it. The Board in turn appoints the Group Chief Executive Officer, in concurrence with the Ministry of Mineral Resources and Energy. The Necsa Board is appointed by the Minister as per the relevant Section 16 of the Nuclear Energy Act. The Board consists of the Chairperson, not less than five and not more than seven non-executive directors, a representative from DIRCO, a representative from DMRE and the GCEO. Therefore, the minimum number of members is nine and the maximum is eleven.

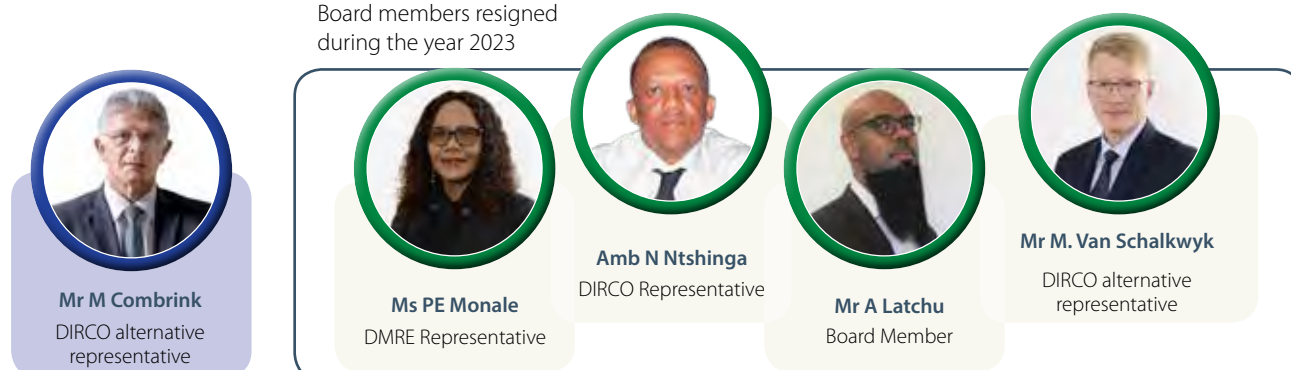
### 2.1 Board of Directors

The Board composition reflects the wide range of skills and knowledge necessary to meet Necsa's strategic objectives.

The Necsa Board of Directors is reflected below:



Board members resigned during the year 2023



Gender:



Diversity:



### 3. Chairperson's Foreword



**NECSA BOARD CHAIRPERSON**

**Mr David Nicholls**

"The journey towards excellence is paved with accountability, transparency, and unwavering commitment to service delivery."

The Necsa review of the last financial year is a journey with great positive turns as the entity moves towards greater productivity levels and entrenches strong governance. Presenting this integrated annual report with the improved audit outcome of an unqualified opinion for the Necsa Group and Pelchem while NTP received a clean one is testimony to the collective dedicated commitment by the Board and executives. It is attributed to strong leadership and stability at the board level.

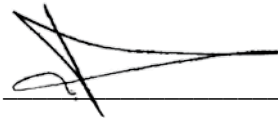
The Board is fully constituted as appointed in January 2023 and reinforced by representatives from the Shareholder, the Department of Mineral Resources and Energy (DMRE) and the Department of International Relations and Cooperation (DIRCO). There is stability and coherent leadership at the Group Executive Management Committee (EXCO) level that drives the turnaround strategy and oversees a conducive performance culture and viable environment for overall employee well-being. The strong consultative relationship between management and labour also balances the workplace.

The entity operates under a tight domestic and global outlook, with the government tightening its spending and grant allocations to state-owned entities. This comes at a time when Pelchem, a subsidiary of Necsa, is showing improvement in reducing its deficit but is not yet profit-making at a loss of -R41,3m compared to -R61,7m in the previous financial year. NTP showed a great profit of R136,1m due to improved customer retention, increased demand for its products and market positioning. Necsa Group ended with a triple-digit profit of R109m, Necsa's outlook is geared towards driving the multi-purpose reactor (MPR) that will substitute the current 59-year-old SAFARI-1 reactor. It is envisaged that these two reactors shall operate simultaneously for some period thus ensuring that nuclear research, development and innovations remain uninterrupted as well as the production of radioisotopes. Scientists contribute globally towards an acclaimed body of knowledge and supervise students on cutting-edge academic research, some using the SAFARI-1 reactor. This puts the South African government and Necsa in a positive position which needs to be guarded and maintained at all costs.



I believe that Necsa is well placed to host a small modular reactor (SMR) pilot plant as the lead unit of this technology to support the deployment of SMRs in the country and region. This will revitalise the nuclear industry and sharpen skills and development while also absorbing new talents into the various work streams within STEM careers. My appreciation goes to our Shareholder for steering this initiative, especially the Minister of Mineral Resources and Energy, Mr Gwede Mantashe and the Deputy Minister Dr Nobuhle Nkabane.

I also appreciate the dedication of the Board in overseeing Necsa to its greatness. This is not feasible without the Group EXCO under the leadership of Mr Loyiso Tyabashe and seamless corporation with the Board.



**David Nicholls**

**BOARD CHAIRPERSON**



Necsa Board of Directors' meeting

## 4. Group Chief Executive Officer's Overview



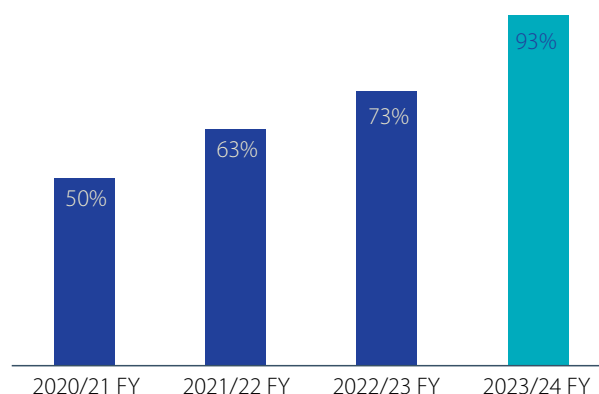
"The achievement of the improved performance, profit and audit outcomes reflected in this report is a testament of Necsa Group's dedication to excellent performance against the Shareholder Compact."

**GROUP CHIEF EXECUTIVE OFFICER**  
**Mr Loyiso Tyabashe**

In the year under review, we have cemented the good gains of the strategy that we started implementing fully in the 2022/23 financial year. We moved with enthusiasm and diligence towards maintaining improved performance for the Necsa Group in the 2023/24 FY. This is evident in the Group maintaining profitability with a net profit after tax (NPAT) of R109m and an improved audit outcome of an unqualified opinion. I am proud to share the progress and achievements we have made as an organisation. This has been marked by the discipline and resilience of our employees in executing our strategy and performance against our Shareholder's Compact resulting in a score of 93%.

Performance against the Shareholder's Compact is driven by 15 key performance indicators (KPIs) that flow from five key performance areas (KPAs) that are a part of the company's strategic pillars. We have improved by achieving 14 out of 15 KPIs at 93%, an improvement from the previous reporting year, which ended at 73%. The rallying call for positive performance, profitability and audit outcomes has seen all employees working towards ensuring that we execute with excellence against our targets.

**Achievement of Key Performance Indicators Over Time**



The Necsa Group ends the year having achieved an NPAT of R108,7m with a total comprehensive income of R149,3 against the previous year's NPAT of R125,5m and a total comprehensive income of R145,3m. While the 2023/24 FY shows a decline in numbers, it is important to consider the prevailing conditions of austerity measures. There has been overall improvement across the entities of the Necsa Group, that is, Necsa SOC and subsidiaries NTP SOC and Pelchem SOC. The NTP Group once again produced a sterling set of results with an NPAT of R136,1m against R138,2m in the 2022/23 FY. The chemicals subsidiary Pelchem improved even though it is still at a loss of -R41,3m which is nearly two-thirds of the losses of the previous financial year. The business is receiving focused attention on its turnaround plans from its shareholder, the Necsa Group.

Governance improvements have been a key contributor to the Necsa Group's turnaround since 2021. The audit outcome is a great achievement that has been slowly coming along with much effort from all stakeholders. Our employees have done well in ensuring that we perform every function effectively and efficiently, following an ethical business culture. Strengthening internal governance structures under the oversight of the Board for compliance and streamlining processes across the Group for alignment have been important pillars in improving governance. It is through this concerted effort that we have managed to produce credible financial statements and perform well against our operational objectives.

The Necsa five-year strategy for 2021–2025 has been reconfirmed in the past two years, with new areas of growth approved by the Board. The five pillars of Financial Recovery and Sustainability; Research and Innovation; Profitable Commercial Enterprises; Business Continuity and Efficiency; and Talent Excellence and High-Performance Culture remain. Six high-impact programmes that look at growing Necsa well into the future were approved by the Board at its strategy session in 2023. These align Necsa with its mandate granted in the Nuclear Energy Act and include re-establishing front-end fuel supply, power generation leading with SMRs, solidifying neutron source generation (SAFARI-1 and a multi-purpose reactor), radioisotope production and services, fluorochemical business and operations, and skills development.

Our values of Excellence, Accountability, Safety First, Innovation and Integrity (EASII) continue to guide the way we work at Necsa. The Necsa Group maintained excellent safety performance during the year under review, thus remaining true to what is expected of a nuclear facility. Our responsibility in this regard does not end with our employees but also extends to our surrounding communities. In addition, Necsa put its safety culture through an external review, where it received a score of 3.5 out of 5. The aim is to continue improving in this regard. Following the executive team's intervention in the previous financial year, the senior management cohort underwent the same training at the University of Pretoria as part of the Group's effort to entrench a values-based culture in the organisation.

SAFARI-1 continues to produce isotopes for medical and industrial use. It is still one of the best-performing research reactors at its ripe age of 59 years under a strict ageing management regime. To ensure that South Africa remains at the forefront of nuclear research and related technology work, Necsa is making great strides in the new research reactor project, finalising the feasibility study report for the MPR. The report is now with the Minister of Mineral Resources and Energy for approval. The project is ready to proceed to the Design Development stage (Stage 3), as per the National Treasury's Framework for Infrastructure Delivery and Procurement Management (FIDPM).

Our employees are the foundation of our success. Following the implementation of the rationalisation process, we have ensured that investment in our workforce through different initiatives, including training, skills transfer, and employee wellness programmes continues. We remain committed to fostering a culture of integrity and respect, ensuring that the Necsa Group remains a great place to work. The success and stability of the workplace have been made possible by positive contributions and collaboration with our labour partners within Necsa. The year ended with discussions on the new collective bargaining agreement for the financial years 2024/25–2026/27 to create certainty for all stakeholders.

Similarly, we have continued with robust stakeholder engagements. This is to make a positive impact on those we work with and secure meaningful and

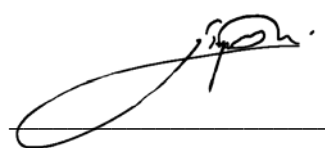


mutually beneficial collaborations. Our stakeholder engagements are rooted in our responsibilities as a nuclear installation as well as ensuring that we respond to stakeholder needs at the right time. Material issues for stakeholders have driven these engagements to ensure that we address their concerns and consider their comments. We continued to inform, educate and report transparently to our stakeholders, including regulatory and oversight bodies, about our activities and their positive and negative impacts. Our scientists have given their time to nurture the youth in schools and higher education institutions while also making a scientific impact and contributing to the body of knowledge.

The strategy has given the Group a solid base for a turnaround. The focus going forward is strengthening the weaker part of our business and focusing on the new high-impact programmes for growth. These programmes give the Group a wider scope for the diversification of revenue. Most importantly, as part of business continuity, we need to continue

strengthening internal controls for risk mitigation and supporting business diversification while growing our brand equity.

My sincere appreciation goes to all the Necsa Group employees who work hard in their respective areas to make sure that all the deliverables are met. My executive team has remained steadfast in leading their areas of responsibility with positive outcomes. I also want to thank the Board for giving the executive team much-needed support and guidance throughout the year. My gratitude also goes to the Shareholder Ministry, the DMRE, for support and encouragement as we executed our Shareholder's Compact and strategy.



**Loyiso Tyabashe**

**GROUP CHIEF EXECUTIVE OFFICER**



GCEO and staff engagement session

## 5. EXCO Composition

The Necsa Group is equipped with a full complement of highly skilled and experienced individuals. This is the team that is leading the organisation to deliver on its mandate as well as operational and strategic objectives.



\*Mr Andrew Scott: Pelchem MD: 01 March 2024 - 30 April 2024.

Gender:



Diversity:





## EXECUTIVE MANAGEMENT COMMITTEE

The GCEO, in carrying out his responsibilities of leading the business and implementing the strategy, is assisted by the Executive Management Committee. The GCEO acts as the chairperson of the EXCO. The committee's main functions include aligning Necsa's business with the Group's mission, vision, strategies, targets and policies, and considering material business, strategic, financial and functional issues.

One of the key objectives of the rationalisation process was to ensure that the GCEO has sufficient capacity to effectively steer the organisation in the right direction. The Group structure operates in a manner that ensures that all subsidiaries are effectively supported by the Group, as well as the appropriate governance to ensure the effective execution of the strategy.

### EXCO members

| Name                      | Capacity                                    | Appointed date                     | Qualifications                                                                                                                                                                                                                                                                |
|---------------------------|---------------------------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr Loyiso Tyabashe</b> | Necsa Group CEO                             | 1 January 2021                     | <ul style="list-style-type: none"> <li>• MSc Mechanical Engineering</li> <li>• BSc Mechanical Engineering</li> <li>• Executive Leadership Programme</li> </ul>                                                                                                                |
| <b>Mr Thabo Tselane</b>   | NTP Group Managing Director                 | 1 March 2022                       | <ul style="list-style-type: none"> <li>• MSc Applied Nuclear Physics</li> <li>• BSc (Hons) Nuclear Physics</li> <li>• BSc Chemistry and Physics</li> <li>• Project Management</li> <li>• Global Executive Development Programme</li> </ul>                                    |
| <b>Ms Precious Hawadi</b> | Group Chief Financial Officer               | 3 January 2022                     | <ul style="list-style-type: none"> <li>• CA (SA)</li> <li>• Programme for Executive Development</li> <li>• Transition to Business Leadership</li> <li>• Foundation to Business Leadership</li> <li>• BCom (Hons) Accounting</li> </ul>                                        |
| <b>Mr Petrus Schutte</b>  | Pelchem Managing Director                   | 17 April 2023-<br>29 February 2024 | <ul style="list-style-type: none"> <li>• CGMA, Chartered Institute of Management Accountants</li> <li>• BCom (Hons) Financial Management</li> <li>• BCom Accountancy</li> </ul>                                                                                               |
| <b>Mr Ayanda Myoli</b>    | Nuclear Operations & Advanced Manufacturing | 3 January 2022                     | <ul style="list-style-type: none"> <li>• Master of Business Leadership</li> <li>• BSc Mechanical Engineering</li> <li>• Senior Management Programme</li> <li>• Diploma Packaging Management</li> <li>• Nuclear Engineers Course (Eskom, Koeberg and Westinghouse)</li> </ul>  |
| <b>Mr Andrew Scott</b>    | Managing Director: Pelchem                  | 1 March 2024 –<br>30 April 2024    | <ul style="list-style-type: none"> <li>• MBA</li> <li>• BSc Chemical Engineering</li> </ul>                                                                                                                                                                                   |
| <b>Mr Monde Mondli</b>    | Group Executive: Human Capital              | 1 September 2017                   | <ul style="list-style-type: none"> <li>• MBA (Regent Business School)</li> <li>• Masters Artium (Labour Relations and HRM)</li> <li>• Management Development Programme</li> <li>• Master's Diploma (HRM)</li> <li>• Bachelor of Philosophy</li> <li>• BA Education</li> </ul> |

| Name                          | Capacity                                                                    | Appointed date   | Qualifications                                                                                                                                                                                                                                                              |
|-------------------------------|-----------------------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ms Qhamkile Boyede</b>     | Group Executive: Strategy and Business Enablement                           | 3 January 2022   | <ul style="list-style-type: none"> <li>• MBA</li> <li>• BSc Chemical Engineering</li> <li>• Postgraduate Diploma in Business Administration</li> </ul>                                                                                                                      |
| <b>Dr Pradish Rampersadh</b>  | Group Executive: Research and Innovation                                    | 1 March 2022     | <ul style="list-style-type: none"> <li>• PhD Inorganic Chemistry</li> <li>• MSc Organometallic Chemistry</li> <li>• BSc (Hons) Chemistry and Applied Chemistry</li> <li>• Management Advancement Programme</li> </ul>                                                       |
| <b>Ms Nto Rikhotso</b>        | Executive: Office of the GCEO                                               | 3 January 2022   | <ul style="list-style-type: none"> <li>• Management Advancement Programme</li> <li>• Higher Diploma in Integrated Marketing Communications</li> <li>• BA Education (Postgraduate)</li> </ul>                                                                                |
| <b>Mr Sengiphile Simelane</b> | Group Executive: Power and Industry                                         | 1 May 2023       | <ul style="list-style-type: none"> <li>• BSc Electrical Engineering</li> <li>• MSc Electrical Engineering</li> <li>• MBA, Wits Business School</li> <li>• Certificate in Global Management</li> <li>• Professional Engineer, Engineering Council of South Africa</li> </ul> |
| <b>Ms Vuyokazi Mkwaza</b>     | Group Chief Integrated Assurance Officer                                    | 1 Feb 2024       | <ul style="list-style-type: none"> <li>• BCom Accounting</li> <li>• Postgraduate Diploma in Risk Management</li> <li>• Certified Internal Auditor</li> <li>• Senior Management Development Programme</li> <li>• Executive Management Development Programme</li> </ul>       |
| <b>Dr Nikelwa Tengimfene</b>  | Senior Manager: Corporate Communication, Branding and Stakeholder Relations | 1 September 2017 | <ul style="list-style-type: none"> <li>• PhD Psychology</li> <li>• MA Industrial and Organisational Psychology, UNISA</li> </ul>                                                                                                                                            |
| <b>Ms Fakazile Nyembe</b>     | Group Company Secretary                                                     | 1 June 2021      | <ul style="list-style-type: none"> <li>• Admitted Attorney of the High Court of South Africa</li> <li>• Master of Laws, Commercial Law (LLM)</li> <li>• Bachelor of Laws (LLB)</li> <li>• Leadership Development for Executive Managers</li> </ul>                          |



## 6. Strategic Overview

A refined business model and Group organisational structure have ensured that there is consistent strategic alignment across the organisation while increasing value creation.

### 6.1 Strategic Framework

Necsa's focus on growing revenues and profitability through its revised strategy to improve earnings in the commercial entities and maximise non-grant income while implementing cost efficiencies in the various cost centres continued in the reporting period.

The 2021 turnaround strategy approved by the Board and Minister of Mineral Resources and Energy continues to anchor improved performance at Necsa. Recognising that the strategy, which was part of the organisation's rationalisation process was developed through a consultative process, involving key stakeholders and the executive, the process of revision remains consultative to ensure ownership and accountability across the whole Necsa Group.

In the 2022/23 FY, the Group posted an NPAT of R125,5m, clearly indicating that the strategy to put Necsa back on the road to recovery has so far been successful.

Necsa is committed to fostering a robust corporate culture that supports all core operations and upholds good governance.

The strategic framework outlines five pillars and objectives, translated into KPAs to ensure Necsa achieves its strategic goals. The five strategic pillars are: Financial Recovery and Sustainability; Research and Innovation; Profitable Commercial Enterprises; Business Continuity and Efficiency; and Talent Excellence and High-Performance Culture.

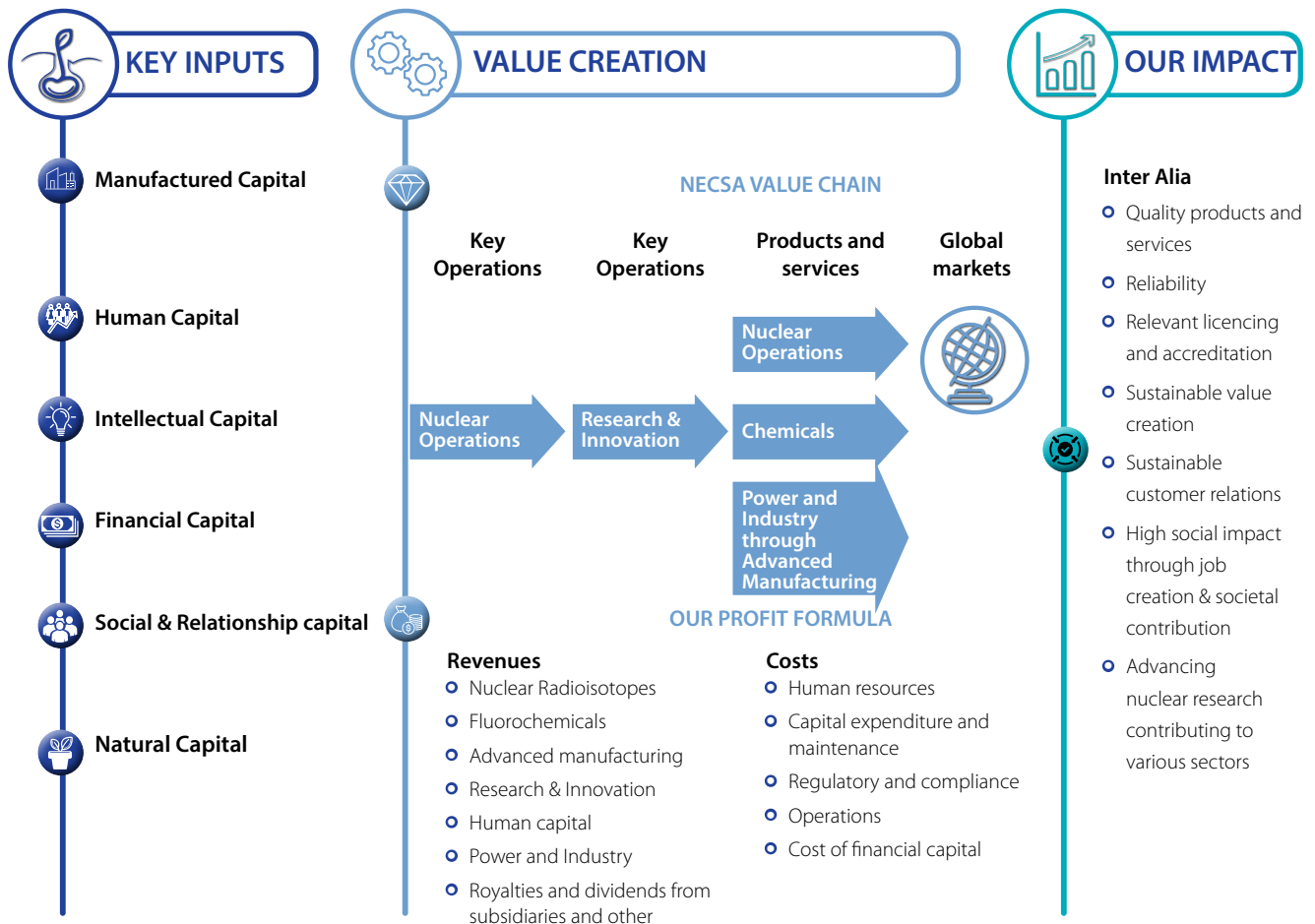


Necsa laboratory sampling

## 6.2 Business Model

Necsa derives its value through the employment of the six capitals of integrated reporting as part of its value chain creation process to ensure it delivers impact financially while also considering the social and environmental impact.

### Business Model



The business model leverages the Group's knowledge base, legacy infrastructure investment and ongoing research and innovation in the fulfilment of the state's nuclear obligations and pursuit of commercial ventures. Necsa is significantly repurposing its strategic legacy investment to the benefit of South Africa and the global market. This includes the use of its core facilities, such as the SAFARI-1 research reactor, for research and nuclear technology innovations such as radioisotope production. Necsa receives financial resources through a government grant and commercial revenue to sustain the company's activities. These activities aim to fulfil the country's nuclear obligations on safeguards, non-proliferation, waste management, as well as education and training.

Necsa also generates income through dividends and recouping costs of services rendered to its subsidiaries, NTP Radioisotopes SOC Ltd and Pelchem SOC Ltd. These subsidiaries respectively produce a range of radiation-based products and services for healthcare, life sciences and industry and supply fluorine-based products to various industries; the Necsa division, Advanced Manufacturing, provides commercial nuclear engineering and manufacturing services.

## 6.3 Strategic Objectives and KPAs

The following table presents the strategic framework, including the five strategic pillars and objectives translated into key performance areas, aimed at ensuring that Necsa reaches its strategic goals:







## 7. Performance against the Shareholder Compact

The Shareholder Compact is an agreement between the Minister of Mineral Resources and Energy and the Necsa Board. It reflects each party's expectations, expressed in terms of outcomes and outputs that need to be achieved. The Necsa Group then distills these expectations in a Corporate Plan for each year detailing how targets will be met in each key performance area. Performance is then reported to the Board and Shareholder on a quarterly basis to ensure accountability and continued improvement and finally culminating in an integrated annual report that gives an overview of the whole financial year.

### 7.1 Statement of Responsibility for Performance Information

The Necsa Group Board of Directors has a fiduciary duty to ensure that the integrated annual report provides an accurate, complete and holistic representation of the organisation, including financial performance, corporate governance, risk management and sustainability. It oversees an entity that is driven ethically with integrity and a commitment to competence, conducted transparently and fairly. This is fulfilled through the Board reporting to its stakeholders honestly and transparently, sharing both the positive and negative aspects of the business.

The Board, as the Accounting Authority, is responsible for implementing a system of internal controls to

provide reasonable assurance about the integrity of performance information, human resources information and annual financial statements (AFS). The Group Chief Executive Officer (GCEO), as the Accounting Officer, is responsible for the preparation of Necsa's performance information and its veracity.

The Auditor-General of South Africa (AGSA) has examined the company's AFS and performance targets for the year ended 31 March 2024 and their report is presented on page 117. All information disclosed in this integrated annual report is consistent with the AFS as audited by the Auditor-General.

In the Board's opinion, the integrated annual report fairly reflects the operations, performance information, human resources information and financial affairs of Necsa for the financial year ended 31 March 2024.

**David Nicholls**  
BOARD CHAIRPERSON

**Loyiso Tyabashe**  
GROUP CHIEF EXECUTIVE OFFICER

## 7.2 Auditor-General's Report

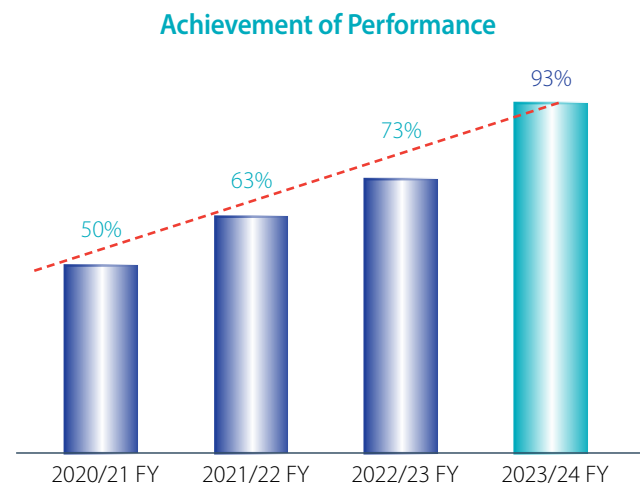
The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit opinion. The audit opinion on the performance against the KPIs contained in the predetermined objectives (PDOs) is included in the management report. Refer to page 117-124 of this report for the Independent Auditor's Report on PDOs.

## 7.3 Overall Performance against the Shareholder's Compact

Performance indicators are aligned across the Shareholder Compact with the DMRE, the Corporate Plan and Performance Reports. Every month, performance information is collated and reported to the Executive Committee and quarterly to the Board, DMRE and National Treasury. An annual report is then prepared to report as per the requirements for public institutions to publish performance information to account to Parliament according to section 92 of the Constitution and to be transparent to the public under section 195 of the same. Performance is internally assured by Integrated Assurance and externally assured by the Auditor-General annually before publishing actual achievements against targets. In the year under review, the methodology for assessing whether KPIs were achieved was enhanced and approved at the

Board level whereby KPIs are measured as being achieved or not achieved and allowing no negative tolerance in alignment with recommendations from the AGSA Monitoring Framework. The following figure compares performance over the past three financial years showing a positive trend in the achievement of performance targets.

### Performance over the past three financial years



\* For the 2021/22 FY, performance within 10% of the target was taken as an achievement. Since the 2022/23 FY, there has been no allowance for negative tolerance in performance.

### 7.3.1 Financial Recovery and Sustainability

This strategic pillar revolves around the Necsa Group's financial recovery, i.e., breakeven in the short term and the resolution of cash flow challenges while achieving medium- to longer-term growth. The main contributors are the Nuclear Operations and Advanced Manufacturing divisions as well as the NTP and Pelchem subsidiaries.

| Key Performance Area         | Key Performance Indicator | Actual Achievement 2022/23 | Target 2023/24                           | Actual 2023/24            | Deviation 2023/24              | Comment on Deviation |
|------------------------------|---------------------------|----------------------------|------------------------------------------|---------------------------|--------------------------------|----------------------|
| <b>Financial Performance</b> | Necsa Group NPAT (R'm)    | 125,5                      | 48,9                                     | 108,6                     | Target exceeded by R59,7m<br>● | -                    |
| <b>Audit Outcome</b>         | Audit opinion             | Qualified audit opinion    | Unqualified audit opinion for 2023/24 FY | Unqualified audit opinion | Target achieved<br>●           | -                    |

### 7.3.2 Research and Innovation

This pillar mandates the Research and Innovation division to increasingly deliver new technologies that will enable growth in existing commercial areas while creating new technologies that lead to future commercial enterprises.

| Key Performance Area          | Key Performance Indicator            | Actual Achievement 2022/23 | Target 2023/24 | Actual 2023/24 | Deviation 2023/24                                                                                             | Comment on Deviation |
|-------------------------------|--------------------------------------|----------------------------|----------------|----------------|---------------------------------------------------------------------------------------------------------------|----------------------|
| <b>Increased Revenue</b>      | Contract R&D income generation (R'm) | 58                         | 40             | 48             | Target exceeded by R8m<br> | -                    |
| <b>Research Publications</b>  | Number of peer-reviewed publications | 27                         | 20             | 28             | Target exceeded by 8<br>   | -                    |
| <b>Innovation Disclosures</b> | Number of innovation disclosures     | 7                          | 6              | 7              | Target exceeded by 1<br>   | -                    |

### 7.3.3 Profitable Commercial Enterprises

The Nuclear Energy Act (1999), in sections 14(1)(a) and 14(2), provides for Necsa's commercial mandate through the exploitation of technology and utilisation of business opportunities. This pillar combines the two commercial subsidiaries, NTP SOC Ltd which produces nuclear medicine and industrial isotopes as well as Pelchem SOC Ltd, a provider of fluorochemicals.

| Key Performance Area | Key Performance Indicator | Actual Achieved 2022/23 | Target 2023/24 | Actual 2023/24 | Actual Achievement 2023/24                                                                                         | Comment on Deviation                                                                                                                      |
|----------------------|---------------------------|-------------------------|----------------|----------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Profitability</b> | NTP Group NPAT (R'm)      | 138,2                   | 70,5           | 136,1          | Target exceeded by R65,6m<br> | -                                                                                                                                         |
|                      | Pelchem NPAT (R'm)        | (61,7)                  | 0,068          | (41,3)         | Target missed by R41,4m<br>   | XeF <sub>2</sub> production was reduced by half for quality and safety reasons. Poor performance of the fluorine cell before replacement. |

### 7.3.4 Business Continuity and Efficiency

Central to this pillar is the cultivation of a strong safety culture with adherence to compliance requirements, and a focus on operational efficiency and sustainability. This is driven by the Strategy and Business Enablement and Nuclear Operations and Advanced Manufacturing divisions.

| Key Performance Area          | Key Performance Indicator                  | Actual Achievement 2022/23 | Target 2023/24 | Actual 2023/24 | Deviation 2023/24                                                                                        | Comment on Deviation |
|-------------------------------|--------------------------------------------|----------------------------|----------------|----------------|----------------------------------------------------------------------------------------------------------|----------------------|
| <b>Operational Safety</b>     | Disabling Injury Incidence Rate (DIIR)*    | 0.46                       | <1.8           | 0.73           | Target exceeded<br> | -                    |
| <b>Operational Compliance</b> | Public dose impact limit (mSv per annum)** | 0.00399                    | <0.25          | 0.000365       | Target exceeded<br> | -                    |

| Key Performance Area                              | Key Performance Indicator                                                                       | Actual Achievement 2022/23                                                       | Target 2023/24                                                             | Actual 2023/24                                                             | Deviation 2023/24                                                                                                | Comment on Deviation |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------|
| <b>SAFARI-1 Operational Availability</b>          | Number of days available per year                                                               | 288.3                                                                            | 287                                                                        | 289                                                                        | Target exceeded by 2 days<br> | -                    |
| <b>Multi-Purpose Research Reactor Development</b> | Replacement of SAFARI-1 reactor                                                                 | The overall target is expressed as three sub-targets below:                      | Gateway Review of Feasibility Study and Resubmission for Cabinet approval. | Gateway Review Report of Feasibility Study submitted for Cabinet approval. | Target achieved<br>           | -                    |
|                                                   | FIDPM Feasibility                                                                               | FIDPM feasibility study completed.                                               |                                                                            |                                                                            |                                                                                                                  |                      |
|                                                   | EIA Application                                                                                 | EIA application not submitted.                                                   |                                                                            |                                                                            |                                                                                                                  |                      |
|                                                   | Overarching Licensing Strategy                                                                  | Overarching licensing strategy not approved by National Nuclear Regulator (NNR). |                                                                            |                                                                            |                                                                                                                  |                      |
| <b>D&amp;D Programme Execution (Stage 1)</b>      | Percentage execution of annual Plan of Action as approved by Necsa Board and submitted to DMRE. | 59.6%                                                                            | 95%                                                                        | 97%                                                                        | Target exceeded<br>           | -                    |

\* Reported over rolling preceding 12-month period.

\*\*Reported on a calendar year basis (January–December 2023).

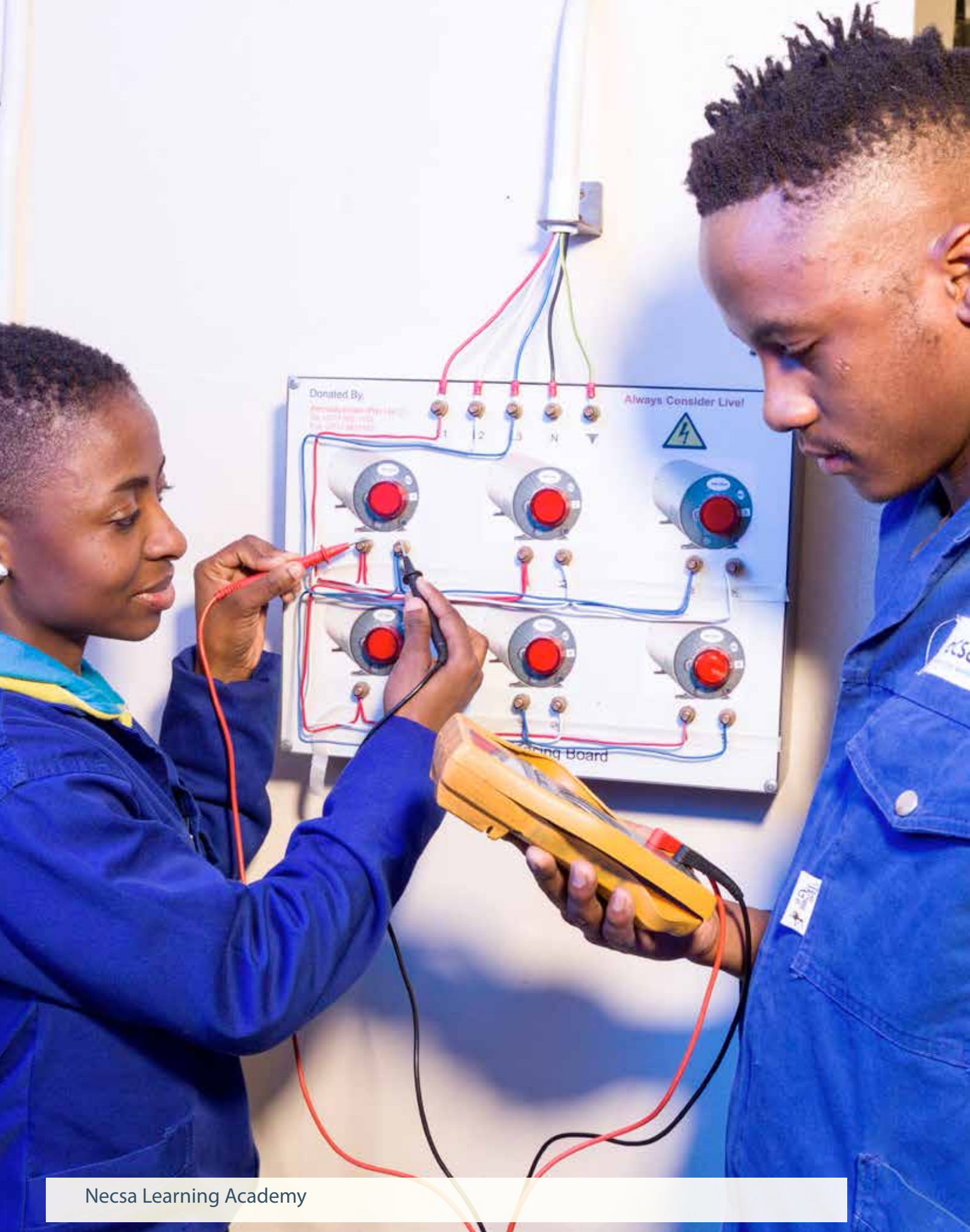
### 7.3.5 Talent Excellence and High-Performance Culture

Performance and talent management as well as transformation at a professional level are the essential themes of this pillar. The Human Capital unit, with the support of management, takes responsibility for implementation.

A staff productivity percentage, measured as the ratio of basic salary cost to revenue, has been introduced as a measure of performance. Leadership development of the executive team as an indicator for talent management and improvement of core skills was successfully achieved in the 2022/23 FY. Consequently, a new indicator was introduced for the 2023/24 FY, i.e., improvement of performance culture and maintaining core skills.

| Key Performance Area                 | Key Performance Indicator                                                                    | Actual Achievement 2022/23                               | Target 2023/24                                                | Actual 2023/24 | Deviation 2023/24                                                                                        | Comment on Deviation |
|--------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------|----------------------|
| <b>Performance Management</b>        | Staff productivity percentage (Group HR basic salary cost as a percentage of Group revenue). | 43.5%                                                    | 47%                                                           | 41%            | Target exceeded<br> | -                    |
| <b>Talent Management and Culture</b> | Improvement of performance culture and maintaining core skills.                              | 100% EXCO enrolled and completed – all results received. | Achieve a score of 3.5 on the Cranfield Culture Survey Index. | 3.5            | Target met<br>      | -                    |
| <b>Transformation</b>                | Successfully implement the Employment Equity (EE) Plan.                                      | New KPI                                                  | 70% of EE representation targets met.                         | 75%            | Target exceeded<br> | -                    |





Necsa Learning Academy





# GOVERNANCE



## 8. Leadership and Governance

The Necsa Group operates with the main Board of Directors overseeing all the entities, with its chairperson and members appointed by the Minister of Mineral Resources and Energy as the Shareholder. The Board members of the two main subsidiaries are drawn from the main Board and chaired by the Group Chief Executive Officer.

### 8.1 Governance Structures

The Board has ultimate responsibility for the long-term success of the organisation and for delivering sustainable shareholder value as well as contributing to wider society. The Board is responsible for setting the company's purpose, values and strategy and ensuring alignment with its culture. This includes ensuring workforce policies and practices are consistent with the company's values and support its long-term, sustainable vision. This is achieved by approving the corporate strategy, monitoring performance towards strategic objectives, overseeing the implementation of the strategy by the executive leadership team, and approving matters reserved by the Articles of Association for decision by the Board.

Specific tasks are delegated by the Board to its committees. The Board is accountable for the overall formulation, monitoring and review of Necsa's corporate strategy and related affairs while delegating to management the responsibility for business performance and achievement of the organisation's objectives.

### 8.2 Group Company Secretary

The effective functioning of the Board is facilitated and supported by the Group Company Secretary, Ms Fakazile Nyembe. The Group Company Secretary provides a central source of guidance and support to the Board on matters of good governance and changes in legislation while maintaining an arm's length relationship with the Board and the Directors.



## 8.3 Details of Group Board Members

Directors Appointment effective 09 January 2023 to date

| Surname, initials and age                                                       | Skills, knowledge and experience                                                                                                                                                                                                                                                                                                                                                                                                                        | Membership to board subcommittees and subsidiary boards within Necsa                                                                                                                                                                                                                  | Active membership in other organisations/companies/entities boards                                                                                                                                                                                |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                 | Qualification                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                   |
| <b>Prof Nicholls DR (70)</b><br>White Male<br>09 January 2023 - 08 January 2026 | <ul style="list-style-type: none"> <li>BSc (Hons) Mechanical Engineering (2-1)</li> <li>Postgraduate Diploma in Nuclear Reactor Technology, Royal Naval College, Greenwich</li> <li>Professional registered engineer, Engineering Council of South Africa</li> <li>Chartered engineer in the UK</li> </ul>                                                                                                                                              | <ul style="list-style-type: none"> <li>Research, Development and Technology Committee</li> <li>Business Development Committee</li> <li>Structural Optimisation (Rationalisation) Committee</li> </ul>                                                                                 | <ul style="list-style-type: none"> <li>Carlswald Estate Homeowners Association</li> <li>Chairperson: Nuclear Research Chapter of the SAIEE</li> <li>Co-Chairperson: the IAEA technical working group on nuclear power plant operations</li> </ul> |
| <b>Mr Shayi LJ (65)</b><br>Black Male<br>09 January 2023 - 08 January 2026      | <ul style="list-style-type: none"> <li>Master of Business Leadership, University of South Africa</li> <li>MSc Chemistry, University of Pretoria</li> <li>BSc (Hons) Physical and Inorganic Chemistry, University of Natal</li> <li>BSc Chemistry and Physics, University of the North</li> </ul>                                                                                                                                                        | <ul style="list-style-type: none"> <li>Chairperson of Nuclear Oversight and Regulatory Compliance Committee</li> <li>Human Resources and Social and Ethics Committee</li> <li>Research, Development and Technology Committee</li> <li>Member of Pelchem Board of Directors</li> </ul> |                                                                                                                                                                                                                                                   |
| <b>Ms Masango SKN (37)</b><br>Black Female<br>09 January 2023 - 08 January 2026 | <ul style="list-style-type: none"> <li>MSc Nuclear Science (cum laude), University of the Western Cape</li> <li>BSc (Hons) Nuclear Science, University of Zululand</li> <li>BSc Physics and Electronics, University of Zululand</li> <li>Project Management Diploma, Varsity College</li> <li>Certificate in Detector and Instrumentation Technology, Fermilab, USA</li> <li>Postgraduate Diploma in Energy Leadership, Wits Business School</li> </ul> | <ul style="list-style-type: none"> <li>Chairperson Research, Development and Technology Committee</li> <li>Nuclear Oversight and Regulatory Compliance Committee</li> <li>Audit And Risk Committee</li> <li>Human Resources and Social and Ethics Committee</li> </ul>                | <ul style="list-style-type: none"> <li>Senamile Masango Foundation</li> </ul>                                                                                                                                                                     |
| <b>Adv. A Chowan (50)</b><br>Indian Female<br>24 July 2023 - 16 January 2026    | <ul style="list-style-type: none"> <li>Chartered Accountant (SA) Bachelor of Accountancy</li> <li>Postgraduate Diploma in Accounting</li> <li>LLB degree</li> <li>Admitted Advocate</li> <li>Certified Director (SA)</li> </ul>                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>Chairperson of Audit and Risk Committee</li> <li>Human Resources and Social and Ethics Committee</li> <li>Investment and Finance Committee</li> <li>Business Development Committee</li> <li>Member of NTP Board of Directors</li> </ul>        | <ul style="list-style-type: none"> <li>Council of GEO Science</li> <li>CBRTA (Cross Boarder Road Transport Agency)</li> <li>National Consumer Tribunal</li> <li>Khula Sizwe (Pty) Ltd</li> <li>Quantanite (Pty) Ltd</li> </ul>                    |

| Surname, initials and age                                                                             | Skills, knowledge and experience                                                                                                                                                                                                                                                           | Membership to board subcommittees and subsidiary boards within Necsa                                                                                           | Active membership in other organisations/companies/entities boards                      |
|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
|                                                                                                       | Qualification                                                                                                                                                                                                                                                                              |                                                                                                                                                                |                                                                                         |
| <b>Ms Monale PE (59)</b><br>Black Female<br>1 February 2020 - 01 September 2023                       | <ul style="list-style-type: none"> <li>• MSc Applied Radiation</li> <li>• BSc Ed</li> <li>• Training course on Physical Protection of Nuclear Material and Facilities, IAEA</li> </ul>                                                                                                     | <ul style="list-style-type: none"> <li>• Structural Optimisation (Rationalisation) Committee</li> <li>• Nuclear Oversight and Regulatory Compliance</li> </ul> |                                                                                         |
| <b>Dr P Magampa (48)</b><br>Black Male<br>07 September 2023 - 15 January 2026                         | <ul style="list-style-type: none"> <li>• PhD Chemistry</li> <li>• MSc Chemistry</li> <li>• BSc (Hons) Applied Chemistry</li> <li>• BSc Chemistry and Physics</li> </ul>                                                                                                                    | <ul style="list-style-type: none"> <li>• Board Member</li> </ul>                                                                                               |                                                                                         |
| <b>Ms Makgopa B (48)</b><br>Alt. to Ms Monale<br>Black Female<br>09 January 2023 - 15 January 2026    | <ul style="list-style-type: none"> <li>• MSc Nuclear Engineering</li> <li>• BSc (Hons) Environmental Management</li> <li>• BSc (Hons) Physics</li> <li>• BSc Physical Sciences</li> <li>• Programme in Project Management</li> <li>• Executive Leadership Development Programme</li> </ul> | <ul style="list-style-type: none"> <li>• Nuclear Oversight and Regulatory Compliance</li> </ul>                                                                | <ul style="list-style-type: none"> <li>• Tsebo Science and Technology Centre</li> </ul> |
| <b>Amb Ntshinga N N (67)</b><br>Black Male<br>26 November 2021 - 31 July 2023                         | <ul style="list-style-type: none"> <li>• Master of Laws</li> </ul>                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>• Board Member</li> </ul>                                                                                               |                                                                                         |
| <b>Mr Van Schalkwyk (65)</b><br>Alt. to Amb Ntshinga<br>White Male<br>26 November 2021 - 31 July 2023 | <ul style="list-style-type: none"> <li>• BA (Hons) International Politics and Political Science</li> <li>• BAdmin Public Management and International Relations</li> </ul>                                                                                                                 | <ul style="list-style-type: none"> <li>• Board Member</li> </ul>                                                                                               |                                                                                         |
| <b>Amb X Mabhongo (52)</b><br>Black Male<br>09 November 2023 - 16 January 2026                        | <ul style="list-style-type: none"> <li>• Master of Public Administration</li> <li>• Postgraduate Certificate in Diplomatic Studies</li> <li>• BA</li> </ul>                                                                                                                                | <ul style="list-style-type: none"> <li>• Board Member</li> </ul>                                                                                               |                                                                                         |
| <b>Mr M Combrink (60)</b><br>White Male<br>09 November 2023 - 16 January 2026                         | <ul style="list-style-type: none"> <li>• Master of Diplomatic studies</li> <li>• BA Political Science</li> </ul>                                                                                                                                                                           | <ul style="list-style-type: none"> <li>• Board Member</li> </ul>                                                                                               |                                                                                         |

| Surname, initials and age                                                         | Skills, knowledge and experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Membership to board subcommittees and subsidiary boards within Necsa                                                                                                                                                              | Active membership in other organisations/companies/entities boards                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                   | Qualification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Dr Mosidi Makgae (50)</b><br>Black Female<br>09 January 2023 - 08 January 2026 | <ul style="list-style-type: none"> <li>PhD Environmental Chemistry, Stellenbosch University</li> <li>MSc Chemistry, North West University</li> <li>BSc (Hons), North West University</li> <li>Management Advancement</li> <li>Technology Leadership Programme</li> <li>Environmental Management</li> <li>Project management (PMBOK)</li> </ul>                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>Human Resources and Social and Ethics Committee</li> <li>Audit &amp; Risk Committee</li> <li>Nuclear Oversight &amp; Regulatory Compliance</li> <li>Director: NTP Radioisotopes</li> </ul> | <ul style="list-style-type: none"> <li>Strategic Fuel Fund</li> <li>Mhlathuze Water Board</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Mr Suren Maharaj (52)</b><br>Indian Male<br>09 January 2023 - 08 January 2026  | <ul style="list-style-type: none"> <li>MBA, Regenesys Business School</li> <li>Registered Government Auditor, South African Institute of Government Auditors</li> <li>Chartered Government Finance Officer, Chartered Institute of Government Finance, Audit &amp; Risk Officers</li> <li>Municipal Executive Financial Management, Wits Business School</li> <li>Fellow Member of the Institute of Directors Southern Africa</li> <li>Green Belt Digital Six Sigma Certified</li> <li>Chartered Accountant CA (SA), South African Institute of Chartered Accountants</li> <li>BCompt (Hons), University of South Africa</li> <li>BCom, University of KwaZulu-Natal</li> </ul> | <ul style="list-style-type: none"> <li>Chairperson of the Audit &amp; Risk Committee</li> <li>Human Resources and Social and Ethics Committee</li> </ul>                                                                          | <ul style="list-style-type: none"> <li>South African Institute of Chartered Accounts</li> <li>Boxing South Africa: Audit Committee member</li> <li>Tshwane University of Technology Enterprise Holdings</li> <li>South African State Theatre</li> <li>South African Weather Services</li> <li>Road Traffic Infringement Authority</li> <li>Quality Council for Trades &amp; Occupations</li> <li>Ntabankulu Local Municipality</li> <li>Buffalo City Metropolitan Municipality</li> </ul> |
| <b>Mr Leonard Mavuso (67)</b><br>Black Male<br>09 January 2023 - 08 January 2026  | <ul style="list-style-type: none"> <li>MA, Labour Studies</li> <li>Executive Development Programme</li> <li>BA</li> <li>Board Leadership Programme</li> <li>Certificate in Essentials of Management Coaching</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>Chairperson of the Human Resources and Social and Ethics Committee</li> <li>Investment and Funding Committee</li> <li>Research, Development and Technology Committee</li> </ul>            | <ul style="list-style-type: none"> <li>Johannesburg Municipal Pension Fund</li> <li>City of Johannesburg Pension Fund</li> </ul>                                                                                                                                                                                                                                                                                                                                                          |



| Surname, initials and age                                                           | Skills, knowledge and experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Membership to board subcommittees and subsidiary boards within Necsa                                                                                                                  | Active membership in other organisations/companies/entities boards                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                     | Qualification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Mr Hilton Lazarus (57)</b><br>Coloured Male<br>09 January 2023 - 08 January 2026 | <ul style="list-style-type: none"> <li>• MBA, Henley Business School, Reading, UK</li> <li>• Global Executive Development Programme, Gordon Institute of Business Science</li> <li>• Management Development Programme, Gordon Institute of Business Science</li> <li>• Master's in Development Finance, Stellenbosch University</li> <li>• BSc Civil Engineering, University of Cape Town</li> </ul>                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>• Chairperson of the Investment and Funding Committee</li> <li>• Audit &amp; Risk Committee</li> <li>• Director: NTP Radio Isotopes</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Mr Ashley Latchu (43)</b><br>Indian Male<br>09 January 2023 - 29 May 2023        | <ul style="list-style-type: none"> <li>• PhD (current)</li> <li>• MSc</li> <li>• BSc IT Management</li> <li>• Degree in Financial Accounting and Internal Auditing (on hold to pursue PhD)</li> <li>• Diploma in Networking</li> <li>• The National School of Government, Board Induction and Ethics in the Public Sector</li> <li>• Microsoft Certified Systems Engineer</li> <li>• Microsoft Certified Solutions Developer</li> <li>• Microsoft Certified Systems Administrator</li> <li>• Microsoft Certified Database Administrator</li> <li>• Mining and Minerals Business and Technology Certification, University of Johannesburg</li> </ul> | <ul style="list-style-type: none"> <li>• Audit and Risk Committee</li> <li>• Investment and Finance Committee</li> <li>• Research, Development and Technology Committee</li> </ul>    | <ul style="list-style-type: none"> <li>• The Performing Arts Centre, Free State</li> <li>• The National Arts Council, Gauteng</li> <li>• Tertiary Education and Research Network of South Africa, Western Cape</li> <li>• William Humphreys Art Gallery, Kimberley</li> <li>• Social Housing Regulatory Authority, Gauteng</li> <li>• Ekurhuleni East TVET College</li> <li>• Gauteng Industrial Development Zone</li> <li>• Southern African Trust</li> <li>• Council for the Built Environment</li> <li>• Mpumalanga Community Education and Training College</li> <li>• Edenvale Hospital</li> <li>• Public Service Commission</li> <li>• eThekweni Municipality</li> <li>• Eastern Cape Department of Transport, Mayibuye Transport Corporation</li> <li>• The Commission for Conciliation, Mediation and Arbitration</li> <li>• Social Housing Regulatory Authority</li> <li>• Department of Justice and Constitutional Development</li> <li>• Quality Control for Trades and Occupations</li> <li>• South African State Theatre</li> <li>• National Regulator for Compulsory Specifications</li> <li>• Sol Plaatje University</li> </ul> |

| Surname, initials and age                                            | Skills, knowledge and experience                                                                                                                                    | Membership to board subcommittees and subsidiary boards within Necsa                                                                                                                           | Active membership in other organisations/companies/entities boards                                                               |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
|                                                                      | Qualification                                                                                                                                                       |                                                                                                                                                                                                |                                                                                                                                  |
| <b>Mr Tyabashe L (49)</b><br>Black male<br>01 January 2023 - To date | <ul style="list-style-type: none"> <li>• MSc Mechanical Engineering</li> <li>• BSc Mechanical Engineering</li> <li>• Executive Leadership Programme(ELP)</li> </ul> | <ul style="list-style-type: none"> <li>• Chairperson of Pelchem Board of Directors</li> <li>• Chairperson of NTP Board of Directors</li> <li>• Ex-Officio on Committee of the Board</li> </ul> | <ul style="list-style-type: none"> <li>• Consolidated Plant Solutions</li> <li>• Constellation Investment Corporation</li> </ul> |

### 8.3.1 Board Meetings

The Board Charter is founded on the Nuclear Energy Act and Board Protocol. The Board Charter and committees' terms of reference are reviewed as and when required, but at least every year, to ensure they remain relevant and aligned with the Companies Act and other relevant regulatory requirements, King IV and governance best practices. The Board uses its meetings to discharge its governance and regulatory responsibilities. Its work plan and those of its committees outline the matters that should be dealt with at meetings and are aligned with the responsibilities and requirements set out in the Board Charter and the committees' terms of reference.

Matters considered include operational and financial performance, strategy, risk and opportunity, compliance, and matters reserved for Board decision-making. Four Board meetings are scheduled each year. The Board also meets once a year to discuss strategy. For the reporting period, the Board held nine meetings for the financial year.

### 8.3.2 Board Effectiveness

Newly appointed directors are apprised of Necsa's business, duties, and responsibilities as directors and are allowed to visit Necsa's plants and operations. The development of industry and Group knowledge is a continuous process, and directors are briefed on risks and the general business environment on an ongoing basis.

The Board, its committees and directors are entitled to seek independent professional advice concerning the company's affairs and to gain access to any information they may require in discharging their duties as directors.

The Board formally evaluates its performance and effectiveness, and that of its committees, directors and the chairperson, on an annual basis. A formal evaluation was conducted by FluidRock Governance in 2023.



Necsa Board of Directors visiting NTP

## Board meetings

| Member Details     | Meeting Date |              |              |                 |                |                |               |                |             |
|--------------------|--------------|--------------|--------------|-----------------|----------------|----------------|---------------|----------------|-------------|
|                    | 30<br>May    | 15<br>August | 31<br>August | 29<br>September | 03<br>November | 13<br>December | 21<br>January | 29<br>February | 28<br>March |
| Mr DR Nicholls     |              |              |              |                 |                |                |               |                |             |
| Mr LJ Shayi        |              |              |              |                 |                |                |               |                |             |
| Ms SKN Masango     |              |              |              |                 |                |                |               |                |             |
| Ms PE Monale       |              |              |              |                 |                |                |               |                |             |
| Ms B Makgopa       |              |              |              |                 |                |                |               |                |             |
| Dr P Magampa       |              |              |              |                 |                |                |               |                |             |
| Mr M Van Schalkwyk |              |              |              |                 |                |                |               |                |             |
| Amb X Mabhongo     |              |              |              |                 |                |                |               |                |             |
| Mr CJ Combrink     |              |              |              |                 |                |                |               |                |             |
| Mr S Maharaj       |              |              |              |                 |                |                |               |                |             |
| Dr M Makgae        |              |              |              |                 |                |                |               |                |             |
| Mr L Mavuso        |              |              |              |                 |                |                |               |                |             |
| Mr H Lazarus       |              |              |              |                 |                |                |               |                |             |
| Mr A Latchu        |              |              |              |                 |                |                |               |                |             |
| Adv. A Chowan      |              |              |              |                 |                |                |               |                |             |
| Mr L Tyabashe      |              |              |              |                 |                |                |               |                |             |

|  |                               |  |                                                |  |                                 |  |                                    |  |                 |
|--|-------------------------------|--|------------------------------------------------|--|---------------------------------|--|------------------------------------|--|-----------------|
|  | Member present at the meeting |  | Member was not present but tendered an apology |  | Member participated via telecon |  | Member not appointed at this stage |  | Member resigned |
|--|-------------------------------|--|------------------------------------------------|--|---------------------------------|--|------------------------------------|--|-----------------|

## 8.4 Board Committees

Section 19 of the Nuclear Energy Act establishes advisory committees to advise and assist the Board in carrying out its functions. These committees play an important role in enhancing high standards of governance and improving effectiveness within the Necsa Group. External advisors are invited to attend Board and/or committee meetings on an ad hoc basis, as or when the need arises.

The Board is advised and assisted by five Board committees, namely Audit and Risk; Human Resources, Social and Ethics; Research and Development; Investment and Finance, and Nuclear Oversight and Regulatory Compliance Committee. The Board committees met at least once per quarter, adopted formal terms of reference (TOR) and provided the required feedback to the Board through committee reports. The Board committees and TOR are reviewed annually to ensure continued relevance.

### 8.4.1 Audit and Risk Committee

The primary responsibility of the Audit and Risk Committee involves overseeing:

- The integrity of Necsa's financial statements, accounting and financial reporting processes and financial statement audits.
- Necsa's compliance with legal and regulatory requirements.
- The independent auditor's qualifications and independence.
- The performance of Necsa's independent auditor and internal audit function.

- Necsa's systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by Necsa.
- The governance of information and technology in a way that supports the organisation's setting and achieving its strategic objectives.

### Committee meetings

| Member Details             | 26 April | 25 May | 27 July | 14 Aug | 26 Oct | 14 Dec | 29 Jan |
|----------------------------|----------|--------|---------|--------|--------|--------|--------|
| Mr S Maharaj (Chairperson) |          |        |         |        |        |        |        |
| Ms SKN Masango             |          |        |         |        |        |        |        |
| Mr A Latchu                |          |        |         |        |        |        |        |
| Dr M Makgae                |          |        |         |        |        |        |        |
| Mr H Lazarus               |          |        |         |        |        |        |        |
| Adv. A Chowan              |          |        |         |        |        |        |        |

Member present at the meeting
 Member was not present but tendered an apology
 Member participated via telecon
 Member not appointed at this stage
 Member resigned

### 8.4.2 Human Resources, Social and Ethics Committee

The committee has an independent role, operating as an overseer and an individual who makes recommendations to the Board for its consideration and final approval. The committee does not assume the functions of management; these remain the responsibility of the executive directors, officers and other members of senior management.

The responsibilities of the committee include:

- Setting ethical objectives and milestones that are integrated into the company's other objectives in such a way that the strategic importance of ethics is communicated and understood as an integral part of the company's corporate identity and corporate culture.
- Overseeing the development and regular review of a remuneration policy that articulates and gives effect to the Board's direction on fair, responsible and transparent remuneration.
- Overseeing that the implementation and execution of the remuneration policy achieve the objectives of the policy.
- Annually reviewing the nature and adequacy of the performance measurement methodology applied throughout the Necsa Group.
- Ensuring that key performance measures of the GCEO and GCFO are agreed to and that the performance of the GCEO and GCFO is assessed every year.
- Ensuring that appropriate procedures are adopted and followed in the selection of executive directors and succession planning, with due regard in all cases to the benefits of diversity.
- Monitoring the company's good corporate citizenship, considering any relevant legislation, other legal requirements, or existing codes of best practice.
- Assuring the Board and, in turn, its Shareholder and/or stakeholders that the organisation maintains the highest levels of compliance with applied international and national legislation and standards and best management practices in terms of SHEQ and security, as well as related nuclear issues and regulatory framework matters in terms of the company and its projects.

