ARM
African Rainbow Minerals

Enter

2023
Annual financial statements

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Contents

African Rainbow Minerals (ARM) is a **leading South African diversified mining and minerals company** with operations in South Africa and Malaysia. ARM mines and beneficiates iron ore, manganese ore, chrome ore, platinum group metals (PGMs), nickel and coal. It also produces manganese alloys and has a strategic investment in gold through Harmony Gold Mining Company Limited (Harmony Gold).

Information available on our website **www.arm.co.za**

Information available elsewhere in our reports

All monetary values in this report are in South African rand unless otherwise stated. Rounding may result in computational discrepancies on management and operational review tabulations.

OUR 2023 SUITE OF REPORTS

IAR **2023 integrated annual report**

A holistic assessment of ARM's ability to create sustainable value, with relevant extracts from the annual financial statements, the environmental, social and governance (ESG) report and Mineral Resources and Mineral Reserves report.

AFS **2023 annual financial statements**

The audited annual financial statements have been prepared according to International Financial Reporting Standards (IFRS).

ESG **2023 ESG report**

A detailed review of our performance on key environmental, social and governance matters. The ESG report includes the full remuneration report and should be read in conjunction with the GRI Index.

CCW **2023 climate change and water report**

A detailed review of our performance on our key climate change and water matters, in line with the Task Force on Climate-related Financial Disclosures (TCFD).

KING **2023 King IV™* application register**

A summary of how ARM implements the principles and practices in King IV to achieve the governance outcomes envisaged.

MRMR **2023 Mineral Resources and Mineral Reserves report**

In line with JSE Listings Requirements, ARM prepares Mineral Resources and Mineral Reserves statements for all its mining operations as per SAMREC guidelines and definitions (2016).

AGM **2023 notice to shareholders**

- Notice of annual general meeting
- Form of proxy
- Commitment to good governance
- Board of directors
- Report of the audit and risk committee
- Report of the social and ethics committee chairman
- Summarised remuneration report
- Summarised directors' report
- Summarised consolidated financial statements

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation, integrity and fair presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, requirements of the South African Companies Act 71 of 2008 (the Companies Act) and the Listings Requirements of the JSE Limited (JSE Listings Requirements).

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The going-concern basis has been used to prepare the consolidated and separate annual financial statements. The directors are satisfied that the group and company have access to adequate resources to continue as a going concern for the ensuing year.

The directors are also responsible for the group's system of internal controls. These are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

A description of the audit and risk committee's functions appears on pages 4 to 6. This committee has confirmed that effective systems of internal control and risk management are maintained. There were no breakdowns in the functioning of internal financial control systems during the year that had a material impact on the consolidated and separate annual financial statements.

The board considers that, in preparing the consolidated and separate annual financial statements, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates in line with IFRS. The directors are satisfied that the annual financial statements of the group and company fairly present the results of operations and their cash flows for the year ended 30 June 2023, and the financial position at 30 June 2023.
The directors are also satisfied that additional information included in the integrated annual report is accurate and consistent with the financial statements in this report.

The responsibility of the external auditor, Ernst & Young Inc., is to express an independent opinion on the fair presentation of the annual financial statements, based on its audit of the group and company. The audit and risk committee has satisfied itself that the external auditor is independent.

The consolidated and separate annual financial statements on pages 1 to 127 were approved by the board and are signed on its behalf by:

Dr PT Motsepe
Executive chairman

VP Tobias
Chief executive officer

Johannesburg
10 October 2023

Certificate of the group company secretary and governance officer

In my capacity as group company secretary and governance officer, I hereby confirm, to the best of my knowledge and belief, that in terms of section 88(2)(e) of the Companies Act 71 of 2008, as amended, for the year ended 30 June 2023, the company has lodged with the commissioner of the Companies and Intellectual Property Commission all such returns and notices that are required for a public company in terms of this act, and that all such returns and notices are true, correct and up to date.

AN D'Oyley
Group company secretary and governance officer

Johannesburg
10 October 2023

Chief executive officer and finance director's internal financial control responsibility statement

Each of the directors whose names are stated below hereby confirm that:

- The annual financial statements set out on pages 21 to 115 fairly present in all material respects the financial position, financial performance and cash flows of African Rainbow Minerals Limited (ARM) in terms of IFRS
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading
- Internal financial controls have been put in place to ensure that material information relating to ARM and its consolidated subsidiaries have been provided to effectively prepare its financial statements
- The internal financial controls are adequate and effective and can be relied on in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls
- Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies
- We are not aware of any fraud involving directors.

VP Tobias
Chief executive officer

TTA Mhlanga
Finance director

Johannesburg
10 October 2023

Report of the audit and risk committee

This report is provided by the audit and risk committee appointed for the 2023 financial year (F2023) in compliance with section 94 of the Companies Act.

ESG Information on the membership and composition of the committee, terms of reference and procedures appears in the ESG report on www.arm.co.za.

Executing designated functions

The committee has executed its duties and responsibilities during the financial year in line with its terms of reference for ARM's accounting, internal auditing, internal control, risk and financial reporting practices.

In terms of the external auditor and external audit, the committee:

- Recommended to shareholders that Ernst & Young Inc. be reappointed as the external auditor and that Mr PD Grobbelaar be reappointed as the designated auditor for the audit for F2023
- Recommended to shareholders that KPMG Inc. be appointed as the external auditor and that Ms S Loonat be appointed as the designated auditor for the audit for F2024 under the rules for mandatory audit-firm rotation after 10 years, notwithstanding that the rule was set aside by the Supreme Court of Appeal
- Requested the required accreditation information from the audit firm to assess its suitability for appointment as well as the suitability of the designated audit partner
- Ensured the appointment of the external auditor complied with the Companies Act and all applicable legal and regulatory requirements
- Approved the external audit plan and audit fees payable to the external auditor
- Confirmed it is satisfied that the external auditor is independent of the company and group, and considered the following in its determination:
  - Reviewed and evaluated the effectiveness of the external auditor and its independence
  - Obtained and accepted an annual written statement from the auditor that its independence was not impaired
  - Determined the nature and extent of all non-audit services provided by the external auditor
  - Pre-approved permissible non-audit services provided by the external auditor in terms of its policy on approving audit services and pre-approving non-audit services. From 15 December 2022, in terms of amendments to the non-assurance services provisions and fee-related provisions of the International Ethics Standards Board for Accountants Code, provided concurrence of any non-assurance services
  - Considered the tenure of the external audit firm, Ernst & Young Inc., and its predecessor firms, which have been the auditor of African Rainbow Minerals Limited for 50 years. It was noted that in 2004, Ernst & Young Inc. continued as the auditor of the African Rainbow Minerals Limited group, which was created following a range of indivisible transactions involving certain interests of Anglovaal Mining Limited, African Rainbow Minerals & Exploration Investments Proprietary Limited and Harmony Gold Mining Company Limited (Harmony). Ernst & Young Inc. has been the auditor of the group for 20 years
- Evaluated the quality of the external audit.

For the F2023 financial statements, the committee:

- Confirmed the going-concern status of the group and company as the basis of preparing the interim, condensed and annual financial statements
- Examined and reviewed these financial statements, and all financial information disclosed to the public prior to submission and approval by the board
- Ensured that the annual financial statements fairly present the financial position of the group and company at the end of the financial year, and the results of operations and cash flows for the financial year of the group and company, in line with IFRS and the requirements of the Companies Act
- Considered accounting treatments, significant unusual transactions and accounting judgements
- Considered the appropriateness of accounting policies adopted and any changes
- Reviewed the independent auditor's report
- Considered the acquisition of Bokoni Platinum Mine and related accounting entries
- Considered key audit matters, as set out in the independent auditor's report
- In terms of the JSE Limited (JSE) letter on the proactive monitoring process, dated 4 November 2022, considered the JSE's report titled "Reporting back on proactive monitoring of financial statements in 2022"
- Considered management's implementation of changes to the JSE Listings Requirements and other pronouncements and standards
- Considered any issues identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements
- Considered management's recommendation to the board on the going concern, solvency and liquidity assessment after paying dividends to shareholders
- Met separately with management, the external auditor and internal auditor.

The committee considered, inter alia:

- The internal control process for the chief executive officer and finance director to sign the responsibility statement for the F2023 annual financial statements
- The impact of global developments on our business
- Impairment indicators and reversal of impairment indicators at all operations including the impairment at Beeshoek, Cato Ridge Works and Sakura at 1H F2023 and at the end of F2023.

For internal control and internal audit, the committee:

- Reviewed significant issues raised by the internal audit process and the adequacy of corrective action in response to significant internal audit findings
- Reviewed and approved the internal audit plan
- Evaluated the independence, effectiveness and performance of the internal auditor, Deloitte & Touche, and found the internal auditor to be independent and effective
- Considered reports of the internal auditor on the group's systems of internal controls
- Considered the internal auditor's finding that: "Overall, controls were functioning as intended to provide reasonable assurance that the organisation is safeguarded against inherent risks and were assessed to be effective during the period under review"
- Considered the effectiveness of the group's system of internal financial controls, with due regard to reports by management, noted reports by the internal auditor and considered reports by the external auditor on the consolidated and separate annual financial statements.

Based on the above, the committee concluded that nothing had come to its attention that would suggest internal financial controls were not effective for the year ended 30 June 2023. In addition, the committee considered the accounting practices and annual financial statements of the group and company and consider these to be fair and reasonable.

In terms of risk management and its oversight role of the management risk and compliance committee, the audit and risk committee:

- Reviewed the enterprise risk management framework setting out ARM's policies and processes on risk assessment and risk management throughout the group and company
- Ensured the group and company have applied a combined assurance model for a coordinated approach to all assurance activities
- Considered and reviewed the findings and recommendations of the management risk and compliance committee.

For legal and regulatory requirements that may have an impact on the consolidated and separate annual financial statements, the committee:

- Reviewed with management and, to the extent deemed necessary, internal and/or external counsel, legal matters that could have a material impact on the group and company
- Discharged the statutory obligations of an audit committee prescribed by section 94 of the Companies Act
- Monitored complaints received via ARM's whistleblowers' hotline
- Considered reports from management and the internal auditor on compliance with legal and regulatory requirements.

The committee considered the experience, expertise and effectiveness of the finance director, Ms TTA Mhlanga, and the finance function, and concluded that these were appropriate.

In F2024, the audit and risk committee will consider, inter alia:

- Management's control over key risks including transportation, water and cybersecurity risks
- The seamless process to hand over to the new external auditor
- The effective operation of the group and company's financial systems, processes and controls, and their capacity to respond to industry and environment changes
- Management's implementation of the financial provisioning regulations of the National Environmental Management Act, amendments to the JSE Listings Requirements and other pronouncements and standards, as well as considering the Companies Act amendment bills
- The impact of developments in the audit industry to ensure continued audit independence and objectivity.

Report of the audit and risk committee continued

QUALIFICATIONS OF AUDIT AND RISK COMMITTEE MEMBERS[1, 2]

TOM BOARDMAN (73)	FRANK ABBOTT (68)	ANTON BOTHA (70)	ALEX MADITSI (61)[3]	PITSI MNISI (40)	B NQWABABA (57)	DR REJOICE SIMELANE (71)
BCom (Wits), CA(SA)	BCom (University of Pretoria), CA(SA), MBL (Unisa)	BCom (marketing) (University of Pretoria), BProc (Unisa), BCom (hons) (University of Johannesburg), senior executive programme (Stanford, USA)	BProc (University of the North), LLB (Wits), HDip company law (Wits), LLM company and labour law (Pennsylvania, USA), LLM international commercial law (Harvard, USA)	BCom (acc) (University of Natal), BCom (acc) (hons) (University of Natal), BCom (tax) (hons) (UCT), CA(SA), advanced certificate (emerging markets and country-risk analysis) (Fordham, USA), MBA (Heriot-Watt University, UK)	BAcc (hons) (University of Zimbabwe), FCA (Institute of Chartered Accountants of Zimbabwe), MBA (with merit) (jointly awarded by universities of Wales, Bangor and Manchester)	BA (economics and accounting) (University of Botswana, Lesotho and Swaziland), MA (econ) (University of New Brunswick, Canada, and University of Connecticut, USA), PhD (econ) (University of Connecticut), LLB (Unisa)
Member since February 2011	**Member since 2021**	**Member since June 2010**	**Member since July 2004**	**Member since December 2020**	**Member since 2022**	**Member since July 2004**
Independent non-executive director.	*Independent non-executive director.*	*Independent non-executive director.*	*Lead independent non-executive director.*	*Independent non-executive director.*	*Independent non-executive director.*	*Independent non-executive director.*
Committees Chairman of audit and risk committee, member of investment and technical, non-executive directors' and remuneration committees	**Committees** Member of audit and risk, investment and technical, and non-executive directors' committees	**Committees** Chairman of remuneration committee, member of audit and risk, investment and technical, and non-executive directors' committees	**Committees** Chairman of nomination and non-executive directors' committees, member of audit and risk, investment and technical, remuneration and social and ethics committees	**Committees** Member of audit and risk and non-executive directors' committees	**Committees** Member of audit and risk, and non-executive directors' committees	**Committees** Chairman of social and ethics committee, member of audit and risk, nomination and non-executive directors' committees

[1] *The résumés of audit and risk committee members standing for re-election appear in the notice of annual general meeting, available on the website.*
[2] *All members of the audit and risk committee standing for re-election are independent non-executive directors.*
[3] *Mr AK Maditsi will not stand for re-election at the forthcoming annual general meeting.*

Independence of external auditor

The committee is satisfied that Ernst & Young Inc. is independent of ARM. This conclusion was arrived at, inter alia, after considering the factors on page 4 and those below:

- Representations made by Ernst & Young Inc. to the committee
- The external auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the group and company
- The external auditor's independence was not impaired by any consultancy, advisory or other work undertaken
- The external auditor's independence was not prejudiced by any previous appointment as auditor.

Recommendation

Following our review of the consolidated and separate annual financial statements for the year ended 30 June 2023, we believe that, in all material respects, they comply with the relevant provisions of the Companies Act, IFRS as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements, and fairly present the consolidated and separate results of operations, cash flows, and the financial position of the group and company. On this basis, the audit and risk committee recommended the consolidated and separate annual financial statements of ARM to the board for approval.

The board subsequently approved the 2023 annual financial statements, which will be open for discussion at the annual general meeting.

TA Boardman
Chairman of the audit and risk committee

Johannesburg
10 October 2023

Independent auditor's report

To the Shareholders of African Rainbow Minerals Limited

Report on the audit of the consolidated and separate annual financial statements

Opinion

We have audited the consolidated and separate annual financial statements of African Rainbow Minerals Limited and its subsidiaries ('the group') and company set out on pages 21 to 115 which comprise of the consolidated ('group') and separate ('company') statements of financial position as at 30 June 2023, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies and the directors' remuneration section in the Directors' report on pages 14 to 19.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 30 June 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate annual financial statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated and separate annual financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate annual financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate annual financial statements.

Independent auditor's report continued

The Key audit matter applies only to the audit of the consolidated financial statements.

Key audit matter	How the matter was addressed in the audit
Acquisition of Bokoni Platinum Mines Proprietary Limited ('BPM')	
On 20 December 2021 ARM entered into a sale and purchase agreement to acquire all of the shares (100%) of BPM from Bokoni Platinum Holdings Proprietary Limited ('BPH') through a newly formed entity, ARM Bokoni Mining Consortium Proprietary Limited ('ARM BMC'), for a consideration of R3 500 million payable in cash. The sale and purchase agreement included various conditions to the purchase becoming effective. As disclosed in Note 38 *Acquisition of Bokoni Platinum Mines Proprietary Limited* (BPM) the fair values of the identifiable assets and liabilities acquired, as well as the gain on bargain purchase, recognised on group were as follows: • Assets: R3 672 million • Liabilities: R116 million • Gain on bargain purchase: R56 million This transaction required significant judgement and estimation by management, as disclosed in Note 38, in applying the accounting principles of IFRS 3 – *Business Combinations* and determining the fair values, in the following areas: • Effective date of the acquisition • Determining whether the acquisition was a business combination or an assets acquisition • The fair values and allocation thereof to the identifiable assets and liabilities as determined by the various valuation methodologies, which by its nature contain judgement and estimation uncertainty, including: – Methodology used; – Discount rates – Macroeconomic assumptions including foreign exchange rates and platinum group metal prices; • Deferred tax arising on acquisition The Group engaged specialists to assist with matters including valuation, taxation, and accounting standards application. We determined this to be a key audit matter in the current year due to the complexity and the significant impact on the group results, as well as the degree of audit effort involved, including the involvement of valuation, taxation, and accounting specialists in auditing the impact of the transaction.	Our audit procedures included amongst others the following: • We obtained and read the sale and purchase agreement to consider the appropriateness of management's accounting treatment, the areas of required judgement, estimation, terms and conditions of the transaction; • We obtained management's accounting paper and relevant supporting evidence on the accounting treatment and with the assistance of our specialists, we evaluated the accounting treatment and conclusions reached by management in terms of IFRS 3 including the following matters: – Effective date of the acquisition – Whether acquisition was a business combination or an assets acquisition • We obtained management's external tax opinion and management's accounting treatment paper for taxation (including deferred taxation) for the acquisition and with the assistance of our specialists, we evaluated the tax treatment and conclusions reached by management; • We obtained management's external purchase price allocation which included the fair values of the at acquisition assets and liabilities. With the assistance of our valuation specialists, we: – Evaluated the valuation methodologies against acceptable industry methods and accounting standards – Assessed the reasonability of the discount rates applied by comparing management's inputs to industry benchmarks and publicly available market data for comparable companies within a given range – Compared foreign exchange rates and platinum group metal prices to external market data • We assessed the adequacy of the group disclosure in terms of IFRS 3, in the notes to the consolidated and separate annual financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 100-page document titled "ARM Integrated Annual Report 2023", the 197– page document titled "ARM Environmental, social and governance report 2023", the 108-page document titled "ARM Mineral Resources and Mineral Reserves report 2023", the 104-page document titled "ARM Climate change and water report 2023", the 10-page document titled "ARM King IV application register 2023", the 116-page document titled "ARM Notice to shareholders 2023", and in the 128-page document titled "ARM Annual financial statements 2023", which includes the Chief executive officer and finance director's internal financial control responsibility statement, Directors' report (except the directors' remuneration section on pages 14 to 19), the Report of the audit and risk committee and the Certificate of the group company secretary and governance officer as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate annual financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated and separate annual financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events

or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate annual financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc., and its predecessor firms, have been the auditor of African Rainbow Minerals Limited for 50 years.

In 2004, Ernst & Young Inc. continued as the auditor of the African Rainbow Minerals Limited group, which was created following a range of indivisible transactions involving certain interests of Anglovaal Mining Limited, African Rainbow Minerals & Exploration Investments (Pty) Ltd and Harmony Gold Mining Company Limited. Ernst & Young Inc. has been the auditor of the group for 20 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Philippus Dawid Grobbelaar
Registered Auditor
Chartered Accountant (SA)

10 October 2023

102 Rivonia Road
Sandton
2146

Directors' report

The directors have pleasure in presenting their report on ARM for the year ended 30 June 2023.

Nature of business

ARM is a diversified South African mining company with long-life operations in key commodities. ARM, its subsidiaries, joint ventures, joint operations and associates explore, develop, operate and hold interests in the mining and minerals industry.

IAR For more on ARM's strategy, see page 14 of the integrated annual report.

The current operational focus is on precious metals, base metals, ferrous metals and alloys, which include platinum group metals, nickel, coal, iron ore, manganese ore and ferromanganese. ARM also has an investment in Harmony Gold Mining Company Limited.

ARM's partners at the various South African operations are Anglo American Platinum Limited, Assore South Africa Proprietary Limited, Impala Platinum Holdings Limited, Norilsk Nickel Africa Proprietary Limited and Glencore Operations South Africa Proprietary Limited.

Holding company

The company's largest shareholder is African Rainbow Minerals & Exploration Investments Proprietary Limited (ARMI), holding 39.95% of its issued ordinary share capital at 30 June 2023 (30 June 2022: 39.87%). The sole shareholder of ARMI is Ubuntu-Ubuntu Commercial Enterprises Proprietary Limited (UUCE), the shares of which are held by trusts, all of which, except the Motsepe Foundation, own those shares for the benefit of Dr PT Motsepe and his immediate family. The Motsepe Foundation applies the benefits of its indirect shareholding in ARM for philanthropic purposes.

In addition, at 30 June 2023, 0.50% of the issued share capital of ARM was held by Botho-Botho Commercial Enterprises Proprietary Limited (30 June 2022: 0.50%), in turn owned by UUCE and trusts, all of which trusts, except the Motsepe Foundation, hold those shares for the benefit of Dr Motsepe and his immediate family.

As one of the largest black-controlled mineral resource companies in South Africa, ARM is committed to the spirit and objectives of the Mineral and Petroleum Resources Development Act 28 of 2002, and the broad-based socio-economic charter for the South African mining industry (the mining charter). Accordingly, and for the benefit of historically disadvantaged South Africans (HDSAs), the company created the ARM Broad-Based Economic Empowerment Trust. The beneficiaries of this trust include seven regional upliftment trusts, a women's upliftment trust, union representatives, a church group and community leaders. The ARM Broad-Based Economic Empowerment Trust owns 15 897 412 ARM shares (30 June 2022: 15 897 412) or 7.08% of ARM's issued share capital at 30 June 2023 (30 June 2022: 7.08%).

Review of operations

IAR See reviews by the executive chairman, chief executive officer and finance director, and reviews of operations for F2023 in the integrated annual report.

Corporate governance

The board is committed to high standards of corporate governance and continuously reviews governance matters and control systems to ensure these are in line with global good practices. These standards are evident throughout the company's systems of internal controls, policies and procedures to ensure the sustainability of the business.

KING ARM applies the principles of King IV. For details, see the King IV application register on our website.

Financial results

The consolidated and separate annual financial statements and accounting policies appear on pages 21 to 115.

The results for the year ended 30 June 2023 have been prepared in accordance with IFRS and interpretations of those standards as adopted by the IASB, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee, Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, the requirements of the Companies Act and JSE Listings Requirements. The annual financial statements fairly present the state of affairs of the group and company, and adequate accounting records have been maintained.

SALES
-13% since 2022
R14 662m

GROSS PROFIT
-37% since 2022
R5 826m

TOTAL ASSETS
+8% since 2022
R64 126m

Borrowings and cash

Borrowings of R251 million (F2022: R109 million) were repaid in the period, reducing gross debt to R242 million (F2022: R484 million). ARM was in a net cash position of R9 779 million (30 June 2022: R11 175 million). There are no borrowing-power provisions in ARM's memorandum of incorporation.

Details of cash and borrowings appear in notes 14, 17 and 22 of the financial statements.

Going concern

To determine whether the group and company are going concerns, the directors have considered facts and assumptions, including group and company cash flow forecasts for the year to 30 June 2024 and beyond. The board believes the company and group have adequate resources to continue business in the foreseeable future. For this reason, the group and company continue to adopt the going-concern basis in preparing these financial statements.

Taxation

The latest tax assessment for the company is for the financial year ended 30 June 2022. All tax submissions up to and including those for F2022 have been submitted.

Subsidiaries, joint arrangements, associates and investments

ARM acquired Bokoni in the financial year. Refer note 38 for more detail.

The company's direct and indirect interests in its principal subsidiaries, joint arrangements (which include joint ventures and joint operations), associates and investments are reflected in separate schedules on pages 113 to 115.

Dividends

An interim gross dividend of 1 400 cents per ordinary share was declared on 6 March 2023 for the six months ended 31 December 2022 (1H F2022: 1 200 cents), amounting to a distribution of approximately R3 145 million (1H F2022: R2 694 million), which was paid on Monday, 3 April 2023.

The following additional information is disclosed:

- The dividend was declared out of income reserves
- The South African dividends withholding tax (dividends tax) rate is 20%
- The gross local dividend amount was 1 400 cents per ordinary share for shareholders exempt from dividends tax
- The net local dividend amount was 1 120 cents per ordinary share for shareholders liable to pay dividends tax
- As at the date of the dividend declaration, ARM had 224 667 778 ordinary shares in issue.

A final gross dividend of 1 200 cents per ordinary share was declared on 4 September 2023 for the year ended 30 June 2023 (F2022: 2 000 cents per share), amounting to a distribution of approximately R2 696 million (F2022: R4 493 million), which was payable on Monday, 9 October 2023.

The following additional information is disclosed:

- The dividend was declared out of income reserves
- The South African dividends withholding tax (dividends tax) rate is 20%
- The gross local dividend amount was 1 200 cents per ordinary share for shareholders exempt from dividends tax
- The net local dividend amount was 960 cents per ordinary share for shareholders liable to pay dividends tax
- As at the date of the dividend declaration, ARM had 224 667 778 ordinary shares in issue.

In line with section 4 of the Companies Act, the board determined that the prescribed solvency and liquidity requirements were met for the payment of dividends.

ARM's income tax reference number is 9030/018/60/1.

Capital expenditure

Capital expenditure for F2023 totalled R4 761 million (F2022: R2 277 million).

IAR Full details of capital expenditure appear in the finance director's review and relevant operational reviews in the integrated annual report.

Events after the reporting date

For events after the reporting date, see note 45 of the annual financial statements.

Share capital

The share capital of the company, both authorised and issued, is set out in note 15 to the consolidated and separate annual financial statements. Information about the treasury shares is set out in note 16.

Shareholder analysis

A comprehensive analysis of shareholders, together with direct or indirect beneficial holdings exceeding 3% of the ordinary shares of the company at 30 June 2023, is set out on pages 123 and 126.

Directorate

The memorandum of incorporation (MoI) provides for one-third of elected non-executive directors to retire by rotation. The non-executive directors affected by this requirement are Messrs AD Botha, JA Chissano, WM Gule and DC Noko and Dr RV Simelane, each of whom is available to stand for re-election at the forthcoming annual general meeting. Their terms of office terminate at the annual general meeting in accordance with the MoI. They have made themselves available for election at the annual general meeting on Thursday, 8 December 2023, or any adjournment thereof.

In addition, an executive director of the company who was appointed between annual general meetings and whose term of office terminates at the annual general meeting in accordance with the company's MoI is to stand for election at the next annual general meeting. The executive director affected by this requirement is Mr VP Tobias.

At the date of this report, the directors of the company were:

- **Executive directors:** Dr PT Motsepe (executive chairman), VP Tobias (chief executive officer), TTA Mhlanga (finance director) and HL Mkatshana
- **Independent non-executive directors:** AK Maditsi (lead independent non-executive director), F Abbott, TA Boardman, AD Botha, JA Chissano, WM Gule, B Kennedy, PJ Mnisi, DC Noko, B Nqwababa, Dr RV Simelane and JC Steenkamp
- **Non-executive director:** M Arnold.

AGM ESG Detailed résumés of the directors appear in the notice of annual general meeting and in the ESG report on our website.

INTERESTS OF DIRECTORS

The direct and indirect beneficial and non-beneficial interests of directors in the issued share capital of the company were as follows:

	30 June 2023				30 June 2022			
	Direct		Indirect		Direct		Indirect	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Directors								
Dr PT Motsepe[1]	–	–	90 876 095	–	–	–	90 696 906	–
VP Tobias[2]	–	–	–	–	–	–	–	–
M Arnold	32 000	–	–	–	65 331	–	–	–
J Magagula[3]	21 123	–	–	–	6 000	–	–	–
TTA Mhlanga[4]	–	–	–	–	–	–	–	–
HL Mkatshana[5]	142 571	–	80 000	–	186 676	–	–	–
Dr RV Simelane	1 350	–	–	–	1 350	–	–	–
JC Steenkamp	275 651	–	–	–	275 651	–	–	–

1 *Shares held by African Rainbow Minerals and Exploration Proprietary Limited and Botho-Botho Commercial Enterprises Proprietary Limited.*
2 *Mr VP Tobias was appointed chief executive officer from 1 May 2023.*
3 *Ms J Magagula resigned from the company from 31 July 2023.*
4 *Ms TTA Mhlanga was appointed finance director from 1 October 2020.*
5 *As per the Stock Exchange News Services announcements during the financial year ended 30 June 2023, Mr HL Mkatshana has transferred registered title in 80 000 ordinary shares of the company to the ESP Trust of which he is a beneficiary.*

Mr VP Tobias acquired 19 876 shares between 30 June 2023 and the date of this report.

Directors’ report continued

Directors’ remuneration: Executive directors and prescribed officers (audited)

The remuneration of executive directors and prescribed officers comprises:

- **Total cost-to-company**, which is base salary plus benefits
- **Incentive-based rewards** in the form of competitive incentives compared to those offered by other employers in the mining and mineral resources sector, earned through achieving performance targets consistent with shareholder expectations over the short and long term:
  - **Short-term incentives** are cash bonuses based on performance measures and targets, and structured to reward effective operational performance
  - **Long-term (share-based) incentives** are used to align the long-term interests of management with those of shareholders and responsibly implemented to avoid exposing shareholders to unreasonable or unexpected financial impact.

ESG Full details are set out in the remuneration report in the ESG report.

Executive directors and prescribed officers do not receive directors’ fees.

EXECUTIVE DIRECTORS’ EMOLUMENTS*

R000	2023							
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits[6]	Non-cash benefits	Other benefits[7]	Total annual package before incentives	Cash and cash sign-on awards[8]	Total annual package
Executive directors								
Dr PT Motsepe[1]	9 445	–	–	11 340	2	**20 787**	10 786	**31 573**
VP Tobias (from 1 May 2023)[2]	1 314	109	–	–	28	**1 451**	1 335	**2 786**
MP Schmidt (to 1 May 2023)[3]	7 594	511	–	–	116	**8 221**	7 570	**15 791**
J Magagula[4]	3 823	326	193	–	23	**4 365**	3 797	**8 162**
TTA Mhlanga	5 214	425	45	–	16	**5 700**	4 958	**10 658**
HL Mkatshana	4 714	395	–	–	186	**5 295**	4 496	**9 791**
Total for executive directors	32 104	1 766	238	11 340	371	**45 819**	32 942	**78 761**
Prescribed officers[5]								
MP Schmidt (from 1 May 2023)[3]	1 196	82	–	–	23	**1 301**	1 197	**2 498**
VP Tobias (to 1 May 2023)[2]	5 554	457	–	–	116	**6 127**	6 593	**12 720**
A Joubert	5 024	587	–	–	441	**6 052**	5 446	**11 498**
Total for prescribed officers	11 774	1 126	–	–	580	**13 480**	13 236	**26 716**
Total for executive directors and prescribed officers	43 878	2 892	238	11 340	951	**59 299**	46 178	**105 477**

** Details of long-term incentive awards may be found in part III the remuneration report in the ESG report.*

Total annual package before incentives = cost-to-company.

