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ARM African Rainbow Minerals

2024 ANNUAL FINANCIAL STATEMENTS

ARM
African Rainbow Minerals

# 2024
## Annual financial statements

**We do it better**

# 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 strategic investment in gold through Harmony Gold Mining Company Limited (Harmony Gold).



### How to navigate our reports

In F2024, we again cross-reference to other documents in our reporting suite, hyperlinked for your convenience by the icons below. Photographs from our library span a number of years, including the pandemic period.

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

Information available elsewhere in our report



## OUR 2024 SUITE OF REPORTS

**IAR** **2024 Integrated annual report**

A holistic assessment of ARM's ability to create sustainable value, with relevant extracts from the 2024 suite of reports.

**AFS** **2024 Annual financial statements**

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

**ESG** **2024 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** **2024 Climate change and water report**

A detailed review of our performance on key climate-change and water matters, in line with the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS S2 Climate-related financial disclosure.

**KING** **2024 King IV™* application register**

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

**MRMR** **2024 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** **2024 Notice to shareholders**

- Notice of annual general meeting
- Form of proxy
- Protecting value through good governance
- Board of directors
- Report of the audit and risk committee
- Report of the social and ethics committee chairman
- Remuneration report
- Directors' report
- Summarised consolidated financial statements



*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.*



# 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 Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Listings Requirements of the JSE Limited (JSE Listings Requirements) and the South African Companies Act 71 of 2008 (the Companies Act).

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 3 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 Accounting Standards. 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 2024, and the financial position at 30 June 2024. 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, KPMG 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 136 were approved by the board and are signed on its behalf by:

**Dr PT Motsepe**
*Executive chairman*

**VP Tobias**
*Chief executive officer*

Johannesburg
25 October 2024

# 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 2024, 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
25 October 2024

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

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

- The annual financial statements set out on pages 23 to 125 fairly present in all material respects the financial position, financial performance and cash flows of African Rainbow Minerals Limited (ARM) in terms of IFRS Accounting Standards
- 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
25 October 2024

# Report of the audit and risk committee

This report is provided by the audit and risk committee appointed for the 2024 financial year (F2024) 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 KPMG Inc. be appointed as the external auditor and that Ms S Loonat be appointed as the designated auditor for the audit for F2024
- Recommended to shareholders that KPMG Inc. be reappointed as the external auditor and that Ms S Loonat be reappointed as the designated auditor for the audit for F2025
- Requested the required 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
  - Preapproved permissible non-audit services provided by the external auditor in terms of its policy on approving audit services and pre-approving non-audit services. 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, KPMG Inc., which has been the auditor of African Rainbow Minerals Limited, for one year
- Evaluated the quality of the external audit.

For the F2024 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 Accounting Standards 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 structuring of ARM's acquisition of 15% in Surge Copper Corporation
- Considered financial assistance for expenditure at Bokoni Platinum Mine projects
- 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 3 November 2023, considered the JSE's report titled "Reporting back on proactive monitoring of financial statements in 2023"
- 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

# Report of the audit and risk committee continued

- Considered recommendations 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
- Considering the independence of the group's internal and external auditors.

The committee considered, inter alia:
- The internal control process for the chief executive officer and finance director to sign the responsibility statement for the F2024 annual financial statements
- The impact of global developments on our business
- Impairment indicators and reversal of impairment indicators at all operations including the impairments at Two Rivers, Modikwa Platinum and Assmang, including Beeshoek, at 1H F2024 and at the end of F2024
- Closure and rehabilitation obligations
- IFRS 10 *Consolidated financial statements* and IFRS 17 *Insurance contracts*.

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 2024. 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 F2025, the audit and risk committee will consider, inter alia:
- Management's control over key risks including transportation, water, cybersecurity and tailings storage facilities risks
- 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.

## Qualifications of audit and risk committee members[1, 2]

| TOM BOARDMAN (74) | FRANK ABBOTT (69) | ANTON BOTHA (71) | PITSI MNISI (41) | BONGANI NQWABABA (58) | DR REJOICE SIMELANE (72) |
|---|---|---|---|---|---|
| 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) | 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 December 2021** | **Member since June 2010** | **Member since December 2020** | **Member since December 2022** | **Member since July 2004** |
| *Independent non-executive director* | *Independent non-executive director* | *Independent non-executive director* | *Independent non-executive director* | *Independent non-executive director* | *Independent non-executive director* |
| **Committees**<br>Chairman of audit and risk committee; member of investment and technical, non-executive directors' and remuneration committees | **Committees**<br>Member of audit and risk, investment and technical, and non-executive directors' committees | **Committees**<br>Chairman of remuneration committee; member of audit and risk, investment and technical, and non-executive directors' committees | **Committees**<br>Member of audit and risk and non-executive directors' committees | **Committees**<br>Chairman of investment and technical committee; member of audit and risk, and non-executive directors' committees | **Committees**<br>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.*

## Independence of external auditor

Ernst & Young Inc. was the external auditor for the F2023 audit. At the annual general meeting on 8 December 2023, KPMG Inc. was appointed by shareholders as external auditor and Ms S Loonat as designated auditor for the F2024 audit, in terms of section 90(1) of the Companies Act.