## Committee meetings

| Human Resources, Social and Ethics Committee |              |        |        |        |        |        |
|----------------------------------------------|--------------|--------|--------|--------|--------|--------|
| Member Details                               | Meeting Date |        |        |        |        |        |
|                                              | 11 May       | 18 Aug | 25 Aug | 11 Nov | 06 Feb | 15 Feb |
| Mr CL Mavuso (Chairperson)                   |              |        |        |        |        |        |
| Mr S Maharaj                                 |              |        |        |        |        |        |
| Ms SKN Masango                               |              |        |        |        |        |        |
| Mr LJ Shayi                                  |              |        |        |        |        |        |
| Dr M Makgae                                  |              |        |        |        |        |        |
| Mr L Tyabashe                                |              |        |        |        |        |        |

Member present at the meeting
 Member was not present but tendered an apology
 Member participated via telecon
 Member not appointed at this stage
 Member resigned

## 8.4.3 Investment and Finance Committee

The roles and responsibilities of the Investment and Finance Committee are to:

- Recommend investment transactions outside the Group Executive and GCEO's delegation of authority to the Board for approval.
- Review the effectiveness of the investment policies and the achievement of the objectives of the Corporate Plan.
- Review and recommend the extension of existing investments to the Board for approval.
- Consider and recommend the disposal of existing investments to the Board for approval.
- Consider and make recommendations to the Board regarding investment decisions in general.
- Consider and recommend to the Necsa Board such other matters as may be delegated to the committee by the Board.
- Provide oversight on the implementation and monitoring of investment initiatives.

## Committee meetings

| Investment and Finance Committee |              |        |           |           |             |             |             |
|----------------------------------|--------------|--------|-----------|-----------|-------------|-------------|-------------|
| Member Details                   | Meeting Date |        |           |           |             |             |             |
|                                  | 10 May       | 24 May | 10 August | 30 August | 08 November | 07 February | 26 February |
| Mr H Lazarus (Chairperson)       |              |        |           |           |             |             |             |
| Mr A Latchu                      |              |        |           |           |             |             |             |
| Adv. A Chowan                    |              |        |           |           |             |             |             |
| Ms B Makgopa                     |              |        |           |           |             |             |             |
| Mr L Mavuso                      |              |        |           |           |             |             |             |
| Mr S Maharaj                     |              |        |           |           |             |             |             |
| Mr D Nicholls (by invitation)    |              |        |           |           |             |             |             |
| Mr L Tyabashe                    |              |        |           |           |             |             |             |

Member present at the meeting
 Member was not present but tendered an apology
 Member participated via telecon
 Member not appointed at this stage
 Member resigned



## 8.4.4 Research, Development and Technology Committee

The committee makes recommendations concerning the policy, strategies, processes, and implementation of research, development and technology, including related technology and development matters, as applicable to any aspect of the company's activities.

The roles and responsibilities of the committee include:

- Monitoring the implementation and management of research, development and nuclear-related technology issues.
- Monitoring compliance with the Nuclear Energy Act and other relevant legislation.
- Monitoring progress on collaboration with institutions and other relevant organisations.
- Reviewing and making recommendations to the Board on research and development initiatives as proposed by management to ensure innovation and strategic direction align with stakeholder requirements.
- Reviewing and making recommendations to the Board on the implementation of best practices and the latest trends from both national and international sources as applicable to the company.
- Reviewing and making recommendations to the Board on management's views on identified and potential opportunities in nuclear research and development as applicable to the company.
- Reviewing and making recommendations to the Board concerning capacity development relating to research activities.
- Making recommendations to the Board on external collaborations on nuclear-related research and development.

### Committee meetings

| Member Details | Research Development and Technology Committee                                       |                                                                                      |                                                                                       |                                                                                       |
|----------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                | Meeting Date                                                                        |                                                                                      |                                                                                       |                                                                                       |
|                | 12 May                                                                              | 16 August                                                                            | 09 November                                                                           | 12 February                                                                           |
| Ms SKN Masango |  |  |  |  |
| Mr CL Mavuso   |  |  |  |  |
| Mr A Latchu    |  |  |  |  |
| Mr LJ Shayi    |  |  |  |  |
| Mr DR Nicholls |  |  |  |  |
| Ms BM Makgopa  |  |  |  |  |
| Adv. A Chowan  |  |  |  |  |
| Mr L Tyabashe  |  |  |  |  |

 Member present at the meeting
  Member was not present but tendered an apology
  Member participated via telecon
  Member not appointed at this stage
  Member resigned

## 8.4.5 Nuclear Oversight and Regulatory Compliance Committee

The committee supports the Board in complying with laws, regulations, and standards for nuclear safety, medical licences, and construction and operations as well as environmental and safety laws, regulations and standards applicable to the ownership, construction and operation of nuclear-generating facilities.

The role of the committee includes:

- Fulfilling the Board's oversight responsibilities relating to nuclear safety, regulatory compliance, environment, operational risks, oversight of construction, and operations activities in the nuclear-generating facilities.
- Providing oversight support in complying with laws, regulations, and standards for nuclear safety, medical licences, and construction and operations as well as environmental and safety laws, regulations and standards applicable to the ownership, construction and operation of nuclear-generating facilities.
- Overseeing environment, health, safety, legal, and public affairs issues of nuclear-generating facilities at Necsa.
- Receiving and reviewing the Nuclear Compliance and Services department's periodic reports on safety, security, quality and SHEQ matters.
- Reviewing results from major inspections and evaluations of nuclear operations.
- Reviewing nuclear development and operations tactics consistent with the Board's strategic objectives.

### Committee meetings

| Member Details | Meeting Date                                                                        |                                                                                     |                                                                                       |                                                                                       |
|----------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                | 15 May                                                                              | 17 Aug                                                                              | 14 Nov                                                                                | 09 Feb                                                                                |
| Mr LJ Shayi    |  |  |  |  |
| Dr ME Makgae   |  |  |  |  |
| Ms SKN Masango |  |  |  |  |
| Mr CL Mavuso   |  |  |  |  |
| Ms PE Monale   |  |  |  |  |
| Mr L Tyabashe  |  |  |  |  |

 Member present at the meeting
  Member was not present but tendered an apology
  Member participated via telecon
  Member not appointed at this stage
  Member resigned

## 8.5 Ethical and Effective Leadership

The Board sets the precedent for driving ethics and good governance within the organisation. The Board strives to provide ethical and effective leadership to ensure that Necsa acts in a responsible manner that will enhance stakeholder value and ensure sustainability. The Board of Directors is aware that they should exercise their fiduciary duties ethically and in good faith, both individually and collectively. Consistent with its commitment to embrace the principles of good corporate governance, the Board has established an ethics office to ensure that business is conducted with the highest standards of integrity in line with best governance practices.

The Board of Directors embraces the principles of good corporate governance and considers these to be the underlying philosophy for creating organisational excellence at all levels within Necsa. The Board is committed to efficient governance and to observing international trends in sound governance standards to attain best practices. A King IV compliance report has been developed and approved by the Board, which sets out the application of the King IV principles in the organisation.



**Ms Vuyokazi Mkwaqa**  
Group Chief Integrated Assurance Officer

## 9. Integrated Assurance

Integrated Assurance oversees Necsa's risk and internal audit functions, providing independent assurance and consulting services in areas like internal control systems, risk management, ethics, corporate governance, performance, and IT-related matters.

### 9.1 Risk Management

Risk management is an integral part and an essential element of good corporate governance. It is part of Necsa's business strategy to ensure that the organisation can identify and manage risks that impact business performance and the achievement of objectives. Risks are viewed and assessed holistically, since a single transaction or event may have a significant impact on other risks or be triggered by other risks.

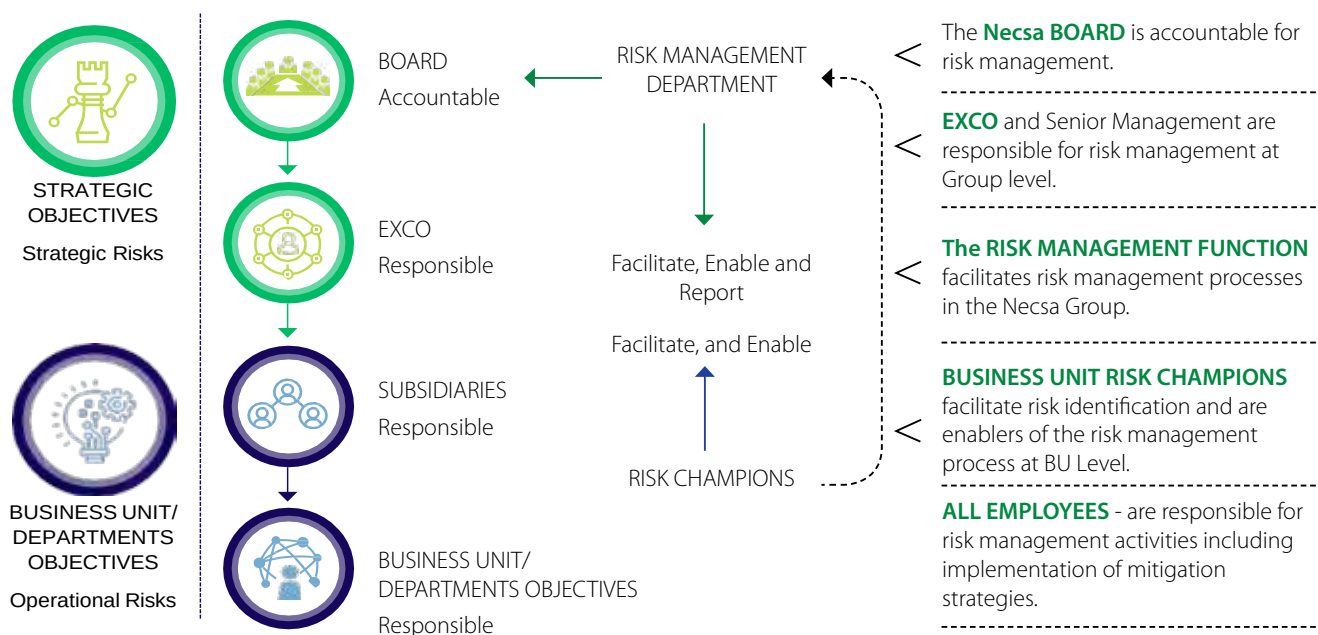
Necsa manages risks according to the PFMA (Act 1 of 1999 as amended) and the King IV Report on Corporate Governance, through a Board-approved Enterprise Risk Management framework. The framework is reviewed regularly to ensure that it remains aligned with evolving business needs and governance

responsibilities. The Board of Directors oversees the company's risk management activities, supported by dedicated risk committees responsible for specific risk domains. The Chief Integrated Assurance Officer leads the risk management function, coordinating with senior management and business units to ensure alignment with strategic objectives and risk appetite.

The Board reviews strategic risks every year and monitors the effectiveness of risk mitigation strategies quarterly through the Audit and Risk Committee. The residual rating of risk considers the efficacy of risk mitigation and control efforts.

The following figure provides a high-level view of risk management governance at Necsa followed by a table showing risk ratings and definitions:

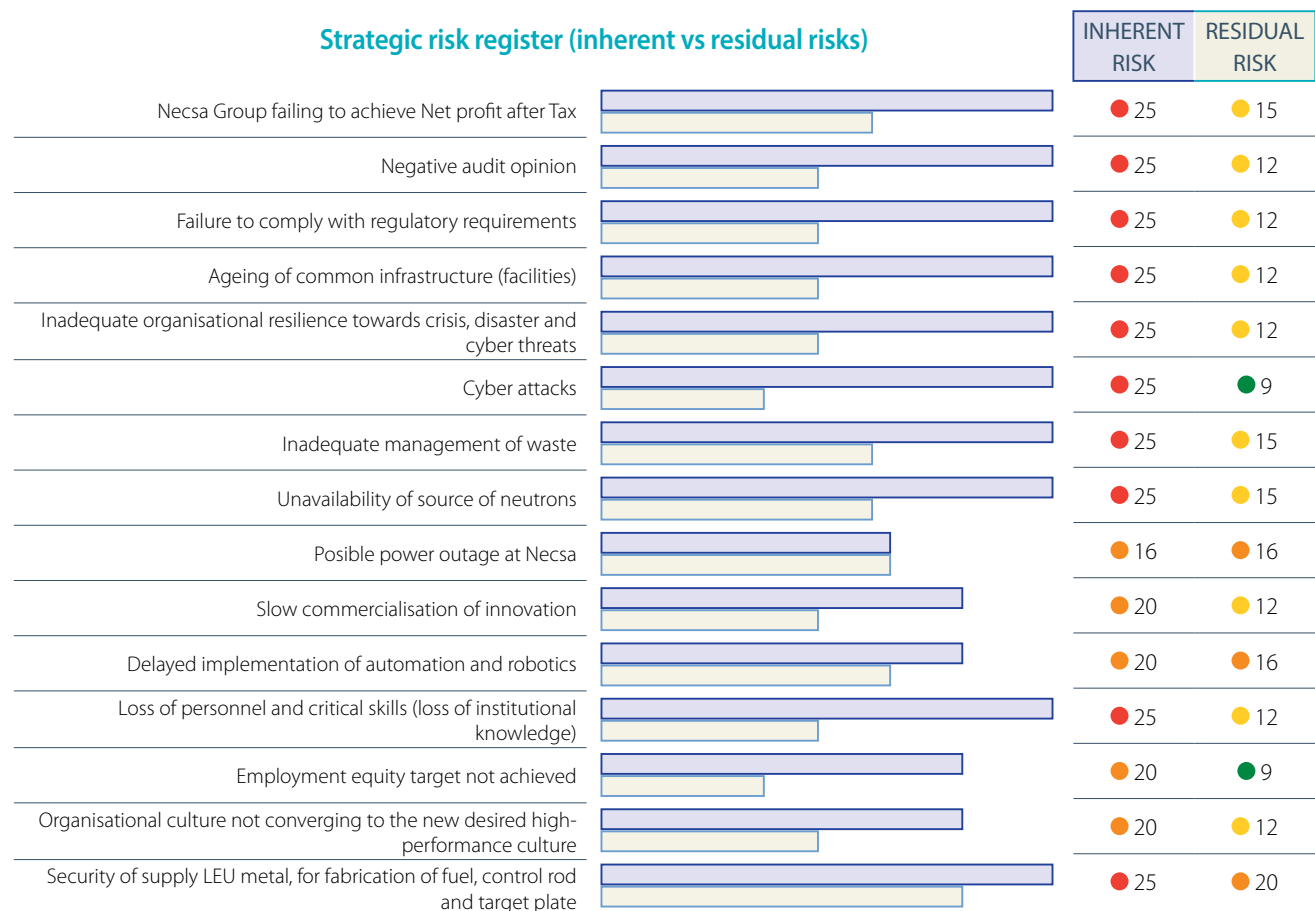
#### Risk management governance



## Risk ratings and definitions

| Risk rating  | Assessment    | Rating definition                                                                                                                                                         |
|--------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 20 - 25      | Critical      | Catastrophic levels of risk exposure despite controls implemented – the remaining risk could still have a devastating impact on the organisation's strategic goals.       |
| ≥ 15 to < 20 | High          | Significant levels of risk exposure – although mitigation measures are in place, the remaining risk could seriously affect the organisation's strategic goals.            |
| ≥ 10 to < 15 | Moderate      | Cautionary levels of risk exposure – a manageable level of risk that could still have noticeable consequences but is less likely to severely disrupt business operations. |
| ≥ 5 to < 10  | Low           | Risk within tolerance levels – these risks have minor consequences that can be easily managed or absorbed by the organisation.                                            |
| < 5          | Insignificant | Negligible risk within tolerance levels – these risks have minimal to no practical impact on the organisation's operations or objectives.                                 |

Necsa has identified 15 strategic risks that may affect the organisation in achieving its objectives. As part of risk monitoring, the organisation assessed the residual risks based on control effectiveness. The graph below depicts the status of strategic risks in the organisation:



## 9.2 Internal Audit

Necsa's Internal Audit function is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. The Internal Audit function reports to the Audit and Risk Committee to preserve its independence. The role, authority and status of the function are documented in its charter and approved by the Audit and Risk Committee.

As prescribed by National Treasury Regulations 27.2.6, the Internal Audit function of the organisation is governed by the Institute of Internal Auditors' mandatory guidance, including the definition of internal auditing, the Code of Ethics, and the International Professional Practices Framework (IPPF) generally known as the IIA standards. This mandatory guidance constitutes the principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Internal Audit function's performance.

The role of the Internal Audit function is to review and report on the adequacy and effectiveness of the system of internal controls as designed and implemented to ensure that:

1. There is compliance with policies and applicable laws and regulations.
2. Strategic objectives of the organisation are achieved.
3. Financial and non-financial reports are accurate and reliable.
4. Business operates efficiently and effectively.
5. The assets of the organisation are safeguarded.

During the financial year, the risk-based Internal Audit coverage plan included inherently high-risk areas of the organisation as per the risk universe. The following assurance and consulting activities were conducted as per the approved one-year Internal Audit coverage plan:

1. Governance-related reviews
2. Performance information reviews
3. ICT-related reviews
4. Project assurance reviews
5. Financial audits
6. Procurement audits
7. Follow up on previous years' audit findings.

Based on the audits performed during the year, the system of internal controls in the organisation has been assessed as adequate and effective, with room for improvement in some areas.

Internal Audit is committed to working with all other Necsa assurance providers, as per the Combined Assurance Framework adopted by the Necsa Board, to avoid duplication of audit efforts, identify areas of under-assurance, prevent the omission of crucial business activities, and align as far as possible to create an opportunity for external auditors (AGSA) to place reliance on the work of Internal Audit.





## 10.1 Stakeholder Engagement Activities

Stakeholder engagement and relationships are crucial in executing the Necsa Group mandate and business strategy. These engagements build and maintain mutually beneficial relationships with internal and external stakeholders and identify business growth opportunities for expansion and additional business opportunities. The EXCO accounts to the DMRE on achievements that generate high-quality and impactful outcomes for the organisation.

| Stakeholder group                   | Stakeholder                               | Area of interest/ communication message                                                                                                                          | Key engagement issues                                                                                                                                                                                                             | Outcomes                                                                                                                       | Stakeholder relationship strength                                                     |
|-------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Shareholder/ Government/ Parliament | DMRE                                      | Oversees governance and progress on predetermined objectives, strategic matters and accountability on finances.                                                  | Update on the rationalisation process.                                                                                                                                                                                            | Positive feedback from the Shareholder.                                                                                        |    |
|                                     | The Auditor-General (AGSA)                | Conducts annual audits, gives an opinion on how the entity oversees its finances and evaluates the Necsa Group performance against set predetermined objectives. | A site visit to Necsa facilities to gain a deeper understanding of the business.                                                                                                                                                  | A better understanding of Necsa business by AGSA.                                                                              |    |
|                                     | DMRE, DIRCO and National Treasury         | A strategic session with Necsa Board and EXCO.                                                                                                                   | Review and planning for 2024/25.                                                                                                                                                                                                  | Identifying revenue streams, growth and expansion priority programmes and avenues.                                             |    |
|                                     | Bojanala Municipality Mayoral Committee   | Discuss emergency plans in place to mitigate the severity of emergencies or disasters on and off-site.                                                           | Necsa's ethical and moral obligation is to protect its workers and the public from emergencies and disasters.                                                                                                                     | Aligned emergency preparedness.                                                                                                |  |
|                                     | The DTI Control Committee                 | To discuss nuclear science and technology's peaceful applications.                                                                                               | To assess, consider and recommend the import and export applications for the materials and equipment that are used in the nuclear industry to the South African Council for the Non-Proliferation of Weapons of Mass Destruction. | Improved alignment on peaceful Nuclear Science and Technology applications.                                                    |  |
| Employees                           | All Necsa Group employees                 | Leadership and staff engagement sessions by the GCEO as well as monthly communiques.                                                                             | Ongoing awareness such as safety and a code of ethics for the Necsa Group, other organisational projects and progress updates on the rationalisation process.                                                                     | A better-informed workforce.                                                                                                   |  |
| Board of Directors                  | Annual General Meeting with DMRE Minister | To discuss organisational performance, financial outlook and the Annual Report of the entity.                                                                    | For the Board to receive concurrence with the Shareholder on these matters.                                                                                                                                                       | Improvement of audit outcomes, profitability and performance needs to be continuous as a trend into the 2023/24 FY and beyond. |  |

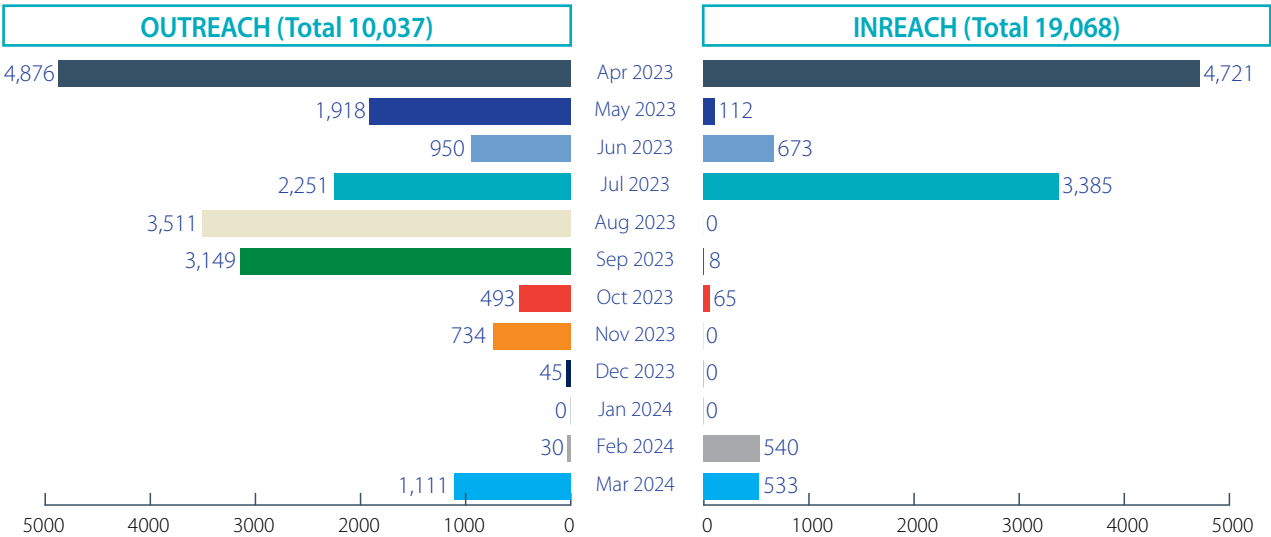
| Stakeholder group                       | Stakeholder                                                | Area of interest/ communication message                                                                                                                                                                                                                                                                                          | Key engagement issues                                                                                                                                                                                                 | Outcomes                                                                                                                                                              | Stakeholder relationship strength                                                     |
|-----------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Organised Labour                        | Union (Nehawu) and Pelindaba Workers Union                 | Update on the rationalisation process; the Study Assistance Policy; the Hybrid Policy; performance and pay progression; collective agreement implementation review (Clause 3.75); the disciplinary procedure; succession planning; talent management; performance management and training; and Pelchem organisational structure. | Conclusion of the last leg of the three-year collective agreement.                                                                                                                                                    | Organised labour and management were aligned, and an agreement was signed.                                                                                            |    |
| Local Communities                       | Vaalputs and Pelindaba surrounding communities             | Quarterly meetings on safety matters.                                                                                                                                                                                                                                                                                            | Necsa strengthening its relationship with the surrounding communities as members tend to feel safer as they are more informed about Necsa's safety records and safety systems in place.                               | Strengthened relations with the surrounding communities.                                                                                                              |    |
| International Community                 | AFCONE, IAEA                                               | To collaborate in training initiatives to advance the African continent.                                                                                                                                                                                                                                                         | To exchange expertise to strengthen local capabilities in nuclear and promote technological advancements in the field.                                                                                                | Advancing South Africa's nuclear energy development.                                                                                                                  |    |
|                                         | MoU with TVEL (a Russian company within the Rosatom Group) | Potential cooperation on nuclear fuel and components supplies for the Koeberg Plant, Necsa provided a UF6 Transport Test Cylinder to Tenex for testing in Russia, aiming to qualify as a future supplier pending further tests.                                                                                                  | Necsa, in partnership with Eskom and DTI, secured an order from Holtec, a US company, for eleven Dry Storage Casks to store spent nuclear fuel at the Eskom Koeberg Nuclear Power Station's interim storage facility. | Strengthened international partnerships.                                                                                                                              |  |
| Investors/ Funders                      | Investors and funders who visit Necsa                      | To collaborate with industry partners and share developments and insights on business matters.                                                                                                                                                                                                                                   | The financial performance and revenue growth for projected profitability in future years.                                                                                                                             | Working towards the organisation's stability.                                                                                                                         |  |
| Industry                                | Eskom                                                      | A workshop on small modular reactors led by Necsa. SMR/ PBMR strategy developed to be taken forward and finalised.                                                                                                                                                                                                               | To solicit inputs from the Board on the recommendation of the preferred direction or strategic option that Necsa should pursue.                                                                                       | Further engagements are underway regarding the PBMR handover and other collaborations with Eskom.                                                                     |  |
| Scientific/ Academic Research Community | Higher learning institutions                               | Human capital development in extending opportunities with local and international universities for formal training, education of staff and mentoring of students outside of Necsa.                                                                                                                                               | In support of social and relationship investment, scientists attend and contribute to numerous conferences and workshops, locally and internationally.                                                                | Opportunities to connect with thought leaders from across the world and participate in discussions and relevant platforms to showcase solutions beneficial to Africa. |  |

| Stakeholder group | Stakeholder                                                  | Area of interest/ communication message                                                                         | Key engagement issues                                                                                                                                                                                    | Outcomes                                                                        | Stakeholder relationship strength                                                     |
|-------------------|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Customers         | Necsa Group customers                                        | To ensure a better understanding of anticipating expectations and addressing emanating matters instantaneously. | Collaborating with industry partners and sharing developments and insights on business matters to strengthen customer and industry relationships.                                                        | Necsa maintains strong relationships and closely engages with customers.        |    |
| Regulators        | National Nuclear Regulator                                   | Necsa keeps NNR informed of critical developments around the reactor and the site.                              | Six scheduled emergency exercises and one unscheduled disaster management exercise. Madibeng Local Municipality, City of Tshwane, SAPS, NNR, EPSOC and DMRE are all role-players during these exercises. | The regulator plays a crucial role in assuring nuclear safety.                  |    |
|                   | South African Health Products Regulatory Authority (SAHRPA)  | Working closely with NTP on radiopharmaceuticals.                                                               | Ensuring compliance by NTP.                                                                                                                                                                              | Regulating all the health products produced at Pelindaba.                       |    |
|                   | Department of Water and Sanitation                           | Pre-application meeting for the Water Use Licence application.                                                  | To discuss the process of the online Water Use Licence Application as well as Necsa's water uses. DWS also conducted an on-site inspection of relevant facilities.                                       | Forms submitted for various water usage. Discussion on the Necsa water balance. |   |
|                   | Department of Forestry, Fisheries and the Environment (DFFE) | Environmental Impact Assessment for the MPR.                                                                    | Discussion on the regulatory process to follow.                                                                                                                                                          | Guidance by DFFE was provided on compliance with the process.                   |  |
| NGOs              |                                                              | Nelson Mandela Day 2023, cleaning the stream in Saulsville, near Atteridgeville.                                | Removing litter from the Saulsville stream for pollution-free and healthy water sources.                                                                                                                 | Improved quality of life for livestock and surrounding community members.       |  |
| Media             | eNCA, Newzroom Afrika, SAfm, Engineering News                | Profiling Necsa Group.                                                                                          | Positive publicity for Necsa Group.                                                                                                                                                                      | Ongoing activity with a positive outcome.                                       |  |
| Suppliers         | Open-day supplier workshop                                   | To educate potential suppliers on how to register on the Necsa supplier database.                               | Step-by-step guidance on the documentation required for suppliers.                                                                                                                                       | Informed suppliers.                                                             |  |

Stakeholder engagement 2023/24 FY in numbers



Outreach and Inreach numbers





## 10.2 Corporate Social Investment

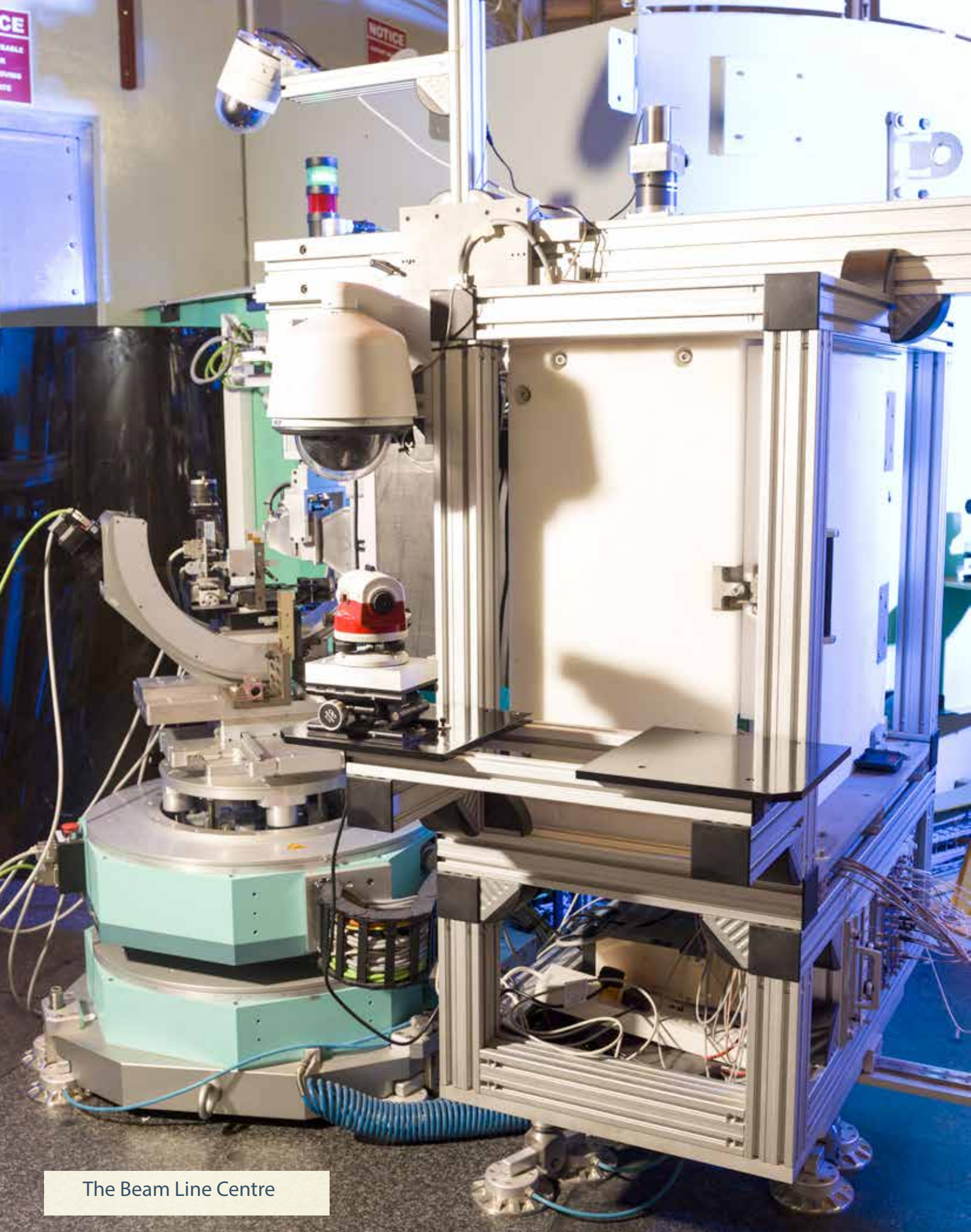
Non-governmental organisations (NGOs) work independently to promote change in areas like health, education, human rights, and wildlife. Necsa supports NGOs near its nuclear facilities, such as Soulbent in Saulsville, which has become a key environmental partner in Gauteng. The project transforms illegal dumping sites into vegetable gardens, providing basic food to volunteers and selling excess vegetables to surrounding communities. Necsa collaborates

with stakeholders to inspire individuals to act on environmental issues, ensuring lasting benefits and empowerment. Necsa has hosted the Walter Sisulu Environment Centre and Kgabisa Palesa Cares. Necsa also conducts outreach programmes with different schools across the country, educating and empowering the learners to take STEM (Science, Technology, Engineering and Mathematics) subjects to venture into mathematics and science-related careers.



Fire truck demonstration to learners of Re-e-Iwele Primary School in Hartbeespoort.





The Beam Line Centre



2024

## PART C:

# PERFORMANCE INFORMATION





## 11. Performance Overview

Necsa, as a public entity, must find expression in the broader socio-economic and political realities of South Africa, the African continent, and the global outlook it operates in for its sustainability and contribution to society.

### 11.1 External Environment

Necsa's mandates relate to research and development and national nuclear obligations, and the company is not directly involved in service delivery to the public. Salient issues relevant to performance from the external environment include:

- Various scheduled and unscheduled extended reactor shutdowns in Europe allowed for increased revenue based on higher demand for NTP products.
- Failure to get investment funds for necessary infrastructure support for Pelchem fluorine and hydrogen fluoride plants.
- The approval by the Cabinet for the procurement of 2,500MW nuclear energy puts Necsa in a good position to provide support for making this project a success.

### 11.2 Organisational Environment

Internal factors that are notable about Necsa's performance in the past financial year include:

- The Cabinet approved the reappointment of the Necsa GCEO, Mr Loyiso Tyabashe for a three-year term from 2024 to 2026.
- As per the government's directive of restructuring the state-owned entities (SOEs), Necsa implemented the rationalisation process for improved efficiency and ease of strategy implementation.





**Ms Precious Hawadi**

Group Chief Financial  
Officer

## 12. Financial Capital

Financial recovery and sustainability spearhead one of the critical strategic pillars of the organisation. This pillar has been critical for Necsa as it implemented a turnaround strategy to redirect the organisation towards financial sustainability.

### 12.1 Overview

The Necsa Group receives most of its funding from the government as a principal research organisation, with the remainder coming from revenue generated by its market-facing divisions and subsidiaries. In the 2023/24 FY, the Group continued to show profits for the second time in six years, and this trend is expected to continue in the 2024/25 FY. Furthermore, the Group's audit outcomes continue to improve.

The long-term, medium-term, and short-term goals are aligned with the company's financial projections, which are produced by the Financial division in collaboration with the entire organisation. The Financial division is responsible for the stewardship and control of financial resources and accounts for physical resources (assets), to ensure that they are used best to create value within the Necsa Group. The objective is to balance the four key priorities: cost reduction, compliance, operational efficiency and growth. Finance plays a significant role in the decision-making process, the vision, mission, and strategy of the Necsa Group and provides the guiding principles that are essential to maintaining good corporate financial governance.

### 12.2 Financial Control

The Group derives a percentage of its funding from a grant that runs various elements of the business. The flow of this money into the financial capital (cost and profit centres) departments provides an effective and efficient financial accounting system to the Necsa Group through the development and institution of internal control policies and procedures, processes and financial control mechanisms in compliance with legislative, regulatory and business requirements.

### 12.3 Supply Chain Management

The Necsa Group's strategic plan is clear in articulating that supply chain management has a critical role to play in achieving potential efficiency and savings and ensuring that the organisation is fully prepared to embrace the ongoing changes in the supply market. The Group has effectively managed its procurement budget, aligned the needs of the business and available suppliers, and continued its full compliance with legislation. Spending on local suppliers in the year under review comprised 88.18% of the budget. As the Necsa Group's financial position improves, it provides an opportunity to focus on improving spending on black-owned businesses and thereby getting a better broad-based black economic empowerment (B-BBEE) rating.

Purchases for the Necsa Group in the 2023/24 FY amounted to R1,717bn, reflecting a 14.33% improved increase compared to the previous reporting periods. This resulted from statutory price increases for products, materials, and equipment, as well as non-routine purchases. The R1,717bn comprised R1,514bn (88.18%), spent on local suppliers, and R202,899m (11.82%), spent on foreign suppliers.

The top ten suppliers, who supplied products and/or services to the Necsa Group during the year under review, are tabled below, with the amounts spent on purchases expressed as a percentage of the Necsa Group's total purchases for the reporting period.

#### Top 10 suppliers for the Necsa Group

| No | Supplier      | Value     | %     |
|----|---------------|-----------|-------|
| 1  | ESKOM         | R110,351m | 6.42% |
| 2  | Framatome SAS | R69,122m  | 4.02% |



| No           | Supplier                                       | Value            | %             |
|--------------|------------------------------------------------|------------------|---------------|
| 3            | National Nuclear Regulator (NNR)               | R63,415m         | 3.69%         |
| 4            | Momentum with Profit                           | R34,653m         | 2.01%         |
| 5            | Sasol Oil (Pty) Ltd                            | R22,613m         | 1.31%         |
| 6            | Rand Water                                     | R20,157m         | 1.17%         |
| 7            | Oserix SA Ltd                                  | R19,567m         | 1.13%         |
| 8            | Novosibirsk Chemical Concentrates Plant (NCCP) | R18,696m         | 1.08%         |
| 9            | Aon South Africa                               | R14,719m         | 0.85%         |
| 10           | ITM Pharma Solutions GmbH                      | R14,598m         | 0.85%         |
| <b>Total</b> |                                                | <b>R387,890m</b> | <b>22.53%</b> |

## 12.4 Broad-Based Black Economic Empowerment

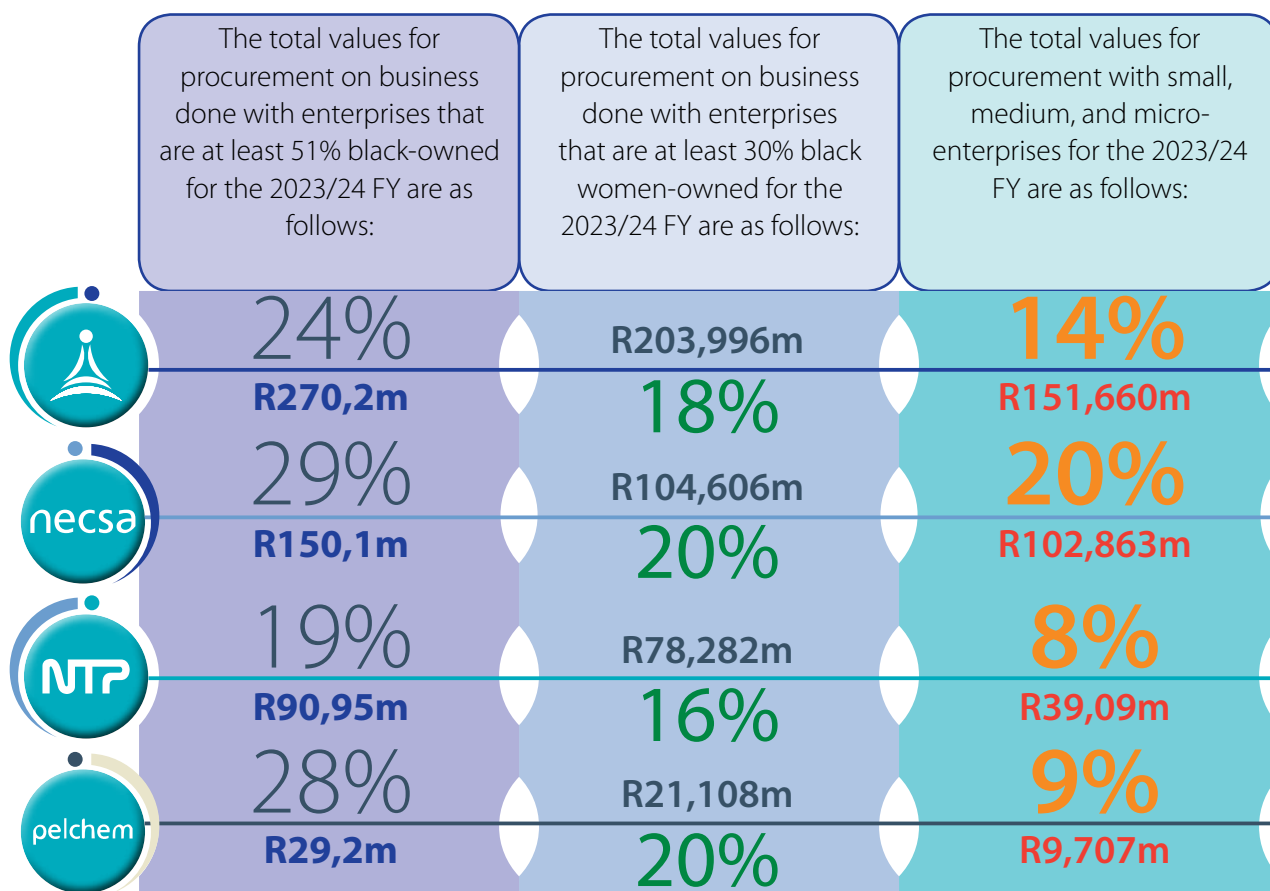
The Necsa Group recognises that the implementation of a B-BBEE strategy is an essential mechanism in its efforts to meet the objectives as set out in the B-BBEE Act to achieve sustainable and inclusive economic development, social stability and labour-absorbing

economic growth. This is an area of focus in the years ahead as the business turns around.

A plan of action to move from non-compliance to achieving compliance in the next five years will be finalised in the 2024/25 FY. Areas that require attention are skills development, enterprise and supplier development as well as socio-economic development.

The Necsa Group purchases from B-BBEE suppliers accounted for 24% of its total spend, while spending on black women-owned businesses and small, medium, and micro-enterprises accounted for 18% and 14%, respectively. Necsa SOC Ltd performed better in the Group, spending 29% of its total procurement budget on black-owned businesses and 20%, together with Pelchem, on black women-owned businesses. The breakdown of purchases during the year under consideration is reflected below.

Total values for procurement on business done with enterprises that are at least 51% black-owned:





**Ms Qhamkile Boyede**

Group Executive: Strategy and Business Enablement

## 13. Strategy and Business Enablement

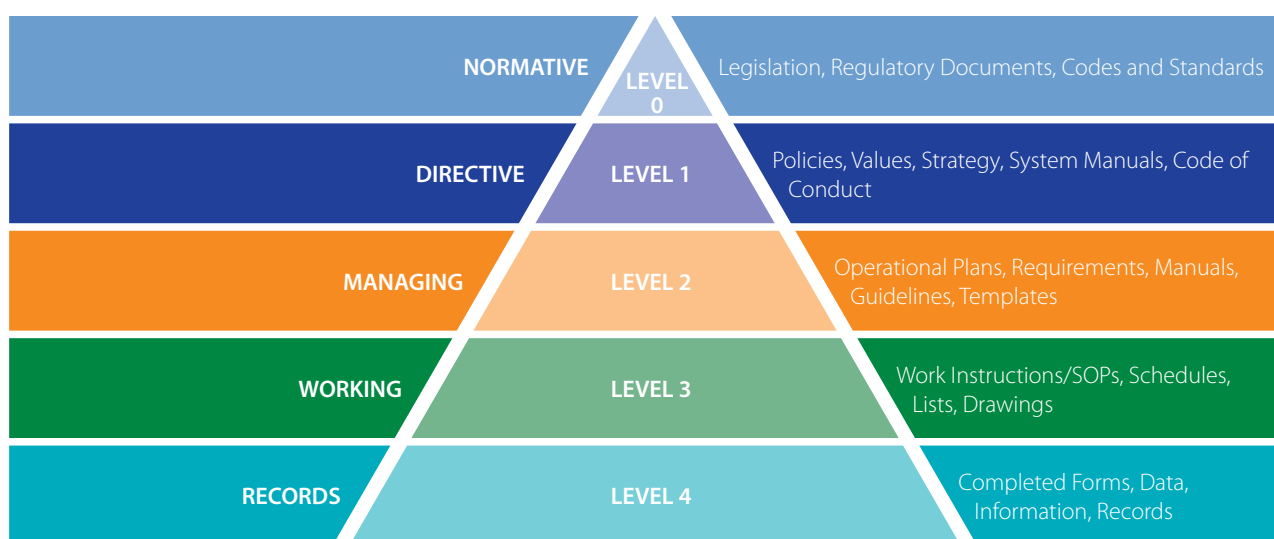
The Strategy and Business Enablement division formulates and implements the Group's strategy, focusing on compliance, legal, security, IT, business development, and stakeholder relations. The division focuses on the strategic pillar of Business Continuity and Efficiency, aiming for a strong Integrated Management System (IMS) with operational excellence, effectiveness, and efficiency.

Necsa is migrating its SHEQ system to an IMS, aligning with legislation, governance framework, and operational plans. This ensures sustainability and continuity in the company. The SHEQ system is crucial for Necsa's IMS system, aligning with ISO 9001, 14001, and 45001 standards, ensuring compliance with statutory requirements and best practices using its intellectual capital.

The Necsa Group implemented a hierarchical approach to review and integrate business processes,

streamlining policies to improve compliance and employee value proposition and performance. Harmonisation of policies began after the Group Strategy's approval in 2021, aiming to eliminate duplication, improve process quality, and foster a compliance culture. Governance was maintained through decentralised functions and stakeholder engagement. The process resulted in streamlined policies, reducing risk and ensuring stakeholder ownership.

### Integrated management system hierarchy



### 13.1 Environmental Impact

Necsa employs natural capital as part of its value creation while it ensures the protection of its environment in alignment with various environmental and waste management legislation and regulatory requirements. Necsa's environmental policy is combined with its safety and health policy in an integrated safety, health and environment (SHE) policy, which, amongst other things, includes the principle of sustainability.

#### Conservation

Necsa strives to prevent soil, water and air pollution by eliminating or minimising waste, effluent and emissions. Conservation of fauna and flora includes ensuring that provision is made for their sustenance such as the provision of salt licks, among other nutritional requirements, as well as veterinary services. Necsa strives for and adheres to nature conservation by controlling invasive and indigenous plants.



**Zebra with foal**



**Impala with offspring**



**Blesbuck**

Necsa has established a comprehensive system to monitor the workplace and the environmental impact of radiological, chemical, and other aspects of operations, ensuring that defined objectives and targets are met and reported. Waste (solid, gaseous and liquid effluent) is monitored to ensure that releases are within limits set by regulators such as the Department of Forestry, Fisheries and the Environment (DFFE), the Department of Water and Sanitation (DWS), the Department of Health (DoH) and the National Nuclear Regulator (NNR). The radiological dose impact is assessed to ensure that it remains as low as reasonably achievable (ALARA) and within limits. The Environmental Group has established strong institutional relationships with the stakeholders, as part of its social and relationship capital, to enable continuous operations that satisfy environmental requirements.

Streams, river water (both up and downstream), soil, air contamination, fish, invertebrates, etc. are monitored to obtain a comprehensive footprint of Necsa's impact on the environment. Results are reported to the relevant authorities according to agreed schedules. Necsa reports and manages any non-compliance following the compliance assurance process.



**Collecting Crocodile River water**



**Collecting boundary stream water from an autosampler**





Fallout pots and air sampler to sample airborne particulates



Borehole sampling at the Pelindaba site



Sampling vegetation and soil at Vaalputs

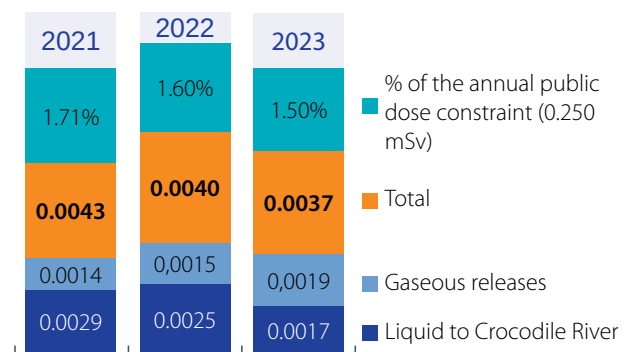
## Radiological Emissions and Discharges

Necsa continually strives to improve the SHE management system and performance by keeping exposure to radiation ALARA. The public dose for the calendar year 2023 was 1.5% (0.0037 mSv) of the annual public dose constraint (0.250 mSv), which was consistent with previous years. The dose data shows there is no significant dose impact on the environment due to Necsa's activities.

Necsa is actively working to reduce the number of SHE-related incidents and public concerns. No environmental nuclear events occurred between 1 April 2023 and 31 March 2024.

The Environmental Monitoring Programme at Vaalputs was fully compliant with sample reporting levels, and no environmental nuclear events were recorded.

## Pelindaba modelled dose to the public (mSv/a)



## Chemical Emissions

Pelchem operates under the Atmospheric Emission Licence number: BPDM/AEL/OCTOBER2020. Quarterly and annual air emissions are reported to the Bojanala Platinum District Municipality. The total fluoride emissions for the period January 2023 to December 2023 amounted to 2,237 kg, which was higher by 930 kg compared to the previous year's (2022) of 1,307 kg. The monthly site limit was not exceeded during the year. Total fluoride emissions for the reporting period were 13% of the annual air emission licence constraint of 17,696 kg/year.

## Compliance with Water Permit Requirements

Necsa complied with the current water permit (Permit No. 1874B) during the reporting period. The total water consumption was 58.9%, which is a decrease compared to 68.5% of our permit value in the previous reporting period. Necsa did not consume river water during the 2022/23 water year. This was due to the purification plant not being operational due to pump damage because of sludge from the river as well as the degraded water quality of the river water. Borehole water was not used due to the high maintenance cost of the borehole. All water leaks were addressed within reasonable periods, depending on their severity.

## Water consumption from October 2022 to September 2023

|                                    | Rand Water             | River Water | Borehole |
|------------------------------------|------------------------|-------------|----------|
| Amount used (m <sup>3</sup> )      | 736,318                | 0           | 0        |
|                                    | <b>Total 736,318</b>   |             |          |
| Permitted amount (m <sup>3</sup> ) | 400,000                | 840,000     | 9,490    |
|                                    | <b>Total 1,249,490</b> |             |          |
| Percentage of permitted amount     | 184.0                  | 0.0         | 0.0      |
|                                    | <b>Total 59</b>        |             |          |
| % change on year on year           | -14                    | 0.0         | 0.0      |
|                                    | <b>Total -14</b>       |             |          |

## Liquid effluent disposed of between October 2022 and September 2023

| Effluent Destination | Volume m <sup>3</sup> | Water Permit Limit | Percentage of Permitted |
|----------------------|-----------------------|--------------------|-------------------------|
| Crocodile River      | 84,713                | 250,000            | 34%                     |
| PE Pans 1-5          | 0                     | 19,000             | 0.0%                    |
| PE Pan 6             | 0                     | 8,500              | 0.0%                    |
| PE Pan 9             | 1,491                 | 15,000             | 9.94%                   |
| PE Pan 7             | 0                     | 4,500              | 0.0%                    |
| PE Pan 8             | 0                     | 4,500              | 0.0%                    |
| CaF <sub>2</sub>     | 0                     | 941                | 0.0%                    |
| <b>Total</b>         | <b>86,204</b>         | <b>302,441</b>     | <b>28.50%</b>           |

The liquid effluent generated for the period October 2022 to September 2023 (water year) was 84,713 m<sup>3</sup> which was 34% of the permitted amount. This was a decrease of -15.7% year on year. The effluent released into the Crocodile River was well below the water permit limits.

## Discharges of industrial effluent and low active effluent to the Crocodile River October 2022 – September 2023

|                                                                | Q4 (2022)<br>Oct-Dec<br>LE-REP<br>0759 | Q1 (2023)<br>Jan-March<br>LE-REP<br>0772 | Q2 (2023)<br>April-June<br>LE-REP<br>0783 | Q3 (2023)<br>July-Sep<br>LE-REP<br>0789 | YTD<br>Oct 2022 -<br>Sept 2023 |
|----------------------------------------------------------------|----------------------------------------|------------------------------------------|-------------------------------------------|-----------------------------------------|--------------------------------|
| Dose Impact (mSV)*                                             | 0.00061                                | 0.00040                                  | 0.00043                                   | 0.00043                                 | 0.00186*                       |
| Total effluent Discharged to Crocodile River (m <sup>3</sup> ) | 25,469                                 | 23,947                                   | 17,768                                    | 17,529                                  | 84,713                         |
| Low Active Effluent (m <sup>3</sup> )                          | 1,064                                  | 680                                      | 635                                       | 632                                     | 3,011                          |
| Industrial Effluent (m <sup>3</sup> )                          | 24,405                                 | 23,267                                   | 17,133                                    | 16,897                                  | 81,702                         |

\*Dose impact is for the water year October 2022 to September 2023.



Natural capital indicators

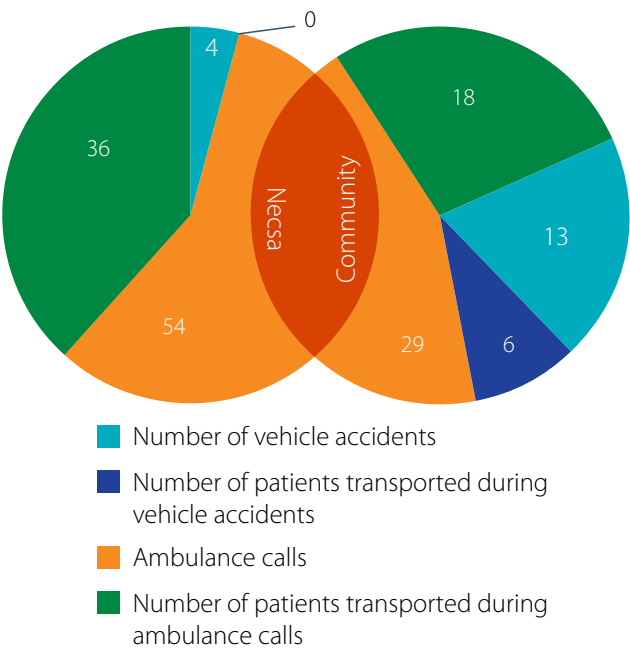
|                          |            |                                             |
|--------------------------|------------|---------------------------------------------|
| Annual electricity usage | 56 GWh     | April 2023 to March 2024 (FY)               |
| Annual water usage       | 736,318 m³ | October 2022 to September 2023 (water year) |

Necsa Emergency Services

Necsa is responsible for early nuclear emergency notification and assistance requests, participating in the International Atomic Energy Agency (IAEA) conventions and providing radiation protection specialist support. Necsa implements a comprehensive emergency preparedness process, conducts drills, identifies areas for improvement, and maintains engagements with stakeholders for continuous improvement.

The Necsa fire brigade and ambulance services serve the Pelindaba site and nearby communities.

Accidents and ambulance calls



Necsa has been designated as the competent authority for the IAEA convention for:

- Early notification of nuclear/radiological emergencies; and

Request for assistance in case of a fire or medical emergency.

Necsa participated in the 11th meeting of the Representatives of Competent Authorities hosted by the IAEA. Necsa also participated in the IAEA exercises on these conventions.

Necsa is a warning point and provides advice and radiation protection specialist support for incidents involving radioactive materials and has effectively responded and provided support for reported incidents.

13.2 Licencing

Necsa holds 41 nuclear installation licences (NIL) and one Certificate of Registration (CoR) issued by the NNR. New variations of the licences have been received for all 41 NILs over the previous and this financial year. Necsa also holds multiple authorisations from different regulators, including the South African Health Products Regulatory Authority (SAHPRA). These licences and permits are maintained and renewed where applicable and none of the authorisations have been revoked.

13.3 Compliance

Authorisations issued for all areas of the Necsa value chain are maintained and regular review of compliance to the SHEQ system and licence conditions are performed through audits and inspections. For the financial year, the inspection programme focused on assisting licenced facilities to address any historic deficiencies and ensure the effectiveness of corrective actions to prevent non-compliance in the future. In addition, a special focus has been on compliance verification to new licence conditions based on new variations of the nuclear installation licences issued by the NNR.

To monitor and assure SHEQ system compliance, all facilities were subjected to annual audits. The annual Necsa Inspection and Audit Plan for the 2023/24 financial year was approved for implementation while supporting facilities that went through significant organisational changes to revise facility-level management systems.

Necsa embarked on a major revision of the event/incident management system for improved categorisation, investigation and trending. The process was concluded in line with the implementation plan having conducted training and appointment of

functions that form part of the incident management organisation to ensure the availability of suitably qualified and experienced persons for effective implementation of the new system.

### 13.4 Nuclear Safeguards and Non-Proliferation

Necsa implements systems and processes to ensure that there is no diversion of nuclear material from peaceful nuclear activities and to ensure the absence of undeclared nuclear material or activities in the state. Necsa continues to participate in national structures for the non-proliferation of weapons of mass destruction.

All inspections carried out during the reporting period met the IAEA safeguards requirements and were conclusive. Integrated safeguards as well as state-level safeguards have been in place in South Africa since 2015. The Safeguards Implementation Report provided in 2023 by the IAEA once again confirmed that South Africa's nuclear facilities and materials remain in peaceful use. The Agency has been able to do so since 2010, confirming South Africa's strong commitment towards non-proliferation as well as Necsa's ability to utilise nuclear energy and technology to contribute to the country's socio-economic development.

The annual additional protocol declarations were submitted to the IAEA as required by the Protocol Additional to the Comprehensive Safeguards Agreement in May 2023 and were accepted as satisfactory by the IAEA.

The remote monitoring systems installed at key facilities in the country by the IAEA have functioned well over the period, with minor reported downtime resolved with the IAEA.

South Africa was moved from the Safeguards Operations Division C (SGOC) to Safeguards Operations Division B (SGOB), which is responsible for the implementation of safeguards in Africa, and this was in line with the geographical location of South Africa.

The annual Safeguards Implementation Bilateral Meeting between the IAEA and the State was held in April 2023 at Necsa to discuss safeguards implementation matters in South Africa. The bilateral meeting was attended by officials from IAEA, DMRE, Necsa and DIRCO. The IAEA gave a presentation

during the bilateral meeting on the newly updated State Level Approach (SLA) for South Africa, to explain the reasons leading to the SLA improvement project and the main features of the project.

#### **African Commission on Nuclear Energy**

The Republic of South Africa through the DMRE and Necsa has been designated by the African Commission on Nuclear Energy (AFCONE) as the AFCONE Regional Collaborating Centre for Nuclear Safeguards, in May 2021. AFCONE is the autonomous Pan-African organisation that is uniquely mandated under the African Nuclear Weapon Free Zone Treaty (The Treaty of Pelindaba) to serve as the Secretariat of the Treaty and to engender industrial and socio-economic development in Africa through the coordination and promotion of safe and secure peaceful applications of nuclear science and technology, as well as regional and inter-regional cooperation for that purpose.

In line with the provisions of the Pelindaba Treaty and to develop their knowledge and capabilities towards the safe and secure peaceful uses of nuclear technology on the continent, AFCONE has taken the initiative to establish the Regional Collaborating Centre (RCC) Scheme.

AFCONE and the European Commission have signed a cooperation agreement for Safeguards training for five years targeting ownership and sustainability through capacity building in Nuclear Safeguards. The European Commission training is managed through the Finish Government (STUK). In line with the cooperation agreement, three training courses as part of AFCONE's Programme for Strengthening the Nuclear Material Control Systems in Africa took place in South Africa during the reporting period.

### 13.5 Security Services Department

Necsa is mandated by the Nuclear Energy Act 46 of 1999 section 29 to provide for the security of the entity's installations, sites and premises. The Act prescribes specific responsibilities and provides certain authorisations for the proper protection of personnel, visitors and property.

Necsa is listed as a national key point and security provision is essential to the existence and licencing conditions for Necsa operations both as a national key point and nuclear installations facility.

The key objective of security operations is to counter any attempts of malicious acts targeted at Necsa's interests by adversaries to gain unauthorised removal of nuclear and radioactive material as well as prevent any possible sabotage of strategic facilities. This objective is very central to the Convention on the Physical Protection of Nuclear Material of which South Africa is a signatory.

### **Information Technology**

Necsa's information technology (IT) function provides critical oversight over IT strategic and operational matters. It consolidated its functions into a centralised Group IT setting, resulting in cost savings, reduced duplication, improved coordination, and enhanced efficiency. The IT department maintained operational integrity in a new hybrid work/office environment, with no significant security incidents. Group IT has also implemented a new cyber security policy, educating employees on protective measures and conducting ongoing Cyber Awareness training sessions for all Necsa Group employees.

## **13.6 Strategy, Productivity and Performance**

The Strategy, Productivity and Performance department ensures the formulation of the strategy for the Group while considering macro-environmental contexts and nuclear industry shifts as well as adjacent activities to Necsa's core business to ensure that Necsa has a medium- to long-term sustainable strategy. The department also ensures that the strategy is implementable and implemented while monitoring progress against strategic goals. In addition, it conducts strategic reviews from the Board to the divisional level. The department oversaw the attainment of performance targets and the Shareholder's Compact with the DMRE as well as the Corporate Plan. Measures are monitored and evaluated and the department accounts to the Board, DMRE, National Treasury and Parliament according to section 92 of the Constitution. Information is collated and reported monthly to the EXCO and quarterly to the Board, as well as to external stakeholders. These are internally assured by Integrated Assurance and by AGSA. As part of a process for improvements in the year under review, the department enhanced its methodology for measuring key performance indicators.