1 *The non-cash benefit for Dr PT Motsepe, the executive chairman of ARM, comprises a deemed fringe benefit on protection services which are provided to him on the basis of a risk assessment which considers his local and global profile and the concomitant risks. For the executive chairman, the cash bonus is based on a percentage of basic salary and excludes non-cash benefits and other benefits.*

2 *Mr VP Tobias was appointed chief operating officer from 14 November 2021 and as chief executive officer from 1 May 2023. His cost-to-company was increased to R8.7 million per annum from 1 May 2023. The pro-rata remuneration is shown for the periods when he was a prescribed officer and then an executive director, respectively.*

3 *Mr MP Schmidt stepped down as chief executive officer and an executive director from 1 May 2023. He was appointed executive: growth and strategic development from 1 May 2023 and his cost-to-company was decreased from R9.863 million to R7.8 million per annum from 1 May 2023. The pro-rata remuneration is shown for the periods when he was an executive director and then a prescribed officer, respectively.*

4 *Ms J Magagula resigned from the company from 31 July 2023, following the financial year end.*

5 *The prescribed officers of the company were determined under section 66(10) of the Companies Act, and further described in section 38 of its regulations. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).*

6 *The medical aid benefits for Ms J Magagula and Ms TTA Mhlanga were structured as deductions from their cost-to-company packages. No other executives had medical aid deductions.*

7 *Other benefits includes UIF and optional risk benefits such as group life benefits and additional disability and death benefits.*

8 *No bonuses were deferred in F2023. (Full details of cash bonuses are set out in part III of the remuneration report in the ESG report.) In terms of the sign-on arrangements when he was appointed as chief operating officer in November 2021, Mr VP Tobias received the first cash sign-on award of R1.26 million in November 2022. (Full details of the sign-on awards are set out in part III of the remuneration report in the ESG report.) There were no other sign-on awards in F2023.*

EXECUTIVE DIRECTORS’ EMOLUMENTS* (CONTINUED)

R000	2022							
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits[7]	Non-cash benefits	Other benefits[8]	Total annual package before incentives	Cash and cash sign-on awards[9]	Total annual package
Executive directors								
Dr PT Motsepe[1]	8 996	–	–	10 976	2	19 974	10 760	30 734
VP Tobias (from 1 May 2023)	–	–	–	–	–	–	–	–
MP Schmidt (to 1 May 2023)	8 672	585	–	–	139	9 396	9 061	18 457
J Magagula[2]	3 653	307	177	–	20	4 157	3 801	7 958
TTA Mhlanga[3]	4 923	399	42	–	13	5 377	4 874	10 251
HL Mkatshana	4 504	376	–	–	163	5 043	4 584	9 627
Total for executive directors	30 748	1 667	219	10 976	337	43 947	33 080	77 027
Prescribed officers[4]								
MP Schmidt (from 1 May 2023)	–	–	–	–	–	–	–	–
VP Tobias (to 1 May 2023)[5]	3 991	339	–	–	78	4 408	4 023	8 431
A Joubert[6]	4 882	560	–	11	322	5 775	4 825	10 600
Total for prescribed officers	8 873	899	–	11	400	10 183	8 848	19 031
Total for executive directors and prescribed officers	39 621	2 566	219	10 987	737	54 130	41 928	96 058

** Details of long-term incentive awards may be found in part III the remuneration report in the ESG report.*

Total annual package before incentives = cost-to-company.

1 *The non-cash benefit for Dr PT Motsepe, the executive chairman of ARM, comprises a deemed fringe benefit on protection services which are provided to him on the basis of a risk assessment which considers his local and global profile and the concomitant risks. For the executive chairman, the cash bonus is based on a percentage of basic salary and excludes non-cash benefits and other benefits.*

2 *Ms J Magagula was appointed an executive director from 18 December 2019. Following an independent benchmarking review of executive director remuneration paid by South African mining companies in the company's peer group, Ms Magagula received a salary adjustment of 14.3% in addition to the 5.2% annual increase paid to senior executives in the Paterson Grade F-band, for a total of 19.5%.*

3 *Ms TTA Mhlanga was appointed finance director from 1 October 2020. Following an independent benchmarking review of finance director and chief financial officer remuneration paid by South African mining companies in the company's peer group, Ms Mhlanga received a salary adjustment of 2.3% in addition to the 5.2% annual increase paid to senior executives in the Paterson Grade F-band, for a total of 7.5% for F2022.*

4 *The prescribed officers of the company were determined under section 66(10) of the Companies Act, and further described in section 38 of its regulations. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).*

5 *Mr VP Tobias was appointed chief operating officer from 14 November 2021.*

6 *Mr A Joubert's non-cash benefit comprises a fringe benefit on travel.*

7 *The medical aid benefits for Ms J Magagula and Ms TTA Mhlanga were structured as deductions from their cost-to-company packages. No other executives had medical aid deductions.*

8 *Other benefits includes UIF and optional risk benefits such as group life benefits and additional disability and death benefits.*

9 *No bonuses were deferred in F2022. In F2022, there were no sign-on awards.*

Directors' report continued

Conditional shares under the 2018 conditional share plan

Awards of conditional shares were made to eligible participants in the Paterson grade F-band under the 2018 conditional share plan. Conditional shares will be settled after three years, subject to the company achieving prescribed performance criteria over this period.

ESG For additional information about performance criteria, see remuneration report part III in the ESG report on our website.

The total number of conditional shares awarded in F2023 was 459 334. In addition, 87 711 conditional shares were forfeited during the year, bringing the total number of conditional shares outstanding on 30 June 2023 to 1 193 745.

Conditional shares: movements in F2023

	Executive directors										Prescribed officers			
	Dr PT Motsepe		J Magagula[1]		HL Mkhatshana		TTA Mhlanga[2]		VP Tobias[3]		A Joubert		MP Schmidt[4]	
	Number of shares	Value of shares (R000)	Number of shares	Value of shares (R000)	Number of shares	Value of shares (R000)	Number of shares	Value of shares (R000)	Number of shares	Value of shares (R000)	Number of shares	Value of shares (R000)	Number of shares	Value of shares (R000)
Opening conditional share balance at 1 July 2022	247 014	–	65 763	–	92 042	–	54 865	–	35 542	–	105 212	–	215 380	–
Conditional shares awarded 4 December 2022	66 505	18 891	20 430	5 803	24 781	7 039	26 677	7 578	34 415	9 776	28 327	8 046	57 988	16 471
Conditional shares awarded 11 June 2023	–	–	–	–	–	–	–	–	33 758	7 195	–	–	–	–
Conditional shares settled 7 December 2022[5]	(107 420)	52 728	–	–	(40 027)	19 648		–	–	–	(45 754)	22 459	(93 663)	45 975
Conditional shares settled 11 June 2023[6]	–	–	(16 445)	5 861	–	–	–	–	–	–	–	–	–	–
Closing conditional share balance as at 30 June 2023[7]	206 099	–	69 748	–	76 796	–	81 542	–	103 715	–	87 785	–	179 705	–

1 *Ms J Magagula received a top-up award in May 2020 following her appointment as an executive director. These conditional shares were settled on 11 June 2023. Ms Magagula subsequently resigned from the board from 31 July 2023.*
2 *Ms TTA Mhlanga was appointed to the board on 1 October 2020. Conditional shares awarded to her since her appointment have not yet vested.*
3 *Mr VP Tobias, chief operating officer, was appointed chief executive officer from 1 May 2023. In June 2023, the board approved a top-up award for Mr Tobias following his appointment as chief executive officer. In line with policy, the award was the difference between the number of CSP share awards awarded in December 2022 based on an award ratio of 1.33 of cost-to-company and the number of CSP share awards awarded in June 2023 based on an award ratio of 1.67 of cost-to-company. The top-up award is subject to performance conditions measured over the same period as the December 2022 awards.*
4 *Mr MP Schmidt stepped down as chief executive officer and was appointed as executive: growth and strategic development in the executive chairman's office from 1 May 2023.*
5 *Additional dividend equivalent shares of 0.3377 per award were included in the number of shares settled, as assured by the independent third-party consultant Andisa. The performance measurement and applicable vesting percentage (ie 124.7%) was assured by the independent third-party consultant Bowmans. The final vesting price used to determine the pre-tax cash value on settlement of R294.26 was the closing share price on 9 December 2022.*
6 *Additional dividend-equivalent shares of 0.3486 per award were included in the number of shares settled, as assured by the independent third-party consultant Andisa. The performance measurement and applicable vesting percentage (ie 124.7%) was assured by the independent third-party consultant Bowmans. The final vesting price used to determine the pre-tax cash value on settlement of R211.91 was the closing share price on 9 June 2023.*
7 *No conditional shares were awarded or settled for these directors or prescribed officers between 30 June 2023 and the date of this report.*

Conditional awards under the 2018 cash-settled conditional share plan

Conditional awards under the 2018 cash-settled conditional share plan were made to an executive director prior to her appointment to the board, as set out below.

ESG For additional information about performance criteria, see remuneration report part III in the ESG report on our website.

The total number of conditional awards in F2023 made to eligible management (in the Paterson grade D- and E-bands) was 549 420.

Cash-settled conditional awards: movements in F2023

	Executive director	
	J Magagula[1]	
	Number of shares	Value of shares (R000)
Opening conditional awards balance at 1 July 2022	5 874	–
Conditional awards settled 7 December 2022[2]	(5 874)	2 640
Closing conditional awards balance as at 30 June 2023[3]	–	–

1 *Ms J Magagula received awards of conditional awards prior to her appointment as an executive director. Ms Magagula subsequently resigned from the board from 31 July 2023.*
2 *A dividend-equivalent cash payment of R74 per award was included in the settlement value, as assured by the independent third-party consultant Andisa. The performance measurement and applicable vesting percentage (ie 124.7%) was assured by the independent third-party consultant Bowmans. The final vesting price was the 20-day volume-weighted average share price on 12 December 2022 of R286.37. The pre-tax cash value on settlement is as follows:*

Final vesting price: 20-day volume-weighted average share price on 12 December 2022	*R286.37*
Dividend-equivalent cash payment per award	*R74.00*
Total cash per award	*R360.37*

3 *No conditional shares were awarded or settled for this director between 30 June 2023 and the date of this report.*

Vesting dates

Conditional shares

Annual and interim allocations

Conditional shares awarded to senior executives on or after 7 December 2018 vest and are settled after three years, subject to achieving predetermined performance criteria.

Schedule of conditional shares vesting dates

	Number conditional shares
Conditional shares outstanding at 30 June 2023	1 193 745
Vesting on	
8 December 2023	372 877
4 December 2024	391 070
5 December 2025	378 913
12 June 2026	50 885

Conditional awards

Annual and interim allocations

Conditional awards awarded to participants other than senior executives on or after 7 December 2018 under the cash-settled conditional share plan vest and are settled after three years, subject to achieving predetermined performance criteria.

Schedule of conditional awards vesting dates

	Number conditional awards
Conditional awards outstanding at 30 June 2023[1]	549 420
Vesting on	
7 December 2022[2]	5 274
12 May 2023[2]	7 017
8 December 2023	150 990
5 June 2024	5 337
4 December 2024	174 816
26 May 2025	6 811
5 December 2025	192 257
12 June 2026	6 918

1 *Conditional awards awarded to management other than senior executives.*
2 *Conditional awards to be settled on receipt of tax directives.*

Performance shares

Performance share allocations are no longer made. For performance shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

- **Deferred bonus/co-investment scheme**
  Matching performance shares conditionally awarded under the deferred bonus/co-investment scheme vested and were settled after a performance period of three years, subject to achieving predetermined performance criteria. Allocations under this scheme are no longer made.

Bonus shares

Bonus share allocations are no longer made. For bonus shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

- **Deferred bonus/co-investment scheme**
  Bonus shares granted under the deferred bonus/co-investment scheme vested and were settled after three years. Allocations under this scheme are no longer made.

Share options

Share options are no longer allocated.

Below are summaries of movements in the company's long-term share-based incentive schemes.

Long-term share-based incentives

	Share options		Performance shares		Bonus shares	
	F2023	F2022	F2023	F2022	F2023	F2022
Opening balance at 1 July	–	39 829	–	102 812	–	102 812
Exercised	–	–	–	–	–	–
Settled	–	(39 829)	–	(99 437)	–	(102 812)
Granted/awarded	–	–	–	–	–	–
Forfeited/cancelled/lapsed	–	–	–	(3 375)	–	–
Closing balance at 30 June	–	–	–	–	–	–
Post-year end:						
Forfeited/cancelled/lapsed	–	–	–	–	–	–
Balance at the date of this report	–	–	–	–	–	–

Long-term share-based incentives continued

	Conditional shares		Conditional awards	
	F2023	F2022	F2023	F2022
Opening balance at 1 July	1 312 678	1 768 428	706 027	807 304
Exercised	–	–	–	–
Settled	(490 556)	(703 426)	(303 534)	(290 147)
Granted/awarded	459 334[1]	419 694[1]	210 992[2]	204 828[2]
Forfeited/cancelled/lapsed	(87 711)[3]	(172 018)[3]	(64 065)[4]	(15 958)[4]
Closing balance at 30 June	1 193 745	1 312 678	549 420	706 027
Post-year end:				
Forfeited/cancelled/lapsed	(69 748)[5]	–	–	–
Balance at the date of this report	1 123 997	1 312 678	549 420	706 027

1 *Conditional shares awarded to senior executives.*
2 *Conditional awards awarded to management other than senior executives.*
3 *Conditional shares forfeited by senior executives.*
4 *Conditional awards forfeited by management other than senior executives.*
5 *Conditional shares forfeited by a senior executive.*

Directors' remuneration: Non-executive directors (audited)

The remuneration of non-executive directors comprises directors' fees. Board retainers and attendance fees as well as committee attendance fees are paid quarterly in arrears. The table below sets out emoluments paid to non-executive directors for F2023 and F2022.

Non-executive directors' fees*

	F2023					F2022				
R000	Board fees	Committee fees[5]	Consultancy fees excluding VAT[6]	VAT	Total including VAT	Board fees	Committee fees[5]	Consultancy fees excluding VAT[6]	VAT	Total including VAT
AK Maditsi (independent lead)	815	1 032	–	277	2 124	730	893	–	243	1 866
F Abbott	685	518	–	181	1 384	606	235	–	126	967
M Arnold[1]	636	409	–	157	1 202	606	141	152	135	1 034
TA Boardman	685	1 168	–	278	2 131	606	1 070	–	251	1 927
AD Botha	685	727	–	57	1 469	606	625	–	94	1 325
JA Chissano[2]	661	299	684	144	1 788	606	302	672	136	1 716
WM Gule	685	25	–	–	710	606	56	–	–	662
B Kennedy[3]	476	67	–	82	625	–	–	–	–	–
PJ Mnisi	685	360	–	157	1 202	606	383	–	148	1 137
DC Noko	685	521	–	182	1 388	606	320	–	–	926
B Nqwababa[4]	476	188	–	100	764	–	–	–	–	–
Dr RV Simelane	685	835	–	228	1 748	606	746	–	203	1 555
JC Steenkamp	685	335	–	153	1 173	606	261	–	130	997
Total for non-executive directors	8 544	6 484	684	1 996	17 708	6 790	5 032	824	1 466	14 112

VAT = Value-added tax.
* *Payments to reimburse out-of-pocket expenses have been excluded.*
1 *Mr Arnold, former financial director, became a non-executive director from 11 December 2017. His consultancy agreement with the company terminated in December 2021.*
2 *Mr Chissano has a consultancy agreement with the company.*
3 *Mr Kennedy was appointed as an independent non-executive director from 6 October 2022.*
4 *Mr Nqwababa was appointed as an independent non-executive director from 6 October 2022. Shareholders appointed him as a member of the audit and risk committee in December 2022.*
5 *Attendance fees are paid for scheduled committee meetings, ad hoc committee meetings and for other work devoted to committee business outside regular scheduled meetings. Where such ad hoc meetings required substantially less time to prepare for, attend or undertake than a scheduled meeting, the per-meeting fee was reduced commensurately.*
6 *Additional information appears under service agreements: non-executive directors in part II of the remuneration report.*

External auditor

Ernst & Young Inc. continued in office as the external auditor for the company, with Mr PD Grobbelaar as the designated individual registered auditor for F2023.

It is recommended to shareholders that KPMG Inc. be appointed as the external auditor and that Ms S Loonat be appointed as the designated auditor for F2024.

Group company secretary and governance officer

Ms AN D'Oyley is the group company secretary and governance officer of ARM. Her business and postal addresses appear on the inside back cover of this report.

ESG For additional information on the office of the group company secretary and governance officer, see page 129 of the ESG report on our website.

Listings

The company's shares are listed on the JSE (general mining) under the share code: ARI. In November 2018, the company completed a secondary listing on the A2X Exchange, where its shares are listed under the share code: ARI.

Strate (share transactions totally electronic)

The company's shares were dematerialised on 5 November 2001. If shareholders wish to trade certificated ARM (previously Avmin) shares on the JSE, they are urged to deposit them with a central securities depository participant or qualifying stockbroker as soon as possible. Trading in the company's shares on the JSE is only possible if the shares are in electronic format in the Strate environment. If members have any queries, they should contact the company's transfer secretaries, Computershare Investor Services Proprietary Limited (details on inside back cover).

Convenience translations into United States dollars

To assist users of this report, translations of convenience into United States dollars are provided in these annual financial statements. These translations are based on average rates of exchange for the statements of profit or loss, comprehensive income and cash flows, and at rates prevailing at year end for statement of financial position items.

These statements appear on pages 116 to 122.

Annual financial statements

Audited by independent auditor

The financial information has been audited by the external auditor, Ernst & Young Inc. (the designated auditor PD Grobbelaar CA(SA)).

Any reference to future financial performance included in these results has not been audited or reported on by ARM's external auditor.

Basis of preparation

The audited group and company results for the year have been prepared under the supervision of the finance director, Ms TTA Mhlanga CA(SA). The group and company financial statements have been prepared on the historical cost basis, except for certain financial instruments that are fairly valued. The accounting policies used are in terms of IFRS. Please refer to note 1 to the financial statements.

Contents

Statements of financial position

at 30 June 2023

	Notes	GROUP 30 June 2023 Rm	GROUP 30 June 2022 Rm	COMPANY 30 June 2023 Rm	COMPANY 30 June 2022 Rm
ASSETS					
Non-current assets					
Property, plant and equipment	3	16 173	9 621	1 676	1 511
Investment properties	5	24	24	24	24
Intangible assets	6	55	63	55	63
Deferred tax assets	18	935	215	79	215
Other financial assets	7	128	214	124	212
Investment in associate	8	1 847	2 048	841	841
Investment in joint venture	9	21 814	22 145	259	259
Other investments	10	6 148	4 104	11 402	6 204
Non-current inventories	11	427	52	–	–
		47 551	38 486	14 460	9 329
Current assets					
Inventories	11	488	343	180	142
Trade and other receivables	12	5 227	7 737	1 888	2 474
Taxation	36	178	116	176	66
Financial assets	13	661	830	181	130
Cash and cash equivalents	14	10 021	11 659	6 693	8 940
		16 575	20 685	9 118	11 752
Total assets		64 126	59 171	23 578	21 081
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	15	11	11	11	11
Share premium	15	5 267	5 267	5 267	5 267
Treasury shares	16	(2 405)	(2 405)	–	–
Other reserves		4 310	2 668	4 080	2 588
Retained earnings		42 029	40 617	10 817	10 274
Equity attributable to equity holders of ARM		49 212	46 158	20 175	18 140
Non-controlling interest		4 931	4 205	–	–
Total equity		54 143	50 363	20 175	18 140
Non-current liabilities					
Long-term borrowings	17	206	305	32	–
Deferred tax liabilities	18	3 787	3 226	605	305
Long-term provisions	19	2 257	1 979	1 605	1 544
		6 250	5 510	2 242	1 849
Current liabilities					
Trade and other payables	20	2 419	2 148	387	341
Short-term provisions	21	834	716	384	429
Taxation	36	444	255	312	123
Overdrafts and short-term borrowings					
– interest-bearing	22	36	40	78	18
– non-interest-bearing	22	–	139	–	181
		3 733	3 298	1 161	1 092
Total equity and liabilities		64 126	59 171	23 578	21 081

Statements of profit or loss

for the year ended 30 June

	Notes	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
Revenue	25	16 097	18 406	4 258	4 443
Sales	25	14 662	16 917	2 805	2 938
Cost of sales	26	(8 836)	(7 660)	(1 549)	(1 428)
Gross profit		5 826	9 257	1 256	1 510
Other operating income	27	1 817	1 983	1 562	1 671
Other operating expenses	28	(2 692)	(3 239)	(1 885)	(2 181)
Profit from operations before capital items		4 951	8 001	933	1 000
Income from investments	29	868	685	7 761	8 709
Finance costs	30	(286)	(290)	(171)	(186)
Income from associate	8	1 007	927	–	–
Income from joint venture	9	4 557	6 649	–	–
Profit before taxation and capital items		11 097	15 972	8 523	9 523
Capital items before tax	31	56	1 128	150	850
Profit before taxation		11 153	17 100	8 673	10 373
Taxation	32	(1 833)	(2 736)	(491)	(705)
Profit for the year		9 320	14 364	8 182	9 668
Attributable to:					
Equity holders of ARM					
Profit for the year		8 078	12 426	8 182	9 668
Basic earnings for the year		8 078	12 426	8 182	9 668
Non-controlling interest					
Profit for the year		1 242	1 938		
		1 242	1 938		
Profit for the year		9 320	14 364	8 182	9 668
Earnings per share					
Basic earnings per share (cents)	33	4 120	6 343		
Diluted basic earnings per share (cents)	33	4 111	6 338		

Group statement of comprehensive income

for the year ended 30 June

	Notes	Financial instruments at fair value through other compre-hensive income Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
For the year ended 30 June 2022							
Profit for the year to 30 June 2022		–	–	12 426	12 426	1 938	14 364
Other comprehensive income that will not be reclassified to the statement of profit or loss in subsequent periods							
Net impact of revaluation of listed investment		(49)	–	–	(49)	–	(49)
Revaluation of listed investment[1]	10	(59)	–	–	(59)	–	(59)
Deferred tax on above	18	10	–	–	10	–	10
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods							
Foreign currency translation reserve movement		–	97	–	97	–	97
Total other comprehensive (loss)/income		(49)	97	–	48	–	48
Total comprehensive (loss)/income for the year		(49)	97	12 426	12 474	1 938	14 412
For the year ended 30 June 2023							
Profit for the year to 30 June 2023		**–**	**–**	**8 078**	**8 078**	**1 242**	**9 320**
Other comprehensive income that will not be reclassified to the statement of profit or loss in subsequent periods							
Net impact of revaluation of listed investment		**1 597**	**–**	**–**	**1 597**	**–**	**1 597**
Revaluation of listed investment[1]	10	**2 037**	**–**	**–**	**2 037**	**–**	**2 037**
Deferred tax on above	18	**(440)**	**–**	**–**	**(440)**	**–**	**(440)**
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods							
Foreign currency translation reserve movement		**–**	**151**	**–**	**151**	**–**	**151**
Total other comprehensive income		**1 597**	**151**	**–**	**1 748**	**–**	**1 748**
Total comprehensive income for the year		**1 597**	**151**	**8 078**	**9 826**	**1 242**	**11 068**

[1] *The share price of Harmony increased from R51.97 per share at 30 June 2022 to R79.25 at 30 June 2023 and decreased from R52.76 at 30 June 2021 to R51.97 per share at 30 June 2022. The valuation of the investment in Harmony is based on a level 1 fair value hierarchy level in terms of International Financial Reporting Standards (IFRS).*

Company statement of comprehensive income

for the year ended 30 June

	Notes	Financial instruments at fair value through other compre-hensive income Rm	Other Rm	Retained earnings Rm	Total Rm
For the year ended 30 June 2022					
Profit for the year to 30 June 2022		–	–	9 668	9 668
Other comprehensive income that may not be reclassified to the income statement in subsequent periods					
Net impact of revaluation of listed investment		(49)	–	–	(49)
Revaluation of listed investment[1]	10	(59)	–	–	(59)
Deferred tax on above	18	10	–	–	10
Foreign currency translation reserve movement		–	1	–	1
Total other comprehensive (loss)/income		(49)	1	–	(48)
Total comprehensive (loss)/income for the year		(49)	1	9 668	9 620
For the year ended 30 June 2023					
Profit for the year to 30 June 2023		**–**	**–**	**8 182**	**8 182**
Other comprehensive income that may not be reclassified to the income statement in subsequent periods					
Net impact of revaluation of listed investment		**1 597**	**–**	**–**	**1 597**
Revaluation of listed investment[1]	10	**2 037**	**–**	**–**	**2 037**
Deferred tax on above	18	**(440)**	**–**	**–**	**(440)**
Foreign currency translation reserve movement		**–**	**1**	**–**	**1**
Total other comprehensive income		**1 597**	**1**	**–**	**1 598**
Total comprehensive income for the year		**1 597**	**1**	**8 182**	**9 780**

[1] *The share price of Harmony increased from R51.97 per share at 30 June 2022 to R79.25 at 30 June 2023 and decreased from R52.76 at 30 June 2021 to R51.97 per share at 30 June 2022. The valuation of the investment in Harmony is based on a level 1 fair value hierarchy level in terms of International Financial Reporting Standards (IFRS).*

Group statement of changes in equity

for the year ended 30 June

				Other reserves						
	Notes	Share capital and premium Rm	Treasury shares Rm	Financial instruments at fair value through other comprehensive income Rm	Share-based payments Rm	Other[1] Rm	Retained earnings Rm	Total shareholders of ARM Rm	Non-controlling interest[2] Rm	Total Rm
Balance at 30 June 2021		5 223	(2 405)	2 237	700	(22)	34 461	40 194	3 582	43 776
Total comprehensive (loss)/income for the year		–	–	(49)	–	97	12 426	12 474	1 938	14 412
Profit for the year to 30 June 2022		–	–	–	–	–	12 426	12 426	1 938	14 364
Other comprehensive (loss)/income		–	–	(49)	–	97	–	48	–	48
Bonus and performance shares issued to employees	15	55	–	–	(470)	–	–	(415)	–	(415)
Dividend paid[3]	33	–	–	–	–	–	(6 270)	(6 270)	–	(6 270)
Dividend declared to non-controlling interests[4]		–	–	–	–	–	–	–	(1 315)	(1 315)
Share-based payment expense		–	–	–	175	–	–	175	–	175
Balance at 30 June 2022		5 278	(2 405)	2 188	405	75	40 617	46 158	4 205	50 363
Total comprehensive income for the year		–	–	1 597	–	151	8 078	9 826	1 242	11 068
Profit for the year to 30 June 2023		–	–	–	–	–	8 078	8 078	1 242	9 320
Other comprehensive income		–	–	1 597	–	151	–	1 748	–	1 748
Conditional shares issued to employees	15	–	–	–	(220)	–	–	(220)	–	(220)
Dividend paid[3]	33	–	–	–	–	–	(6 666)	(6 666)	–	(6 666)
Dividend declared to non-controlling interests[4]		–	–	–	–	–	–	–	(516)	(516)
Share-based payment expense		–	–	–	147	–	–	147	–	147
Other		–	–	–	(33)	–	–	(33)	–	(33)
Balance at 30 June 2023		5 278	(2 405)	3 785	299	226	42 029	49 212	4 931	54 143

[1] *Other reserves consist of the following:*

	F2023 Rm	*F2022 Rm*	*F2021 Rm*
Dilution in Two Rivers	*(26)*	*(26)*	*(26)*
Foreign currency translation reserve – Assmang	*232*	*120*	*62*
Foreign currency translation reserve – other entities	*91*	*52*	*13*
Capital redemption and prospecting loans written off	*28*	*28*	*28*
Tamboti assets sale to Two Rivers	*(99)*	*(99)*	*(99)*
Total	*226*	*75*	*(22)*

[2] *Non-controlling interest includes R4 376 million (F2022: R3 718 million) for Two Rivers and R535 million (F2022: R469 million) for Modikwa.*
[3] *Interim dividend paid of 1 400 cents (F2022: 1 200 cents) per share and final dividend paid of 2 000 cents (F2022: 2 000 cents) per share.*
[4] *Dividends to Impala Platinum and Modikwa non-controlling interests.*

Company statement of changes in equity

for the year ended 30 June

			Other reserves				
	Notes	Share capital and premium Rm	Financial instruments at fair value through other comprehensive income Rm	Share-based payments Rm	Other[1] Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2021		5 223	2 237	656	38	7 791	15 945
Total comprehensive (loss)/income for the year		–	(49)	–	1	9 668	9 620
Profit for the year to 30 June 2022		–	–	–	–	9 668	9 668
Other comprehensive (loss)/income		–	(49)	–	1	–	(48)
Bonus and performance shares issued to employees	16	55	–	(470)	–	–	(415)
Dividend paid	34	–	–	–	–	(7 185)	(7 185)
Share-based payment expense		–	–	175	–	–	175
Balance at 30 June 2022		5 278	2 188	361	39	10 274	18 140
Total comprehensive income for the year		–	1 597	–	1	8 182	9 780
Profit for the year to 30 June 2023		–	–	–	–	8 182	8 182
Other comprehensive income		–	1 597	–	1	–	1 598
Conditional shares issued to employees	16	–	–	(220)	–	–	(220)
Dividend paid	34	–	–	–	–	(7 639)	(7 639)
Share-based payment expense		–	–	147	–	–	147
Other		–	–	(33)	–	–	(33)
Balance at 30 June 2023		5 278	3 785	255	40	10 817	20 175

[1] *Other reserves consist of the following:*

	F2023 Rm	*F2022 Rm*	*F2021 Rm*
General reserve	*35*	*35*	*35*
Foreign currency translation	*5*	*4*	*3*
Total	*40*	*39*	*38*

Statements of cash flows

for the year ended 30 June 2023

	Notes	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		18 697	18 128	4 668	2 934
Cash paid to suppliers and employees		(10 607)	(9 620)	(3 002)	(2 762)
Cash generated from operations	35	8 090	8 508	1 666	172
Interest received		840	601	531	404
Interest paid		(69)	(46)	(2)	(2)
Taxation paid	36	(1 517)	(2 303)	(486)	(486)
		7 344	6 760	1 709	88
Dividends received from joint venture	9	5 000	5 500	5 000	5 500
Dividends received from associate	8	1 208	–	1 208	–
Dividends received from investments – Harmony		17	50	17	50
Dividends received from other		–	–	916	2 651
Dividend paid to non-controlling interests		(660)	(1 247)	–	–
Dividend paid to shareholders	33	(6 666)	(6 270)	(7 639)	(7 185)
Net cash inflow from operating activities		6 243	4 793	1 211	1 104
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of Bokoni net of cash acquired	38	(3 441)	–	–	–
Acquisition of additional shares in ARM Platinum (Pty) Ltd		–	–	(3 500)	–
Additions to property, plant and equipment to maintain operations		(1 995)	(1 739)	(282)	(138)
Additions to property, plant and equipment to expand operations		(2 461)	(463)	–	–
Proceeds on disposal of property, plant and equipment		6	6	6	6
Investments in financial assets	7, 13	(724)	(819)	(167)	(114)
Proceeds from financial assets matured		1 011	523	114	70
Proceeds from loans repaid		93	–	389	259
Proceeds from return of share capital		–	–	274	–
Net cash (outflow)/inflow from investing activities		(7 511)	(2 492)	(3 166)	83
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from exercise of share options		–	7	–	7
Cash payments to owners to acquire the entity's shares		(141)	(225)	(141)	(225)
Long-term borrowings repaid		(80)	(95)	(6)	(9)
Short-term borrowings repaid		(171)	(14)	(146)	(1)
Net cash outflow from financing activities		(392)	(327)	(293)	(228)
Net (decrease)/increase in cash and cash equivalents		(1 660)	1 974	(2 248)	959
Cash and cash equivalents at beginning of year		11 643	9 655	8 924	7 962
Net foreign exchange difference		21	14	–	3
Cash and cash equivalents at end of year	14	10 004	11 643	6 676	8 924
Made up as follows:					
– Available	14	9 183	11 053	6 616	8 813
– Cash set aside for specific use	14	821	590	60	111
		10 004	11 643	6 676	8 924
Overdrafts		17	16	17	16
Cash and cash equivalents per statement of financial position		10 021	11 659	6 693	8 940
Cash generated from operations per share (cents)	33	4 127	4 343		

Notes to the financial statements

for the year ended 30 June 2023

1. ACCOUNTING POLICIES

Statement of compliance

The consolidated and separate annual financial statements (group and company financial statements) have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, requirements of the South African Companies Act 71 of 2008 and the Listings Requirements of the JSE Limited.