### Assessment and recommendation

Having assessed the suitability of the appointment of the external auditor and designated auditor, the audit and risk committee is satisfied that they are independent of the company in terms of section 94(8) of the Companies Act.

This conclusion was arrived at, inter alia, after considering the factors on page 3 and those below:
- Representations made by KPMG 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.

The committee executed its responsibility in terms of paragraph 3.84(g) under JSE Listings Requirements to determine the suitability of the external auditor and designated audit partner in terms of their mandate. The committee recommends that shareholders reappoint KPMG Inc and Ms S Loonat for the F2025 audit at the annual general meeting on 6 December 2024 (or any adjournment).

### External audit and non-audit services fees

The committee approved fees to be paid to the independent external auditor for audit and permitted non-audit services for the F2024 audit as shown below.

# Report of the audit and risk committee continued

The policy for engagement of the external auditor to supply assurance and other services was reviewed in 2024. The committee considered revisions to the non-assurance services provisions of the code from the International Ethics Standards Board for Accountants as well as revisions to the non-assurance services provisions of the code from the Independent Regulatory Board for Auditors (IRBA). It was confirmed that KPMG, in terms of internal policy, will not provide any advisory or tax services to its audit clients.

| Rm | Approved fees to be paid to KPMG Inc. for F2024 audit |
|---|---|
| External audit fees | 23 |
| Non-audit services fees | 2 |
| **Total fees** | **25** |

*The above fees exclude approved external audit fees of R14 million and non-audit service fees of R420 000 to be paid by Assmang to KPMG Inc. for the F2024 audit.*

## Recommendation

Following our review of the consolidated and separate annual financial statements for the year ended 30 June 2024, we believe that, in all material respects, they comply with the relevant provisions of the International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Listings Requirements of the JSE Limited and the South African Companies Act 71 of 2008. We also believe they 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 2024 annual financial statements, which will be open for discussion at the annual general meeting.

**TA Boardman**
*Chairman of the audit and risk committee*

Johannesburg
25 October 2024





# Independent auditor's report

To the Shareholders of African Rainbow Minerals Limited

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

### Opinion

We have audited the consolidated and separate financial statements of African Rainbow Minerals Limited (the group and company) set out on pages 23 to 125, which comprise the statements of financial position at 30 June 2024, and the statements of profit or loss, the group and company statements of comprehensive income, the group and company statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and the interest of directors and directors' remuneration section on pages 15 to 20 of the directors' report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African Rainbow Minerals Limited at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Listings Requirements") and the South African Companies Act.

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

# Independent auditor's report continued

**Assessment of impairment and impairment reversals for property plant and equipment**

Refer to the impairment of non-financial assets material accounting policy per note 1, the material accounting judgements and estimates and note 32 and 38 to the consolidated financial statements.