## **13.7 Business Development and Technology Commercialisation**

The Business Development and Technology Commercialisation unit is mandated to promote sustainable revenue growth through (1) identification, screening, evaluation, prioritisation and development of new market pull and push opportunities, (2) forging of strategic partnerships to exploit complementary capabilities for market-oriented opportunities, and (3) facilitation of fundraising for technology development and commercial opportunities.

### **13.7.1 Technological Innovations with High Market Potential**

Necsa continues to leverage its publicly co-funded technological innovation capabilities to pursue opportunities with high market potential. Various market-pull technologies have been advanced from proof-of-concept to higher levels of readiness for commercialisation. Some of these are summarised below:

#### **Mining Shroud Detection Technology**

This patented technology making use of a gamma source for the detection of broken or loose mining shovel shrouds, promises to reduce production downtime and safety risks which are associated with the shroud reaching and damaging an ore crusher.

Development work is well underway for this technology, funded by approximately R17m by NTP Radioisotopes (which has secured rights for the manufacturing of sealed radioactive sources) and TIA. The piloting of the technology is expected to be completed in 2025. A Commercialisation Agreement was signed between Necsa and GammaTec SOC, which is 55%-owned by NTP Radioisotopes, in which GammaTec is the strategic industry partner of Necsa, with exclusive rights to market and sell the technology to the mining industry.

#### **Neodymium Difluoride Production**

As part of South Africa's minerals beneficiation objective, Necsa has developed a cost-effective and environmentally friendly process for converting neodymium oxide to neodymium fluoride (NdF<sub>3</sub>), which is part of Necsa's capability for conversion of

metal oxides to metal fluorides. Neodymium fluoride is used mainly in the manufacture of permanent magnets for use in many commercial applications.

Necsa, in its efforts to strengthen local manufacturing capabilities, has partnered with a private entity, Rare Earth Refinery (RER), an SMME that has since secured funding from TIA and built a pilot plant. The plant has demonstrated the capability to produce  $\text{NdF}_3$ , and some optimisation work is to be undertaken to develop the product for market acceptance, before market entry at a minimum economically viable scale. Fundraising initiatives are underway to secure the required funding for the optimisation of the plant to reach 70 tons.

### **Gallium-68 PSMA 11 Diagnostic Kit for Prostate Cancer**

Ga-68 PSMA-11 is one of just a few positron emission tomography (PET)-based, nuclear medicine diagnostic imaging agents approved by the United States Food and Drug Administration (FDA) for prostate cancer. Necsa has developed a more cost-effective diagnostic kit, which has been proven up to technology readiness level 6, requiring further validation and optimisation in a commercial environment before authorisation by the SAHPRA for use under Section 21. The project is funded by both Necsa and NTP Radioisotopes, with NTP earmarked as a strategic partner for the commercialisation of the technology.

### **Other Technologies**

Necsa's Business Development and Technology Commercialisation unit is continuously engaging the industry and funding institutions to catalyse the progression of other technologies from their respective development stages towards proven technologies ready for commercialisation.

## **13.8 Corporate Communication, Branding and Stakeholder Relations**

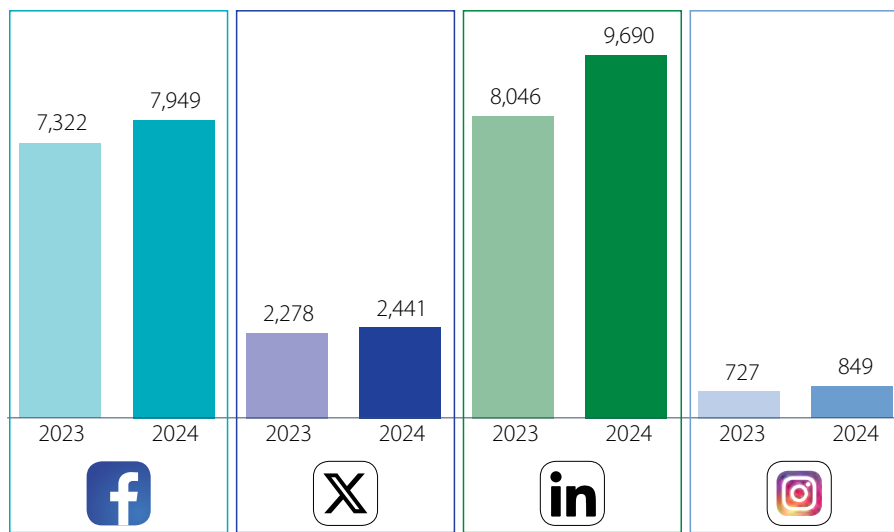
Necsa Group Corporate Communication, Branding and Stakeholder Relations (CCB&SR) is responsible for managing and facilitating effective internal and external communication to build and maintain a positive reputation, engage stakeholders, ensure brand consistency, and support Necsa Group's strategic objectives. This includes managing public interaction, internal communications, media relations, digital presence, crisis communication and corporate publications.

In the year under review, Corporate Communication achieved an increased number of stakeholder engagements including 10,037 outreach activities. The quarterly Public Safety Information Forum in the Vaalputs was revived and attendance by the community has been very good. Participating in different conferences and exhibitions in and outside the nuclear and research industry has also extended the stakeholder engagements.

To publicise, educate and create awareness about the work that Necsa is doing, a number of media engagement activities were undertaken during the year under review. Necsa also took the initiative of revamping the website of the organisation ensuring alignment following the rationalisation process. Necsa is an organisation that ordinarily serves a niche market, however our social media footprint has been steadily growing which allows us to educate more people about the different uses of nuclear energy, using this platform.

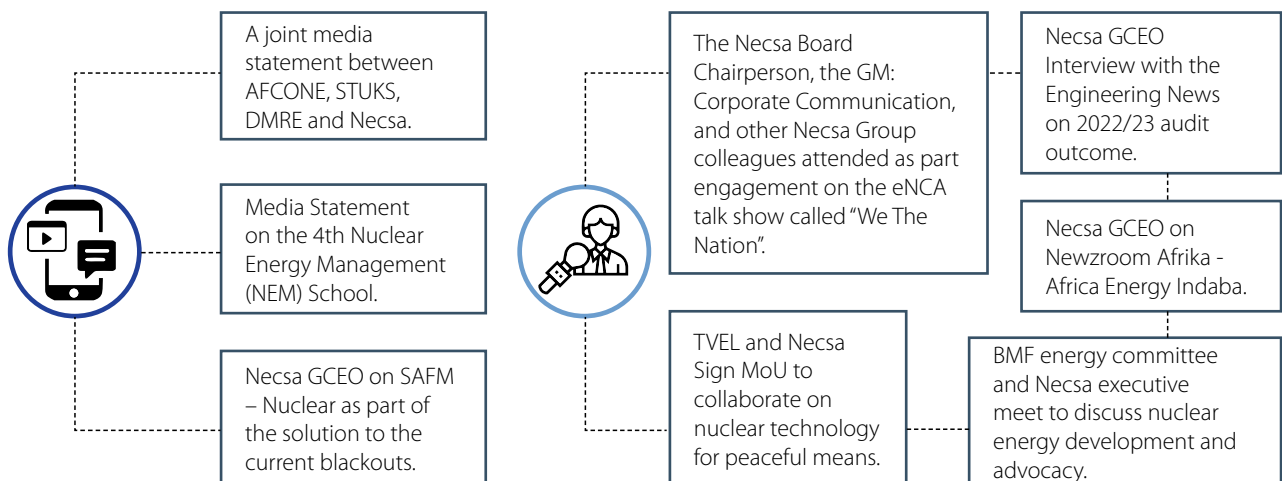
## Media Engagement

Necsa uses various communication platforms to share information with the public, including social media. The graph below shows the growth in social media followers:



Necsa is a research and innovation organisation that does not offer direct services to the public, it provides services to a niche market, therefore it will not attract a huge following on social media especially locally. The current follower growth rate is therefore acceptable.

## Media Statements and Interviews







**Dr Pradish Rampersadh**  
Group Executive: Research  
and Innovation

## 14. Research and Innovation

The mandate of the Research and Innovation (R&I) division is to grow and maintain core research capacity in line with the Necsa mandate on nuclear, radiation and related fields. The three research focus areas in R&I are Radiation and Reactor Theory (RRT), Applied Chemistry (AC) and Applied Radiation (AR). Through these focus areas, the R&I division contributes primarily to the intellectual capital of Necsa via the main research outputs in the form of innovation disclosures, peer-reviewed publications and technical and contract research reports.

The nuclear and radiation fields are highly competitive. The Necsa Group places a high value on intellectual capital, which is defined as the value of a company's employee knowledge, skills, business training, or any proprietary information that could provide the company with a competitive advantage. Based on the research done, there exists a positive and significant relationship between intellectual capital and the performance of a company.

Over the past few years, R&I has focused on commercial products and services with income-generating potential to grow the financial capital of Necsa. In line with this goal, R&I has a steadily growing number of clients that are served through contract research. Necsa subsidiaries receive targeted research support to preserve a competitive advantage and extend their existing product offering. Product development is carried out using a systems engineering methodology (based on technology readiness levels). Core science and technology activities are supported by project and programme management. To benchmark and strengthen our competencies, close collaboration with national and international collaborators is actively pursued.

The Necsa intellectual property (IP) portfolio consists of 15 patent families, two designs, 24 trademarks and two domain names, which were maintained in more than 105 countries worldwide during the last financial year. Four national patents were awarded and added

to this list. Progress on all innovation disclosures as well as registered IP is submitted to the National Intellectual Property Management Office (NIPMO) on an annual basis. Necsa acknowledges the support from NIPMO's Intellectual Property Fund towards maintaining the Necsa IP Portfolio.

### 14.1 Contribution to the Shareholder's Compact

The R&I division achieved its defined external revenue target and further exceeded its targets for peer-reviewed publications and innovation disclosures for the financial year.

| Type of output             | Number |
|----------------------------|--------|
| Innovation disclosures     | 7      |
| Peer-reviewed publications | 28     |

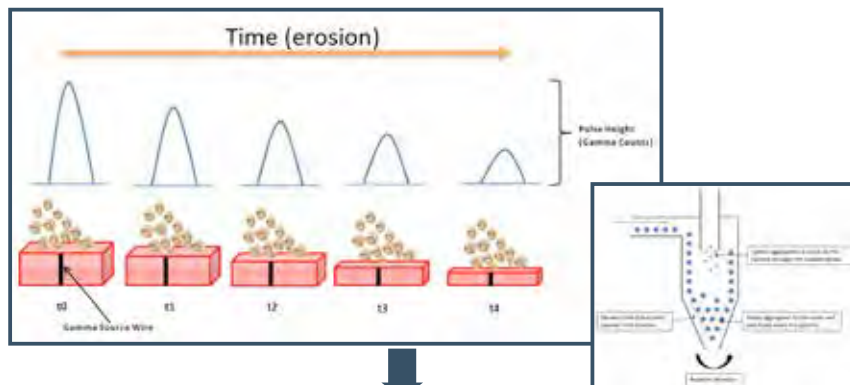
In addition to the mandated Shareholder's Compact targets, additional targets in operational performance are tracked, such as significant research reports, conference contributions and new collaboration agreements have also all exceeded the defined targets.

| Type of output               | Number |
|------------------------------|--------|
| Significant research reports | 58     |
| Conference contributions     | 30     |
| New collaboration agreements | 10     |

## 14.2 Highlights



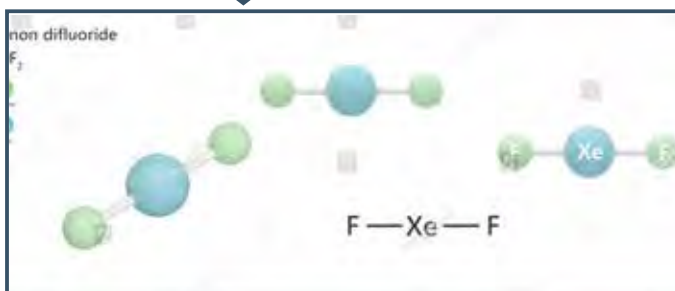
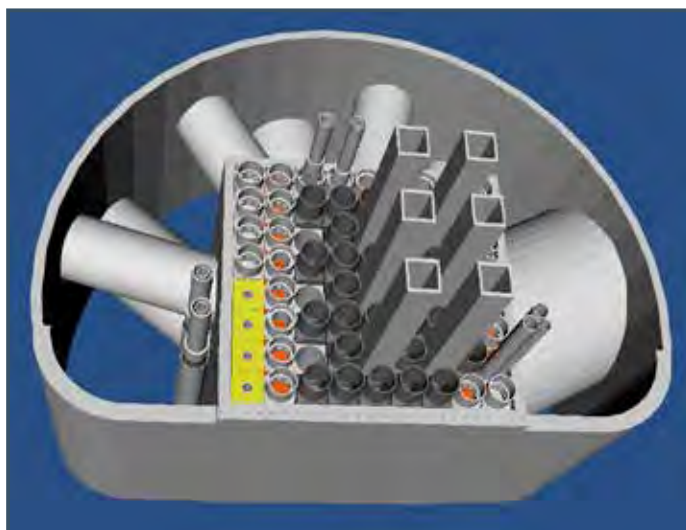
On average, ten targets per annum were produced, irradiated in SAFARI-1 and then shipped to the Paul Scherer Institute for processing and formulation of Tb-161 radiopharmaceuticals.



Wall abrasion monitoring used to determine the wearing of ceramic tiles that line the walls of a hydrocyclone used in mining operations.

The Overall System for the Calculation of Reactors (OSCAR) nuclear reactor calculation system is currently in its fifth generation and was notably expanded during the year.

A new method was developed to significantly improve the purity of the Pelchem product xenon difluoride ( $\text{XeF}_2$ ).



The Beam Line Centre (BLC) is unique on the African continent with its availability and user access to neutron and X-ray radiation beams as non-destructive complementary probes to host investigation of materials and components for pure and applied research.



## 14.3 R&I Projects and Strategic Initiatives

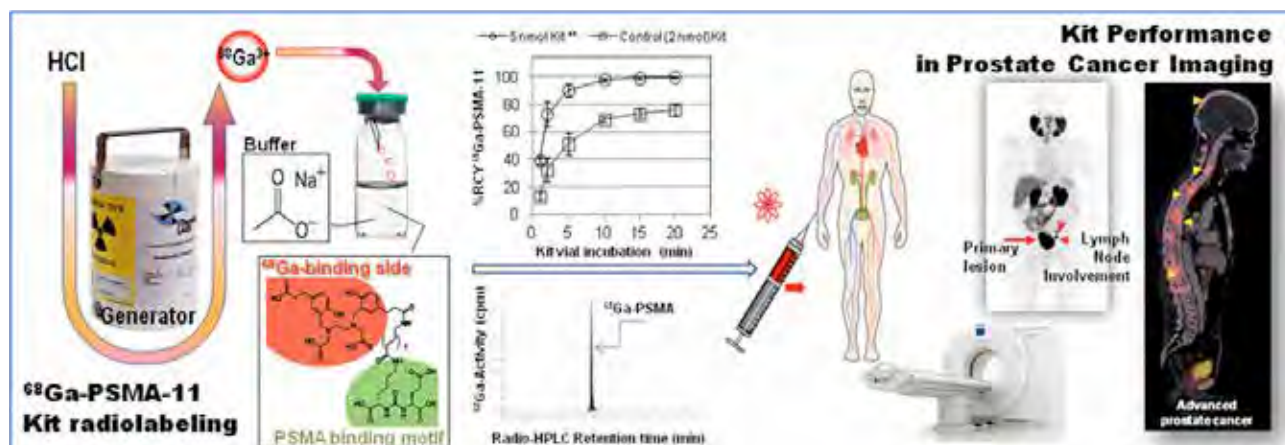
R&I projects and strategic initiatives are tracked through its three research departments. The following section provides a brief overview of the primary contributions of each department.

### APPLIED RADIATION DEPARTMENT

The Applied Radiation Department contributes to the strategic thematic areas of Radioisotopes and Pharmaceutical Business Sustainability as well as Advanced Manufacturing, Nuclear and Related Technology Applications. It further focuses on the development of radiopharmaceuticals for oncology and infection and inflammation imaging by translating fundamental research performed to commercial outcomes. Over the past year, groups that are involved with product development continued to perform pipeline research to retain and enhance Necsa's status as an internationally competitive radiochemical isotope producer, thus contributing to enhancing quality of life. Besides the development of radiochemical (precursors for radiopharmaceuticals), the focus has also been further down the value chain to the development of new radiopharmaceuticals.

Technology from several product development programmes has matured to culminate in commercial outcomes. At early technology readiness levels, these are supported by funded technology platforms/clusters to enable the required National System of Innovation (NSI) and industry partnerships. In addition to conducting commercially orientated research, fundamental research that is the foundation for future innovations and products continues.

The Applied Radiation Department develops technology and molecules that may lead to new products that fit into the NTP portfolio. The focus is on new radiation-based solutions which will require isotopes that will increase NTP's Industrial portfolio, radiopharmaceuticals and radiochemical products that are aimed at increasing NTP's market share locally and abroad. Examples are for technology the mining shroud solution to reduce the residual risk of the dislodged shrouds from excavators in opencast mines and for radiopharmaceuticals the PSMA prostate cancer kit. Apart from this work that focuses on the low TRL development (until proof of concept) of such innovative ideas, molecules and technologies which is performed for NTP on an annual contractual basis, plant support and process optimisation of NTP's existing production processes is also provided on an ad hoc basis.



In the radiopharmaceutical space, the GMP formulation unit in Necsa R&I has developed a single vial lyophilized PSMA-11 (Prostate-Specific Membrane Antigen selective for primary and secondary prostate cancer) kit formulation that can be radiolabeled with Gallium-68, an exciting short-lived PET imaging radioisotope. The kit has passed the technical feasibility study and has now been through the GMP (Good Manufacturing Practice) phase of production. The small-scale batch validation runs and quality control of the produced kits were completed with the produced kits meeting the acceptance criteria as set out in the kit specification. Accelerated stability

studies have been completed and long-term stability studies are in progress. Scale-up batch validation runs can now proceed at the NTP's cold kit production facility while the latter studies are ongoing before routine production and distribution under a Section 21 authorisation from the SAHPRA.

## **RADIATION AND REACTOR THEORY DEPARTMENT**

The Radiation and Reactor Theory (RRT) focus area provides calculation and analysis services in reactor neutronics, thermal-hydraulics, criticality, shielding, activation and isotope production, both to Necsa and to external clients. RRT develops hosts and manages the OSCAR reactor calculation platform that is used in-house and by various nuclear institutions around the world to model their respective reactors. Both activities leverage a strong technology platform in radiation transport and reactor modelling and simulation in RRT, maintained through an active research program. In general, these programs contribute to the strategic thematic areas of Neutron Source Generation Projects, Radioisotopes and Pharmaceutical Business Sustainability, Advanced Manufacturing, Nuclear and Related Technology Applications, Energy Projects as well as Waste Projects. In addition, the development of enhanced capabilities is aimed at supporting the updated Necsa strategic focus areas, in particular concerning front-end fuel cycle activities, as well as SMR technology development.

In line with these requirements during this past year, RRT managed to meet and mostly exceed all mandated key performance indicators. This includes the generation of external income, peer-reviewed publications, innovation disclosures, conference contributions and significant research reports.

The department performs computational modelling and simulation in support of nuclear operations on the Necsa site, and for external clients. In particular, a major focus is the modelling of the SAFARI-1 research reactor, in order to make sure that all safety parameters are met prior to start of a cycle, but further to support the optimal use of the facility. In this regard detailed modelling of isotope production in the reactor assists NTP to plan and design irradiations to meet client expectations. In addition to using off-the-shelf computational tools to support NTP and SAFARI-1.

## **APPLIED CHEMISTRY DEPARTMENT**

The focus of the Applied Chemistry (AC) Department is the development of commercial processes, contract research and maintaining the basic chemistry technology platforms required by Necsa. These projects are aligned to the following strategic thematic areas as per the Necsa Corporate Plan: Advanced Manufacturing, Nuclear and Related Technology Applications; Fluorochemical Business Sustainability; Waste Projects and Energy Projects. The current mandate for the department is to develop processes up to technology readiness level (TRL) 4. This implies a laboratory-scale integrated proof of concept level. As in the past few years, most of the effort was focused on contract research for internal and external customers.

This department also assists Pelchem (Necsa subsidiary) with ad hoc technical issues. These can range from problems being experienced in their plants to an evaluation of a new opportunity. AC personnel is regularly involved with developing new processes for Pelchem to consider for commercialisation. During the last two years, the main focus was on improving and expanding the Xenon Difluoride production process.

### **Lithium Hexafluorophosphate**

Lithium hexafluorophosphate (LiPF<sub>6</sub>) is a salt used for the formulation of the electrolyte for lithium-ion batteries. The market for lithium-ion batteries is growing rapidly, due to demand in fields like mobile computing, electric cars and stationary energy storage for solar and wind power plants. The Applied Chemistry department is developing a novel processing route for lithium hexafluorophosphate. Two patents have already been obtained and a third patent application is being prepared. This project enjoyed significant financial support from the Department of Science and Innovation (DSI), but this support has now ended, and new funding sources will have to be secured.

### **Lithium-ion Battery Cathode Material Fluorination**

A project to fluorinate precursor materials for the manufacture of lithium-ion batteries is underway. The goal of this research is to improve the performance of the cathode materials, especially manganese-rich formulations that are important for South Africa as a major manganese producer. This research is being undertaken by Applied Chemistry as a participant in



the National Energy Storage Consortium in a project funded by SANEDI on behalf of the DSI Energy Storage RDI Flagship Programme. The amount of R3,1 million was awarded to Necsa for the 2023/24 FY. A laboratory fluorination system was designed and constructed, and samples have been fluorinated for the consortium partners University of Limpopo and the CSIR. These samples are undergoing electrochemical performance testing to prove the benefit of cathode material fluorination.

### **Supporting the Decommissioning and Decontamination Programme**

A significant amount of effort from the department was devoted to the support of the D&D programme. This involved the process development of five different plasma-based volume reduction systems as well as three different chemical process-based systems. The plasma systems are used to incinerate the waste materials at very high temperatures, mixing in reagent gases, such as oxygen and/or hydrocarbons, to form relatively harmless compounds such as carbon dioxide and water. In addition, chemical processes

are under development to render waste streams safe for disposal. These processes involve the extraction of harmful radioactive materials from the bulk of the waste. The goal is to have the solid radioactive material separate from the remaining solids so that these can be disposed of in an environmentally responsible manner. All these developments are still in the laboratory phase.

### **Advanced Metals Initiative**

The Advanced Metals Initiative (AMI) is a programme funded by the DSI with a focus on modernising the manufacturing sector through the development of advanced materials. Through these high-value materials, increased economic activity could be derived by localisation of the technology. The programme also promotes collaborative research and expansion of the country's technical capacity through human resource development. The Nuclear Materials Development Network, based at Necsa, forms part of this programme in collaboration with the CSIR and Mintek.



Necsa Learning Academy





**Mr Ayanda Myoli**

Nuclear Operations &  
Advanced Manufacturing

## 15. Nuclear Operations and Advanced Manufacturing

The mandate of Nuclear Operations and Advanced Manufacturing is to operate nuclear facilities on the Necsa site related to irradiation services, waste management, laboratory services and advanced (nuclear) manufacturing as well as provide engineering, maintenance, facilities management and project management services in a financially sustainable manner.

### 15.1 Reactor Operations

The SAFARI-1 research reactor is one of Necsa's key nuclear facilities. Its main application is the commercial production of radioisotopes and the rendering of irradiation services. SAFARI-1 provides the basis for Necsa's radioisotope business through its subsidiary NTP Radioisotopes and other commercial products, as well as the neutron transmutation doping of silicon.

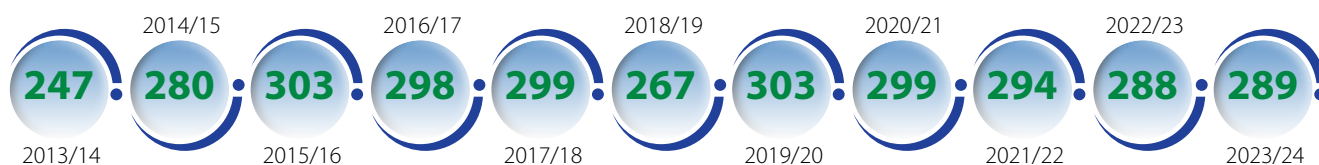
The SAFARI-1 research reactor performed and met the stated objectives in the reporting period. The facility proceeded to support the stakeholders, in particular,

the radioisotope production facilities and continued with its record of continued safe and efficient operational service to users and the public since its first criticality in March 1965.

The reactor operational availability was 289 days against the target of 287 days, which represents 101.50% availability against the target of planned operation during the 2023/24 FY at an average reactor power of 19.61MW. The accumulated MWhs for SAFARI-1 operational history up to the end of March 2024 is 4,784,365MWh since the first operation started in 1965.

#### SAFARI-1 Operational Performance (2014-2024)

##### SAFARI-1 Operational Days Available



#### Reactor Maintenance and Refurbishment

The Ageing Management Programme (AMP) continues to progress well in identified critical high-priority project areas; in other areas, the progress is slow due to a lack of sufficient resources. The AMP of SAFARI-1 will continue as a programme until the end of life of SAFARI-1. It should be emphasised that SAFARI-1's safe and sustainable long-term availability will keep on with evaluations and in-service inspections of reactor vessels, core components and structures, systems and components (SSCs) that are important to safety.

The AMP's aim and objective is to ensure sustainable continuous safe operation of the reactor beyond 2030. The AMP will proceed to keep its focus on

critical upgrades, modifications, refurbishment and maintenance as required. All maintenance programme requirements were completed at 100% execution, contributing to the excellent performance over the last 25 years for the safe continuous operation of SAFARI-1.

#### Reactor Technical Collaboration

Technical collaborations with the High Flux Reactor (HFR) and Pallas, the new medical isotopes reactor in the Netherlands, and the OPAL reactor in Australia are hosted on a rotational basis at these facilities to share technical information and operational experience. The technical assistance and knowledge base provided among the four reactor groups related to operational,

safety and ageing management matters is an asset that will continue to benefit the planned multi-purpose reactor for South Africa. The SAFARI-1 Plant Health Assessment continues to benefit tremendously from the plant assessment methodology performed at the HFR Petten reactor.

### Multi-purpose Reactor Project

Necsa has already started with the MPR project which will succeed the SAFARI-1 by 2032, in the meantime, Necsa is managing the 59-year-old SAFARI-1 closely to ensure that it continues being productive even as the new MPR comes on stream thus ensuring that Necsa continues to contribute to the economy for the next 100 years. The MPR will enable Necsa and South Africa to defend its position as one of the four top global suppliers of medical radioisotopes but also sustain an upward trajectory of a diversified radioisotopes business. Necsa has already completed the feasibility study following the independent gateway review.

## 15.2 Necsa Laboratory Services

Necsa Laboratory Services' (NLS) main function is to provide third-party quality assurance for products and services produced for markets of interest and verify compliance with regulatory requirements on behalf of its customers. NLS is running two state-of-the-art laboratories namely Radio-Analytical and Calibration (RAC) and Chemical, Biological and Forensic (CBF), using proven technologies and experienced scientists and technicians.

Laboratory services experienced a growth rate of 45.2%, namely 1,358 customers in the 2023/24 FY compared to 935 customers in the previous financial year. Even though the number of customers increased, the orders decreased by 2.5%.

### Organic growth (number of customers per sector)

| Industry classification |                               | Number of customers per industry/sector |            |                 | Number of job orders per sector |            |                 |
|-------------------------|-------------------------------|-----------------------------------------|------------|-----------------|---------------------------------|------------|-----------------|
| #                       | Industry sector               | 2022/23 FY                              | 2023/24 FY | Growth rate (%) | 2022/23 FY                      | 2023/24 FY | Growth rate (%) |
| 1.                      | Mining and Mineral Processing | 236                                     | 322        | 36.44           | 528                             | 803        | 52.08           |
| 2.                      | Manufacturing                 | 243                                     | 193        | -20.58          | 422                             | 867        | 105.45          |
| 3.                      | Government                    | 21                                      | 24         | 14.29           | 29                              | 39         | 34.48           |
| 4.                      | Healthcare                    | 34                                      | 57         | 67.65           | 719                             | 549        | -23.64          |
| 5.                      | Agriculture                   | 177                                     | 200        | 12.99           | 3,506                           | 788        | -77.52          |
| 6.                      | Consulting                    | 56                                      | 95         | 69.64           | 882                             | 170        | -80.73          |
| 7.                      | Other Labs                    | 97                                      | 64         | -34.02          | 188                             | 146        | -22.34          |
| 8.                      | Educational Institutions      | 35                                      | 4          | -88.57          | 151                             | 3          | -98.01          |
| 9.                      | Energy sector                 | 24                                      | 401        | 1,570.83        | 37                              | 2911       | 7,767.57        |
| 10.                     | Transport                     | 12                                      | 0          | -100.00         | 12                              | 6          | -50.00          |
|                         | Unallocated                   |                                         |            |                 |                                 | 18         | 0               |
|                         | TOTAL                         | 935                                     | 1,358      | 45.24           | 6,462                           | 6,300      | -2.51           |

## 15.3 Waste Management

### Decommissioning and Decontamination

Nuclear Liabilities Management (NLM) is a programme established to discharge nuclear liabilities of past strategic nuclear facilities. The D&D programme involves dismantling, decontamination, and decommissioning related nuclear facilities, managing historical nuclear waste, and disposing of certain long-lived and high-level waste. The 2004 Nuclear Liabilities Management Plan divided total nuclear liabilities into three major stages, with funding allocated to Necsa.

The NNR's comments on the Hazard Assessment Report and Decommissioning Strategy necessitated a revised project schedule and strategy. Decontamination services are currently in the process of constructing a smelter facility at Area-26 for radiological components. In the reporting period, 700 batches from the A-26 facility and quarantine storage facility were processed, 3,080 kilograms of degreased oil pipes were processed, 938 kilograms of stripped copper tubings were processed, and 4,230 litres of liquid evaporated from the facility.

### Management of Nuclear Waste

Nuclear waste from various points of origin was collected and safely stored at Necsa during the review period as depicted in the following table:

#### Solid waste management

| Type                             | Origin                                                               | Storage facility     | Number received 2023/24                   | Total as of 31 March 2024                                                                                                                                 |
|----------------------------------|----------------------------------------------------------------------|----------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Drums                            | Facilities on the Necsa site and external clients.                   | Pelstore and Area-21 | 1,817<br>(received in storage facilities) | 76,585<br>(received in storage facilities)<br>15 shipments were sent to Vaalputs.<br>206 Steel drums (MA) and 84 concrete drums for the reporting period. |
| Spent fuel elements              | SAFARI-1 storage pool.                                               | Thabana Pipe Store   | 0                                         | (No shipment)                                                                                                                                             |
| Spent sealed radioactive sources | Clients throughout South Africa, specifically the healthcare sector. | Area-24 Source Store | 2,110                                     | 15,318                                                                                                                                                    |
| Smoke detectors                  | Clients throughout South Africa.                                     | Area-24 Source Store | 38                                        | 33,027                                                                                                                                                    |

Necsa conducted a comprehensive re-assessment of its D&D Stage 1 past strategic historical facilities in 2023/24 to provide a reasonable estimate of the contingent liability to the DMRE Minister. Piet Bredell Consulting, experts in D&D liability assessments, independently reviewed the re-assessment, confirming its reasonableness.

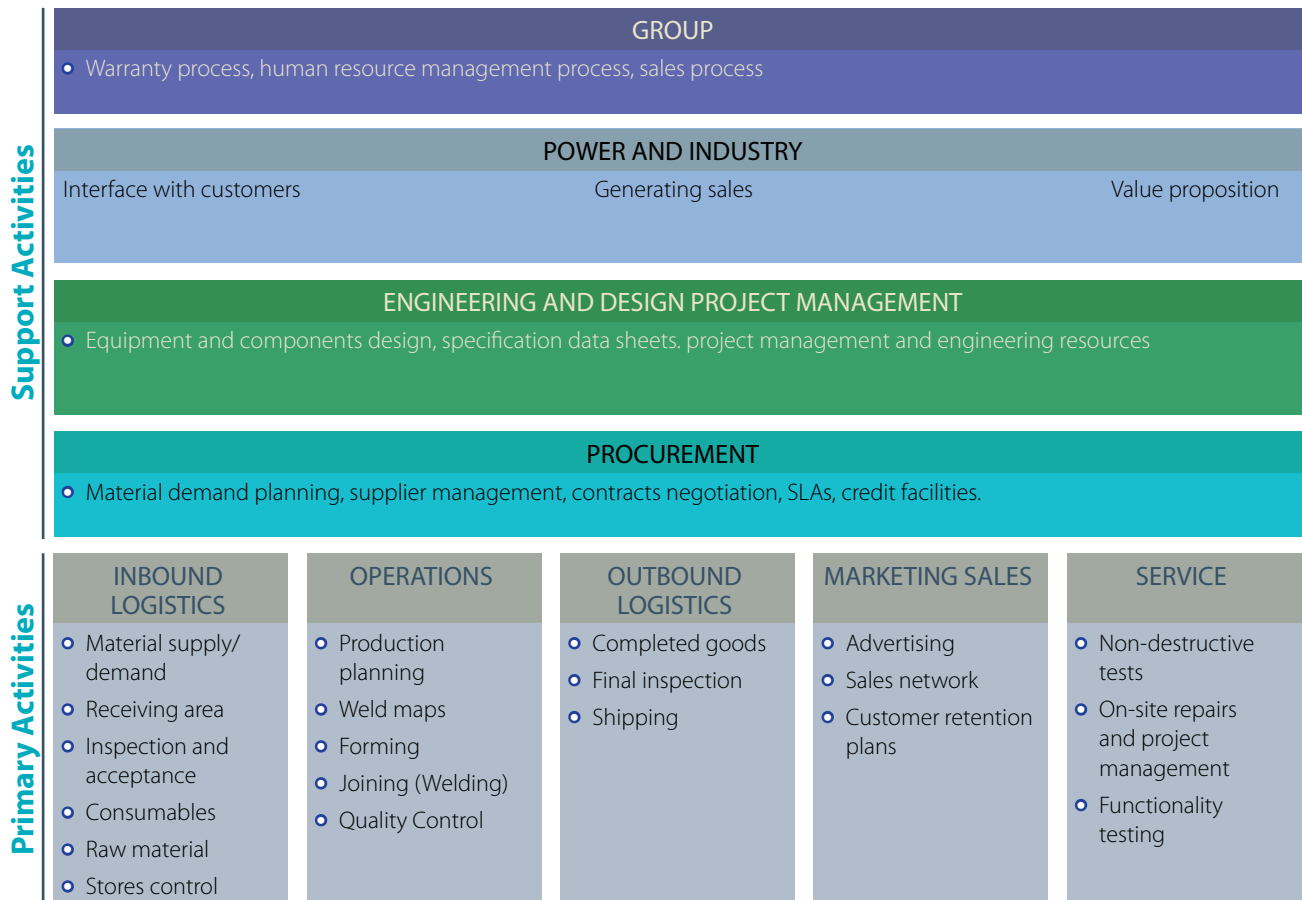
#### Growth Initiatives Programme: Performance indicators, planned targets and actual achievements

| Key performance area            | Key performance indicator                                                                      | Actual achievement 2023/2024 | Planned target 2023/2024 |
|---------------------------------|------------------------------------------------------------------------------------------------|------------------------------|--------------------------|
| Stage 1 D&D Programme execution | D&D Programme execution (Stage 1): Execution of Annual Plan of Action as approved by the DMRE. | 97.0%                        | 95%                      |

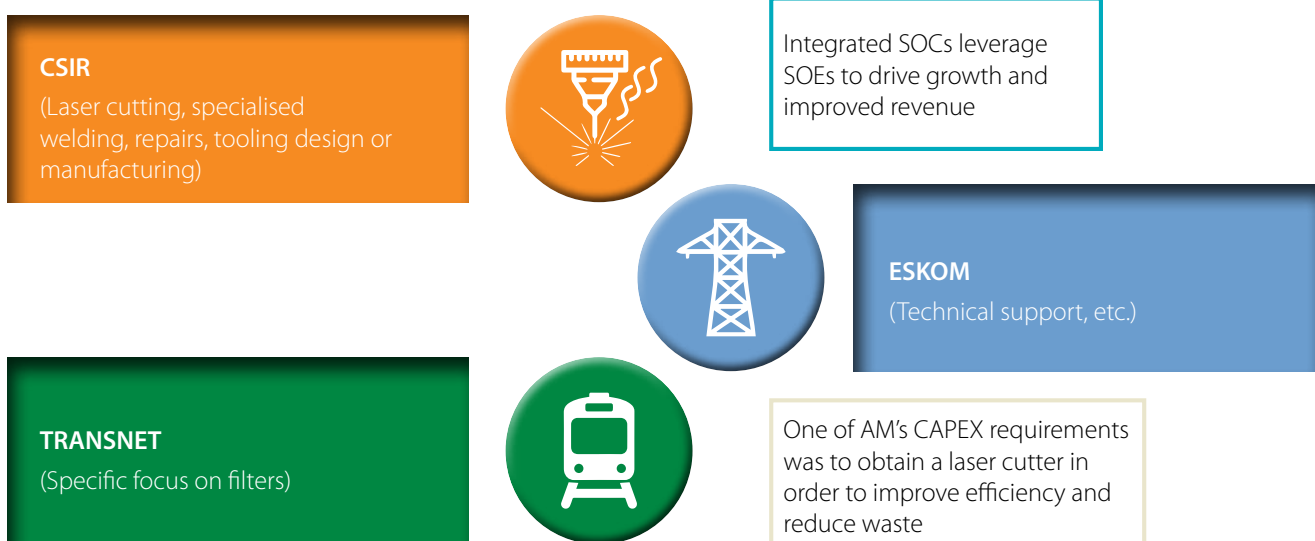
The D&D project management structure was established for the last two financial years, focusing on performance progress and resource allocation to address challenges. In the 2023/2024 FY, the structure met both the APA execution target of 95% and the financial target of 100%.

## 15.4 Advanced Manufacturing

Advanced Manufacturing (AM) is one of the strategic Necsca business units and specialises in heavy engineering and manufacturing of industrial components, focusing primarily on the nuclear industry. It is one of the few organisations in Africa that has acquired the ASME III Nuclear Certification.



### External partners

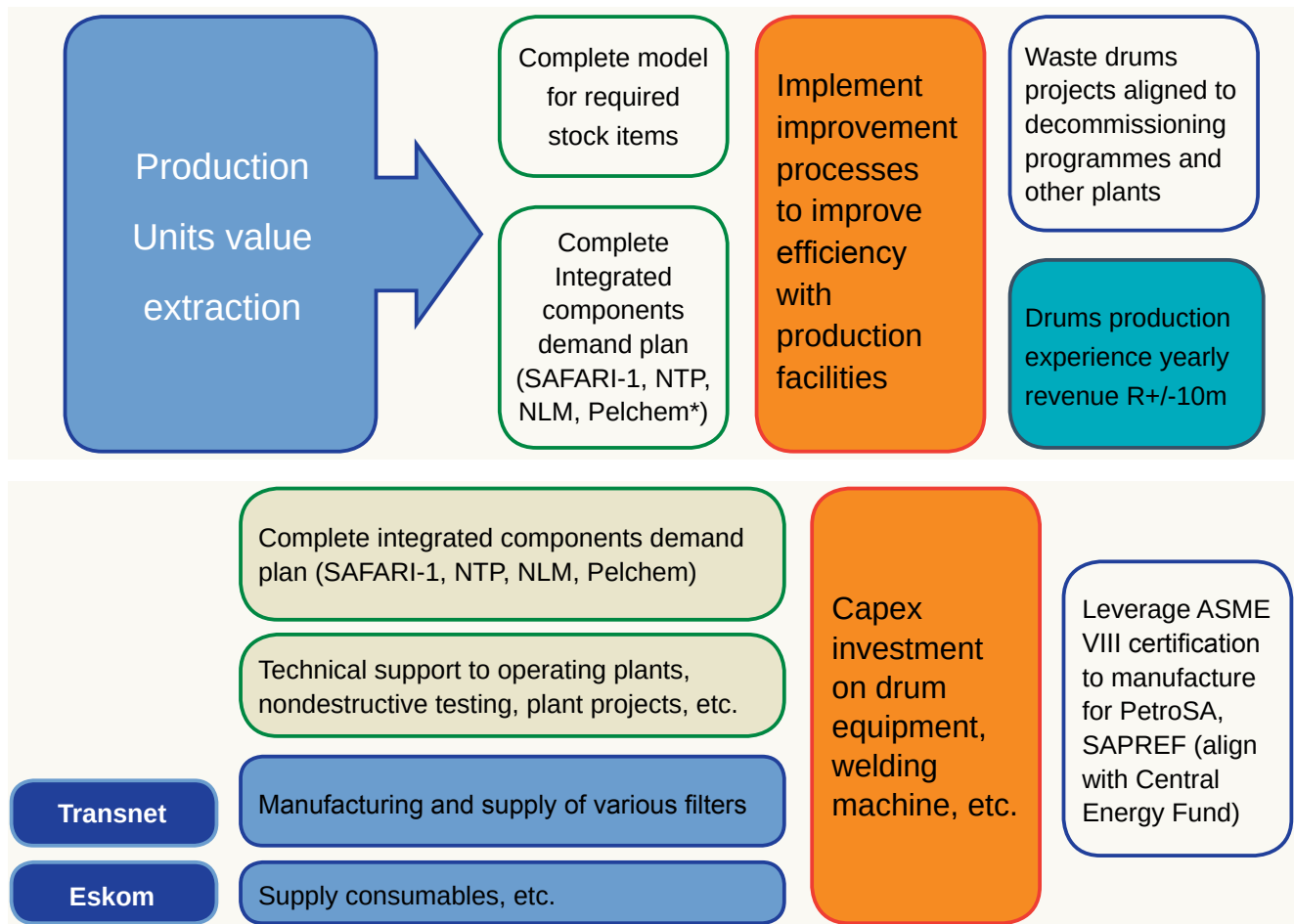




## Strategic growth

The figure below highlights some of the key projects during the reporting period:

### Key projects



## 15.5 Engineering Services

Engineering Services (ES) operates in a highly competitive environment with established local and international engineering consultation firms. ES provides its services to internal customers at a full cost recovery basis and on a profitable basis for external customers. Necsa accounts for over 95% of all the income to ES, while the remaining 5% comes from Eskom and mines. ES charges Necsa less than half the rates recommended by the South African Engineering Council (ECSA) and as such provides a very competitive service.

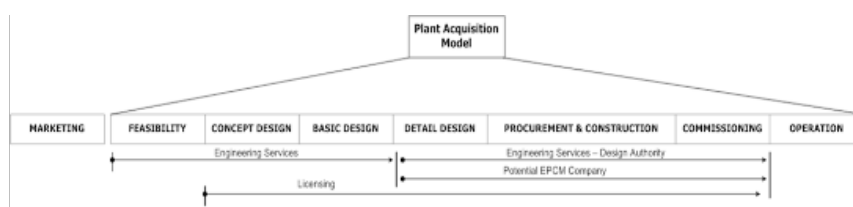
ES's objectives and mandates are to:

- Provide engineering services to Necsa's existing and new facilities.
- Ensure Necsa comply with the Occupational Health and Safety Act, the NNR requirements and

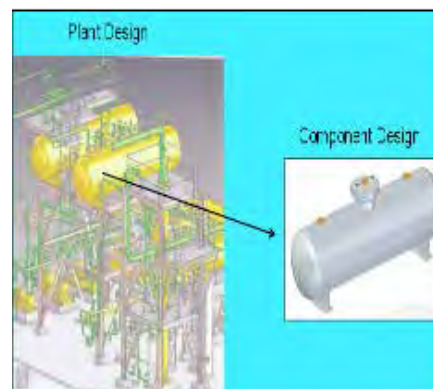
other regulatory requirements as incorporated in Necsa's SHEQ system.

- Be the design authority for all engineering work within Necsa and its subsidiaries.
- Provide an architect engineering capability to Necsa and the industry.
- Provide strong technical governance to ensure the integrity of design, operating technical specifications and maintenance baselines for sustainable facility performance and adherence to the NNR licencing requirements.
- Manage the engineering function to comply with ISO 9001:2008.

The following figures illustrate the engineering services provided by the ES department to Necsa as well as external customers.



- Design of plants, facilities and infrastructure applying the plant acquisition model, thus Architect Engineer for Necsa's new facilities
- Design authority for Necsa's existing facilities regarding approval of design changes to these facilities
- Central configuration office maintaining Necsa's technical records
- Design of systems, structures and components of:
  - Chemical process
  - Civil structures
  - Mechanical systems
  - Electrical reticulation
  - Control systems
  - Verification systems
  - Waste systems



- Mechanical & Civil Engineering
  - 3D Plant design
  - Design of Systems, Structures and Components
  - Engineering analysis capability using MSC Software
  - 2D Manufacturing drawings
  - P&I Diagrams, Piping, ISO, plant layouts
  - Design of ventilation systems
  - Design of support structures and lifting equipment
  - Product reverse engineering
  - Civil & architectural drawings of buildings and infrastructure
  - Physical Test Laboratory - Material test facility



## Polytetrafluoroethylene (PTFE) Filters: Volume Reduction

This project aims to demonstrate the volume reduction of nuclear waste contained in PTFE candle filters which were previously used in Necsa's pilot and semi-commercial uranium enrichment plants. Uranium recovery for re-use is not within the scope of the current project. Waste material from the process will be collected and stored for investigation of uranium recovery separately. The basic design package was completed, and detail engineering has started.

## Process for Waste Oil

This project aims to establish a demonstration system for reducing the volume of contaminated oil waste through plasma gasification. Engineering design work in the project commenced in early 2023. Basic engineering has been completed.

## PlasGas WMP

This project aims to establish a demonstration system for reducing the volume of compressible low-level nuclear waste (solid) through plasma gasification. Engineering design work in the project commenced in early 2020. The basic design package was completed, and the detailed design will commence in the 2024/5 FY.

## Smelter Project

Approximately 14,000 tonnes of ferrous and non-ferrous uranium contaminated, and potentially contaminated metals are stored at the Pelindaba site. These metals can neither be effectively decontaminated by conventional means nor can it be sufficiently proven that the contamination levels are within the clearance criteria. This project aims to construct and operate a smelting facility in Area-26 to decontaminate these metals and to reduce the volumes by clearing the metals for reuse and recycling purposes.

## 15.6 Property Management and Development

The Pelindaba property includes immovable assets (office buildings, laboratories, workshop/warehouses, residential land) and movable assets (sedans, passenger vehicles, trucks, and trailers), located all over South Africa, including assets at the Pelindaba and Vaalputs sites and Springbok. The Property Management and Development (PMD) mandate focuses on improving the condition of properties, to provide safe and quality supporting facilities to the Necsa Group whilst growing the portfolio value through commercialisation.

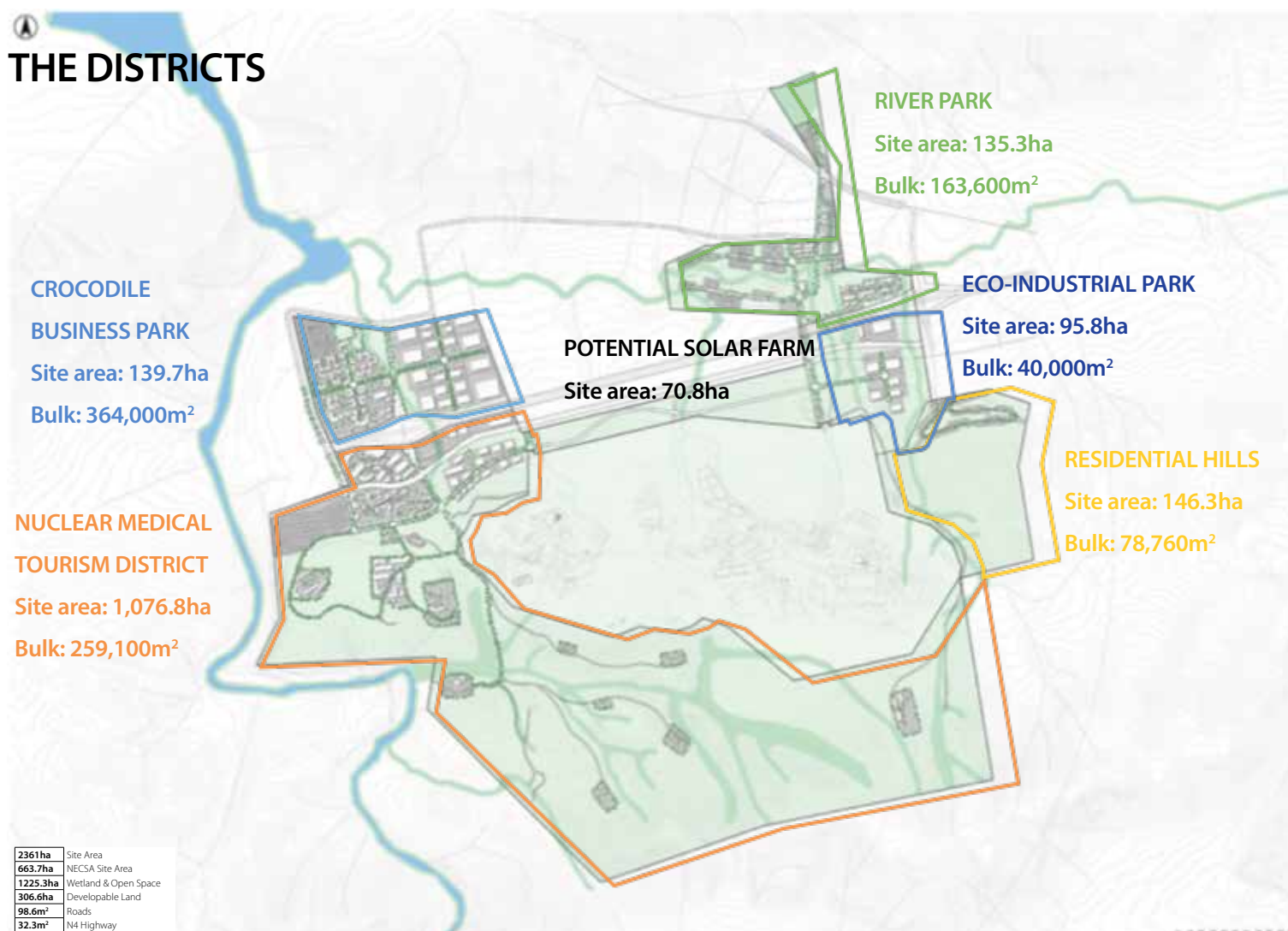
At the core of the PMD strategy is ensuring that the condition of the infrastructure is improved and continuously maintained to support business operations first whilst generating income through the exploitation of the assets and increasing revenue from

immovable assets. This strategy supports and forms part of the Necsa Group's operational growth strategy.

### Pelindaba conceptual masterplan

| The total Pelindaba property is 2,361ha.                                                                        |
|-----------------------------------------------------------------------------------------------------------------|
| Necsa fenced area is 663.7ha (29%) of the total Necsa-owned property                                            |
| cConceptual mMasterplan area is 1,624ha (68%)                                                                   |
| The remaining 783.4ha (3%) is made up of roads (N4 and R104), and undevelopable land [wetland and steep slopes] |

Necsa has kept 68% of its land on the Pelindaba site vacant for several decades, to secure the formal Emergency Planning Zone, or buffer area, (an area within a radius of 5km from the SAFARI --1 reactor, with a capacity of 20MW. Some asset improvement and commercialisation initiation projects have been rolled over for execution.





## 15.7 Maintenance Services

- Maintenance Services turned around the high maintenance backlog to an acceptable level trending below target for the whole year.
- Despite the challenges that Maintenance Services face in terms of inadequate OPEX and CAPEX budgets, declining human capital, obsolete maintenance equipment, and ageing infrastructure; it keeps critical utility plants functional as far as reasonably practicable.
- Maintenance Services put together a Site Infrastructure Ageing Management Plan spanning from 2023 to 2025 and applied for an R60m Medium-term Expenditure Framework (MTEF) spread over three financial years with R20m allocated per financial year. In the 2023/24 FY, Necsa received the first R20m that was responsibly used to address ageing infrastructure.

The following table shows maintenance services performance from Q1 to Q4 in 2023/24:

| Schedule adherence (%)        |        | 2023 FY | 2024 FY |
|-------------------------------|--------|---------|---------|
| All maintenance               | Actual | 100     | 91      |
|                               | Target | ≥85     | ≥85     |
| Statutory maintenance         | Actual | 100     | 100     |
|                               | Target | 100     | 100     |
| Preventative maintenance      | Actual | 90      | 91      |
|                               | Target | ≥85     | ≥85     |
| Maintenance Backlog Job Cards | Actual | 1043    | 1029    |
|                               | Target | 2500    | 2500    |



Necsa visitor centre



**Mr Sengiphile Simelane**

Group Executive: Power and Industry

## 16. Power and Industry

Necsa's Power and Industry (P&I) division is responsible for identifying and securing new business opportunities in the markets, including the development of potential new markets.

The mandate of P&I is to bolster Necsa's corporate business through two primary avenues:

- a) **Organic growth:** marketing and selling both existing and new products and services to existing and new customers, with a focus on Necsa's nuclear capabilities and the local and international nuclear industry as key customers.
- b) **Structural growth:** pursuing new initiatives or engaging in acquisitions, mergers, or takeovers of existing companies within the power sector, positioning Necsa to actively participate in the local energy market.

The objective of organic growth primarily falls within the Industry segment, while the pursuit of structural growth is mainly championed by the Power segment within P&I.

The P&I operational plan for the 2023/24 FY was approved in July 2023. This plan serves as a basis for developing divisional performance compacts and individual compacts. P&I is in the process of crafting a business model that will align with Necsa's future objectives and interests.

The P&I division is managing the transfer of the Pebble Bed Modular Reactor company from Eskom to Necsa, with funding requirements being a key issue until the asset generates income. Regular joint coordination meetings between Necsa, DMRE, and Eskom were held. Necsa has conducted its own internal due diligence process.

P&I developed a modular reactor strategy for Necsa, defining SMRs, industry perspectives, strategic options, and the preferred strategy.

P&I also participated in the Multi-purpose Reactor (MPR) project by reviewing the Human Resources, Localisation and Institutional Readiness chapters of the feasibility report and compiled the following three National Industrial Participation Programme (NIPP) business cases, to enhance localisation, namely:

- Research Reactor Component Manufacturing Localisation
- Architect Engineering Localisation
- Fuel & Target Plate Localisation.

Necsa through P&I and NOAM has secured work on the following external projects:

- The disposal of used reactor pressure vessel heads and control rod drive mechanisms (CRDMs) at Vaalputs as low-level nuclear waste. (Project to run over three years, with a potential income of R69.6m).
- Supply of radiation protection officer (RPO) services for a steam generator replacement for Eskom (R7m).
- Support Eskom's long-term operation (LTO) programme with the supply of special resources (R10m).
- Support with the supply of special resources for the review of two nuclear reactor pressure vessels (R2.2m).
- Manufacture and supply of two transfer chamber pressure boundary vessels for the marine industry (R4.2m).

P&I reviewed the draft Integrated Resource Plan 2023 and submitted Necsa's comments to the DMRE. P&I will strategically position Necsa for the 2,500MW roll-out, focusing on nuclear fuel supply and components through the ASME III-certified nuclear fabrication facility.





**Mr Petrus Schutte**

Pelchem Managing Director

## 17. Necsa Key Subsidiaries

### 17.1 Pelchem

Pelchem SOC Ltd is a world-class producer and supplier of fluorochemicals and competes with multinational companies from the United States, Europe, Japan and China. Pelchem products are used in the petroleum, pharmaceutical, glass, electricity transmission, metallurgical, mining, polymer, agrochemical, electronics, construction, aluminium and detergent industries.

#### Overview

Pelchem celebrates its 40th year of fluorochemical manufacture, a milestone in South Africa's industrial development involving the development of new manufacturing technologies and products.

Pelchem SOC Ltd is a fully owned subsidiary of Necsa SOC Ltd and comprises four operating facilities:

- The HF plant produces anhydrous hydrogen fluoride, various strengths of hydrofluoric acid solutions, and a calcium sulphate by-product. The plant also produces limited quantities of added-value salts.
- The fluorine plant produces pure fluorine gas and a limited range of fluorine-nitrogen gas mixtures.
- The xenon difluoride plant produces high-purity  $\text{XeF}_2$ .
- The surface fluorination plant provides surface fluorination to plastic manufacturers across South Africa.

Pelchem has implemented a turnaround strategy to improve its financial performance, focusing on cost containment and plant refurbishment. The restructuring of Necsa and establishing centrally shared and centre-led services have also improved expense management and reliability.

The xenon difluoride plant remains a beacon of hope. During the early production runs, safety and quality issues arose, necessitating revisions to the operating procedures, and reducing the plant's design capacity. However, once rectified, production performance continued to improve, and with the introduction of a spare reactor in February, new production records have been achieved.

The  $\text{XeF}_2$  market remains highly profitable and has been the primary contributor to the marked improvement in Pelchem's year-on-year financial performance. There is scope for an expansion project to double capacity, but funding for the project remains a challenge and will be the primary focus moving ahead.



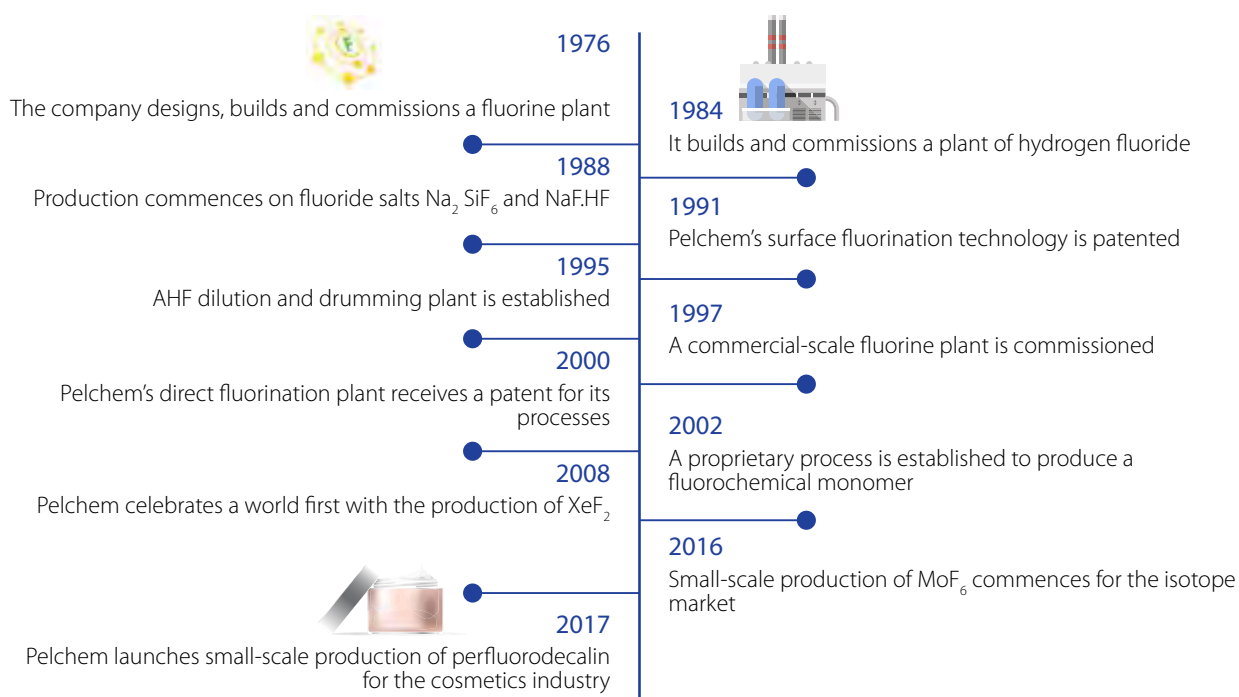
In terms of statutory requirements, we comply with all operating licences and have met the established health and safety targets.

## BUSINESS SUMMARY

Pelchem SOC Ltd established in 1984 is a wholly owned subsidiary of Necsa SOC Ltd and is the sole producer and supplier of fluorochemicals in the southern hemisphere. With over 40 years of fluorochemical excellence, Pelchem is positioned as a fluorochemical hub to add value to South African mined fluorspar of which the country has the largest reserves in the world. Pelchem has a portfolio of over 14 products exported to more than 25 countries globally.

## HIGHLIGHTS

- Pelchem has reduced its financial losses in the year under review and obtained an unqualified audit opinion.
- Pelchem has increased the production of xenon difluoride market share from 55 kg to 225 kg per annum.
- Pelchem has started to import Anhydrous Hydrogen Fluoride (AHF), to supply the local market.
- Complete building and commissioning of a new fluorine cell to produce fluorine continuously.
- Pelchem has successfully commissioned the three fluorine cylinder filling cabinets to increase fluorine output capacity.





**Mr Thabo Tselane**

NTP Group Managing Director

## 17.2 NTP Radioisotopes

NTP is a nuclear medicine manufacturing company with innovative technologies within the pharmaceutical industry. NTP was established in 2003 as a 100% subsidiary of Necsa with the mandate of commercial manufacturing and supply of radiation-based products for the radiochemical and radiopharmaceutical industries. NTP's vision is to be the world's leading producer and supplier of quality nuclear medicine and radiation-based products and services.