Basis of preparation

The group and company financial statements for the year have been prepared under the supervision of the finance director, Ms TTA Mhlanga CA(SA).

The principal accounting policies as set out below are consistent in all material aspects with those applied in the previous years.

The group and company financial statements have been prepared on the historical cost basis, except for certain financial instruments that are carried at fair value.

The financial statements are presented in South African rand and all values are rounded to the nearest million (Rm), unless otherwise indicated.

The company financial statements are included with the group financial statements.

Impact of new standards

The group has adopted the following new and/or revised standards and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) of the International Accounting Standards Board (IASB) during the period under review. The date of initial application for the group and company being 1 July 2022.

Standards	Subject	Effective date
IFRS 3	*Business Combinations – Reference to the Conceptual Framework* – Amendment	1 January 2022
IAS 16	*Property, Plant and Equipment – Proceeds before Intended Use* – Amendment	1 January 2022
IAS 37	*Provisions, Contingent Liabilities and Contingent Assets – Costs of Fulfilling a Contract* – Amendment	1 January 2022
IFRS 9	*Financial Instruments – Fees in the "10 per cent" Test for Derecognition of Financial Liabilities* – Amendment	1 January 2022

The adoption of the above standards had no significant effect on the group financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of African Rainbow Minerals Limited and its subsidiaries, joint operations, joint ventures and associates at 30 June each year.

Inter-company transactions and balances

Consolidation principles relating to the elimination of inter-company transactions and balances and adjustments for unrealised inter-company profits are applied in all intra-group dealings, for all transactions with subsidiaries, joint operations, associated companies or joint ventures.

Subsidiary companies

Subsidiary companies are investments in entities in which the company has control over the financial and operating decisions of the entity.

Subsidiaries are consolidated in full from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated.

Non-controlling interest represents the portion of the statement of profit or loss and equity not held by the group and is presented separately in the statement of profit or loss and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Losses of subsidiaries are attributed to the non-controlling interest, even if that results in a deficit balance. Before 1 January 2009, losses in subsidiaries were carried by the group only.

Investments in subsidiaries in the company financial statements are accounted for at cost less impairment.

Notes to the financial statements continued

for the year ended 30 June 2023

1. ACCOUNTING POLICIES continued

Subsidiary companies continued

Joint operations

Joint operations are a type of joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. The group and company account for joint operations, its assets, liabilities, income, expenses and cash flows and/or share thereof.

Unincorporated joint operations are recognised in the financial statements on the same basis as above.

Investment in associate and joint ventures

An associate is an investment in an entity in which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement that exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

At group level, investments in associates and joint ventures are accounted for using the equity method of accounting. Investments in the associates and joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the associates or joint ventures, less any impairment in value. The statement of profit or loss reflects the group's share of the post-acquisition profit after tax of the associate or joint ventures. After application of the equity method, the group determines whether it is necessary to recognise any additional impairment losses. Investments in associates or joint ventures in the company financial statements are accounted for at cost less impairment.

Trusts

When control of a trust exists or a change results in control, from that date the trust is consolidated.

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries, joint operations, joint ventures and associates by the group. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the statement of profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interest is measured at each business combination at either the proportionate share of the identifiable net assets or at fair value.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested for impairment on an annual basis. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss.

When an acquisition is achieved in stages and control is achieved, the fair values of all the identifiable assets and liabilities are recognised. The difference between the previous equity-held interest value and the current fair value for the same equity is recognised in the statement of profit or loss.

When there is a change in the interest of a subsidiary that does not result in the loss of control, the difference between the fair value of the consideration transferred and the change in non-controlling interest is recognised directly in the statement of changes in equity.

Current taxation

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that have been enacted or substantively enacted at the reporting date, that are applicable to the taxable income. Taxation is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income, in which case the tax amounts are recognised directly in equity or in other comprehensive income.

1. ACCOUNTING POLICIES continued

Deferred taxation

A deferred tax asset is the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised.

Three-year business plans, the first year of which is approved by the board and the content of the next two years being noted, are used to determine whether deferred tax assets will be utilised from taxable income in the future. These plans use many assumptions and estimates and will be adjusted every year as more information becomes available.

A deferred tax liability is the amount of income taxes payable in future periods in respect of taxable temporary differences.

Temporary differences are differences between the carrying amount of an asset or liability and its tax base. The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Deferred tax is recognised for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantively enacted at the reporting date and is not discounted.

Deferred tax arising on investments in subsidiaries, associates, joint operations and joint ventures is recognised, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except for (a) where the VAT incurred on a purchase of an asset or service cannot be recovered from the taxation authorities; and (b) receivables and payables that are stated with the VAT included. The net amount of VAT recoverable or payable is included under receivables or payables in the statement of financial position.

Provisions

Provisions are recognised when the following conditions have been met:

- A present legal or constructive obligation to transfer economic benefits as a result of past events exists
- A reasonable estimate of the obligation can be made.

A present obligation is considered to exist when there is no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision is raised is charged against the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the financial statements continued
for the year ended 30 June 2023

1. ACCOUNTING POLICIES continued

Insurance

For insurance contracts, judgements and estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some types of policies, insurance contract technical provisions form the majority of the liability in the statement of financial position.

Due to the nature of the claims arising under the insurance contracts, the use of past claims development to project future claims development and hence ultimate claims costs, is considered not to be a suitable method for the setting of insurance contract technical provisions. Instead, the directors assess the level of unexpired risk reserve (URR), adverse development reserve (ADR), and incurred but not reported reserve (IBNR) held for each underwriting year at every year end based on the claims information available at that time. Accordingly, as such assessment is based upon the use of judgements, best estimates and assumptions, there is inherent risk that such assessment will be significantly different from the actual outcome.

The estimation of URR, ADR and IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company, where more information about the claim event is generally available. Some IBNR claims may not become apparent to the insured until many years after the event which gave rise to the claims, has occurred.

The use of judgements, estimates and assumptions is also employed in the assessment of the adequacy for provisions for unearned premiums, ie in determining whether the pattern of insurance service provided by the insurance contracts requires the earning of premium on a basis other than time apportionment.

Premiums written

Premiums written comprise premiums due on contracts entered into during the financial year, regardless of whether such amounts may relate in whole or part to a later financial year, exclusive of taxes levied on premiums. Other underwriting income and expenses, comprising commissions, brokerage, fronting fees and outward reinsurance premiums are accounted for in the same accounting year as the premiums for the related direct insurance.

Claims paid

Claims paid include all payments made in respect of the year with associated claim settlement expenses, net of any salvage or subrogation recoveries.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Insurance contract technical provisions

Insurance contract technical provisions comprise provisions for unearned premium (UPR), and reserves for claims outstanding (OLR), unexpired risk, adverse development and claims incurred but not reported.

Provisions for unearned premiums, deferred other underwriting income and prepaid underwriting expenses

Unearned premiums, deferred other underwriting income and prepaid underwriting expenses represent the proportion of premiums written, other underwriting income and underwriting expenses estimated to be earned in future financial years, computed separately for each insurance contract using the daily pro rata method. For certain policies, the daily pro rata method may not be appropriate and in such circumstances the earning pattern will be adjusted to more accurately reflect the pattern of insurance service provided by the underlying insurance contracts.

Claims outstanding, unexpired risk reserves and adverse development reserves

Claims outstanding and adverse development reserves comprise of provisions for the estimated cost of settling all claims reported but not paid at the reporting date.

1. ACCOUNTING POLICIES continued

Claims outstanding comprise provisions for the estimated cost of settling all claims incurred up to, but not paid at, the balance sheet date together with the relevant claims settlement expenses based on information provided by insured, fronting insurers, and loss adjusters.

The adverse development reserves provide for the expected deterioration of claims reported.

The unexpired risk reserves bring the value of claims incurred during an unexpired policy period up to the expected loss level for the policy.

The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Incurred but not reported reserve

The incurred but not reported reserve is based on the estimated ultimate cost of all claims incurred but not reported at the reporting date. Delays can be experienced in the discovery, notification and settlement of certain types of claims that may arise under the insurance contracts written, therefore the ultimate cost of these claims cannot be known at the reporting date.

Reinsurers' share of insurance contract technical provisions

Provisions for unearned reinsurance premiums

The provision for unearned reinsurance premiums represents the proportion of outward reinsurance premiums that are estimated to be earned in future financial years, computed separately for each reinsurance contract using the daily pro rata method. For certain policies, the daily pro rata method may not be appropriate, and in such circumstances, the earning pattern will be adjusted to more accurately reflect the pattern of reinsurance service provided by the underlying reinsurance contracts.

Reinsurance recoveries

Provisions for claims are calculated gross of any reinsurance recoveries. A separate estimate is made for the amounts recoverable from reinsurers based upon the gross claims provisions and/or settled claims that are associated with the reinsurers' policies and are calculated in accordance with the related reinsurance contract.

Environmental rehabilitation obligations

The estimated cost of rehabilitation, comprising liabilities for decommissioning and restoration, is based on current legal requirements and existing technology, and is reassessed annually. Cost estimates are not reduced by the potential proceeds from the sale of assets.

Decommissioning

The present value of estimated decommissioning obligations, being the cost to dismantle all structures and rehabilitate the land on which it is located that arose through establishing the mine, is included in long-term provisions. The unwinding of the obligation is included in the statement of profit or loss under finance cost. The initial related decommissioning asset is recognised in property, plant and equipment.

The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Restoration

The present value of the estimated cost of restoration, being the cost to correct damage caused by ongoing mining operations, is included in long-term provisions.

This estimate is revised annually and any movement is expensed in the statement of profit or loss. Expenditure on ongoing rehabilitation is charged to the statement of profit or loss under cost of sales as incurred.

Trust funds

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The investment in the trust funds is carried at cost in the company financial statements. These funds are consolidated as ARM group companies are the sole contributors to the funds and exercise full control through the respective boards of trustees. The balances are included under cash set aside for specific use and financial assets.

1. ACCOUNTING POLICIES continued

Treasury shares

Own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss in the purchase, sale, issue or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

Financial instruments

Financial instruments recognised in the statement of financial position include, cash and cash equivalents, investments, trade and other receivables, trade and other payables and long- and short-term borrowings.

The recognition methods adopted are disclosed in the individual policy statements associated with each item.

The group does not apply hedge accounting.

Financial assets

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through the statement of profit or loss.

Financial assets at fair value through the statement of profit or loss are measured at fair value with gains and losses being recognised in the statement of profit or loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price as disclosed in revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Loans and long-term receivables and trade and other receivables are measured at amortised cost less impairment losses or reversals which are recognised in the statement of profit or loss.

Unlisted investments are carried at fair value. Listed financial assets are measured at fair value with gains and losses being recognised directly in comprehensive income. Impairment losses are recognised in the statement of profit or loss.

Any impairment reversals on debt instruments classified as listed investments are recognised in the statement of comprehensive income. Decreases in fair value of equity investments are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised in OCI.

Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Listed investments

For listed investments, the group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

Listed investments are classified as fair value through OCI, whereby fair value gains and losses are recognised in equity (OCI) and will not be reclassified through profit or loss.

1. ACCOUNTING POLICIES continued

Treasury shares continued

Financial liabilities

Financial liabilities at fair value through the statement of profit or loss are measured at fair value with gains and losses being recognised in the statement of profit or loss.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at amortised cost are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Derivative instruments

Derivatives, including embedded derivatives, are initially and subsequently measured at fair value. Fair value adjustments are recognised in the statement of profit or loss. Forward exchange contracts are valued at the reporting date using the forward rate available at the reporting date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the statement of profit or loss.

A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash and cash equivalents include cash on hand and call deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. These are classified as:
- Cash and cash equivalents available for any use at any time
- Or cash and cash equivalents set aside for specific short-term cash commitment purposes but still accessible, if need be, although after certain processes (stated separately at the carrying value in the notes).

For cash flow purposes, overdrafts are deducted from cash and cash equivalents that are in the statement of financial position.

Investments

Investments, other than investments in subsidiaries, associates, joint operations and joint ventures, are considered to be listed or unlisted financial assets carried at fair value. Increases and decreases in fair values of listed investments are reflected in the financial instruments at fair value through other comprehensive income reserve. Increases and decreases on unlisted investments are reflected in the statement of profit or loss. Where active markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the reporting date.

Where there are no active markets, fair value is determined using valuation techniques like recent similar transactions, reference to similar transactions, discounted cash flow and option pricing models.

All regular purchases and sales of financial assets are recognised on the trade date, ie the date the group commits to purchasing the asset.

1. ACCOUNTING POLICIES continued

Receivables

Trade receivables, which generally have 30- to 90-day terms, are initially recognised at fair value including transaction costs and subsequently at amortised cost using the effective interest rate method less ECLs. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

Receivables are financial assets classified as loans and receivables. Some receivables are classified at fair value through the statement of profit or loss. These are receivables where the amount that will be received in the future is dependent on the commodities or concentrate content, and/or the price at the date of settlement. For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECLs at each reporting date. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment including forward-looking information.

Payables

Trade and other payables are not interest-bearing and are initially recorded at fair value including transaction costs and subsequently at amortised cost and classified as financial liabilities at amortised cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method and classified as financial liabilities at amortised cost. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement.

Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised, as well as through the amortisation process.

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Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired
- The group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement
- Or the group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the group has transferred its right to receive cash flows from asset and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the statement of profit or loss.

Offsetting of financial instruments

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and the group intends to settle on a net basis or to realise the asset and settle the liability simultaneously, all related financial effects are netted.

1. ACCOUNTING POLICIES continued

Intangible assets

Intangible assets acquired are reflected at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment where there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Amortisation is based on units-of-production or units of export sales. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Investment property

Investment properties are carried at cost and depreciated on a straight-line basis over their estimated useful lives to an estimated residual value. Where the residual value exceeds the carrying amount, amortisation is continued at a zero charge until its residual value subsequently decreases to an amount below the carrying amount.

Where the building has changed from owner-occupied to an investment property in order to earn rentals and for capital appreciation, the cost deemed is the carrying amount if applicable. An impairment is taken in the statement of profit or loss when the recoverable amount is less than the carrying amount.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Costs of evaluation of a smelter prior to approval to develop are capitalised, provided that there is a high degree of confidence that the project will be deemed commercially viable. Costs incurred with commissioning the new asset, in the period before it is capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent that they are expected to give rise to future economic benefit.

Land and buildings

Land and buildings are carried at cost less accumulated depreciation and impairment losses. Some land contains change in estimates, resulting from fair value adjustments made on variable consideration payable. Land is only depreciated where the form is changed so that it affects its value. Land is then depreciated on a straight-line method over the mining activity to a maximum of 25 years to its estimated residual value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between 2% and 5%. New acquisitions and additions to existing land and buildings are reflected at cost.

Mine development and decommissioning

Costs to develop new orebodies, to define further mineralisation in existing orebodies and to expand the capacity of a mine or its current production, site preparation and pre-production stripping costs, as well as the decommissioning thereof, are capitalised when it is probable that the future economic benefits will flow to the entity and it can be measured reliably. Development expenditure is net of proceeds from the sale of ore extracted during the development phase. Capitalised development costs are classified under mine development and decommissioning assets and are recognised at cost. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are depreciated using the units-of-production method based on estimated proven and probable ore reserves from which future economic benefits will be realised, resulting in these assets being carried at cost less depreciation and any impairment losses. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves that can be recovered in future from known mineral deposits. These reserves are reassessed annually. The maximum period of amortisation using this method is 25 years.

1. ACCOUNTING POLICIES continued

Production stripping costs

The capitalisation of pre-production stripping costs as part of mine development and decommissioning assets ceases when the mine is commissioned and ready for production.

Subsequent stripping activities that are undertaken during the production phase of a surface mine may create two benefits, being either the production of inventory or improved access to the ore to be mined in the future.

Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and where the benefit is the creation of mining flexibility and improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a "stripping activity asset", if:

- Future economic benefits (being improved access to the orebody) are probable
- The component of the orebody for which access will be improved can be accurately identified
- The costs associated with the improved access can be reliably measured.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset included under mine development and decommissioning asset. If all the criteria are not met, the production stripping costs are charged to the statement of profit or loss as operating costs.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently depreciated over the life of the identified component of the orebody that became more accessible as a result of the stripping activity. Based on proven and probable reserves, the units-of-production method is used to determine the expected useful life of the identified component of the orebody that became more accessible. As a result, the stripping activity asset is carried at cost less depreciation and any impairment losses.

Mineral rights

Mineral rights that are being depleted are depreciated over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. The maximum rate of depletion of any mineral right is 25 years.

Plant and machinery

Mining plant and machinery is depreciated on the units-of-production method over the lesser of its estimated useful life based on estimated proven and probable ore reserves.

Non-mining plant and machinery is depreciated over its useful life. The maximum life of any single item as used in the depreciation calculation is 25 years.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items, provided these meet the definition of property, plant and equipment. Expenditure incurred to replace or modify a significant component of a plant is capitalised and any remaining book value of the component replaced is written off in the statement of profit or loss.

Mine properties

Mine properties (including houses and administration blocks) are depreciated on the straight-line basis over their expected useful lives, to estimated residual values. The residual value is the amount currently expected to be obtained for the asset after deducting estimated costs of the disposal, if the asset was already at the end of its useful life.

1. ACCOUNTING POLICIES continued

Furniture, equipment and vehicles

Furniture, equipment and vehicles are depreciated on a straight-line basis over their expected useful lives, to estimated residual values.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales.

During the period of development, the asset is tested for impairment annually.

Depreciation rates

Depreciation rates that are based on units-of-production take into account proven and probable ore reserves. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value. The annual depreciation rates generally used in the group are:

- Furniture and equipment 10% to 33%
- Mine properties 4% to 7%
- Motor vehicles 20%
- Mine development assets, plant and machinery, mineral rights and land over 10 to 25 years
- Investment properties 2%
- Intangible assets over life-of-mine to a maximum of over 25 years.

Exploration expenditure

All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible, and a future economic benefit is highly probable. In evaluating if expenditures meet these criteria to be capitalised, the group utilises several different sources of information and also differentiates projects by levels of risks, including:

- Degree of certainty over the mineralisation of the orebody
- Commercial risks, including but not limited to country risk
- Prior exploration knowledge available about the target orebody.

Exploration expenditure on greenfields sites, being those where the group does not have any mineral deposits that are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed, after which the expenditure is capitalised.

Exploration expenditure on brownfields sites, being those adjacent to any mineral deposits that are already being mined or developed, is only expensed as incurred until the group has obtained sufficient information from all available sources to ameliorate the project risk areas identified above and which indicates by means of a prefeasibility study that future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits that are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised.

Activities in relation to evaluating the technical feasibility and commercial viability of mineral resources are treated as forming part of exploration expenditures.

Costs related to property acquisitions and mineral and surface rights are capitalised.

1. ACCOUNTING POLICIES continued

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale (under current assets) if the carrying amount of these assets will be recovered principally through a sale transaction rather than through continued use. This condition will only be regarded as met if the sale transaction is highly probable and the asset (or disposal group) is available for sale in its present condition. For the sale to be highly probable, management must be committed to the plan to sell the asset and the transaction should be expected to qualify for recognition as a complete sale within 12 months of the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amounts and their fair values less costs to sell and are not depreciated.

Impairment of non-financial assets

The carrying value of assets is reviewed at each statement of financial position date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. The recoverable amount is the higher of fair value less cost of disposal or value-in-use. Value-in-use is determined by an estimated future cash flow discounted at a pre-tax discount rate. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount and the difference is expensed in the statement of profit or loss. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised, is written back. Intangible assets with an indefinite life are tested annually for impairment.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires a substantial period of time to be prepared for its intended use, are capitalised. Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

- Expenditures for the asset are being incurred
- Borrowing costs are being incurred
- Activities that are necessary to prepare the asset for its intended use or sale are in process.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete.

Other borrowing costs are charged to finance costs in the statement of profit or loss as incurred.

Inventories

Inventories are valued at the lower of cost and net realisable value with due allowances being made for obsolete and slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Cost is determined using the following basis:

- Consumables and maintenance spares are valued at weighted average cost
- Ore stockpiles are valued at weighted average cost
- Finished products are valued at weighted average cost
- Houses are valued at their individual cost
- Work-in-progress is valued at weighted average cost, including an appropriate portion of direct overhead costs
- Unallocated overhead costs due to below-normal capacity are expensed as short workings
- Raw materials are valued at weighted average cost
- By-products are valued at weighted average cost.

Inventories are classified as current when it is reasonable to expect them to be sold within their normal cycle, which could be the next financial year. If not, they are classified as non-current.

Foreign currency translations

The group and company financial statements are presented in South African rand, which is the company's functional currency.

1. ACCOUNTING POLICIES continued

Foreign entities

Financial statements of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency using the exchange rates applicable at the reporting date, as follows:

- Assets and liabilities at rates of exchange ruling at the reporting date
- Income and expenditure at the average rate of exchange for the year, except where the date of income or expense for significant transactions can be identified, in which case the income or expense is translated at the rate of exchange ruling at the date of the flow
- Cash flow items at the average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow
- Fair value adjustments of the foreign entity are translated at the rate prevailing on the date of valuation
- Goodwill is considered to relate to the reporting entity and is translated at the closing rate
- Differences arising on translation are classified as equity until the investment is disposed of when it is recognised in the statement of profit or loss.

Foreign currency transactions and balances

Transactions in foreign currencies are converted to the functional currency at the rate of exchange ruling at the date that the transaction is recorded.

Foreign denominated monetary assets and liabilities (including those linked to a forward exchange contract) are stated in the functional currency using the exchange rate ruling at the reporting date, with the resulting exchange differences being recognised in the statement of profit or loss.

Leases

IFRS 16 *Accounting Policies*

The ARM group has lease contracts for various items of plant, machinery, vehicles and other equipment.

Leases previously accounted for as operating leases

The group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Leases previously accounted for as operating leases continued

The group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease terms that end within 12 months at the date of initial application
- Not to separate lease and non-lease components from determining the lease liability.

Right-of-use assets

The group recognises right-of-use assets at the lease commencement date (ie the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The right-of-use assets are disclosed under property, plant and equipment on the statement of financial position.

1. ACCOUNTING POLICIES continued

Leases continued

Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating a lease, if the lease term reflects the group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers payment occurs. In calculating the present value of lease payments, the group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (ie those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of certain classes of assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (eg a change in business strategy).

Employee benefits

The group operates two defined contribution pension schemes, both of which require contributions to be made to separately administered funds. The group has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded. The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method.

Other long-term benefits

The group provides certain long-term incentive schemes to attract, retain, motivate and reward eligible senior employees. The cost of providing these incentives is determined by actuaries using the projected unit credit method. Actuarial gains and losses are recognised as an income or expense when incurred. The past service costs are recognised as an expense on a straight-line basis over the period until the benefits vest.

Share-based payments

The company issues equity-settled share-based instruments to certain employees. Equity-settled share-based payments are measured at the fair value of the instruments at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period on a straight-line basis, based on management's estimate, which is considered annually, of shares that are expected to vest.

Fair value is measured using an option pricing model. The fair values used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Equity-settled options expense is recognised over the expected vesting period.

1. ACCOUNTING POLICIES continued

Broad-based black economic empowerment (BBBEE) transactions

When entering into BBBEE share-based transactions any excess of the fair value of the shares over the consideration received is recognised as an expense in that period.

Dividend income

Dividends are accounted for on the last day of registration for listed investments and when declared in respect of unlisted investments.

Rental income

Rental income is accounted for on a straight-line basis over the term of the operating lease.

Interest

Interest is recognised on a time proportion basis that takes account of the effective yield on the asset and an appropriate accrual is made at each accounting reference date.

Revenue from contracts with customers

Revenue, which includes by-products, is recognised under the following five-step model:

- Identify the contract with customers
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price
- Recognise revenue when performance obligations are satisfied.

Assay estimates

Commodity sales are subject to assay estimates, which means that the transaction price is variable. The adjustments to revenue arising from assay adjustments will be included in revenue from contracts with customers.

Management fees

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The group uses an output method in measuring progress of the services rendered to a customer because there is a direct relationship between the group's effort and the transfer of services rendered to the customer. The group also includes management fees in other operating income. The group recognises revenue on the basis of time elapsed.

Provisional pricing

Commodity sales are subject to provisional pricing features such as commodity prices and foreign exchange rates, which are only finalised sometime after transfer of the commodities.

On initial recognition, revenue is recognised at fair value. The revenue and related trade receivable is then re-measured at every subsequent month end until the sale has been finalised. The sale is finalised at average commodity prices and exchange rate for the month preceding the month of invoicing.

The related trade receivables are measured at fair value.

Penalties and treatment charges

Adjustments, in the form of penalties and treatment charges, are made to the pricing to the extent the commodities sold do not meet certain specifications and as part of the terms of the various off-take agreement. These penalties and treatment charges are excluded from revenue from contracts with customers.

Revenue is measured at the fair value of the amount received or receivable net of VAT, cash discounts and rebates.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Some fees only become payable to the group when the entity paying the fees receives payments from its customers for saleable products.

Notes to the financial statements continued

for the year ended 30 June 2023

1. ACCOUNTING POLICIES continued

Mining products

Revenue from the sale of mining and related products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

In some cases, where the terms of the executed sales agreement allow for an adjustment to the selling price based on a survey of the goods by the customer, recognition of the sales revenue is based on the most recently determined estimate of product specification.

Sales on FOB (free-on-board) and CIF (cost insurance freight) are recognised on the date of loading.

In the case of certain commodities the final selling price is determined a number of months after the concentrate is delivered. Revenue is measured at the best estimate of future prices and adjusted subsequently in revenue.

Cost of sales

All costs directly related to the producing of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses. When inventories are sold, the carrying amount is recognised in cost of sales. Any write-down, losses or reversals of previous write-downs or losses are recognised in cost of sales.

Early-settlement discounts and rebates

These are deducted from revenue and cost of inventories when applicable.

Reinsurance

Premiums are disclosed on a gross basis in other operating income. Claims are presented on a gross basis in receivables and payables. The group cedes insurance risk in the normal course of business for the majority of its business.

Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other operations, whose operating results are regularly reviewed by the entity's chief operating decision-maker, to make decisions about resources to be allocated to the segment and assess its performance.

A geographical segment is a group of products and services within a particular economic environment that is subject to risks and returns that are different from segments operating in other economic environments.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable the obligation will be required to be settled, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

Significant accounting judgements and estimates

The preparation of the financial statements requires management to make certain estimates. The principles used are the same as in previous years. When estimates are compared to actual and variances occur, the estimates are adjusted accordingly. Adjustments to estimates are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing changes in the above include, among others, revisions to estimated reserves, resources and life of operations, developments in technology, regulatory requirements and environmental management strategies, changes in estimated costs of anticipated activities, inflation rates, foreign exchange rates and movements in interest rates affecting the discount rate applied. For assumptions on certain specific estimates used, refer to individual notes. In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated and separate financial statements are described below.

1. ACCOUNTING POLICIES continued

Significant accounting judgements and estimates continued

Capitalised stripping costs

Waste removal costs (stripping costs) are incurred during the development and production phases at surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the ore to be mined, the latter being referred to as a "stripping activity asset". Judgement is required to distinguish between these two activities at each of the surface operations.

The orebodies need to be identified in its various separately identifiable components for each of its surface mining operations. An identifiable component is a specific volume of the orebody that is made more accessible by the stripping activity. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the orebody, the milestones relating to major capital investment decisions, and the type of minerals being mined.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The ratio of expected volume (tonnes) of waste to be stripped for an expected volume (tonnes) of ore to be mined for a specific component of the orebody, compared to the current period ratio of actual volume (tonnes) of waste to the volume (tonnes) of ore is considered to determine the most suitable production measure.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units-of-production method in determining the depreciable lives of the stripping activity asset.

Mine rehabilitation provisions

Mine rehabilitation provisions are assessed annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceed the carrying value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss.

Other resources and reserves estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the mining properties. Ore reserves and mineral resource estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the orebody, and require complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the orebody. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

1. ACCOUNTING POLICIES continued

Significant accounting judgements and estimates continued

Units-of-production depreciation

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units-of-production depreciation methodologies are available to choose from. The group adopts a run-of-the-mine tonnes of ore produced methodology for mining costs and an ounces/pounds of metal produced methodology for post-mining costs. Changes are accounted for prospectively.

Impairment of assets

Each cash-generating unit is assessed annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value-in-use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

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.

Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future approved expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate, taking into account factors, including weighted average cost of capital and applicable risk factors, to determine the net present value.

Asset useful lives and residual values

These are assessed annually and may differ from previous years as many estimates and assumptions are used to determine the values. Estimates and assumptions are updated to improve the judgements made.

Share-based payments

Estimation of the fair value of share-based payments requires determining the most appropriate model, inputs such as the expected life of the option, volatility and dividend yields.

Definitions

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. These are classified as:

- Cash and cash equivalents available for any use at any time
- Cash and cash equivalents set aside for specific short-term cash commitment purposes but still accessible, if need be, although after certain processes (stated separately at the carrying value in the notes).

For cash flow purposes, overdrafts are deducted from cash and cash equivalents that are on the statement of financial position.

Cash set aside for specific use

Cash and cash equivalents that are set aside for specific use and are stated separately at the carrying value in the notes and statement of cash flows. It includes cash and cash equivalents set aside for specific short-term cash commitment purposes but still accessible, although after certain processes, if need be.

Financial assets

Include cash on hand and call deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value but are not available for use as they are not accessible due to externally imposed restrictions (ie technically "restricted") as the cash is ring-fenced for specific/dedicated use. This is not considered to be cash and cash equivalents.