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| At 30 June 2024, the group's property, plant and equipment amounted to R18 128 million after recognising a total impairment loss relating to certain operations of R3 397 million of the consolidated financial statements. Modelling using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny to address the objectivity of inputs and their consistent application.<br><br>Annual impairment tests are conducted to assess the recoverability of the carrying value of these assets.<br><br>In performing the impairment tests, the carrying amount of each cash-generating unit (CGU), is compared to the recoverable amount of the respective CGU.<br><br>The recoverable amount of each CGU is determined based on the higher of fair value less costs to sell and value in use using the discounted cash flow method.<br><br>We focused on the significant forward-looking assumptions the group applied in their models, including:<br>• long-term commodity prices<br>• exchange rates<br>• future capital requirements<br>• sales volumes<br>• discount rates.<br><br>As a result of the significant audit effort required to assess the judgements made by management with regard to the inputs into the discounted cash flows and the degree of complexity involved in determining the recoverable amounts of each CGU, the impairment assessment and reversals of property, plant and equipment, was considered a key audit matter in our audit of the consolidated financial statements. | Our audit procedures focused on evaluating the appropriateness of the key assumptions used in management's determination of the recoverable amount of each CGU.<br><br>We involved our internal valuation specialists, with specialised skills and knowledge, to assist with performing the audit procedures relating to the appropriateness of the valuation models and the evaluation of the key assumptions applied.<br><br>The primary procedures we performed to address this key audit matter included the following:<br>• Gaining an understanding of the process followed by management to assess the property, plant and equipment assets for impairment and testing the design and implementation of key controls related to this assessment<br>• We evaluated the appropriateness of the discounted cash flow method applied to perform the annual test for impairment against the requirements of IAS 36<br>• We assessed the accuracy of management's calculations for those assets/CGUs subject to impairment testing and consider whether the assets/CGUs tested are complete<br>• We assessed the group's view of the indicators leading to impairment testing and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge and current market conditions.<br>• We recalculated the impairment charge and compared it to the amounts recognised<br>• Working with our valuation specialist, we assessed the reasonability of long-term commodity prices, exchange rate, discount rates, sales volumes and future capital requirements contained in management's models<br>• We tested the sensitivity of the models by varying key assumptions, such as long-term commodity prices, exchange rates, future capital requirements and discount rates. We did this to identify those CGUs at a higher risk of impairment or reversal and to focus our further procedures<br>• Working with our valuation specialists, and considering the risks factors specific to the group, we compared the:<br>– discount rates to publicly available market data<br>– foreign exchange rates to published views of market commentators<br>– long-term commodity prices to published views of market commentators on future trends<br>• Assessed the appropriateness of the disclosures against the requirements of IAS 36. |

Refer to the environmental rehabilitation obligation and decommissioning (rehabilitation provision) material accounting policy per note 1, material accounting judgements and estimates, note 19 long-term provisions and note 21 short-term provisions to the consolidated and separate financial statements.

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| At 30 June 2024, the group and company have recorded the long-term rehabilitation provision of R1 454 million and R1 136 million respectively and the short-term rehabilitation provision of R376 million for both group and company for the ARM Platinum operations.<br><br>Closure and rehabilitation activities are governed by group and company policies based on current legal requirements and existing technology and is assessed annually.<br><br>The rehabilitation provision is 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:<br>• estimates of the extent and costs of rehabilitation activities<br>• long-term inflation<br>• discount rates.<br><br>Closure and rehabilitation provisioning was a key audit matter due to the size of the provision and the judgement involved in determining the provision estimates across multiple sites the group and company operates. | We involved our internal valuation specialists and environmental specialists, with specialised skills and knowledge, to assist with performing the audit procedures relating to the appropriateness of the cost estimates and the evaluation of the key assumptions applied.<br><br>The primary procedures we performed to address this key audit matter included the following:<br>• Gaining an understanding of the models, the data and the assumptions used by management (and management's experts) to determine both the undiscounted rehabilitation provision, as well as the present value of the provision and testing the design and implementation of relevant key controls<br>• We compared the basis for recognition and measurement of the rehabilitation provision for consistency with environmental and regulatory requirements and the criteria in IAS 37<br>• We assessed the scope, objectivity and competence of the group and company's internal and external experts involved to provide closure and rehabilitation cost estimates<br>• We evaluated the methodology applied by the group and company's experts in determining the nature and extent of rehabilitation activities by comparing it to industry practice<br>• Recomputed the present value of the obligation using independently sourced discount and inflation rates, in order to assess the reasonability of the present value of the total environmental rehabilitation provisions<br>• We evaluated key assumptions and estimates used in the rehabilitation provision, relevant to the sites the group and company operates on, by:<br>– Assessing the reasonability of the long-term inflation and discount rates by comparing them to independently sourced assumptions<br>– Comparing the nature and extent of activities costed to a sample of the group and company's closure and rehabilitation plans and relevant regulatory requirements<br>– Comparing the timing of closure and rehabilitation activities to the group and company's resources and reserve estimates and the expected production profile contained in the life of operation plans<br>– Comparing a sample of cost estimates of the activities, incorporating allowance for uncertainties, to historical experience and underlying documentation, the group and company's external expert estimates, and our knowledge of the group and its industry<br>– Working with our valuation specialists, comparing country specific discount rate assumptions to market observable data, including risk free rates<br>• Assessed the appropriateness of the disclosures included in the consolidated financial statements made against the requirements of IAS 37. |

# Independent auditor's report continued

## Other matter

The consolidated and separate financial statements of the group and company as at and for the year ended 30 June 2023, were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 10 October 2023.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "African Rainbow Minerals Limited consolidated and separate financial statements for the year ended 30 June 2024", which includes the directors' report (except for the interest of directors and directors' remuneration section on pages 15 to 20), 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 and the document titled African Rainbow Minerals Limited Integrated Annual Report 2024. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 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 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 financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Listings Requirements") and the South African Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate 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/or 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 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 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's 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 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 company to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 KPMG Inc. has been the auditor of African Rainbow Minerals Limited for one year.