### Overview

Everyone deserves the opportunity to be healthy. While the world around you affects your health, we at NTP Radioisotopes believe that we have the power to improve it. NTP Radioisotopes is more than just a nuclear medicine producer. We are driven by a desire to actively enhance the lives of our people and our customers. NTP delivers performance through a diverse, highly competent, and experienced workforce. We strive to create and maintain an inclusive and collaborative high-performance culture that enables business results, creates opportunities for all employees, and rewards the benefits of diverse thinking. Outside of delivering positive revenue growth, delivering stable operating profit, and maintaining a solid financial position, NTP focuses on making healthcare better for all.

Fundamentally, health and safety is our business and we cannot deliver on our cause if we do not provide safe, high-quality medicines. Operating under the

governance of strict regulatory health authorities, NTP ensures compliance with all related statutes.

As a customer-centric company, NTP has by far increased customer satisfaction and loyalty for over two decades, which has resulted in a stronger relationship with customers, maintaining higher retention rates and an increase in customer referrals.

NTP has demonstrated remarkable leadership and strategic prowess through their diligent efforts in executing the Sustainable Return to Service (SRTS) programme. This programme ensured commitment to deliver an outstanding performance of the plants, which has brought forth exemplary results. The tangible outcome of NTP's refreshed growth strategy is evident in the accomplishment of the highest revenue ever recorded in this financial year. This remarkable milestone speaks volumes about NTP's ability to innovate, adapt, and thrive in challenging environments while ensuring sustainability remains at the forefront of its operations. It is a testament to the



unwavering commitment, excellence and relentless pursuit of operational efficiency. NTP's success in these endeavours underscores its position as a leader in the nuclear isotope manufacturing industry and sets a benchmark for sustainable growth and performance, taking full cognisance of a rapidly changing global society.

Safety is our highest priority and health is inextricably intertwined with it. I am extremely proud of what we delivered in the year under review, and we're focused on our opportunities to drive even greater impact and growth in the years ahead. With a steadfast commitment to innovation and quality, NTP is poised to meet the growing demand for radiopharmaceuticals, ultimately shaping the landscape of diagnostic and therapeutic medicine for many years to come.

This milestone underscores NTP's unwavering dedication to improving patient care and solidifies its reputation as a trailblazer in the healthcare industry, ultimately achieving benchmarks in terms of safety, service, quality, operational reliability and productivity.

### Business Summary

NTP Radioisotopes is one of the top global producers of radioisotopes such as Molybdenum-99 (Mo-99) and Iodine-131 (I-131), which are used as lifesaving diagnostics and therapeutic procedures for patients with critical conditions including cancer and heart disease. NTP also manufactures a wide range of applications within the field of nuclear medicine such as Tc-99m generators, transport containers for radioactive substances, biologically active compounds and radioactive sealed sources including Cs-137, Ir-192 and Cobalt-60. It produces targeted radionuclide treatments for cancers and improves treatment outcomes and quality of life for cancer patients.

Through its logistics subsidiary NTP Logistics, they reach a broad range of clients based both locally and internationally and adhere to stringent regulations regarding the transportation of radioactive materials and time constraints. NTP has its footprint in almost 60 countries on six continents.

### HIGHLIGHTS

- NTP Radioisotopes SOC Ltd Group (NTPG) achieved sales revenue of R1,603,5m exceeding the budget by R171,9m (+12%). The improved income is reflected in the NPAT of R136,1m compared with a budget of R70,5m. NTP's Pelindaba operation

(NTPR) contributed R113,8m to the Group's NPAT, with a sales revenue of R1,300,1m, which was the highest annual revenue achieved in history.

- Annual revenue achieved for Mo-99 API, I-131 API, Lu-177nca API and radiopharmaceuticals sales were the highest ever. This excellent achievement is reflected in the highest average score in a customer satisfaction survey of 96.5% achieved for 2023, improving on the 2022 score of 81%, thereby delivering on NTP's core values to customers.
- NTP's recent achievement in securing R256m from the Industrial Development Corporation (IDC) marks a pivotal moment in its journey towards becoming a leading force in radiopharmaceutical manufacturing.
- GammaTec had a successful year against the financial performance objectives, meeting and exceeding the budget expectations. The annual turnover of R233,3m comfortably exceeded the budgeted objective of R204,5m. Gross profit improved in line with turnover, with a healthy margin of 24%, matching the budget, indicating enhanced profitability on sales and an unqualified audit report.
- Renovate and re-establish Cell 11 as an upgraded dissolver cell by 2024/25. Old Cell 11 waste removal and cleaning actions were approved by the NNR, and component manufacture commenced.
- Two mining shrouds and two more products (Acc-225 and Tb-161) were commercially introduced to the local market.

NTP fully complied with all 39 critical operational licences. (60 licences monitored).

### GROUP SUBSIDIARIES AND ASSOCIATE COMPANIES

#### NTP Logistics SOC Ltd

NTP Logistics provides bespoke end-to-end supply chain logistics services, specialising in the global distribution of all classes of hazardous goods, time-sensitive, temperature-sensitive and high-value goods offering a full spectrum of land, air and sea solutions. The company is a market leader, with experience in national and international regulatory requirements. NTP Logistics holds permits and licences from the NNR, DMRE, the Department of Health and the Department of Transport. The company maintains ISO 9001 certification.



## AEC Amersham

AEC-Amersham is the African and Indian Ocean Islands region distributor for NTP radiopharmaceutical products and a range of other imported life science products and service offerings. The company is ISO 9001 certified and complies with all the regulatory requirements that enable it to import and export its products.

## GammaTec

GammaTec NDT Supplies SOC Ltd is a supplier, distributor, manufacturer and turnkey solution provider of non-destructive testing equipment, accessories and

consumables. Technologies provided include acoustic emission, ultrasonic, phased array, visual inspection, dye penetrant, eddy current, magnetic particle, as well as radiography sources such as Iridium-192, Caesium and Selenium. The company is ISO 9001 accredited.

GammaTec exports to over 70 countries, with a focus on Africa, the Middle East, Southeast Asia and Australasia. GammaTec's equity associate, Oserix SA, based in Belgium, services the gamma radiation isotope market in Europe, North Africa, and the Americas.

## Contribution to the National Development Plan

Although NTP contributes indirectly to most of the enabling milestones of the NDP, NTP contributes specifically to the following enabling milestones:

### Milestone 1:

Increase employment from 13 million in 2010 to 24 million by 2030

- Direct contribution: NTP Group has grown its local workforce by 271 permanent staff from 211 permanent staff in 2010 to 478 permanent staff as of 31 December 2022. This contributes towards governments' incremental employment milestone from 2010 to the current period.
- Indirect contribution: NTP contributes towards the value chain (indirect employment) by working with many small and medium enterprises as service providers.

### Milestone 2:

Per capita income from R50,000 in 2010 to R120,000 by 2030

- NTP contributes to this milestone by ensuring that all its local employees earn a minimum of R11,646 per month (R139,752 per annum), thus improving the minimum R50,000 per capita income target per individual.

### Milestone 5:

Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup

- Development and implementation of an Employment Equity Plan
- Implementation of a Learnership and Internship Programme
- Training and development of staff and stakeholders
- Continuous review of parity in the staff complement.

### Milestone 8:

Provide affordable access to quality health care while promoting health and wellbeing

- Ensuring access and supply of medical radioisotopes for critical diagnostic imaging and therapeutic interventions of cancers to the South African and international markets when NTP is in full production.
- NTP also operates and manages a radiopharmacy which supplies various products to the South African market thus enhancing and promoting the health of patients.
- Renewing the value of the business and impacting the number of patients receiving healthcare.
- During the global shortages of active pharmaceutical ingredients (APIs) used in nuclear medicine, NTP ensured the supply of critical nuclides by tapping into international supplier networks to supply to local medical customers and patients.



PART D:

## HUMAN RESOURCE MANAGEMENT



**Mr Monde Mondli**  
Group Executive:  
Human Capital

## 18. Human Capital

The Human capital division is a strategic support function that comprises a combination of centre-led and centralised functions. The division is constituted of three departments, namely, Human Resources; the Necsa Learning Academy (NLA); and Organisational Development, Behaviour, Safety Culture and Knowledge Management. It is tasked with the primary mandate of being responsible for ensuring that Necsa Group has the required human resources capacity and capabilities to deliver on its mandate and to take advantage of the opportunities within the external environment.

As Necsa Group, we prioritise and consider our workforce an asset. Our organisation is anchored in a culture of respect, honesty and integrity.

### 18.1 Employee Wellness Programme

During 2023/24, the Necsa Group employee wellness programme actively supported the well-being needs

of the organisation and its employees through a combination of reactive and proactive interventions. A total of 159 employees participated in the counselling services provided within the programme, indicating a growing recognition and utilisation of these services.

Proactive well-being interventions conducted during the reporting period included the following:







## Necsa emergency services

### 18.2 Health and Safety

Necsa is committed to maintaining a safe and healthy work environment, aligning with ISO 9001, 14001, and 45001 standards. It is committed to continuous improvement in its management system to enhance occupational health and safety, environmental performance, and sustainable development, ensuring compliance with national and international standards.

- The DIIR is still within the year-end target of less than 1.8.
- Maintained a culture of safety compliance and safety behaviours across the Necsa Group.

#### Medical Services

All Necsa Group employees are subjected to regular medical surveillance to ensure fitness for duty, confirm that employees are not adversely affected by their work or work environment and for maintenance of a health register. A total of 1,228 medical assessments and surveys were conducted during the financial year.

Occupationally exposed workers (chemical, noise, radiation and laser workers) are subjected to additional surveillance protocols based on their exposure risk profiles. This includes regular monitoring of exposure. A radiation dose register is maintained ensuring that doses are kept ALARA.

### 18.3 Talent Management and Succession Planning

Necsa aims to achieve nuclear technology excellence for sustainable social and economic development by having the right personnel with appropriate skills. To achieve competitiveness, inclusivity, and alignment with the economically active population, talent management serves as a strategic instrument.

Necsa's workforce is also ageing, thus presenting the opportunity to bring in a young talented workforce. Necsa is prioritising the development and implementation of a talent management framework to attract, retain, and develop a young, talented workforce. This framework includes workforce planning, talent pipeline identification, succession planning, and employee development, ensuring the organisation's capacity for current and future Human Resources requirements.



## 18.4 Employment Statistics

The Necsa Group staff composition has over the past number of years been steadily declining as part of the effort to contain salary bills while at the same time improving efficiencies. The total staff complement for the Group at the end of March 2024 was 1,614 as reflected in the following chart:

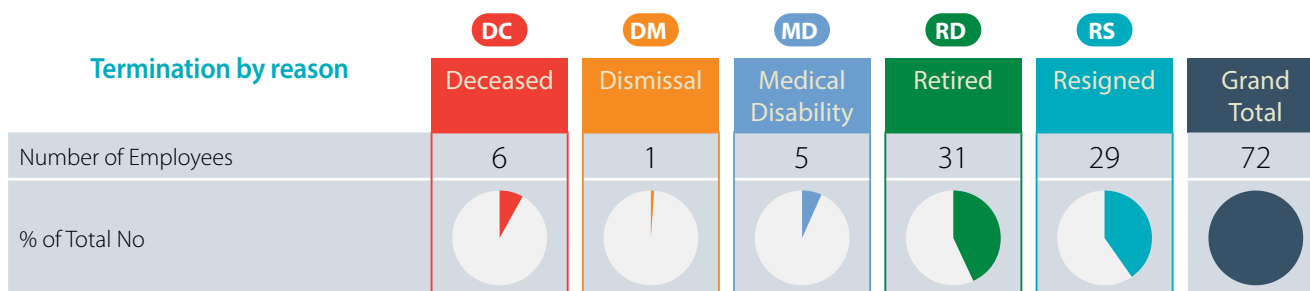
| Staff complement   | ♂          |           |           |            | ♀          |           |          |            | Grand Total |
|--------------------|------------|-----------|-----------|------------|------------|-----------|----------|------------|-------------|
|                    | A          | C         | I         | W          | A          | C         | I        | W          |             |
| Top Management     | 5          | 0         | 1         | 1          | 2          | 0         | 0        | 0          | 9           |
| Senior Management  | 17         | 1         |           | 12         | 13         | 0         | 0        | 3          | 49          |
| Middle-Management  | 102        | 3         | 10        | 49         | 49         | 2         | 8        | 28         | 251         |
| Skilled            | 258        | 11        | 4         | 115        | 205        | 7         | 5        | 60         | 665         |
| Semi-skilled       | 291        | 15        | 2         | 28         | 135        | 5         | 0        | 16         | 492         |
| Unskilled          | 63         | 0         | 0         | 0          | 83         | 0         | 0        | 2          | 148         |
| <b>Grand Total</b> | <b>736</b> | <b>30</b> | <b>20</b> | <b>205</b> | <b>487</b> | <b>14</b> | <b>1</b> | <b>109</b> | <b>1614</b> |

The chart below reflects the number of appointments that were made during the reporting period broken down into race and gender per occupational level. In total, 65 appointments were made.

| Appointments       | ♂         |          |          | ♀         |          | Grand Total |
|--------------------|-----------|----------|----------|-----------|----------|-------------|
|                    | A         | I        | W        | A         | W        |             |
| Top Management     | 1         | 0        | 1        | 0         | 0        | 2           |
| Senior Management  | 0         | 0        | 0        | 1         | 0        | 1           |
| Middle-Management  | 2         | 0        | 0        | 0         | 0        | 2           |
| Skilled            | 14        | 1        | 0        | 7         | 1        | 23          |
| Semi-skilled       | 24        | 1        | 0        | 11        | 0        | 36          |
| Unskilled          | 0         | 0        | 0        | 1         | 0        | 1           |
| <b>Grand Total</b> | <b>41</b> | <b>2</b> | <b>1</b> | <b>20</b> | <b>1</b> | <b>65</b>   |

Necsa Group experienced 72 employee terminations, including voluntary and involuntary, including death, resulting in a staff turnover rate of 4.5%, consistent with the past five to ten years.

| Terminations       | ♂         |          |           | ♀         |          |          | Grand Total |
|--------------------|-----------|----------|-----------|-----------|----------|----------|-------------|
|                    | A         | C        | W         | A         | C        | W        |             |
| Senior Management  | 0         | 0        | 2         | 1         | 0        | 0        | 3           |
| Middle-Management  | 1         | 1        | 4         | 1         | 0        | 2        | 9           |
| Skilled            | 6         | 1        | 15        | 6         | 0        | 6        | 34          |
| Semi-skilled       | 18        | 0        | 2         | 2         | 1        | 1        | 24          |
| Unskilled          | 1         | 0        | 0         | 1         | 0        | 0        | 2           |
| <b>Grand Total</b> | <b>27</b> | <b>2</b> | <b>23</b> | <b>11</b> | <b>1</b> | <b>9</b> | <b>72</b>   |



## 18.5 Reward and Remuneration

### Personnel Cost per Division

| Personnel Cost per Division | FC      | HC      | Noam    | NTP     | OCEO    | P&I    | Pelchem | R&I     | SBE     | Grand Total |
|-----------------------------|---------|---------|---------|---------|---------|--------|---------|---------|---------|-------------|
| No. of Employees            | 58      | 78      | 614     | 344     | 28      | 5      | 119     | 87      | 281     | 1,614       |
| Salary Cost                 | R33,356 | R48,152 | R31,763 | R21,943 | R39,099 | R5,155 | R51,746 | R78,759 | R15,786 | R95,121     |

| Personnel cost by salary band | Salary Cost         | No. of Employees |
|-------------------------------|---------------------|------------------|
| Top Management                | R25,448,200         | 9                |
| Senior Management             | R88,878,293         | 49               |
| Middle Management             | R274,275,234        | 251              |
| Skilled                       | R386,881,785        | 665              |
| Semi-skilled                  | R151,587,072        | 492              |
| Unskilled                     | R24,139,462         | 148              |
| <b>Grand Total</b>            | <b>R951,210,047</b> | <b>1,614</b>     |

## 18.6 Employee Relations

A key priority for the Necsa Group is creating a harmonious working environment that promotes labour peace. Factors assessing this include high employee grievance levels, disciplinary proceedings, and disputes with external structures like the CCMA and Labour Court. The graph below reflects incidents in each category.

| Necsa Group Grievance  | Necsa Group |           |           |          |
|------------------------|-------------|-----------|-----------|----------|
|                        | 2020/21     | 2021/22   | 2022/23   | 2023/24  |
| Unfair Discrimination  | 1           | 3         | 3         | 0        |
| Unfair labour practice | 2           | 30        | 11        | 9        |
| Harassment             | 2           | 0         | 0         | 0        |
| <b>Total</b>           | <b>5</b>    | <b>33</b> | <b>14</b> | <b>9</b> |

The Necsa Group reported 30 grievances in the reviewed year, a low rate of just under 2% compared to the total staff complement of over 1,600.

| Necsa Group Disciplinary                                    | Necsa Group |           |           |           |
|-------------------------------------------------------------|-------------|-----------|-----------|-----------|
|                                                             | 2020/21     | 2021/22   | 2022/23   | 2023/24   |
| Abscondment                                                 | 0           | 0         | 3         | 1         |
| Abuse of Sick Leave                                         | 0           | 0         | 0         | 0         |
| Blunt refusal to obey a lawful instruction                  | 2           | 3         | 1         | 0         |
| Bridging COVID-19 protocols                                 | 0           | 2         | 0         | 1         |
| Damage to Necsa Property                                    | 0           | 1         | 0         | 2         |
| Dishonesty                                                  | 3           | 3         | 2         | 1         |
| Failure to ensure compliance with Nuclear Safety Provisions | 0           | 4         | 0         | 1         |
| Failure to report for duty                                  | 1           | -         | -         | -         |
| Fraud                                                       | 1           | 0         | 1         | 4         |
| Harassment & intimidation                                   | 1           | 2         | 2         | 0         |
| Gross Negligence                                            | 2           | 8         | 4         | 3         |
| Insubordination                                             | 1           | 18        | 1         | 0         |
| Failure to declaration of business interest                 | 0           | 0         | 1         | 1         |
| Misappropriation                                            | 0           | 0         | 2         | 1         |
| Reckless Driving inside Necsa premises                      | 0           | 0         | 0         | 2         |
| Reporting to duty under the influence of drugs              | 0           | 0         | 1         | 0         |
| <b>Total</b>                                                | <b>11</b>   | <b>41</b> | <b>18</b> | <b>17</b> |

The Group's disciplinary system, matured through internal controls, and a harmonious working environment was evident in only 13 reported cases for the year.

| Necsa Group CCMA                       | Necsa Group |           |          |
|----------------------------------------|-------------|-----------|----------|
|                                        | 2021/22     | 2022/23   | 2023/24  |
| Constructive Dismissal                 | 0           | 0         | 0        |
| Unfair Dismissal                       | 12          | 9         | 2        |
| Unfair Labour Practice                 | 1           | 11        | 3        |
| Unfair Discrimination                  | 0           | 0         | 2        |
| Interpretation of Collective Agreement | 0           | 1         | 0        |
| <b>Total</b>                           | <b>13</b>   | <b>21</b> | <b>7</b> |

| CCMA Cases - (Historic comparison with the current financial year) | Apr 21 - Mar 22 | Apr 22 - Mar 23 | Apr 23 - Mar 24 |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Constructive Dismissal                                             | 1               | 0               | 0               |
| Unfair Dismissal                                                   | 8               | 4               | 2               |
| Unfair Labour Practice                                             | 4               | 10              | 3               |
| Contract Terminated                                                | 5               | 1               | 0               |
| Unfair discrimination                                              | 0               | 0               | 2               |
| <b>TOTAL</b>                                                       | <b>18</b>       | <b>15</b>       | <b>7</b>        |

A large number of cases referred to external dispute resolution structures indicates mistrust in the internal processes of an organisation, while a small number reflects trust. In the reviewed year, only seven cases were referred to the CCMA, demonstrating confidence in internal processes.

## 18.7 Skills Development

### Technical Skills Training

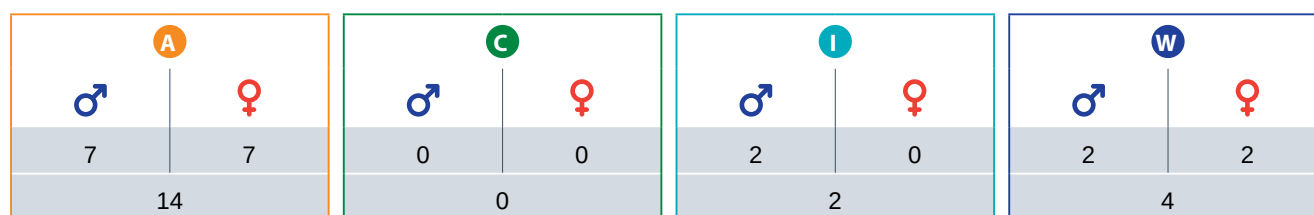
The Necsa Learning Academy has trained 552 youth in technical skills workshops, including an apprenticeship programme that trained 95 candidates and a modular-based programme offered to 22 youth candidates. The academy received R3.5 million in donated equipment from the South Korean Embassy. The NLA and the South African Institute of Welding collaborated on an IAEA Technical Cooperation Project Strengthening Non-destructive Testing (SAF0008) for the 2024/25 cycle which was approved with a value of €372,345.

### Trade Test Centre

The Trade Test Centre (TTC) continued to offer trade testing and associated services. Pre-assessments for Artisan Recognition of Prior Learning (ARPL) were offered to 75 candidates, Gap Training for 57 candidates, Trade Test Preparation for 142 candidates and Trade Testing for 161 candidates.

### Human Capital Development

Programme in Leadership Development for Senior Managers: This programme aims to enhance leadership excellence and align with the strategic imperatives of the organisation and Human Resources systems. It was implemented during the reporting period with a cost of R517,000.



CHIETA-funded Work Integrated Learning (WIL): This has been finalised and the students are on-site at different divisions as outlined in the table below:

| Discipline                                    | Gender |    | Race |   |   |   | Total Amount |          |
|-----------------------------------------------|--------|----|------|---|---|---|--------------|----------|
|                                               | ♂      | ♀  | A    | C | I | W | Total        |          |
| Diploma in Chemical Engineering               | 3      | 11 | 14   | 0 | 0 | 0 | 14           | R622,000 |
| Diploma in Admin                              | 0      | 1  | 1    | 0 | 0 | 0 | 1            | R60,000  |
| Diploma in HR                                 | 1      | 5  | 6    | 0 | 0 | 0 | 6            | R174,000 |
| Bachelor in HR                                | 0      | 1  | 1    | 0 | 0 | 0 | 1            | R30,000  |
| Diploma in Analytical Chemistry               | 2      | 5  | 7    | 0 | 0 | 0 | 7            | R319,000 |
| Degree in Analytical Chemistry                | 2      | 2  | 4    | 0 | 0 | 0 | 4            | R240,000 |
| Diploma in Electrical Engineering             | 5      | 1  | 6    | 0 | 0 | 0 | 6            | R200,000 |
| Degree in Electrical Engineering              | 1      | 0  | 1    | 0 | 0 | 0 | 1            | R60,000  |
| Diploma in Safety Management                  | 1      | 1  | 2    | 0 | 0 | 0 | 2            | R120,000 |
| Diploma in Mechanical Engineering             | 3      | 2  | 5    | 0 | 0 | 0 | 5            | R175,000 |
| Advanced Diploma in Metallurgical Engineering | 1      | 0  | 1    | 0 | 0 | 0 | 1            | R40,000  |
| Diploma in Civil Engineering                  | 2      | 0  | 2    | 0 | 0 | 0 | 2            | R384,000 |
| Diploma in Industrial Physics                 | 6      | 4  | 10   | 0 | 0 | 0 | 10           | R344,000 |



| Discipline                         | Gender    |           | A         | C        | I        | W        | Total Amount |                   |
|------------------------------------|-----------|-----------|-----------|----------|----------|----------|--------------|-------------------|
|                                    | ♂         | ♀         |           |          |          |          | Total        |                   |
| Diploma in Supply Chain Management | 1         | 3         | 4         | 0        | 0        | 0        | 4            | R120,000          |
| Diploma in Financial Management    | 1         | 4         | 5         | 0        | 0        | 0        | 5            | R150,000          |
| Diploma in Hospitality Management  | 0         | 4         | 4         | 0        | 0        | 0        | 4            | R120,000          |
| Diploma in Hospitality Management  | 0         | 1         | 1         | 0        | 0        | 0        | 1            | R5,000            |
| <b>Total</b>                       | <b>29</b> | <b>45</b> | <b>74</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>74</b>    | <b>R2,893,000</b> |

Services Seta-funded Internship Programme: The Services Seta-funded Pelchem for the following internship programmes which NLA implemented through a service level agreement:

| Discipline                               | Gender    |           | A         | C        | I        | W        | Total Amount |                   |
|------------------------------------------|-----------|-----------|-----------|----------|----------|----------|--------------|-------------------|
|                                          | ♂         | ♀         |           |          |          |          | Total        |                   |
| Degree in HRM                            | 1         | 2         | 3         | 0        | 0        | 0        | 3            | R162,000          |
| Diploma in Supply Chain                  | 1         | 0         | 1         | 0        | 0        | 0        | 1            | R54,000           |
| Degree in Supply Chain                   | 0         | 1         | 1         | 0        | 0        | 0        | 1            | R54,000           |
| Diploma in Logistics                     | 1         | 1         | 2         | 0        | 0        | 0        | 2            | R133,200          |
| Diploma in Sales and Marketing           | 1         | 1         | 2         | 0        | 0        | 0        | 2            | R133,200          |
| Diploma in Finance                       | 1         | 1         | 2         | 0        | 0        | 0        | 2            | R115,050          |
| Degree in Finance                        | 2         | 1         | 3         | 0        | 0        | 0        | 3            | R162,000          |
| Diploma in IT                            | 1         | 1         | 2         | 0        | 0        | 0        | 2            | R108,000          |
| Diploma in Safety Management             | 0         | 1         | 1         | 0        | 0        | 0        | 1            | R66,600           |
| Diploma in Office Admin                  | 3         | 4         | 7         | 0        | 0        | 0        | 7            | R390,600          |
| Degree in Chemical Engineering           | 0         | 1         | 1         | 0        | 0        | 0        | 1            | R54,000           |
| Diploma in Industrial Physics            | 3         | 0         | 3         | 0        | 0        | 0        | 3            | R108,000          |
| Honours in Industrial Physics            | 0         | 1         | 1         | 0        | 0        | 0        | 1            | R54,000           |
| Diploma in Mechanical Engineering        | 2         | 0         | 2         | 0        | 0        | 0        | 2            | R133,200          |
| Diploma in Analytical Chemistry          | 2         | 1         | 3         | 0        | 0        | 0        | 3            | R174,600          |
| Certificate in Basic Ambulance Assistant | 5         | 0         | 5         | 0        | 0        | 0        | 5            | R720,000          |
| <b>Total</b>                             | <b>23</b> | <b>16</b> | <b>39</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>39</b>    | <b>R2,622,450</b> |

Adult Education and Training (AET): The training commenced in April 2023 with levels 2, 3 and 4. A total of 18 Group Necs employees attended the AET Learnership as per the table below:

| AET Training |          |           |           |          |          |          | Amount    |                 |
|--------------|----------|-----------|-----------|----------|----------|----------|-----------|-----------------|
| Discipline   | Gender   |           | A         | C        | I        | W        | Total     |                 |
|              | ♂        | ♀         |           |          |          |          |           |                 |
| AET Training | 7        | 11        | 18        | 0        | 0        | 0        | 18        | R149,000        |
| <b>Total</b> | <b>7</b> | <b>11</b> | <b>18</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>18</b> | <b>R149,000</b> |

Recognition of Prior Learning (RPL) in Chemical Operators NQF Level 3: A total number 12 Necsa's Group employees attended RPL training as detailed in the table below:

| Recognition of Prior Learning          |          |          |           |          |          |          | Total Amount    |
|----------------------------------------|----------|----------|-----------|----------|----------|----------|-----------------|
| Discipline                             | Gender   |          | Race      |          |          |          | Total           |
|                                        | ♂        | ♀        | A         | C        | I        | W        |                 |
| Recognition of Prior Learning Training | 8        | 4        | 10        | 0        | 0        | 2        | 12              |
| <b>Total</b>                           | <b>8</b> | <b>4</b> | <b>10</b> | <b>0</b> | <b>0</b> | <b>2</b> | <b>12</b>       |
|                                        |          |          |           |          |          |          | <b>R192,000</b> |

## Learnerships

Learnerships for the Necsa Group employees were implemented for the National Diploma in Public Administration NQF Level 6. The Learnership programme for the National Certificate in Generic Management NQF Level 5 was further extended to unemployed youth. The table below details the number of beneficiaries.

| Learnership Programmes for Generic Management NQF level 5 and ND Public Administration NQF level 6 |            |        |    |      |   |   |   |       | Total Amount  |
|----------------------------------------------------------------------------------------------------|------------|--------|----|------|---|---|---|-------|---------------|
| Discipline                                                                                         |            | Gender |    | Race |   |   |   | Total |               |
|                                                                                                    |            | ♂      | ♀  | A    | C | I | W |       |               |
| NC Generic Management Learnership – NQF Level 5                                                    | Employed   | 9      | 11 | 19   | 1 | 0 | 0 | 20    | R359,950.00   |
| NC Generic Management Learnership – NQF Level 5                                                    | Unemployed | 0      | 20 | 20   | 0 | 0 | 0 | 20    | R359,950.00   |
| ND Public Administration NQF Level 6                                                               | Employed   | 4      | 6  | 10   | 0 | 0 | 0 | 10    | R366,677.50   |
| Total                                                                                              |            | 13     | 37 | 49   | 1 | 0 | 0 | 50    | R1,086,577.50 |

## Study Assistance Scheme

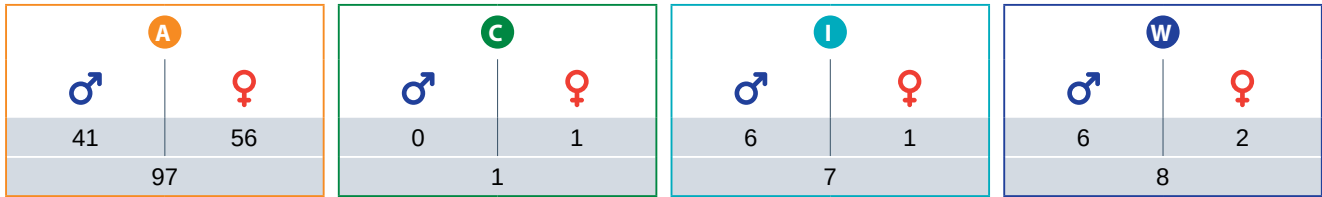
A total amount of R2,407,357.26 was spent on the Study Assistance Scheme (SAS) for the reporting period to assist 77 Necsa employees in obtaining qualifications at various institutions of higher learning throughout South Africa as detailed in the table below.

| STUDY ASSISTANCE SCHEME |    |    |   |   |   |   |   |   |               |
|-------------------------|----|----|---|---|---|---|---|---|---------------|
| Discipline              | A  |    | C |   | I |   | W |   | Amount        |
|                         | ♂  | ♀  | ♂ | ♀ | ♂ | ♀ | ♂ | ♀ |               |
| BA                      | 2  | 1  | 0 | 0 | 0 | 0 | 0 | 0 | R99,781.70    |
| BCom                    | 2  | 4  | 0 | 0 | 0 | 0 | 0 | 0 | R257,011.08   |
| BSc                     | 3  | 1  | 0 | 0 | 0 | 0 | 0 | 0 | R53,230.00    |
| Diploma                 | 20 | 24 | 0 | 0 | 1 | 0 | 0 | 1 | R1,121,442.58 |
| Honours                 | 2  | 2  | 0 | 0 | 0 | 0 | 0 | 0 | R122,155.42   |
| LLB                     | 0  | 2  | 0 | 0 | 0 | 0 | 0 | 0 | R43,405.00    |
| Master's                | 0  | 1  | 0 | 0 | 0 | 0 | 0 | 0 | R96,549.97    |
| MBA                     | 2  | 1  | 0 | 0 | 0 | 0 | 0 | 0 | R362,748.01   |
| MSc                     | 0  | 1  | 0 | 0 | 0 | 0 | 0 | 0 | R26,360.00    |
| PhD                     | 4  | 2  | 0 | 0 | 0 | 0 | 0 | 1 | R224,673.50   |
| Total                   | 35 | 39 | 0 | 0 | 1 | 0 | 0 | 2 | R2,407,357.26 |

## Training Interventions

For the period April 2023 until March 2024, a total amount of R1,016,637.18 was spent on training interventions.

### Number of training interventions



## Skills Programmes Training

Credit-bearing occupational-based programmes as per the National Qualification Framework were offered towards a qualification in various courses to the Ncsa Group employees. A total number of 168 employees attended the skills programme training as per the table below:

| Discipline                        | Gender    |           | Race       |          |          |          | Total      | Total Amount       |
|-----------------------------------|-----------|-----------|------------|----------|----------|----------|------------|--------------------|
|                                   | ♂         | ♀         | A          | C        | I        | W        |            |                    |
| Assessor Training                 | 10        | 8         | 17         | 0        | 0        | 1        | 18         | R122,000.00        |
| Customer service and hygiene      | 7         | 6         | 13         | 1        | 0        | 0        | 13         | R60,000.00         |
| Moderator Training                | 10        | 6         | 16         | 0        | 0        | 0        | 16         | R131,304.35        |
| Supervisory                       | 19        | 10        | 28         | 1        | 0        | 0        | 29         | R92,000.00         |
| Facilitator course                | 14        | 10        | 23         | 0        | 1        | 0        | 24         | R126,304.35        |
| Professional Report Writing       | 2         | 7         | 9          | 0        | 0        | 0        | 9          | R31,660.00         |
| Emotional Intelligence Training   | 10        | 12        | 20         | 1        | 0        | 1        | 22         | R112,000.00        |
| Train The Trainer Training Course | 6         | 4         | 10         | 0        | 0        | 0        | 10         | R40,869.00         |
| Learning and Design Training      | 7         | 2         | 8          | 0        | 0        | 1        | 9          | R72,173.90         |
| Technical Report Writing Training | 7         | 11        | 18         | 0        | 0        | 0        | 18         | R60,000.00         |
| <b>Total</b>                      | <b>92</b> | <b>76</b> | <b>162</b> | <b>3</b> | <b>1</b> | <b>3</b> | <b>168</b> | <b>R919 615.95</b> |

## Radiation Protection Training

There were 18 unemployed RPO2 learners trained and another 18 unemployed RPO2 learners currently on the programme. RTPC also trained 67 delegates for short courses from different companies as outlined in the table below:

| Radiation Protection Training Centre April 2023- March 2024 |        |    |      |    |   |   |       |             |
|-------------------------------------------------------------|--------|----|------|----|---|---|-------|-------------|
| Training Area                                               | Gender |    | Race |    |   |   | Total | Amount      |
|                                                             | ♂      | ♀  | A    | C  | I | W |       |             |
| Radiation Protection Officer 2 (B-BBEE)                     | 0      | 18 | 18   | 0  | 0 | 0 | 18    | R600,000.00 |
| Radiation Protection Officer 2 (B-BBEE)                     | 0      | 18 | 18   | 0  | 0 | 0 | 18    | R600,000.00 |
| Radiation Protection in Industry                            | 5      | 0  | 2    | 1  | 1 | 1 | 5     | R79,262.77  |
| Radiation in Industry (CSIR)                                | 15     | 2  | 1    | 14 | 0 | 2 | 17    | R304,920.83 |
| Radiation in Industry (Private)                             | 1      | 0  | 1    | 0  | 0 | 0 | 1     | R17,699.45  |
| Radiation in Industry (Transglobal)                         | 1      | 1  | 1    | 0  | 0 | 1 | 2     | R35,399.22  |
| Radiation in Industry (NTPL)                                | 2      | 0  | 1    | 0  | 0 | 1 | 2     | R36,019.91  |

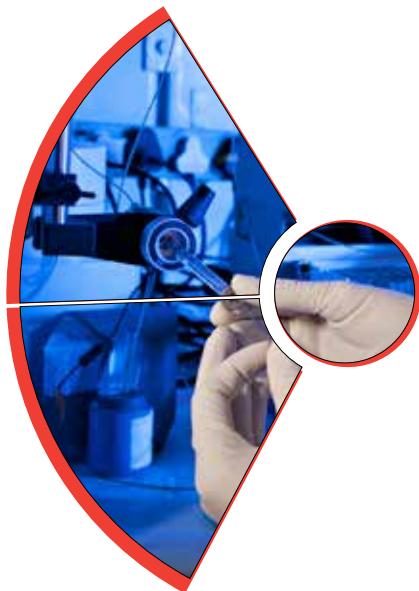
### Radiation Protection Training Centre April 2023- March 2024

| Training Area                                           | Gender    |           | Race      |           |          |          | Total      | Amount               |
|---------------------------------------------------------|-----------|-----------|-----------|-----------|----------|----------|------------|----------------------|
|                                                         | ♂         | ♀         | A         | C         | I        | W        |            |                      |
| Radiation in Industry (TRANSGLOBAL)                     | 1         | 0         | 1         | 0         | 0        | 0        | 1          | R17,699.45           |
| Radiation in Industry (MEATCO)                          | 24        | 11        | 32        | 2         | 1        | 0        | 35         | R112,024.24          |
| Radiation in Industry (NTPL)                            | 1         | 1         | 2         | 0         | 0        | 0        | 2          | R36,019.91           |
| Radiation Protection in Industry (ELEKTA & MARULA MINE) | 2         | 0         | 1         | 0         | 0        | 1        | 2          | R35,398.90           |
| <b>Total</b>                                            | <b>52</b> | <b>51</b> | <b>78</b> | <b>17</b> | <b>2</b> | <b>6</b> | <b>103</b> | <b>R1,874,444.68</b> |

### Statutory Training

Statutory training was offered to employees during the reporting year as illustrated in the table below:

| Course                             | A            |            | C         |           | I         |          | W          |           | Amount               |
|------------------------------------|--------------|------------|-----------|-----------|-----------|----------|------------|-----------|----------------------|
|                                    | ♂            | ♀          | ♂         | ♀         | ♂         | ♀        | ♂          | ♀         |                      |
| Chemical Worker Full Course        | 85           | 92         | 0         | 1         | 1         | 0        | 4          | 1         | R214,705.92          |
| Chemical Worker Exam               | 220          | 105        | 19        | 5         | 0         | 0        | 71         | 11        | R200,664.98          |
| Confined Spaces Full Course        | 15           | 2          | 0         | 0         | 0         | 0        | 1          | 0         | R14,320.98           |
| Confined Spaces Exam               | 10           | 0          | 0         | 0         | 0         | 0        | 1          | 0         | R5,121.38            |
| Decontamination Worker Full Course | 6            | 12         | 0         | 0         | 0         | 0        | 0          | 0         | R14,320.98           |
| Decontamination Worker Exam        | 30           | 10         | 1         | 0         | 0         | 0        | 4          | 2         | R21,882.26           |
| Ergonomics Full Course             | 3            | 0          | 0         | 0         | 0         | 0        | 0          | 0         | R2,386.83            |
| Ergonomics Exam                    | 4            | 0          | 0         | 0         | 0         | 0        | 0          | 0         | R1,862.32            |
| Lock out Tag out Full Course       | 4            | 0          | 0         | 0         | 1         | 0        | 0          | 0         | R3,978.05            |
| Lock out Tag out Exam              | 15           | 0          | 0         | 0         | 0         | 0        | 1          | 0         | R7,449.28            |
| Noise Worker Full Course           | 66           | 56         | 0         | 0         | 1         | 0        | 0          | 0         | R97,860.03           |
| Noise Worker Exam                  | 260          | 75         | 20        | 6         | 1         | 0        | 107        | 10        | R223,012.82          |
| Orientation                        | 258          | 166        | 12        | 5         | 6         | 0        | 50         | 9         | R402,578.66          |
| Radiation Worker Full Course       | 99           | 101        | 0         | 1         | 3         | 0        | 1          | 1         | R240,377.28          |
| Radiation Worker Exam              | 278          | 124        | 13        | 3         | 6         | 2        | 102        | 16        | R253,275.52          |
| Work Permit Full Course            | 24           | 9          | 0         | 0         | 0         | 0        | 4          | 2         | R31,028.79           |
| Work Permit Exam                   | 16           | 1          | 0         | 0         | 0         | 0        | 12         | 5         | R15,829.72           |
| <b>TOTAL</b>                       | <b>1,393</b> | <b>753</b> | <b>65</b> | <b>21</b> | <b>19</b> | <b>2</b> | <b>358</b> | <b>57</b> | <b>R1,750,655.80</b> |



## ANNEXURES

### Annexure A: Peer-Reviewed Scientific Publications for the Year

Banerjee, R., Nelwamondo, M., Raje, N., Parab, H., Chaudhary, N., Mathi, P., Badenhorst, J.J., Goede, A. & Sengupta, P. (2023). Radiation stability testing of hydrated and heat-treated magnesium potassium phosphates for back end nuclear fuel cycle applications. *Ceramics International*: <https://authors.elsevier.com/c/1i2Nu~2-FBSJ9>

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Evbuomwan, O., Engelbrecht, G., Driver, C.H.S., Jansen van Rensburg, B., Labuschagne, M. & Horn-Lodewyk, J. (2023). The prognostic value of 99mTc-

glucosamine imaging in patients with rheumatoid arthritis: a single center prospective study. *Nuclear Medicine Communications* 44: 953-958. <https://pubmed.ncbi.nlm.nih.gov/37578319/>

Evbuomwan, O., Engelbrecht, G., Driver, C.H.S., Sempa, J., Jansen van Rensburg, B., Labuschagne, M. & Horn-Lodewyk, J. (2023). Head-to-head comparison of ultrasound and 99mTc-glucosamine SPECT/CT imaging of patients with rheumatoid arthritis: a single center prospective study. *Egyptian Journal of Radiology and Nuclear Medicine* 54:223: 1-8. <https://doi.org/10.1186/s43055-023-01168-w>

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Favaretto, C., Grundler, P., Talip, Z., Landolt, S., Sepini, L.C., Koster, U., Muller, C., Schibli, R., Geistlich, S. & Van der Meulen, N. (2023). 161Tb-DOTATOC Production Using a Fully Automated Disposable Cassette System: A First Step Toward the Introduction of 161-Tb into the Clinic. *Journal of Nuclear Medicine* 00: 1-7. <https://doi.org/10.2967/jnumed.122.265268>

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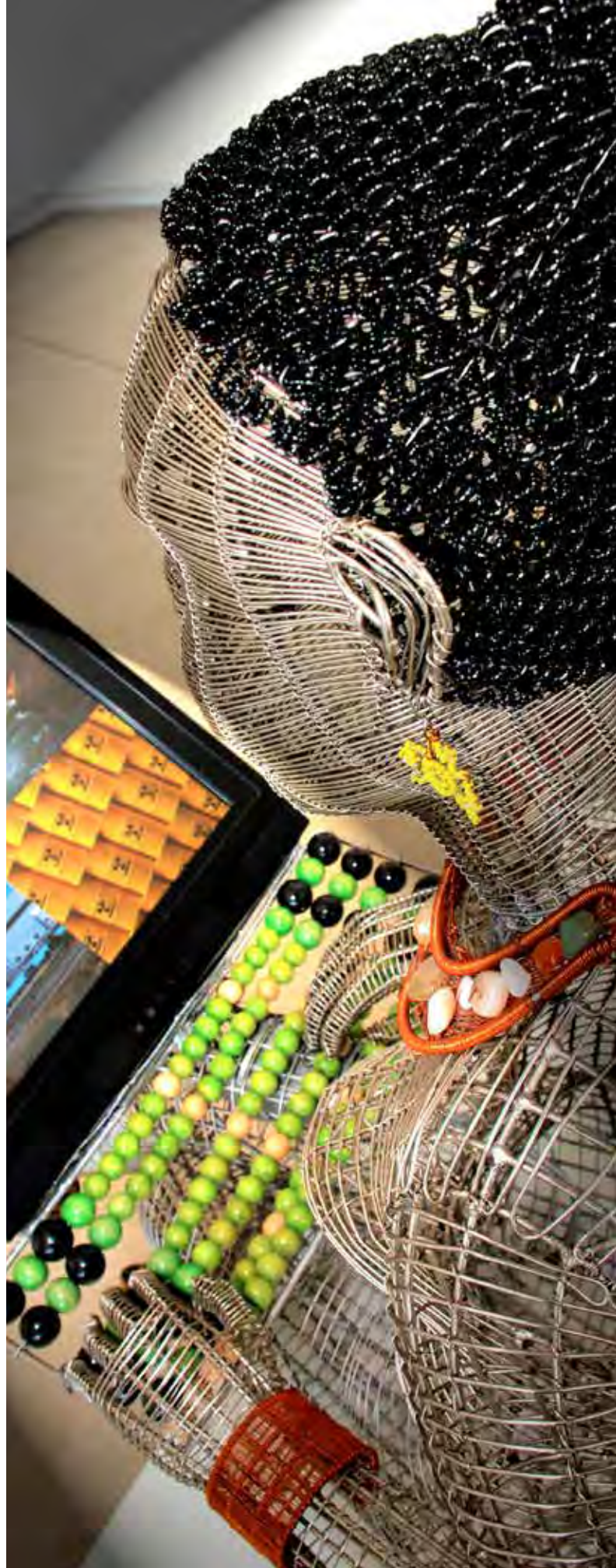
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# Abbreviations and acronyms

|                        |                                                                                                |
|------------------------|------------------------------------------------------------------------------------------------|
| <b>Ac-225</b>          | Actinium-225 A radioactive isotope of actinium                                                 |
| <b>AEC</b>             | Atomic Energy Corporation                                                                      |
| <b>AET</b>             | Adult Education and Training                                                                   |
| <b>AFCONE</b>          | African Commission on Nuclear Energy                                                           |
| <b>AFS</b>             | Annual Financial Statements                                                                    |
| <b>AGSA</b>            | Auditor-General of South Africa                                                                |
| <b>AHF</b>             | Unhydrous hydrogen Fluoride                                                                    |
| <b>ALARA</b>           | As Low as Reasonably Achievable                                                                |
| <b>AMI</b>             | Advanced Metals Initiative                                                                     |
| <b>AMP</b>             | Ageing Management Programme                                                                    |
| <b>API</b>             | aActive pPharmaceutical iIngredient                                                            |
| <b>ARC</b>             | Audit and Risk Committee                                                                       |
| <b>ARPL</b>            | Artisan Recognition of Prior Learning                                                          |
| <b>ASME</b>            | American Society for Mechanical Engineers                                                      |
| <b>B-BBEE</b>          | Broad-Based Black Economic Empowerment                                                         |
| <b>BLC</b>             | Beam Line Centre                                                                               |
| <b>CHIETA</b>          | Chemical Industries Education and Training Authority                                           |
| <b>Co-60</b>           | A radioactive isotope of cobalt                                                                |
| <b>D&amp;D</b>         | Decommissioning and Decontamination                                                            |
| <b>D&amp;D Stage 1</b> | Decontamination, Decommissioning and Waste Management of Disused Historical Nuclear Facilities |
| <b>D&amp;D Stage 2</b> | Decontamination, Decommissioning and Waste Management of Operating Nuclear Facilities          |
| <b>DFFE</b>            | Department of Forestry, Fisheries and the Environment                                          |
| <b>DIIR</b>            | Disabling Injury Incidence Rate                                                                |
| <b>DIRCO</b>           | Department of International Relations and Cooperation                                          |
| <b>DMRE</b>            | Department of Mineral Resources and Energy                                                     |
| <b>DSI</b>             | Department of Science and Innovation                                                           |
| <b>DTI</b>             | Department of Trade and Industry                                                               |
| <b>DWS</b>             | Department of Water and Sanitation                                                             |
| <b>EASII</b>           | Excellence, Accountability, Safety First, Innovation and Integrity                             |
| <b>EE</b>              | Employment Equity                                                                              |
| <b>EIA</b>             | Environmental Impact Assessment                                                                |
| <b>EXCO</b>            | Executive Management Committee                                                                 |

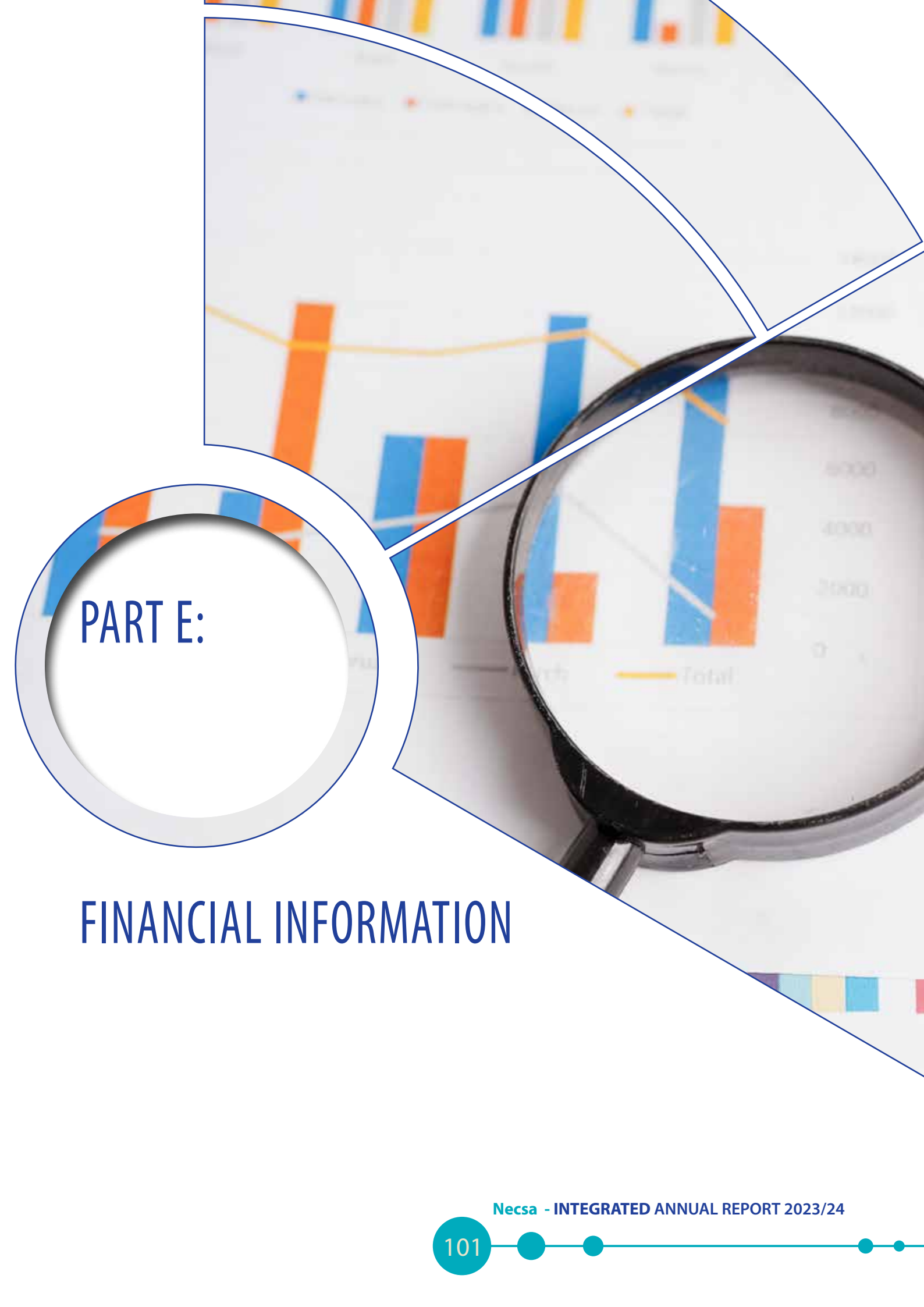
|                      |                                                                  |
|----------------------|------------------------------------------------------------------|
| <b>FIDPM</b>         | Framework for Infrastructure Delivery and Procurement Management |
| <b>GCEO</b>          | Group Chief Executive Officer                                    |
| <b>GCFO</b>          | Group Chief Financial Officer                                    |
| <b>HF</b>            | Hydrogen fluoride                                                |
| <b>HR</b>            | Human Resources                                                  |
| <b>I-131</b>         | A radioactive isotope of iodine                                  |
| <b>IAEA</b>          | International Atomic Energy Agency                               |
| <b>IDC</b>           | Industrial Development Corporation                               |
| <b>IFRS</b>          | International Financial Reporting Standards                      |
| <b>IMS</b>           | Integrated Management System                                     |
| <b>IP</b>            | Intellectual Property                                            |
| <b>Ir-192</b>        | A radioactive isotope of iridium                                 |
| <b>ISO 9001</b>      | Quality Management Systems - Requirements                        |
| <b>IT</b>            | Information Technology                                           |
| <b>KPI</b>           | Key Performance Indicator                                        |
| <b>LEU</b>           | Low-Enriched Uranium                                             |
| <b>LLW</b>           | Low-Level Waste                                                  |
| <b>Lu-177</b>        | Lutetium-177 A radioactive isotope of lutetium                   |
| <b>MWh</b>           | Megawatt Hours                                                   |
| <b>Molybdenum-99</b> | A radioactive isotope of molybdenum                              |
| <b>MPR</b>           | Multi-Purpose Reactor                                            |
| <b>MTSF</b>          | Medium-Term Strategic Framework                                  |
| <b>NDP</b>           | National Development Plan                                        |
| <b>Necsa</b>         | South African Nuclear Energy Corporation SOC Limited             |
| <b>NEHAWU</b>        | National Education, Health and Allied Workers Union              |
| <b>Nersa</b>         | National Energy Regulator of South Africa                        |
| <b>NIL</b>           | Nuclear Installation Licence                                     |
| <b>NIPMO</b>         | National Intellectual Property Management Office                 |



|                |                                                |
|----------------|------------------------------------------------|
| <b>NLA</b>     | Necsa Learning Academy                         |
| <b>NLM</b>     | Nuclear Liabilities Management                 |
| <b>NLS</b>     | Necsa Laboratory Services                      |
| <b>NNR</b>     | National Nuclear Regulator                     |
| <b>NPAT</b>    | Net Profit After Tax                           |
| <b>NQF</b>     | National Qualifications Framework              |
| <b>NSI</b>     | National System of Innovation                  |
| <b>NTP</b>     | NTP Radioisotopes SOC Ltd                      |
| <b>NuMeRI</b>  | Nuclear Medicine Research Infrastructure       |
| <b>OHSA</b>    | Occupational Health and Safety Act             |
| <b>OSCAR</b>   | Overall System for the Calculation of Reactors |
| <b>PBMR</b>    | Pebble Bed Modular Reactor                     |
| <b>PDO</b>     | Predetermined Objective                        |
| <b>PET</b>     | Positron Emission Tomography                   |
| <b>PFMA</b>    | Public Finance Management Act                  |
| <b>PMD</b>     | Property Management and Development            |
| <b>PSMA</b>    | Prostate-specific membrane antigen             |
| <b>PWR</b>     | Pressurised Water Reactor                      |
| <b>R&amp;D</b> | Research and Development                       |
| <b>R&amp;I</b> | Research and Innovation                        |

|                 |                                                        |
|-----------------|--------------------------------------------------------|
| <b>RRT</b>      | Radiation and Reactor Theory                           |
| <b>SABS</b>     | South African Bureau of Standards                      |
| <b>SAFARI-1</b> | South African Fundamental Atomic Research Installation |
| <b>SAHPRA</b>   | South African Health Products Regulatory Authority     |
| <b>SDG</b>      | Sustainable Development Goal                           |
| <b>SEA</b>      | Separation Element Assembly                            |
| <b>SHE</b>      | Safety, Health and Environment                         |
| <b>SHEQ</b>     | Safety, Health, Environment and Quality                |
| <b>SMR</b>      | Small Modular Reactor                                  |
| <b>SOC</b>      | State-Owned Company                                    |
| <b>SOE</b>      | State-Owned Entity                                     |
| <b>STEM</b>     | Science, Technology, Engineering and Mathematics       |
| <b>Tb-161</b>   | Terbium-161 A radioactive isotope of terbium           |
| <b>TIA</b>      | Technology Innovation Agency                           |
| <b>TRL</b>      | Technology Readiness Level                             |
| <b>USA</b>      | United States of America                               |
| <b>WIL</b>      | Work Integrated Learning                               |
| <b>WSRF</b>     | Waste Segregation and Repacking Facility               |





PART E:

## FINANCIAL INFORMATION





## Annual Report Fruitless and wasteful expenditure

| Description | Group |       | Company |       |
|-------------|-------|-------|---------|-------|
|             | 2024  | 2023  | 2024    | 2023  |
|             | R'000 | R'000 | R'000   | R'000 |

### Reconciliation of fruitless and wasteful expenditure

|                                                      |              |              |           |            |
|------------------------------------------------------|--------------|--------------|-----------|------------|
| Opening balance                                      | 7,661        | 6,900        | 661       | 77         |
| Add: Fruitless and wasteful expenditure confirmed    | 0            | 975          |           | 639        |
| Less: Fruitless and wasteful expenditure condoned    | -803         | -122         | -589      |            |
| Less: Fruitless and wasteful expenditure recoverable |              | -55          |           | -55        |
| Less: Fruitless and wasteful expenditure written off | -7           | -37          | -7        |            |
| <b>Closing balance</b>                               | <b>6,851</b> | <b>7,661</b> | <b>65</b> | <b>661</b> |

### Reconciling notes to the annual financial statements disclosure

|                                                                         |            |              |          |            |
|-------------------------------------------------------------------------|------------|--------------|----------|------------|
| Fruitless and wasteful expenditure that was under assessment in 2021/22 |            | 6 900        |          | 77         |
| Fruitless and wasteful expenditure that was under assessment in 2022/23 |            | 214          |          |            |
| Fruitless and wasteful expenditure for the current year                 | 214        | 761          |          | 639        |
| <b>Total</b>                                                            | <b>214</b> | <b>7 875</b> | <b>-</b> | <b>716</b> |

### Details of current and previous year fruitless and wasteful expenditure condoned

|                                             |             |             |             |          |
|---------------------------------------------|-------------|-------------|-------------|----------|
| Fruitless and wasteful expenditure condoned | -803        | -122        | -589        |          |
| <b>Total</b>                                | <b>-803</b> | <b>-122</b> | <b>-589</b> | <b>-</b> |

### Details of current and previous year fruitless and wasteful expenditure recovered

|                                              |          |            |          |            |
|----------------------------------------------|----------|------------|----------|------------|
| Fruitless and wasteful expenditure recovered |          | -55        |          | -55        |
| <b>Total</b>                                 | <b>-</b> | <b>-55</b> | <b>-</b> | <b>-55</b> |

### Details of current and previous year fruitless and wasteful expenditure written off

|                                                |           |            |           |          |
|------------------------------------------------|-----------|------------|-----------|----------|
| Fruitless and wasteful expenditure written off | -7        | -37        | -7        |          |
| <b>Total</b>                                   | <b>-7</b> | <b>-37</b> | <b>-7</b> | <b>-</b> |



# Annual Report Irregular Expenditure

| Description | Group |       | Company |       |
|-------------|-------|-------|---------|-------|
|             | 2024  | 2023  | 2024    | 2023  |
|             | R'000 | R'000 | R'000   | R'000 |

## Reconciliation of irregular expenditure

|                                                      |                |                |               |               |
|------------------------------------------------------|----------------|----------------|---------------|---------------|
| Opening balance                                      | 168,394        | 246,196        | 17,389        | 95,191        |
| Add: Irregular expenditure confirmed                 | 3,629          |                | 1,521         |               |
| Less: Irregular expenditure condoned                 |                | -58,167        |               | -58,167       |
| Less: Irregular expenditure not condoned and removed |                | -19,635        |               | -19,635       |
| Less: Irregular expenditure recoverable              |                |                |               |               |
| Less: Irregular expenditure written off              | -361           |                |               |               |
| <b>Closing balance</b>                               | <b>171,662</b> | <b>168,394</b> | <b>18,910</b> | <b>17,389</b> |

### Reconciling notes to the annual financial statements disclosure

|                                                   |              |                |              |               |
|---------------------------------------------------|--------------|----------------|--------------|---------------|
| Irregular expenditure that relates to 2021/22 (1) |              | 246,196        |              | 95,191        |
| Irregular expenditure for the current year (2)    | 3,629        |                | 1,521        |               |
| <b>Total</b>                                      | <b>3,629</b> | <b>246,196</b> | <b>1,521</b> | <b>95,191</b> |

(1) Irregular expenditure relating to the 2021/22FY

(2) The current year irregular expenditure relates to the procurement of burner fuel from Sasol. Although the contract expired, Pelchem continued to procure through an open purchase order. During 2024 a tender was issued to the market and from 31 July 2024 a new contract was signed with Sasol. The R2,107,893 relates to burner oil procured up until the commencement of the new contract.