1. ACCOUNTING POLICIES continued

Definitions continued

Active market

This is normally a stock exchange where the public can purchase and sell shares on a regular basis and prices are determined by the market conditions.

Basic earnings per share

Basic earnings divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits/losses as a re-measurement in accordance with the requirements of Circular 1 of 2021 issued by SAICA. Adjustments against earnings take account of attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Amortised cost

This is calculated using the effective interest method less any provision for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Fair value

Where an active market is available, it is used to represent fair value. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions with reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Effective interest method

This method determines the rate that discounts the estimated future cash flow payments or receipts through the expected life of the financial liability or financial asset to the net carrying amount of the financial liability or asset.

Diluted earnings per share

Diluted earnings per share is arrived at by dividing earnings (as used in calculating basic earnings per share) by the weighted average number of ordinary shares, adjusted for any financial instruments or other contracts that may entitle the holder thereof to ordinary shares. Diluted headline earnings per share are calculated on the same basis as diluted earnings per share.

Cash generated from operations per share

Cash generated from operations divided by the weighted average number of shares in issue during the year.

Capital items

These are items that are of a capital nature and not part of the operating activities and that qualify for adjustment to the calculation of headline earnings.

EBITDA before capital items, income from associates and joint venture

This comprises basic earnings to which is added back non-controlling interest, taxation, capital items, income from associate, income from joint venture, finance cost, income from investments, amortisation and depreciation.

1. ACCOUNTING POLICIES continued

New standards issued but not yet effective

The following new standards and/or amendments have been issued but are only applicable for future periods:

Standards	Subject	Effective date
IFRS 17	*Insurance Contracts*	1 January 2023
IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* – Amendment	1 January 2023
IAS 1 and Practice Statement 2	*Presentation of Financial Statements – Disclosure of Accounting Policies* – Amendment	1 January 2023
IAS 12	*Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* – Amendment	1 January 2023
IFRS 16	*Leases – Lease Liability in a Sale and Leaseback* – Amendment	1 January 2024
IAS 1	*Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* – Amendment	1 January 2024
IAS 12	*Income taxes – International Tax Reform – Pillar Two Model Rules* – Amendment	1 January 2023
IAS 7 and IFRS 7	*Statement of Cash Flows and Financial Instruments: Disclosures – Supplier Finance* – Amendment	1 January 2024
IFRS 10	*Consolidated Financial Statements – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – Amendment	To be determined
IAS 28	*Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – Amendment	To be determined

New accounting standards, amendments issued to accounting standards, and interpretations that are relevant to ARM, but not yet effective on 30 June 2023, have not been adopted.

The group and company do not intend early-adopting any of the above amendments, standards or interpretations.

The group has performed an assessment for the impact of IFRS 17. The group, by virtue of cell AVL 18 (Mannequin) being consolidated, has issued insurance contracts as defined by IFRS only to the extent that the underlying parties insured by cell AVL 18 (via Guardrisk) are not consolidated by the group. Accordingly, IFRS 17 is applicable to the group financial statements only to this extent. IFRS 17 experts are being engaged to assist with closing out the impact on the group.

There are no other standards, interpretations and amendments issued but not yet effective in the current year.

ARM continuously evaluates the impact of these standards and amendments, the adoption of which are not expected to have a significant effect on the group or company financial statements.

2. PRIMARY SEGMENTAL INFORMATION

Business segments

For management purposes, the group is organised into the following operating divisions: ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal and ARM Corporate.

Machadodorp Works, Corporate and other, and Gold are included in ARM Corporate.

Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS adjust-ment[2] Rm	Total per IFRS financial state-ments Rm
2.1 Year to 30 June 2023							
Sales	11 857	20 179	2 689	116	34 841	(20 179)	14 662
Cost of sales	(7 298)	(11 822)	(1 475)	42	(20 553)	11 717	(8 836)
Other operating income	208	454	31	1 470	2 163	(346)	1 817
Other operating expenses[3]	(965)	(1 922)	(193)	(1 534)	(4 614)	1 922	(2 692)
Segment result	3 802	6 889	1 052	94	11 837	(6 886)	4 951
Income from investments	256	415	17	595	1 283	(415)	868
Finance cost	(120)	(45)	(123)	(43)	(331)	45	(286)
Income from associate	–	–	1 007	–	1 007	–	1 007
Income from joint venture	–	206	–	–	206	4 351	4 557
Capital items before tax (refer note 31)	53	(1 269)	2	1	(1 213)	1 269	56
Taxation	(1 232)	(1 637)	(407)	(193)	(3 469)	1 636	(1 833)
Profit after tax	2 759	4 559	1 548	454	9 320	–	9 320
Non-controlling interest	(1 240)	–	–	(2)	(1 242)	–	(1 242)
Consolidation adjustments[4]	–	(2)	–	2	–	–	–
Contribution to basic earnings	1 519	4 557	1 548	454	8 078	–	8 078
Contribution to headline earnings	1 465	5 528	1 535	453	8 981	–	8 981
Other information							
Segment assets, including investment in associate	22 466	28 432	5 016	14 831	70 745	(6 619)	64 126
Investment in associate			1 847		1 847		1 847
Investment in joint venture						21 814	21 814
Segment liabilities	3 409	3 089	689	1 654	8 841	(3 089)	5 752
Unallocated liabilities (tax and deferred tax)					7 761	(3 530)	4 231
Consolidated total liabilities					16 602	(6 619)	9 983
Cash generated from operations	6 124	8 005	1 827	139	16 095	(8 005)	8 090
Cash inflow/(outflow) from operating activities	4 774	6 614	2 148	(679)	12 857	(6 614)	6 243
Cash (outflow)/inflow from investing activities	(7 610)	(2 012)	(222)	321	(9 523)	2 012	(7 511)
Cash (outflow)/inflow from financing activities	(24)	(6)	(146)	(222)	(398)	6	(392)
Capital expenditure	4 420	2 440	331	10	7 201	(2 440)	4 761
Amortisation and depreciation	682	1 277	187	9	2 155	(1 277)	878
Impairment/(impairment reversal) before tax	–	1 261	–	–	1 261	(1 261)	–
EBITDA	4 484	8 166	1 239	103	13 992	(8 163)	5 829

There were no significant inter-company sales.

Segment results take into account inter-company eliminations with the exception of inter-company re-measurements.

[1] *Refer ARM Ferrous segment note 2.4 and note 9 for more detail.*
[2] *Includes IFRS 11 –* Joint Arrangements *– adjustments related to ARM Ferrous and other consolidation adjustments.*
[3] *The re-measurement adjustment of the Harmony loan amounts to R8 million gain with no tax effect.*
[4] *Relates to fees capitalised in ARM Ferrous and reversed upon consolidation.*

Notes to the financial statements continued

for the year ended 30 June 2023

2. PRIMARY SEGMENTAL INFORMATION continued

2.2 Year to 30 June 2022

Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS adjustment[2] Rm	Total per IFRS financial statements Rm
Sales	13 960	21 291	2 821	136	38 208	(21 291)	16 917
Cost of sales	(6 246)	(11 988)	(1 303)	(61)	(19 598)	11 938	(7 660)
Other operating income[3]	217	240	84	1 577	2 118	(135)	1 983
Other operating expenses[3]	(1 087)	(1 692)	(1 025)	(1 127)	(4 931)	1 692	(3 239)
Segment result	6 844	7 851	577	525	15 797	(7 796)	8 001
Income from investments	171	285	11	503	970	(285)	685
Finance cost	(84)	(34)	(159)	(47)	(324)	34	(290)
Income from associate[4]	–	–	927	–	927	–	927
Income from joint venture	–	728	–	–	728	5 921	6 649
Capital items before tax (refer note 31)	–	(45)	382	746	1 083	45	1 128
Taxation	(1 929)	(2 096)	(435)	(357)	(4 817)	2 081	(2 736)
Profit after tax	5 002	6 689	1 303	1 370	14 364	–	14 364
Non-controlling interest	(1 936)	–	–	(2)	(1 938)	–	(1 938)
Consolidation adjustments[5]	–	(40)	–	40	–	–	–
Contribution to basic earnings	3 066	6 649	1 303	1 408	12 426	–	12 426
Contribution to headline earnings	3 066	6 682	928	662	11 338	–	11 338
Other information							
Segment assets, including investment in associate	16 063	28 252	5 448	15 516	65 279	(6 108)	59 171
Investment in associate			2 048		2 048	–	2 048
Investment in joint venture						22 145	22 145
Segment liabilities	2 671	2 488	676	1 980	7 815	(2 488)	5 327
Unallocated liabilities (tax and deferred tax)					7 101	(3 620)	3 481
Consolidated total liabilities					14 916	(6 108)	8 808
Cash generated from operations	8 333	10 836	(46)	221	19 344	(10 836)	8 508
Cash inflow/(outflow) from operating activities	5 524	9 172	(230)	(501)	13 965	(9 172)	4 793
Cash (outflow)/inflow from investing activities	(1 911)	(2 415)	(125)	(456)	(4 907)	2 415	(2 492)
Cash (outflow)/inflow from financing activities	(34)	(14)	(1)	(292)	(341)	14	(327)
Capital expenditure	2 159	2 450	110	8	4 727	(2 450)	2 277
Amortisation and depreciation	651	1 189	190	12	2 042	(1 189)	853
Impairment/(impairment reversal) before tax	–	20	(378)	(746)	(1 104)	(20)	(1 124)
EBITDA	7 495	9 040	767	537	17 839	(8 985)	8 854

There were no significant inter-company sales.

Segment results take into account inter-company eliminations with the exception of inter-company re-measurements.

[1] *Refer ARM Ferrous segment note 2.4 and note 9 for more detail.*
[2] *Includes IFRS 11 – Joint arrangements – adjustments related to ARM Ferrous and other consolidation adjustments.*
[3] *The re-measurement of the ARM Coal loans amounts to R323 million loss with no tax effect.*
The re-measurement adjustment of the Harmony loan amounts to R5 million gain with no tax effect.
[4] *The re-measurement of the ARM Coal loans amounts to R490 million with no tax effect.*
[5] *Relates to fees capitalised in ARM Ferrous and reversed upon consolidation.*

The ARM Platinum segment is analysed further into Nkomati, Two Rivers Platinum Proprietary Limited and ARM Platinum Proprietary Limited which includes 50% of the Modikwa Platinum Mine and 100% of the Bokoni Platinum Mine.

2. PRIMARY SEGMENTAL INFORMATION continued

2.3 Year to 30 June 2023

Attributable	Two Rivers Rm	Modikwa Rm	Bokoni[1] Rm	Nkomati Rm	ARM Platinum Total Rm
Sales	7 896	3 961	–	–	11 857
Cost of sales	(4 612)	(2 686)	–	–	(7 298)
Other operating income	103	97	7	1	208
Other operating expenses	(263)	(136)	(396)	(170)	(965)
Segment result	3 124	1 236	(389)	(169)	3 802
Income from investments	129	109	8	10	256
Finance cost	(42)	(4)	(25)	(49)	(120)
Capital items (refer note 31)	(3)	–	56	–	53
Taxation	(876)	(354)	–	(2)	(1 232)
Profit/(loss) after tax	2 332	987	(350)	(210)	2 759
Non-controlling interest	(1 072)	(168)	–	–	(1 240)
Contribution to basic earnings/(losses)	1 260	819	(350)	(210)	1 519
Contribution to headline earnings/(losses)	1 262	819	(406)	(210)	1 465
Other information					
Segment and consolidated assets	13 025	4 832	4 440	169	22 466
Segment liabilities	1 368	758	412	871	3 409
Unallocated liabilities (tax and deferred tax)					2 775
Consolidated total liabilities					6 184
Cash inflow/(outflow) from operating activities	3 908	1 327	(365)	(96)	4 774
Cash (outflow)/inflow from investing activities	(3 128)	(561)	(3 922)	1	(7 610)
Cash outflow from financing activities	(4)	(20)	–	–	(24)
Capital expenditure	3 167	561	692	–	4 420
Amortisation and depreciation	534	136	12	–	682
EBITDA	3 658	1 372	(377)	(169)	4 484

[1] *ARM (through ARM Platinum) acquired Bokoni Platinum Mine on 1 September 2022 (refer note 38).*

Attributable	Two Rivers Rm	Modikwa Rm	Nkomati Rm	ARM Platinum Total Rm
2. PRIMARY SEGMENTAL INFORMATION continued				
2.3 Year to 30 June 2022				
Sales	9 416	4 562	(18)	13 960
Cost of sales	(3 927)	(2 319)	–	(6 246)
Other operating income	91	122	4	217
Other operating expenses	(651)	(300)	(136)	(1 087)
Segment result	4 929	2 065	(150)	6 844
Income from investments	97	66	8	171
Finance costs	(41)	(15)	(28)	(84)
Capital items (refer note 31)	(2)	–	2	–
Taxation	(1 341)	(586)	(2)	(1 929)
Profit/(loss) after tax	3 642	1 530	(170)	5 002
Non-controlling interest	(1 676)	(260)	–	(1 936)
Contribution to basic earnings/(losses)	1 966	1 270	(170)	3 066
Contribution to headline earnings/(losses)	1 968	1 270	(172)	3 066
Other information				
Segment and consolidated assets	11 117	4 759	187	16 063
Segment liabilities	1 256	659	756	2 671
Unallocated liabilities (tax and deferred tax)				2 514
Consolidated total liabilities				5 185
Cash inflow/(outflow) from operating activities	3 805	1 749	(30)	5 524
Cash outflow from investing activities	(1 711)	(149)	(51)	(1 911)
Cash outflow from financing activities	(4)	(30)	–	(34)
Capital expenditure	1 806	353	–	2 159
Amortisation and depreciation	500	151	–	651
EBITDA	5 429	2 216	(150)	7 495

	Iron ore division Rm	Manganese division Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS adjust-ment[1] Rm	Total per IFRS financial state-ments Rm
2. PRIMARY SEGMENTAL INFORMATION continued						
2.4 Analysis of the ARM Ferrous segment on a 100% Assmang basis						
Year to 30 June 2023						
Sales	25 069	15 290	40 359	20 179	(20 179)	–
Cost of sales	(12 468)	(11 177)	(23 645)	(11 822)	11 822	–
Other operating income	319	773	1 092	454	(454)	–
Other operating expense	(2 266)	(1 762)	(4 028)	(1 922)	1 922	–
Segment result	10 654	3 124	13 778	6 889	(6 889)	–
Income from investments	775	54	829	415	(415)	–
Finance cost	(48)	(42)	(90)	(45)	45	–
Profit from joint venture	–	414	414	206	(206)	–
Capital items before tax (refer note 31)	(2 124)	(415)	(2 539)	(1 269)	1 269	–
Taxation	(2 491)	(782)	(3 273)	(1 637)	1 637	–
Profit after tax	6 766	2 353	9 119	4 559	(4 559)	–
Consolidation adjustments				(2)	2	–
Contribution to basic earnings	6 766	2 353	9 119	4 557	–	4 557
Contribution to headline earnings	8 316	2 744	11 060	5 528	–	5 528
Other information						
Consolidated total assets	36 405	22 164	58 569	28 432	(6 619)	21 814
Consolidated total liabilities	8 000	5 716	13 716	3 089	(3 089)	–
Capital expenditure	3 414	1 682	5 096	2 440	(2 440)	–
Amortisation and depreciation	1 781	982	2 763	1 277	(1 277)	–
Cash inflow from operating activities[2]	2 952	416	3 368	6 614	(6 614)	–
Cash outflow from investing activities	(2 919)	(1 244)	(4 163)	(2 012)	2 012	–
Cash outflow from financing activities	(11)	–	(11)	(6)	6	–
EBITDA	12 435	4 106	16 541	8 166	(8 166)	–
Additional information for ARM Ferrous at 100% Assmang						
Non-current assets						
Property, plant and equipment			31 570		(31 570)	–
Investment in joint venture			2 559		(2 559)	–
Other non-current assets			2 455		(2 455)	–
Current assets						
Inventories			5 744		(5 744)	–
Trade and other receivables			6 072		(6 072)	–
Taxation			168		(168)	–
Financial assets			125		(125)	–
Cash and cash equivalents			9 877		(9 877)	–
Non-current liabilities						
Other non-current liabilities			8 863		(8 863)	–
Current liabilities						
Trade and other payables			3 876		(3 876)	–
Short-term provisions			949		(949)	–

1 *Includes consolidation and IFRS 11 – Joint arrangements – adjustments.*
2 *Dividend paid amounting to R5 billion included in cash flows from operating activities.*

Refer note 2.1 and note 9 for more detail on the ARM Ferrous segment.

2. PRIMARY SEGMENTAL INFORMATION continued

2.4 Analysis of the ARM Ferrous segment on a 100% Assmang basis continued

	Iron ore division Rm	Manganese division Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS adjust-ment[1] Rm	Total per IFRS financial state-ments Rm
Year to 30 June 2022						
Sales	27 856	14 727	42 583	21 291	(21 291)	–
Cost of sales	(13 006)	(10 969)	(23 975)	(11 988)	11 988	–
Other operating income	105	697	802	240	(240)	–
Other operating expense	(2 763)	(945)	(3 708)	(1 692)	1 692	–
Segment result	12 192	3 510	15 702	7 851	(7 851)	–
Income from investments	558	12	570	285	(285)	–
Finance cost	(41)	(26)	(67)	(34)	34	–
Profit from joint venture	–	1 455	1 455	728	(728)	–
Capital items before tax (refer note 31)	(73)	(15)	(88)	(45)	45	–
Taxation	(3 383)	(811)	(4 194)	(2 096)	2 096	–
Profit after tax	9 253	4 125	13 378	6 689	(6 689)	–
Consolidation adjustments			–	(40)	40	–
Contribution to basic earnings	9 253	4 125	13 378	6 649	–	6 649
Contribution to headline earnings	9 307	4 136	13 443	6 682	–	6 682
Other information						
Consolidated total assets	34 775	23 427	58 202	28 252	(6 107)	22 145
Consolidated total liabilities	6 974	5 718	12 692	2 488	(2 488)	–
Capital expenditure	2 890	2 220	5 110	2 450	(2 450)	–
Amortisation and depreciation	1 566	911	2 477	1 189	(1 189)	–
Cash inflow from operating activities	4 393[2]	2 950	7 343	9 172	(9 172)	–
Cash outflow from investing activities	(2 630)	(2 200)	(4 830)	(2 415)	2 415	–
Cash outflow from financing activities	(27)	–	(27)	(14)	14	–
EBITDA	13 758	4 421	18 179	9 040	(9 040)	–
Additional information for ARM Ferrous at 100% Assmang						
Non-current assets						
Property, plant and equipment			31 548		(31 548)	–
Investment in joint venture			2 130		(2 130)	–
Other non-current assets			2 044		(2 044)	–
Current assets						
Inventories			5 070		(5 070)	–
Trade and other receivables			6 348		(6 348)	–
Financial assets			379		(379)	–
Cash and cash equivalents			10 684		(10 684)	–
Non-current liabilities						
Other non-current liabilities			8 629		(8 629)	–
Current liabilities						
Trade and other payables			2 867		(2 867)	–
Short-term provisions			994		(994)	–
Taxation			201		(201)	–

1 *Includes consolidation and IFRS 11 – Joint arrangements – adjustments.*
2 *Dividend paid amounting to R5.5 billion included in cash flows from operating activities.*

Refer note 2.1 and note 9 for more detail on the ARM Ferrous segment.

ARM Corporate as presented in the table on pages 49 and 50 is analysed further in respect of Machadodorp, Corporate and other, and Gold segments.

2. PRIMARY SEGMENTAL INFORMATION continued

2.5 Additional information

	Machadodorp Works Rm	Corporate and other Rm	Gold Rm	Total ARM Corporate Rm
Year to 30 June 2023				
Sales	116	–		116
Cost of sales	(75)	117		42
Other operating income	4	1 466		1 470
Other operating expenses	(288)	(1 246)		(1 534)
Segment result	(243)	337		94
Income from investments	–	578	17	595
Finance costs	(24)	(19)		(43)
Capital item (refer note 31)	–	1		1
Taxation	71	(264)		(193)
(Loss)/profit after tax	(196)	633	17	454
Non-controlling interest	–	(2)		(2)
Consolidation adjustments[1]	–	2		2
Contribution to basic (losses)/earnings	(196)	633	17	454
Contribution to headline (losses)/earnings	(196)	632	17	453
Other information				
Segment and consolidated assets	123	8 790	5 918	14 831
Segment liabilities	262	1 392		1 654
Cash inflow/(outflow) from operating activities	–	(696)	17	(679)
Cash inflow from investing activities	–	321		321
Cash outflow from financing activities	–	(222)		(222)
Capital expenditure	–	10		10
Amortisation and depreciation	1	8		9
EBITDA	(242)	345		103

1 *Relates to fees capitalised in ARM Ferrous and reversed on consolidation.*

2. PRIMARY SEGMENTAL INFORMATION continued

2.5 Additional information continued

	Machadodorp Works Rm	Corporate and other Rm	Gold Rm	Total ARM Corporate Rm
Year to 30 June 2022				
Sales	136	–		136
Cost of sales	(125)	64		(61)
Other operating income[1]	37	1 574		1 577
Other operating expenses[1]	(216)	(911)		(1 127)
Segment result	(202)	727		525
Income from investments	–	453	50	503
Finance costs	(25)	(22)		(47)
Capital items (refer note 31)	3	743		746
Taxation	63	(420)		(357)
(Loss)/profit after tax	(161)	1 481	50	1 370
Non-controlling interest	–	(2)		(2)
Consolidation adjustment[2]	–	40		40
Contribution to basic (losses)/earnings	(161)	1 519	50	1 408
Contribution to headline (losses)/earnings	(164)	776	50	662
Other information				
Segment and consolidated assets	62	11 573	3 881	15 516
Segment liabilities	305	1 675		1 980
Cash inflow/(outflow) from operating activities	4	(555)	50	(501)
Cash outflow from investing activities	(4)	(452)		(456)
Cash outflow from financing activities	–	(292)		(292)
Capital expenditure	4	4		8
Amortisation and depreciation	4	8		12
Impairment reversal before tax	(3)	(743)		(746)
EBITDA	(198)	735		537

[1] *Corporate and other includes a re-measurement gain on the loan to ARM Coal of R443 million and a re-measurement gain on the loan from Harmony of R5 million.*
[2] *Relates to fees capitalised in ARM Ferrous and reversed on consolidation.*

2. PRIMARY SEGMENTAL INFORMATION continued

2.6 Segmental information

	GROUP F2023 Rm	F2022 Rm
Geographical segments		
The group operates principally in South Africa, however, Sakura operates in Malaysia.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	60 745	55 054
– Europe	662	871
– Americas	42	28
– Far and Middle East	2 677	2 640
– Other	–	578
	64 126	59 171
Sales by geographical area:		
– South Africa	12 253	14 308
– Europe	2 409	2 609
	14 662	16 917
Sales to major customers which constitute 10% or more of the group sales:		
– Rustenburg Platinum Mines Limited	3 839	4 522
– Impala Platinum Limited	7 468	9 416
– Glencore International AG	2 409	2 627
Capital expenditure		
– South Africa	4 761	2 277
	4 761	2 277

Notes to the financial statements continued

for the year ended 30 June 2023

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Mine development and decom-missioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Mine properties Rm	Furniture, equipment and vehicles Rm	Right-of-use assets Rm	Total property, plant and equipment Rm
Cost								
Balance at 30 June 2021	8 981	5 886	566	2 431	379	1 287	755	20 285
Additions	1 445	418	9	–	–	404	1	2 277
Change in estimates	(30)	–	–	–	–	–	–	(30)
Reclassifications	(147)	128	2	–	–	17	–	–
Derecognition	–	–	–	–	–	–	(82)	(82)
Disposals	(32)	(89)	–	–	–	(117)	–	(238)
Balance at 30 June 2022	10 217	6 343	577	2 431	379	1 591	674	22 212
Additions	3 450	698	172	–	–	399	42	4 761
Reclassifications	(39)	22	–	–	–	17	–	–
Acquisition of Bokoni (refer note 38)	759	438	183	1 340	–	23	–	2 743
Change in estimate	(9)	–	–	–	–	–	–	(9)
Derecognition	–	–	–	–	–	–	(173)	(173)
Disposals	(12)	(88)	–	–	–	(51)	–	(151)
Balance at 30 June 2023	14 366	7 413	932	3 771	379	1 979	543	29 383
Accumulated depreciation and impairment								
Balance at 30 June 2021	5 535	3 156	405	1 751	7	760	427	12 041
Charge for the year	327	165	17	44	–	179	108	840
Derecognition	(1)	–	–	–	–	–	(51)	(52)
Disposals	(32)	(89)	–	–	–	(114)	–	(235)
Impairment reversal (refer note 37)	–	–	–	–	(3)	–	–	(3)
Balance at 30 June 2022	5 829	3 232	422	1 795	4	825	484	12 591
Charge for the year	316	208	26	49	–	214	57	870
Derecognition	–	–	–	–	–	–	(112)	(112)
Disposals	(12)	(85)	–	–	–	(47)	–	(144)
Impairment	–	–	5	–	–	–	–	5
Balance at 30 June 2023	6 133	3 355	453	1 844	4	992	429	13 210
Carrying value at 30 June 2022	4 388	3 111	155	636	375	766	190	9 621
Carrying value at 30 June 2023	8 233	4 058	479	1 927	375	987	114	16 173

Registers containing details of mineral and mining rights and land and buildings are available for inspection during business hours at the registered addresses of the respective company or associated entities by members or their duly authorised agents.

Borrowing costs

No borrowing costs were capitalised for the year to 30 June 2023 (F2022: Rnil).

Fully depreciated assets still in use

At year end there was R483 million (F2022: R671 million) of assets that were fully depreciated but are still in use. This excludes zero value assets after the impairment in ARM Coal in F2020.

3. PROPERTY, PLANT AND EQUIPMENT continued

COMPANY	Mine development and decom-missioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Mine properties Rm	Furniture, equipment and vehicles Rm	Right-of-use assets Rm	Total property, plant and equipment Rm
Cost								
Balance at 30 June 2021	4 146	2 630	207	574	9	262	88	7 916
Additions	36	73	1	–	–	7	1	118
Change in estimate	(20)	–	–	–	–	–	–	(20)
Reclassifications	18	(18)	2	–	–	(2)	–	–
Derecognition	–	–	–	–	–	–	(3)	(3)
Disposals	(31)	(82)	–	–	–	(6)	–	(119)
Balance at 30 June 2022	4 149	2 603	210	574	9	261	86	7 892
Additions	165	125	1	–	–	11	60	362
Derecognition	(1)	–	–	–	–	–	–	(1)
Disposals	(7)	(80)	–	–	–	(2)	–	(89)
Balance at 30 June 2023	4 306	2 648	211	574	9	270	146	8 164
Accumulated depreciation and impairment								
Balance at 30 June 2021	3 387	2 229	160	320	3	132	79	6 310
Charge for the year	86	81	3	10	–	6	9	195
Derecognition	–	–	–	–	–	–	(3)	(3)
Disposals	(30)	(82)	–	–	–	(6)	–	(118)
Impairment reversal (refer note 37)	–	–	–	–	(3)	–	–	(3)
Balance at 30 June 2022	3 443	2 228	163	330	–	132	85	6 381
Charge for the year	74	83	3	13	–	8	12	193
Disposals	(7)	(77)	–	–	–	(2)	–	(86)
Balance at 30 June 2023	3 510	2 234	166	343	–	138	97	6 488
Carrying value at 30 June 2022	706	375	47	244	9	129	1	1 511
Carrying value at 30 June 2023	796	414	45	231	9	132	49	1 676

Registers containing details of mineral and mining rights and land and buildings are available for inspection during business hours at the registered addresses of the respective company or associated entities by members or their duly authorised agents.

Borrowing costs

No borrowing costs were capitalised for the year to 30 June 2023 (F2022: Rnil).

Fully depreciated assets still in use

At year end there was R232 million (F2022: R261 million) of assets that were fully depreciated but are still in use. This excludes zero value assets after the impairment in ARM Coal in F2020.

4. LEASES

The group has lease contracts for various items of land and buildings, plant, machinery, vehicles and other equipment used in its operations. Leases of land and buildings generally have lease terms between two and 24 years, plant and machinery generally have lease terms between three and 15 years, while motor vehicles and other equipment generally have lease terms between three and five years. The group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the group is restricted from assigning and subleasing the leased assets.

	GROUP			
Right-of-use assets	Plant and machinery Rm	Land and buildings Rm	Furniture, equipment and vehicles Rm	Total right-of-use assets Rm
Cost				
Balance at 30 June 2021	578	173	4	755
Additions	1	–	–	1
Derecognition	(53)	(29)	–	(82)
Balance at 30 June 2022	526	144	4	674
Additions	40	2	–	42
Reclassification	–	4	(4)	–
Derecognition	(120)	(53)	–	(173)
Balance at 30 June 2023	446	97	–	543
Accumulated depreciation and impairment				
Balance at 30 June 2021	404	21	2	427
Charge for the year	98	10	–	108
Derecognition	(51)	–	–	(51)
Balance at 30 June 2022	451	31	2	484
Charge for the year	50	7	–	57
Reclassification	–	2	(2)	–
Derecognition	(112)	–	–	(112)
Balance at 30 June 2023	389	40	–	429
Carrying value at 30 June 2022	75	113	2	190
Carrying value at 30 June 2023	57	57	–	114

Set out below are the carrying amounts of lease liabilities included under interest-bearing loans and borrowings (refer note 17) and the movements during the period:

	F2023 Rm	F2022 Rm
Reconciliation of lease liabilities		
Opening balance	163	222
Additions[1]	42	1
Derecognition[1]	(63)	(24)
Interest	10	3
Repayments (total cash outflow)	(27)	(39)
Closing balance	125	163
Current	19	25
Non-current	106	138
The maturity analysis of lease liabilities are disclosed in note 17.		
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	57	108
Interest expense on lease liabilities	10	3
Derecognition of lease expense	–	8
Total amount recognised in profit or loss	67	119

[1] *Additions and derecognitions have been split to provide more useful information.*

4. LEASES continued

The company has lease contracts for various items of land and buildings, plant, machinery, vehicles and other equipment used in its operations. Leases of land and buildings generally have lease terms between two and 24 years, plant and machinery generally have lease terms between three and 15 years, while motor vehicles and other equipment generally have lease terms between three and five years. The company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the company is restricted from assigning and subleasing the leased assets.