KPMG Inc.

**KPMG Inc.**
*Registered Auditor*

**Per Safeera Loonat**
*Chartered Accountant (SA)*
*Registered Auditor*
*Director*

25 October 2024

85 Empire Road Parktown
2193

# Directors' report

The directors have pleasure in presenting their report on ARM for the year ended 30 June 2024.

## 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 9 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 40.02% of its issued ordinary share capital at 30 June 2024 (30 June 2023: 39.95%). 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 2024, 0.50% of the issued share capital of ARM was held by Botho-Botho Commercial Enterprises Proprietary Limited (30 June 2023: 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 2023: 15 897 412) or 7.08% of ARM's issued share capital at 30 June 2024 (30 June 2023: 7.08%).

## Review of operations

IAR See reviews by the executive chairman, chief executive officer and finance director, and reviews of operations for F2024 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 23 to 125.

The results for the year ended 30 June 2024 have been prepared in accordance with the International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Listings Requirements of the JSE Limited (JSE Listings Requirements) and the South African Companies Act 71 of 2008 (the Companies Act). The annual financial statements fairly present the state of affairs of the group and company, and adequate accounting records have been maintained.

| Sales | Gross profit | Total assets |
|---|---|---|
| -22% since 2023 | -85% since 2023 | +10% since 2023 |
| R11 418m | R877m | R70 692m |

## Borrowings and cash

Additional borrowings of R935 million (F2023: Rnil) were raised in the financial year. Borrowings of R62 million (F2023: R251 million) were repaid in the period, increasing gross debt to R1 129 million (F2023: R242 million). ARM was in a net cash position of R7 197 million (30 June 2023: R9 779 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 this report.

## 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 2025 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 2023. All tax submissions up to and including those for F2023 have been submitted.

## Subsidiaries, joint arrangements, associates and investments

ARM acquired a 15% interest in Surge Copper Corporation. ARM and its joint-venture partner, Norilsk Nickel Africa Proprietary Limited, concluded a sale agreement regarding Nkomati Mine in November 2023. The transaction is subject to certain conditions precedent with the main outstanding condition precedent being the consent in terms of Section 11 of the Mineral and Petroleum Resources Development Act, 28 of 2022.

See note 46 of the annual financial statements 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 123 to 125.

## Dividends

An interim gross dividend of 600 cents per ordinary share was declared on 8 March 2024 for the six months ended 31 December 2023 (1H F2023: 1 400 cents), amounting to a distribution of approximately R1 348 million (1H F2023: R3 145 million), which was paid on Monday, 8 April 2024.

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 600 cents per ordinary share for shareholders exempt from dividends tax
- The net local dividend amount was 480 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.

# Directors' report continued

A final gross dividend of 900 cents per ordinary share was declared on 6 September 2024 for the year ended 30 June 2024 (F2023: 1 200 cents per share), amounting to a distribution of approximately R2 022 million (F2023: R2 696 million), which was paid on Monday, 7 October 2024.

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 900 cents per ordinary share for shareholders exempt from dividends tax
- The net local dividend amount was 720 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 F2024 totalled R6 355 million (F2023: R4 761 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 46 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 2024, is set out on pages 133 and 136.

## 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 F Abbott, B Kennedy and AK Maditsi, and Ms PJ Mnisi, 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 Friday, 6 December 2024, or any adjournment.

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

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

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

## Interests of directors (audited)

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

| | 30 June 2024 | | | | 30 June 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| | Beneficial | Non-beneficial | Beneficial | Non-beneficial | Beneficial | Non-beneficial | Beneficial | Non-beneficial |
| **Directors** | | | | | | | | |
| Dr PT Motsepe[1] | – | – | 91 017 733 | – | – | – | 90 876 095 | – |
| VP Tobias[2] | 19 876 | – | – | – | – | – | – | – |
| M Arnold[3] | – | – | – | – | 32 000 | – | – | – |
| J Magagula[4] | – | – | – | – | 21 123 | – | – | – |
| TTA Mhlanga[5] | 30 057 | – | – | – | – | – | – | – |
| HL Mkatshana[6] | – | – | – | – | 142 571 | – | 80 000 | – |
| Dr RV Simelane | 1 350 | – | – | – | 1 350 | – | – | – |
| JC Steenkamp | 255 651 | – | – | – | 275 651 | – | – | – |