**Necsa Company:** Irregular expenditure of R1,520,834 relates to non-adherence to procurement processes.

### Details of current and previous year irregular expenditure condoned

|                                |          |                |          |                |
|--------------------------------|----------|----------------|----------|----------------|
| Irregular expenditure condoned |          | -58,167        |          | -58,167        |
| <b>Total</b>                   | <b>-</b> | <b>-58,167</b> | <b>-</b> | <b>-58,167</b> |

Irregular expenditure that was condoned by the Board during the 2022/23FY

### Details of current and previous year irregular expenditure not condoned and removed

|                                                |          |                |          |                |
|------------------------------------------------|----------|----------------|----------|----------------|
| Irregular expenditure NOT condoned and removed |          | -19,635        |          | -19,635        |
| <b>Total</b>                                   | <b>-</b> | <b>-19,635</b> | <b>-</b> | <b>-19,635</b> |

Irregular expenditure NOT condoned and removed after assessment

### Details of current and previous year irregular expenditure written off

|                                   |          |            |          |          |
|-----------------------------------|----------|------------|----------|----------|
| Irregular expenditure written off | -        | 361        |          |          |
| <b>Total</b>                      | <b>-</b> | <b>361</b> | <b>-</b> | <b>-</b> |

Procurement of goods and services where the procurement process was not followed. It was approved for write off in the current financial year.



**South African Nuclear Energy  
Corporation SOC Limited**

The South African Nuclear Energy Corporation SOC Limited and its Group Companies

(Registration number 2000/003735/06)

Trading as Necsa

Annual Financial Statements

for the year ended 31 March 2024

Issued 31 July 2024



## General Information

**Country of incorporation and domicile**

South Africa

**Nature of business and principal activities**

The South African Nuclear Energy Corporation SOC Limited is responsible for managing certain institutional obligations defined in the Nuclear Energy Act, No. 46 of 1999

**Directors**

Mr DR Nicholls (Necsa Chairperson)  
Ms SKN Masango  
Adv A Chowan  
Mr LJ Shayi  
Ms BM Makgopa  
Mr L Mavuso  
Dr ME Makgae  
Mr S Maharaj  
Mr HD Lazarus  
Dr PP Magampa  
Amb X Mabhongo  
Mr MJ Combrink  
Mr L Tyabashe (Group Chief Executive Officer)

**Registered office**

Elias Motsoaledi Street Extension (Church Street West)  
R104 Pelindaba  
Brits Magisterial District, Madibeng Municipality  
North West Province  
0240

**Business address**

Elias Motsoaledi Street Extension (Church Street West)  
R104 Pelindaba  
Brits Magisterial District, Madibeng Municipality  
North West Province  
0240

**Postal address**

PO Box 582  
Pretoria  
0001

**Holding company**

Department of Mineral Resources and Energy

**Auditor**

Auditor-General of South Africa

**Secretary**

Ms Fakazile Nyembe

**Company registration number**

2000/003735/06

**Preparer**

The annual financial statements were compiled under the supervision of:  
Ms Precious Hawadi CA (SA)  
Group Executive: Financial Capital (GCFO)





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### **Published**

**31 July 2024**



# Report of the Audit and Risk Committee

We herewith present our report for the financial year ended 31 March 2024.

## AUDIT AND RISK COMMITTEE REPORT

The Necsa Audit and Risk Committee (ARC) is a formal statutory committee in terms of Section 51(1)(a)(ii), Section 77 of the Public Finance and Management Act read together with Treasury Regulations 27.1, the Companies Act and functions as a governance structure of the entity. The committee functions within documented terms of reference and complies with relevant legislation, regulation and governance codes. This report of ARC is presented to the stakeholders in compliance with the requirements of the Companies Act 71, of 2008 and the King Code of Governance Principles.

## COMPOSITION OF THE AUDIT COMMITTEE

The committee is comprised of five independent non-executive directors. The committee is elected by the Necsa Board subsequent to the Board appointment by the Minister. The committee remains fully capacitated since the appointment of the new Board in January 2023.

## AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The ARC has adopted a formal terms of reference that have been approved by the Board of Directors. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. The terms of reference are available on request.

## Audit and Risk Committee Members, Meeting Attendance and Qualifications

| Meeting attendance | Mr S Maharaj | Dr ME Makgae | Ms SKN Masango | Mr A Latchu | Mr HD Lazarus | AdvA Chowan |
|--------------------|--------------|--------------|----------------|-------------|---------------|-------------|
| 26 April 2023      | ✓            | ✓            | ✓              | ✗           | ✗             | N/a         |
| 25 May 2023        | ✓            | ✓            | ✓              | ✗           | ✓             | N/a         |
| 27 July 2023       | ✓            | ✓            | ✓              | N/a         | ✓             | N/a         |
| 14 August 2023     | ✓            | ✓            | ✓              | N/a         | ✗             | ✓           |
| 17 September 2023  | ✓            | ✓            | ✓              | N/a         | ✓             | ✓           |
| 26 October 2023    | ✓            | ✓            | ✓              | N/a         | ✓             | ✓           |
| 14 December 2023   | ✓            | ✓            | ✓              | N/a         | ✓             | ✓           |
| 29 January 2024    | ✓            | ✓            | ✓              | N/a         | ✓             | ✓           |

### MR S MAHARAJ

**Appointment date:** 17 January 2023

#### Qualification

Masters in Business Administration,  
Chartered Government Finance Officer,  
Municipal Executive Financial  
Management,  
Chartered Accountant CA( SA),  
Honours BCompt Degree,  
BCom Degree

### MS SKN MASANGO

**Appointment date:** 24 February 2020

#### Qualification

MSc Nuclear Science (cum laude)  
BSc (Hons) Nuclear Science  
BSc Physics & Electronics (major in  
electronics),  
Project Management Diploma, Certificate  
in Detector and  
Instrumentation Technology,  
Post Graduate Diplomain Energy  
Leadership

### DR ME MAKGAE

**Appointment date:** 17 January 2023

#### Qualification

PhD Environmental Chemistry,  
Hons in Nuclear Physics,  
MSc Chemistry in Membrane Technology,  
BSc Honours, Certificate in Management  
Advancement,  
Programme Technology Leadership  
Program,  
Certificate in Environmental Management,  
Certificate in Project Management  
(PMBOK)



# Report of the Audit and Risk Committee

## MR HD LAZARUS

**Appointment date:** 17 January 2023

### Qualification

Masters in Business Administration,  
Global Executive Development Programme,  
Management Development Programme,  
Masters in Development Finance, Bachelor  
of Engineering (Civil)

## ADV A CHOWAN

**Appointment date:** 24 July 2023

### Qualification

CA (SA), Registered Auditor,  
Bachelor of Accountancy,  
Postgraduate Diploma in Accounting,  
LLB Degree

The Committee meets at least four times per year as per its terms of reference. Attendance of meetings, dates of appointments as well as qualifications of the members are included in the governance report.

## ROLES AND RESPONSIBILITIES

### Statutory Duties

The Committee's role and responsibilities include statutory duties as per the Companies Act No. 71 of 2008, Public Finance Management Act No.1 of 1999, Treasury Regulations and further responsibilities as assigned to it by the Board of Directors.

### External Auditor Appointments and Independence

The Committee has satisfied itself that the external auditor was independent of the Group, as set out in the Companies Act, which includes consideration of conflicts of interest as prescribed by the Public Audit Act (PAA).

Requisite assurance was sought and provided by the external auditor that internal governance processes within the audit firm, support and demonstrate its claims to independence. The committee, in consultation with executive management, agreed to the engagement letter, audit plan and budgeted fee for the 2024 year.

### Financial Statements and Accounting Practices

The Committee has evaluated the Annual Financial Statements of the company and the Group for the year ended 31 March 2024 and based on the information provided to the Committee, considers that they comply in all material respects with the requirements for the preparation of the Annual Financial Statements, with the requirements of the Companies Act No. 71 of 2008 and the Public Finance Management Act No.1 of 1999, and International Financial Reporting

Standards. The Committee concurs that the adoption of the going concern premise in the preparation of the Annual Financial Statements is appropriate. The Committee has recommended the approval and adoption of the Annual Financial Statements and the Integrated Annual Report by the Board of Directors. The Audit and Risk Committee has:

- Reviewed and approved the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls;
- Reviewed and discussed with the Auditor-General and Accounting Authority the Annual Financial Statements;
- Reviewed the Auditor-General's management letter and management responses;
- Reviewed changes in accounting policies and practices; and
- Reviewed and discussed with the Accounting Authority, Performance Information submitted to the Auditor-General.

### Internal Financial Controls

While the Board is responsible for the internal control systems and for reviewing their effectiveness, responsibility for their actual implementation and maintenance rests with executive management. The systems of internal control are based on established organizational structures, together with written policies and procedures, and provide for suitably qualified employees, segregation of duties, clearly defined lines of authority and accountability.

As a result of the improved external audit opinions for the two previous years, there is noted improvement in the internal financial function and various



## Report of the Audit and Risk Committee

recommendations have been made to management towards further improving the control environment. The Committee has overseen a process by which Internal Audit has performed audits according to a risk based audit plan where the effectiveness of the risk management and internal controls were evaluated.

### Combined Assurance

Ensure the combined assurance model addresses all significant risks facing the group; and by monitoring of the relationship between external and internal assurance providers and the group.

### Going Concern

Notwithstanding the liquidity issues at Necsa and its subsidiary Pelchem SOC Ltd, the Committee has reviewed management's assessment of the going concern status of the Group and has recommended to the Board of Directors that the Group is a going concern.

Necsa has made a positive trajectory with profits recorded in the current and the previous financial year, the company has a track record of continuing in operation, wherein this resilience will continue into the foreseeable future. Section 12 of the Nuclear Energy Act supports the mandate of the company in support of going concern. Furthermore, Necsa has the ability to pay its short term obligations, which it will do through the initiatives documented including through working capital management, austerity measures implemented, increasing revenue streams and prioritisation of cash generating projects to name a few. Refer to note 45 for additional details.

### Internal Audit

The Committee is responsible for ensuring that the Group's Internal Audit is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its duties. Furthermore, the Committee oversees cooperation between the internal and external auditors and serves as a link between the Board of Directors and these functions. The Committee considered and approved the Internal Audit Charter. The Internal Audit function's annual audit plan and three year strategic plan were approved by the Committee.

The Internal Audit function reports administratively to the Chief Executive Officer and functionally to this Committee and is responsible for reviewing and providing assurance on the adequacy of the internal control environment across all of the Group's operations.

The Chief Audit Executive has direct access to the Committee, primarily through its Chairperson. From the various reports of the internal auditors, the findings were noted and recommendation made to management to implement the corrective actions.

### Governance of Risk

The committee oversees the implementation of the policy and plan for risk management taking place by means of risk management systems and processes. The committee is satisfied that appropriate and effective systems are in place for risk management.

### Auditor's Report

To confirm the independence of the external auditors, the Committee is satisfied that the audit was conducted without influence from Management. To this end, the Committee remains open to discussing any other issues that the auditors may have, without the presence of Management.

The Committee accepts the audit opinion of the Auditor-General on the Annual Financial Statements and recommends that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

The Committee expresses its appreciation to the accounting authority, the senior management team, internal audit and the Auditor-General for their continued support and dedication during the year under review.

On behalf of the Audit and Risk Committee:

**Mr S Maharaj CA(SA)**

**CHAIRMAN - AUDIT AND RISK COMMITTEE**



## Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act, 2008 (Act No 71 of 2008) and the Public Finance Management Act No.1 of 1999 (PFMA) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards as well as the PFMA and the requirements of the Companies Act of South Africa; and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, they set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group and company's cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the Group and company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 125 to 240, which have been prepared on the going concern basis, were approved by the directors on 31 July 2024 and were signed on their behalf by:

**Mr DR Nicholls**  
(NECSA CHAIRPERSON)

**Mr L Tyabashe**  
(GROUP CHIEF EXECUTIVE OFFICER)

**Pelindaba**

**31 July 2024**





## Group Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act, 2008 (Act No 71 of 2008), as amended, I certify that the group has lodged with the Companies and Intellectual Properties Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

In my opinion as Group Company Secretary, I hereby confirm, in terms of the Companies Act, 2008 (Act No 71 of 2008), for the year ended 31 March 2024, that the group has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

**Ms F Nyembe**

**COMPANY SECRETARY**

**31 July 2024**



## Director's Report

The directors have pleasure in submitting their report on the annual financial statements of The South African Nuclear Energy Corporation SOC Limited and its Group Companies for the year ended 31 March 2024.

### NATURE OF BUSINESS

Incorporated in the year 2000. The South African Nuclear Energy Corporation SOC Limited (Necsa) is mandated to undertake and promote research and development (R&D) in the field of nuclear energy and radiation sciences and technology. The company is also responsible for processing source material, special nuclear material and restricted material and to reprocess and enrich these. Apart from its main activities at Pelindaba, which include operation and utilisation of the SAFARI-1 research reactor, Necsa also manages and operates the Vaalputs National Radioactive Waste Disposal Facility in the Northern Cape on behalf of the National Radioactive Waste Disposal Institute (NRWDI).

Necsa engages in commercial business mainly through its wholly-owned commercial subsidiaries NTP Radioisotopes SOC Ltd (NTP), which is responsible for a range of radiation-based products and services for healthcare, life sciences and industry, and Pelchem SOC Ltd (Pelchem), which supplies fluorine and fluorine-based products. Both subsidiaries, together with their subsidiaries, supply local and foreign markets, earning valuable foreign exchange for South Africa.

Pharmatopes was deregistered during 2023.

### REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

Necsa derives its mandate from the Nuclear Energy Act, No. 46 of 1999 and the Minister of Mineral Resources and Energy (the Minister) to manage and operate certain of the Republic's nuclear related functions and facilities.

Necsa has been assigned the responsibility for managing certain institutional obligations of the

Republic as defined in the Act. The main functions of the Company are:

- To undertake and promote research and development in the field of nuclear energy and radiation sciences and technology and subject to the Safeguards agreement, to make these generally available;
- To process source material, special nuclear material and restricted material and to process and enrich source material and nuclear material; and
- To co-operate with any person or institution in matters falling within these functions subject to the approval of the Minister.

Ancillary powers and functions may be granted to the Group

- In connection with its main functions;
- In order to create and utilise viable business opportunities in commerce and industry; and
- In order to undertake the development and/or exploitation of nuclear technology or nuclear related technology. With regard to its nuclear related activities Necsa is governed by Nuclear Installations Licences (NILs) issued by the National Nuclear Regulator (NNR) in terms of the Nuclear Regulator Act 47 of 1999.

The subsidiary companies in turn, have a mandate from Necsa to operate in a self-sustainable manner and to remain competitive in the industries within which they operate.

The Group made a profit after tax of R108.696mil (2023: R125.452mil). The company made a profit after tax of R39.874mil (2023: R9.182mil). The Group total comprehensive income was R149.294mil (2023: R145.251mil) and the company total comprehensive income was R77.042mil (2023: R26.740mil).

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated annual financial statements.



## Director's Report

### SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

### DIVIDENDS

Refer to the Statement of Changes in Equity for dividends declared and paid to shareholders during the year.

### DIRECTORATE

Details of the Directors in office during the year and to the date of this report are as follows:

| Directors                          | Designation                               | Changes                               |
|------------------------------------|-------------------------------------------|---------------------------------------|
| Mr DR Nicholls (Necsa Chairperson) | Chairperson of the Board                  |                                       |
| Ms SKN Masango                     | Non-executive                             |                                       |
| Ms PE Monale                       | Non-executive                             | Resigned Friday, 01 September 2023    |
| Adv A Chowan                       | Non-executive                             | Appointed Monday, 24 July 2023        |
| Mr LJ Shayi                        | Non-executive                             |                                       |
| Ms BM Makgopa                      | Non-executive                             |                                       |
| Amb NN Ntshinga                    | Non-executive                             | Resigned Saturday, 14 October 2023    |
| Mr M Van Schalkwyk                 | Non-executive                             | Resigned Saturday, 14 October 2023    |
| Mr L Mavuso                        | Non-executive                             |                                       |
| Dr ME Makgae                       | Non-executive                             |                                       |
| Mr A Latchu                        | Non-executive                             | Resigned Monday, 29 May 2023          |
| Mr S Maharaj                       | Non-executive                             |                                       |
| Mr HD Lazarus                      | Non-executive                             |                                       |
| Dr PP Magampa                      | Non-executive                             | Appointed Thursday, 07 September 2023 |
| Amb X Mabhongo                     | Non-executive                             | Appointed Thursday, 09 November 2023  |
| Mr MJ Combrink                     | Non-executive                             | Appointed Thursday, 09 November 2023  |
| Mr L Tyabashe                      | (Group Chief Executive Executive Officer) |                                       |

### DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.



## Director's Report

### INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated annual financial statements in notes 6 and 7.

The interest of the group in the profits and losses of its subsidiaries, associates and joint arrangements for the year ended 31 March 2024 are as follows:

| Name of Company                              | Nature of Business                                      | Place of Incorporation | Issued Share Capital |         | Effective percentage |      | Number of Shares |         | Profit/(Loss) after taxation |          |
|----------------------------------------------|---------------------------------------------------------|------------------------|----------------------|---------|----------------------|------|------------------|---------|------------------------------|----------|
|                                              |                                                         |                        | 2024                 | 2023    | 2024                 | 2023 | 2024             | 2023    | 2024                         | 2023     |
|                                              |                                                         |                        | R                    | R       | %                    | %    |                  |         | R'000                        | R'000    |
| ARECSA Human Capital SOC Ltd (5 and 6)       | Training in nuclear & related industries                | South Africa           | 1,000                | 1,000   | 51                   | 51   | 510              | 510     | 173                          | 112      |
| Cyclofil SOC Ltd (5)                         | Dormant                                                 | South Africa           | 1                    | 1       | 100                  | 100  | 1                | 1       | -                            | -        |
| NTP Radioisotopes SOC Ltd (5)                | Marketing and distribution of radio pharmaceuticals     | South Africa           | 220                  | 220     | 100                  | 100  | 220              | 220     | 113,801                      | 113,043  |
| NTP Logistics SOC Ltd (1)                    | Logistics                                               | South Africa           | 100                  | 100     | 51                   | 51   | 51               | 51      | 10,734                       | 11,923   |
| NTP Radioisotopes Europe SA (1)              | Control lost in 2018                                    | Belgium                | 726,137              | 726,137 | 100                  | 100  | 4,734            | 4,734   | -                            | -        |
| AEC Amersham SOC Ltd (1)                     | Marketing of radio pharmaceutical products              | South Africa           | 4,000                | 4,000   | 100                  | 100  | 4,000            | 4,000   | 8,142                        | (11,802) |
| Pharmatopes SOC Ltd (3)                      | Deregistered                                            | South Africa           | 1,000                | 1,000   | 100                  | 100  | 1,000            | 1,000   |                              | (1)      |
| Gammatec NDT Supplies SOC Ltd(1)             | Non-destructive testing equipment and accessories       | South Africa           | 300                  | 300     | 55                   | 55   | 165              | 165     | 18,463                       | 8,538    |
| Pelchem SOC Ltd (5)                          | Fluorochemical products                                 | South Africa           | 770,310              | 770,310 | 100                  | 100  | 770,310          | 770,310 | (41,289)                     | (61,675) |
| Ketlaphela Pharmaceutical SOC Ltd (2)        | Dormant                                                 | South Africa           | 4,000                | 4,000   | 100                  | 100  | 4,000            | 4,000   | -                            | -        |
| Fluoro Pack SOC Ltd (2)                      | Dormant                                                 | South Africa           | 100                  | 100     | 100                  | 100  | 100              | 100     | -                            | -        |
| Fluorochem SOC Ltd (2)                       | Dormant                                                 | South Africa           | 100                  | 100     | 100                  | 100  | 100              | 100     | -                            | -        |
| Fluoropharm SOC Ltd (2)                      | Dormant                                                 | South Africa           | 4,000                | 4,000   | 100                  | 100  | 4,000            | 4,000   | -                            | -        |
| Limited Electronics South Africa SOC Ltd (2) | Manufacturing and distribution of Nitrogen Tri-Fluoride | South Africa           | 1,000                | 1,000   | 100                  | 100  | 1,000            | 1,000   | -                            | -        |

Subsidiary of



The profit/(loss) after tax relates to interest earned on ARECSA's bank account. ARECSA is almost wholly impaired.



## Director's Report

Details of the company investment in subsidiaries are set out in note 6.

There were no significant acquisitions or divestitures during the year ended 31 March 2024.

### INTEREST IN ASSOCIATES

| Name of Company                            | Nature of Business                                                                     | Place of Incorporation | Issued Share Capital |      | Effective Percentage |       | Number of Shares |      |
|--------------------------------------------|----------------------------------------------------------------------------------------|------------------------|----------------------|------|----------------------|-------|------------------|------|
|                                            |                                                                                        |                        | 2024                 | 2023 | 2024                 | 2023  | 2024             | 2023 |
|                                            |                                                                                        |                        | R                    | R    | %                    | %     |                  |      |
| Gamwave (Pty) Ltd (formerly Cyclotope) (2) | Radiation of food sources                                                              | South Africa           | 100                  | 100  | 40                   | 40    | 40               | 40   |
| Oserix (1)                                 | Supply of isotopes and accessories for the radiographic non-destructive testing market | South Africa           | 582                  | 582  | 13,75                | 13,75 | 80               | 80   |
| Element 42 (2)                             | Dormant                                                                                | South Africa           | -                    | -    | 50                   | 50    | -                | -    |

Associate of Gammatec NDT Supplies SOC Ltd. Gammatec NDT Supplies SOC Ltd holds 25% of Oserix's issued share capital.

NTP Radioisotopes SOC Ltd holds 55% of Gammatec NDT Supplies SOC Ltd therefore resulting in the group having significant influence over the associate.

Associate of NTP Radioisotopes SOC Ltd

### HOLDING SHAREHOLDER ENTITY DEPARTMENT

The Group's Shareholder entity department is the Department of Mineral Resources and Energy which holds 100% (2023:100%) of the Group's equity. The Department of Mineral Resources and Energy is incorporated in South Africa.

### SHAREHOLDER

The Company's sole shareholder is the State, represented by the Minister of Mineral Resources and Energy.

### EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

### GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 31 March 2024, the group had a profit of R108.696 mil and that the group's total assets exceed it's liabilities by R783.511 mil.

Necsa made a profit in the prior year and continued to reflect profits and a positive trajectory going forward. The company has a track record of continuing in operation, wherein this resilience will continue into the foreseeable future. Section 12 of the Nuclear Energy Act supports the mandate of the company in support of going concern. Furthermore, Necsa has the ability to pay its short-term obligations, which it will do through the initiatives documented including through working capital management, austerity measure implementation, increasing revenue streams and prioritization of cash generating projects to name a few.

Refer to note 45 for additional details around the going concern consideration of the company.





## Director's Report

### AUDITORS

Auditor-General of South Africa continued in office as auditors for the company and its subsidiaries for 2024.

### GROUP COMPANY SECRETARY

The company secretary is Ms Fakazile Nyembe.

**Postal address:** PO Box 582  
Pretoria  
0001

**Business address:** Elias Motsoaledi Street Extension (Church Street West) R104 Pelindaba  
Brits Magisterial District, Madibeng Municipality North West Province  
0240

### COMPLIANCE WITH LEGISLATION

The Directors believe the Group has complied, in all material respects, with the provisions of the Companies Act No. 71 of 2008, Public Finance Management Act No.1 of 1999 and the Nuclear Energy Act No. 46 of 1999 and other applicable legislation during the year under review.



# Report of the auditor-general to Parliament on the South African Nuclear Energy Corporation SOC Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Opinion

1. I have audited the consolidated and separate financial statements of the South African Nuclear Energy Corporation SOC Limited (Necsa) and its subsidiaries (the group) set out on pages 125 to 240, which comprise the consolidated and separate statement of financial position as at 31 March 2024, consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including material accounting policy information.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2024, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act of South Africa).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the Auditor General for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Restatement of corresponding figures

7. As disclosed in note 42 to the consolidated and separate financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the consolidated and separate financial statements of the public entity at, and for the year ended, 31 March 2024.

### Responsibilities of the board of directors, which constitutes the accounting authority for the consolidated and separate financial statements

8. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS, the requirements of the PFMA and Companies Act of South Africa; and for such internal control as the board of



# Report of the auditor-general to Parliament on the South African Nuclear Energy Corporation SOC Limited

directors, which constitutes the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the consolidated and separate financial statements, the board of directors, which constitutes the accounting authority is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

## Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

10. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
11. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page 122, forms part of our auditor's report.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected strategic pillars presented in the annual performance report. The board of directors, which constitutes the accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following strategic pillars presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected strategic pillars that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

| Strategic pillar                   | Page numbers | Purpose                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Research and Innovation            | 28           | To increasingly deliver new technologies that will enable growth in existing commercial areas while creating new technologies that leads to future commercial enterprises through which Necsa group will directly impact on people's lives.                                                                                                                                                  |
| Business Continuity and Efficiency | 28           | A strong Integrated Management System (IMS) with excellence, effectiveness and efficiency of operations as central pillars. In addition, a strong safety culture with good adherence to the SHEQ system, strong conformance to all nuclear facility licensing conditions, a well-entrenched Governance system, and good strategic support for core commercial areas by all support services. |



# Report of the auditor-general to Parliament on the South African Nuclear Energy Corporation SOC Limited

14. I evaluated the reported performance information for the selected strategic pillars against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
  - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected strategic pillars.

## REPORT ON COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The board of directors, which constitutes the accounting authority is responsible for the public entity's compliance with legislation.
19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow



# Report of the auditor-general to Parliament on the South African Nuclear Energy Corporation SOC Limited

consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

21. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Annual financial statements

22. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

## Revenue management

23. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

## OTHER INFORMATION IN THE ANNUAL REPORT

24. The board of directors, which constitutes the accounting authority, is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the group company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected strategic pillars presented in the annual performance report that have been specifically reported on in this auditor's report.
25. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected strategic pillars presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.





# Report of the auditor-general to Parliament on the South African Nuclear Energy Corporation SOC Limited

## INTERNAL CONTROL DEFICIENCIES

28. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
29. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
30. Management's internal controls and processes over the preparation and presentation of financial statements were not adequate to ensure that the financial statements were free from material misstatements and that all IFRS recognition and disclosure requirements were met.
31. The accounting authority and senior management did not exercise adequate oversight over the review and monitoring of compliance with applicable laws and regulations which resulted in repeat non-compliance findings.

AUDITOR - GENERAL

Pretoria

31 July 2024



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing.

### **Auditor-general's responsibility for the audit**

#### **Professional judgement and professional scepticism**

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected strategic pillars and on the public entity's compliance with selected requirements in key legislation.

#### **Financial statements**

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation



## Annexure to the auditor's report

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the board of directors, which constitutes the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the board of directors, which constitutes the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation                                                     | Sections or regulations                                                                                                                                                                                                                      |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public Finance Management Act 1 of 1999                         | Section 50(3); 50(3)(a); 50(3)(b); 51(1)(a)(ii);<br>Section 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii);<br>Section 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d);<br>Section 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b);<br>Section 57(d); 66(3)(a) |
| Treasury Regulations, 2005                                      | Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1;<br>Regulation 29.2.2; 29.3.1; 31.2.5; 31.2.7(a);<br>Regulation 33.1.1; 33.1.3                                                                                                               |
| Companies Act 71 of 2008                                        | Section 30(3)(b)(i); 33(1)(a); 45(2); 45(3)(a)(ii);<br>Section 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a);<br>Section 46(1)(b); 46(1)(c); 72(4)(a); 75(6); 86(1);<br>Section 86(4); 88(2)(d); 112(2)(a); 129(7)                              |
| Companies Act Regulations, 2011                                 | Regulation 30(2); 43(2)(a)                                                                                                                                                                                                                   |
| Construction Industry Development Board Act 38 of 2000          | Section 18(1)                                                                                                                                                                                                                                |
| Construction Industry Development Board Regulations, 2004       | Regulation 17; 25(7A)                                                                                                                                                                                                                        |
| Second amendment National Treasury Instruction No. 5 of 2020/21 | Paragraph 1                                                                                                                                                                                                                                  |
| Erratum National Treasury Instruction No. 5 of 2020/21          | Paragraph 2                                                                                                                                                                                                                                  |
| National Treasury Instruction No. 4 of 2015/16                  | Paragraph 3.4                                                                                                                                                                                                                                |



## Annexure to the auditor's report

|                                                               |                                                                                                                                                                                      |
|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Treasury Instruction No. 5 of 2020/21                | Paragraph 4.8; 4.9; 5.3                                                                                                                                                              |
| National Treasury SCM Instruction No.03 of 2021/22            | Paragraph 4.2                                                                                                                                                                        |
| National Treasury SCM Instruction No. 11 of 2020/21           | Paragraph 3.1; 3.4(b); 3.9                                                                                                                                                           |
| Preferential Procurement Policy Framework Act 5 of 2000       | Section 1; 2.1(a); 2.1(f)                                                                                                                                                            |
| Preferential Procurement Regulations, 2022                    | Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4                                                                                                                                     |
| Preferential Procurement Regulations, 2017                    | Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2;<br>Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5;<br>Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2;<br>Regulation 11.1; 11.2 |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section 34(1)                                                                                                                                                                        |



# Consolidated and Separate Statement of Financial Position as at 31 March 2024

|                                                            | Note(s) | Group<br>2024<br>R 000 | 2023<br>R 000    | Company<br>2024<br>R 000 | 2023<br>R 000    |
|------------------------------------------------------------|---------|------------------------|------------------|--------------------------|------------------|
| <b>Assets</b>                                              |         |                        |                  |                          |                  |
| <b>Non-Current Assets</b>                                  |         |                        |                  |                          |                  |
| Property, plant and equipment                              | 4       | 1 510 929              | 1 427 335        | 1 183 320                | 1 107 932        |
| Right-of-use assets                                        | 15      | 16 147                 | 8 250            | 15 733                   | 7 307            |
| Goodwill                                                   | 21      | 16 585                 | 16 585           | -                        | -                |
| Intangible assets                                          | 5       | 12 958                 | 14 525           | 968                      | -                |
| Investments in subsidiaries                                | 6       | -                      | -                | 220 701                  | 220 701          |
| Investment in associate                                    | 7       | 10 384                 | 7 594            | -                        | 2                |
| Financial assets at fair value                             | 9       | 414 676                | 354 084          | 414 642                  | 354 057          |
| Retirement benefit asset                                   | 16      | 29 666                 | 21 810           | 29 666                   | 21 810           |
| Deferred tax                                               | 10      | 69 447                 | 70 672           | -                        | -                |
| Decommissioning and Decontamination of Stage 1 and Stage 2 | 23      | 3 045 799              | 2 496 119        | 3 045 799                | 2 496 119        |
| Decommissioning and Decontamination of Stage 2             | 23      | 287 913                | 243 931          | 287 913                  | 243 931          |
| Vaalputs After Care                                        | 24      | 21 371                 | 22 108           | 21 371                   | 22 108           |
|                                                            |         | <b>5 435 875</b>       | <b>4 683 013</b> | <b>5 220 113</b>         | <b>4 473 967</b> |
| <b>Current Assets</b>                                      |         |                        |                  |                          |                  |
| Inventories                                                | 11      | 424 269                | 368 684          | 61 478                   | 48 739           |
| Trade and other receivables                                | 12      | 379 239                | 352 429          | 129 940                  | 116 661          |
| Derivatives                                                | 22      | -                      | 3372             | -                        | 3372             |
| Prepayments                                                |         | 29 608                 | 131 261          | 21 954                   | 66 444           |
| Current tax receivable                                     |         | 23 256                 | 20 655           | -                        | -                |
| Cash and cash equivalents                                  | 13      | 1 126 906              | 981 450          | 668 565                  | 662 219          |
|                                                            |         | <b>1 983 278</b>       | <b>1 857 851</b> | <b>881 937</b>           | <b>897 435</b>   |
| <b>Total Assets</b>                                        |         | <b>7 419 153</b>       | <b>6 540 864</b> | <b>6 102 050</b>         | <b>5 371 402</b> |
| <b>Equity and Liabilities</b>                              |         |                        |                  |                          |                  |
| <b>Equity</b>                                              |         |                        |                  |                          |                  |
| <b>Equity Attributable to Equity Holders of Parent</b>     |         |                        |                  |                          |                  |
| Share capital                                              | 14      | 2 205                  | 2 205            | 2 205                    | 2 205            |
| Reserves                                                   |         | 811 760                | 787 361          | 784 159                  | 764 899          |
| Accumulated loss                                           |         | (114 589)              | (225 674)        | (859 239)                | (917 022)        |
|                                                            |         | 699 376                | 563 892          | (72 875)                 | (149 918)        |
| Non-controlling interest                                   |         | 84 135                 | 75 526           | -                        | -                |
|                                                            |         | <b>783 511</b>         | <b>639 418</b>   | <b>(72 875)</b>          | <b>(149 918)</b> |





# Consolidated and Separate Statement of Financial Position as at 31 March 2024

|                                                  |         | Group            |                  | Company          |                  |
|--------------------------------------------------|---------|------------------|------------------|------------------|------------------|
|                                                  | Note(s) | 2024             | 2023             | 2024             | 2023             |
|                                                  |         | R 000            | R 000            | R 000            | R 000            |
| <b>Liabilities</b>                               |         |                  |                  |                  |                  |
| <b>Non-Current Liabilities</b>                   |         |                  |                  |                  |                  |
| Vaalputs After Care Liability                    | 24      | 59 836           | 56 178           | 59 836           | 56 178           |
| Lease liabilities                                | 15      | 7 523            | 3 557            | 7 378            | 3 232            |
| Retirement benefit obligation                    | 16      | 264 045          | 282 786          | 237 625          | 255 074          |
| Deferred income                                  | 17      | 767 189          | 674 526          | 767 189          | 674 526          |
| Deferred tax                                     | 10      | 1 032            | 756              | -                | -                |
| Provisions                                       | 18      | 904 814          | 818 681          | 753 870          | 671 354          |
| Investments contributions for future liabilities | 26      | 93 747           | 67 212           | 93 747           | 67 212           |
| Decommissioning and Decontamination of Stage 1   | 23      | 3 045 799        | 2 496 119        | 3 045 799        | 2 496 119        |
| Decommissioning and Decontamination of Stage 2   | 23      | 287 913          | 243 931          | 287 913          | 243 931          |
|                                                  |         | <b>5 431 898</b> | <b>4 643 746</b> | <b>5 253 357</b> | <b>4 467 626</b> |
| <b>Current Liabilities</b>                       |         |                  |                  |                  |                  |
| Trade and other payables                         | 19      | 369 289          | 301 699          | 142 336          | 171 060          |
| Loans from group companies                       | 8       | -                | -                | -                | 16 354           |
| Derivatives                                      | 22      | 1 280            | 1 997            | 523              | -                |
| Lease liabilities                                | 15      | 4 432            | 2 094            | 4 251            | 1 642            |
| Retirement benefit obligation                    | 16      | 27 480           | 27 889           | 25 635           | 26 095           |
| Deferred income                                  | 17      | 504 668          | 497 438          | 504 668          | 497 438          |
| Current tax payable                              |         | -                | 251              | -                | -                |
| Provisions                                       | 18      | 129 685          | 133 636          | 66 993           | 69 522           |
| Payment received in advance                      |         | 156 262          | 271 506          | 176 872          | 271 506          |
| Bank overdraft                                   | 13      | 10 648           | 21 190           | 290              | 77               |
|                                                  |         | <b>1 203 744</b> | <b>1 257 700</b> | <b>921 568</b>   | <b>1 053 694</b> |
| <b>Total Liabilities</b>                         |         | <b>6 635 642</b> | <b>5 901 446</b> | <b>6 174 925</b> | <b>5 521 320</b> |
| <b>Total Equity and Liabilities</b>              |         | <b>7 419 153</b> | <b>6 540 864</b> | <b>6 102 050</b> | <b>5 371 402</b> |



# Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

|                                                                      |           | Group            |                  | Company         |                 |
|----------------------------------------------------------------------|-----------|------------------|------------------|-----------------|-----------------|
|                                                                      |           | 2024             | 2023             | 2024            | 2023            |
|                                                                      | Note(s)   | R 000            | R 000            | R 000           | R 000           |
| Revenue                                                              | 27        | 2 661 765        | 2 416 523        | 925 677         | 880 332         |
| Cost of sales                                                        | 28        | (1 215 323)      | (1 076 870)      | (131 641)       | (162 988)       |
| <b>Gross profit</b>                                                  |           | <b>1 446 442</b> | <b>1 339 653</b> | <b>794 036</b>  | <b>717 344</b>  |
| Fair value adjustments                                               | 34        | 15 492           | 5 906            | 14 644          | 6 754           |
| Other operating income                                               | 29        | 143 913          | 96 335           | 431 861         | 330 797         |
| Other operating losses                                               | 30        | 14 241           | (10 998)         | (131)           | (2 275)         |
| Expected credit reversals/ (losses)                                  | 12        | 5 885            | (14 899)         | (48 703)        | (82 162)        |
| Other operating expenses                                             |           | (1 271 342)      | (1 058 534)      | (1 138 528)     | (943 622)       |
| Government Grant expense (Decommissioning & Decontamination Stage 1) | 23        | (560 731)        | (966 691)        | (560 731)       | (966 691)       |
| Acceptance of Decommission and Decontamination Stage 1               | 23        | 560 731          | 966 691          | 560 731         | 966 691         |
| Administration and fees                                              |           | (259 563)        | (240 280)        | (113 238)       | (104 659)       |
| <b>Operating profit (loss)</b>                                       | <b>31</b> | <b>95 068</b>    | <b>117 183</b>   | <b>(60 059)</b> | <b>(77 823)</b> |
| Investment income                                                    | 32        | 109 145          | 361 039          | 134 954         | 379 822         |
| Finance costs                                                        | 33        | (49 277)         | (308 596)        | (35 021)        | (292 817)       |
| Income from equity accounted investments                             |           | 3 002            | 1 126            | -               | -               |
| <b>Profit (loss) before taxation</b>                                 |           | <b>157 938</b>   | <b>170 752</b>   | <b>39 874</b>   | <b>9 182</b>    |
| Taxation                                                             | 35        | (49 242)         | (45 300)         | -               | -               |
| <b>Profit (loss) for the year</b>                                    |           | <b>108 696</b>   | <b>125 452</b>   | <b>39 874</b>   | <b>9 182</b>    |
| <b>Other comprehensive income:</b>                                   |           |                  |                  |                 |                 |
| <b>Items that will not be reclassified to profit or loss:</b>        |           |                  |                  |                 |                 |
| Remeasurements on net defined benefit liability/asset                | 16        | 17 909           | (231)            | 17 909          | (231)           |
| Gains on property revaluation                                        | 4         | 20 201           | 21 433           | 19 180          | 17 984          |
| Share of comprehensive income of equity accounted investments        |           | 2 409            | (1 208)          | -               | -               |
| <b>Total items that will not be reclassified to profit or loss</b>   |           | <b>40 519</b>    | <b>19 994</b>    | <b>37 089</b>   | <b>17 753</b>   |
| <b>Items that maybe reclassified to profit or loss:</b>              |           |                  |                  |                 |                 |
| Fair value through other comprehensive income adjustments            | 20        | 79               | (195)            | 79              | (195)           |
| <b>Other comprehensive income for the year net of taxation</b>       | <b>36</b> | <b>40 598</b>    | <b>19 799</b>    | <b>37 168</b>   | <b>17 558</b>   |
| <b>Total comprehensive income (loss) for the year</b>                |           | <b>149 294</b>   | <b>145 251</b>   | <b>77 042</b>   | <b>26 740</b>   |
| <b>Profit (loss) attributable to:</b>                                |           |                  |                  |                 |                 |
| Owners of the parent                                                 |           | 99 661           | 117 950          | 39 874          | 9 182           |
| Non-controlling interest                                             |           | 9035             | 7502             | -               | -               |
|                                                                      |           | <b>108 696</b>   | <b>125 452</b>   | <b>39 874</b>   | <b>9 182</b>    |
| <b>Profit (loss) attributable to:</b>                                |           |                  |                  |                 |                 |
| <b>Owners of the parent:</b>                                         |           |                  |                  |                 |                 |
| From continuing operations                                           |           | 94 886           | 115 877          | 39 874          | 9 182           |



## Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

|                                                    |         | Group          |                | Company       |               |
|----------------------------------------------------|---------|----------------|----------------|---------------|---------------|
|                                                    | Note(s) | 2024           | 2023           | 2024          | 2023          |
|                                                    |         | R 000          | R 000          | R 000         | R 000         |
| Total comprehensive income (loss) attributable to: |         |                |                |               |               |
| Owners of the parent                               |         | 135 484        | 135 675        | 77 042        | 26 740        |
| Non-controlling interest                           |         | 13 810         | 12 397         | -             | -             |
|                                                    |         | <b>149 294</b> | <b>148 073</b> | <b>77 042</b> | <b>26 740</b> |



## Consolidated and Separate Statement of Changes in Equity

|                                                                                                    | Share capital | Foreign currency translation reserve | Revaluation reserve | Reserve for valuation of investments | Reserve for valuation of liabilities | Total reserves | Accumulated loss | Total attributable to equity holders of the group/ company | Non-controlling interest | Total equity   |
|----------------------------------------------------------------------------------------------------|---------------|--------------------------------------|---------------------|--------------------------------------|--------------------------------------|----------------|------------------|------------------------------------------------------------|--------------------------|----------------|
|                                                                                                    | R 000         | R 000                                | R 000               | R 000                                | R 000                                | R 000          | R 000            | R 000                                                      | R 000                    | R 000          |
| <b>Group</b>                                                                                       |               |                                      |                     |                                      |                                      |                |                  |                                                            |                          |                |
| <b>Balance at 01 April 2022</b>                                                                    | <b>2 205</b>  | <b>(1 710)</b>                       | <b>757 737</b>      | <b>496</b>                           | <b>10 808</b>                        | <b>767 331</b> | <b>(341 319)</b> | <b>428 217</b>                                             | <b>68 483</b>            | <b>496 700</b> |
| Profit for the year                                                                                | -             | -                                    | -                   | -                                    | -                                    | -              | 115 876          | 115 876                                                    | 9 574                    | 125 450        |
| Other comprehensive income                                                                         | -             | -                                    | 21 433              | (195)                                | (1 208)                              | 20 030         | (231)            | 19 799                                                     | 2 823                    | 22 622         |
| <b>Total comprehensive income for the year</b>                                                     | <b>-</b>      | <b>-</b>                             | <b>21 433</b>       | <b>(195)</b>                         | <b>(1 208)</b>                       | <b>20 030</b>  | <b>115 645</b>   | <b>135 675</b>                                             | <b>12 397</b>            | <b>148 072</b> |
| Dividends                                                                                          | -             | -                                    | -                   | -                                    | -                                    | -              | -                | -                                                          | (5 355)                  | (5 355)        |
| <b>Balance at 01 April 2023</b>                                                                    | <b>2 205</b>  | <b>(1 710)</b>                       | <b>779 170</b>      | <b>301</b>                           | <b>9 600</b>                         | <b>787 361</b> | <b>(225 674)</b> | <b>563 892</b>                                             | <b>75 526</b>            | <b>639 418</b> |
| Profit for the year                                                                                | -             | -                                    | -                   | -                                    | -                                    | -              | 94 886           | 94 886                                                     | 13 809                   | 108 695        |
| Other comprehensive income                                                                         | -             | -                                    | 20 201              | 79                                   | 2 409                                | 22 689         | 17 909           | 40 598                                                     | -                        | 40 598         |
| <b>Total comprehensive income for the year</b>                                                     | <b>-</b>      | <b>-</b>                             | <b>20 201</b>       | <b>79</b>                            | <b>2 409</b>                         | <b>22 689</b>  | <b>112 795</b>   | <b>135 484</b>                                             | <b>13 809</b>            | <b>149 293</b> |
| Transfer between reserves                                                                          | -             | 1 710                                | -                   | -                                    | -                                    | 1 710          | (1 710)          | -                                                          | -                        | -              |
| Dividends                                                                                          | -             | -                                    | -                   | -                                    | -                                    | -              | -                | -                                                          | (5 200)                  | (5 200)        |
| <b>Total contributions by and distributions to owners of company recognised directly in equity</b> | <b>-</b>      | <b>1 710</b>                         | <b>-</b>            | <b>-</b>                             | <b>-</b>                             | <b>1 710</b>   | <b>(1 710)</b>   | <b>-</b>                                                   | <b>(5 200)</b>           | <b>(5 200)</b> |
| <b>Balance at 31 March 2024</b>                                                                    | <b>2 205</b>  | <b>-</b>                             | <b>799 371</b>      | <b>380</b>                           | <b>12 009</b>                        | <b>811 760</b> | <b>(114 589)</b> | <b>699 376</b>                                             | <b>84 135</b>            | <b>783 511</b> |
| Note(s)                                                                                            | 14            | 36                                   | 20836               | 25                                   | 25                                   |                | 36               |                                                            |                          |                |



## Consolidated and Separate Statement of Changes in Equity

|                                                | Share capital | Foreign currency translation reserve | Revaluation reserve | Reserve for valuation of investments | Reserve for valuation of liabilities | Total reserves | Accumulated loss | Total attributable to equity holders of the group / company | Non-controlling interest | Total equity |
|------------------------------------------------|---------------|--------------------------------------|---------------------|--------------------------------------|--------------------------------------|----------------|------------------|-------------------------------------------------------------|--------------------------|--------------|
|                                                | R 000         | R 000                                | R 000               | R 000                                | R 000                                | R 000          | R 000            | R 000                                                       | R 000                    | R 000        |
| <b>Company</b>                                 |               |                                      |                     |                                      |                                      |                |                  |                                                             |                          |              |
| <b>Balance at 01 April 2022</b>                | 2 205         | -                                    | 746 614             | 496                                  | -                                    | 747 110        | (925 973)        | (176 658)                                                   | -                        | (176 658)    |
| Profit for the year                            | -             | -                                    | -                   | -                                    | -                                    | -              | 9 182            | 9 182                                                       | -                        | 9 182        |
| Other comprehensive income                     | -             | -                                    | 17 984              | (195)                                | -                                    | 17 789         | (231)            | 17 558                                                      | -                        | 17 558       |
| <b>Total comprehensive income for the year</b> | -             | -                                    | 17 984              | (195)                                | -                                    | 17 789         | 8 951            | 26 740                                                      | -                        | 26 740       |
| <b>Balance at 01 April 2023</b>                | 2 205         | -                                    | 764 598             | 301                                  | -                                    | 764 899        | (917 022)        | (149 918)                                                   | -                        | (149 918)    |
| Profit for the year                            | -             | -                                    | -                   | -                                    | -                                    | -              | 39 874           | 39 874                                                      | -                        | 39 874       |
| Other comprehensive income/ (loss)             | -             | -                                    | 19 181              | 79                                   | -                                    | 19 260         | 17 909           | 37 169                                                      | -                        | 37 169       |
| <b>Total comprehensive income for the year</b> | -             | -                                    | 19 181              | 79                                   | -                                    | 19 260         | 57 783           | 77 043                                                      | -                        | 77 043       |
| <b>Balance at 31 March 2024</b>                | 2 205         | -                                    | 783 779             | 380                                  | -                                    | 784 159        | (859 239)        | (72 875)                                                    | -                        | (72 875)     |
| Note(s)                                        | 14            | 36                                   | 20&36               | 25                                   |                                      |                | 36               |                                                             |                          |              |

The accounting policies on pages 132 to 159 and the notes on pages 160 to 240 form an integral part of the annual financial statements.





# Consolidated and Separate Statement of Cash Flows

|                                                               |           | Group            |                  | Company          |                  |
|---------------------------------------------------------------|-----------|------------------|------------------|------------------|------------------|
|                                                               | Note(s)   | 2024             | 2023             | 2024             | 2023             |
|                                                               |           | R 000            | R 000            | R 000            | R 000            |
| <b>Cash flows from operating activities</b>                   |           |                  |                  |                  |                  |
| Cash receipts from customers                                  |           | 2 753 911        | 2 663 441        | 1 295 578        | 1 295 344        |
| Cash paid to suppliers and employees                          |           | (2 451 928)      | (2 399 904)      | (1 209 591)      | (1 189 764)      |
| Cash generated from operations and others                     | 37        | 301 983          | 263 537          | 85 987           | 105 580          |
| Interest income                                               | 33        | 74 386           | 65 470           | 37 290           | 44 028           |
| Finance costs                                                 | 33        | (14 539)         | (9 623)          | (335)            | (1 699)          |
| Dividends                                                     |           | 1 828            | 1 589            | 51 100           | 13 368           |
| <b>Net cash generated from/(used in) operating activities</b> |           | <b>363 658</b>   | <b>320 973</b>   | <b>174 042</b>   | <b>161 277</b>   |
| <b>Cash flows from investing activities</b>                   |           |                  |                  |                  |                  |
| Purchase of property, plant and equipment                     | 4         | (150 538)        | (93 879)         | (113 856)        | (66 291)         |
| Sale of property, plant and equipment                         | 4         | -                | 179              | -                | -                |
| Intangible assets additions                                   | 5         | (1 458)          | (407)            | (529)            | -                |
| Net cash from financial assets                                | 9         | (45 021)         | (48 571)         | (45 862)         | (47 731)         |
| <b>Net cash used in investing activities</b>                  |           | <b>(197 017)</b> | <b>(142 678)</b> | <b>(160 247)</b> | <b>(114 022)</b> |
| <b>Cash flows from financing activities</b>                   |           |                  |                  |                  |                  |
| Repayment of lease liabilities (Capital)                      | 15        | (3 636)          | (1 922)          | (3 186)          | (1 330)          |
| Repayment of lease liabilities (Interest)                     |           | (1 807)          | (6 134)          | (1 755)          | (583)            |
| Proceeds from investment contributions for future liabilities | 17        | -                | 4 905            | -                | 4 905            |
| Movement in borrowings and loans due to group companies       |           | -                | -                | (2 721)          | 2 022            |
| Dividends paid                                                |           | (5 200)          | (5 354)          | -                | -                |
|                                                               |           | -                | -                | -                | -                |
| <b>Net cash generated from financing activities</b>           |           | <b>(10 643)</b>  | <b>(8 505)</b>   | <b>(7 662)</b>   | <b>5 014</b>     |
| <b>Total cash movement for the year</b>                       |           | <b>155 998</b>   | <b>169 790</b>   | <b>6 133</b>     | <b>52 269</b>    |
| Cash at the beginning of the year                             | 13        | 960 260          | 790 470          | 662 142          | 609 873          |
| <b>Total cash at end of the year</b>                          | <b>13</b> | <b>1 116 258</b> | <b>960 260</b>   | <b>668 275</b>   | <b>662 142</b>   |



# Accounting Policies

## 1. Significant accounting policies

The material principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

### 1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS"), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act, 2008 (Act No 71 of 2008) of South Africa, as amended.

These consolidated and separate annual financial statements comply with the requirements of and the SAICA Financial Reporting Guides as issued by the accounting practices committee and the financial reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated and separate Annual Financial Statements have been prepared on the historic cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. They are presented in Rands, which is the group and company's functional currency.

Unless otherwise stated all financial figures are rounded off to the nearest one thousand Rands (R'000). These accounting policies are consistent with the previous period.

Accordingly, the Group has prepared Annual Financial Statements, which comply with IFRS applicable for periods ending on or after 31 March 2024, together with the comparative period data as at and for the year ended 31 March 2023, as described in the accounting policies.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS2, leasing transactions that are within the scope of IFRS16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS2 or value in use in IAS36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are observable inputs for the asset or liability.

The principal accounting policies are set out below.

### 1.2 Consolidation

#### Basis of consolidation

The consolidated annual financial statements incorporate the consolidated and separate annual financial statements of Necsa and its subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.



# Accounting Policies

## 1.2 Consolidation (continued)

Control is achieved when Necsa or its Subsidiaries:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When Necsa or its Subsidiaries has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Necsa considers all relevant facts and circumstances in assessing whether or not Necsa or its Subsidiaries' voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when Necsa or its Subsidiaries obtains control over the subsidiary and ceases when Necsa or its Subsidiaries loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date Necsa or its Subsidiaries gains control until the date when Necsa or its Subsidiaries ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners

of Necsa and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Necsa and to the non-controlling interests.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 1.3 Investment in associate

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. The results of assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are classified as liabilities when recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.



## Accounting Policies

### 1.3 Investment in associate (continued)

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

### 1.4 Investment property

Investment properties are properties held to earn rentals.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss

arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### 1.5 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Assets under construction include expenditure capitalised for work in progress in respect of activities to develop, expand or enhance items of property plant and equipment.

Plant and equipment is stated at cost less accumulated depreciation and any impairment losses.

Land and buildings is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued.



# Accounting Policies

## 1.5 Property, plant and equipment (continued)

Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item every three to five years.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item      | Average useful life |
|-----------|---------------------|
| Buildings | 10-50 years         |
| Land      | indefinite          |
| Plant     | 2-80 years          |

|                                         |                                        |
|-----------------------------------------|----------------------------------------|
| Furniture and fixtures                  | 2-26 years                             |
| Motor vehicles and transport containers | 2-30 years                             |
| Office equipment                        | 2-22 years                             |
| IT equipment                            | 2-22 years                             |
| Research facilities                     | 2-50 years                             |
| Lease hold improvements                 | 2-15 years                             |
| Machinery and equipment                 | 2-30 years                             |
| Component spares                        | 2-10 years                             |
| Small capital items (less than R7000)   | Not applicable-Depreciated immediately |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use.

The gain or loss arising from the derecognition of an item of property, plant and equipment, is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

## 1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.





## Accounting Policies

### 1.6 Intangible assets (continued)

Intangible assets are initially recognised at cost.

Internally generated intangible assets- research and development expenditure.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when all of the following have been demonstrated:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- the intention to complete the intangible asset and use or sell it.
- the ability to use or sell the intangible asset.
- it will generate probable future economic benefits.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting period.

Re-assessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar insubstance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straightline basis, to the irrisidual values as follows:

| Item                                 | Useful lives |
|--------------------------------------|--------------|
| Patents, trademarks and other rights | 20 years     |
| Computer software                    | 3 years      |

### 1.7 Investments in subsidiaries

Company financial statements

In the Company's separate Annual Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

### 1.8 Goodwill

Goodwill relates to the acquisition of a AEC Amersham business division from Pharmatopes.



## Accounting Policies

### 1.8 Goodwill (continued)

- Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination the company elects whether the acquirer measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.
- When the company acquires a business it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.
- Goodwill is initially measured at cost, being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition goodwill is measured at cost less any accumulated impairment losses.
- Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### 1.9 Investments in associates

Company

An investment in an associate is carried at cost less any accumulated impairment.

### 1.10 Financial instruments

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows: Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cashflows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).



# Accounting Policies

## 1.10 Financial instruments (continued)

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 43 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

### Loans receivable at amortised cost

#### Classification

Loans to group companies are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

#### Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 32).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.



# Accounting Policies

## 1.10 Financial instruments (continued)

### Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

### Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

### Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counter party, or if internal or external information indicates that the counter party is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### Write off policy

The group writes off a loan when there is information indicating that the counter party is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counter party has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.



## Accounting Policies

### 1.10 Financial instruments (continued)

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counter party etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 31).

#### Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 43).

#### Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss.

### Debt instruments at fair value through other comprehensive income

#### Classification

The group holds certain investments in bonds and debentures which are classified as subsequently measured at fair value through other comprehensive income (note 36).

They have been classified in this manner because the contractual terms of these debt instruments give rise, on specified dates to cashflows that are solely payments of principal and interest on the principal outstanding, and the objectives of the group’s business model is achieved by both collecting the contractual cash flows on these instruments and by selling them.

#### Recognition and measurement

These debt instruments are recognised when the group becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at fair value.

Even though they are measured at fair value, the group determines the amortised cost of each instrument as if they were measured at amortised cost. The difference, at reporting date, between the amortised cost and the fair value of the debt instruments, is recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 32).





# Accounting Policies

## 1.10 Financial instruments (continued)

The application of the effective interest method to calculate interest income on debt instruments at fair value through other comprehensive income is dependent on the credit risk of the instrument as follows:

- The effective interest rate is applied to the gross carrying amount of the instrument, provided the instrument is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a debt instrument was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the instrument in the determination of interest. If, in subsequent periods, the instrument is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

### Debt instruments denominated in foreign currencies

When a debt instrument measured at fair value through other comprehensive income is denominated in a foreign currency, the amortised cost and the fair value (carrying amount) of the investment is determined in the foreign currency. The amortised cost and fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any foreign exchange gains or losses arising on the amortised cost of the instrument are recognised in profit or loss in the other operating gains (losses). The remaining foreign exchange gains or losses relate to the valuation adjustment and are included in other comprehensive income and are accumulated in equity in the reserve for valuation of investments.

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management note (note 43).

### Impairment

The group recognises a loss allowance for expected credit losses on all debt instruments measured at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instruments.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a debt instrument has not increased significantly since initial recognition, then the loss allowance for that instrument is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a debt instrument being credit impaired at the reporting date or of an actual default occurring.

### Credit risk

Details of credit risk related to debt instruments at fair value through other comprehensive income are included in the specific notes and the financial instruments and risk management (note 43).

### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.



# Accounting Policies

## 1.10 Financial instruments (continued)

On derecognition of a debt instrument at fair value through other comprehensive income, the cumulative gain or loss on that instrument which was previously accumulated in equity in the reserve for valuation of investments is reclassified to profit or loss.

### Trade and other receivables

#### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 12).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

#### Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 32).

The application of the effective interest method to calculate interest income on trade receivables

is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

#### Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

#### Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.



# Accounting Policies

## 1.10 Financial instruments (continued)

### Credit risk

Details of credit risk are included in the trade and other receivables note (note 12) and the financial instruments and risk management note (note 43).

### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

### Investments in equity instruments

#### Classification

Investments in equity instruments are presented in note 9. They are classified as at fair value through profit or loss. As an exception to this classification, the group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

#### Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value

recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments) depending on their classification. Details of the valuation policies and processes are presented in note 44.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses).

Dividends received on equity investments are recognised in profit or loss when the group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 32).

### Investments denominated in foreign currencies

When an investment in an equity instrument is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss as part of the fair value adjustment for investments which are classified as at fair value through profit or loss. Foreign exchange gains or losses arising on investments at fair value through other comprehensive income are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

### Impairment

Investments in equity instruments are not subject to impairment provisions.

### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.



## Accounting Policies

### 1.10 Financial instruments (continued)

The gains or losses which are accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

#### Investments in debt instruments at fair value through profit or loss

##### Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding or the objectives of the group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

The group hold investments in debentures and corporate bonds (note 9) which are subsequently carried at fair value through profit or loss.

The group has designated certain investments in debt instruments at fair value through profit or loss. The reason for the designation is to reduce or eliminate an accounting mismatch which would occur if the instruments were not classified as such. Refer to note 9 for details.

##### Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses are included in other operating gains (losses). Details of the valuation policies and processes are presented in note 44.

Interest received on debt instruments at fair value through profit or loss are included in investment income (note 32).

##### Investments denominated in foreign currencies

When an investment in a debt instrument at fair value through profit or loss is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

##### Impairment

Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

##### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

#### Non-hedging derivatives

##### Classification

Non-hedging derivatives are classified as mandatorily at fair value through profit or loss.

The group enters into a variety of derivative financial instruments in order to manage its exposure to foreign exchange risk and cash flow interest rate risk. Derivatives held by the group which are not in designated hedging relationships, include forward exchange contracts and interest rate swaps. (Note 22)



# Accounting Policies

## 1.10 Financial instruments (continued)

### Recognition and measurement

Derivatives are recognised when the group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses are included in other operating gains (losses). Details of the valuation policies and processes are presented in note 44.

### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

### Borrowings and loans from related parties

#### Classification

Loans from group companies, loans from shareholders and borrowings are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability 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 fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised

cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 33.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 43 for details of risk exposure and management thereof.

### Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 43).

### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

### Trade and other payables

#### Classification

Trade payables are classified as current liabilities if payments fall within one year or less. If not, they are presented as non-current liabilities

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Trade and other payables are classified as current liabilities if payments fall within one year or less, if not, they are presented as non-current liabilities.





# Accounting Policies

## 1.10 Financial instruments (continued)

### Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability 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 fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 33).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 43 for details of risk exposure and management thereof.

### Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 43).

### Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

### Financial liabilities at fair value through profit or loss

#### Classification

Financial liabilities which are held for trading are classified as financial liabilities at fair value through profit or loss.

When a financial liability is contingent consideration in a business combination, the group classifies it as a financial liability at fair value through profit or loss.

The group, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss.

### Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses).



# Accounting Policies

## 1.10 Financial instruments (continued)

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the group's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 33).

### Financial liabilities denominated in foreign currencies

When a financial liability at fair value through profit or loss is denominated in a foreign currency, the fair value of the instrument is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss. To the extent that the foreign exchange gain or loss relates to the portion of the fair value adjustment recognised in other comprehensive income, that portion of foreign exchange gain or loss is included in the fair value adjustment recognised in other comprehensive income.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The changes in fair value attributable to changes in own credit risk which accumulated in equity for financial liabilities which were designated at fair value through profit or loss are not reclassified to profit or loss. Instead, they are transferred directly to retained earnings on derecognition.

### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the group are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

### Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

### Cash and cash equivalents

Cash and cash equivalent is subsequently measured at amortised cost which is deemed to be fair value.

Cash and cash equivalents comprise cash on hand and demand deposit, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recognised at cost subsequently measured at amortised cost.



# Accounting Policies

## 1.10 Financial instruments (continued)

### Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### Derecognition

#### Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### Reclassification

#### Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following a change in the business model which necessitates a reclassification.

#### Financial liabilities

Financial liabilities are not reclassified.

## 1.11 Hedge accounting

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:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- 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.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.



## Accounting Policies

### 1.11 Hedge accounting (continued)

The group excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

### 1.12 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition

of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.



## Accounting Policies

### 1.13 Leases

#### Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 15 Leases (company as lessee).

#### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 15).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest expense (note 33).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);





## Accounting Policies

### 1.13 Leases (continued)

- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates,

the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

#### Company as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease classification is made at inception and is only reassessed if there is a lease modification.

When the company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the company applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

#### Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the company net investment in the lease.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.



## Accounting Policies

### 1.13 Leases (continued)

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be receivable by the company from the lessee, a party related to the lessee or a third party unrelated to the company under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The company recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (note 32).

The company applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

#### Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

#### Operating leases – lessee

Short-term and low value lease payments are recognised as an expense on a straight-line basis over the lease term except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The difference between the amounts recognised as an expense and the contractual payments is recognised as a short-term and low value lease asset.

This liability is not discounted.

In the event that lease incentives are received to enter into short-term and low value leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Any contingent rents are expensed in the period they are incurred.

### 1.14 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.



## Accounting Policies

### 1.14 Inventories (continued)

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.15 Impairment of tangible and intangible non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Irrespective of whether there is any indication of impairment, the group also:

- tests goodwill acquired in a business combination for impairment annually.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The carrying amount of an asset included in a cash-generating unit may not be reduced below the highest of (1) Its fair value less cost to sell; (2) Its value in use or (3) zero.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.



## Accounting Policies

### 1.15 Impairment of tangible and intangible non-financial assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.16 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and measured at cost.

### 1.17 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

The companies operate a provident fund on behalf of its employees. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Defined benefit plans

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.



## Accounting Policies

### 1.17 Employee benefits (continued)

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the group is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

### 1.18 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties

surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating.

#### Onerous contracts

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Rental income relating to Pelchem has resulted in an onerous contract.

#### Contingent assets and liabilities

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.





## Accounting Policies

### 1.19 Government grants and deferred grant income

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attached to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

### 1.20 Revenue

NECSA derives revenue from the following major sources:

- Sale of goods to customer
- Services rendered to customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

#### Sale of Goods to customers

The Group sells goods directly to customers. Revenue is recognised at a point in time for sales of goods. For sales of goods to customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods. A receivable is recognised for account holding customers. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods the transaction price received by the company is recognised as a contract liability until the goods have been delivered to the customer.

#### Services Rendered

The Group renders services for its customers. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.



## Accounting Policies

### 1.20 Revenue (continued)

#### Contract Revenue

##### Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments;
- to the extent that it is probable that they will result in revenue; and
- they are capable of being reliably measured.

### 1.21 Translation of foreign currencies

#### Functional and presentation currency

Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Rand which is the group functional and presentation currency.

#### Foreign currency transactions

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Necsa is exposed to foreign currency translation risks relating to Euro, Malaysian Ringgit and Dirham currencies.

Necsa, NTP and Pelchem enter into FEC's for all procurement transactions over R300 000 and they enter into FEC contracts for exposure to income receivable.



## Accounting Policies

### 1.21 Translation of foreign currencies (continued)

#### **Investments in subsidiaries, joint ventures and associates**

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Rands using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at

the rate of exchange prevailing at the end of each reporting period.

Exchange differences arising are recognised in equity.

### 1.22 Payment received in advance

Payment received in advance refers to revenue received in advance but which has not yet been earned. The Group will recognise the revenue as and when performance obligations have been met.

### 1.23 Related Parties

The Group operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the national sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of Chief Executive Officer up to the Board of Directors are regarded as key management.

Close family members of key management personnel are considered to be those family members who may be expected to influence or be influenced by key management individuals or other parties related to the entity.

### 1.24 Fruitless, wasteful and irregular expenditure

Fruitless and wasteful expenditure in terms of the Public Finance Management Act means expenditure which was made in vain and would have been avoided had reasonable care been exercised are recorded in the notes to the financial statements.

Irregular expenditure is recorded in the notes to the financial statements. The amount recorded in the notes are equal to the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof.



## Accounting Policies

### 1.25 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.26 Prepayments

Prepayments relates to the purchases of inventories and goods and expected to realize within 12 months of the reporting date. The Group therefore classifies prepayments as current assets. The Group applies IAS 1 in determining whether to classify prepayments as current or non-current.



# Notes to the Annual Financial Statements

## 2. Significant judgements and sources of estimation uncertainty

### Significant judgement and estimates in assessing the impairment of Financial assets

Financial assets, other than those at Fair Value through Profit or Loss, are assessed for indicators of impairment at the end of each reporting period. The Group uses significant judgement in determining whether financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For Annual Financial Statements equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. This determination requires significant judgement by Group.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

### Classification of Buildings Rented out

The buildings are all located on the Necsa premises and due to the security requirements related to the nuclear activities of Necsa, these buildings cannot be sold separately and has to be kept by Necsa as part of fulfilling its nuclear responsibilities. The purpose with which the buildings are held is therefore solely connected to Necsa's main nuclear business and the buildings are not held for the purpose of capital appreciation, nor is it held to earn rentals. When

buildings are vacant and when there is a tenant to which a vacant building can be leased, vacant buildings are leased out. The leasing activity is incidental to the purpose for which the buildings are held and the buildings are not held for the purpose of leasing them out.

### Allowance for slow moving, damaged and obsolete inventory

An allowance is made to write inventory down to the lower of cost or net realisable value.

Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note 30 and 31.

### Fair value estimation

Some of the Group assets and liabilities are measured at fair value for financial reporting purposes. The Chief Financial Officer's determines appropriate valuation techniques based on the accounting standards.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period. In estimating the fair value of an asset or liability, the Group uses market observable data to the extent that it is available. Where level 1 inputs are not available, the Group engages valuers to establish the appropriate valuation techniques and inputs into the model.





# Notes to the Annual Financial Statements

## 2. Significant judgements and sources of estimation uncertainty (continued)

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The assumption is based on the management expectation that outstanding balances will be collected or paid within twelve months, therefore the time value of money will not have an impact as it is considered to be immaterial.

Information about valuation techniques, inputs used in determining fair values of various assets and liabilities are disclosed in notes.

### **Impairment testing of Goodwill and tangible assets**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that an assumption may change which may then impact estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

### **Provisions**

Provisions are estimated by management based on the available information. Additional disclosure of these estimates are included in note 18 Provisions.

### **Taxation**

Necsa is not a tax paying entity however subsidiaries are income tax paying entities

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

### **Useful lives and residual values of property, plant and equipment**

The useful lives of assets are based on management's estimation. Management considers the following factors to determine the optimum useful life expectation for each of the individual items of property, plant and equipment.



# Notes to the Annual Financial Statements

## 2. Significant judgements and sources of estimation uncertainty (continued)

- Expected usage of the asset. Usage is assessed by reference to the assets expected capacity or physical output.
- Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance programme, and the care and maintenance of the asset while idle.
- Technical or commercial obsolescence arising from changes or improvement in production or from a change in the market demand for the product or service output of the asset.
- Exit policy of the Company.

The estimation of residual value of assets is also based on management's judgement that the assets will be sold and what its condition will be at the end of its useful life. For assets that incorporate both a tangible and intangible portion, management uses judgement to assess which element is more significant to determine whether it should be treated as property, plant and equipment or intangible assets.

### Post retirement benefit obligation

Judgement is required when recognizing and measuring the retirement benefit obligation of the Group and the Company. The obligation is valued by an independent actuary at each reporting date. The actuarial valuation method is used to value the obligation and the projected unit credit method is used. Future benefit values are projected using specific actuarial assumptions and the liability to in-service members is accrued over the expected working lifetime. The most significant of which are subsidy inflation, longevity, cash flow risk, changes in bond yields and CPI as well as further changes in legislation.

## Lease classification

### Lessors

The company is party to leasing arrangements, as a lessor. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Significant judgement was applied by management in concluding the correct lease classification. Management therefore determines whether or not the lease should be classified as an operating or finance lease.

### Lessees

IFRS 16 estimation and uncertainty:

- calculating discount rate
- estimating lease term
- estimating variable lease payments dependent on index or rate

Other IFRS 16 judgements:

- judgement in identifying whether a contract includes a lease
- establishing whether or not it is reasonably certain that an extension option will be exercised
- considering whether or not it is reasonably certain that a termination option will not be exercised
- determining whether or not variable lease payments are truly variable or insubstance fixed

Critical judgements in determining the lease term.



# Notes to the Annual Financial Statements

## 2. Significant judgements and sources of estimation uncertainty (continued)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option; or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of R94million.

### **Impairment of financial assets**

The Group assesses impairment of financial assets by calculating the expected credit loss allowance on trade and other receivables.

Forward-looking information included by adjusting the credit risk of receivables for macro-economic conditions that impact credit risk. As the Group operates in a niche market with a reliable customer

base, the impact was not significant to warrant any significant adjustments to financial assets.

### **Inventory obsolescence**

The Group's inventory is continuously considered for obsolescence due to the nature of the group's business. The amount of any write-down of inventories to net realisable value and losses of inventories are recognised as an expense in the period the write-down or loss occurs.

### **Cash flows and liquidity**

The Group assessed the impact of the lockdown on the cash resources on hand and available from committed facilities together with the possibility of default by customers. The Group is prioritising its spending with a focus on reducing non-essential costs and making operations more efficient. The Group is further committed to minimising the impact on salaries and job losses.

The Group's liquidity and access to facilities is continuously monitored to ensure that sufficient funds are available to meet the Group's commitments. The Group has overdraft facilities with local banks and other funding institutions. In addition, the company can rely on financial support from its shareholder should the need arise.



# Notes to the Annual Financial Statements

## 3. New Standards and Interpretations

### 3.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation:                                                                                                                                                                                                                                                   | Effective date:<br>Years beginning<br>on or after | Expected impact:                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IAS8 Accounting Policies, Changes in Accounting Estimates and Errors                                                                                                                                                                                                        | 01 January 2023                                   | Disclosure impact<br><br>The amendments provided clearer guidance on distinguishing between accounting policies and accounting estimates and require additional disclosure. Entities must provide information on the nature and amount of the change as well as the reason |
| IFRS17 Insurance Contracts: IFRS Taxonomy 2020 extension of the temporary exemption from applying IFRS 9 and Property, Plant and Equipment–Proceeds before intended use Amendment to IFRS 17 in respect of initial application of IFRS17 and IFRS9– Comparative information | 01 January 2023                                   | No impact                                                                                                                                                                                                                                                                  |
| IFRS Accounting Taxonomy 2021–Update3 Initial Application of -IFRS17andIFRS9–Comparative Information                                                                                                                                                                        | 01 January 2023                                   | No impact                                                                                                                                                                                                                                                                  |
| IFRS 4 Insurance Contracts: Extension of the Temporary Exemption from applying IFRS 9                                                                                                                                                                                       | 01 January 2023                                   | No impact                                                                                                                                                                                                                                                                  |
| IFRS8 Operating Segments: Disclosure of Accounting Policies                                                                                                                                                                                                                 | 01 January 2023                                   | No impact                                                                                                                                                                                                                                                                  |
| IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a single transaction                                                                                                                                                                       | 01 January 2023                                   | No impact<br><br>The amendments require a mandatory exemption from recognising deferred tax relating to OECD Pillar 2 income taxes.<br><br>The Group does not trade in different tax jurisdiction                                                                          |



# Notes to the Annual Financial Statements

## 3.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2024 or later periods:

| Standard/ Interpretation:                                                               | Effective date:<br>Years beginning<br>on or after | Expected impact:                                                                                 |
|-----------------------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------------------------------------|
| IAS 1 Practice statement 2 Making Material Judgments: Disclosure of Accounting Policies | 01 January 2024                                   | Possible changes to the wording of accounting policies and notes to align to the new definition. |
| Lease Liability in a Sale and Leaseback Amendments to IFRS 16                           | 01 January 2024                                   | No material impact expected.                                                                     |
| IFRS7 Financial Instruments: Disclosure of Accounting Policies                          | 01 January 2024                                   | Possible changes to the wording of accounting policies and notes to align to the new definition. |
| Classification of Liabilities as Current or Non current – Amendment to IAS 1            | 01 January 2024                                   | No material impact expected.                                                                     |
| IAS 21 The effect of changes in foreign exchange rates-Lack of Exchangeability          | 01 January 2024                                   | Possible changes to the wording of accounting policies and notes to align to the new definition  |
| IFRS 18 Presentation and Disclosures in Financial Statements                            | 01 January 2024                                   | The company is busy assessing the impact                                                         |





# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 4. Property, plant and equipment

| Group                                   | 2024                |                          |                  | 2023                |                          |                  |
|-----------------------------------------|---------------------|--------------------------|------------------|---------------------|--------------------------|------------------|
|                                         | Cost or revaluation | Accumulated depreciation | Carrying value   | Cost or revaluation | Accumulated depreciation | Carrying value   |
| <b>Used within the group</b>            |                     |                          |                  |                     |                          |                  |
| Research facilities                     | 36 633              | (10 948)                 | 25 685           | 36 633              | (10 410)                 | 26 223           |
| Component spares                        | 21 112              | (20 931)                 | 181              | 24 681              | (24 455)                 | 226              |
| Furniture and fixtures                  | 12 932              | (9 893)                  | 3 039            | 12 785              | (9 327)                  | 3 458            |
| IT equipment                            | 112 101             | (80 099)                 | 32 002           | 93 328              | (72 842)                 | 20 486           |
| Land and buildings                      | 927 701             | (49 300)                 | 878 401          | 941 624             | (47 459)                 | 894 165          |
| Leasehold improvements                  | 17 711              | (8 335)                  | 9 376            | 17 711              | (5 125)                  | 12 586           |
| Machinery and equipment                 | 493 205             | (380 835)                | 112 370          | 453 985             | (360 343)                | 93 642           |
| Motor vehicles and transport containers | 68 050              | (58 122)                 | 9 928            | 67 422              | (56 321)                 | 11 101           |
| Office equipment                        | 18 139              | (16 318)                 | 1 821            | 17 913              | (15 817)                 | 2 096            |
| Plant                                   | 782 290             | (344 164)                | 438 126          | 700 471             | (337 119)                | 363 352          |
| <b>Total</b>                            | <b>2 489 874</b>    | <b>(978 945)</b>         | <b>1 510 929</b> | <b>2 366 553</b>    | <b>(939 218)</b>         | <b>1 427 335</b> |

| Company                                 | 2024                |                          |                  | 2023                |                          |                  |
|-----------------------------------------|---------------------|--------------------------|------------------|---------------------|--------------------------|------------------|
|                                         | Cost or revaluation | Accumulated depreciation | Carrying value   | Cost or revaluation | Accumulated depreciation | Carrying value   |
| <b>Used with in the company</b>         |                     |                          |                  |                     |                          |                  |
| Furniture and fixtures                  | 5 957               | (4 763)                  | 1 194            | 5 888               | (4 533)                  | 1 355            |
| IT equipment                            | 72 907              | (51 609)                 | 21 298           | 61 159              | (47 871)                 | 13 288           |
| Land and buildings                      | 874 665             | (49 300)                 | 825 365          | 890 824             | (47 459)                 | 843 365          |
| Machinery and equipment                 | 340 984             | (269 371)                | 71 613           | 315 859             | (259 435)                | 56 424           |
| Motor vehicles and transport containers | 29 847              | (26 165)                 | 3 682            | 29 401              | (24 791)                 | 4 610            |
| Office equipment                        | 16 206              | (14 730)                 | 1 476            | 16 209              | (14 319)                 | 1 890            |
| Plant                                   | 358 805             | (125 798)                | 233 007          | 285 346             | (124 569)                | 160 777          |
| Research facilities                     | 36 633              | (10 948)                 | 25 685           | 36 633              | (10 410)                 | 26 223           |
| <b>Total</b>                            | <b>1 736 004</b>    | <b>(552 684)</b>         | <b>1 183 320</b> | <b>1 641 319</b>    | <b>(533 387)</b>         | <b>1 107 932</b> |



# Notes to the Annual Financial Statements

|  | Figures in Rand |       | Group |       | Company |       |
|--|-----------------|-------|-------|-------|---------|-------|
|  | 2024            | 2023  | 2024  | 2023  | 2024    | 2023  |
|  | R'000           | R'000 | R'000 | R'000 | R'000   | R'000 |

## 4. Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment-Group- 2024

| Used within the group   | Opening balance  | Additions      | Disposals/ Consumed | Transfer from right of use asset | Revaluations  | Reallocations | Depreciation    | Impairment (loss)/ reversal | Total            |
|-------------------------|------------------|----------------|---------------------|----------------------------------|---------------|---------------|-----------------|-----------------------------|------------------|
| Land and buildings      | 894 165          | 13 056         | -                   | -                                | 20 480        | -             | (49 300)        | -                           | 878 401          |
| Plant                   | 363 352          | 85 061         | -                   | -                                | -             | -             | (7 044)         | (3 243)                     | 438 126          |
| Furniture and fixtures  | 3 458            | 226            | -                   | -                                | -             | -             | (641)           | (4)                         | 3 039            |
| Motor vehicles          | 11 101           | 1 944          | (585)               | 160                              | -             | (19)          | (2 673)         | -                           | 9 928            |
| Office equipment        | 2 096            | 242            | -                   | -                                | -             | -             | (510)           | (7)                         | 1 821            |
| IT equipment            | 20 486           | 19 267         | (13)                | -                                | -             | -             | (7 443)         | (295)                       | 32 002           |
| Research facilities     | 26 223           | -              | -                   | -                                | -             | -             | (538)           | -                           | 25 685           |
| Leasehold improvements  | 12 586           | -              | -                   | -                                | -             | -             | (3 210)         | -                           | 9 376            |
| Machinery and equipment | 93 642           | 40 319         | (183)               | -                                | -             | 19            | (19 192)        | (2 235)                     | 112 370          |
| Component spares        | 226              | -              | (3 568)             | -                                | -             | -             | (45)            | 3568                        | 181              |
|                         | <b>1 427 335</b> | <b>160 115</b> | <b>(4 349)</b>      | <b>160</b>                       | <b>20 480</b> | <b>-</b>      | <b>(90 596)</b> | <b>(2 216)</b>              | <b>1 510 929</b> |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 4. Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment-Group- 2023

| Used within the group   | Opening balance  | Additions     | Disposals       | Transfers     | Revaluations  | Depreciation    | Impairment loss | Total            |
|-------------------------|------------------|---------------|-----------------|---------------|---------------|-----------------|-----------------|------------------|
| Land and buildings      | 905 459          | 10 185        | (4)             | -             | 25 984        | (47 459)        | -               | 894 165          |
| Plant                   | 317 352          | 52 753        | -               | -             | -             | (8 866)         | 2 113           | 363 352          |
| Furniture and fixtures  | 3 896            | 314           | (66)            | -             | -             | (685)           | (1)             | 3 458            |
| Motor vehicles          | 13 051           | 1 375         | (461)           | 109           | -             | (2 973)         | -               | 11 101           |
| Office equipment        | 1 714            | 240           | (4 659)         | 10 603        | -             | (5 802)         | -               | 2 096            |
| IT equipment            | 18 792           | 8 264         | (387)           | -             | -             | (5 951)         | (232)           | 20 486           |
| Research facilities     | 31 083           | (4 300)       | (4)             | -             | -             | (556)           | -               | 26 223           |
| Leasehold improvements  | 15 744           | 6 886         | -               | -             | -             | (3 170)         | (6 874)         | 12 586           |
| Machinery and equipment | 99 240           | 17 881        | (1 569)         | (5)           | -             | (21 039)        | (866)           | 93 642           |
| Component spares        | 293              | -             | (2 903)         | -             | -             | (67)            | 2 903           | 226              |
|                         | <b>1 406 624</b> | <b>93 598</b> | <b>(10 053)</b> | <b>10 707</b> | <b>25 984</b> | <b>(96 568)</b> | <b>(2 957)</b>  | <b>1 427 335</b> |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 4. Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment- Company- 2024

| Used within the group   | Opening balance  | Additions      | Disposals   | Revaluations  | Depreciation    | Impairment loss | Total            |
|-------------------------|------------------|----------------|-------------|---------------|-----------------|-----------------|------------------|
| Land and buildings      | 843 365          | 12 120         | -           | 19 180        | (49 300)        | -               | 825 365          |
| Plant                   | 160 777          | 73 459         | -           | -             | (1 229)         | -               | 233 007          |
| Furniture and fixtures  | 1 355            | 69             | -           | -             | (229)           | (1)             | 1 194            |
| Motor vehicles          | 4 610            | 446            | -           | -             | (1 374)         | -               | 3 682            |
| Office equipment        | 1 890            | 4              | -           | -             | (411)           | (7)             | 1 476            |
| IT equipment            | 13 288           | 12 165         | (13)        | -             | (4 063)         | (79)            | 21 298           |
| Research facilities     | 26 223           | -              | -           | -             | (538)           | -               | 25 685           |
| Machinery and equipment | 56 424           | 25 169         | -           | -             | (9 935)         | (45)            | 71 613           |
|                         | <b>1 107 932</b> | <b>123 432</b> | <b>(13)</b> | <b>19 180</b> | <b>(67 079)</b> | <b>(132)</b>    | <b>1 183 320</b> |



## Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

#### 4. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment- Company- 2023

| Used within the group   | Opening balance  | Additions     | Disposals      | Transfers     | Revaluations  | Depreciation    | Impairment loss | Total            |
|-------------------------|------------------|---------------|----------------|---------------|---------------|-----------------|-----------------|------------------|
| Buildings               | 862 659          | 10 185        | (4)            | -             | 17 984        | (47 459)        | -               | 843 365          |
| Plant and machinery     | 114 754          | 45 929        | -              | -             | -             | (2 056)         | 2 150           | 160 777          |
| Furniture and fixtures  | 1 633            | 140           | (44)           | -             | -             | (374)           | -               | 1 355            |
| Motor vehicles          | 6 686            | 85            | (221)          | -             | -             | (1 940)         | -               | 4 610            |
| Office equipment        | 1 533            | 153           | (4 659)        | 10 603        | -             | (5 740)         | -               | 1 890            |
| IT equipment            | 11 945           | 4 934         | (295)          | -             | -             | (3 296)         | -               | 13 288           |
| Research facilities     | 31 083           | (4 300)       | (4)            | -             | -             | (556)           | -               | 26 223           |
| Machinery and equipment | 63 651           | 8 885         | (1 513)        | (5)           | -             | (14 594)        | -               | 56 424           |
|                         | <b>1 093 944</b> | <b>66 011</b> | <b>(6 740)</b> | <b>10 598</b> | <b>17 984</b> | <b>(76 015)</b> | <b>2 150</b>    | <b>1 107 932</b> |





# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 4. Property, plant and equipment (continued)

### Property, plant and equipment encumbered as security

No assets have been pledged as security and are secured by the lessor's title to the leased assets. Details of properties

Land and buildings consist of the following properties:

Necsa: Farm 567, Weldaba; Erf 1150, 1153, 1155 and 1156. The properties were revalued as at 31 March 2023 and 31 March 2024 by an independent valuator. Please refer revaluation below.

Albertinia; Erf4473 and 4474

Riverdale; Erf1115, 1224, 1916, 1917, 1919, 1921, 1922, 1924, 1926, 1928 and 1929. These assets are measured at directors' valuation.

Springbok; Farm 369 and 380 Vaalputs. The rest of the assets are measured at directors valuation.

Gammatec NDT: Portion 91 of Farm 601 Klipplaatdrif, Vereeniging. The property is encumbered as disclosed in note of Gammatec NDT Annual Financial Statements. The property was revalued as at 3 April 2023 by an independent valuer.

AEC Amersham: Erf176, 100 Indianapolis Street, Kyalami. The property was revalued as at 31 March 2024 by an independent valuer.

The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lives of the assets.

Transfer of property, plant and equipment also include transfers to other asset classes. The revaluation reserve may not be distributed to shareholders.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 4. Property, plant and equipment (continued)

### Assets in progress

Assets in progress recognised in the carrying amount of property, plant and equipment items in the course of its construction:

| Group                                   | Opening        | Additions      | Capitalized      | Closing        |
|-----------------------------------------|----------------|----------------|------------------|----------------|
| Used within the group                   | R'000          | R'000          | R'000            | R'000          |
| Furniture and fixtures                  | 86             | 226            | (163)            | 149            |
| IT equipment                            | 1 570          | 19 267         | (14 681)         | 6 156          |
| Land and buildings                      | 10             | 13 056         | (13 054)         | 12             |
| Machinery and equipment                 | 21 101         | 40 320         | (25 048)         | 36 373         |
| Motor vehicles and transport containers | (486)          | 1 943          | (985)            | 472            |
| Office equipment                        | 16             | 242            | (134)            | 124            |
| Plant                                   | 303 101        | 85 061         | (83 900)         | 304 262        |
| Research facilities                     | 4 444          | -              | -                | 4 444          |
|                                         | <b>329 842</b> | <b>160 115</b> | <b>(137 965)</b> | <b>351 992</b> |

| Company                                 | Opening        | Additions      | Capitalized     | Closing        |
|-----------------------------------------|----------------|----------------|-----------------|----------------|
|                                         | R'000          | R'000          | R'000           | R'000          |
| Furniture and fixtures                  | 116            | 70             | (12)            | 174            |
| IT equipment                            | (308)          | 12 081         | (5 403)         | 6 370          |
| Land and buildings                      | -              | 12 120         | (12 120)        | -              |
| Machinery and equipment                 | 14 919         | 25 169         | (12 197)        | 27 891         |
| Motor vehicles and transport containers | 151            | 445            | -               | 596            |
| Office equipment                        | 20             | 89             | (25)            | 83             |
| Plant                                   | 231 703        | 73 459         | -               | 305 162        |
| Research facilities                     | 4 444          | -              | -               | 4 444          |
|                                         | <b>251 045</b> | <b>123 433</b> | <b>(29 757)</b> | <b>344 721</b> |

### Revaluations

During 2024 and 2023 Land and Buildings were valued by an independent valuer. The carrying amount that would have been recognised, had the asset been carried under the cost model would have been as follows:

|                    |        |        |        |        |
|--------------------|--------|--------|--------|--------|
| Land and Buildings | 38 499 | 39 396 | 16 363 | 17 260 |
|--------------------|--------|--------|--------|--------|



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 4. Property, plant and equipment (continued)

### Measurement of land and buildings

The group did not split land and buildings due to the impracticality thereof. The independent valuation of land and buildings is done as a single unit and cannot be separated. Impractical is defined by IAS1 as "Applying a requirement is impractical when the entity cannot apply it after making every reasonable effort to do so". Should a split between land and buildings have been possible, there would be no change in the amounts as currently disclosed. Fair and faithful representation has therefore been applied in the measurement of the land and buildings which are reflected as close as possible to reality.

## 5. Intangible assets

| Group                 | 2024             |                          |                | 2023             |                          |                |
|-----------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
|                       | Cost / Valuation | Accumulated amortisation | Carrying value | Cost / Valuation | Accumulated amortisation | Carrying value |
| Intellectual property | 124 283          | (113 248)                | 11 035         | 124 283          | (110 242)                | 14 041         |
| Computer software     | 7 343            | (5 420)                  | 1 923          | 5 447            | (4 963)                  | 484            |
| <b>Total</b>          | <b>131 626</b>   | <b>(118 668)</b>         | <b>12 958</b>  | <b>129 730</b>   | <b>(115 205)</b>         | <b>14 525</b>  |

| Company           | 2024             |                          |                | 2023             |                          |                |
|-------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
|                   | Cost / Valuation | Accumulated amortisation | Carrying value | Cost / Valuation | Accumulated amortisation | Carrying value |
| Computer software | 3 285            | (2 317)                  | 968            | 2 317            | (2 317)                  | -              |

### Reconciliation of intangible assets - Group - 2024

|                       | Opening balance | Additions    | Amortisation   | Total         |
|-----------------------|-----------------|--------------|----------------|---------------|
| Intellectual property | 14 041          | -            | (3 006)        | 11 035        |
| Computer software     | 484             | 1 897        | (458)          | 1 923         |
|                       | <b>14 525</b>   | <b>1 897</b> | <b>(3 464)</b> | <b>12 958</b> |

### Reconciliation of intangible assets - Group - 2023

|                       | Opening balance | Additions  | Amortisation   | Total         |
|-----------------------|-----------------|------------|----------------|---------------|
| Intellectual property | 17 005          | -          | (2 964)        | 14 041        |
| Computer software     | 966             | 534        | (1 016)        | 484           |
|                       | <b>17 971</b>   | <b>534</b> | <b>(3 980)</b> | <b>14 525</b> |



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 5. Intangible assets (continued)

### Reconciliation of intangible assets - Company- 2024

|                   | Opening balance | Additions | Total |
|-------------------|-----------------|-----------|-------|
| Computer software | -               | 968       | 968   |

### Reconciliation of intangible assets - Company- 2023

|                   | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|-------|
| Computer software | 506             | 128       | (634)        | -     |

### Other information

The intellectual property included production processes, drug master files, licenses, manufacturing techniques and technology purchased from external parties.

Amortisation is included in other operating expenses.

The remaining useful life is between 3 to 18 years.

The intellectual property was tested for impairment and did not show the need for any impairment to be done. The impairment test was done by comparing the carrying amount to the recoverable amount using the discounted cashflows. The 4-year budget was used and adjusted for expected inflation going forward for a period of 20 years. The product is expected to be in the market for this time. A growth rate equal to inflation was used for the periods beyond 4 years. The discount rate used is 15.95%

## 6. Interests in subsidiaries including consolidated structured entities

The carrying amounts of subsidiaries are shown net of impairment losses.

The Directors' value of the investment in subsidiaries is equal to its carrying value.

### Company

| Name of company               | Held by           | % holding 2024 | % holding 2023 | Carrying amount 2024 | Carrying amount 2023 |
|-------------------------------|-------------------|----------------|----------------|----------------------|----------------------|
| Pelchem SOC Limited           | Necsa SOC Limited | 100,00%        | 100,00%        | -                    | -                    |
| NTP Radioisotopes SOC Limited | Necsa SOC Limited | 100,00%        | 100,00%        | 220 700              | 220 700              |
| Cyclofil SOC Limited          | Necsa SOC Limited | 100,00%        | 100,00%        | -                    | -                    |
| Areca SOC Limited             | Necsa SOC Limited | 51,00%         | 51,00%         | 1                    | 1                    |
|                               |                   |                |                | <b>220 701</b>       | <b>220 701</b>       |



# Notes to the Annual Financial Statements

## 7. Investment in associate

The following table lists all of the associates in the group:

### Group

| Name of company | Held by | % ownership interest 2024 | % ownership interest 2023 | Carrying amount 2024 | Carrying amount 2023 | Fair value 2024 | Fair value 2023 |
|-----------------|---------|---------------------------|---------------------------|----------------------|----------------------|-----------------|-----------------|
| Gamwave         |         | 40,00 %                   | 40,00 %                   | -                    | -                    | -               | -               |
| Oserix          |         | 25,00 %                   | 25,00 %                   | 10 384               | 7 592                | 10 384          | 7 594           |
| Element 42      |         | 50,00 %                   | 50,00 %                   | -                    | -                    | -               | -               |
|                 |         |                           |                           | 10 384               | 7 594                | 10 384          | 7 594           |
|                 |         |                           |                           | <b>10 384</b>        | <b>7 594</b>         | <b>10 384</b>   | <b>7 594</b>    |

Oserix is an associate of Gammatec NDT Supplies SOC Ltd, which holds 25% of Oserix's issued share capital. NTP Radioisotopes SOC Ltd holds 55% of Gammatec NDT Supplies SOC Ltd, therefore resulting in the group having significant influence over the associate.

The carrying amounts of Investments in Associates are shown net of impairment losses.

The Directors' value of the investment in associates is equal to its carrying value.

### Material associates

The following associates are material to the group:





# Notes to the Annual Financial Statements

## 7. Investment in associate (continued)

### Summarised financial information of material associates

| Summarised Statement of Profit or Loss and Other Comprehensive Income | Oserix S.A    |              |
|-----------------------------------------------------------------------|---------------|--------------|
|                                                                       | 2024          | 2023         |
| Revenue                                                               | 228 685       | 134 435      |
| Other income and expenses                                             | (212 408)     | (128 199)    |
| Profit before tax                                                     | 16 277        | 6 236        |
| Tax expense                                                           | (4 271)       | (1 734)      |
| Profit after tax                                                      | 12 006        | 4 502        |
| <b>Total comprehensive income</b>                                     | <b>12 006</b> | <b>4 502</b> |
| <b>Dividends received from associate</b>                              | <b>1 058</b>  | <b>1 120</b> |

| Summarised Statement of Financial Position | Oserix S.A     |               |
|--------------------------------------------|----------------|---------------|
|                                            | 2024           | 2023          |
| <b>Assets</b>                              |                |               |
| Non-current                                | 8 378          | 4 035         |
| Current                                    | 93 148         | 54 686        |
| <b>Total assets</b>                        | <b>101 526</b> | <b>58 721</b> |
| <b>Liabilities</b>                         |                |               |
| Non-current                                | 6 893          | 2 619         |
| Current                                    | 48 685         | 25 760        |
| <b>Total liabilities</b>                   | <b>55 578</b>  | <b>28 379</b> |
| <b>Total net assets</b>                    | <b>45 948</b>  | <b>30 342</b> |

| Reconciliation of net assets to equity accounted investments in associates | Oserix S.A    |              |
|----------------------------------------------------------------------------|---------------|--------------|
|                                                                            | 2024          | 2023         |
| Interest in associates at percentage ownership                             | 10 384        | 7 594        |
| Cumulative unrecognised losses                                             | -             | -            |
| <b>Carrying value of investment in associate</b>                           | <b>10 384</b> | <b>7 594</b> |
| Investment at beginning of period                                          | 7 594         | 8 435        |
| Impairment loss                                                            | 848           | (848)        |
| Share of profit                                                            | 3 002         | 1 125        |
| Dividends received from associate                                          | (1 060)       | (1 118)      |
| <b>Investment at end of period</b>                                         | <b>10 384</b> | <b>7 594</b> |

The end of the reporting year of Oserix S.A is 31 December 2023.

Oserix S.A functional currency is Euro. The statement of financial position was converted to Rand at the spot rate on 31 December 2023 - R20.58 (31 December 2022 - R18.10). The statement of profit or loss and other comprehensive income was converted to Rand at the average exchange rate for the period 1 January 2023 to 31 December 2023 - R19.97 (1 January 2022 to 31 December 2022 - R17.21).

Oserix SA is incorporated in Belgium. Their principal business address is:

Rue de l'église 2, BE-7134 Leval Trahegnies, BE0827.904.995



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 8. Loans from group companies

### Subsidiaries

|                                                                                                                                                                                                                                                                                                                                                                                                                      |   |   |   |        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|--------|
| Pelchem SOC Limited<br>During 2024 there was a set off agreement between Necsa SOC Limited and Pelchem SOC Limited whereas parties have agreed to set off their mutual indebtedness. The remaining balance was reclassified to trade and other payables due to its short term nature.                                                                                                                                | - | - | - | 3 166  |
| NTP Radioisotopes SOC Limited<br>NTP initially granted Necsa an intercompany Loan at Prime minus 2% payable on 31 March 2019 with a main condition that any future dividends will be offset against the loan. During 2023 and 2024 dividends received from NTP Radioisotopes were set off against the loan. In 2024 the remaining balance was reclassified to trade and other payables due to its short term nature. | - | - | - | 13 188 |
|                                                                                                                                                                                                                                                                                                                                                                                                                      | - | - | - | 16 354 |

|                                                       |   |   |   |        |
|-------------------------------------------------------|---|---|---|--------|
| <b>Split between non-current and current portions</b> |   |   |   |        |
| Current liabilities                                   | - | - | - | 16 354 |

## 9. Financial assets at fair value

|                                                                     |         |         |         |         |
|---------------------------------------------------------------------|---------|---------|---------|---------|
| Equity investments at fair value through profit or loss             | 272 283 | 243 974 | 272 283 | 243 974 |
| Financial investments at amortised cost                             | 141 493 | 109 296 | 141 493 | 109 296 |
| Equity investments at fair value through other comprehensive income | 900     | 814     | 866     | 787     |
|                                                                     | 414 676 | 354 084 | 414 642 | 354 057 |

|                                      |         |         |         |         |
|--------------------------------------|---------|---------|---------|---------|
| <b>Designated at amortised cost:</b> |         |         |         |         |
| Investments                          | 141 493 | 109 296 | 141 493 | 109 296 |

|                                                          |         |         |         |         |
|----------------------------------------------------------|---------|---------|---------|---------|
| <b>Mandatorily at fair value through profit or loss:</b> |         |         |         |         |
| Unit trusts                                              | 272 283 | 243 974 | 272 283 | 243 974 |

|                                                                             |         |         |         |         |
|-----------------------------------------------------------------------------|---------|---------|---------|---------|
| <b>Equity investments at fair value through other comprehensive income:</b> |         |         |         |         |
| Listed shares                                                               | 900     | 814     | 866     | 787     |
|                                                                             | 414 676 | 354 084 | 414 642 | 354 057 |

|                                                       |         |         |         |         |
|-------------------------------------------------------|---------|---------|---------|---------|
| <b>Split between non-current and current portions</b> |         |         |         |         |
| Non-current assets                                    | 414 676 | 354 084 | 414 642 | 354 057 |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 9. Financial assets at fair value (continued)

### Fair value information

Refer to note 43 and 44 Fair value information and risk management for details of valuation policies and processes.

## 10. Deferred tax

|                                                    |                 |                 |          |          |
|----------------------------------------------------|-----------------|-----------------|----------|----------|
| <b>Deferred tax liability</b>                      |                 |                 |          |          |
| Property plant and equipment                       | (29 368)        | (31 210)        | -        | -        |
| Investments at fair value                          | (4)             | (2)             | -        | -        |
| ROU asset                                          | -               | (54)            | -        | -        |
| Prepayments                                        | (1 347)         | (1 189)         | -        | -        |
| Doubtful debt allowance                            | (10 447)        | (13 144)        | -        | -        |
| Revaluation reserve                                | (3 758)         | (3 758)         | -        | -        |
| Revaluation of property                            | (2 041)         | (1 760)         | -        | -        |
| Section 24C                                        | (80)            | (82)            | -        | -        |
| Forex adjustment                                   | (1 005)         | (1 005)         | -        | -        |
|                                                    | <b>(48 050)</b> | <b>(52 204)</b> | <b>-</b> | <b>-</b> |
| <b>Deferred tax asset</b>                          |                 |                 |          |          |
| Provision for leave pay                            | 7 528           | 8 220           | -        | -        |
| Lease liability                                    | -               | 61              | -        | -        |
| Tax loss carried forward                           | -               | 5 076           | -        | -        |
| Tax losses to be utilised in future                | 9 336           | 9 167           | -        | -        |
| Inventory impairments                              | 2 558           | 3 381           | -        | -        |
| Income received in advance                         | 1 382           | 112             | -        | -        |
| Provision for expected credit losses               | 15 897          | 17 249          | -        | -        |
| Trade receivables with credit balances             | 5 406           | 624             | -        | -        |
| Loss allowance on trade receivables                | 27              | 70              | -        | -        |
| Property plant and equipment                       | 1 473           | 68              | -        | -        |
| Provision for expected credit losses               | 11 439          | 16 342          | -        | -        |
| Provision for 13th cheque                          | 929             | 899             | -        | -        |
| Provision for incentive scheme                     | 679             | 671             | -        | -        |
| Provision for bonus                                | 7 196           | 7 148           | -        | -        |
| Retirement benefit liability                       | 7 632           | 7 845           | -        | -        |
| Provision for waste disposal                       | 33 417          | 32 600          | -        | -        |
| Other personnel provisions                         | 503             | 9 390           | -        | -        |
| Provisions                                         | 11 063          | 3 197           | -        | -        |
|                                                    | <b>116 465</b>  | <b>122 120</b>  | <b>-</b> | <b>-</b> |
| <b>Total deferred tax</b>                          | <b>68 415</b>   | <b>69 916</b>   | <b>-</b> | <b>-</b> |
| <b>Net deferred tax</b>                            |                 |                 |          |          |
| Entities with net deferred tax liability           | (1 032)         | (756)           | -        | -        |
| Entities with net deferred tax asset               | 69 447          | 70 672          | -        | -        |
|                                                    | <b>68 415</b>   | <b>69 916</b>   | <b>-</b> | <b>-</b> |
| Reconciliation of deferred tax asset / (liability) |                 |                 |          |          |
| At beginning of year                               | 69 916          | 106 695         | -        | -        |
| Movement through profit and loss                   | 82              | (35 756)        | -        | -        |
| Movement through Other Comprehensive Income        | (1 583)         | (1 023)         | -        | -        |
|                                                    | <b>68 415</b>   | <b>69 916</b>   | <b>-</b> | <b>-</b> |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 11. Inventories

|                                     |                |                |               |               |
|-------------------------------------|----------------|----------------|---------------|---------------|
| Raw materials, components           | 4 802          | 5 091          | -             | -             |
| Work in progress                    | 20 734         | 23 735         | 16 957        | 20 531        |
| Finished goods                      | 29 937         | 34 752         | -             | -             |
| Life science products and equipment | 20 471         | 16 613         | -             | -             |
| Production supplies                 | 13 922         | 14 782         | -             | -             |
| Safari Fuel                         | 313 261        | 275 578        | -             | -             |
| Consumables                         | 49 723         | 38 248         | 45 309        | 38 248        |
| Other inventories for sale          | 636            | 647            | -             | -             |
|                                     | <b>453 486</b> | <b>409 446</b> | <b>62 266</b> | <b>58 779</b> |
| Allowance for slow moving stock     | (29 217)       | (40 762)       | (788)         | (10 040)      |
|                                     | <b>424 269</b> | <b>368 684</b> | <b>61 478</b> | <b>48 739</b> |

|                                                                        |         |         |        |        |
|------------------------------------------------------------------------|---------|---------|--------|--------|
| Carrying value of inventories carried at fair value less costs to sell | 424 269 | 368 684 | 61 478 | 48 739 |
|------------------------------------------------------------------------|---------|---------|--------|--------|

### Impaired amount of categories of inventory

|             |        |        |     |        |
|-------------|--------|--------|-----|--------|
| Consumables | 29 217 | 40 762 | 788 | 10 040 |
|-------------|--------|--------|-----|--------|

Amounts recognised in profit or loss

Write-downs for slow moving inventories to net realisable value amounted to R0.788 mil (2023: R10,040 mil) for the company and R29,217 mil (2023: R40,762 mil) for the Group. These were recognised as an expense during the year ended 31 March 2024, in cost of sales.

## 12. Trade and other receivables

|                                          |                |                |                |                |
|------------------------------------------|----------------|----------------|----------------|----------------|
| <b>Financial instruments:</b>            |                |                |                |                |
| Trade receivables                        | 422 817        | 429 853        | 523 889        | 507 619        |
| Loss allowance                           | (120 620)      | (127 459)      | (460 428)      | (411 725)      |
| Trade receivables at amortised cost      | 302 197        | 302 394        | 63 461         | 95 894         |
| Deposits                                 | 8 903          | 8 714          | 8 654          | 8 654          |
| Staff fuel debtors                       | 1 483          | 1 787          | 1 483          | 1 787          |
| Sundry debtors                           | -              | -              | 251            | -              |
| Other receivables Staff                  | 31 065         | 9 518          | 56 091         | 10 326         |
| <b>Non-financial instruments:</b>        |                |                |                |                |
| VAT                                      | 34 435         | 30 016         | -              | -              |
| Prepayments (if immaterial)              | 1 156          | -              | -              | -              |
| <b>Total trade and other receivables</b> | <b>379 239</b> | <b>352 429</b> | <b>129 940</b> | <b>116 661</b> |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 12. Trade and other receivables (continued)

### Trade and other receivables pledged as security

No trade and other receivables have been pledged as security.

### Classification as Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided below.

### Approximate fair value of trade and other receivables

|                             |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|
| Trade and other receivables | 379 243 | 352 429 | 129 940 | 116 661 |
|-----------------------------|---------|---------|---------|---------|

Trade and other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables

The recoverability of customers with outstanding balances of over R 100 000 were individually assessed, taking each individual customer's circumstances into account. Balances which were older than 90 days for customers with a balances of less than R 100 000 each, were provided for as expected credit losses.

On that basis, the loss allowance as at 31 March 2024 was determined as follows for trade receivables:

### Trade Receivables Credit Risk

#### Group

| 2024                  | Current       | 1-30 days     | 31-60 days   | 61-90 days   | 90 days       | Total          |
|-----------------------|---------------|---------------|--------------|--------------|---------------|----------------|
| Gross Carrying amount | 194 449       | 97 453        | 26 794       | 10 557       | 93 564        | 422 817        |
| Expected loss rate    | 7,80 %        | 12,12 %       | 22,00 %      | 24,16 %      | 91,06 %       | 28,53 %        |
| <b>Loss allowance</b> | <b>15 158</b> | <b>11 816</b> | <b>5 896</b> | <b>2 551</b> | <b>85 199</b> | <b>120 620</b> |

| 2023                  | Current       | 1-30 days     | 31-60 days   | 61-90 days   | 90 days       | Total          |
|-----------------------|---------------|---------------|--------------|--------------|---------------|----------------|
| Gross Carrying amount | 205 242       | 82 087        | 19 176       | 11 574       | 111 774       | 429 853        |
| Expected loss rate    | 7,15 %        | 15,60 %       | 25,87 %      | 32,19 %      | 79,63 %       | 29,60 %        |
| <b>Loss Allowance</b> | <b>16 740</b> | <b>12 802</b> | <b>4 961</b> | <b>3 726</b> | <b>89 005</b> | <b>127 234</b> |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 12. Trade and other receivables (continued)

### NECSA

| 2024                  | Current       | 1-30 days     | 31-60 days   | 61-90 days   | 90 days        | Total          |
|-----------------------|---------------|---------------|--------------|--------------|----------------|----------------|
| Gross Carrying amount | 91 793        | 13 673        | 6 592        | 3 415        | 408 416        | 523 889        |
| Expected Loss Rate    | 34,27 %       | 79,63 %       | 96,88 %      | 95,96 %      | 100,00 %       | 87,89 %        |
| <b>Loss Allowance</b> | <b>31 461</b> | <b>10 888</b> | <b>6 386</b> | <b>3 277</b> | <b>408 416</b> | <b>460 428</b> |

| 2023                  | Current       | 1-30 days     | 31-60 days    | 61-90 days   | 90 days        | Total          |
|-----------------------|---------------|---------------|---------------|--------------|----------------|----------------|
| Gross Carrying amount | 118 909       | 14 681        | 14 102        | 4 430        | 355 497        | 507 619        |
| Expected Loss Rate    | 28,53 %       | 75,88 %       | 83,45 %       | 91,26 %      | 98,17 %        | 81,11 %        |
| <b>Loss Allowance</b> | <b>33 929</b> | <b>11 344</b> | <b>13 160</b> | <b>4 302</b> | <b>348 990</b> | <b>411 725</b> |

The Group writes off debtors based on a line by line basis on amounts greater than R100 000 in the over 90 days aging bracket, taking into consideration whether the debtor is in severe financial difficulty and whether there is no realistic prospect of recovery.

The loss allowances for trade receivables as at 31 March 2024 reconcile to the opening loss allowances as follows:

|                                                                         |                |                |                |                |
|-------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| Opening loss allowance                                                  | 127 234        | 112 454        | 411 725        | 329 563        |
| Increase in loss allowance recognised in profit or loss during the year | (6 614)        | 14 780         | 48 703         | 82 162         |
|                                                                         | <b>120 620</b> | <b>127 234</b> | <b>460 428</b> | <b>411 725</b> |

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

These definitions for defaults as aforementioned were selected, because they are expected to result in the most accurate measurement of the expected credit loss.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

| Trade receivables - related parties | 2024          | 2023          |
|-------------------------------------|---------------|---------------|
| Trade receivables                   | 444 192       | 433 184       |
| Loss allowance                      | (415 625)     | (375 579)     |
|                                     | <b>28 567</b> | <b>57 605</b> |





# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 13. Cash and cash equivalents

### Cash and cash equivalents consist of:

|                     |                  |                |                |                |
|---------------------|------------------|----------------|----------------|----------------|
| Cash on hand        | 44               | 43             | 18             | 20             |
| Bank balances       | 1 001 317        | 875 896        | 668 547        | 662 199        |
| Short-term deposits | 125 545          | 105 511        | -              | -              |
| Bank overdraft      | (10 648)         | (21 190)       | (290)          | (77)           |
|                     | <b>1 116 258</b> | <b>960 260</b> | <b>668 275</b> | <b>662 142</b> |

|                     |                  |                |                |                |
|---------------------|------------------|----------------|----------------|----------------|
| Current assets      | 1 126 906        | 981 450        | 668 565        | 662 219        |
| Current liabilities | (10 648)         | (21 190)       | (290)          | (77)           |
|                     | <b>1 116 258</b> | <b>960 260</b> | <b>668 275</b> | <b>662 142</b> |

### Current liabilities

|                                                                                                                                                                                                                                                                                          |                 |                 |              |             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|--------------|-------------|
| Gammatec                                                                                                                                                                                                                                                                                 | (1)             | (8 106)         | -            | -           |
| Pelchem The Nuclear Energy Corporation of South Africa SOC Limited has signed suretyship for the R14,000 overnight facility. The overnight facility is reviewed once a year by Nedbank. There are no set repayment terms on the overdraft and the interest is charged at prime plus 0.5% | (10 350)        | (13 000)        | -            | -           |
| Areca                                                                                                                                                                                                                                                                                    |                 |                 |              |             |
| Overdraft account with ABSA                                                                                                                                                                                                                                                              | (7)             | (7)             | -            | -           |
| Necsa deposits in transit                                                                                                                                                                                                                                                                | (290)           | (77)            | (290)        | (77)        |
|                                                                                                                                                                                                                                                                                          | <b>(10 648)</b> | <b>(21 190)</b> | <b>(290)</b> | <b>(77)</b> |

The overdraft facility was revoked during the 2019/20 financial year. This was due to market fluctuations during the height of the COVID-19 pandemic influencing the markets. There are no set repayment terms of the overdraft and interest is charged at prime less 1.5%. There is no restrictions on the realisability of any of the cash and cash equivalents. The credit quality of cash at bank and short term deposits, excluding cash on hand is assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 13. Cash and cash equivalents (continued)

|                                          |                |                |               |               |
|------------------------------------------|----------------|----------------|---------------|---------------|
| Asset based financing                    | 899            | 899            | 899           | 899           |
| Bills of exchange                        | -              | 100            | -             | -             |
| CFC                                      | 2 000          | 2 000          | -             | -             |
| Commitments regarding guarantees (local) | 2 200          | 2 200          | -             | -             |
| Corporate credit card                    | 5 000          | 5 000          | 5 000         | 5 000         |
| FEC's                                    | 68 615         | 68 615         | 36 500        | 36 500        |
| Fleet management service                 | 185            | 145            | -             | -             |
| Forex cancellation limit                 | 750            | 750            | -             | -             |
| Forex settlement limit                   | 7 000          | 7 000          | -             | -             |
| General short term banking facility      | 3 500          | 9 500          | 3 500         | 3 500         |
| Letter of Guarantee                      | 32 000         | 5 000          | -             | -             |
| Letter of credit                         | 450            | 450            | -             | -             |
| Overdraft                                | 11 500         | 11 500         | -             | -             |
| Vehicle and asset finance                | 5 290          | 5 290          | -             | -             |
| Financial assets pledged as collateral   | 11 300         | 11 300         | -             | -             |
|                                          | <b>150 689</b> | <b>129 749</b> | <b>45 899</b> | <b>45 899</b> |

## 14. Share capital

### Authorised

|                                        |         |         |         |         |
|----------------------------------------|---------|---------|---------|---------|
| 500 000 000 ordinary shares of R1 each | 500 000 | 500 000 | 500 000 | 500 000 |
|----------------------------------------|---------|---------|---------|---------|

### Reconciliation of number of shares issued:

|                                      |       |       |       |       |
|--------------------------------------|-------|-------|-------|-------|
| 2 205 000 ordinary shares of R1 each | 2 205 | 2 205 | 2 205 | 2 205 |
|--------------------------------------|-------|-------|-------|-------|

### Issued

|          |       |       |       |       |
|----------|-------|-------|-------|-------|
| Ordinary | 2 205 | 2 205 | 2 205 | 2 205 |
|----------|-------|-------|-------|-------|

## 15. Leases and right-of-use assets

Right-of-use assets are presented as a separate line item on the statement of financial position.

### Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

|                                         |               |              |               |              |
|-----------------------------------------|---------------|--------------|---------------|--------------|
| Buildings                               | -             | 200          | -             | -            |
| Motor vehicles                          | 16 147        | 8 050        | 15 733        | 7 307        |
|                                         | <b>16 147</b> | <b>8 250</b> | <b>15 733</b> | <b>7 307</b> |
| <b>Additions to right-of-use assets</b> |               |              |               |              |
| Motor vehicles                          | 9 941         | 3 269        | 9 941         | 2 717        |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 15. Leases and right-of-use assets (continued)

### Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 31), as well as depreciation which has been capitalised to the cost of other assets.

|                                                                                 |               |              |               |              |
|---------------------------------------------------------------------------------|---------------|--------------|---------------|--------------|
| Buildings                                                                       | 200           | 228          | -             | -            |
| Motor vehicles                                                                  | 1 843         | 1 762        | 1 514         | 1 514        |
|                                                                                 | <b>2 043</b>  | <b>1 990</b> | <b>1 514</b>  | <b>1 514</b> |
| <b>Other disclosures</b>                                                        |               |              |               |              |
| Interest expense on lease liabilities                                           | 1 807         | 6 134        | 1 755         | 583          |
| Leases of low value assets included in operating expenses                       | 535           | 443          | -             | -            |
| Leases of low value assets included in cost of merchandise sold and inventories | (140)         | (48)         | -             | -            |
| <b>Lease liabilities</b>                                                        |               |              |               |              |
| The maturity analysis of lease liabilities is as follows:                       |               |              |               |              |
| Within one year                                                                 | 4 462         | 2 151        | 4 251         | 1 642        |
| Two to five years                                                               | 7 535         | 3 596        | 7 378         | 3 232        |
|                                                                                 | 11 997        | 5 747        | 11 629        | 4 874        |
| Less finance charges component                                                  | (42)          | (96)         | -             | -            |
|                                                                                 | <b>11 955</b> | <b>5 651</b> | <b>11 629</b> | <b>4 874</b> |
| Non-current liabilities                                                         | 7 523         | 3 557        | 7 378         | 3 232        |
| Current liabilities                                                             | 4 432         | 2 094        | 4 251         | 1 642        |
|                                                                                 | <b>11 955</b> | <b>5 651</b> | <b>11 629</b> | <b>4 874</b> |

## 16. Retirement benefits

The Company and its two major subsidiaries, NTP Radioisotopes and Pelchem, operate a provident fund scheme which is governed by the Pensions Fund Act No. 24 of 1956. The scheme is generally funded through payments to insurance companies or trustee administered funds, determined by periodic actuarial calculations. The Company has defined contribution plans established in 1994. These contribution plans are compulsory for every permanent employee employed in accordance with the conditions of employment, primarily by means of monthly contributions to the Necsa Retirement Fund. A defined contribution plan is a provident fund under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The contributions are recognised as an expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

The Necsa Retirement Fund is revalued by an independent Actuary on an annual basis. The last actuarial valuation was performed in April 2024 for the year ending 31 March 2024. The conclusion made in the latest actuarial valuation was that the Fund is currently in a good financial position and should remain so, based on the contribution rates payable in terms of the rules of the Fund, until the next actuarial valuation.

### Defined benefit plan

NECSA and its two major subsidiaries, NTP Radioisotopes and Pelchem's post-employment health care liabilities consists of a commitment to pay a portion of the members' post-employment medical scheme contributions. This liability is also generated in respect of independents who are offered continued membership of the medical scheme on the death of the primary member. The schemes have been valued per individual entity namely NECSA, NTP Radioisotopes and Pelchem, which reflects the group figures. These schemes have been disclosed separately below.

Members employed before 1 September 2004 are entitled to a 100% subsidy of medical scheme contributions in retirement, provided they have been members of the medical scheme for at least 10 years. Should a member be on the medical scheme for less than 10 years at retirement, they will be entitled to a 10% subsidy for each year they were active on the medical scheme during employment at NECSA.

Eligible members receive a Rand amount based on the Essential Core option's contributions in 2005, increasing annually in line with consumer price inflation ('CPI'). The Rand amounts for 2024 are R1,641 per month for a single member and R2,704 for a

married member. The child dependent subsidy for 2024 is R686 per month.

If a member qualifies to upgrade to a Comprehensive option as per the subsidy rules then NECSA will subsidise an additional Rand amount for the upgrade. The additional Rand amounts for members on the Classic Comprehensive option in 2024 are R917 per month for a single member and R1,665 per month for a married member. The additional Rand amounts for members on the Essential Comprehensive option in 2024 are R928 for a single member and R1,680 per month for a married member.

Members who do not qualify for an upgrade to a Comprehensive option or who do not belong to a Comprehensive option receive an additional Rand amount for the Medical Savings Account (MSA) contributions. The additional Rand amount for 2024 is R757 per member, irrespective of marital status.

Members who retired before 1 July 1990, referred to as the "Old 100% Group" receive an additional Rand amount of R307 for 2024, irrespective of marital status.

Dependents of eligible continuation members receive a subsidy before and after the death of the principal member. Note: The Rand amounts above are based on year on year CPI inflation to September 2023.

NECSA and its two major subsidiaries, NTP Radioisotopes and Pelchem's subsidy of its current employees' future post-employment medical scheme contributions and current pensioners' medical scheme contributions presents certain risks to the Company, the most significant of which are summarised below. The majority of these risks mainly apply to the Pelchem group only as there is no plan asset arrangement in respect of the group.



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

### Subsidy inflation

The post-employment health care liability is linked to consumer price inflation. Higher consumer price inflation than expected will lead to higher liabilities.

### Longevity

The employer's subsidy covers the post-employment medical scheme contributions in retirement until the main pensioner's death. On the main pensioner's death the subsidy will continue at a reduced level based on the contributions for the remaining dependents. The longevity risk is the risk that pensioners will live longer than expected. Possible contributing factors are medical advances, better health care and greater emphasis on following healthier lifestyles. This would lead to benefits being payable for longer than expected.

### Cash flow risk

The employer pays the subsidy amounts in respect of the pensioners either directly to the pensioner or to the medical aid. There is a risk to the employer that, due to unforeseen circumstances, funds may not be available at the time that they are required.

### Changes in bond yields and CPI

A decrease in the bond yields used to determine the discount rate will increase the employer's reported post-employment health care liability. An increase in CPI will result in a higher subsidy inflation assumption, which consequently will lead to a higher reported post-employment health care liability. High volatility in the above rates may lead to volatile balance sheet and income statement disclosures.

### Future changes in legislation

The Government's stated intention to implement a National Health Insurance system in the near future may lead to a requirement to provide some level of compensation to eligible members or to fund additional amounts into the system. Furthermore, changes in tax legislation affecting the subsidy may also pose a risk to both the employer and the recipients of the subsidy.

### Company developments:

NECSA purchased additional annuities with effect from 1 May 2022 to cater for new retirements since the previous purchase. In addition, contributions were also made towards the recurring premium contracts in place. Furthermore, annuities were also purchased in respect of new retirees for NECSA's subsidiary, NTP Radioisotopes.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2024 by Mr Sean Neethling, Fellow of the Institute of Actuaries of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. MCA also undertook the previous valuation for NECSA and its two major subsidiaries, NTP Radioisotopes and Pelchem as at 31 March 2024.

Momentum Consultants and Actuaries ('MCA') quantify the present value of post-employment health care liabilities in terms of IAS19 for:



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

- a) Current continuation members
- b) Future continuation members emanating from the current active medical scheme members employed by NECSA

In particular, the funded status of the post-employment plan as at the valuation date will be determined and compared to the projected liability, calculated as at 31 March 2024. An expense for the 2023/24 financial year will be derived and a projected expense for the forthcoming year will be calculated for budget purposes. The report complies with the relevant professional guidance from the Actuarial Society of South Africa as described in Advisory Practice Note APN301.

The principal assumptions used for the purposes of the actuarial valuations for NECSA and its two major subsidiaries, NTP Radioisotopes and Pelchem were as follows.

| Economic assumptions:                  | Valuation at |         |
|----------------------------------------|--------------|---------|
|                                        | 2024         | 2023    |
| Discount rate (D)                      | 12,40 %      | 11,15 % |
| Consumer Price Index (CPI)*            | 6,60 %       | 5,80 %  |
| Subsidy contribution increase rate (H) | 6,60 %       | 5,80 %  |
| Net discount rate $((1+D)/(1+H)-1)$    | 5,44 %       | 5,06 %  |
| Expected return in Plan Assets         | 12,40 %      | 11,15 % |

\* This is the market expectation of long-term CPI.

We have estimated the total duration of the liability to be 8.25 years, based on the previous valuation basis and current membership data. The rates derived are based on prevailing yields as at 31 March 2024. We used a convention of rounding the discount rate, price inflation and subsidy increase rates to the nearest 0.05%. In the previous valuation these rates were rounded to the nearest 0.1%. The net discount rate is rounded to the nearest 0.01%.

While it is essential that the assumptions are individually justifiable, it is the relative levels of the discount rate and health care cost inflation to one another that are important in the determination of the liability, rather than the nominal values.

### Discount rate

We have derived the discount rate from the government bond zero-coupon yield curve. We used the spot rate on the nominal curve with duration equal to the rounded liability duration of 8.25 (8.15 years rounded to the nearest 0.25 years) to derive the discount rate of 11.15% per annum.