	COMPANY		
Right-of-use assets	Plant and machinery Rm	Land and buildings Rm	Total right-of-use assets Rm
Cost			
Balance at 30 June 2021	65	23	88
Additions	1	–	1
Derecognition	(3)	–	(3)
Balance at 30 June 2022	63	23	86
Additions	36	24	60
Balance at 30 June 2023	99	47	146
Accumulated depreciation and impairment			
Balance at 30 June 2021	65	14	79
Charge for the year	1	8	9
Derecognition	(3)	–	(3)
Balance at 30 June 2022	63	22	85
Charge for the year	7	5	12
Balance at 30 June 2023	70	27	97
Carrying value at 30 June 2022	–	1	1
Carrying value at 30 June 2023	29	20	49

Set out below are the carrying amounts of lease liabilities included under interest-bearing loans and borrowings (refer note 17) and the movements during the period:

	F2023 Rm	F2022 Rm
Reconciliation of lease liabilities		
Opening balance	2	11
Additions	60	1
Interest	3	1
Repayments (total cash outflow)	(14)	(11)
Closing balance	51	2
Current	19	2
Non-current	32	–
The maturity analysis of lease liabilities is disclosed in note 17.		
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	12	9
Interest expense on lease liabilities	3	1
Total amount recognised in profit or loss	15	10

Notes to the financial statements continued

for the year ended 30 June 2023

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
5. INVESTMENT PROPERTY				
Cost	24	24	24	24
Accumulated depreciation	–	–	–	–
Carrying value	24	24	24	24

Properties at Machadodorp Works that were transferred in a prior year from property, plant and equipment are now rented out to non-employees.

The rental income received included in the statement of profit or loss is R2 million (F2022: R2 million).

The fair value of the investment property is R24 million (F2022: R24 million).

	GROUP Total Rm	GROUP Other Rm	GROUP RBCT entitlement Rm	COMPANY RBCT entitlement Rm
6. INTANGIBLE ASSETS				
Cost				
Balance at 30 June 2021	230	1	229	229
Balance at 30 June 2022	230	1	229	229
Balance 30 June 2023	230	1	229	229
Accumulated amortisation and impairment				
Balance at 30 June 2021	154	1	153	153
Charge for the year	13	–	13	13
Balance at 30 June 2022	167	1	166	166
Charge for the year	8	–	8	8
Balance at 30 June 2023	175	1	174	174
Carrying value at 30 June 2022	63	–	63	63
Carrying value at 30 June 2023	55	–	55	55

Finite life intangible assets which are amortised comprise the RBCT entitlement held by Glencore Operations South Africa Proprietary Limited of R55 million (F2022: R63 million).

There are no indefinite life intangible assets. The RBCT entitlement is amortised on a units of export sales method. The remaining amortisation period of the RBCT entitlement is limited to 12 years (F2022: 13 years).

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
7. OTHER NON-CURRENT FINANCIAL ASSETS				
Insurance reimbursement[1]	–	–	68	162
Mannequin Captive Cell (Cell AVL 18)	68	162	–	–
ARM Coal[2]	56	50	56	50
Modikwa	4	2	–	–
	128	214	124	212

[1] *The insurance reimbursement relates to the silicosis and tuberculosis class action (refer note 19).*
[2] *Guarantees issued by ARM Coal to the DMRE amounting to R56 million (F2022: R50 million).*

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
8. INVESTMENT IN ASSOCIATE				
Through ARM's 51% investment in ARM Coal and ARM's 10% direct investment, the group and company holds a 20.2% investment in the Participative Coal Business of Glencore Operations South Africa Proprietary Limited (GOSA). PCB refers to the Impunzi and Tweefontein Coal operations which forms part of ARM's quality diversified portfolio.				
Opening balance	2 048	534	841	–
Income for the current year	1 007	927	–	–
Income for the current year before the re-measurement of loans	1 007	1 417	–	–
Re-measurement of loans (refer note 28)	–	(490)	–	–
Dividend received (refer statement of cash flows)[1]	(1 208)	–	–	–
Movement in loans (non-cash flow)[2]	–	(534)	–	–
Reversal of impairment on investment (refer note 37)	–	1 121	–	841
Total investment	1 847	2 048	841	841
PCB at 100%				
Revenue	22 563	24 556		
Profit from operations	6 975	10 481		
Profit for the year before tax	7 175	10 481		
Statement of financial position				
Non-current assets	15 767	15 775		
Current assets	1 540	3 590		
Total assets	17 307	19 365		
Less:				
Non-current liabilities	(5 303)	(7 690)		
Current liabilities	(2 860)	(1 536)		
Net assets	9 144	10 139		

[1] *Subsequent to the repayment of the PCB loans, dividends were declared to ARM and ARM Coal.*
[2] *Settled together with the partner loans during F2022.*

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
9. INVESTMENT IN JOINT VENTURE				
The investment relates to ARM Ferrous and consists of Assmang as a joint venture which includes iron ore and manganese segments. Assmang's iron ore and manganese operations forms part of ARM's quality diversified portfolio.				
Opening balance	22 145	20 938	259	259
Net income for the period	4 557	6 649	–	–
Income for the period[1]	4 559	6 689	–	–
Consolidation adjustment	(2)	(40)	–	–
Foreign currency translation reserve	112	58	–	–
Less: Cash dividend received for the period	(5 000)	(5 500)	–	–
Closing balance	21 814	22 145	259	259

[1] *Includes expected credit losses recorded of R19 million less tax of R1 million (F2022: R126 million reversal of expected credit losses less tax of R6 million).*

Refer to note 2.1, 2.2 and 2.4 for more detail on the ARM Ferrous segment.

10. OTHER INVESTMENTS

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
Listed investment[1]				
Harmony				
Opening balance	3 881	3 940	3 881	3 940
Financial instruments at fair value through other comprehensive income	2 037	(59)	2 037	(59)
	5 918	3 881	5 918	3 881
Preference shares	1	1		
Total – listed investments classified as fair value through other comprehensive income	5 919	3 882	5 918	3 881
Market value of listed investments	5 919	3 882	5 918	3 881
Other investments				
Guardrisk[2]	25	9	25	9
RBCT[3]	204	213	204	213
Loans (refer page 115)[4]			391	610
Subsidiary companies unlisted				
Cost of investments in subsidiaries (refer page 113)			4 844	1 471
Loans owing by subsidiaries (refer page 113)[4]			20	20
Total subsidiaries			4 864	1 491
Total unlisted investments	229	222	5 484	2 323
Total carrying amount investments	6 148	4 104	11 402	6 204

ARM Treasury Investments Proprietary Limited holds R1 million (F2022: R1 million) listed preference shares. This is a level 1 valuation in terms of IFRS 13.

The market value of the listed investments are determined by reference to the market share price at 30 June 2023 and 30 June 2022. The ARM Corporate Revolving Credit Facility was available until September 2022, after which date it was not renewed. There were no shares pledged at 30 June 2023. In F2022 certain listed shares were pledged as security for the ARM Corporate Revolving Credit Facility which at 30 June 2022 was unutilised (refer note 17). The book value of the pledged shares amounted to R2 287 million.

A report on investments appears on pages 113 to 115.

[1] Harmony Gold 74 665 545 shares at R79.25 per share at 30 June 2023 (30 June 2022: 74 665 545 shares at R51.97 per share). This is a level 1 valuation in terms of IFRS 13.

[2] Fair value based on the net asset value of the cell captive. This is a level 2 valuation in terms of IFRS 13.

[3] Unlisted investments subject to adjustment – Investment in Richards Bay Coal Terminal (RBCT).

This investment is held by ARM Coal which is a jointly controlled operation of ARM and Glencore Operations South Africa Proprietary Limited (GOSA), and hence ARM's share of the investment is recognised in the ARM group and company financial statements.

The fair value of the investment was determined by calculating the present value of the future wharfage cost savings by being a shareholder in RBCT as opposed to the wharfage payable by non-shareholders.

The fair value adjustment is accounted for through profit or loss. This is a level 3 valuation in terms of IFRS 13.

The fair value is most sensitive to wharfage cost. The current RBCT valuation is based on a wharfage cost differential ranging between R50/tonne and R55/tonne (F2022: R44/tonne and R49/tonne). If increased by 10% this would result in a R21 million (F2022: R22 million) increase in the valuation on the RBCT investment. If decreased by 10% this would result in a R21 million (F2022: R22 million) decrease in the valuation on the RBCT investment. The valuation is calculated based on the duration of the RBCT lease agreement with Transnet SOC Limited to 31 December 2038, using a pre-tax discount rate of 21.4% (F2022: 20.8%).

Level 2 and 3 fair value losses or gains are included in other operating expenses or other operating income respectively in the statement of profit or loss.

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
Opening balance	*213*	*233*	*213*	*233*
Fair value loss	*(9)*	*(20)*	*(9)*	*(20)*
Closing balance	*204*	*213*	*204*	*213*

[4] These loans are interest free with no fixed terms of repayment except for:
(i) The loan to Venture Building Trust of R14 million (F2022: R14 million) bears interest at 2% below the prime bank overdraft rate, which is 11.75% at 30 June 2023 (30 June 2022: 8.25%) per annum.
(ii) On 28 June 2021 ARM advanced a new loan to the ARM BBEE Trust. The proceeds from the new loan was used to settle the old loan. This resulted in a gain for the ARM BBEE Trust and a loss for ARM. The new loan carries interest at zero per cent, subject to ARM reserving the right to charge interest in the future. The new loans are fully repayable on or before 30 June 2035. Earlier payments are at the discretion of the ARM BBEE Trust. F2023 includes repayments of R296 million and a re-measurement gain of R16 million.

11. INVENTORIES

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
Non-current inventories				
Ore stockpiles	427	52	–	–
	427	52	–	–
Current inventories				
Consumable stores	276	195	32	30
Finished goods	78	68	57	46
Ore stockpiles	42	15	–	–
Work-in-progress	92	65	91	66
	488	343	180	142

Non-current inventories relate to the Two Rivers Merensky project. Stockpile quantities are determined using assumptions such as densities and grades, which are based on studies, historical data and industry norms. The non-current inventories will be milled when the Two Rivers Merensky plant is complete. Milling is not expected within the following 12 months from the end of 30 June 2023.

Value of inventories carried at net realisable value is R9 million (F2022: R20 million) for group and company.

12. TRADE AND OTHER RECEIVABLES

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
Other receivables	385	230	67	108
Related parties (refer note 44)[1]	4 793	7 420	1 721	2 248
Trade receivables	49	87	100	118
	5 227	7 737	1 888	2 474

Trade and other receivables are non-interest-bearing and are generally on 30- to 90-day payment terms.

The carrying amount of trade and other receivables approximate their fair value.

Payment terms which vary from the norm are:
– PGMs which are paid approximately four months after delivery

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
Debtors analysis				
Outstanding on normal cycle terms	5 227	7 737	1 888	2 474
Outstanding longer than 30 days outside normal cycle	–	–	–	–
Outstanding longer than 60 days outside normal cycle	–	–	–	–
Outstanding longer than 90 days outside normal cycle	–	–	–	–
Outstanding longer than 120 days outside normal cycle	–	–	–	–
Less: Expected credit losses[2]	–	–	–	–
Total	5 227	7 737	1 888	2 474

[1] Trade and other receivables include a contract asset from Assmang of R810 million (F2022: R985 million). The contract asset resulted from revised fee arrangements whereby fees received from Assmang only become payable following receipt by Assmang from the relevant customer. Trade and other receivables for company includes an amount from ARM Platinum Proprietary Limited of R191 million (F2022: Rnil), which carries interest at prime less two percent.

[2] No expected credit losses have been raised in F2023 on debtors (F2022: Rnil) as the balance is considered recoverable.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
13. FINANCIAL ASSETS[1]				
– Two Rivers Platinum Proprietary Limited (investment in fixed deposit)	30	31	–	–
– ARM Coal (investment in fixed deposit)	51	–	51	–
– Nkomati	117	114	117	114
– ARM Finance Company SA[2]	–	185	–	–
– Mannequin Captive Cell (Cell AVL 18)	456	500	–	–
– Other	7	–	13	16
	661	830	181	130

1 Cash and cash equivalents were invested in fixed deposits with maturities longer than three months to achieve better returns. When these investments mature, to the extent that amounts are not re-invested in new investments with maturities of longer than three months, they will again form part of cash and cash equivalents. The carrying amounts of the financial assets shown above approximate their fair value.

2 ARM Finance Company SA invested Rnil (F2022: R172 million) in fixed deposits with maturities longer than three months. The amount was translated at the 30 June closing exchange rate in the prior year, resulting in a foreign currency translation gain of R13 million for F2022. Since 30 June 2022, ARM Finance Company SA returned U$15 million to ARM as a part return of share capital.

The following guarantees issued are included in financial assets:
– Two Rivers to DMRE, Eskom and BP Oil amounting to R30 million (F2022: R31 million).
– Nkomati to DMRE and Eskom amounting to R117 million (F2022: R114 million).
– Modikwa to DMRE and Eskom amounting to Rnil (F2022: Rnil).
– ARM Coal to DMRE amounting to R51 million (F2022: Rnil).

Group other financial assets include trust funds of R7 million (F2022: Rnil). Company other financial assets include trust funds of R7 million (F2022: Rnil) and insurance reimbursement of R6 million (F2022: R16 million).

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
14. CASH AND CASH EQUIVALENTS				
Cash at bank and on deposit	9 200	11 069	6 633	8 829
Cash set aside for specific use	821	590	60	111
Cash and cash equivalents per statement of financial position	10 021	11 659	6 693	8 940
Less: Overdrafts (refer note 22)	(17)	(16)	(17)	(16)
Cash and cash equivalents per statement of cash flows	10 004	11 643	6 676	8 924
The cash per statement of financial position is held as follows:				
Total cash at bank and on deposit	9 200	11 069	6 633	8 829
– African Rainbow Minerals Limited	6 378	8 770	6 378	8 770
– ARM BBEE Trust	43	38	–	–
– ARM Coal	227	–	227	–
– ARM Finance Company SA	38	92	–	–
– ARM Platinum Proprietary Limited (excluding Bokoni)	930	874	–	–
– Bokoni	23	–	–	–
– ARM Treasury Investments Proprietary Limited	45	43	–	–
– Nkomati	27	52	27	52
– Two Rivers Platinum Proprietary Limited	1 460	1 174	–	–
– Other cash at bank and on deposit	29	26	1	7
Total cash set aside for specific use	821	590	60	111
– Mannequin Captive Cell (Cell AVL 18)[1]	454	245	–	–
– Rehabilitation trust funds[1]	77	65	–	46
– Other cash set aside for specific use[1]	290	280	60	65

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

1 Cash set aside for specific use in respect of the group includes:
– Mannequin Captive Cell is used as part of the group insurance programme. The cash held in the cell is invested in highly liquid investments and is used to settle claims as and when they arise as part of the risk finance retention strategy.
– The trust funds of R10 million (F2022: R16 million).
– African Rainbow Mineral Limited of R37 million (F2022: R37 million).
– Guarantees issued by ARM Coal to DMRE amounting to Rnil (F2022: R46 million).
– Guarantees issued by Modikwa to DMRE and Eskom amounting to R236 million (F2022: R234 million).
– Guarantees issued by Bokoni to DMRE and Eskom amounting to R68 million (F2022: Rnil).
– Guarantees issued by Two Rivers to DMRE and Eskom amounting to R4 million (F2022: Rnil).
– Guarantees issued by Nkomati to DMRE and Eskom amounting to R12 million (F2022: R12 million).

Notes to the financial statements continued

for the year ended 30 June 2023

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
15. SHARE CAPITAL				
Authorised				
500 000 000 (F2022: 500 000 000)	25	25	25	25
	25	25	25	25
Issued				
Opening balance	11	11	11	11
Zero (F2022: 214 520) additional shares issued[1]	–	–	–	–
224 667 778 (F2022: 224 667 778); (F2021: 224 453 258)	11	11	11	11
Share premium	5 267	5 267	5 267	5 267
– Balance at beginning of year	5 267	5 212	5 267	5 212
– Premium on bonus and performance shares issued to employees	–	55	–	55
Total issued share capital and share premium	5 278	5 278	5 278	5 278

[1] *The movement in shares issued was less than R1 million in F2022.*

Shares are held at no par value.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
16. TREASURY SHARES				
The restructuring of the ARM BBEE Trust in F2016 resulted in ARM effectively controlling 28 614 740 ARM shares (refer note 33). The carrying value of these treasury shares are as follows:				
– 12 717 328 shares at R51.19 bought from the ARM BBEE Trust by Opilac Proprietary Limited	651	651	–	–
– 15 897 412 shares at R110.31 held in the ARM BBEE Trust	1 754	1 754	–	–
	2 405	2 405	–	–

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
17. LONG-TERM BORROWINGS				
Secured				
ARM Corporate – loan facility ARM Corporate Revolving Credit Facility for an amount of R 2 250 million was entered into during September 2018. This facility was available until September 2022, after which date it was not renewed. The interest rate has a JIBAR base with an additional margin between 2.20% and 2.45%, depending on the utilisation of the facility. At 30 June 2022 this facility was unutilised. This loan was secured by a pledge of shares in F2022 (refer note 10).	–	–	–	–
ARM BBEE Trust – loan facility – Harmony Gold On 28 June 2021 Harmony advanced a new loan to the ARM BBEE Trust. The proceeds from the new loan were used to settle the old loan. This resulted in a gain for the ARM BBEE Trust. The new loans carry interest at zero percent, subject to Harmony reserving the right to charge interest in the future. The new loans are fully repayable on or before 30 June 2035. Earlier payments are at the discretion of the ARM BBEE Trust.	100	166	–	–
Two Rivers – lease liability Includes leases for land and buildings; plant and machinery and furniture, equipment and vehicles for periods between 1 – 20 years discounted at an incremental borrowing rate of 10.0% (F2022: 5.3%) (refer note 4).	85	134	–	–
Modikwa – lease liability Leases for land and buildings for a period of 21 years (F2022: 22 years) discounted at an incremental borrowing rate of 8.55% (F2022: 8.55%) (refer note 4).	8	29	–	–
ARM Corporate – lease liability Leases for land and buildings for a period of five years (F2022: three years) discounted at an incremental borrowing rate of 8.72% (F2022: 9.23%) (refer note 4).	1	–	20	2
ARM Coal – lease liability Leases for plant and machinery in F2023 for periods of between 2 – 3 years discounted at an incremental borrowing rate of between 10.3% and 11.5% (refer note 4).	31	–	31	–

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
17. LONG-TERM BORROWINGS				
ARM Coal – PCB liability	–	139	–	139
ARM Coal's attributable share of GGV liability owing to PCB for the RBCT entitlement. This loan bears contractual interest of 0%.				
	225	468	51	141
Less: Repayable within one year included in short-term borrowings (refer note 22)	(19)	(163)	(19)	(141)
Total long-term borrowings	206	305	32	–
Held as follows:				
– ARM BBEE Trust – Harmony	100	166	–	–
– ARM Coal Proprietary Limited – Lease liability	18	–	18	–
– ARM Corporate	–	–	14	–
– Modikwa	7	9	–	–
– Two Rivers Platinum Proprietary Limited	81	130	–	–
	206	305	32	–

The group changes in borrowings arising from financing activities were made up of cash repayments of R251 million (F2022: R109 million), borrowings raised of Rnil (F2022: Rnil), re-measurement gain of R8 million (F2022: R318 million re-measurement loss), settlements (non-cash) of Rnil (F2022: R1 318 million) and other changes of R17 million (F2022: R124 million).

The company changes in borrowings arising from financing activities were made up of cash repayments of R153 million (F2022: R10 million), borrowings raised of Rnil (F2022: Rnil), re-measurement gain of R16 million (F2022: R314 million re-measurement loss), settlements (non-cash) of Rnil (F2022: R1 318 million) and other changes of R80 million (F2022: R130 million).

The carrying amount of the long-term borrowings approximate their fair value.

17. LONG-TERM BORROWINGS continued

GROUP

	Total borrowings F2023 Rm	Discounted cash flows F2024 Rm	Repayments schedule – undiscounted cash flows F2024 Rm	F2025 Rm	F2026 Rm	F2027 Rm	F2028 – onwards Rm	Total Rm
Secured loans								
ARM BBEE Trust – loan facility – Harmony Gold	100	–	–	–	–	–	521	521
ARM Coal – lease liability	31	13	17	17	1	–	–	35
ARM Corporate – lease liability	1	1	1	–	–	–	–	1
Modikwa – lease liability	8	1	1	1	1	1	17	21
Two Rivers – lease liability	85	4	5	5	5	6	266	287
Total borrowings at 30 June 2023	225	19	24	23	7	7	804	865

Undiscounted cash flows	F2022	F2023	F2023	F2024	F2025	F2026	F2027 – onwards	Total
Total borrowings at 30 June 2022	468	163	165	5	6	6	1 032	1 214

COMPANY

	Total borrowings F2023 Rm	Discounted cash flows F2024 Rm	Repayments schedule – undiscounted cash flows F2024 Rm	F2025 Rm	F2026 Rm	F2027 Rm	F2028 – onwards Rm	Total Rm
Secured loans								
ARM Coal – lease liability	31	13	17	17	1	–	–	35
ARM Corporate – lease liability	20	6	6	5	6	6	2	25
Total borrowings at 30 June 2023	51	19	23	22	7	6	2	60

Undiscounted cash flows	F2022	F2023	F2023	F2024	F2025	F2026	F2027 – onwards	Total
Total borrowings at 30 June 2022	141	141	141	–	–	–	–	141

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
18. DEFERRED TAXATION				
Deferred tax assets				
Acquisition of Bokoni (refer note 38)	856	–	–	–
Deferred capital loss tax movements on listed investment recognised in other comprehensive income	–	74	–	74
Property, plant and equipment	(12)	15	12	15
Income received in advanced	–	(46)	–	(46)
Post-retirement healthcare provisions	3	21	3	21
Provisions	88	151	64	151
Deferred tax assets on the statement of financial position	935	215	79	215
Deferred tax liabilities				
Property, plant and equipment	3 253	2 400	428	384
Intangible assets	15	17	15	17
Inventories	174	552	–	–
Income received in advanced	28	–	33	–
Deferred capital gains tax movements on listed investment – ARM BBEE Trust	465	465	–	–
Deferred capital gains tax movements on listed investment recognised in other comprehensive income	366	–	366	–
Deferred income	5	127	–	–
Financial instruments	8	8	8	2
Deferred tax liabilities	4 314	3 569	850	403
Assessed loss	–	(6)	–	–
Borrowings	(2)	(43)	–	–
Post-retirement and healthcare provision	(19)	–	(19)	–
Provisions	(506)	(294)	(226)	(98)
Deferred tax assets relating to entities with a net liability position	(527)	(343)	(245)	(98)
Net deferred tax liabilities on the statement of financial position	3 787	3 226	605	305
Reconciliation of opening and closing balance				
Opening deferred tax liabilities	3 226	2 968	305	165
Opening deferred tax assets	(215)	(274)	(215)	(274)
Net deferred tax liabilities/(assets) opening balance	3 011	2 694	90	(109)
Temporary differences from:	(159)	317	436	199
Assessed loss	(850)	17	–	–
Borrowings	41	16	–	–
Deferred income	(122)	(89)	–	–
Inventories	(378)	(166)	–	–
Intangible assets	(2)	(3)	(2)	(3)
Financial instruments	–	(4)	6	(10)
Property, plant and equipment	880	561	47	163
Provisions	(150)	35	(42)	15
Income received in advance	(18)	46	(13)	46
Change in tax rate	–	(86)	–	(2)
Revaluation of investment – directly in other comprehensive income	440	(10)	440	(10)
Total deferred tax	2 852	3 011	526	90
Deferred tax liabilities	3 787	3 226	605	305
Deferred tax assets	(935)	(215)	(79)	(215)

18. DEFERRED TAXATION continued

Deferred tax assets are raised only when they can be utilised against future taxable profits after taking possible future uncertainties into account. Future taxable profits are estimated based on approved business plans which include various estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

A cumulative deferred tax asset for deductible temporary differences and losses of R346 million (F2022: R294 million) at Nkomati was not raised, as it is not probable that there will be sufficient taxable profit available against which the deductible temporary differences and losses can be utilised.

A cumulative deferred tax asset for deductible temporary differences and losses of R946 million (F2022: Rnil) at Bokoni was not raised. Due to the volatility of commodity prices, exchange rates, inflation rates etc, the accuracy of forecasting reduces as the outlook period increases. It is therefore industry practice to limit the outlook period, in determining the quantum of probable taxable profits. On acquisition of Bokoni the outlook period was limited, resulting in the cumulative deferred tax assets for deductible temporary differences and losses not being raised.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
19. LONG-TERM PROVISIONS				
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	625	601	437	422
Provision for the year	(3)	(7)	12	–
Transfer to short-term provision	–	(6)	–	(6)
Acquisition of Bokoni (refer note 38)	28	–	–	–
Work completed	(2)	(11)	(2)	(11)
Unwinding of discount rate	58	48	41	32
Balance at end of year	706	625	488	437
Provision for restoration				
Balance at beginning of year	915	828	835	762
Provision for the year	49	33	45	25
Transfer from short-term provision	5	4	5	4
Acquisition of Bokoni (refer note 38)	58	–	–	–
Unwinding of discount rate	72	50	58	44
Balance at end of year	1 099	915	943	835
Total environmental rehabilitation obligation	1 805	1 540	1 431	1 272

The net present value of the rehabilitation liabilities is based on discount rates taking into consideration zero coupon swop curve rates of between 9.3% to 10.8% (F2022: between 5.9% and 9.5%), inflation rates of approximately 5.8% and 7.2% (F2022: approximately 5.5% and 6.3%) and life of mines of between one and 24 years (F2022: one and 24 years). The South African Reserve Bank has a long-term inflation target of between 3% and 6% (F2022: between 3% and 6%).

These provisions are based on estimates of cash flows which are expected to occur at the end of life-of-mines. These assumptions have inherent uncertainties as they are derived from future estimates of mining and financial parameters, such as commodity prices, exchange rates and inflation.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
19. LONG-TERM PROVISIONS continued				
Post-retirement healthcare benefits				
Balance at beginning of year	76	85	76	85
Actuarial loss	(3)	(6)	(3)	(6)
Benefits paid	(9)	(9)	(9)	(9)
Unwinding of discount rate	8	6	8	6
Balance at end of year (refer note 41)	72	76	72	76
Silicosis and tuberculosis class action provision[1]				
Balance at beginning of year	159	146	159	146
Unwinding of discount rate	6	12	6	12
Change in assumptions[2]	(106)	(13)	(106)	(13)
Transfer from short-term provisions (refer note 21)	8	14	8	14
Balance at end of year	67	159	67	159
Other long-term provisions[3]				
Balance at beginning of year	204	223	37	66
Change in estimate of variable purchase price for mine properties	10	6	–	–
Payments made during the year	(31)	(22)	–	–
Provision for the year	306	99	145	108
Unwinding of discount rate	38	45	–	–
Transfer to short-term provisions (refer note 21)	(214)	(147)	(147)	(137)
Balance at end of year	313	204	35	37
Total long-term provisions at end of year	2 257	1 979	1 605	1 544

1 *ARM has a contingency policy in this regard which covers environmental impairment liability and silicosis liability with Guardrisk Insurance Company Limited (Guardrisk). In turn, Guardrisk has reinsured the specified risks with Mannequin Insurance PCC Limited – Cell AVL 18, Guernsey which cell captive is held by ARM.*
Following the High Court judgment previously reported, the Tshiamiso Trust was registered in November 2019. As part of the settlement a guarantee of R304 million was issued by Guardrisk on behalf of ARM in favour of the Tshiamiso Trust on 13 December 2019 (refer note 8). Details of the provision were discussed in the 30 June 2022 financial results, which can be found on **www.arm.co.za**.

2 *The main reason for the decrease in the silicosis settlement estimate is the lower severity of silicosis found in eligible Trust claimants with ARM service over the past three years than originally expected. The silicosis benefit increases with impairment and hence lower disease severity results in a lower benefit payment. Other reasons for the decrease in the estimate are that fewer claimants have confirmed ARM service than originally estimated and a change in the financial assumptions including changes in economic conditions.*

3 *Other long-term provisions include: (i) long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees and (ii) variable consideration payable by Two Rivers to Dwarsrivier due to Dwarsrivier's inability to mine the chrome ore as a result of Two Rivers having a tailings dam on part of the mining area of Dwarsrivier.*

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
20. TRADE AND OTHER PAYABLES				
Trade payables	796	668	264	230
Related parties (refer note 44)	–	2	–	2
Insurance cell captive	898	784	–	–
Other	725	694	123	109
Total trade and other payables	2 419	2 148	387	341

Trade and other payables are generally non-interest-bearing and are typically on 30- to 120-day payment terms.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
21. SHORT-TERM PROVISIONS				
Bonus provision				
Balance at beginning of year	371	361	221	250
Provision for the year	585	524	233	218
Payments made during the year	(512)	(514)	(233)	(247)
Balance at end of year	444	371	221	221
Leave pay provision				
Balance at beginning of year	146	128	37	36
Provision for the year	74	108	1	3
Payments made during the year and leave taken	(53)	(90)	(2)	(2)
Balance at end of year	167	146	36	37
Other provisions				
Balance at beginning of year	199	409	171	213
Provision for the year	10	1	10	–
Payments made during the year	(187)	(346)	(188)	(167)
Transfer from long-term provision (refer note 19)	201	135	134	125
Balance at end of year	223	199	127	171
Total short-term provisions	834	716	384	429

The bonus provision is based on the policy as approved by each operation.

The leave pay provision is calculated based on total pensionable salary packages multiplied by the leave days due at year end.

22. OVERDRAFTS AND SHORT-TERM BORROWINGS

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
Current portion of long-term borrowings (refer note 17)	19	163	19	141
Loans from subsidiaries – non-interest-bearing (refer page 113)	–	–	42	42
Overdrafts (refer note 14)	17	16	17	16
	36	179	78	199
Short-term borrowings are held as follows:				
– Rustenburg Platinum Mines Limited (Anglo American Platinum Limited) lease liability	1	20	–	–
– ARM Coal Proprietary Limited (partner loan)[1]	–	139	–	139
– Loans from subsidiaries	–	–	42	42
– Two Rivers Platinum Proprietary Limited (lease liability)	4	4	–	–
– ARM Coal Proprietary Limited (lease liability)	13	–	13	–
– African Rainbow Minerals Limited (lease liability)	1	–	6	2
	19	163	61	183
Overdrafts are held as follows:				
– Other	17	16	17	16
	17	16	17	16
Overdrafts and short-term borrowings	36	179	78	199
Interest-bearing	36	40	35	18
Non-interest-bearing	–	139	42	181
	36	179	78	199
Unutilised short-term borrowing and overdraft facilities				
– African Rainbow Minerals Limited	500	500	500	500
– ARM Mining Consortium Limited	100	100	–	–
– Nkomati	60	60	60	60
– Two Rivers Platinum Proprietary Limited	500	500	–	–
	1 160	1 160	560	560

[1] *The short-term liability at 30 June 2022 relates to ARM Coal's attributable share of the GGV liability owing to PCB for the RBCT entitlement. The short-term liability at 30 June 2023 between GGV and PCB has been settled in cash.*

Overdrafts accrue interest at floating rates. Short-term borrowings accrue interest at market-related rates. Loans from dormant subsidiaries are interest free and are payable on demand.

23. JOINT OPERATIONS

The share of the following joint operations has been incorporated into the group results:
- 50% share in the Nkomati Mine (care and maintenance)
- 51% share in ARM Coal Proprietary Limited (consolidated) refers to ARM's coal operation as part of ARM's quality diversified portfolio
- 50% share in Modikwa joint operation which is held as an 83% subsidiary through ARM Mining Consortium and is consolidated as a subsidiary which forms part of the Platinum Group Metals in ARM's quality diversified portfolio.

The company results include the share of the following joint operations:
- 50% share in the Nkomati Mine (care and maintenance)
- 51% share in ARM Coal Proprietary Limited refers to ARM's coal operation as part of ARM's quality diversified portfolio
- 34% share in Teal Minerals (Barbados) Incorporated joint operation (dormant).

The share of joint operations in the financial statements are:

	GROUP F2023 Rm	GROUP F2022 Rm	COMPANY F2023 Rm	COMPANY F2022 Rm
Statement of profit or loss				
Sales	6 650	7 365	2 689	2 803
Cost of sales	(4 161)	(3 622)	(1 475)	(1 303)
Other operating income	129	210	32	88
Other operating expenses	(499)	(1 462)	(364)	(1 162)
Income from investments	136	85	27	19
Finance costs	(176)	(202)	(172)	(187)
Profit from associate	1 007	927	–	–
Capital items	2	384	2	384
Profit before tax	3 087	3 685	738	642
Taxation	(763)	(1 023)	(409)	(437)
Profit for the year after taxation	2 324	2 662	329	205
Non-controlling interest	(168)	(260)	–	–
Attributable to equity holders of ARM	2 156	2 402	329	205
Statement of financial position				
Non-current assets	5 169	4 713	2 693	1 812
Current assets	3 745	4 483	1 389	1 778
Non-current liabilities (interest-bearing)	25	8	17	–
Non-current liabilities (non-interest-bearing)	2 162	1 998	1 470	1 299
Current liabilities (non-interest-bearing)	1 166	1 027	661	429
Current liabilities (interest-bearing)	14	160	13	139
Statement of cash flows				
Net cash inflow/(outflow) from operating activities	3 378	1 486	2 051	(263)
Net cash outflow from investing activities	(782)	(325)	(221)	(176)
Net cash outflow from financing activities	(166)	(31)	(146)	(1)

Notes to the financial statements continued

for the year ended 30 June 2023

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
24. ENVIRONMENTAL REHABILITATION TRUST FUNDS				
Balance at beginning of year	65	44	46	44
Interest earned (refer note 29)	12	2	10	2
Total	77	46	56	46
Transferred from/(to) current and non-current financial assets	–	19	(56)	–
Total (included in cash and cash equivalents) (refer note 14)	77	65	–	46
Total non-current environmental rehabilitation obligations (refer note 19)	1 805	1 540	1 431	1 272
Less: Amounts in trust funds (see above)	(77)	(46)	(56)	(46)
Unfunded portion of liability	1 728	1 494	1 376	1 226
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources and Energy included in other cash set aside for specific use and financial assets of R548 million (F2022: R529 million) (refer notes 7, 13 and 14).				
25. SALES AND REVENUE				
Sales – mining and related products	14 662	16 917	2 805	2 938
Made up as follows:				
Local sales	12 253	14 308	396	329
Export sales	2 409	2 609	2 409	2 609
Revenue	16 097	18 406	4 258	4 443
Fair value adjustments to revenue	(1 481)	(1 257)	–	(15)
Revenue from contracts with customers	17 578	19 663	4 258	4 458
Sales – mining and related products	16 536	18 479	2 805	2 953
Penalty and treatment charges	(393)	(305)	–	–
Modikwa	–	–	–	–
Nkomati	–	–	–	–
Two Rivers	(393)	(305)	–	–
Fees received (refer note 27)	1 435	1 489	1 453	1 505
26. COST OF SALES				
Amortisation and depreciation	858	845	188	194
Consultants, contractors and other	583	499	99	71
Electricity	406	540	36	32
Provisions – long term	153	10	(51)	(33)
– short term	435	430	33	18
Raw materials, consumables used and change in inventories	2 673	2 225	411	420
Railage and road transportation	364	260	300	206
Staff costs	2 834	2 315	224	223
– salaries and wages	2 364	2 024	218	215
– pension – defined contribution	294	183	4	5
– medical aid	176	108	2	3
Other costs	530	536	309	297
	8 836	7 660	1 549	1 428

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
27. OTHER OPERATING INCOME				
Commission received	–	22	–	22
Cost recoveries	60	51	59	50
Fees received	1 435	1 489	1 453	1 505
Re-measurement gains on loans (refer note 28)	8	54	16	58
Insurance income received	64	115	–	–
Realised foreign exchange gains	30	35	30	35
Royalties received	87	114	–	–
Other	133	103	4	1
	1 817	1 983	1 562	1 671
28. OTHER OPERATING EXPENSES[1]				
External audit remuneration – audit fees	25	19	15	12
– other services	–	–	–	–
Consulting fees	210	130	112	130
Exploration	90	69	90	69
Depreciation	21	9	12	12
Re-measurement loss on loans	–	372	–	372
Insurance	63	129	17	17
Mineral royalty tax	363	911	147	181
Provisions	209	231	188	231
Research and development	212	166	212	166
Care and maintenance	81	81	81	81
Social and enterprise development	104	126	–	–
Information technology	22	26	22	26
Share-based payment expense	254	263	254	263
Subscriptions	21	20	21	20
Legal fees	21	29	21	29
Staff cost	476	337	362	337
– pension – defined contribution	8	9	8	9
– salaries and wages	457	326	347	326
– training	11	2	7	2
Unrealised foreign exchange loss	2	1	1	1
Other	518	320	330	234
	2 692	3 239	1 885	2 181

[1] *In 2023, exploration, information technology, subscriptions and legal fees have been disaggregated to provide more useful information. In addition, provisions have been collapsed into one line which was shown separately for short term and long term in F2022. Secretarial and financial service has been included in other for F2023. The above has no impact on the number reported in the financial statements.*

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
28. OTHER OPERATING EXPENSES continued				
Loan re-measurement				
ARM Coal				
Included in other operating income, other operating expenses and income from associate are re-measurements with no tax effect in both years relating to the GGV and PCB loans. The gain and loss is as a result of a re-measurement of debt between ARM and Glencore Operations South Africa Proprietary Limited (GOSA) and ARM Coal Proprietary Limited.				
The re-measurement adjustments are as follows:				
Re-measurement gain in operating income – ARM Coal segment	–	49	–	49
Re-measurement loss in operating expenses – ARM Coal segment	(4)	(815)	(4)	(815)
Net re-measurement loss – ARM Coal segment	(4)	(766)	(4)	(766)
Re-measurement gain in operating income – ARM Corporate segment	4	443	4	443
Net re-measurement loss on group profit from operations before capital items	–	(323)	–	(323)
Income from associate re-measurement loss on loans (refer note 8)	–	(490)	–	–
Net ARM Coal re-measurement loss	–	(813)	–	(323)

The re-measurements are as a result of changes in the future repayment cash flows applied to the net present value calculations. The discount rate used in the calculation of the re-measurement is 10%.

This is a level 3 valuation in terms of IFRS 13.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
ARM BBEE Trust				
Included in other operating income for F2023 is a re-measurement gain of R8 million (F2022: R5 million). The gain in group is as a result of the loans advanced to the ARM BBEE Trust by Harmony in F2021. The gain in company is as a result of the loans advanced to the ARM BBEE Trust by ARM Corporate in F2021. The re-measurement gains are as follows:				
Other operating income increase – ARM Corporate segment	8	5	16	9
Net ARM BBEE Trust gain	8	5	16	9

The re-measurement is as a result of the difference in the stipulated interest rate the lender may charge in the future in the new loan agreement and the interest rate the ARM BBEE Trust would have to pay if the loan was advanced in an open market. The rate used to determine the re-measurement is 13.85% (F2022: 11.69%).

The carrying amounts of the financial liabilities approximate their fair value.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
29. INCOME FROM INVESTMENTS				
Dividend income – listed	17	50	17	50
– unlisted	–	–	7 123	8 151
Interest received – related parties (refer note 44)	–	–	76	113
– environmental trust funds (refer note 24)	12	2	10	2
– short-term bank deposits and other	838	633	535	393
	868	685	7 761	8 709
30. FINANCE COSTS				
Interest on IFRS 16 lease liabilities	10	3	3	1
Gross interest on long- and short-term borrowings and overdrafts	95	126	54	91
Unwinding of discount rate	182	161	113	94
	286	290	171	186

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
31. CAPITAL ITEMS				
Impairment reversal on property, plant and equipment – Machadodorp Works	–	3	–	3
Profit on sale of property, plant and equipment – Nkomati	–	2	–	2
Loss on sale of property, plant and equipment – Two Rivers	(3)	(2)	–	–
Profit on sale of property, plant and equipment – ARM Coal	2	4	2	4
Profit on sale of property, plant and equipment – ARM Corporate	1	–	1	–
Gain on bargain purchase – Bokoni acquisition	56	–	–	–
Gain on return of capital – ARM Finance Company SA	–	–	147	–
Impairment reversal on investment in PCB – ARM	–	1 121	–	841
Capital items per statement of profit or loss before taxation effect	56	1 128	150	850
Loss on sale of property, plant and equipment accounted for directly in associate – ARM Coal	16	(9)	–	–
Impairment on investment in Sakura accounted directly in joint venture – Assmang	(150)	–	–	–
Impairment loss on property, plant and equipment accounted for directly in joint venture – Assmang (refer note 37)	(1 111)	(20)	–	–
Impairment loss on property, plant and equipment accounted for directly in joint venture – Cato Ridge Alloys (refer note 37)	(4)	–	–	–
Gain/(loss) on property, plant and equipment accounted for directly in joint venture – Assmang	(8)	(25)	–	–
Capital items before taxation effect	(1 201)	1 074	150	850
Taxation accounted for in joint venture – impairment loss on property, plant and equipment – Assmang	300	6	–	–
Taxation accounted for in joint venture – loss on disposal of property, plant and equipment – Assmang	2	6	–	–
Taxation accounted for in associate – (profit)/loss on sale of property, plant and equipment – ARM Coal	(4)	3	–	–
Taxation on loss on sale of property, plant and equipment – Two Rivers	1	–	–	–
Taxation on profit on sale of property, plant and equipment – ARM Coal	(1)	(1)	–	(1)
Total	(903)	1 088	150	849

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
32. TAXATION				
South African normal taxation:				
– current year	1 529	2 253	557	469
– mining	1 262	2 003	361	264
– non-mining	267	250	196	205
– prior year	(116)	25	(117)	(2)
Dividends tax	163	131	55	29
Total current taxation	1 576	2 409	495	496
Total deferred taxation	257	327	(4)	209
– deferred taxation	257	413	(4)	211
– deferred taxation rate change	–	(86)	–	(2)
Total taxation charge per statement of profit or loss	1 833	2 736	491	705
Attributable to:				
Profit before capital items	1 829	2 738	491	704
Capital items (refer note 31)	4	(2)	–	1
	1 833	2 736	491	705
Acquisition of Bokoni	(856)	–	–	–
Amounts recognised directly in other comprehensive income or equity:				
Unrealised gain on financial asset held at fair value through other comprehensive income	440	(10)	440	(10)
Total movement in deferred tax	(159)	317	436	199

South African mining tax is calculated based on taxable income less capital expenditure allowances.

Where there is insufficient taxable income to off-set capital expenditure, the remaining balance is carried forward as unredeemed capital expenditure.

During the 2022 budget speech held on 23 February 2022, it was announced that the corporate income tax rate will be reduced from 28% to 27% for companies with years of assessment ending on or after 31 March 2023. This change has affected the effective tax rate at 30 June 2023 and the recorded deferred tax assets and liabilities at 30 June 2023 and 30 June 2022.

	GROUP		COMPANY	
	%	%	%	%
Reconciliation of rate of taxation				
Standard rate of company taxation	27	28	27	28
Adjusted for:				
Disallowed expenditure and dividends tax[1]	3	2	2	3
Prior year (over)/under provision	(1)	–	(1)	–
Exempt income[2]	–	(1)	(22)	(24)
Tax rate adjustment on deferred tax closing balance	–	(1)	–	–
Tax losses not raised as deferred tax	1	–	–	–
Share of associate and joint venture income after tax	(14)	(12)	–	–
Effective rate of taxation	16	16	6	7

[1] *These amounts largely relate to items of a capital nature at ARM Corporate and dividends tax in F2023. F2022 largely relates to re-measurements in ARM Coal.*
[2] *In group the amounts largely relate to the impairment reversal on the investment in PCB in F2022.*
In company the amounts relate mainly to re-measurement in ARM Coal and dividends received for F2023 and F2022.

32. TAXATION continued

	GROUP		COMPANY	
	%	%	%	%
Reconciliation of rate of taxation before capital items				
Standard rate of company taxation	27	28	27	28
Adjusted for:				
Disallowed expenditure and dividends tax	3	4	2	3
Prior year (over)/under provision	(1)	–	(1)	–
Exempt income	–	(1)	(22)	(24)
Tax rate adjustment on deferred tax closing balance	–	(1)	–	–
Tax losses not raised as deferred tax	1	–	–	–
Share of associate and joint venture income after tax	(14)	(13)	–	–
Effective rate of taxation	16	17	6	7

	GROUP		COMPANY	
	Rm	Rm	Rm	Rm
Profit before taxation and capital items per statement of profit or loss	11 097	15 972	8 523	9 523
Taxation per statement of profit or loss	1 833	2 736	491	705
Taxation on capital items (refer note 31)	(4)	2	–	(1)
Tax – excluding tax on capital items	1 829	2 738	491	704

	GROUP		COMPANY	
	%	%	%	%
Percentage on above	16	17	6	7

	GROUP		COMPANY	
	Rm	Rm	Rm	Rm
Estimated assessed losses available for reduction of future taxable income	3 574	27	–	–
Unredeemed capital expenditure available for reduction of future mining income[1]	5 828	–	–	–

[1] *Deferred tax has been raised on a portion of these estimated tax benefits and these do not have an expiry date.*

The latest tax assessment for the company relates to the year ended June 2022.

All returns due up to and including June 2022 have been submitted.

The estimated assessed losses and unredeemed capital expenditure above does not include Nkomati (refer note 18).

33. CALCULATIONS PER SHARE

The calculation of basic earnings per share is based on basic earnings of R8 078 million (F2022: R12 426 million basic earnings) and a weighted average of 196 053 thousand (F2022: 195 899 thousand) shares in issue during the year.

The calculation of headline earnings per share is based on headline earnings of R8 981 million (F2022: R11 338 million) and a weighted average of 196 053 thousand (F2022: 195 899 thousand) shares in issue during the year.

The calculation of diluted basic earnings per share is based on basic earnings of R8 078 million (F2022: R12 426 million basic earnings) with no reconciling items to derive at diluted earnings and a weighted average of 196 488 thousand (F2022: 196 033 thousand) shares in issue during the year calculated as follows:

	GROUP	
	F2023	F2022
Weighted average number of shares used in calculating basic earnings per share (thousands)	196 053	195 899
Potential ordinary shares due to long-term share incentives granted (thousands)	435	134
Weighted average number of shares used in calculating diluted earnings per share (thousands)	196 488	196 033

The calculation of diluted headline earnings per share is based on headline earnings of R8 981 million (F2022: R11 338 million) with no reconciling items to derive at diluted headline earnings and a weighted average of 196 488 thousand (F2022: 196 033 thousand) shares.

The calculation of net asset value per share is based on net assets of R49 212 million (F2022: R46 158 million) and the number of shares at year end of 224 668 thousand (F2022: 224 668 thousand) shares.

The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R8 090 million (F2022: R8 508 million) and the weighted average number of shares in issue of 196 053 thousand (F2022: 195 899 thousand).

	F2023	F2022
Headline earnings (R million)	8 981	11 338
Headline earnings per share (cents)	4 581	5 787
Basic earnings (R million)	8 078	12 426
Basic earnings per share (cents)	4 120	6 343
Diluted headline earnings per share (cents)	4 571	5 783
Diluted basic earnings per share (cents)	4 111	6 338
Number of shares in issue at end of year (thousands)	224 668	224 668
Weighted average number of shares (thousands)	196 053	195 899
Weighted average number of shares used in calculating diluted earnings per share (thousands)	196 488	196 033
Net asset value per share (cents)	21 904	20 545
EBITDA (R million)	5 829	8 854
Interim dividend declared (cents per share)	1 400	1 200
Dividend declared after year end (cents per share)	1 200	2 000

33. CALCULATIONS PER SHARE continued

ARM BBEE Trust restructuring effect on weighted and diluted average number of shares

Following the restructuring of the ARM BBEE Trust in F2016, the ARM BBEE Trust is consolidated into the ARM consolidated financial results, as ARM controls the Trust for reporting purposes.

The consolidation of the ARM BBEE Trust results in ARM shares bought back by Opilac, a wholly owned subsidiary of ARM, and the remaining shares owned by the Trust, reducing the number of shares used in the calculation of headline, basic and diluted earnings per share.

The treasury shares are excluded, effectively from 22 April 2016, in the weighted average and diluted average number of shares (refer note 16).

The number of shares in issue are, however, not affected.

Dividend per share

After the year end a dividend of 1 200 cents per share (F2022: 2 000 cents per share ; F2021: 2 000 cents per share) was declared which amounts to R2 696 million (F2022: R4 493 million, F2021: R4 489 million). This dividend was declared on 4 September 2023 (F2022: 1 September 2022; F2021: 6 September 2021), before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2023.

An interim dividend of 1 400 (1H 2022: 1 200) cents per share, R3 145 million (1H 2022: R2 694 million) was declared on 6 March 2022 (1H 2022: 3 March 2022).

34. HEADLINE EARNINGS

	GROUP	
	F2023	F2022
Basic earnings attributable to equity holders of ARM	8 078	12 426
– Profit on sale of property, plant and equipment – Nkomati	–	(2)
– Loss on sale of property, plant and equipment – Two Rivers	3	2
– Profit on sale of property, plant and equipment – ARM Coal	(2)	(4)
– (Profit)/loss on sale of property, plant and equipment – ARM Coal	(16)	9
– Profit on sale of property, plant and equipment – ARM Corporate	(1)	–
– Gain on bargain purchase – Bokoni	(56)	–
– Impairment reversal on property, plant and equipment – Machadodorp Works	–	(3)
– Impairment reversal on investment in 20.2% PCB – ARM	–	(1 121)
– Impairment loss on property, plant and equipment in joint venture – Assmang	1 111	20
– Impairment loss on investment in Sakura joint venture – Assmang	150	–
– Impairment loss on property, plant and equipment in joint venture – Cato Ridge Alloys	4	–
– Loss on sale of property, plant and equipment in joint venture – Assmang	8	25
	9 279	11 352
– Taxation accounted for in joint venture – impairment loss at Assmang	(300)	(6)
– Taxation accounted for in joint venture – loss on sale of property, plant and equipment at Assmang	(2)	(6)
– Taxation accounted for in associate – loss on sale of property, plant and equipment – ARM Coal	4	(3)
– Taxation accounted for in associate – loss on sale of property, plant and equipment – Two Rivers	(1)	–
– Taxation accounted for in profit on sale of property, plant and equipment – ARM Coal	1	1
Headline earnings	8 981	11 338

35. RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
Profit from operations before capital items	4 951	8 001	933	1 000
Profit from associate	1 007	927	–	–
Income from joint venture	4 557	6 649	–	–
Capital items (refer note 31)	56	1 128	150	850
Profit from operations after capital items	10 571	16 705	1 083	1 850
Adjusted for:	(3 693)	(6 557)	554	205
– Amortisation and depreciation of property, plant and equipment and intangible assets	879	854	200	206
– Re-measurement adjustment on loans	(8)	318	(16)	314
– Income from joint venture	(4 557)	(6 649)	–	–
– Profit on sale on property, plant and equipment and intangible assets	–	(4)	(3)	(6)
– Reversal of impairment on property, plant and equipment and intangible assets	–	(3)	–	(3)
– Reversal of impairment on investment	–	(1 121)	–	(841)
– Gain on return of share capital	–	–	(147)	–
– Gain on bargain purchase	(56)	–	–	–
– Profit from associate	(1 007)	(927)	–	–
– Movement in long- and short-term provisions	797	670	170	215
– Share-based payments expense	254	263	254	263
– Foreign exchange movements	2	1	1	2
– Insurance reimbursement movements	–	–	107	13
– Revaluation of investments	(7)	47	(7)	47
– Other non-cash flow items	10	(6)	(5)	(5)
Cash from operations before working capital changes	6 878	10 148	1 637	2 055
(Increase)/decrease in inventories	(518)	70	(37)	48
Decrease in payables and provisions	(397)	(973)	(145)	(291)
Decrease/(increase) in receivables	2 127	(737)	211	(1 640)
Cash generated from operations	8 090	8 508	1 666	172

36. TAXATION PAID

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
Balance at beginning of year (receivable)/payable	139	85	57	31
South African taxation	1 576	2 409	495	496
Current tax (refer note 32)	1 576	2 409	495	496
Other	68	(52)	70	16
Balance at year end (payable)/receivable	(266)	(139)	(136)	(57)
Tax payable at year end	(444)	(255)	(312)	(123)
Tax receivable at year end	178	116	176	66
Taxation paid	1 517	2 303	486	486

37. IMPAIRMENT AND IMPAIRMENT REVERSAL

37.1 ARM Ferrous

Property, plant and equipment

Impairment

Beeshoek Mine

At 30 June 2023 an impairment loss of R2 110 million before tax of R570 million was recognised on property, plant and equipment at the Beeshoek Mine. ARM's attributable share of the impairment loss amounted to R1 055 million before tax of R282 million (refer note 31).

This impairment was largely due to a combination of:

- Export sales, which used to be sold at higher average prices compared to local sales, have now ceased
- Inadequate sale price increases to keep up with mining cost inflation
- Significant increase in input costs, including diesel and explosives
- Forecasted low gross margins
- The continuous capitalisation of stripping costs has been maintained
- Higher discount rate (WACC) resulting from increased market interest rates.

The recoverable amount of Beeshoek was determined based on a value-in-use (VIU) calculation performed in terms of IFRS. A discounted cash flow valuation model was used to determine the VIU of R496 million. ARM's attributable share amounted to R248 million.

A nominal pre-tax South African discount rate of 18.29% was used in the 30 June 2023 impairment model. The level 3 valuation model was calculated over a 12-year period.

The following assumptions were used in the valuation model:

		F2024	F2025	F2026	F2027	F2028
Weighted average revenue price	R/t	933	972	1 012	1 053	1 087
US$/ZAR	ZAR nominal	17.80	17.28	17.59	18.29	19.02
SA PPI	%	4.40	4.19	4.10	4.10	4.10

Cato Ridge Works

At 30 June 2023 an impairment of R112 million before taxation of R37 million was recognised on the property, plant and equipment at the Cato Ridge Works operation. It was concluded that a discounted cash flow model was not required for this impairment. The total value of property, plant and equipment was fully impaired at 30 June 2021, the impairment at 30 June 2023 is to fully impair the additions of property, plant and equipment subsequent to 30 June 2021. ARM's attributable share of the impairment loss amounted to R56 million before tax of R18 million (refer note 31).

This impairment was due to a combination of:

- Short remaining life of the operation
- Closure of one of the three remaining furnaces in February 2023
- A decline in recent and forecast high-carbon manganese alloys prices over the short term.

37. IMPAIRMENT AND IMPAIRMENT REVERSAL continued

37.1 ARM Ferrous continued

Investments

Impairment

Sakura

At 31 December 2022 an impairment loss of R299 million with no tax effect was recognised on Assmang's equity-accounted investment in Sakura. ARM's attributable share of the impairment loss amounted to R150 million with no tax effect (refer note 31).

This impairment was due to a combination of:

- A decline in recent and forecast manganese high-carbon alloys prices over the short term
- Net cash generated by operations expected to be lower than planned
- Increase in market interest rates.

A discounted cash flow valuation was performed to determine the fair value less cost of disposal of the investment. The valuation was performed in Malaysian ringgit (MYR). This resulted in an impairment of R299 million to the carrying value of Assmang's investment at 31 December 2022. The recoverable amount of the investment amounted to R1 620 million at 31 December 2022. ARM's attributable share amounted to R810 million.

A nominal pre-tax Malaysian discount rate of 14.86% was used in the 31 December 2022 impairment model. The MYR valuation was converted to South African rand using an exchange rate of ZAR3.83 at 31 December 2022. The level 3 valuation model was calculated over a 20-year period.

The following assumptions were used in the valuation model:

		F2024	F2025	F2026	F2027	F2028
Manganese ore price assumptions – 44% Mn	$/dmtu CIF	5.80	5.53	5.46	5.46	5.58
Manganese ore price assumptions – 36% – 38% Mn	$/dmtu CIF	5.17	5.05	4.89	4.89	5.00
Manganese alloy price assumptions – US import	USD/mt DDP	1 534	1 393	1 363	1 392	1 423
Manganese alloy price assumptions – Europe spot	USD/mt DDP	1 270	1 218	1 220	1 242	1 267
Exchange rates						
US$/MYR	MYR nominal	4.29	4.14	4.04	3.98	3.91
US$/EUR	EUR nominal	0.85	0.82	0.81	0.80	0.80

No further impairment was recognised at 30 June 2023.

Property, plant and equipment

Khumani mine

An impairment loss was recognised in F2022 on property, plant and equipment at Khumani for R40 million before tax. This relates to a capital project to fill an underground cavity. The impairment loss was accounted for due to management's assessment of limited future economic benefits associated with the capital spend. ARM's attributable share of the impairment amounted to R20 million before tax of R6 million (refer note 31). This is accounted for in the income from joint venture line in the statement of profit or loss.

37. IMPAIRMENT AND IMPAIRMENT REVERSAL continued

37.2 ARM Coal

Investments

Participative Coal Business (PCB)

At 30 June 2022 previous impairment losses recognised against the investment in PCB was reversed by ARM, mainly due to an earlier than anticipated settlement of PCB loans.

A discounted cash flow valuation model was prepared to determine the net present value of the investment in PCB. The recoverable amount of ARM's net investment in PCB amounted to R4 450 million.

The level 3 valuation recoverable amount of the investment in the PCB cash-generating unit was determined based on the fair value less cost of disposal calculation performed in terms of IFRS.

ARM's attributable share of the impairment reversal amounted to R1 121 million (nil tax impact) for group and R841 million (nil tax impact) for company (refer notes 31 and 32).

	GROUP			COMPANY		
	Gross Rm	Tax Rm	After tax Rm	Gross Rm	Tax Rm	After tax Rm
PCB 20.2%: reversal of impairment (refer notes 8 and 31)	1 121	–	1 121	841	–	841
Total attributable to ARM	1 121	–	1 121	841	–	841

A pre-tax discount rate of 20.5% was used for the discounted cash flow valuation model together with the following commodity prices and exchange rates:

	F2023 Real	F2024 Real	Long-term Real
R/US$	15.66	15.28	15.15
US$/t	184	136	80

37.3 Machadodorp Works

An impairment reversal was recognised in F2022 on property, plant and equipment for R3 million with no tax effect (refer note 32).

37.4 Impairment summary

				GROUP		COMPANY	
Summary	Impairment/ (Impairment reversal) Rm	Taxation Rm	Net Rm	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
F2023							
ARM Ferrous	1 265	(300)	965	965	–	–	–
Total				965	–	–	–
F2022							
ARM Coal	(1 121)	–	(1 121)	–	(1 121)	–	(841)
ARM Ferrous	20	(6)	14	–	14	–	–
Machadodorp Works	(3)	–	(3)	–	(3)	–	(3)
Total				–	(1 110)	–	(844)

38. ACQUISITION OF BOKONI PLATINUM MINES PROPRIETARY LIMITED (BPM)

On 20 December 2021, ARM entered into a sale and purchase agreement which provides for ARM Platinum, a wholly owned subsidiary of ARM, to acquire all of the shares (100%) of BPM from Bokoni Platinum Holdings Proprietary Limited, in turn owned by Rustenburg Platinum Mines Limited, a wholly owned subsidiary of Anglo American Platinum Limited, and Plateau Resources Proprietary Limited, a wholly owned subsidiary of Atlatsa Resources Corporation, through a newly formed entity ARM Bokoni Mining Consortium Proprietary Limited (ARM BMC), for a consideration of R3 500 million payable in cash.

The sale and purchase agreement included various conditions to the purchase becoming effective, most notably approval for the transfer of the controlling interest in BPM to ARM BMC in terms of section 11 of the Mineral and Petroleum Resources Development Act 28 of 2002, as well as the approval of the acquisition by the Competition Commission.

The significant conditions precedent in the sale and purchase agreement had been fulfilled on 1 September 2022.

ARM BMC transferred the consideration of R3 500 million in cash, on 1 September 2022. This was funded by ARM through the subscription of an additional 99 000 shares in ARM Platinum. ARM Platinum thereafter subscribed for 254 900 ordinary shares and 175 000 preference shares in ARM BMC.

BPM is a platinum group metals (PGM) mining operation located in the Limpopo province of South Africa and forms part of the North-Eastern limb of the Bushveld Complex.

The following are the primary objectives of the transaction:

- Long-life orebody favourably impacting medium-term production. Adding a long-life operation greater than 24 years with significant opportunity for further value accretive growth
- Provides exposure to a high-grade UG2 resource that has an attractive prill split with high concentration of palladium and rhodium, and favourable iridium and ruthenium contributions
- Improves ARM's portfolio mix and competitiveness, with the addition of a mechanised underground operation (in new mining areas) that is expected to lower ARM's overall PGM cost curve position
- Provides for potential scale benefits and opportunities for operational optimisation, given its proximity to ARM's other Eastern limb PGM operations.

On 11 June 2022, approval was granted to transfer a controlling interest in BPM (the mining right holder) to ARM BMC for which consent was obtained in terms of section 11 of the Mineral and Petroleum Resources Development Act 28 of 2002 from the Department of Minerals Resources and Energy.

On 2 August 2022, the Competition Commission approved the proposed acquisition of BPM, pending Competition Tribunal clearance. Competition Tribunal clearance was granted on 11 August 2022.

In terms of IFRS 3 – *Business Combinations*, ARM has concluded that the acquisition of BPM is considered to be a "business combination" as defined in IFRS 3, with an acquisition date of 1 September 2022, in line with transfer of control, being the effective date as per the sale and purchase agreement.

38. ACQUISITION OF BOKONI PLATINUM MINES PROPRIETARY LIMITED (BPM) continued

The fair value and allocation to the identifiable assets and liabilities require judgement and estimates which included a combination of valuation methodologies. The significant assumptions used in the determination of the fair values presented below were the life of mine, forecasted cash flows (i.e., EBIT margin, foreign exchange rates, platinum group metal prices) and the discount rate.