### Price index inflation

The market expectation of long-term price inflation of 5.8% per annum was derived from the differential between the nominal yield curve and real yield curve at the same duration. An allowance for an inflation risk premium of 0.50% was introduced.





# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

### Subsidy contribution increase rate

The subsidy increase rate was set at price inflation

### Expected return on Plan Assets

The expected return on Plan Assets was set at the discount rate.

### Comparison to previous valuation

The financial assumptions have been set on a consistent basis with the previous year's valuation.

|                                             | Valuation at |      |
|---------------------------------------------|--------------|------|
| Demographic assumptions:                    | 2024         | 2023 |
| Expected retirement age (Males and females) | 65           | 65   |

### Family structure

|                                         | Current valuation                                                                        |                            |
|-----------------------------------------|------------------------------------------------------------------------------------------|----------------------------|
|                                         | In-service members                                                                       | Pensioners                 |
| Age difference between husband and wife | Actual ages used if available / Husband 4 years older than wife                          | Actual ages used           |
| Proportion married                      | Assumed 75% married at retirement (previous valuation assumed 90% married at retirement) | Actual marital status used |

Following discussion with employer, it was agreed that the proportion married assumption be reviewed. The assumed proportion married at retirement was reduced from 90% to 75%. This was based on an analysis of the proportions married of in-service members as at 31 March 2024 over age 60. The analysis indicate that 71% of in-service members in the over 60 age group (i.e. close to retirement) were married. It was noted that the marital status of in-service members may only updated on notifications to the employer. A slightly more prudent assumption relative to the actual date is therefore appropriate.

In valuing the death-in-service healthcare liability, it is necessary to make a number of additional assumptions. We assumed that the percentage married of in-service members increases from 71% at age 40 to 75% at age 45 until retirement. We have assumed the following percentage married for valuing death-in-service healthcare liability.

All eligible in-service employees were over age 39 as at the valuation date.

| Example at stated age | Proportion married |
|-----------------------|--------------------|
| 40                    | 71%                |
| 45+                   | 75%                |

We have assumed that pensioner's children and orphans will be subsidised until the age of 21. We have not made any allowance for in- service members to have child dependents in retirement.

Continuation percentages:

We assumed that none of the current in-service members eligible for a retirement subsidy would discontinue medical scheme membership upon reaching retirement with NECSA on the grounds of affordability. Similarly, we assumed that none of the dependents of current in- service members eligible for a death-in-service subsidy would discontinue medical scheme membership on the grounds of affordability upon the death-in-service of the principal member.

Other than the proportion married at retirement, the demographic assumptions are the same as those used in the previous valuation.



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 16. Retirement benefits (continued)

|                        | Valuation at               |                            |
|------------------------|----------------------------|----------------------------|
| Decrement assumptions: | 2024                       | 2023                       |
| <b>Mortality rates</b> |                            |                            |
| In-service members     | SA 85-90 (Light)           | SA 85-90 (Light)           |
| Pensioners             | PA (90) rated down 2 years | PA (90) rated down 2 years |

In addition to the above pensioner mortality assumption, we have made allowance for 1.00% p.a. improvement in mortality. We have used a base year of 2006 (i.e. as at valuation date there has been 17 years of mortality improvements).

Based on the above post-retirement mortality table the life expectancy of a 65 year old male is 18.6 years and for a 65-year-old female it is 22.9 years.

Withdrawal rates

| Example at stated age | Withdrawal rates |
|-----------------------|------------------|
| 40 - 45               | 2%               |
| 45+                   | 0%               |

## Reconciliation of assets and liabilities recognised on the Statement of financial position

|                                                                 |                  |                  |                  |                  |
|-----------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Present value of the defined benefit obligation-wholly unfunded | (291 525)        | (310 675)        | (263 260)        | (281 169)        |
| Fair value of plan assets                                       | 29 666           | 21 810           | 29 666           | 21 810           |
|                                                                 | <b>(261 859)</b> | <b>(288 865)</b> | <b>(233 594)</b> | <b>(259 359)</b> |
| Non-current assets                                              | 29 666           | 21 810           | 29 666           | 21 810           |
| Non-current liabilities                                         | (264 045)        | (282 786)        | (237 625)        | (255 074)        |
| Current liabilities                                             | (27 480)         | (27 889)         | (25 635)         | (26 095)         |
|                                                                 | <b>(261 859)</b> | <b>(288 865)</b> | <b>(233 594)</b> | <b>(259 359)</b> |



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 16. Retirement benefits (continued)

### Reconciliation of net liability recognised on the Statement of financial position

|                                                |                |                |                |                |
|------------------------------------------------|----------------|----------------|----------------|----------------|
| Opening balance                                | 288 865        | 289 122        | 259 359        | 263 066        |
| Contributions by members                       | 33 001         | 31 551         | 29 817         | 28 833         |
| Exchange differences                           | 1 519          | 1 892          | 1 309          | 1 640          |
| Benefits paid                                  | (4 543)        | (3 948)        | (4 543)        | (3 948)        |
| Net annual cost recognised in profit or loss   | 29 997         | 26 525         | 26 583         | 26 525         |
| Actuarial (gain)/ loss                         | (22 406)       | 3 362          | (19 662)       | 1 346          |
| Employer prefunding / additional contributions | (34 577)       | (33 114)       | (32 686)       | (31 578)       |
|                                                | <b>261 859</b> | <b>288 865</b> | <b>233 594</b> | <b>259 359</b> |

### Reconciliation of present value of obligations in excess of Plan Assets

|                                   |                |                |                |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Opening balance                   | 288 865        | 289 122        | 259 359        | 263 066        |
| Interest cost                     | 33 001         | 31 551         | 29 817         | 28 833         |
| Current service cost              | 1 519          | 1 892          | 1 309          | 1 640          |
| Expected return on Plan Assets    | (4 543)        | (3 948)        | (4 543)        | (3 948)        |
| Actuarial (gain)/ loss            | (22 406)       | 3 362          | (19 662)       | 1 346          |
| Employer prefunding contributions | (34 577)       | (33 114)       | (32 686)       | (31 578)       |
|                                   | <b>261 859</b> | <b>288 865</b> | <b>233 594</b> | <b>259 359</b> |

### Sensitivity analysis:

#### Company:

The liability derived by this valuation is dependent on the assumptions set out above, which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses and will be recognised by NECSA in accordance with its accounting policies.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. This is a limitation of a sensitivity analysis.



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

### Discount rate

The table below shows the impact of a 1% increase and decrease in the discount rate.

|                                      | 1% decrease | Valuation basis | 1% increase |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 284 578     | 263 220         | 244 748     |
| Employer's service and interest cost | 32 214      | 32 126          | 32 015      |

Therefore, a 1% increase in the discount rate assumption will result in a 7.0% decrease in the accrued liability. Similarly, a 1% decrease in the discount rate assumption will result in an 8.1% increase in the accrued liability.

### Price inflation

The valuation basis assumes that the employer's medical subsidy contribution rate will increase in line with consumer price inflation annually. The effect of a 1% increase and decrease in the inflation rate is as follows:

|                                      | 1% decrease | Valuation basis | 1% increase |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 244 303     | 263 220         | 284 840     |
| Employer's service and interest cost | 29 638      | 32 126          | 34 968      |

Therefore, a 1% increase in the inflation rate assumption will result in an 8.2% increase in the accrued liability. Similarly, a 1% decrease in the inflation rate assumption will result in a 7.2% decrease in the accrued liability.

### Mortality

The table below shows the impact of changing the mortality basis from PA (90)-2 to PA(90)-3 and PA(90)-1, all with a 1.0% improvement.

|                                      | PA(90) – 3* | Valuation basis | PA(90) – 1* |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 271 421     | 263 260         | 255 099     |
| Employer's service and interest cost | 33 161      | 32 126          | 31 091      |

\*The mortality basis includes mortality improvements of 1.0% per annum, with a base year of 2006.

Therefore, a one-year down-rating in the post-retirement mortality assumption will result in a 3.1% increase in accrued liability. Similarly, a one year upward-rating in the post-retirement mortality assumption will result in a 3.1% decrease in the accrued liability.

A one-year down-rating of the mortality assumption, assumes that a person currently aged x will experience mortality equivalent to that of a person aged x-1.



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

### Expected retirement age

The table below shows the impact of a one-year increase and decrease in the average retirement age assumption (which is the age that the liability is assumed to be fully accrued). The impact of reducing the average retirement age by two years is also shown in the table below. The average retirement age is assumed to be 65 years.

|                                      | 1 year younger | Valuation basis | 1 year older |
|--------------------------------------|----------------|-----------------|--------------|
|                                      | R'000          | R'000           | R'000        |
| Employer's accrued liability         | 266 491        | 263 260         | 244 748      |
| Employer's service and interest cost | 32 402         | 32 126          | 29 772       |

Therefore, an increase of one-year in the average retirement age assumption will result in a 7.0% decrease in the accrued liability. Similarly, a decrease of 1 year in the average retirement age assumption will result in a 1.2% increase in the accrued liability.

### Group

### Discount rate

The table below shows the impact of a 1% increase and decrease in the discount rate.

|                                      | 1% decrease | Valuation basis | 1% increase |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 356 387     | 326 030         | 299 934     |
| Employer's service and interest cost | 36 007      | 35 822          | 35 596      |

Therefore, a 1% increase in the discount rate assumption will result in a 8.0% decrease in the accrued liability. Similarly, a 1% decrease in the discount rate assumption will result in a 9.3% increase in the accrued liability.

### Price inflation

The valuation basis assumes that the employer's medical subsidy contribution rate will increase in line with consumer price inflation annually. The effect of a 1% increase and decrease in the inflation rate is as follows:

|                                      | 1% decrease | Valuation basis | 1% increase |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 299 258     | 326 030         | 356 740     |
| Employer's service and interest cost | 32 640      | 35 822          | 39 496      |

Therefore, a 1% increase in the inflation rate assumption will result in a 9.4% increase in the accrued liability. Similarly, a 1% decrease in the inflation rate assumption will result in a 8.21% decrease in the accrued liability.



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

### Mortality

The table below shows the impact of changing the mortality basis from PA(90)-2 with a 1.0% improvement, to PA(90)-3 with a 1.0% improvement and PA(90)-1 with a 1.0% improvement.

|                                      | PA(90) – 3* | Valuation basis | PA(90) – 1* |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 335 790     | 326 030         | 316 255     |
| Employer's service and interest cost | 36 920      | 35 822          | 34 724      |

\*The mortality basis includes mortality improvements of 1.0% per annum, with a base year of 2006.

Therefore, a one-year down-rating in the post-retirement mortality assumption will result in a 3.0% increase in accrued liability. Similarly, a one year upward-rating in the post-retirement mortality assumption will result in a 3.0% decrease in the accrued liability.

A one-year down-rating of the mortality assumption, assumes that a person currently aged x will experience mortality equivalent to that of a person aged x-1.

### Expected retirement age

The table below shows the impact of a one-year increase and decrease in the average retirement age assumption (which is the age that the liability is assumed to be fully accrued). The impact of reducing the average retirement age by two years is also shown in the table below. The average retirement age is assumed to be 65 years.

|                                      | 1 year younger | Valuation basis | 1 year older |
|--------------------------------------|----------------|-----------------|--------------|
|                                      | R'000          | R'000           | R'000        |
| Employer's accrued liability         | 330 935        | 326 030         | 320 400      |
| Employer's service and interest cost | 36 260         | 35 822          | 35 167       |

Therefore, an increase of 1 year in the average retirement age assumption will result in a 1.7% decrease in the accrued liability. Similarly, a decrease of 1 year in the average retirement age assumption will result in a 1.5% increase in the accrued liability.

### NTP Radioisotopes

#### Discount rate

The table below shows the impact of a 1% increase and decrease in the discount rate.

|                                      | 1% decrease | Valuation basis | 1% increase |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 21 243      | 19 333          | 17 703      |
| Employer's service and interest cost | 2 545       | 2 666           | 2 438       |

Therefore, a 1% increase in the discount rate assumption will result in a 8.4% decrease in the accrued liability. Similarly, a 1% decrease in the discount rate assumption will result in a 9.9% increase in the accrued liability.





# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

### Price inflation

The valuation basis assumes that the employer's medical subsidy contribution rate will increase in line with consumer price inflation annually. The effect of a 1% increase and decrease in the inflation rate is as follows:

|                                      | 1% decrease | Valuation basis | 1% increase |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 17 654      | 19 333          | 21 278      |
| Employer's service and interest cost | 2 260       | 2 666           | 2 757       |

Therefore, a 1% increase in the inflation rate assumption will result in a 10.1% increase in the accrued liability. Similarly, a 1% decrease in the inflation rate assumption will result in a 8.7% decrease in the accrued liability.

### Mortality

The table below shows the impact of changing the mortality basis from PA(90)-2 with a 1.0% improvement, to PA(90)-3 with a 1.0% improvement and PA(90)-1 with a 1.0% improvement.

|                                      | PA(90) – 3* | Valuation basis | PA(90) – 1* |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 19 804      | 19 333          | 18 855      |
| Employer's service and interest cost | 2 552       | 2 666           | 2 427       |

\*The mortality basis includes mortality improvements of 1.0% per annum, with a base year of 2006.

Therefore, a one-year down-rating in the post-retirement mortality assumption will result in a 2.4% increase in accrued liability. Similarly, a one year upward-rating in the post-retirement mortality assumption will result in a 2.5% decrease in the accrued liability.

A one-year down-rating of the mortality assumption, assumes that a person currently aged x will experience mortality equivalent to that of a person aged x-1.

### Expected retirement age

The table below shows the impact of a one-year increase and decrease in the average retirement age assumption (which is the age that the liability is assumed to be fully accrued). The impact of reducing the average retirement age by two years is also shown in the table below. The average retirement age is assumed to be 65 years.

|                                      | 1 year younger | Valuation basis | 1 year older |
|--------------------------------------|----------------|-----------------|--------------|
|                                      | R'000          | R'000           | R'000        |
| Employer's accrued liability         | 19 833         | 19 333          | 18 810       |
| Employer's service and interest cost | 2 520          | 2 666           | 2 432        |

Therefore, an increase of 1 year in the average retirement age assumption will result in a 2.7% decrease in the accrued liability. Similarly, a decrease of 1 year in the average retirement age assumption will result in a 2.6% increase in the accrued liability.



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

### Pelchem

#### Discount rate

The table shows the impact of a 1% increase and decrease in discount rate.

|                                      | 1% decrease | Valuation basis | 1% increase |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 31 275      | 28 265          | 25 727      |
| Employer's service and interest cost | 3 672       | 3 574           | 3 484       |

Therefore, a 1% increase in the discount rate assumption will result in a 9.0% decrease in the accrued liability. Similarly, a 1% decrease in the discount rate assumption will result in a 10.6% increase in the accrued liability.

### Price inflation

The valuation basis assumes that the employer's medical subsidy contribution rate will increase in line with consumer price inflation annually. The effect of a 1% increase and decrease in the inflation rate is as follows:

|                                      | 1% decrease | Valuation basis | 1% increase |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 25 647      | 28 265          | 31 338      |
| Employer's service and interest cost | 3 225       | 3 574           | 3 985       |

Therefore, a 1% increase in the inflation rate assumption will result in a 10.9% increase in the accrued liability. Similarly, a 1% decrease in the inflation rate assumption will result in a 9.3% decrease in the accrued liability.

### Mortality

The table below shows the impact of changing the mortality basis from PA(90)-2 with a 1.0% improvement, to PA(90)-3 with a 1.0% improvement and PA(90)-1 with a 1.0% improvement.

|                                      | PA(90) – 3* | Valuation basis | PA(90) – 1* |
|--------------------------------------|-------------|-----------------|-------------|
|                                      | R'000       | R'000           | R'000       |
| Employer's accrued liability         | 28 851      | 28 265          | 27 668      |
| Employer's service and interest cost | 3 650       | 3 574           | 3 496       |

\*The mortality basis includes mortality improvements of 1.0% per annum, with a base year of 2006.

Therefore, a one-year down-rating in the post-retirement mortality assumption will result in a 2.1% increase in accrued liability. Similarly, a one year upward-rating in the post-retirement mortality assumption will result in a 2.1% decrease in the accrued liability.

A one-year down-rating of the mortality assumption, assumes that a person currently aged x will experience mortality equivalent to that of a person aged x-1.



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

### Expected retirement age

The table below shows the impact of a one-year increase and decrease in the average retirement age assumption (which is the age that the liability is assumed to be fully accrued). The impact of reducing the average retirement age by two years is also shown in the table below. The average retirement age is assumed to be 65 years.

|                                      | 1 year younger | Valuation basis | 1 year older |
|--------------------------------------|----------------|-----------------|--------------|
|                                      | R'000          | R'000           | R'000        |
| Employer's accrued liability         | 28 776         | 28 265          | 27 708       |
| Employer's service and interest cost | 3 611          | 3 574           | 3 508        |

Therefore, an increase of 1 year in the average retirement age assumption will result in a 2.0% decrease in the accrued liability. Similarly, a decrease of 1 year in the average retirement age assumption will result in a 1.8% increase in the accrued liability.

### Company

NECSA purchased an insurance policy in the form of a company-owned annuity policy, which qualifies as a Plan Asset, effective as at 1 March 2011. Following this, eleven further policy tranches were purchased with effective dates of 1 July 2012 and 1 May each year from 1 May 2013 to 1 May 2022.

As at 31 March 2024, the policy value of the Plan Asset provided by the insurer was R6,289,446.

The annuity portfolio is made up of a growth account and a guaranteed account. Increases are guaranteed at a minimum of CPI per annum. The growth account may be used for interim subsidies for new retirees until the annual annuity purchase.

|                                   | 31 March     | 31 March      |
|-----------------------------------|--------------|---------------|
|                                   | 2024         | 2023          |
|                                   | R'000        | R'000         |
| Guaranteed account                | 5 632        | 12 338        |
| Growth account                    | 658          | 648           |
| <b>Market value of Plan Asset</b> | <b>6 290</b> | <b>12 986</b> |

IAS 19 requires Plan Assets to be accounted for at fair value. To ensure comparability and consistency between the asset and liability valuation, the fair value of the Guaranteed Account was calculated as the present value of the liabilities (only for pensioners already on the Momentum annuity policy) using current valuation assumptions, less the present value of future outstanding premiums (after deducting administration costs, solvency and profit margins in the future premiums). For this, we have assumed admin costs of 2.95% and another 8.75% margin to cover solvency and profit margins. The fair value of the Growth Account was set at the market value.



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

The fair value of the Plan Asset is therefore set as follows:

|                                 | 31 March      | 31 March      |
|---------------------------------|---------------|---------------|
|                                 | 2024          | 2023          |
|                                 | R'000         | R'000         |
| Guaranteed account              | 29 008        | 21 162        |
| Growth account                  | 658           | 648           |
| <b>Fair value of Plan Asset</b> | <b>29 666</b> | <b>21 810</b> |

The table below shows the reconciliation of the Plan Assets from opening to closing balance:

### Reconciliation of Plan Assets

|                                           | 31 March      | 31 March      |
|-------------------------------------------|---------------|---------------|
|                                           | 2024          | 2023          |
|                                           | R'000         | R'000         |
| Opening balance of Plan Asset             | 21 810        | 17 872        |
| Expected benefit payments from Plan Asset | (27 511)      | (25 450)      |
| Additional contributions                  | 32 686        | 31 578        |
| Expected return on Plan Asset             | 4 543         | 3 948         |
| Expected asset value as at end of year    | 31 528        | 27 948        |
| Actuarial gains/(losses)                  | (1 862)       | (6 138)       |
| <b>Closing balance of Plan Asset</b>      | <b>29 666</b> | <b>21 810</b> |

### Group

#### Pelchem:

We are not aware of any assets set aside for post-employment medical aid funding that qualify as Plan Assets in terms of the requirements of IAS19. As such we have ascribed a nil value to the fair value of Plan Assets.

#### NTP Radioisotopes:

NTP purchased an insurance policy in the form of a company owned annuity policy, which qualifies as a Plan Asset, effective as at 1 March 2011.

As at 31 March 2024, the policy value of the Plan Asset provided by the insurer was R21,478,663

The annuity portfolio is made up of a Growth Account and a Guaranteed Account. Increases are guaranteed at a minimum of CPI per annum. Funds are transferred from the Growth Account to the Guaranteed Account to fund the purchase of annuities for new retirees. The account may also be used to fund any increase in Employer Contributions in excess of the guaranteed annuities.



# Notes to the Annual Financial Statements

## 16. Retirement benefits (continued)

At the current and previous valuation date, the values of each of these accounts were as follows:

|                                   | 31 March      | 31 March      |
|-----------------------------------|---------------|---------------|
|                                   | 2024          | 2023          |
|                                   | R'000         | R'000         |
| Guaranteed account                | 14 873        | 15 257        |
| Growth account                    | 6 606         | 6 121         |
| <b>Market value of Plan Asset</b> | <b>21 479</b> | <b>21 378</b> |

IAS 19 requires Plan Assets to be accounted for at fair value. To ensure comparability and consistency between the asset and liability valuation, the fair value of the Guaranteed Account was calculated as the present value of the liabilities with increases at CPI using current valuation assumptions. The fair value of the Growth Account remains at market value (this was limited to the value of accrued liability as this also funds future service liabilities).

The fair value of the Plan Asset is therefore set as follows:

|                           | 31 March | 31 March |
|---------------------------|----------|----------|
|                           | 2024     | 2023     |
|                           | R'000    | R'000    |
| Fair value of Plan Assets | 19 333   | 19 047   |

The table below shows the reconciliation of the Plan Assets from opening to closing balance:

### Reconciliation of Plan Assets

|                                                            | 31 March      | 31 March      |
|------------------------------------------------------------|---------------|---------------|
|                                                            | 2024          | 2023          |
|                                                            | R'000         | R'000         |
| Opening balance of Plan Asset                              | 19 047        | 19 036        |
| Expected benefit payments from Plan Asset                  | (1 263)       | (1 156)       |
| Contribution from growth account for current service costs | 209           | 219           |
| Expected return on Plan Asset                              | 2 194         | 1 984         |
| Expected asset value as at end of year                     | 20 187        | 20 083        |
| Actuarial gains/(losses)                                   | (854)         | (1 036)       |
| <b>Closing balance of Plan Asset</b>                       | <b>19 333</b> | <b>19 047</b> |



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 17. Deferred income

|                                                   |                  |                  |                  |                  |
|---------------------------------------------------|------------------|------------------|------------------|------------------|
| Government grants for future expenditure:         |                  |                  |                  |                  |
| Non-current liabilities                           | 767 189          | 674 526          | 767 189          | 674 526          |
| Current liabilities                               | 504 668          | 497 438          | 504 668          | 497 438          |
|                                                   | <b>1 271 857</b> | <b>1 171 964</b> | <b>1 271 857</b> | <b>1 171 964</b> |
| At 1 April 2023                                   | 1 171 964        | 1 018 129        | 1 171 964        | 1 018 129        |
| Received during the year                          | 862 608          | 876 689          | 862 608          | 876 689          |
| Released to the statement of comprehensive income | (762 715)        | (722 854)        | (762 715)        | (722 854)        |
| <b>At 31 March 2024</b>                           | <b>1 271 857</b> | <b>1 171 964</b> | <b>1 271 857</b> | <b>1 171 964</b> |

Refer to note 23, and 26 for nature and detail of the government grant received relating to decommissioning and decontamination costs.

## 18. Provisions

### Reconciliation of provisions - Group - 2024

|                                    | Opening balance | Additions      | Utilised during the year | Reversed during the year | Change in discount factor | Total            |
|------------------------------------|-----------------|----------------|--------------------------|--------------------------|---------------------------|------------------|
| Decommissioning and waste disposal | 818 681         | 103 671        | (14 658)                 | (2 651)                  | (229)                     | 904 814          |
| Leave provision                    | 133 636         | 5 494          | (8 596)                  | (849)                    | -                         | 129 685          |
|                                    | <b>952 317</b>  | <b>109 165</b> | <b>(23 254)</b>          | <b>(3 500)</b>           | <b>(229)</b>              | <b>1 034 499</b> |

### Reconciliation of provisions - Group - 2023

|                                    | Opening balance | Additions     | Utilised during the year | Reversed during the year | Change in discount factor | Total          |
|------------------------------------|-----------------|---------------|--------------------------|--------------------------|---------------------------|----------------|
| Decommissioning and waste disposal | 862 436         | 29 225        | (7 573)                  | (69 685)                 | 4 278                     | 818 681        |
| Leave provision                    | 137 549         | 16 371        | (11 678)                 | (8 606)                  | -                         | 133 636        |
|                                    | <b>999 985</b>  | <b>45 596</b> | <b>(19 251)</b>          | <b>(78 291)</b>          | <b>4 278</b>              | <b>952 317</b> |

### Reconciliation of provisions - Company - 2024

|                               | Opening balance | Additions     | Utilised during the year | Total          |
|-------------------------------|-----------------|---------------|--------------------------|----------------|
| Fuel elements and waste drums | 671 354         | 82 516        | -                        | 753 870        |
| Leave provision               | 69 522          | 663           | (3 192)                  | 66 993         |
|                               | <b>740 876</b>  | <b>83 179</b> | <b>(3 192)</b>           | <b>820 863</b> |





# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 18. Provisions (continued)

### Reconciliation of provisions - Company - 2023

|                               | Opening balance | Additions    | Utilised during the year | Reversed during the year | Total          |
|-------------------------------|-----------------|--------------|--------------------------|--------------------------|----------------|
| Fuel elements and waste drums | 737 456         | 1 288        | (67 390)                 | -                        | 671 354        |
| Leave provision               | 83 352          | -            | (6 343)                  | (7 487)                  | 69 522         |
|                               | <b>820 808</b>  | <b>1 288</b> | <b>(73 733)</b>          | <b>(7 487)</b>           | <b>740 876</b> |

|                         |                  |                |                |                |
|-------------------------|------------------|----------------|----------------|----------------|
| Non-current liabilities | 904 814          | 818 681        | 753 870        | 671 354        |
| Current liabilities     | 129 685          | 133 636        | 66 993         | 69 522         |
|                         | <b>1 034 499</b> | <b>952 317</b> | <b>820 863</b> | <b>740 876</b> |

Provision for decommissioning and waste disposal:

Provision is made for the decommissioning of purely commercial plants and disposal of the resulting waste. The annual transfer is based on the latest available cost information. The Company was awarded a license from the National Nuclear Regulator to transport the waste to Vaalputs on 15 March 2011. The assessment methodology provides an estimate of the total cost associated with the decommissioning of commercial plants currently existing at Necsa to the point where they can be reused or released from regulatory control, and the total cost to manage (treat, condition, store and/or dispose) all the existing and future waste created by these activities. In order to estimate the cost and scheduling of the various decommissioning and waste management activities the following assumptions were made:

- i) In view of the fact that the Necsa site will remain a licensed site for the foreseeable future, the decommissioning of facilities to the point of release from regulatory control is not necessarily regarded as the required endpoint, as that may depend on the potential future re-use of the nuclear facility.

- ii) Only liabilities associated with existing facilities identified during the assessment cycle, and future facilities identified as essential for the discharge of these liabilities are included in the assessment.

- iii) The following costs are included in the assessment:

The cost to decommission all facilities to the point where they can be released from regulatory control (The cost exclude future demolishing cost of buildings). Rehabilitation of the site was not included in the assessment, except in cases where this was considered to be the most viable option to achieve release from regulatory control.

A potential benefit (cost decrease) may be achieved as a result of technological progress in the fields of decommissioning and waste management. There are, however, many uncertainties that may impact the accuracy of cost estimates for discharging nuclear liabilities, mainly due to the long time periods over which the cost estimates must be done. Some of these uncertainties are listed below:

Non-technical aspects, such as socio-political factors and changes in laws or regulations in nuclear safety and waste management, are difficult to quantify in terms of impact on cost estimates.



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 18. Provisions (continued)

Decommissioning cost for many projects occur some years in the future. The lifetime of some processes may also be extended resulting in the postponement of decommissioning activities and cost.

Future developments in the nuclear industry (up scaling or down scaling) may result in the reuse of contaminated or previously decommissioned facilities. Refer note 23 and 26 for further disclosure on the nature of Decommissioning and Decontaminating liability.

### Leave provision:

The leave days is a provision, because there is uncertainty over the timing and amount at year end and it is still included as a provision and in our understanding it is a provision as defined.

### General:

It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on the Group's financial position, liquidity or cash flow.

## 19. Trade and other payables

|                                   |                |                |                |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
| <b>Financial instruments:</b>     |                |                |                |                |
| Trade payables                    | 217 552        | 131 511        | 34 041         | 39 410         |
| Accrued expenses                  | 37 133         | 40 230         | 35 621         | 42 021         |
| Payroll accruals                  | 17 736         | 16 586         | 8 194          | 8 009          |
| Deposits received                 | 274            | 374            | -              | -              |
| Other payables                    | 63 869         | 90 609         | 56 047         | 65 595         |
| <b>Non-financial instruments:</b> |                |                |                |                |
| Amounts received in advance       | 24 292         | 6 364          | -              | -              |
| VAT                               | 8 433          | 16 025         | 8 433          | 16 025         |
|                                   | <b>369 289</b> | <b>301 699</b> | <b>142 336</b> | <b>171 060</b> |

### Fair value of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

The average credit period on purchases is between 30 and 60 days from date of statement. The Company and Group settle payments to creditors on average 30 days from receipt of the statements. The Company and Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Included in Other payables are sundry creditors and other miscellaneous items, of which outstanding cheque deposits form a big part of the total.



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 20. Revaluation reserve

The revaluation reserve consists of fair value adjustments to the land and buildings of the Company and Group.

|                     |         |         |         |         |
|---------------------|---------|---------|---------|---------|
| Revaluation reserve | 799 371 | 779 170 | 783 779 | 764 598 |
|---------------------|---------|---------|---------|---------|

Necsa does not intend to sell its land and buildings before decommissioning and decontamination takes place. An exercise will need to be conducted to check the decommissioning and decontamination of the land and buildings.

## 21. Goodwill

| Group    | 2024                   |                |        | 2023                   |                |        |
|----------|------------------------|----------------|--------|------------------------|----------------|--------|
| Cost     | Accumulated impairment | Carrying value | Cost   | Accumulated impairment | Carrying value |        |
| Goodwill | 16 585                 | -              | 16 585 | 16 585                 | -              | 16 585 |

### Reconciliation of goodwill - Group

|                         | Goodwill      |
|-------------------------|---------------|
| <b>Cost</b>             |               |
| <b>At 31 March 2023</b> | <b>16 585</b> |
| <b>At 31 March 2024</b> | <b>16 585</b> |
| <b>Carrying amount</b>  |               |
| Cost                    | 16 585        |
| <b>At 31 March 2023</b> | <b>16 585</b> |
| Cost                    | 16 585        |
| <b>At 31 March 2024</b> | <b>16 585</b> |

### Goodwill

**Goodwill was recognised on the acquisition of the following subsidiaries:**

1) AEC-Amersham SOC Ltd

Percentage of voting equity interests acquired: 100%

Description of how the NECSA obtained control of AEC-Amersham: NECSA obtained control of AEC-Amersham through its 100% voting equity interest in NTP Radioisotopes, which in turn obtained 100% voting equity interests in AEC-Amersham.

Factors that make up the goodwill recognised: Synergies are expected from combining operations of AEC-Amersham with the NECSA group of companies.

2) Gammatec NDT Supplies SOC Ltd

Percentage of voting equity interests acquired: 55%

Description of how the NECSA obtained control of Gammatec NDT Supplies: NECSA obtained control of Gammatec NDT Supplies through its

100% voting equity interest in NTP Radioisotopes, which in turn obtained 55% voting equity interests in Gammatec NDT Supplies.

Factors that make up the goodwill recognised: Synergies are expected from combining operations of Gammatec NDT Supplies with the NECSA group of companies.



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 21. Goodwill (continued)

| Goodwill Allocation           |               |               |          |          |
|-------------------------------|---------------|---------------|----------|----------|
| AEC-Amersham SOC Ltd          | 5 228         | 5 228         | -        | -        |
| Gammatec NDT Supplies SOC Ltd | 11 357        | 11 357        | -        | -        |
|                               | <b>16 585</b> | <b>16 585</b> | <b>-</b> | <b>-</b> |

## 22. Derivatives

| Non-hedging derivatives                        |                |              |              |              |
|------------------------------------------------|----------------|--------------|--------------|--------------|
| Revaluation of open forward exchange contracts | (757)          | (1 997)      | -            | -            |
| Forex exchange contract                        | (523)          | 3 372        | (523)        | 3 372        |
|                                                | <b>(1 280)</b> | <b>1 375</b> | <b>(523)</b> | <b>3 372</b> |

| Split between non-current and current portions |                |              |              |              |
|------------------------------------------------|----------------|--------------|--------------|--------------|
| Current assets                                 | -              | 3 372        | -            | 3 372        |
| Current liabilities                            | (1 280)        | (1 997)      | (523)        | -            |
|                                                | <b>(1 280)</b> | <b>1 375</b> | <b>(523)</b> | <b>3 372</b> |

Refer to note 44 Fair value information for details of valuation policies and processes.

Refer to note 43 Financial instruments and risk management further details.

## 23. Decommissioning and Decontamination of Stage 1 and Stage 2

The South African Nuclear Energy Corporation Ltd (Necsa) has been established for the Republic in terms of the Nuclear Energy Act 46 of 1999 to manage and operate the Republic's nuclear and related objectives. Necsa derives its mandate (powers and functions) solely from the Act and the Minister of Energy via the Department of Minerals Resources and Energy (DMRE), and is subjected to the Policies and Procedures designed by the DMRE.

The National Nuclear Regulator (NNR), an organ of the State, was established in terms of the National Nuclear Regulator Act 47 of 1999. Section 1 (xiv) of the NNR Act makes provision for the granting of nuclear

authorisations, also known as Nuclear Installations Licenses (NILs). Section 20 (1) of the Act states that "No person may site, construct, operate, decontaminate or decommission a nuclear installation, except under the authority of a Nuclear Installation Licence".

Section 21 (1) requires that any person wishing to site, construct, operate, decontaminate or decommission a nuclear installation may apply in the prescribed format to the Chief Executive Officer of the NNR for a nuclear installation licence and must furnish such information as the NNR Board of Directors requires. Necsa is currently the license holder of forty one (41) Nuclear Installation Licenses (NILs) that was issued by the NNR. The NNR approved NILs issued to Necsa, govern all nuclear activities undertaken in the disused and operational nuclear facilities.



## Notes to the Annual Financial Statements

### 23. Decommissioning and Decontamination of Stage 1 and Stage 2 (continued)

The Republic of South Africa announced its intention to abandon the Nuclear Weapons Programme in 1989 and acceded to the Non-Proliferation of Nuclear Weapons on 10 July 1991. Stemming from this announcement Necsa started in 1995 with the shutdown of the various strategic nuclear facilities directly linked to the Nuclear Weapons Programme while the other strategically related operating nuclear facilities were excluded to continue the maintenance of the Necsa site license and to support some of the current operating facilities to date.

These shutdown facilities (some have been Decommissioned & Decontaminated (D&D) while others are scheduled to be decommissioned & decontaminated) are currently known as past disused strategic nuclear facilities. All the other ancillary nuclear facilities that were strategically used for the Nuclear Weapons Programme have been kept operational for the new Non-Weapons (peaceful application of nuclear energy) mandate and are currently known as the Past Operational Strategic Nuclear facilities.

In terms of Section 55 (2) read with Section 1 (xiia) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999), the D&D of Past Strategic Nuclear facilities, including the management of related radioactive material and waste, is an institutional nuclear obligation that vests in the Minister of Mineral Resources and Energy. Necsa is responsible for discharging of the liabilities and government is responsible for funding thereof.

In 2000 Necsa was requested by the then DMRE to quantify the total nuclear and related liability at the Pelindaba site arising from the nuclear weapons/strategic programme. Necsa then submitted to Cabinet, in April 2004, through the DMRE, a Nuclear Liabilities Management Plan (NLMP). The NLMP differentiated between three stages of D&D, namely:

- Stage 1 Decommissioning and Decontamination of all disused historical nuclear facilities;

- Stage 2 Decommissioning and Decontamination of all remaining (currently operating as at 2004) nuclear facilities.

In November 2005 Cabinet approved funding of approximately R1,8 billion (2004/05 Rand values) as reflected below: The D&D of disused historical nuclear facilities (Stage 1) of the Nuclear Liabilities Management Plan (R1,5 billion) and decommissioning and remediation of Thabana waste trenches & waste storage facilities, which were excluded from the NLMP, R270 million.

In order to provide a monitoring mechanism for effective oversight of the implementation of the approved 2005 Cabinet resolutions, DMRE issued a Policy Procedure on the Management of Nuclear Liabilities arising from Past Strategic Nuclear Facilities in May 2008, the latest policy procedure was issued in April 2021. According to the policy procedure, Necsa must submit to DMRE a formal reassessment of the liabilities every five years or at a shorter frequency if so required by the Minister. The initial methodology for reassessing the liabilities and any changes to the methodology thereafter must be agreed with the DMRE prior to implementation.

The reassessment takes into account the following and is subjected to international experts benchmarking and validation:

- a) Review of variables and values used in the assessment model (e.g. interest rates, inflation rates, waste inventories, processing cost, etc.)
- b) Review assumptions made in the model.
- c) Appropriateness of model used.
- d) Adjustments due to liabilities discharged in previous years.

The assessed amount is adjusted for inflation annually until the next reassessment. Since 2007/08 NECSA has been receiving annually ring-fenced grants from the State to discharge this liability on behalf of the DMRE



# Notes to the Annual Financial Statements

## 23. Decommissioning and Decontamination of Stage 1 and Stage 2 (continued)

Stage 1 Liabilities: In 2013/14 financial year, all the parties considered that the Decommissioning and Decontamination liability vested in the Minister and was recognised in the financial statements of the DMRE; and NECSA was acting as an agent of the Minister with regard to D&D. A Senior Counsel opinion, obtained in March 2016, confirmed that the liability to Decommission and Decontaminate past strategic nuclear facilities rests with NECSA with regard to both disused and currently in use facilities; and that the State is obligated to fund these liabilities.

The Minister has accepted this opinion and has transferred this liability as well as Cabinet's approval to fund the Stage 1 liability to NECSA; to be recognised in NECSA's financial statements as from the 2014/15 financial year.

An independent international expert has confirmed that the assessment methodology used to determine the liability was in line with international best practice and that the amount was sound and reasonable.

After adjusting for inflation and the costs already incurred this liability has been determined to be R2.6 billion as at 31 March 2023 and in terms of IAS 37 this liability is recognised as a provision (liability) and the State's funding obligation, approved by Cabinet is recognised as an asset.

The initial 2018/19 liability reassessment that was conducted by Necsa was not accepted by the 2019 independent review team for the following reasons:

1. Concern that the methodology assumed end date of 2033 is not realistic and attainable
2. No justification/detailed long term plan to substantiate the remaining years of the 2033 end date

3. Indirect/overhead cost not sufficient (was less than 2013/14 +CPI). This approach was based on the 2013/14 methodology as agreed to base 2018/19 assessment.

4. Queries in the facility inventory and D&D assessments.

The above, required corrective measures to be implemented, another 2018/19 reassessment conducted and reviewed by the 2020 independent review team, The R5.5 Billion current prices was confirmed/accepted as a reasonable estimates compared to the previously assessed R3.6 Billion that was rejected by the review team. The reason for the increase was mainly due to the following:

- The high level long-term plans for Waste Management and Decommissioning activities that were developed, after being identified as a shortcoming by the independent expert reviewer from the previous reassessment that was not accepted by the independent review team.
- These long-term plans pushed the projects from 2033 to 2040 increasing the project end date by seven (7) years.
- The negative impact of the underfunding over the past years that delayed the execution of the projects also contributed to this estimate although additional funding was provided in 2018.

An independent international expert has confirmed that the 2020 assessment methodology used to determine the liability provides a reasonable central estimate of the ongoing liability, as such it provides a reasonable figure for the purpose of securing government funding.





# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 23. Decommissioning and Decontamination of Stage 1 and Stage 2 (continued)

|                                             |             |             |             |             |
|---------------------------------------------|-------------|-------------|-------------|-------------|
| <b>Non-current assets</b>                   |             |             |             |             |
| Decommissioning & decontamination - Stage 1 | 3 045 799   | 2 496 119   | 3 045 799   | 2 496 119   |
| <b>Non-current liabilities</b>              |             |             |             |             |
| Decommissioning & decontamination - Stage 1 | (3 045 799) | (2 496 119) | (3 045 799) | (2 496 119) |
|                                             | -           | -           | -           | -           |

|                                                                         |           |           |           |           |
|-------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Government grant expense (Decommissioning & decontamination - Stage 1 ) | (560 731) | (966 692) | (560 731) | (966 692) |
| Acceptance of Decommissioning & decontamination - Stage 1               | 560 731   | 966 692   | 560 731   | 966 692   |
|                                                                         | -         | -         | -         | -         |

| 2024        | Opening     | Finance Charge / Finance Income | Change in discount factor | Total       |
|-------------|-------------|---------------------------------|---------------------------|-------------|
|             | R'000       | R'000                           | R'000                     | R'000       |
| Assets      | 2 496 119   | -                               | 549 680                   | 3 045 799   |
| Liabilities | (2 496 119) | -                               | (549 680)                 | (3 045 799) |
|             | -           | -                               | -                         | -           |

| 2023        | Opening     | Finance Charge / Finance Income | Change in discount factor | Total       |
|-------------|-------------|---------------------------------|---------------------------|-------------|
|             | R'000       | R'000                           | R'000                     | R'000       |
| Assets      | 3 222 453   | 290 535                         | (1 016 869)               | 2 496 119   |
| Liabilities | (3 222 453) | (290 535)                       | 1 016 869                 | (2 496 119) |
|             | -           | -                               | -                         | -           |

### Stage 2 Liabilities:

The Stage 2 facilities are currently in operation and these facilities will only be decommissioned and decontaminated once operations cease.

Strategic Operational Nuclear Facilities currently in use:

During 2013/14, the D&D Stage 2 liability assessment by management was calculated at R478 million. The formal assessment of liability is done periodically. In between the formal assessment, applicable economic indicators such as inflation are utilised to calculate the liability.

The Stage 2 liability has been assessed on the basis of the same methodology as for Stage 1. The reassessment is conducted every five (5) years and the assessed amount will be adjusted for inflation until the next reassessment. The last assessment was conducted in the 2022/2023 financial year. An independent international expert has confirmed that the assessment methodology used to determine the liability was in line with international best practice and that the amount of R512 million was sound and reasonable as on 30 March 2017.



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 23. Decommissioning and Decontamination of Stage 1 and Stage 2 (continued)

Up to 2017/18, the asset could only be recognised to the extent of the allocation letter of grant for the Medium-Term Expenditure Framework (MTEF) period received from the shareholder Department of Mineral Resources and Energy. However, in June 2018, the Minister of Finance through the Cabinet Memo 04 of 2018 accepted the funding obligation for Stage 2. To this extent, the Stage 2 liability matches the asset with effect from 2018/19 financial year. To address the incongruity between liabilities exceeding the asset with regard to D&D Stage 2, Necsa through the Department of Minerals Resources and Energy (DMRE) drafted a Cabinet Memorandum 04 of 2018 requesting the Cabinet to approve in writing the funding commitment of Stage 2 liability for Operational Nuclear Facilities at Necsa.

To this extent, the Cabinet approved the funding of Stage 2 and requested the DMRE and National Treasury to finalise the matter in such a way that the AGSA will be satisfied that the funding obligation of Stage 2 lies with the state. Therefore, with effect from 2018/19 the Cabinet memo read with the Minister of Finance's letter complies with IAS 37.

|                                             |           |           |           |           |
|---------------------------------------------|-----------|-----------|-----------|-----------|
| <b>Non-current assets</b>                   |           |           |           |           |
| Decommissioning & decontamination - Stage 2 | 287 913   | 243 931   | 287 913   | 243 931   |
| <b>Non-current liabilities</b>              |           |           |           |           |
| Decommissioning & decontamination - Stage 2 | (287 913) | (243 931) | (287 913) | (243 931) |
|                                             | -         | -         | -         | -         |

| 2024        | Opening   | Finance Charge / Finance Income | Change in discount factor | Total     |
|-------------|-----------|---------------------------------|---------------------------|-----------|
|             | R'000     | R'000                           | R'000                     | R'000     |
| Assets      | 243 931   | 32 931                          | 11 051                    | 287 913   |
| Liabilities | (243 931) | (32 931)                        | (11 051)                  | (287 913) |
|             | -         | -                               | -                         | -         |

| 2023        | Opening   | Finance Charge / Finance Income | Change in discount factor | Total     |
|-------------|-----------|---------------------------------|---------------------------|-----------|
|             | R'000     | R'000                           | R'000                     | R'000     |
| Assets      | 193 753   | -                               | 50 178                    | 243 931   |
| Liabilities | (193 753) | -                               | (50 178)                  | (243 931) |
|             | -         | -                               | -                         | -         |

The calculation of the decommissioning and decontamination asset, liability, revenue, expenditure, finance costs and investment income values were corrected in the current year and the values on the AFS were updated.



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 24. Vaalputs After Care

|                         |                 |                 |                 |                 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
| Non-current Asset       | 21 371          | 22 108          | 21 371          | 22 108          |
| Non-current liabilities | (59 836)        | (56 178)        | (59 836)        | (56 178)        |
|                         | <b>(38 465)</b> | <b>(34 070)</b> | <b>(38 465)</b> | <b>(34 070)</b> |

| 2024                                        | Opening         | Depreciation | Change in discount factor | Total           |
|---------------------------------------------|-----------------|--------------|---------------------------|-----------------|
|                                             | R'000           |              | R'000                     | R'000           |
| Vaalputs After Care Non-current asset       | 22 108          | (737)        | -                         | 21 371          |
| Vaalputs After Care non-current liabilities | (56 178)        | -            | (3 658)                   | (59 836)        |
|                                             | <b>(34 070)</b> | <b>(737)</b> | <b>(3 658)</b>            | <b>(38 465)</b> |

| 2023                                        | Opening         | Depreciation | Change in discount factor | Total           |
|---------------------------------------------|-----------------|--------------|---------------------------|-----------------|
|                                             | R'000           |              | R'000                     | R'000           |
| Vaalputs After Care Non-current asset       | 22 845          | (737)        | -                         | 22 108          |
| Vaalputs After Care non-current liabilities | (52 821)        | -            | (3 357)                   | (56 178)        |
|                                             | <b>(29 976)</b> | <b>(737)</b> | <b>(3 357)</b>            | <b>(34 070)</b> |

In terms of Section 50 of the Nuclear Energy Act, the responsibility for the Republic's institutional nuclear obligations vests in the Minister of Mineral Resources and Energy. The management of nuclear waste disposal on a national basis is one of these obligations as defined in Section 1(xii) of the Act.

The management of radioactive waste disposal on a national basis is assigned to the National Radioactive Waste Disposal Institute. The Institute is an independent entity established by statute under the provision of section 55(2) of the Nuclear Energy Act to fulfil the institutional obligation of the Minister of Mineral Resources and Energy. Although the institute is operational, they are still in the process to obtain the Nuclear Installation Licence from the National Nuclear Regulator which will allow them to operate the Vaalputs disposal site.

In terms of section 30(8) of the Disposal Institute Act, DMRE subsequently appointed Necsa on 7 March 2010 to maintain the Nuclear Installation License for Vaalputs (NIL28) until such time as the NRWDI is in a position to take over these functions to the satisfaction of the NNR. To date the NNR still did not issue NRWDI with the Nuclear Installation License.

Vaalputs is required to make provision in a Long Term Provision Fund to cover the costs which will be incurred during the institutional control period of Vaalputs. This is a period of total 300 years after closure of the disposal site, and also called Aftercare. Contributions to this fund should be made to the fund during the operational period of Vaalputs (currently foreseen until 2054), thus ensuring that sufficient funds are available by the start of the institutional control period for these 300 years.



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 24. Vaalputs After Care (continued)

Provision was made for this fund and annual contributions were made. A methodology and model were developed and documented by Necsa to determine and assess on an annual basis the total required provision which would be required by Vaalputs closure in current terms. This model also compares the determined required provision with the current total provision/asset, and then also determines the possible annual contributions required for the remainder of the operational period of Vaalputs.

The model considers all the projected operational expenses during the institutional control period, investment return, inflation, site closure date, etc. The model is run each year to reassess and compare the actual investment performance with the then projected current required provision, and the required annual fund contribution. The statement above reflects the current actual provision/investment as non-current Asset, and the model determined required current provision as non-current liabilities. The difference will be addressed by the model-determined further annual contributions which will be made until site closure. Based on the recent annual review, no annual contribution to the fund was required for this financial year.

## 25. Financial assets measured at fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve comprises all fair value adjustments on financial instruments designated as financial assets measured at fair value through other comprehensive income. When an asset or liability is derecognised, the fair value adjustment relating to that asset or liability is transferred to retained earnings/accumulated loss.

|                                                              |     |     |     |     |
|--------------------------------------------------------------|-----|-----|-----|-----|
| Investments at fair value through other comprehensive income | 380 | 301 | 380 | 301 |
|--------------------------------------------------------------|-----|-----|-----|-----|

## 26. Investments contributions for future liabilities

This represents contributions invested / ring fenced for the future decommissioning of facilities.

|                                                                                        | 2022<br>R'000 | Additions<br>R'000 | 2023<br>R'000 | Additions<br>R'000 | 2024<br>R'000 |
|----------------------------------------------------------------------------------------|---------------|--------------------|---------------|--------------------|---------------|
| NTP - Decommissioning and Decontamination of buildings exclusively utilised            | 25 849        | 1 712              | 27 561        | 1 634              | 29 195        |
| NTP Contribution to the Decommissioning and Decontamination of the Reactor / SAFARI -1 | 36 457        | 3 194              | 39 651        | 24 901             | 64 552        |
|                                                                                        | <b>62 306</b> | <b>4 906</b>       | <b>67 212</b> | <b>26 535</b>      | <b>93 747</b> |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 26. Investments contributions for future liabilities (continued)

The Stage 2 facilities include the SAFARI-1 Reactor which NTP Radioisotopes SOC Ltd (NTP), a subsidiary of Necsa, is contracted to manage and operate. In terms of the manage and operate agreement NTP and Necsa will share the Decommissioning and Decontamination costs of SAFARI-1; and NTP will be charged based on the commercial utilisation of the SAFARI-1 by NTP. NTP's contribution is ring-fenced and invested to be utilised when Decommissioning and Decontamination commences. Refer to note 23 for further information on Decommissioning and Decontamination costs.

| 2024                                                                                   | Opening         | Additions       | Total           |
|----------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|
|                                                                                        | R'000           | R'000           | R'000           |
| NTP - Decommissioning and Decontamination of buildings exclusively utilised            | (27 561)        | (1 634)         | (29 195)        |
| NTP Contribution to the Decommissioning and Decontamination of the Reactor / SAFARI -1 | (39 651)        | (24 901)        | (64 552)        |
|                                                                                        | <b>(67 212)</b> | <b>(26 535)</b> | <b>(93 747)</b> |

| 2023                                                                                   | Opening         | Additions      | Total           |
|----------------------------------------------------------------------------------------|-----------------|----------------|-----------------|
|                                                                                        | R'000           | R'000          | R'000           |
| NTP - Decommissioning and Decontamination of buildings exclusively utilised            | (25 849)        | (1 712)        | (27 561)        |
| NTP Contribution to the Decommissioning and Decontamination of the Reactor / SAFARI -1 | (36 457)        | (3 194)        | (39 651)        |
|                                                                                        | <b>(62 306)</b> | <b>(4 906)</b> | <b>(67 212)</b> |

## 27. Revenue

| Revenue from contracts with customers |                  |                  |                |                |
|---------------------------------------|------------------|------------------|----------------|----------------|
| Sale of goods*                        | 1 814 447        | 1 630 350        | 96 744         | 112 890        |
| Rendering of services                 | 18 385           | 18 731           | -              | -              |
| Government grants*                    | 798 543          | 729 531          | 798 543        | 729 531        |
| Other grants***                       | 30 390           | 37 911           | 30 390         | 37 911         |
|                                       | <b>2 661 765</b> | <b>2 416 523</b> | <b>925 677</b> | <b>880 332</b> |



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 27. Revenue (continued)

### Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

|                                                                                     |                |                |                |                |
|-------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| <b>Sale of goods</b>                                                                |                |                |                |                |
| Sale of goods                                                                       | 1 814 447      | 1 630 350      | 96 744         | 112 890        |
| <b>Rendering of services</b>                                                        |                |                |                |                |
| Other revenue from rendering of services                                            | 18 385         | 18 731         | -              | -              |
| <b>Grants</b>                                                                       |                |                |                |                |
| Government grants                                                                   | 798 543        | 729 531        | 798 543        | 729 531        |
| Other grants                                                                        | 30 390         | 37 911         | 30 390         | 37 911         |
|                                                                                     | <b>828 933</b> | <b>767 442</b> | <b>828 933</b> | <b>767 442</b> |
| <b>The amount included in revenue arising from government grants is as follows:</b> |                |                |                |                |
| Operating activities                                                                | 594 148        | 561 514        | 594 148        | 561 514        |
| Decommissioning of strategic plants**                                               | 204 395        | 168 017        | 204 395        | 168 017        |
|                                                                                     | <b>798 543</b> | <b>729 531</b> | <b>798 543</b> | <b>729 531</b> |

The government grant relating to operating activities is primarily utilised to fund research and development expenses, non-commercial overheads and supplementary activities as required by the Nuclear Energy Act, costs for discarding radioactive waste and for storage of irradiated nuclear fuel.

The South African Government has an obligation to discharge nuclear liabilities resulting from the previous strategic nuclear programme which includes decommissioning and decontamination of disused historic facilities. The Minister of Mineral Resources and Energy is charged with this responsibility on behalf of government. A Nuclear Liabilities Management Plan (NLMP) was approved by cabinet in February 2007.

Necsa, as a statutory body created in terms of the Nuclear Energy Act (Act 46 of 1999) has been delegated with certain responsibilities in this regard. It annually receives funds to apply to the decommissioning and decontamination process in terms of the NLMP. Funds received by Necsa for this purpose and not utilised at year end are accounted for as deferred grants.

\* During the current financial year the 2023 Group revenue from sale of goods was restated to R1 630 350mil (previously R1 545 490mil) and revenue from government grant was restated to R729 531mil (previously R820 423mil). During the current financial year the 2023

Necsa Company revenue from sale of goods was restated to R112 890mil (previously R119 862mil).

\*\* The 2023 Revenue from decommissioning of strategic plants was restated in the current financial for both Group and Company R168 017mil (previously R205 928mil).

\*\*\* Other grants include all non-primary mandate grants for research, training and other activities of the company. Other grants are grants received from non-shareholder public and private institutions.





# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 28. Cost of sales

|                             |                  |                  |                |                |
|-----------------------------|------------------|------------------|----------------|----------------|
| Sale of goods               | 948 642          | 809 698          | 69 002         | 80 138         |
| Rendering of services       | 4 273            | 3 706            | -              | -              |
| Construction contracts      | 62 626           | 83 220           | 62 626         | 83 220         |
| Discount received           | (4)              | (459)            | (6)            | (459)          |
| <b>Manufactured goods:</b>  |                  |                  |                |                |
| Raw materials consumed      | 19               | 89               | 19             | 89             |
| Employee costs              | 183 471          | 170 800          | -              | -              |
| Depreciation and impairment | 15 447           | 9 371            | -              | -              |
| Manufacturing expenses      | 849              | 445              | -              | -              |
|                             | <b>1 215 323</b> | <b>1 076 870</b> | <b>131 641</b> | <b>162 988</b> |

## 29. Other operating income

|                                             |                |               |                |                |
|---------------------------------------------|----------------|---------------|----------------|----------------|
| Administration and management fees received | 11             | 24            | -              | -              |
| Commissions received                        | 35             | 43            | 35             | 43             |
| Royalties received                          | 42 756         | 33 022        | -              | -              |
| Other rental income                         | 2 188          | 1 659         | -              | -              |
| Bad debts recovered                         | 828            | -             | 828            | -              |
| Other recoveries                            | 50 723         | 39 742        | 389 811        | 315 220        |
| Scrapping income                            | 12 704         | 5 915         | 9 615          | 5 183          |
| Other income                                | 34 668         | 15 930        | 31 572         | 10 352         |
|                                             | <b>143 913</b> | <b>96 335</b> | <b>431 861</b> | <b>330 798</b> |

During the current financial year the 2023 other recoveries for both Group and Company were restated. Group was restated to R39 742mil (previously R33 710mil). Company was restated to R315 220mil (previously R308 247mil).

## 30. Other operating gains (losses)

|                                                                |   |               |                 |              |                |
|----------------------------------------------------------------|---|---------------|-----------------|--------------|----------------|
| <b>Gains (losses) on disposals, scrappings and settlements</b> |   |               |                 |              |                |
| Property, plant and equipment                                  | 4 | (470)         | (2 394)         | (131)        | (2 275)        |
| <b>Foreign exchange gains (losses)</b>                         |   |               |                 |              |                |
| Net foreign exchange gains (losses)                            |   | 14 711        | (8 899)         | -            | -              |
| <b>Total other operating gains (losses)</b>                    |   | <b>14 241</b> | <b>(11 293)</b> | <b>(131)</b> | <b>(2 275)</b> |



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 31. Operating profit/ (loss)

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

|                                                                          |    |                |                |               |               |
|--------------------------------------------------------------------------|----|----------------|----------------|---------------|---------------|
| <b>low value asset and short term lease payments</b>                     |    |                |                |               |               |
| Fleet transport                                                          |    | 5 048          | 3 337          | 5 084         | 3 337         |
| Equipment                                                                |    | 799            | 983            | -             | 460           |
| Buildings                                                                |    | 21 635         | 49 196         | 21 619        | 49 094        |
| Miscellaneous                                                            |    | 527            | 1 440          | 527           | 1 440         |
|                                                                          |    | <b>28 009</b>  | <b>54 956</b>  | <b>27 230</b> | <b>54 331</b> |
| Less: Lease charges included in cost of merchandise sold and inventories |    | (185)          | (136)          | -             | -             |
| <b>Auditor's remuneration - external</b>                                 |    |                |                |               |               |
| Audit fees                                                               |    | 16 187         | 16 938         | 8 554         | 10 280        |
| <b>Auditor's remuneration - internal</b>                                 |    | <b>1 351</b>   | <b>2 437</b>   | <b>-</b>      | <b>-</b>      |
| <b>Other</b>                                                             |    |                |                |               |               |
| Employee costs                                                           |    | 1 204 315      | 1 108 551      | 790 806       | 763 248       |
| Consulting and professional fees                                         |    | 41 267         | 25 629         | 22 262        | 9 723         |
| Impairment of inventory                                                  | 11 | (7 030)        | (40 762)       | (9 252)       | (10 040)      |
| Employee costs included in cost of merchandise                           | 28 | (183 536)      | (170 800)      | -             | -             |
| Remuneration costs other than to employees                               |    | 3 140          | 4 195          | -             | -             |
| Research and development costs                                           |    | -              | 470            | -             | -             |
| Amortisation on Intangible assets                                        | 5  | -              | 3 980          | -             | 634           |
| Movement in trade and other receivables                                  | 12 | -              | 1 281          | -             | -             |
| Impairment of property, plant and equipment                              | 4  | 2 093          | 2 957          | 131           | 2 275         |
| Impairment of right of use assets                                        |    | 2 488          | -              | -             | -             |
| Impairment of receivables                                                |    | (5 885)        | 14 899         | 48 703        | 82 162        |
| <b>Depreciation and amortisation</b>                                     |    |                |                |               |               |
| Depreciation of property, plant and equipment                            | 4  | 90 800         | 96 569         | 67 099        | 63 052        |
| Depreciation of right-of-use assets                                      | 15 | 6 521          | 1 990          | 1 514         | 1 514         |
| Amortisation of intangible assets                                        | 5  | 3 448          | 3 980          | -             | 634           |
| <b>Total depreciation and amortisation</b>                               |    | <b>100 769</b> | <b>102 539</b> | <b>68 613</b> | <b>65 200</b> |
| Less: Depreciation included in cost of merchandise sold and inventories  |    | (20 253)       | (18 461)       | -             | -             |
| <b>Total depreciation and amortisation expensed</b>                      |    | <b>80 516</b>  | <b>84 078</b>  | <b>68 613</b> | <b>65 200</b> |



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 32. Investment income

|                                                                 |                |                |                |                |
|-----------------------------------------------------------------|----------------|----------------|----------------|----------------|
| <b>Dividend income</b>                                          |                |                |                |                |
| <b>Equity instruments at fair value through profit or loss:</b> |                |                |                |                |
| Unlisted investments - Local                                    | 1 828          | 1 589          | 64 733         | 39 519         |
| <b>Interest income</b>                                          |                |                |                |                |
| <b>Investments in financial assets:</b>                         |                |                |                |                |
| Bank and other cash                                             | 76 334         | 66 076         | 36 287         | 44 028         |
| Interest charged on trade and other receivables                 | 1 322          | 495            | -              | -              |
| Vaalputs after care                                             | 1 003          | 5 740          | 1 003          | 5 740          |
| Fair value adjustments                                          | (4 737)        | (3 773)        | -              | -              |
| Stage 1 decommissioning and decontamination                     | 32 931         | 290 535        | 32 931         | 290 535        |
| Local listed investment income                                  | 464            | 377            | -              | -              |
| <b>Total interest income</b>                                    | <b>107 317</b> | <b>359 450</b> | <b>70 221</b>  | <b>340 303</b> |
| <b>Total investment income</b>                                  | <b>109 145</b> | <b>361 039</b> | <b>134 954</b> | <b>379 822</b> |

During the current financial year the group and company interest income on Vaalputs after care was disclosed separately.