Assets acquired and liabilities assumed

	F2023 Rm
ASSETS	3 672
Non-current assets	3 599
Property plant and equipment	2 743
Deferred tax asset[1]	856
Current assets	73
Cash and cash equivalents	59
Trade and other receivables	14
LIABILITIES	116
Non-current liabilities	86
Provision for rehabilitation	86
Current liabilities	30
Trade and other payables	30
Total identifiable net assets at fair value	3 556
Gain on bargain purchase	(56)
Purchase price	3 500
Cash and cash equivalents acquired	(59)
Cash outflow on acquisition net of cash acquired	3 441

[1] *A deferred tax asset for unredeemed capital expenditure of R855 million was not recognised. There is no expiry date for unredeemed capital expenditure (refer note 18).*

The purchase price allocation was based on 100% ownership. A 15% shareholding in ARM BMC will be allocated to qualifying employees, local communities and black industrialists who will each hold 5%. ARM BMC is busy with the necessary processes to implement the allocation of this 15% shareholding. At the reporting date no agreements in this regard had been finalised.

Since the acquisition date, no revenue and a net loss of R350 million was included in the consolidated statement of profit or loss for the reporting period. If the acquisition had been at the beginning of the reporting period, no revenue and a net loss of R397 million would have been included in the consolidated statement of profit or loss for the reporting period.

The gain on bargain purchase is as a result of the fair value of net assets acquired differing from the initial estimates. The gain on bargain purchase is included in capital items on the statement of profit or loss.

Trade and other receivables at acquisition is current and receivable within 30 days. The carrying amount of trade and other receivables approximates their fair value due to the short-term nature of the receivables.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a treasury risk management committee monitors transactions involving financial instruments. The group does not acquire, hold or issue derivative instruments for trading purposes. The following risks are managed through the policies adopted below:

Currency risk

The commodity market is predominantly priced in US dollars which exposes the group's cash flows to foreign exchange currency risks (refer note 39 for sensitivity analysis). In addition, there is currency risk on long lead-time capital items which may be denominated in US dollars, euros or other currencies. Derivative instruments which may be considered to hedge the position of the group against these risks include forward sale and purchase contracts as well as forward exchange contracts. There were no derivatives taken out at year end. The use of these derivative instruments is considered when appropriate for long lead-time capital items.

Below is a summary of amounts included in the statement of financial position denominated in a foreign currency.

	GROUP		COMPANY	
	Foreign currency amount	Year-end exchange rate R/US$	Foreign currency amount	Year-end exchange rate R/US$
Financial assets				
Foreign currency denominated items included in receivables:				
30 June 2023	US$79 million	18.90	US$20 million	18.90
30 June 2022	US$115 million	16.38	US$23 million	16.38
Foreign currency denominated items included in cash and cash equivalents and financial assets:				
30 June 2023	US$3 million	18.90	US$nil	18.90
30 June 2022	US$18 million	16.38	US$nil	16.38

Liquidity risk management

The group's executives meet regularly to review long- and mid-term plans as well as short-term forecasts of cash flow. Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the board of directors.

The table below summarises the maturity profile of the group's financial liabilities at 30 June 2023 and 30 June 2022 based on discounted cash flows. For undiscounted amounts refer note 17.

Trade and other payables and overdrafts and short-term borrowings are due to their nature the same for discounted and undiscounted cash flows.

	GROUP F2023				COMPANY F2023			
	Within one year Rm	2 – 4 years Rm	Over 5 years Rm	Total Rm	Within one year Rm	2 – 4 years Rm	Over 5 years Rm	Total Rm
Long-term and short-term borrowings (refer notes 17 and 22)	19	30	176	225	19	32	–	51
Trade and other payables (refer note 20)	2 419	–	–	2 419	387	–	–	387
Overdrafts and loans for subsidiaries (refer note 22)	17	–	–	17	59	–	–	59
Total	2 455	30	176	2 661	465	32	–	497

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Liquidity risk management continued

	GROUP F2022				COMPANY F2022			
	Within one year Rm	2 – 4 years Rm	Over 5 years Rm	Total Rm	Within one year Rm	2 – 4 years Rm	Over 5 years Rm	Total Rm
Long term and short term borrowings (refer notes 17 and 22)	163	12	293	468	141	–	–	141
Trade and other payables (refer note 20)	2 148	–	–	2 148	341	–	–	341
Overdrafts and loans for subsidiaries (refer note 22)	16	–	–	16	58	–	–	58
Total	2 327	12	293	2 632	540	–	–	540

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
Overdrafts and short-term borrowings (including short-term portion of long-term borrowings) are held as follows:				
– Interest free loans – subsidiaries	–	–	42	42
– Partner loans – short term	–	139	–	139
– Other	36	40	36	18
	36	179	78	199

Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counterparties. The group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the creditworthiness of such counterparties. The maximum exposure for trade receivables is the carrying amounts disclosed in notes 10 and 12. Major trade and other receivables include Impala Platinum R2 266 million (F2022: R3 646 million), Rustenburg Platinum Mines R997 million (F2022: R1 526 million), Glencore Operations SA R533 million (F2022: R887 million) and Glencore International AG R185 million (F2022: R376 million). Cash is only deposited with institutions which have exceptional credit ratings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification. The maximum exposure is the carrying values as per notes 7, 13 and 14.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Credit risk continued

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
Cash and cash equivalents and financial assets are held as follows:				
– ABSA Bank Limited	2 982	3 371	633	1 101
– Barclays Private Clients International	149	11	–	–
– Deutsche Bank	–	92	–	–
– Investec Limited	348	345	348	345
– FirstRand Limited	1 075	604	1 049	604
– HSBC	–	168	–	–
– Lloyds Bank Plc	183	66	–	–
– Nedbank Limited	2 324	2 448	2 244	2 388
– Ninety one	644	1 260	644	1 260
– Royal Bank of Scotland International Limited	122	–	–	–
– Stanlib	1 253	1 910	1 253	1 910
– Fixed deposits (financial assets)	789	1 044	305	342
– The Standard Bank of South Africa Limited	890	1 359	520	1 329
– Other	51	25	2	3
	10 810	12 703	6 998	9 282

Treasury risk management

The treasury function is outsourced to Andisa Capital Proprietary Limited (Andisa), specialists in the management of third-party treasury operations. Together with ARM financial executives, Andisa coordinates the short-term cash requirements in the South African domestic money market.

A treasury committee, consisting of senior managers in the company including the finance director and representatives from Andisa meet on a regular basis to analyse currency and interest rate exposures as well as future funding requirements within the group. The committee reviews the treasury operation's dealings to ensure compliance with group policies and counterparty exposure limits.

Commodity price risk

Commodity price risk arises from the possible adverse effect of fluctuations in commodity prices on current and future earnings. Most of these prices are US dollar-based and are internationally determined in the open market. From these base prices, contracts are negotiated. ARM does not actively hedge future commodity revenues of the commodities that it produces against price fluctuations.

The Nkomati, Two Rivers and Modikwa operations recognise revenue using the discounted forward commodity price relating to the month in which the sale will be finalised. There is a risk that the spot price does not realise when the metal price fixes on out-turn at the refinery. Management is of the opinion that this method of revenue recognition is the most appropriate. The risk is that where there are significant changes in metal prices after a reporting period end that the next reporting period is impacted. The value of accounts receivable for these three entities included in trade and other receivables (refer note 12) amounts to R3 263 million (F2022: R5 172 million). Refer to the sensitivity on page 101.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate risk

The group's exposure to market risk for changes in interest rates relates primarily to the group's long-term debt obligations (refer note 39 sensitivity). The group manages its interest cost using a mix of fixed and variable rates. Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities. Fixed interest rate loans carry a fair value risk due to change in market rates. Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

The table quantifies the interest rate risk.

	GROUP		
Cash and cash equivalents and financial assets	**Book value at year end Rm**	**Maturity date[1]**	**Effective interest rate**
Year ended 30 June 2023			
Cash – financial institutions	9 567	0-3 months	0 – 9%
– fixed	454	3-6 months	0 – 9%
Fixed deposits	789	3 – 72 months	0 – 9%
	10 810		
Year ended 30 June 2022			
Cash – financial institutions	92	Overnight	0 – 2%
– financial institutions	11 322	call deposit	0 – 8%
– fixed	245	July 22	0 – 5%
Fixed deposits	1 044	3 – 24 months	0 – 7%
	12 703		

	COMPANY		
Cash and cash equivalents and financial assets	**Book value at year end Rm**	**Maturity date[1]**	**Effective interest rate**
Year ended 30 June 2023			
Cash – financial institutions	6 693	0 – 3 months	0 – 9%
Fixed deposits	305	3 – 72 months	0 – 9%
	6 998		
Year ended 30 June 2022			
Cash – financial institutions	8 940	Call deposits	5 – 9%
Fixed deposits	342	3 – 12 months	0 – 7%
	9 282		

[1] *This relates to the financial year.*

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate risk continued

	GROUP		
Financial liabilities	**Book value at year end Rm**	**Maturity date[1]**	**Effective interest rate**
Year ended 30 June 2023			
Long-term borrowings			
ARM BBEE Trust – loan facility – Harmony Gold[2]	100	2035	Interest free
ARM Corporate – lease liability	1	2024	9.2%
Two Rivers – lease liability	85	2040	8.3%
Modikwa – lease liability	8	2044	8.6%
ARM Coal – lease liability	31	2025 – 2026	10.3% – 11.5%
	225		
Less: Transferred to short-term borrowings	(19)		
Total	206		

[1] *This relates to the financial year.*
[2] *The rate used to determine the re-measurement is 13.85%.*

Summary of variable and fixed rates

	GROUP		
	Total	**Transfer to short-term**	**Long-term**
Variable rates	125	(19)	106
Fixed rates – interest free	100	–	100
Total	225	(19)	206

	GROUP		
Financial liabilities	Book value at year end Rm	Maturity date	Effective interest rate
Year ended 30 June 2022			
Long-term borrowings			
ARM BBEE Trust – loan facility – Harmony Gold[1]	166	2035	Interest free
ARM Corporate – lease liability	–	2022	9.2%
Two Rivers – lease liability	134	2040	8.3%
Modikwa – lease liability	29	2023 – 2044	5.6% – 8.6%
ARM Coal – GGV acquisition loan (partner loan) RBCT	139	2029	Interest free
	468		
Less: Transferred to short-term borrowings	(163)		
Total	305		

[1] *The rate used to determine the re-measurement is 11.69%.*

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate risk continued

Summary of variable and fixed rates

	GROUP		
	Total	Transfer to short-term	Long-term
Fixed rates – interest free	468	(163)	305
Total	468	(163)	305

	GROUP			
Short-term financial liabilities	**Book value at year end**	**Repricing date**	**Maturity date**	**Effective interest rate**
Year ended 30 June 2023				
Financial institutions	36	30/06/2022	30/06/2023	Variable rate between 2% and 11%
Total (refer note 22)	36			

	GROUP			
Short-term financial liabilities	Book value at year end	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2022				
Financial institutions	40	30/06/2022	30/06/2023	Variable rate between 2% and 11%
ARM Coal (partner loan)	139	30/06/2022	30/06/2023	No interest
Total (refer note 22)	179			

	COMPANY		
Financial liabilities	**Book value at year end Rm**	**Maturity date[1]**	**Effective interest rate**
Year ended 30 June 2023			
Long-term borrowings			
ARM Corporate – lease liability	20	2028	8.72%
ARM Coal – lease liability	31	2026	10.90%
	51		
Less: Transferred to short-term borrowings	(19)		
Total	32		

[1] *This relates to the financial year.*

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate risk continued

Summary of variable and fixed rates

	COMPANY		
	Total	**Transfer to short-term**	**Long-term**
Fixed rates	51	(19)	32
Total	51	(19)	32

	COMPANY		
	Book value at year end Rm	Maturity date	Effective interest rate
Year ended 30 June 2022			
Long-term borrowings			
ARM Corporate – lease liability	2	2023	9.20%
ARM Coal – GGV acquisition loan (partner loan) RBCT	139	2029	Interest free
	141		
Less: Transferred to short-term borrowings	(141)		
Total	–		

	COMPANY		
	Total	Transfer to short-term	Long-term
Fixed rates – interest free	141	(141)	–
Total	141	(141)	–

	COMPANY			
Short-term financial liabilities	**Book value at year end**	**Repricing date**	**Maturity date**	**Effective interest rate**
Year ended 30 June 2023				
Financial institutions	36	30/06/2023	30/06/2023	10.25%
Loans from subsidiaries	42			No interest
Total (refer note 22)	78			

	COMPANY			
Short-term financial liabilities	Book value at year end	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2022				
Financial institutions	18	30/06/2022	30/06/2023	10.25%
ARM Coal	139			No interest
Loans from subsidiaries	42			No interest
Total (refer note 22)	199			

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Fair value risk

The carrying amounts of other receivables, cash and cash equivalents, financial assets and trade and other payables approximate their fair value because of the short-term duration of these instruments.

Fair value hierarchy

The group uses the following hierarchy for determining the level of confidence in the valuation technique used:
Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2 – A technique where all inputs that have an impact on the value are observable, either directly or indirectly
Level 3 – A technique where all inputs that have an impact on the value are not observable

Financial instruments by categories

	GROUP F2023				
Category	Fair value hierarchy level	At fair value through profit or loss Rm	Financial instruments at fair value through other comprehensive income Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 10)	1	1	5 918	5 919	5 919
Investments – Guardrisk (refer note 10)	2	25	–	25	25
Investments – RBCT (refer note 10)	3	204	–	204	204
Trade receivables[1]	2	3 263	–	3 263	3 263

	GROUP F2022				
Category	Fair value hierarchy level	At fair value through profit or loss Rm	Financial instruments at fair value through other comprehensive income Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 10)	1	1	3 881	3 882	3 882
Investments – Guardrisk (refer note 10)	2	9	–	9	9
Investments – RBCT (refer note 10)	3	213	–	213	213
Trade receivables[1]	2	5 172	–	5 172	5 172

[1] *For inputs used refer note 39 sensitivity.*

	COMPANY F2023				
Category	Fair value hierarchy level	At fair value through profit or loss Rm	Financial instruments at fair value through other comprehensive income Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 10)	1	–	5 918	5 918	5 918
Investments – Guardrisk (refer note 10)	2	25	–	25	25
Investments – RBCT (refer note 10)	3	204	–	204	204

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Fair value hierarchy continued

Financial instruments by categories continued

	COMPANY F2022				
Category	Fair value hierarchy level	At fair value through profit or loss Rm	Financial instruments at fair value through other comprehensive income Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 10)	1	–	3 881	3 881	3 881
Investments – Guardrisk (refer note 10)	2	9	–	9	9
Investments – RBCT (refer note 10)	2	213	–	213	213

Acquisition risk

Acquisition risk is the risk that acquisitions do not realise expected returns. This risk is mitigated by ensuring that all major investments are reviewed by the ARM investment committee after being proposed by management.

Capital risk management

The management and maintenance of capital in ARM is a central focus of the board and senior management. The ability to continue as a going concern and to safeguard assets while optimally funding capital expenditure is continually monitored. Capital is mainly monitored on the basis of the net gearing ratio while giving due consideration to life-of-mine plans and business plans. Capital structure is maintained and improved by ensuring an appropriate level of borrowings, adjusting dividends and reviewing returns from operations. ARM does not have a fixed policy on gearing but targets a net gearing threshold of 30% for external funding. Total capital is defined as total equity on the statement of financial position plus debt.

Sensitivity

The sensitivity calculations are performed on the variances in commodity prices, exchange rates, Harmony share price and interest rate changes. The assumptions are calculated individually while keeping all other variables constant. The effect is calculated only on the financial instruments as at year end. It is relevant to note that the Trade and other receivables balance in note 12 includes an amount of R3 263 million (F2022 : R5 172 million) was valued using the following parameters: (i) rand/US dollar exchange rate of R18.90 (F2022: R16.38), (ii) platinum price of US$967/oz (F2022: $985/oz), (iii) palladium price of US$1 713/oz (F2022: US$2 174/oz), rhodium of US$10 937/oz (F2022: US$16 275/oz) and a nickel price of US$23 986/tonne (F2022: US$ 23 319/tonne).

The sensitivity was applied to profit or loss before taxation and non-controlling interest, and equity.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
The increase in profit before tax if:				
The rand/US dollar exchange rate weakens by R1	71	95	–	–
The price of PGM increases by 10%	135	171	N/A	N/A
The interest rate increases by 1%	102	123	67	98
The price of the Harmony Share increases by R1	75	75	75	75
The decrease in profit before tax if:				
The rand/US dollar exchange rate strengthens by R1	(71)	(95)	–	–
The price of PGM decreases by 10%	(135)	(171)	N/A	N/A
The interest rate decreases by 1%	(102)	(123)	(67)	(98)
The price of the Harmony Share decreases by R1	(75)	(75)	(75)	(75)

The interest rate change impact is calculated on the net financial instruments at reporting date and does not take into account any repayments of long- or short-term borrowings. The prices of all other commodities are contractually fixed and are thus not impacted by price fluctuations after the reporting date.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
40. COMMITMENTS, CONTINGENT LIABILITIES, DISPUTES AND GUARANTEES				
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	3 141	1 684	142	97
– not contracted for	1 624	1 848	–	–
Total commitments	4 765	3 532	142	97
Commitments allocated as follows:				
ARM Platinum Proprietary Limited	1 510	343	–	–
ARM Coal Proprietary Limited	142	97	142	97
Two Rivers Platinum Proprietary Limited	3 113	3 092	–	–
	4 765	3 532	142	97

It is anticipated that this expenditure, which mainly relates to mine development and plant and equipment, will be financed from operating cash flows and by utilising available cash, and borrowing resources.

Contingent liabilities

Nkomati

Nkomati has provided for the short- to medium-term water management costs, however, there remain uncertainties regarding the ongoing assessment of long-term water management measures, and anticipated amendments to the existing Water Use License (WUL). Technical studies towards providing a long-term integrated Water Management Plan are underway. The results of the studies will be used as input towards a risk assessment that is required to apply for an amended WUL, such as applying for authorised water discharges. The subsequent potential water resource impact liability as part of the mine rehabilitation and closure process is uncertain. The obligation will be recognised when it is probable and can be reliably estimated.

The environmental rehabilitation provision at 30 June 2023 is the best independent estimate and is based on the most reliable information currently available. It will be re-assessed on an ongoing basis as engineering designs evolve and new information becomes available, as well as when approvals of a revised Environmental Management Plan and Water Use Licence are secured.

Modikwa

In August 2020, the International Council on Mining and Metals (ICMM) published a Global Industry Standard for Tailings Management (GISTM) that sets a new global benchmark to achieve strong social, environmental and technical outcomes in tailings management, with an emphasis on accountability and disclosure.

ICMM members have committed that all tailings storage facilities (TSFs) with "extreme" or "very high" potential consequences will be in conformance with the GISTM by August 2023, and all other facilities by August 2025.

ARM, as a member of ICMM, published its progress towards conformance with GISTM on 5 August 2023.

Modikwa Platinum Mine is proactively investigating gaps between its TSF and the GISTM requirements. The mine commenced with sampling and laboratory testing work during F2022.

As at 30 June 2023, a reliable estimate of the impact cannot be made as the sampling and laboratory testing work is still underway. The results thereof are expected to be available in the third quarter of F2024.

40. COMMITMENTS, CONTINGENT LIABILITIES, DISPUTES AND GUARANTEES continued

Disputes

ARM Mining Consortium Limited (ARMMC) made an application against the Department of Mineral Resources and Energy (DMRE) and third-party respondents requesting the court to order the DMRE to re-assess applications for certain prospecting rights of Rustenburg Platinum Mines Limited, ARMMC's joint venture partner, that had been earlier rejected. Judgment on the matter was granted on 10 July 2020. The court found against ARMMC. ARMMC applied for leave to appeal the judgment to the Supreme Court of Appeal (SCA), which application was granted. The SCA delivered judgment on the matter on 28 November 2022. It found against ARMMC. ARMMC filed an application for leave to appeal to the Constitutional Court. On 18 July 2023, the Constitutional Court issued an order dismissing the application for leave to appeal. The resources under dispute have no impact on the existing life-of-mine plan.

ARM

Pula Group LLC and Pula Graphite Partners Tanzania Limited claimed damages in the amount of US$195 000 000 against ARM and other defendants, allegedly arising out of a breach of a confidentiality agreement. The summons was served on ARM on 13 January 2023. The matter appeared before the High Court of the United Republic of Tanzania (Commercial Division) on 9 May 2023. The court dismissed the Plaintiffs' action and ordered that each party must pay its own legal costs.

Guarantees

Assmang

Guarantees to the Department of Mineral Resources for rehabilitation provision amounting to R796 million (F2022: R577 million).

Guarantees to Eskom amounting to R124 million (F2022: R124 million).

Sarawak Energy Board guarantee (Assmang guarantees 100% and back-to-back guarantees are in place with the other shareholders) MYR413 (F2022: MYR403). Sakura's debt position continued to improve and the shareholder loan was fully repaid in January 2023.

The Sumitomo Mitsui Banking Corporation (SMBC) guarantee of US$11.0 million has expired in September 2023 (F2022: US$11.3 million).

Subsequent to Sakura's debt restructuring in a prior year, the UOB guarantee is still at US$27.4 million, but has been guaranteed by Sakura's other shareholders (F2022: US$27.4 million) and the US$32.6 million was guaranteed through Standard Bank of South Africa Limited, Isle of Man Branch (F2022: US$32.6 million). A new Sakura facility agreement has been approved by Assmang's board at the end of August 2023:

1. An unconditional and irrevocable on demand guarantee of up to US$66 million granted by Assmang in favour of Standard Bank
2. Cash collateral for US$30 million (cash collateral of US$26 million is currently held with the Isle of Mann).

Nkomati

A guarantee of R53 million to the South African Revenue Services by ARM on behalf of Nkomati.

41. RETIREMENT PLANS

The group facilitates pension plans and provident funds substantially covering all employees. These are composed of defined contribution pension plans, which are governed by the Pension Funds Act, 1956, and defined contribution provident funds administered by employee organisations within the industries in which members are employed.

The benefits provided by the defined contribution plans are determined by accumulated contributions and returns on investment.

Members contribute between 5.0% and 7.5% and employers contribute between 6.2% and 20.0% of pensionable salaries to the funds. Members' contribution for the current year amounts to R302 million (F2022: R192 million).

42. POST-RETIREMENT HEALTHCARE BENEFITS

The group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits in terms of a defined benefit plan. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method and a corresponding liability has been raised.

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
The post-retirement healthcare benefits are provided for in the following entity:				
African Rainbow Minerals Limited	63	65	63	65
Machadodorp Works	9	11	9	11
	72	76	72	76

The liability is assessed on an annual basis by an independent actuary. The assumptions used are as follows:
- A real discount rate of 3.1% per annum (F2022: 2.1% per annum)
- An increase in healthcare costs at a rate of between 9.6% and 10.0% per annum (F2022: 8.3% and 8.5% per annum)
- A 1% change in the healthcare inflation rate used is estimated to have an impact of plus 6.5% or less 5.8% (F2022: plus 7% or less 6%) on the liability
- The normal retirement age was assumed to be 60 years. It was assumed that all members would become entitled to full post-employment subsidies from normal retirement age, and the liabilities were assumed to be fully accrued at retirement age.

The provisions raised in respect of post-retirement healthcare benefits amounted to R72 million (F2022: R76 million) at the end of the year. For movements refer note 21.

The liabilities raised based on present values of the post-retirement benefit, have been recognised in full. An actuarial valuation is carried out in respect of this liability on an annual basis. No new employees get this benefit and the liability is relatively stable. The last actuarial valuation was carried out in F2023.

At retirement members are given the choice to have an actuarially determined amount paid into their pension fund to cover the expected cost of the post-retirement health cover. Alternatively the group will continue to fund a portion of the retiring employee's medical aid contributions.

43. SHARE-BASED PAYMENT PLANS

The company uses plans to attract, retain, motivate and reward eligible employees who are able to influence the performance of ARM on a basis which aligns their interest with those of the company's shareholders.

Share options

Between F2008 and F2014 annual allocations of share options were made on a much reduced scale due to the adoption of the share plan. No share options have been allocated since the end of F2014 (refer remuneration report).

The company granted share options to certain employees under the share incentive scheme. The exercise price of the options was equal to the market price of the shares on the date of the grant. Before July 2008 the options started to vest one year after the grant date in three equal tranches over three years and from 1 July 2008 the options vested after three years. Both schemes were subject to continued employment.

43. SHARE-BASED PAYMENT PLANS continued

Share options continued

The contract life of each option is eight years from the grant date.

	F2023 Share options	F2022 Share options	F2023 Average price cents	F2022 Average price cents
Outstanding at beginning of year	–	39 829	–	19 989
Exercised during the year	–	(39 829)	–	19 989
Outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–
Range of strike prices of options exercised (cents)	–	–	–	19 114 to 20 075
Range of strike prices of outstanding options (cents)	–	–	–	–

Bonus shares

Bonus shares are conditional rights to shares which were allocated annually, which allocations were determined according to a specified ratio of the annual cash incentive accruing to senior executives. Bonus shares vest and are settled between three and four years, subject to continued employment. Other than bonus shares awarded in terms of the bonus share/co-investment scheme method and the waived bonus method, no bonus shares have been awarded since 2015. If a senior executive leaves due to a fault termination (eg resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (eg retirement), all bonus shares awarded prior to December 2014 are settled in full (refer remuneration report).

Deferred bonus/co-investment scheme

The deferred bonus/co-investment scheme was implemented to closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the company, as well as to enhance the retention characteristics of the current reward of senior executives. The company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and promotes the retention of key employees and enhances the performance and shareholder alignment characteristics of the share plan.

Senior executives are offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares.

To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash.

Scheme to F2016: Senior executives could defer 25%, 33% or a maximum of 50%.

Scheme with effect from F2018: Senior executives may defer 25%, 33%, 50%, 75% or 100% (refer remuneration report).

The deferred bonus/co-investment scheme was discontinued in October 2019.

Waived bonus method

The waived bonus method was implemented to closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the company, and to enhance the retention characteristics of the current reward of senior executives.

In advance of the F2016 bonus being quantified or declared, and before any such bonus accrued, the executive chairman elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to him in respect of the F2016 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2016 bonus in bonus shares and the matching equivalent number of performance shares (refer remuneration report).

43. SHARE-BASED PAYMENT PLANS continued

Bonus shares continued

Waived bonus method continued

	F2023 Bonus shares	F2022 Bonus shares
Outstanding at beginning of year	–	102 812
Shares vested	–	(102 812)
Outstanding at end of year	–	–
Fair value (Rm)	–	–

Performance shares method

Performance shares are conditional rights to shares which are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of pre-determined performance criteria.

For awards made from May 2015, total shareholder return (TSR) in terms of the JSE Limited Resources 10 Index (RESI 10) and the 20-day volume weighted average price (VWAP) were used to determine the number of performance shares that vest. The RESI 10 was discontinued from December 2015, after which the number of companies in the peer group was increased to 20 (excluding gold and diamond companies). From May 2017, the performance measurement graph was clarified to provide for situations where there were less than 20 mining companies in a peer group. The comparator groups for benchmarking were selected through a rigorous process to ensure the overall competitiveness of ARM's remuneration. Refer remuneration report.

	F2023 Performance shares	F2022 Performance shares
Outstanding at beginning of year	–	102 812
Forfeited/cancelled/lapsed	–	(3 375)
Shares vested	–	(99 437)
Outstanding at end of year	–	–
Fair value (Rm)	–	–

Conditional share plan 2018

Awards of conditional shares are made to eligible participants (Paterson grade D- to F-band) under the 2018 conditional share plan. Conditional shares are settled after three years, subject to the company achieving prescribed performance criteria over this period. Refer remuneration report.

	F2023 Conditional shares	F2022 Conditional shares
Outstanding at beginning of year	1 312 678	1 768 428
Awarded during the year	459 334	419 694
Forfeited/cancelled/lapsed	(87 711)	(172 018)
Settled during the year	(490 556)	(703 426)
Closing balance	1 193 745	1 312 678
Fair value (Rm)	441	390

Cash-settled conditional share plan 2018

Awards of conditional shares are made to eligible participants (Paterson grade D- to E-band) under the 2018 cash-settled conditional share plan. Conditional shares are settled after three years, subject to the company achieving prescribed performance criteria over this period. Refer remuneration report.

43. SHARE-BASED PAYMENT PLANS continued

Cash-settled conditional share plan 2018 continued

	F2023 Cash-settled conditional shares	F2022 Cash-settled conditional shares
Outstanding at beginning of year	706 027	807 617
Awarded during the year	210 992	204 828
Forfeited/cancelled/lapsed	(64 065)	(16 271)
Settled during the year	(303 534)	(290 147)
Closing balance	549 420	706 027
Fair value (Rm)	134	179

Modification

In order for retirees to enjoy the maximum benefit of their unvested awards without pro-rated vesting, they agreed to waive and forfeit the unvested awards in exchange for receiving conditional replacement cash-settled awards. The accounting treatment is based on a modification and not cancellation.

This is seen as a replacement award, and the incremental fair value has been recognised for the replacement award. The net incremental fair value gain recognised of R5 million (F2022: R40 million loss) was calculated as the difference between the fair value of the replacement award and the fair value of the waived/forfeited award at the modification date.

	F2023 Conditional replacement awards	F2022 Conditional replacement awards
Outstanding at beginning of year	75 739	–
Awarded during the year	121 227	75 739
Settled during the year	(81 124)	–
Closing balance	115 842	75 739
Fair value (Rm)	23	7

Assumptions used were as follows:

The conditional share plan valuation was done using a Monte Carlo simulation on a comparator group of 20 mining company shares (excluding gold and diamond shares), assuming no dividends on all shares.

All volatilities and correlation matrices were determined using historical data with no weighting applied.

The TSR performance curve used in these calculations is taken from the supplied "Illustrative Example" provided in the share plan.

Under the accounting standards prescribed in IFRS 2 (2004), non-market-related performance conditions, such as continued employment or climate change, are not taken into account when calculating the fair value of a share scheme. Adjustments according to these performance conditions should be made afterwards, at each accounting date.

43. SHARE-BASED PAYMENT PLANS continued

Cash-settled conditional share plan 2018 continued

The following table lists the range of inputs to the models used on the grant date for the years ended 30 June 2023 and 30 June 2022:

	F2023	F2022
Dividend yield (%)[1]	N/A	N/A
Expected volatility (%)	40.35	44.50
Risk-free interest rate (%)	8.44	6.65
Expected life of performance shares (years)	1 – 3	1 – 3
Average share price (cents)	19 901	24 294
The effect on the statement of profit or loss was a charge of (Rm)	254	263
Equity-settled expense	147	175
Cash-settled expense	107	88

[1] *No options granted anymore.*

The cash settled liability for F2023 is R66 million (F2022: R86 million).

44. RELATED PARTY TRANSACTIONS

The company in the ordinary course of business enters into various sale, purchase, service and lease transactions with subsidiaries, associated companies, joint ventures and joint operations.

Transactions between the company, its subsidiaries and joint operations relate to fees, insurances, dividends, rentals and interest and are regarded as intra-group transactions and eliminated on consolidation.

A report on investments in subsidiaries, associated companies, joint ventures and joint operations, that indicates the relationship and degree of control exercised by the company and balances owed by entities, appears on pages 113 to 115.

For sales to related parties refer note 2.6.