## 33. Finance costs

|                                             |               |                |               |                |
|---------------------------------------------|---------------|----------------|---------------|----------------|
| Interest on Trade and other payables        | 46            | 10             | -             | -              |
| Lease liabilities                           | 1 807         | 6 134          | 1 755         | 583            |
| Bank overdraft                              | 13 459        | 9 079          | 89            | 1 699          |
| Interest paid to receiver of revenue        | -             | 142            | -             | -              |
| Finance cost on D&D provisions              | 32 938        | 290 544        | 32 931        | 290 535        |
| Deemed interest on PRML actuarial valuation | 246           | 2 657          | 246           | -              |
| Fair value adjustments (1)                  | 781           | 30             | -             | -              |
| <b>Total finance costs</b>                  | <b>49 277</b> | <b>308 596</b> | <b>35 021</b> | <b>292 817</b> |

Necsa did not capitalise borrowing costs in the current or prior year presented.

(1) Fair value adjustments relate to imputed interest.

## 34. Other non-operating losses

|                                                                   |   |               |              |               |              |
|-------------------------------------------------------------------|---|---------------|--------------|---------------|--------------|
| <b>Gains (losses) on disposals, scrappings or settlements</b>     |   |               |              |               |              |
| Investments in associates                                         | 7 | 848           | (848)        | -             | -            |
| <b>Fair value gains (losses)</b>                                  |   |               |              |               |              |
| Financial assets mandatorily at fair value through profit or loss |   | 14 644        | 6 754        | 14 644        | 6 754        |
| <b>Total other non-operating gains (losses)</b>                   |   | <b>15 492</b> | <b>5 906</b> | <b>14 644</b> | <b>6 754</b> |



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 35. Taxation

### Major components of the tax expense (income)

|                                                           |               |               |          |          |
|-----------------------------------------------------------|---------------|---------------|----------|----------|
| <b>Current</b>                                            |               |               |          |          |
| Local income tax - current period                         | 46 456        | 9 544         | -        | -        |
| Local income tax - prior period (over) under provision    | (544)         | -             | -        | -        |
|                                                           | <b>45 912</b> | <b>9 544</b>  | <b>-</b> | <b>-</b> |
| <b>Deferred</b>                                           |               |               |          |          |
| Originating and reversing temporary differences           | 3 330         | 35 756        | -        | -        |
|                                                           | <b>49 242</b> | <b>45 300</b> | <b>-</b> | <b>-</b> |
| <b>Reconciliation of the tax expense</b>                  |               |               |          |          |
| Reconciliation between accounting profit and tax expense. |               |               |          |          |
| Accounting (loss) profit                                  | 157 938       | 170 752       | 39 874   | 9 182    |
| Tax at the applicable tax rate of 27% (2023: 27%)         | 42 643        | 46 331        | -        | -        |
| <b>Tax effect of adjustments on taxable income</b>        |               |               |          |          |
| Other permanent differences                               | (272)         | (183)         | -        | -        |
| Other income                                              | -             | 782           | -        | -        |
| Nondeductible impairments                                 | 177           | 3 400         | -        | -        |
| Non-taxable dividends                                     | (1 835)       | (1 848)       | -        | -        |
| Research and development allowance                        | -             | (569)         | -        | -        |
| Intellectual property amortisation                        | 812           | 800           | -        | -        |
| Consulting fees                                           | 149           | -             | -        | -        |
| Legal fees                                                | 23            | 49            | -        | -        |
| Depreciation on site improvements                         | -             | 856           | -        | -        |
| Deferred tax prior year                                   | -             | 88            | -        | -        |
| Under/(Over) provision of tax in prior year               | (1 286)       | -             | -        | -        |
| Rate change                                               | -             | (1)           | -        | -        |
| Other comprehensive income                                | 162           | -             | -        | -        |
| Income from Equity accounted investments                  | (840)         | (304)         | -        | -        |
| Wear and tear timing differences                          | -             | 504           | -        | -        |
| Tax losses                                                | 7 296         | 14 312        | -        | -        |
| Permanent differences: Holding company exempt from tax    | 2 213         | (18 917)      | -        | -        |
|                                                           | <b>49 242</b> | <b>45 300</b> | <b>-</b> | <b>-</b> |

The South African Revenue Services has approved an exemption in respect of the South African Nuclear Energy Corporation SOC Limited under section 10(1)(cA)(i) of the Income Tax Act. No provision is therefore made for tax for Necsa Company.



# Notes to the Annual Financial Statements

|                 | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
| Figures in Rand | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 36. Other comprehensive income

### Components of other comprehensive income - Group - 2024

|                                                                                               | Gross         | Tax          | Net before non-controlling interest | Net           |
|-----------------------------------------------------------------------------------------------|---------------|--------------|-------------------------------------|---------------|
| <b>Items that will not be reclassified to profit (loss)</b>                                   |               |              |                                     |               |
| <b>Remeasurements on net defined benefit liability/asset</b>                                  |               |              |                                     |               |
| Remeasurements on net defined benefit liability/asset                                         | 17 909        | -            | 17 909                              | 17 909        |
| <b>Movements on revaluation</b>                                                               |               |              |                                     |               |
| Gains (losses) on property revaluation                                                        | 20 201        | -            | 20 201                              | 20 201        |
| <b>Movements on valuation of net defined benefit obligation</b>                               |               |              |                                     |               |
| Gains on valuation                                                                            | 2 744         | (335)        | 2 409                               | 2 409         |
| <b>Total items that will not be reclassified to profit (loss)</b>                             | <b>40 854</b> | <b>(335)</b> | <b>40 519</b>                       | <b>40 519</b> |
| <b>Items that may be reclassified to profit (loss)</b>                                        |               |              |                                     |               |
| <b>Financial assets measured at fair value through other comprehensive income adjustments</b> |               |              |                                     |               |
| Gains (losses) on valuation                                                                   | 79            | -            | 79                                  | 79            |
| <b>Total</b>                                                                                  | <b>40 933</b> | <b>(335)</b> | <b>40 598</b>                       | <b>40 598</b> |

### Components of other comprehensive income - Group - 2023

|                                                                                               | Gross         | Tax        | Net           |
|-----------------------------------------------------------------------------------------------|---------------|------------|---------------|
| <b>Items that will not be reclassified to profit (loss)</b>                                   |               |            |               |
| <b>Remeasurements on net defined benefit liability/asset</b>                                  |               |            |               |
| Remeasurements on net defined benefit liability/asset                                         | (231)         | -          | 231           |
| <b>Movements on revaluation</b>                                                               |               |            |               |
| Gains (losses) on property revaluation                                                        | 21 433        | -          | 21 433        |
| <b>Movements on valuation of net defined benefit obligation</b>                               |               |            |               |
| Gains (losses) on valuation                                                                   | (2 016)       | 808        | (1 208)       |
| <b>Total items that will not be reclassified to profit (loss)</b>                             | <b>19 186</b> | <b>808</b> | <b>19 994</b> |
| <b>Items that may be reclassified to profit (loss)</b>                                        |               |            |               |
| <b>Financial assets measured at fair value through other comprehensive income adjustments</b> |               |            |               |
| Gains (losses) on valuation                                                                   | (195)         | -          | (195)         |
| <b>Total items that may be reclassified to profit (loss)</b>                                  | <b>(195)</b>  | <b>-</b>   | <b>(195)</b>  |
| <b>Total</b>                                                                                  | <b>18 991</b> | <b>808</b> | <b>19 799</b> |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 36. Other comprehensive income (continued)

### Components of other comprehensive income - Company - 2024

|                                                                                               | Gross         | Tax           | Net           |
|-----------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| <b>Items that will not be reclassified to profit (loss)</b>                                   |               |               |               |
| <b>Remeasurements on net defined benefit liability/asset</b>                                  |               |               |               |
| Remeasurements on net defined benefit liability/asset                                         | 17 909        | 17 909        | 17 909        |
| <b>Movements on revaluation</b>                                                               |               |               |               |
| Gains (losses) on property revaluation                                                        | 19 181        | 19 181        | 19 181        |
| <b>Total items that will not be reclassified to profit (loss)</b>                             | <b>37 090</b> | <b>37 090</b> | <b>37 090</b> |
| <b>Items that may be reclassified to profit (loss)</b>                                        |               |               |               |
| <b>Financial assets measured at fair value through other comprehensive income adjustments</b> |               |               |               |
| Gains (losses) on valuation                                                                   | 79            | 79            | 79            |
| <b>Total</b>                                                                                  | <b>37 169</b> | <b>37 169</b> | <b>37 169</b> |

### Components of other comprehensive income - Company - 2023

|                                                                                               | Gross         | Tax           | Net           |
|-----------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| <b>Items that will not be reclassified to profit (loss)</b>                                   |               |               |               |
| <b>Remeasurements on net defined benefit liability/asset</b>                                  |               |               |               |
| Remeasurements on net defined benefit liability/as                                            | (231)         | (231)         | (231)         |
| <b>Movements on revaluation</b>                                                               |               |               |               |
| Gains (losses) on property revaluation                                                        | 17 984        | 17 984        | 17 984        |
| <b>Total items that will not be reclassified to profit (loss)</b>                             | <b>17 753</b> | <b>17 753</b> | <b>17 753</b> |
| <b>Items that may be reclassified to profit (loss)</b>                                        |               |               |               |
| <b>Financial assets measured at fair value through other comprehensive income adjustments</b> |               |               |               |
| Gains (losses) on valuation                                                                   | (195)         | (195)         | (195)         |
| <b>Total</b>                                                                                  | <b>17 558</b> | <b>17 558</b> | <b>17 558</b> |





# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 37. Cash generated from/(used in) operations

|                                                                         |                |                |               |                |
|-------------------------------------------------------------------------|----------------|----------------|---------------|----------------|
| Profit for the year                                                     | 108 696        | 125 451        | 39 874        | 9 182          |
| <b>Adjustments for:</b>                                                 |                |                |               |                |
| Fair value adjustment on financial assets                               | (15 492)       | (5 906)        | (14 644)      | (6 754)        |
| Depreciation and amortisation                                           | 96 103         | 105 496        | 68 593        | 76 013         |
| Movement in other comprehensive income for non-controlling interest     | -              | 2 822          | -             | -              |
| Movement in retirement benefit asset/ obligation                        | (6 688)        | (1 696)        | (7 856)       | (3 938)        |
| Movement in expected credit losses                                      | (5 885)        | 14 780         | 48 703        | 82 162         |
| Income from equity accounted investments                                | (2 790)        | 843            | -             | -              |
| Allowance for slow moving stock                                         | (11 545)       | (963)          | (9 252)       | 4 016          |
| Government Grant Income (Decommissioning and Decontamination Stage 1)   | 560 731        | 966 692        | 560 731       | 966 692        |
| Acceptance of Decommissioning and Decontamination Stage 1               | (560 731)      | (966 692)      | (560 731)     | (966 692)      |
| Interest income relating to Stage 1 decommissioning and decontamination | (32 931)       | (296 275)      | (32 931)      | (296 275)      |
| Interest expensed (D&D related)                                         | 32 931         | 290 544        | 32 931        | 290 535        |
| Total Decommissioning and decontamination asset and liability movements | -              | 9 825          | -             | 9 834          |
| Lease liability interest expense                                        | 1 807          | 6 134          | 1 755         | 583            |
| Movement in provisions                                                  | 82 182         | (51 773)       | 79 991        | (79 933)       |
| Deferred tax expense                                                    | (1 222)        | 36 854         | -             | -              |
| Movement in deferred tax                                                | 2 444          | (75)           | -             | -              |
| Movement in current tax payable/ receivable                             | (2 852)        | (9 575)        | -             | -              |
| Assets written off                                                      | 4 189          | 9 874          | 13            | 6 740          |
| Bad debts written off                                                   | 15 627         | 533            | 5 237         | 533            |
| Assets impairment                                                       | 2 216          | -              | 132           | -              |
| Interest income                                                         | (74 386)       | (65 470)       | (37 290)      | (44 028)       |
| Finance costs                                                           | 14 539         | 9 623          | 335           | 1 699          |
| Dividend Income                                                         | (1 828)        | (1 589)        | (64 733)      | (39 519)       |
| Foreign exchange gains and losses                                       | 2 865          | 144            | 2 865         | 144            |
| Movement in investment in associates                                    | -              | -              | 2             | -              |
| <b>Changes in working capital:</b>                                      |                |                |               |                |
| Movements in inventories                                                | (44 040)       | (47 271)       | (3 487)       | (1 549)        |
| Movements in trade and other receivables                                | (39 418)       | (87 804)       | (70 084)      | (92 745)       |
| Movements in pre-payments                                               | 101 653        | (69 403)       | 44 490        | (7 782)        |
| Movements in trade and other payables                                   | 57 574         | 50 873         | (38 741)      | 23 880         |
| Amounts received in advance                                             | (115 244)      | 83 282         | (94 634)      | 22 981         |
| Movements in deferred income                                            | 99 893         | 153 835        | 99 893        | 153 835        |
| Movements in derivatives                                                | 2 655          | 424            | 3 895         | (4 033)        |
| Movements in Vaalputs after care                                        | 4 395          | -              | 4 395         | -              |
| Movement in contributions for future liabilities                        | 26 535         | -              | -             | 26 535         |
|                                                                         | <b>301 983</b> | <b>263 537</b> | <b>85 987</b> | <b>105 580</b> |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 38. Commitments

### Authorised capital expenditure

| Already contracted for but not provided for |         |         |        |         |
|---------------------------------------------|---------|---------|--------|---------|
| Property, plant and equipment               | 196 130 | 270 466 | 57 641 | 129 148 |

This committed expenditure relates to plant and equipment and will be financed through ordinary trading operations.

## 39. Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

### Legal claims:

Possible legal obligations exist for the Group in connection with disputes with unfair labour practice and CCMA disputes. These cases are currently being investigated by the Necsa legal division. A possible loss of R1 635 324 (2023: R1 635 324) can be reliably estimated.

A former employee got injured at work. He instituted a claim against Necsa for damages suffered. It is highly likely that the matter will be in Necsa's favour given the

fact that COIDA is the liable entity. The claim amount is R15 000 000 (2023: R15 000 000).

Plaintiffs were employed as Independent Contractors and their contracts were terminated as Necsa no longer required their services. The amount claimed was R149 040 (2023: R149 040) and R 359 920 (2023: R359 920) respectively.

An employee was dismissed on the 7th August 2018. The CCMA ruled that the dismissal was procedural and fair. The employee has approached the Labour Court for review of CCMA award. At the time of his dismissal he was earning R113 448 per annum. Depending on the outcome of the review Necsa may be ordered to reinstate the employee with retrospective payment. However considering that the CCMA previously ruled in Necsa's favour, the prospects are positive to likely be in Necsa's favour. The valuation was the same for 2023.

Former Necsa Board member suing another Board entity regarding the appointment of Executives at Necsa. It is highly likely the matter will be resolved in Necsa's favour. No fees paid as yet and it is difficult to quantify the quantum of a potential claim. The valuation was the same for 2023.

A supplier suing for alleged unlawful termination of contract. The contract was lawfully terminated following evidence of unlawful conduct by the company and two Necsa employees. The amount claimed is R6 500 000 (2023: R6 500 000).



# Notes to the Annual Financial Statements

## 39. Contingencies (continued)

An external entity requires Necsa to complete work as set out in the snag list compiled by the entity. Necsa has filed a counter claim for arrear rentals and electricity amounting to R1 300 000 (2023: R1 300 000).

A local community is laying claims for land which includes Necsa at the Land Claims Court. Given the activities at Necsa and its national strategic importance it is highly likely that the land will not be restored to the claimants. Amount of claim is not quantifiable. The valuation was the same for 2023.

An independent contractor is suing Necsa for alleged breach of contract. The contract was lawfully terminated due to non-performance. The amount claimed is R25 000 000 (2023: R25 000 000).

Necsa and another body are liable to pay a former Necsa employee for money he would have received had he switched his retirement monies to another administrator. Necsa is reviewing the PP decision on the matter. The amount of claim is not quantifiable. The valuation was the same for 2023.

### **Guarantees - NTP Logistics:**

Guarantees of R1,868,214 (2023: R1,768,214) were issued by Nedbank on behalf of NTP Logistics SOC Limited in favour of suppliers. The guarantees were issued in favour of specific suppliers as required through negotiations or industry requirements.

### **Suretyship - Pelchem SOC Limited:**

A limited deed of suretyship for an amount of up to R12 829 517 (2023: R15 780 000) has been given to

Pelchem SOC Limited for a Nedbank facility. R10 350 000 (2023: R13 300 000) relates to an overnight facility and R2 479 517 (2023: R2 480 000) relates to FEC liability.

### **Pelchem SOC Limited**

The company had a contingent liability at 31 March 2024 in respect of a claim made by the CCMA on 20 November 2022 to award an employee for unfair dismissal from the company. Pelchem SOC Limited was ordered to retrospectively reinstate the employee and pay an amount of R1,033,125 related to back pay.

On 20 December 2022 the company filed to the Labour Court of South Africa a notice of motion to appeal the award by the CCMA, on a date to be determined by the Registrar. The company considers it to be probable that the appeal will be successful and has therefore not recognised a provision in relation to this claim. It is not practical to estimate the total potential effect of this claim as the claim is dependent on when the court date is set, which is undeterminable.

### **NTP Radioisotopes SOC Limited**

An extraordinary shareholders meeting of NTP Radioisotopes Europe SA was held on 31 August 2017 wherein a decision regarding the dissolution of NTP Radioisotopes Europe SA was taken. The liquidator in his report of 20 March 2018 has indicated that NTP undertook to cover liabilities up to an amount of EUR 733,500 of which EUR 270,107 has been paid to date. The liquidation process is ongoing. The amount is in dispute and in litigation. We are confident that we will be able to successfully defend the matter.



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 40. Related parties

| Relationships                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Holding entity                          | Department of Mineral Resources and Energy                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Subsidiaries                            | Refer to note 6                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Associates                              | Refer to note 7                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| National government                     | All national government departments are regarded to be related parties in accordance with circular 4 of 2005: Guidance on the term "State controlled entities" in the context of IAS 24 - Related Parties, issued by the South African Institute of Chartered Accountants. No transactions are implied simply by the nature of existence of the relationship between entities. All directors have given general declarations of interest in terms of the Companies Act. |
| Directors and members of key management | Details of directors and key management remuneration paid are disclosed in note 41                                                                                                                                                                                                                                                                                                                                                                                      |

The following is a summary of transactions with related parties during the year and balances due at year end

| National public entities                      |         |         |         |         |
|-----------------------------------------------|---------|---------|---------|---------|
| Services rendered                             | -       | -       | -       | -       |
| National Nuclear Regulator                    | (706)   | (542)   | (706)   | (542)   |
| National Radioactive Waste Disposal Institute | (1 378) | (1 380) | (1 378) | (1 380) |
| The Petroleum Oil & Gas Corp                  | -       | (7)     | -       | (7)     |
| Sanedi                                        | (8 320) | -       | (8 320) | -       |
| Services received                             | -       | -       | -       | -       |
| National Nuclear Regulator                    | 63 415  | 60 399  | 63 415  | 60 399  |
| Trade amount due from                         | -       | -       | -       | -       |
| National Nuclear Regulator                    | 263     | 198     | 263     | 198     |
| National Radioactive Waste Disposal Institute | 274     | 208     | 274     | 208     |
| The Petroleum Oil & Gas Corp                  | -       | 4       | -       | 4       |

| National Government Departments |           |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|
| Services rendered               | -         | -         | -         | -         |
| Department of Energy            | (2 468)   | (1 574)   | (2 468)   | (1 574)   |
| Department of Energy-Grant      | (862 608) | (876 689) | (862 608) | (876 689) |

| Trade amount due from |       |       |       |       |
|-----------------------|-------|-------|-------|-------|
| Department of Energy  | 3 488 | 1 799 | 3 488 | 1 799 |

| Loans due to group companies |   |   |   |          |
|------------------------------|---|---|---|----------|
| NTP Radioisotopes SOC Ltd    | - | - | - | (13 578) |
| Pelchem SOC Ltd              | - | - | - | (3 166)  |



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 40. Related parties (continued)

|                                    |   |   |         |         |
|------------------------------------|---|---|---------|---------|
| <b>Trade and other receivables</b> |   |   |         |         |
| NTP Radioisotopes SOC Ltd          | - | - | 77 116  | 84 384  |
| AEC Amersham SOC Ltd               | - | - | 61      | 1       |
| Gammatec NDT Supplies Ltd          | - | - | 100     | 942     |
| NTP Logistics SOC Ltd              | - | - | 80      | 68      |
| Pelchem SOC Ltd                    | - | - | 399 363 | 347 789 |

|                                 |   |   |       |         |
|---------------------------------|---|---|-------|---------|
| <b>Trade and other payables</b> |   |   |       |         |
| NTP Radioisotopes SOC Ltd       | - | - | (239) | (1 652) |
| AEC-Amersham SOC Ltd            | - | - | -     | (5)     |
| NTP Logistics SOC Ltd           | - | - | (687) | (4 449) |
| Gammatec NDT Supplies Ltd       | - | - | -     | (59)    |
| Pelchem SOC Ltd                 | - | - | (1)   | -       |

|                           |   |   |      |         |
|---------------------------|---|---|------|---------|
| <b>Interest paid</b>      |   |   |      |         |
| NTP Radioisotopes SOC Ltd | - | - | (54) | (1 265) |

|                               |   |   |       |       |
|-------------------------------|---|---|-------|-------|
| <b>Purchases</b>              |   |   |       |       |
| NTP Radioisotopes SOC Ltd     | - | - | 501   | 1 659 |
| AEC-Amersham SOC Ltd          | - | - | 112   | 229   |
| Gammatec NDT Supplies SOC Ltd | - | - | 9     | 78    |
| NTP Logistics SOC Ltd         | - | - | 5 509 | 3 640 |
| Pelchem SOC Ltd               | - | - | -     | 17    |

|                               |   |   |           |           |
|-------------------------------|---|---|-----------|-----------|
| <b>Sales</b>                  |   |   |           |           |
| NTP Radioisotopes SOC Ltd     | - | - | (294 896) | (239 345) |
| AEC-Amersham SOC Ltd          | - | - | (431)     | (356)     |
| Gammatec NDT Supplies SOC Ltd | - | - | (854)     | (1 951)   |
| NTP Logistics SOC Ltd         | - | - | (790)     | (748)     |
| Pelchem SOC Ltd               | - | - | (46 672)  | (42 763)  |

|                            |   |   |       |       |
|----------------------------|---|---|-------|-------|
| <b>Electricity deposit</b> |   |   |       |       |
| NTP Radioisotopes SOC Ltd  | - | - | 2 766 | 1 849 |

|                                       |   |   |   |     |
|---------------------------------------|---|---|---|-----|
| <b>Loans due from group companies</b> |   |   |   |     |
| NTP Radioisotopes SOC Ltd             | - | - | - | 139 |

|                                                |   |   |        |        |
|------------------------------------------------|---|---|--------|--------|
| <b>Dividends received from group companies</b> |   |   |        |        |
| NTP Radioisotopes SOC Ltd                      | - | - | 63 831 | 38 657 |



## Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

### 40. Related parties (continued)

Trade amount due to/from subsidiaries are gross values reflected prior to provisions for expected credit loss.

Trade debtor, Gammatec, has payment terms of 60 days. Pelchem trade debtors have payment terms of 120 days. The remaining accounts have payment terms of 30 days.

Necsa does not have any commitments with its related parties nor has Necsa given any guarantees to its related parties other than those stated in this note.

This is also applicable to the Holding company of Necsa in that there are no commitments nor guarantees between the Necsa and its holding company

Pelchem SOC Limited

Pelchem SOC Limited is a wholly owned subsidiary of Necsa. As a parent company Necsa is supportive of and committed to the turn- around strategy of the subsidiary. The turn-around strategy is showing fruits in continuous improvement of Pelchem results.

A provision for expected credit loss relating to Pelchem was raised R 397.5 million (2023: R346.2 million).

Pelchem management has presented Necsa with a creditable recovery plan, which both Pelchem and Necsa will continue to monitor.

A limited deed of suretyship for an amount of up to R12 829 517 (2023: R15 780 000) has been given to Pelchem SOC Limited for a Nedbank facility. R10 350 000 (2023: R13 300 000) relates to an overnight facility and R2 479 517 (2023: R2 480 000) relates to FEC liability.





# Notes to the Annual Financial Statements

## 41. Directors' and prescribed officer's emoluments

### Group Executives

|                                                                 | 2024 |  | Taxable allowance | Leave Pay  | Retirement fund contributions | Other company contributions | Salary        | Bonus        | Total         |
|-----------------------------------------------------------------|------|--|-------------------|------------|-------------------------------|-----------------------------|---------------|--------------|---------------|
|                                                                 |      |  | R 000             | R 000      | R 000                         | R 000                       | R 000         | R 000        | R 000         |
| Mr TJ Tselane: MD - NTP Group                                   |      |  | 729               | -          | 375                           | 39                          | 1 949         | 714          | 3 806         |
| Mr MA Mondli: GE - Human Capital                                |      |  | 419               | -          | 368                           | 32                          | 1 801         | 154          | 2 774         |
| Mr UKRD Natha: MD - Pelchem (1)                                 |      |  | 26                | 175        | 14                            | 4                           | 74            | -            | 293           |
| Mr AB Myoli: GE - Nuclear Operations and Advanced Manufacturing |      |  | 662               | -          | 350                           | 35                          | 1 821         | 161          | 3 029         |
| Ms PF Hawadi: GE - Financial Capital                            |      |  | 796               | -          | 354                           | 36                          | 1 698         | 158          | 3 042         |
| Ms QM Boyede: GE - Strategy and Business Enablement             |      |  | 1 150             | -          | 213                           | 32                          | 1 032         | 163          | 2 590         |
| Dr P Rampersadh: GE - Research and Innovation                   |      |  | 128               | -          | 379                           | 31                          | 1 887         | 173          | 2 598         |
| Ms SEN Rikhotso: Executive - Office of the GCEO                 |      |  | 199               | -          | 315                           | 26                          | 1 402         | 120          | 2 062         |
| Mr SN Simelane: GE - Power and Industry (2)                     |      |  | 632               | -          | 255                           | 27                          | 1 307         | -            | 2 221         |
| Mr PJ Schutte: Acting MD - Pelchem (3)                          |      |  | 1 263             | -          | 162                           | 27                          | 723           | -            | 2 175         |
| Mr AN Scott: MD - Pelchem (4)                                   |      |  | 51                | -          | 28                            | 3                           | 146           | -            | 228           |
|                                                                 |      |  | <b>6 055</b>      | <b>175</b> | <b>2 813</b>                  | <b>292</b>                  | <b>13 840</b> | <b>1 643</b> | <b>24 818</b> |



# Notes to the Annual Financial Statements

## 41. Directors' and prescribed officer's emoluments (continued)

| 2024                                                            |  | Taxable allowance | Leave Pay  | Retirement fund contributions | Other company contributions | Salary        | Total         |
|-----------------------------------------------------------------|--|-------------------|------------|-------------------------------|-----------------------------|---------------|---------------|
|                                                                 |  | R 000             | R 000      | R 000                         | R 000                       | R 000         | R 000         |
| Mr TJ Tselane: MD - NTP Group                                   |  | 252               | -          | 366                           | 75                          | 2 586         | 3 279         |
| Mr MA Mondli: GE - Human Capital                                |  | 398               | -          | 359                           | 29                          | 1 750         | 2 536         |
| Mr UKRD Natha: MD - Pelchem                                     |  | -                 | -          | 276                           | 27                          | 1 949         | 2 252         |
| Mr MX Makhatini: GE - Power and Industry                        |  | 770               | 101        | 137                           | 20                          | 605           | 1 633         |
| Mr BJ Blom: Acting GE - Power and Industry                      |  | 12                | -          | 54                            | 5                           | 286           | 357           |
| Mr AB Myoli: GE - Nuclear Operations and Advanced Manufacturing |  | 594               | -          | 334                           | 31                          | 1 729         | 2 688         |
| Ms PF Hawadi: GE - Financial Capital                            |  | 760               | -          | 346                           | 32                          | 1 650         | 2 788         |
| Ms QM Boyede: GE - Strategy and Business Enablement             |  | 1 180             | -          | 208                           | 29                          | 921           | 2 338         |
| Dr P Rampersadh: GE - Research and Innovation                   |  | 91                | -          | 354                           | 27                          | 1 753         | 2 225         |
| Ms SEN Rikhotso: Executive - Office of the GCEO                 |  | 514               | -          | 233                           | 24                          | 1 110         | 1 881         |
|                                                                 |  | <b>4 571</b>      | <b>101</b> | <b>2 667</b>                  | <b>299</b>                  | <b>14 339</b> | <b>21 977</b> |

(1) Resigned April 2023

(2) Appointed May 2023

(3) Acting Pelchem MD from May 2023 to February 2024

(4) Appointed March 2024



# Notes to the Annual Financial Statements

## 41. Directors' and prescribed officer's emoluments (continued)

### Executive Director

#### 2024

|               | Taxable allowance | Retirement fund contributions | Other company contributions | Salary | Total |
|---------------|-------------------|-------------------------------|-----------------------------|--------|-------|
|               | R 000             | R 000                         | R 000                       | R 000  | R 000 |
| Mr L Tyabashe | 2 195             | 354                           | 49                          | 1 630  | 4 506 |

#### 2023

|               | Taxable allowance | Retirement fund contributions | Other company contributions | Salary | Total |
|---------------|-------------------|-------------------------------|-----------------------------|--------|-------|
|               | R 000             | R 000                         | R 000                       | R 000  | R 000 |
| Mr L Tyabashe | 1 260             | 346                           | 40                          | 1 600  | 3 246 |

### Non-executive directors

#### 2024

|                | Directors' fees | Reimbursive travel allowance | Other company contributions | Total        |
|----------------|-----------------|------------------------------|-----------------------------|--------------|
|                | R 000           | R 000                        | R 000                       | R 000        |
| Adv A Chowan   | 174             | 3                            | 2                           | 179          |
| Ms SKN Masango | 284             | -                            | 3                           | 287          |
| Mr DR Nicholls | 391             | 6                            | 4                           | 401          |
| Mr LJ Shayi    | 228             | 42                           | 3                           | 273          |
| Mr CL Mavuso   | 323             | 3                            | 4                           | 330          |
| Mr S Maharaj   | 337             | 3                            | 4                           | 344          |
| Dr ME Makgae   | 233             | -                            | 3                           | 236          |
| Mr AD Lazarus  | -               | 6                            | -                           | 6            |
|                | <b>1 970</b>    | <b>63</b>                    | <b>23</b>                   | <b>2 056</b> |



# Notes to the Annual Financial Statements

## 41. Directors' and prescribed officer's emoluments (continued)

### 2023

|                       | Directors' fees | Reimbursive travel allowance | Other company contributions | Total        |
|-----------------------|-----------------|------------------------------|-----------------------------|--------------|
|                       | R 000           | R 000                        | R 000                       | R 000        |
| Adv A Chowan          | 183             | 1                            | 2                           | 186          |
| Dr GJ Davids          | 164             | -                            | 2                           | 166          |
| Mr MJ Maboja          | 142             | -                            | 1                           | 143          |
| Dr NT Magau           | 41              | -                            | 1                           | 42           |
| Ms SKN Masango        | 282             | -                            | 3                           | 285          |
| Mr DR Nicholls        | 321             | 4                            | 4                           | 329          |
| Mr LJ Shayi           | 240             | 35                           | 3                           | 278          |
| Ms LN Noge-Tungamirai | 193             | 2                            | 2                           | 197          |
| Mr CL Mavuso          | 73              | 2                            | 1                           | 76           |
| Mr S Maharaj          | 74              | 2                            | 1                           | 77           |
| Dr ME Makgae          | 52              | 2                            | 1                           | 55           |
|                       | <b>1 765</b>    | <b>48</b>                    | <b>21</b>                   | <b>1 834</b> |

The following directors did not receive any emoluments:

Ms PE Monale

Ms BM Makgopa

Mr A Latchu

Dr PP Magampa

Amb X Mabhungo

Mr MJ Combrink

### Details of service contracts

No director has a notice period in excess of one year and no director's contract makes provision for predetermined compensation on termination exceeding one year's salary and benefits in kind. No directors are proposed for election or re-election at the forthcoming annual general meeting. All the directors have a service contract.



# Notes to the Annual Financial Statements

## 42. Prior period errors

### Decommissioning and dismantling provision - Pelchem SOC Limited

During the preparation of the financial statements for the year ended 31 March 2024, it was discovered that the unwinding of interest on the decommissioning and dismantling provision was incorrectly recognised as finance income instead of finance cost. This error led to an incorrect IFRIC 1 adjustment. As the IFRIC 1 adjustment processed to the provision is a result of a change in the discount rate, it is calculated as the difference between the opening balances plus the unwinding of the provision less the closing balance. Consequently, the error only affected the income statement line items, leaving the statement of financial position unchanged. As a result a third balance has not been presented.

The following prior period error was corrected in the current year AFS and the amounts of the corrections and the financial statements line items affected are as follows:

| Statement of Profit or Loss and Other Comprehensive Income | Previously reported 2023 | Adjustment  | Restated 2023       |
|------------------------------------------------------------|--------------------------|-------------|---------------------|
|                                                            | R 000                    | R 000       | R 000               |
| Other operating expenses                                   | (25 417 911)             | 4 590 610   | (20 827 301)        |
| Investment income                                          | 2 413 684                | (2 295 305) | 118 379             |
| Finance costs                                              | (9 644 416)              | (2 295 305) | (11 939 721)        |
|                                                            | <b>(32 648 643)</b>      | <b>-</b>    | <b>(32 648 643)</b> |

### Decommissioning and Decontamination of Stage 1

In response to the F2023 audit opinion, management corrected balances relating to the following class of transactions and balances. The nature was a correction in the cashflows over the discounting period. The following prior period error was corrected in the current year AFS and the amounts of the corrections and the financial statements line items affected are as follows

| Statement of Financial Position - R 000         | Previously reported 2023 | Adjustment | Restated 2023 | Previously reported 2022 | Adjustment | Restated 2022 |
|-------------------------------------------------|--------------------------|------------|---------------|--------------------------|------------|---------------|
|                                                 | R 000                    | R 000      | R 000         | R 000                    | R 000      | R 000         |
| Non-Current Assets                              | -                        | -          | -             | -                        | -          | -             |
| Decommissioning and Decontaminations of Stage 1 | 2 593 856                | (97 737)   | 2 496 119     | 3 222 453                | -          | 3 222 453     |
| Non-Current Liabilities                         | -                        | -          | -             | -                        | -          | -             |
| Decommissioning and Decontaminations of Stage 1 | (2 593 856)              | 97 737     | (2 496 119)   | (3 222 453)              | -          | (3 222 453)   |
|                                                 | <b>-</b>                 | <b>-</b>   | <b>-</b>      | <b>-</b>                 | <b>-</b>   | <b>-</b>      |



# Notes to the Annual Financial Statements

## 42. Prior period errors (continued)

| Statement of Profit or Loss and Other Comprehensive Income - R 000   | Previously reported 2023 | Adjustment | Restated 2023 | Previously reported 2022 | Adjustment | Restated 2022 |
|----------------------------------------------------------------------|--------------------------|------------|---------------|--------------------------|------------|---------------|
|                                                                      | R 000                    | R 000      | R 000         | R 000                    | R 000      | R 000         |
| Government Grant expense (Decommissioning & Decontamination Stage 1) | (868 954)                | (97 737)   | (966 691)     | (1 650 945)              | -          | (1 650 945)   |
| Acceptance of Decommission and Decontamination Stage 1               | 868 954                  | 97 737     | 966 691       | 1 650 945                | -          | 1 650 945     |
|                                                                      | -                        | -          | -             | -                        | -          | -             |

## 43. Financial instruments and risk management

### Categories of financial instruments

### Categories of financial assets

#### Group - 2024

|                             | Note(s) | Fair value through other comprehensive income - equity instruments | Fair value through profit or loss - Mandatory | Amortised cost   | Prepayments  | Total            | Fair value       |
|-----------------------------|---------|--------------------------------------------------------------------|-----------------------------------------------|------------------|--------------|------------------|------------------|
| Investments at fair value   | 9       | 900                                                                | 272 283                                       | 141 493          | -            | 414 676          | 414 676          |
| Trade and other receivables | 12      | -                                                                  | -                                             | 343 648          | 1 156        | 344 804          | 344 804          |
| Cash and cash equivalents   | 13      | -                                                                  | -                                             | 1 126 906        | -            | 1 126 906        | 1 126 906        |
|                             |         | <b>900</b>                                                         | <b>272 283</b>                                | <b>1 612 047</b> | <b>1 156</b> | <b>1 886 386</b> | <b>1 886 386</b> |

#### Group - 2023

|                             | Note(s) | Fair value through other comprehensive income - equity instruments | Fair value through profit or loss - Mandatory | Amortised cost   | Total            | Fair value       |
|-----------------------------|---------|--------------------------------------------------------------------|-----------------------------------------------|------------------|------------------|------------------|
| Investments at fair value   | 9       | 814                                                                | 243 974                                       | 109 296          | 354 084          | 354 084          |
| Derivatives - non-hedging   | 22      | -                                                                  | 3 372                                         | -                | 3 372            | 3 372            |
| Trade and other receivables | 12      | -                                                                  | -                                             | 322 413          | 322 413          | 322 413          |
| Cash and cash equivalents   | 13      | -                                                                  | -                                             | 981 450          | 981 450          | 981 450          |
|                             |         | <b>814</b>                                                         | <b>247 346</b>                                | <b>1 413 159</b> | <b>1 661 319</b> | <b>1 661 319</b> |





# Notes to the Annual Financial Statements

## 43. Financial instruments and risk management (continued)

### Company - 2024

|                             | Note(s) | Fair value through other comprehensive income - equity instruments | Fair value through profit or loss - Mandatory | Amortised cost | Total            | Fair value       |
|-----------------------------|---------|--------------------------------------------------------------------|-----------------------------------------------|----------------|------------------|------------------|
| Investments at fair value   | 9       | 866                                                                | 272 283                                       | 141 493        | 414 642          | 414 642          |
| Trade and other receivables | 12      | -                                                                  | -                                             | 129 940        | 129 940          | 129 940          |
| Cash and cash equivalents   | 13      | -                                                                  | -                                             | 668 565        | 668 565          | 668 565          |
|                             |         | <b>866</b>                                                         | <b>272 283</b>                                | <b>939 998</b> | <b>1 213 147</b> | <b>1 213 147</b> |

### Company - 2023

|                             | Note(s) | Fair value through other comprehensive income - equity instruments | Fair value through profit or loss - Mandatory | Amortised cost | Total            | Fair value       |
|-----------------------------|---------|--------------------------------------------------------------------|-----------------------------------------------|----------------|------------------|------------------|
| Investments at fair value   | 9       | 787                                                                | 243 974                                       | 109 296        | 354 057          | 354 057          |
| Derivatives - non-hedging   | 22      | -                                                                  | 3 372                                         | -              | 3 372            | 3 372            |
| Trade and other receivables | 12      | -                                                                  | -                                             | 116 661        | 116 661          | 116 661          |
| Cash and cash equivalents   | 13      | -                                                                  | -                                             | 662 219        | 662 219          | 662 219          |
|                             |         | <b>787</b>                                                         | <b>247 346</b>                                | <b>888 176</b> | <b>1 136 309</b> | <b>1 136 309</b> |

### Categories of financial liabilities

#### Group - 2024

|                           | Note(s) | Fair value through profit or loss - Held for trading | Amortised cost | Leases        | Total          | Fair value     |
|---------------------------|---------|------------------------------------------------------|----------------|---------------|----------------|----------------|
| Trade and other payables  | 19      | -                                                    | 336 564        | -             | 336 564        | 336 564        |
| Derivatives - non-hedging | 22      | 1 280                                                | -              | -             | 1 280          | 1 280          |
| Finance lease obligations | 15      | -                                                    | -              | 11 955        | 11 955         | 11 955         |
| Bank overdraft            | 13      | -                                                    | 10 648         | -             | 10 648         | 10 648         |
|                           |         | <b>1 280</b>                                         | <b>347 212</b> | <b>11 955</b> | <b>360 447</b> | <b>360 447</b> |



# Notes to the Annual Financial Statements

## 43. Financial instruments and risk management (continued)

### Group - 2023

|                           | Note(s) | Fair value through profit or loss - Held for trading | Amortised cost | Leases       | Total          | Fair value     |
|---------------------------|---------|------------------------------------------------------|----------------|--------------|----------------|----------------|
| Trade and other payables  | 19      | -                                                    | 279 310        | -            | 279 310        | 279 310        |
| Derivatives - non-hedging | 22      | 1 997                                                | -              | -            | 1 997          | 1 997          |
| Finance lease obligations | 15      | -                                                    | -              | 5 651        | 5 651          | 5 651          |
| Bank overdraft            | 13      | -                                                    | 21 190         | -            | 21 190         | 21 190         |
|                           |         | <b>1 997</b>                                         | <b>300 500</b> | <b>5 651</b> | <b>308 148</b> | <b>308 148</b> |

### Company - 2024

|                           | Note(s) | Fair value through profit or loss - Held for trading | Amortised cost | Leases        | Total          | Fair value     |
|---------------------------|---------|------------------------------------------------------|----------------|---------------|----------------|----------------|
| Trade and other payables  | 19      | -                                                    | 133 902        | -             | 133 902        | 133 902        |
| Derivatives - non-hedging | 22      | 523                                                  | -              | -             | 523            | 523            |
| Finance lease obligations | 15      | -                                                    | -              | 11 629        | 11 629         | 11 629         |
| Bank overdraft            | 13      | -                                                    | 290            | -             | 290            | 290            |
|                           |         | <b>523</b>                                           | <b>134 192</b> | <b>11 629</b> | <b>146 344</b> | <b>146 344</b> |

### Company - 2023

|                            | Note(s) | Amortised cost | Leases       | Total          | Fair value     |
|----------------------------|---------|----------------|--------------|----------------|----------------|
| Trade and other payables   | 19      | 155 035        | -            | 155 035        |                |
| Loans from group companies | 8       | 16 354         | -            | 16 354         | 16 354         |
| Finance lease obligations  | 15      | -              | 4 874        | 4 874          | 4 874          |
| Bank overdraft             | 13      | 77             | -            | 77             | 77             |
|                            |         | <b>171 466</b> | <b>4 874</b> | <b>176 340</b> | <b>176 340</b> |

The carrying value approximates fair value.

### Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.



# Notes to the Annual Financial Statements

## 43. Financial instruments and risk management (continued)

|                            |    |                  |                  |                  |                  |
|----------------------------|----|------------------|------------------|------------------|------------------|
| Loans from group companies | 8  | -                | -                | -                | 16 354           |
| Lease liabilities          |    | 11 955           | 5 651            | 11 629           | 4 874            |
| Trade and other payables   | 19 | 336 564          | 279 310          | 133 902          | 155 035          |
| <b>Total borrowings</b>    |    | <b>348 519</b>   | <b>284 961</b>   | <b>145 531</b>   | <b>176 263</b>   |
| Cash and cash equivalents  | 13 | (1 125 967)      | (981 450)        | (668 565)        | (662 219)        |
| <b>Net borrowings</b>      |    | <b>(777 448)</b> | <b>(696 489)</b> | <b>(523 034)</b> | <b>(485 956)</b> |
| Equity                     |    | 783 711          | 635 172          | (72 869)         | (149 921)        |
| Gearing ratio              |    | (99)%            | (97)%            | 718 %            | 280 %            |

### Financial risk management

#### Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

#### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

| Group                         |    | 2024                  |                       |                             | 2023                  |                       |                             |
|-------------------------------|----|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
|                               |    | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Loans to group companies      |    | -                     | -                     | -                           | 27                    | (27)                  | -                           |
| Investments at amortised cost | 9  | 141 493               | -                     | 141 493                     | 109 296               | -                     | 109 296                     |
| Trade and other receivables   | 12 | 464 268               | (120 620)             | 343 648                     | 449 872               | (127 234)             | 322 638                     |
| Cash and cash equivalents     | 13 | 1 126 906             | -                     | 1 126 906                   | 981 450               | -                     | 981 450                     |
|                               |    | <b>1 732 667</b>      | <b>(120 620)</b>      | <b>1 612 047</b>            | <b>1 540 645</b>      | <b>(127 261)</b>      | <b>1 413 384</b>            |



# Notes to the Annual Financial Statements

## 43. Financial instruments and risk management (continued)

| Company                       |    | 2024                  |                       |                             | 2023                  |                       |                             |
|-------------------------------|----|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
|                               |    | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Investments at amortised cost | 9  | 141 493               | -                     | 141 493                     | 109 296               | -                     | 109 296                     |
| Trade and other receivables   | 12 | 590 368               | (460 428)             | 129 940                     | 528 386               | (411 725)             | 116 661                     |
| Cash and cash equivalents     | 13 | 668 565               | -                     | 668 565                     | 662 219               | -                     | 662 219                     |
|                               |    | <b>1 400 426</b>      | <b>(460 428)</b>      | <b>939 998</b>              | <b>1 299 901</b>      | <b>(411 725)</b>      | <b>888 176</b>              |

### Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

### Group - 2024

|                                |    | Less than 1 year | 2 to 5 years   | Total            | Carrying amount  |
|--------------------------------|----|------------------|----------------|------------------|------------------|
| <b>Non-current liabilities</b> |    |                  |                |                  |                  |
| Lease liabilities              |    | -                | 7 523          | 7 523            | 7 523            |
| <b>Current liabilities</b>     |    |                  |                |                  |                  |
| Trade and other payables       | 19 | 336 564          | -              | 336 564          | 336 564          |
| Lease liabilities              |    | 4 432            | -              | 4 432            | 4 432            |
| Bank overdraft                 | 13 | 10 648           | -              | 10 648           | 10 648           |
| Derivatives                    |    | 1 280            | -              | 1 280            | 1 280            |
|                                |    | <b>(352 924)</b> | <b>(7 523)</b> | <b>(360 447)</b> | <b>(360 447)</b> |

### Group - 2023

|                                |    | Less than 1 year | 2 to 5 years   | Total            | Carrying amount  |
|--------------------------------|----|------------------|----------------|------------------|------------------|
| <b>Non-current liabilities</b> |    |                  |                |                  |                  |
| Lease liabilities              |    | -                | 3 557          | 3 557            | 3 557            |
| <b>Current liabilities</b>     |    |                  |                |                  |                  |
| Trade and other payables       | 19 | 279 310          | -              | 279 310          | 279 310          |
| Loans from shareholders        |    | 15               | -              | 15               | 15               |
| Lease liabilities              |    | 2 094            | -              | 2 094            | 2 094            |
| Bank overdraft                 | 13 | 21 190           | -              | 21 190           | 21 190           |
|                                |    | <b>(302 609)</b> | <b>(3 557)</b> | <b>(306 166)</b> | <b>(306 166)</b> |



# Notes to the Annual Financial Statements

## 43. Financial instruments and risk management (continued)

### Company - 2024

|                                |    | Less than 1 year | 2 to 5 years   | Total            | Carrying amount  |
|--------------------------------|----|------------------|----------------|------------------|------------------|
| <b>Non-current liabilities</b> |    |                  |                |                  |                  |
| Lease liabilities              |    | -                | 7 378          | 7 378            | 7 378            |
| <b>Current liabilities</b>     |    |                  |                |                  |                  |
| Trade and other payables       |    | 133 902          | -              | 133 902          | 133 902          |
| Lease liabilities              |    | 4 251            | -              | 4 251            | 4 251            |
| Bank overdraft                 | 13 | 290              | -              | 290              | 290              |
| Derivatives                    |    | 523              | -              | 523              | 523              |
|                                |    | <b>(138 966)</b> | <b>(7 378)</b> | <b>(146 344)</b> | <b>(146 344)</b> |

### Company - 2023

|                                |    | Less than 1 year | 2 to 5 years   | Total            | Carrying amount  |
|--------------------------------|----|------------------|----------------|------------------|------------------|
| <b>Non-current liabilities</b> |    |                  |                |                  |                  |
| Lease liabilities              |    | -                | 3 232          | 3 232            | 3 232            |
| <b>Current liabilities</b>     |    |                  |                |                  |                  |
| Trade and other payables       | 19 | 155 035          | -              | 155 035          | 155 035          |
| Lease liabilities              |    | 1 642            | -              | 1 642            | 1 642            |
| Bank overdraft                 | 13 | 77               | -              | 77               | 77               |
|                                |    | <b>(156 754)</b> | <b>(3 232)</b> | <b>(159 986)</b> | <b>(159 986)</b> |

### Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the group deals primarily are US Dollars, Euros and Yen.

### Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:



# Notes to the Annual Financial Statements

## 43. Financial instruments and risk management (continued)

### US Dollar exposure:

|                                                 |    |                |                |              |                |
|-------------------------------------------------|----|----------------|----------------|--------------|----------------|
| <b>Current assets:</b>                          |    |                |                |              |                |
| Trade and other receivables                     | 12 | 152 647        | 146 997        | 5 403        | 14 119         |
| Cash and cash equivalents                       | 13 | 16 516         | 4 254          | -            | -              |
| Prepayments                                     |    | 562            | 466            | -            | -              |
| <b>Current liabilities:</b>                     |    |                |                |              |                |
| Trade and other payables                        | 19 | (49 285)       | (6 412)        | (521)        | (226)          |
| <b>Net US Dollar exposure</b>                   |    | <b>120 440</b> | <b>145 305</b> | <b>4 882</b> | <b>13 893</b>  |
| <b>Euro exposure:</b>                           |    |                |                |              |                |
| <b>Current assets:</b>                          |    |                |                |              |                |
| Trade and other receivables                     | 12 | 66 141         | 55 739         | 1 035        | (959)          |
| Cash and cash equivalents                       | 13 | 5 786          | 486            | -            | -              |
| Interest receivable                             |    | 4 390          | 4 139          | -            | -              |
| <b>Current liabilities:</b>                     |    |                |                |              |                |
| Trade and other payables                        | 19 | (31 160)       | 4 456          | (952)        | (432)          |
| <b>Net Euro exposure</b>                        |    | <b>45 157</b>  | <b>64 820</b>  | <b>83</b>    | <b>(1 391)</b> |
| <b>GBP exposure:</b>                            |    |                |                |              |                |
| <b>Current assets:</b>                          |    |                |                |              |                |
| Trade and other receivables                     | 12 | 610            | 1 007          | -            | -              |
| Cash and cash equivalents                       | 13 | 33             | 913            | -            | -              |
| <b>Current liabilities:</b>                     |    |                |                |              |                |
| Trade and other payables                        | 19 | (1 730)        | (4 050)        | -            | (54)           |
| <b>Net GBP exposure</b>                         |    | <b>(1 087)</b> | <b>(2 130)</b> | <b>-</b>     | <b>(54)</b>    |
| <b>CHF exposure:</b>                            |    |                |                |              |                |
| <b>Current assets:</b>                          |    |                |                |              |                |
| Trade and other receivables                     | 12 | 11             | 136            | 11           | 136            |
| <b>AUD exposure:</b>                            |    |                |                |              |                |
| <b>Current liabilities:</b>                     |    |                |                |              |                |
| Trade and other payables                        | 19 | (1 805)        | -              | -            | -              |
| <b>Other exposure:</b>                          |    |                |                |              |                |
| <b>Current assets:</b>                          |    |                |                |              |                |
| Trade and other receivables                     | 12 | 3 015          | 1 899          | -            | -              |
| <b>Net exposure to foreign currency in Rand</b> |    | <b>165 731</b> | <b>210 030</b> | <b>4 976</b> | <b>12 584</b>  |





# Notes to the Annual Financial Statements

## 43. Financial instruments and risk management (continued)

### Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

| Group                                                | 2024          | 2024            | 2023          | 2023            |
|------------------------------------------------------|---------------|-----------------|---------------|-----------------|
| Increase or decrease in rate                         | Increase      | Decrease        | Increase      | Decrease        |
| <b>Impact on profit or loss:</b>                     |               |                 |               |                 |
| USD 10% increase or decrease impact on profit/Loss   | 12 044        | (12 044)        | 13 444        | (13 444)        |
| EURO 10% increase or decrease impact on profit/Loss  | 4 516         | (4 516)         | 3 521         | (3 521)         |
| GBP 10% increase or decrease impact on profit/Loss   | (109)         | 109             | (213)         | 213             |
| CHF 10% increase or decrease impact on profit/Loss   | (45)          | 45              | (104)         | 104             |
| AUD 10% increase or decrease impact on profit/Loss   | (181)         | 181             | -             | -               |
| OTHER 10% increase or decrease impact on profit/Loss | 302           | (302)           | 190           | (190)           |
|                                                      | <b>16 527</b> | <b>(16 527)</b> | <b>16 838</b> | <b>(16 838)</b> |

| Company                                             | 2024       | 2024         | 2023         | 2023           |
|-----------------------------------------------------|------------|--------------|--------------|----------------|
| Increase or decrease in rate                        | Increase   | Decrease     | Increase     | Decrease       |
| <b>Impact on profit or loss:</b>                    |            |              |              |                |
| USD 10% increase or decrease impact on profit/Loss  | 488        | (488)        | 1 389        | (1 389)        |
| EURO 10% increase or decrease impact on profit/Loss | 8          | (8)          | (139)        | 139            |
| GBP 10% increase or decrease impact on profit/Loss  | -          | -            | (5)          | 5              |
| CHF 10% increase or decrease impact on profit/Loss  | 1          | (1)          | (75)         | 75             |
|                                                     | <b>497</b> | <b>(497)</b> | <b>1 170</b> | <b>(1 170)</b> |

### Interest rate risk

#### Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which 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 other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.



# Notes to the Annual Financial Statements

## 43. Financial instruments and risk management (continued)

| Group                                                                 | 2024         | 2024           | 2023         | 2023           |
|-----------------------------------------------------------------------|--------------|----------------|--------------|----------------|
| Increase or decrease in rate                                          | Increase     | Decrease       | Increase     | Decrease       |
| <b>Impact on profit or loss:</b>                                      |              |                |              |                |
| Impact of 2% increase or decrease in interest rate on interest income | 1 553        | (1 553)        | 1 322        | (1 322)        |
| Impact of 2% increase or decrease in interest rate on interest income | (233)        | 233            | (259)        | 259            |
|                                                                       | <b>1 320</b> | <b>(1 320)</b> | <b>1 063</b> | <b>(1 063)</b> |
| <b>Total impact on profit or loss and equity</b>                      | <b>1 320</b> | <b>(1 320)</b> | <b>1 063</b> | <b>(1 063)</b> |

The Group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

| Company                                                               | 2024       | 2024         | 2023       | 2023         |
|-----------------------------------------------------------------------|------------|--------------|------------|--------------|
| Increase or decrease in rate                                          | Increase   | Decrease     | Increase   | Decrease     |
| <b>Impact on profit or loss:</b>                                      |            |              |            |              |
| Impact of 2% increase or decrease in interest rate on interest income | 726        | (726)        | 881        | (881)        |
| Impact of 2% increase or decrease in interest rate on interest income | (17)       | 17           | (46)       | 46           |
|                                                                       | <b>709</b> | <b>(709)</b> | <b>835</b> | <b>(835)</b> |

|                                                                                    |            |              |            |              |
|------------------------------------------------------------------------------------|------------|--------------|------------|--------------|
| <b>Impact on equity:</b>                                                           |            |              |            |              |
| Impact of 2% increase or decrease in interest rate on D&D related interest income  | 659        | (659)        | 5 926      | (5 926)      |
| Impact of 2% increase or decrease in interest rate on D&D related interest expense | (659)      | 659          | (5 811)    | 5 811        |
|                                                                                    | <b>-</b>   | <b>-</b>     | <b>115</b> | <b>(115)</b> |
| <b>Total impact on profit or loss and equity</b>                                   | <b>709</b> | <b>(709)</b> | <b>950</b> | <b>(950)</b> |

## 44. Fair value information

### Fair value hierarchy of financial assets at fair value through profit or loss

This note provides information about how the Group determines fair values of various financial assets and financial liabilities. The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.



# Notes to the Annual Financial Statements

## 44. Fair value information (continued)

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

### Levels of fair value measurements

#### Level 1

##### Recurring fair value measurements

| Assets                                                                     | Note(s) |         |         |         |         |
|----------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| <b>Equity investments at fair value through other comprehensive income</b> | 9       |         |         |         |         |
| Listed shares                                                              |         | 901     | 814     | 866     | 787     |
| <b>Financial assets mandatorily at fair value through profit or loss</b>   | 9       |         |         |         |         |
| Unit trusts                                                                |         | 272 283 | 243 974 | 272 283 | 243 974 |

(1) The following classes of financial assets at fair value through profit or loss are measured to fair value using quoted market prices:

- Listed Shares
- Unit Trusts

#### Level 2

##### Recurring fair value measurements

| Assets                                                           | Note(s) |              |              |            |          |
|------------------------------------------------------------------|---------|--------------|--------------|------------|----------|
| <b>Non-hedging derivatives</b>                                   | 22      |              |              |            |          |
| Foreign exchange contracts                                       |         | -            | 3 372        | -          | 3 372    |
| Liabilities                                                      | Note(s) |              |              |            |          |
| <b>Non-hedging derivatives</b>                                   | 22      |              |              |            |          |
| Foreign exchange contracts                                       |         | 1 280        | 1 997        | 523        | -        |
|                                                                  |         | -            | -            | -          | -        |
| Valued at the counterparty contract value at the reporting date. |         |              |              |            |          |
| <b>Total non-hedging derivatives</b>                             |         | <b>1 280</b> | <b>1 997</b> | <b>523</b> | <b>-</b> |

### Highest and best use

All of the assets' current use are the highest and best use.



# Notes to the Annual Financial Statements

| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

## 45. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Necsa has made a profit in the prior year and continued on a positive trajectory with profits now being realised in the current 2024 financial year end and the previous 2023 financial year. The company has a track record of continuing in operation, wherein this resilience will continue into the foreseeable future. Section 12 of the Nuclear Energy Act supports the mandate of the company in support of the going concern. Furthermore, Necsa has the ability to pay its short-term obligations, which it will do through the initiatives documented including through working capital management, austerity measure implementation, increasing revenue streams and prioritization of cash generating projects to name a few.

Necsa has started seeing green shoots after having embarked on a recovery plan premised on a Necsa turnaround strategy to ensure continued sustainability. This strategy is premised in the main on cost efficiency and diligent cost saving initiatives underway within the organization as well as growth initiatives to increase revenue streams. Various projects have also been undertaken to remedy the financial situation including the rehabilitation of the balance sheet situation. All of the various initiatives including the strategic projects underway are closely tracked and monitored to ensure the effectiveness of the plans underway. The entity remains resilient with the current success and positive results of the initiatives underway evident in the forecasts to March 2025 and the current performance of the organization post the March 2024 year end. Necsa is appreciative of the continuing support from the Shareholder which in addition to the various initiatives underway is supportive of the Necsa going concern consideration.

## 46. Public Finance Management Act

| <b>Fruitless and wasteful expenditure for the year:</b> |       |       |       |      |
|---------------------------------------------------------|-------|-------|-------|------|
| Fruitless and wasteful expenditure under investigation  | -     | 214   | -     | -    |
| Fruitless and wasteful expenditure confirmed            | 214   | 7 661 | -     | 716  |
| Fruitless and wasteful expenditure written off          | (803) | (159) | (589) | -    |
| Fruitless and wasteful expenditure recovered            | -     | (55)  | -     | (55) |

### Necsa Company:

- Necsa paid a fine amounting to R50 000 on behalf of its subsidiary for a license infringement, the fine has been recovered from the subsidiary
- Internal audit conducted an investigation on a contract awarded during the 2021/2022 financial year and concluded that the procurement amounted to fruitless and wasteful expenditure of R588 555. The case was condoned by the Board during the 2023/24 financial year.



| Figures in Rand | Group |       | Company |       |
|-----------------|-------|-------|---------|-------|
|                 | 2024  | 2023  | 2024    | 2023  |
|                 | R'000 | R'000 | R'000   | R'000 |

#### 46. Public Finance Management Act (continued)

|                                                |       |          |       |          |
|------------------------------------------------|-------|----------|-------|----------|
| <b>Irregular expenditure for the year:</b>     |       |          |       |          |
| Irregular expenditure confirmed                | 3 629 | 5 130    | 1 521 | -        |
| Irregular expenditure condoned                 | -     | (58 167) | -     | (58 167) |
| Irregular expenditure not condoned and removed | -     | (19 635) | -     | (19 635) |

##### **Irregular Expenditure for Necsa company**

Irregular expenditure of R1 520 834 relates to non-adherence to procurement processes.

##### **Irregular Expenditure for Pelchem SOC Ltd:**

The current and prior year Irregular expenditure relate to the procurement of burner fuel from Sasol. Although the contract expired Pelchem continue to procure through an open purchase order. During the 2024 financial a tender was issued to the market and from 31 July 2024 a new contract was signed with Sasol. The R2 107 893 relates to burner oil procured up until the commencement of the new contract

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## NOTES

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