44. RELATED PARTY TRANSACTIONS continued

	GROUP		COMPANY	
	F2023 Rm	F2022 Rm	F2023 Rm	F2022 Rm
Amounts accounted in the statement of profit or loss relating to transactions with related parties				
Joint operations				
Rustenburg Platinum Mines – sales[1]	3 961	4 522	–	–
Modikwa related non-controlling interest – dividend declared[1]	102	255	–	–
Modikwa related – dividend received	–	–	–	1 000
Modikwa – dividend paid[1]	246	187	–	–
Glencore International AG – sales	2 409	2 627	2 409	2 627
Glencore Operations SA – management fees	103	78	103	78
Joint venture				
Assmang				
– Management fees	1 433	1 478	1 433	1 478
– Dividends received	5 000	5 500	5 000	5 500
Subsidiaries				
Impala Platinum – sales	7 896	9 416	–	–
Opilac Proprietary Limited – dividend received	–	–	430	406
Two Rivers Platinum				
– Dividend received	–	–	486	1 245
– Provision of services/management fees	–	–	15	14
ARM Platinum Proprietary Limited – interest received	–	–	13	–
Venture Building Trust Proprietary Limited – interest received	–	–	1	1
ARM BBEE Trust – imputed interest	–	–	62	68
Associate				
PCB – dividend received	1 208	–	1 208	–
Amounts outstanding at year end (owing to)/ receivable by ARM on current account				
Joint venture				
Assmang – trade and other receivables	812	985	812	985
Joint operations				
Modikwa related non-controlling interest – dividend payable[1]	–	143	–	–
Rustenburg Platinum Mines – trade and other receivables[1]	997	1 526	–	–
Norilsk Nickel – trade and other payables	–	2	–	2
Glencore Operations SA – short-term borrowings	–	(139)	–	(139)
Glencore Operations SA – trade and other receivables	533	887	533	887
Glencore International AG – trade and other receivables	185	376	185	376
Subsidiary				
Impala Platinum – trade and other receivables	2 266	3 646	–	–
Impala Platinum – dividend paid	414	1 060	–	–
ARM Platinum Proprietary Limited – trade and other receivables	–	–	191	–

[1] *These transactions and balances for joint operations do not meet the definition of a related party as per IAS 24 but have been included to provide additional information.*

44. RELATED PARTY TRANSACTIONS continued

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity and comprise members of the board of directors and senior management (refer directors' report).

Senior management compensation	F2023 Rm	F2022 Rm
Salary	39	36
Accrued bonuses	34	35
Pension scheme contributions	4	3
Reimbursive allowances	2	2
Share awards	100	140
Total	179	216

Share options	Number of options	Average price cents
Held on 1 July 2021	9 239	20 075
Exercised during the year	(9 239)	20 075
Held on 30 June 2022	–	–
Exercised during the year	–	–
Held on 30 June 2023	–	–

44 RELATED PARTY TRANSACTIONS continued

Share awards	Number of bonus shares	Number of performance shares	Number of conditional shares	Number of conditional awards
Held on 1 July 2021	27 697	27 697	664 870	32 236
Granted/awarded during the year	–	–	152 339	–
Settled during the year	(27 697)	(27 697)	(320 349)	(8 385)
Held on 30 June 2022	–	–	496 860	23 851
Granted/awarded during the year	–	–	151 112	–
Staff movements	–	–	(72 370)	–
Settled during the year	–	–	(187 247)	(23 851)
Held on 30 June 2023	–	–	388 355	–

Details relating to directors' emoluments and prescribed officers' share options and shareholdings in the company are disclosed in the directors' report.

Shareholders

The principal shareholders of the company are detailed in the shareholder analysis report.

ARM's executive chairman, Dr Patrice Motsepe, is involved through shareholdings and/or directorships in various other companies and trusts. The company rents office space from one of the entities as disclosed below.
Dr Motsepe's director's emoluments, share options, bonus shares, performance shares and shareholding in the company are disclosed in the directors' report.

	F2023 Rm	F2022 Rm
Rental paid for offices at 29 Impala Road, Chislehurston, Sandton	2	2

This rental is similar to rentals paid to third parties in the same area for similar buildings.

Notes to the financial statements continued

for the year ended 30 June 2023

45. EVENTS AFTER THE REPORTING DATE

45.1 Subsequent to year end ARM received a dividend from Assmang of R3 500 million.

45.2 Harmony declared a final dividend of 75 cents per share. At 30 June 2023 and at the date of this report, ARM owned 74 665 545 Harmony shares.

45.3 ARM declared a dividend of R12.00 per share on 4 September 2023.

No other significant events have occurred subsequent to the reporting date that could materially affect the reported results or require further disclosure.

46. MAJOR SHAREHOLDERS AND SHAREHOLDER SPREAD

Please refer to major shareholders at 30 June 2023 on page 126 of the shareholder analysis at 30 June 2023 on page 123 of the Investor Relations report.

Principal subsidiary companies

for the year ended 30 June 2023

		Issued capital amount Rm		Direct interest in capital %		Book value of the company's interests: Shares Rm		Book value of the company's interests: Indebtedness by/(to) Rm	
Name	Class	F2023	F2022	F2023	F2022	F2023	F2022	F2023	F2022
African Rainbow Minerals Platinum Proprietary Limited[1]	Ord	–	–	100	100	257	257	–	–
Acquisition of additional shares						3 500	–		
Sub total						3 757	257		
African Rainbow Minerals Finance Company SA	Ord	–	–	100	100	1 296	1 296		
Provision ARM Finance Company						(1 129)	(1 129)		
Net return of share capital						(127)			
Sub total						40	167		
Ascot Proprietary Limited	Ord	1	1	100	100	10	10	(23)	(23)
Avmin Limited	Ord	–	–	100	100			(17)	(17)
Bitcon's Investments Proprietary Limited	Ord	–	–	100	100	2	2	(2)	(2)
Jesdene Limited	Ord	–	–	100	100			6	6
ARM Treasury Investments Proprietary Limited	Ord	–	–	100	100	35	35		
Mannequin Insurance PCC Limited (Cell AVL18)[2]	Ord	4	4	100	100	4	4		
Opilac Proprietary Limited	Ord	–	–	100	100	651	651		
Two Rivers Platinum Proprietary Limited	Ord	914	914	54	54	331	331		
Teal Minerals (Barbados) Incorporated						13	13		
Venture Building Trust Proprietary Limited	Ord	–	–	100	100	1	1	14	14
Total value of unlisted investment in subsidiaries[3]						4 844	1 471		
Amounts owing to subsidiaries								(42)	(42)
Amounts owing by subsidiaries								20	20

Notes

Ord = Ordinary shares.

All these balances eliminate at group level.

Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office.

[1] Trade and other receivables for company includes an amount from ARM Platinum Proprietary Limited of R191 million (F2022: Rnil), which carries interest at prime less two percent.

[2] Incorporated in Guernsey and has a March year end. Reviewed June figures are consolidated.

[3] The indirect subsidiary investment in Teal Minerals is included as part of joint operations.

Principal associate companies, joint ventures, joint operations and other investments

for the year ended 30 June 2023

	GROUP					
	Number of shares held		Effective percentage holding		Value of investment Rm	
Name of company	**F2023**	F2022	**F2023**	F2022	**F2023**	F2022
Associated companies						
Unlisted						
Glencore Operations South Africa Proprietary Limited[1]						
Non-convertible participating preference shares	**384**	384	**20.2**	20.2	**1 847**	2 048
Investment in other companies						
Listed						
Harmony Gold Mining Company Limited						
Ordinary shares	**74 665 545**	74 665 545	**12.1**	12.1	**5 918**	3 881
On 12 July 2018 ARM acquired a further 11 032 623 shares						
Unlisted						
Business Partners Limited	**323 177**	323 177	**0.2**	0.2	**–**	–
Guardrisk Insurance Company Limited Cell no 00298	**1**	1	**100.0**	100.0	**25**	9
Joint operations and partnerships						
ARM Coal Proprietary Limited (including Goedgevonden)	**51**	51	**51**	51	**–**	–
Modikwa joint operation[1]	**–**	–	**41.5**	41.5	**–**	–
Nkomati joint operation[2]	**–**	–	**50**	50	**–**	–
Vale/ARM joint operation[3]			**–**	–	**–**	–
– investment held directly by ARM						
– investment held indirectly by ARM (subsidiary)						
Assmang Proprietary Limited (including Cato Ridge Alloys joint venture and Sakura Ferro Alloys Sdn Bhd joint venture)	**–**	–	**50**	50	**21 814**	22 145
K2018259017 (South Africa) Proprietary Limited[4]			**5.01**	5.01		
Division						
Machadodorp Works						
Impairment						
Sub total						
Trust						
ARM BBEE Trust (refer notes 10 and 16)[5]	**–**	–	**–**	–	**–**	–

Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material.

1 *December year end, audited June figures are consolidated.*
2 *Eliminates on a company level, as Nkomati joint operation is an unincorporated joint operation.*
3 *ARM owns 16% indirectly and 34% directly in Teal Minerals (Barbados) Incorporated (amount above is after non-controlling interest). These amounts are less than R1 million.*
4 *As part of the silicosis and tuberculosis class action settlement agreement, the Agent K2018259017 (South Africa) Proprietary Limited was set up to administrate the founders' interests in the Tshiamiso Trust claimants and their dependants.*
5 *February year end, June figures are consolidated.*

	COMPANY					
	Number of shares held		Value of investment Rm		Indebtedness Rm	
Name of company	**F2023**	F2022	**F2023**	F2022	**F2023**	F2022
Associated companies						
Unlisted						
Glencore Operations South Africa Proprietary Limited[1]						
Non-convertible participating preference shares	**384**	384	**841**	841	**–**	–
Investment in other companies						
Listed						
Harmony Gold Mining Company Limited						
Ordinary shares	**74 665 545**	74 665 545	**5 918**	3 881	**–**	–
On 12 July 2018 ARM acquired a further 11 032 623 shares						
Unlisted						
Business Partners Limited	**323 177**	323 177	**–**	–	**–**	–
Guardrisk Insurance Company Limited Cell no 00298	**1**	1	**25**	9	**–**	–
Joint operations and partnerships						
ARM Coal Proprietary Limited (including Goedgevonden)	**51**	51	**409**	409	**–**	–
Modikwa joint operation[1]	**–**	–	**–**	–	**–**	–
Nkomati joint operation[2]	**–**	–	**–**	–	**720**	650
Vale/ARM joint operation[3]	**–**	–	**–**	–	**–**	–
– investment held directly by ARM	**–**	–				
– investment held indirectly by ARM (subsidiary)	**–**	–			**–**	–
Assmang Proprietary Limited (including Cato Ridge Alloys joint venture and Sakura Ferro Alloys Sdn Bhd joint venture)	**1 774 103**	1 774 103	**259**	259	**–**	–
K2018259017 (South Africa) Proprietary Limited[4]					**–**	–
Division						
Machadodorp Works[2]			**113**	113	**806**	512
Impairment			**(113)**	(113)		
Sub total			**–**	–		
Trust						
ARM BBEE Trust (refer notes 10 and 16)[5]					**391**	610

Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material.

1 *December year end, audited June figures are consolidated.*
2 *Eliminates on a company level, as Nkomati joint operation is an unincorporated joint operation and Machadodorp Works is a division.*
3 *ARM owns 16% indirectly and 34% directly in Teal Minerals (Barbados) Incorporated (amount above is after non-controlling interest). These amounts are less than R1 million.*
4 *As part of the silicosis and tuberculosis class action settlement agreement, the Agent K2018259017 (South Africa) Proprietary Limited was set up to administrate the founders' interests in the Tshiamiso Trust claimants and their dependants.*
5 *February year end, June figures are consolidated.*

Convenience translation into US dollars

For the benefit of international investors, the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows of the group presented in South African rand and set out on pages 22 to 28, have been translated into United States dollars and are presented on this page and pages 117 to 122. This information is not audited, only supplementary and is not required by any accounting standard and does not represent US GAAP.

The statement of financial position is translated at the rate of exchange ruling at the close of business at 30 June each year and the statements of profit or loss and statement of cash flows are translated at the average exchange rates for the years reported, except for the opening and closing cash balances of cash flows which are translated at the rate ruling at the close of business at 30 June each year.

The statement of comprehensive income is translated at the average rate of the years reported.

The statement of changes in equity is translated at the rate ruling at the close of business at 30 June each year.

The following exchange rates were used:

	30 June 2023 R/US$	30 June 2022 R/US$
Closing rate	R18.90	R16.38
Average rate	R17.76	R15.21

The US dollar-denominated statement of financial position, statements of profit or loss, statement of comprehensive income, statement of changes in equity and statements of cash flows should be read in conjunction with the accounting policies of the group as set out on pages 29 to 48 and with the notes to the financial statements on pages 49 to 112.

US dollar statement of financial position

at 30 June 2023

CONVENIENCE TRANSLATION

	Notes	GROUP F2023 US$m	F2022 US$m
ASSETS			
Non-current assets			
Property, plant and equipment	3	856	587
Investment properties	5	1	1
Intangible assets	6	3	4
Deferred tax assets	18	49	13
Other financial assets	7	7	13
Investment in associate	8	98	125
Investment in joint venture	9	1 154	1 352
Other investments	10	325	251
Non-current inventories	11	23	3
		2 516	2 349
Current assets			
Inventories	11	26	21
Trade and other receivables	12	277	472
Taxation	36	9	7
Financial assets	13	35	51
Cash and cash equivalents	14	530	712
		877	1 263
Total assets		3 393	3 612
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	15	1	1
Share premium	15	279	322
Treasury shares	16	(127)	(147)
Other reserves		228	163
Retained earnings		2 224	2 480
Equity attributable to equity holders of ARM		2 605	2 819
Non-controlling interest		261	257
Total equity		2 866	3 076
Non-current liabilities			
Long-term borrowings	17	11	19
Deferred tax liabilities	18	200	197
Long-term provisions	19	119	121
		330	337
Current liabilities			
Trade and other payables	20	127	129
Short-term provisions	21	44	44
Taxation	36	24	16
Overdrafts and short-term borrowings – interest-bearing	22	2	2
– non-interest-bearing	22	–	8
		197	199
Total equity and liabilities		3 393	3 612

US dollar statement of profit or loss

for the year ended 30 June 2023

CONVENIENCE TRANSLATION

	Notes	GROUP F2023 US$m	GROUP F2022 US$m
Revenue	25	906	1 210
Sales	25	826	1 112
Cost of sales	26	(498)	(504)
Gross profit		328	608
Other operating income	27	102	130
Other operating expenses	28	(152)	(213)
Profit from operations before capital items		278	525
Income from investments	29	49	45
Finance costs	30	(16)	(19)
Profit from associate	8	57	61
Income from joint venture	9	257	437
Profit before taxation and capital items		625	1 049
Capital items	31	3	74
Profit before taxation		628	1 123
Taxation	32	(102)	(179)
Profit for the year		526	944
Attributable to:			
Equity holders of ARM			
Profit for the year		456	817
Basic earnings for the year		456	817
Non-controlling interest			
Profit for the year		70	127
Profit for the year		526	944
Earnings per share			
Basic earnings per share (cents)	33	232	417
Diluted basic earnings per share (cents)	33	231	417

US dollar statement of comprehensive income

for the year ended 30 June 2023

CONVENIENCE TRANSLATION

	Notes	Available for-sale reserve US$m	Other US$m	Retained earnings US$m	Share-holders of ARM US$m	Non-controlling interest US$m	Total US$m
For the year ended 30 June 2022							
Profit for the year to 30 June 2022		–	–	817	817	127	944
Other comprehensive loss that will not be reclassified to the statement of profit or loss in subsequent periods							
Net impact of revaluation of listed investment		(3)	–	–	(3)	–	(3)
Revaluation of listed investment	10	(4)	–	–	(4)	–	(4)
Deferred tax on above	18	1	–	–	1	–	1
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods							
Foreign currency translation reserve movement		–	6	–	6	–	6
Total other comprehensive (loss)/income		(3)	6	–	3	–	3
Total comprehensive (loss)/income for the year		(3)	6	817	820	127	947
For the year ended 30 June 2023							
Profit for the year to 30 June 2023		–	–	456	456	70	526
Other comprehensive income that will not be reclassified to the statement of profit or loss in subsequent periods							
Net impact of revaluation of listed investment		90	–	–	90	–	90
Revaluation of listed investment	10	115	–	–	115	–	115
Deferred tax on above	18	(25)	–	–	(25)	–	(25)
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods							
Foreign currency translation reserve movement		–	9	–	9	–	9
Total other comprehensive income		90	9	–	98	–	98
Total comprehensive income for the year		90	9	456	554	70	624

US dollar statement of changes in equity

for the year ended 30 June 2023

CONVENIENCE TRANSLATION

	Notes	Share capital and premium US$m	Treasury shares US$m	Financial instruments at fair value through other comprehensive income US$m	Share-based payments US$m	Other US$m	Retained profit US$m	Shareholders of ARM US$m	Non-controlling interest US$m	Total US$m
Balance at 30 June 2021		366	(169)	157	49	(2)	2 415	2 816	251	3 067
Total comprehensive (loss)/income for the year		–	–	(3)	–	6	817	820	127	947
Profit for the year to 30 June 2022		–	–	–	–	–	817	817	127	944
Other comprehensive (loss)/income		–	–	(3)	–	6	–	3	–	3
Bonus and performance shares issued to employees	15	4	–	–	(31)	–	–	(27)	–	(27)
Dividend paid	33	–	–	–	–	–	(412)	(412)	–	(412)
Dividend declared to non-controlling interests		–	–	–	–	–	–	–	(86)	(86)
Share-based payment expense		–	–	–	12	–	–	12	–	12
Translation adjustment		(47)	22	(20)	(5)	–	(340)	(390)	(35)	(425)
Balance at 30 June 2022		323	(147)	134	25	4	2 480	2 819	257	3 076
Total comprehensive income for the year		–	–	90	–	9	455	554	70	624
Profit for the year to 30 June 2023		–	–	–	–	–	455	455	70	525
Other comprehensive income		–	–	90	–	9	–	99	–	99
Conditional shares issued to employees	15	–	–	–	(12)	–	–	(12)	–	(12)
Dividend paid	33	–	–	–	–	–	(375)	(375)	–	(375)
Dividend declared to non-controlling interests		–	–	–	–	–	–	–	(29)	(29)
Share-based payment expense		–	–	–	8	–	–	8	–	8
Other		–	–	–	(2)	–	–	(2)	–	(2)
Translation adjustment		(43)	20	(27)	(1)	–	(336)	(387)	(37)	(424)
Balance at 30 June 2023		280	(127)	197	18	13	2 224	2 605	261	2 866

US dollar statement of cash flows

for the year ended 30 June 2023

CONVENIENCE TRANSLATION

	Notes	F2023 US$m	F2022 US$m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		1 053	1 192
Cash paid to suppliers and employees		(597)	(633)
Cash generated from operations	35	456	559
Translation adjustment		(87)	(96)
Interest received		47	40
Interest paid		(4)	(3)
Taxation paid	36	(85)	(151)
		327	349
Dividends received from joint venture	9	282	362
Dividends received from associate	8	68	–
Dividends received from investments – Harmony		1	3
		678	714
Dividend paid to non-controlling interests		(37)	(82)
Dividend paid to shareholders	33	(375)	(412)
Net cash inflow from operating activities		266	220
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Bokoni net of cash acquired	38	(194)	–
Additions to property, plant and equipment to maintain operations		(112)	(114)
Additions to property, plant and equipment to expand operations		(139)	(30)
Investments in financial assets		(41)	(54)
Proceeds from financial assets matured	7, 13	57	34
Proceeds from loans		5	–
Net cash outflow from investing activities		(424)	(164)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash payments to owners to acquire the entity's shares		(8)	(15)
Long-term borrowings repaid		(5)	(6)
Short-term borrowings repaid		(10)	(1)
Net cash outflow from financing activities		(23)	(22)
Net (decrease)/increase in cash and cash equivalents		(181)	34
Cash and cash equivalents at beginning of year		711	677
Cash and cash equivalents at end of year	14	530	711
Cash generated from operations per share (US cents)	33	233	285

Financial summary (US dollar)

for the year ended 30 June 2023

	F2023 US$m	F2022 US$m	F2021 US$m	Restated F2020 US$m	F2019 US$m	F2018 US$m	F2017 US$m	F2016 US$m	F2015 US$m	F2014 US$m
Statement of profit or loss										
Sales	826	1 112	1 277	743	623	634	600	563	809	966
Headline earnings	506	745	849	353	368	375	235	72	152	397
Basic earnings/(loss) per share (US cents)	232	417	420	130	130	186	53	(18)	5	147
Headline earnings per share (US cents)	258	381	435	182	192	197	124	34	70	183
Dividend declared after year end per share (US cents)	63	122	140	40	64	55	48	15	29	56
Statement of financial position										
Total assets	3 393	3 612	3 721	2 454	2 640	2 501	2 472	2 393	2 901	3 430
Cash and cash equivalents	530	712	678	329	329	240	114	90	186	202
Shareholders' equity	2 866	3 076	3 067	1 965	2 109	1 996	1 844	1 674	2 213	2 652
Statement of cash flows										
Cash generated from operations	456	559	507	246	149	151	118	85	219	200
Net cash (outflow)/inflow from investing activities	(429)	(164)	55	(150)	(90)	(30)	(47)	(54)	(174)	(118)
Net cash outflow from financing activities	(23)	(22)	(22)	(18)	(83)	(27)	(137)	(39)	(26)	(73)
JSE Limited performance										
Ordinary shares (US cents)										
– high	1 796	2 012	1 995	1 233	1 325	1 098	933	790	1 773	2 316
– low	1 075	1 177	1 059	523	754	608	493	238	710	1 380
– year end	1 333	1 305	1 789	974	1 292	795	644	627	680	1 759

Shareholder analysis

as at 30 June 2023

SHARES HELD

	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	8 656	85.58	952 693	0.42
1 001 – 10 000 shares	795	7.95	2 993 336	1.33
10 001 – 100 000 shares	416	4.16	14 012 454	6.24
100 001 – 1 000 000 shares	110	1.10	30 563 191	13.60
1 000 001 shares and above	21	0.21	176 146 104	78.40
Total	9 998	100.00	224 667 778	100.00

DISTRIBUTION OF SHAREHOLDERS

	Excluding treasury shares		Including treasury shares	
Category	Number of shares held	%	Number of shares held	%
Black economic empowerment	106 773 507	50.38	106 773 507	47.53
Pension funds	29 605 191	13.97	29 605 191	13.18
Unit trusts	28 722 876	13.55	28 722 876	12.78
Own shares*			12 717 328	5.66
Sovereign wealth	6 245 730	2.95	6 245 730	2.78
Mutual fund	9 867 180	4.66	9 867 180	4.39
Trading position	5 841 278	2.76	5 841 278	2.60
Exchange-traded fund	5 190 718	2.45	5 190 718	2.31
Private investor	3 814 448	1.80	3 814 448	1.70
Insurance companies	1 803 113	0.85	1 803 113	0.80
Custodians	1 222 266	0.58	1 222 266	0.54
Investment trust	557 777	0.26	557 777	0.25
Medical aid scheme	404 726	0.19	404 726	0.18
Corporate holding	863 800	0.41	863 800	0.38
Local authority	219 626	0.10	219 626	0.10
Hedge fund	99 333	0.05	99 333	0.04
Charity	32 600	0.02	32 600	0.01
University	196 782	0.09	196 782	0.09
Remainder	10 489 499	4.93	10 489 499	4.68
Total	211 950 450	100.00	224 667 778	100.00

* *Own shares refer to treasury shares held by the 100% ARM-owned subsidiary, Opilac Proprietary Limited.*

Shareholder analysis continued

as at 30 June 2023

INVESTMENT MANAGEMENT WITH MORE THAN 3% INTEREST (INCLUDING OWN SHARES)

	Number of shares held	%
African Rainbow Minerals & Exploration Investments Proprietary Limited	89 763 763	39.95
Public Investment Corporation (PIC)	17 781 478	7.91
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.08
Opilac Proprietary Limited*	12 717 328	5.66
Allan Gray Proprietary Limited	6 796 313	3.03
Total	142 956 294	63.63

* *Opilac Proprietary Limited is a 100%-held subsidiary of ARM.*

BENEFICIAL INTEREST SHAREHOLDING MORE THAN 3% INTEREST (INCLUDING OWN SHARES)

	Number of shares held	%
African Rainbow Minerals & Exploration Investments Proprietary Limited	89 763 763	39.95
Government Employees Pension Fund	18 149 743	8.08
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.08
Opilac Proprietary Limited*	12 717 328	5.66
Total	136 528 246	60.77

* *Opilac Proprietary Limited is a 100%-held subsidiary of ARM.*

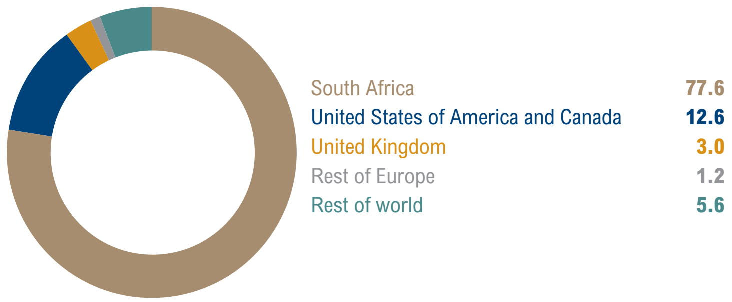
PUBLIC/NON-PUBLIC SHAREHOLDERS

	Number of holders	% of total shareholders	Number of shares	% of issued capital
Public shareholders	9 989	99.91	104 544 248	46.53
Non-public shareholders*	9	0.09	120 123 530	53.47
African Rainbow Minerals & Exploration Investments Proprietary Limited	1	0.01	89 763 763	39.95
Botho-Botho Commercial Enterprises Proprietary Limited	1	0.01	1 112 332	0.50
ARM Broad-Based Economic Empowerment Trust	1	0.01	15 897 412	7.08
Opilac Proprietary Limited	1	0.01	12 717 328	5.66
Directors	5	0.05	632 695	0.28
Total	9 998	100.00	224 667 778	100.00

* *Non-public shareholders consist of directors (whose interests are set out in the table on page 13 of the annual financial statements), the ARM Broad-Based Economic Empowerment Trust, Opilac Proprietary Limited, African Rainbow Minerals & Exploration Investments Proprietary Limited (ARMI) and Botho-Botho Commercial Enterprises (Pty) Ltd (BBCE). The shares of ARMI and BBCE are held indirectly by trusts, all of which, with the exception of The Motsepe Foundation, hold those shares for the benefit of Dr Motsepe and his immediate family.*

Geographical split of beneficial shareholders

%



Shareholder analysis continued

as at 30 June 2023

TOP 20 SHAREHOLDERS

		Number of shares held	% of holding shares in issue
1	African Rainbow Minerals & Exploration Investments Proprietary Limited	89 763 763	39.95
2	PIC	17 781 478	7.91
3	ARM Broad-Based Economic Empowerment Trust	15 897 412	7.08
4	Opilac Proprietary Limited*	12 717 328	5.66
5	Allan Gray Proprietary Limited	6 796 313	3.03
6	BlackRock Inc.	5 780 216	2.57
7	Fairtree Asset Management Proprietary Limited	5 486 258	2.44
8	The Vanguard Group Inc.	4 226 598	1.88
9	LSV Asset Management	3 701 863	1.65
10	Marathon Asset Management Limited	2 912 485	1.30
11	Sanlam Investment Management	2 411 930	1.07
12	Dimensional Fund Advisors	2 339 451	1.05
13	State Street Global Advisors Limited	2 127 356	0.95
14	Acadian Asset Management	2 087 711	0.93
15	GMO LLC	1 883 765	0.84
16	Bateleur Capital Proprietary Limited	1 737 523	0.77
17	SBG Securities Proprietary Limited	1 614 970	0.72
18	Momentum Investments	1 513 252	0.67
19	Mellon Investments Corporation	1 400 713	0.62
20	GIC Asset Management Proprietary Limited	1 373 970	0.61

* *Opilac Proprietary Limited is a 100%-held subsidiary of ARM.*

Investor relations report

ARM's primary listing is on the JSE Limited.

SHARE INFORMATION

Ticker code	ARI
Sector	General mining
Nature of business	ARM is a diversified mining and minerals company with assets in ferrous metals, platinum group metals, thermal coal and nickel. ARM holds an interest in the gold mining sector through its 12.1% shareholding in Harmony.
Issued share capital at 30 June 2023	224 667 778 shares
Market capitalisation at 30 June 2023	R44.71 billion US$2.37 billion
Closing share price at 30 June 2023	R199.01
12-month high (1 July 2022 – 30 June 2023)	R319.00
12-month low (1 July 2022 – 30 June 2023)	R191.00
Average volume traded for the 12 months	400 696 shares per day

SHAREHOLDERS' DIARY

Annual general meeting	8 December 2023
Financial year end	30 June 2024
Integrated annual report issued	October 2024
Interim results announcement	March 2024
Condensed results announcement	September 2024

SHAREHOLDERS' LIQUIDITY

Number of shares traded on the JSE Limited during F2023:

Month	Volumes
June 2023	9 136 924
May 2023	8 040 902
April 2023	6 399 879
March 2023	10 619 293
February 2023	7 120 103
January 2023	6 350 887
December 2022	6 967 686
November 2022	8 851 956
October 2022	9 367 198
September 2022	10 941 145
August 2022	8 875 213
July 2022	7 502 725
Total	**100 173 911**

Source: JSE Limited.

Contact details

African Rainbow Minerals Limited
Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
JSE share code: ARI
A2X share code: ARI
ISIN: ZAE000054045

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ARM House
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Group company secretary and governance officer
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Investor relations
Thabang Thlaku
Executive: Investor relations and
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Auditors
External auditor: Ernst & Young Inc.
Internal auditors: Deloitte & Touche
and BDO South Africa

External assurance provider over ESG reporting
KPMG Inc.

Bankers
Absa Bank Limited
FirstRand Bank Limited
The Standard Bank of South Africa Limited
Nedbank Limited

Sponsor
Investec Bank Limited

Transfer secretaries
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Directors
Dr PT Motsepe (executive chairman)
VP Tobias (chief executive officer)
F Abbott*
M Arnold**
TA Boardman*
AD Botha*
JA Chissano (Mozambican)*
WM Gule*
B Kennedy*
AK Maditsi*
TTA Mhlanga (finance director)
HL Mkatshana
PJ Mnisi*
DC Noko*
B Nqwababa*
Dr RV Simelane*
JC Steenkamp*

** Independent non-executive.*
*** Non-executive.*

Forward-looking statements
Certain statements in this document constitute forward-looking statements that are neither reported financial results nor historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and/or unknown risks, unpredictables and other important factors that could cause the actual results, performance and/or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, unpredictables and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, including environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the health-related epidemics and pandemics, including Covid-19, HIV and Aids in South Africa.

These forward-looking statements speak only as of the date of publication of these pages. The company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unpredictable events.

THE OAK TREE GROUP