1 *Shares held by African Rainbow Minerals & Exploration Investments Proprietary Limited and Botho-Botho Commercial Enterprises Proprietary Limited.*
2 *Mr VP Tobias was appointed as chief executive officer from 1 May 2023.*
3 *Mr M Arnold resigned as a director from 8 December 2023.*
4 *Ms J Magagula resigned from the company from 31 July 2023.*
5 *Ms TTA Mhlanga was appointed as finance director from 1 October 2020.*
6 *Mr HL Mkatshana stepped down as a director from 8 December 2023. He remains chief executive of ARM Platinum and is a prescribed officer from 8 December 2023. As per the Stock Exchange News Services announcements during the financial year ended 30 June 2023, Mr Mkatshana transferred registered title in 80 000 ordinary shares of the company to the ESP Trust of which he is a beneficiary.*

No directors or prescribed officers acquired or sold a direct or indirect beneficial or non-beneficial interest in the issued share capital of the company between 30 June 2024 and the date of this report.

## Directors' remuneration: Executive directors and prescribed officers (audited)

The remuneration of executive directors and prescribed officers comprise:

- **Total cost-to-company,** which is the 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.

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

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

# Directors' report continued

## Executive directors' emoluments (audited)*

**2024**

| R000 | Basic salary | Retirement fund contributions (including pension scheme contributions) | Medical benefits[8] | Non-cash benefits | Other benefits[9] | Total annual package before incentives | Cash bonus and sign-on awards[10] | Total annual package |
|---|---|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | | | |
| Dr PT Motsepe[1] | 9 918 | – | – | – | 2 | **9 920** | 3 026 | **12 946** |
| VP Tobias (from 1 May 2023)[2] | 8 507 | 702 | – | – | 193 | **9 402** | 4 447 | **13 849** |
| MP Schmidt (to 1 May 2023)[3] | – | – | – | – | – | **–** | – | **–** |
| TTA Mhlanga[4] | 5 719 | 465 | 50 | – | 18 | **6 252** | 1 460 | **7 712** |
| HL Mkatshana (to 8 Dec 2023)[5] | 2 031 | 275 | – | – | 140 | **2 446** | 547 | **2 993** |
| J Magagula[6] | 334 | 29 | 17 | – | 2 | **382** | – | **382** |
| **Total for executive directors** | 26 509 | 1 471 | 67 | – | 355 | **28 402** | 9 480 | **37 882** |
| **Prescribed officers[7]** | | | | | | | | |
| VP Tobias (to 1 May 2023)[2] | – | – | – | – | – | **–** | – | **–** |
| MP Schmidt (from 1 May 2023)[3] | 7 541 | 512 | – | – | 139 | **8 192** | 1 889 | **10 081** |
| HL Mkatshana (from 8 Dec 2023)[5] | 2 586 | 350 | – | – | 178 | **3 114** | 641 | **3 755** |
| A Joubert | 5 258 | 619 | – | – | 477 | **6 354** | 3 976 | **10 330** |
| **Total for prescribed officers** | 15 385 | 1 481 | – | – | 794 | **17 660** | 6 506 | **24 166** |
| **Total for executive directors and prescribed officers** | 41 894 | 2 952 | 67 | – | 1 149 | **46 062** | 15 986 | **62 048** |

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

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

1 *The protection services costs previously disclosed as a non-cash benefit for Dr PT Motsepe are no longer reflected as a benefit for remuneration reporting purposes. This is based on an independent risk assessment and tax opinion which considered Dr Motsepe's local and global profile and increased risk to prominent persons.*

2 *Mr VP Tobias was appointed chief operating officer from 14 November 2021 and as chief executive officer from 1 May 2023. Following receipt of an independent executive benchmarking study in August 2023, his cost-to-company as chief executive officer was increased to R9.4 million from 1 July 2023 and the full amount is shown under executive directors. Additional details on the cost-to-company increase are set out in part III of the remuneration report of the ESG report.*

3 *Mr MP Schmidt stepped down as chief executive officer and executive director from 1 May 2023. He was appointed executive: growth and strategic development from 1 May 2023.*

4 *Ms TTA Mhlanga was appointed finance director from 1 October 2020. Following receipt of an independent executive benchmarking study in August 2023, her cost-to-company was increased to R6.25 million from 1 July 2023.*

5 *Mr HL Mkatshana stepped down from the board from 8 December 2023. The pro-rata remuneration is shown for the periods when he was an executive director and then a prescribed officer, respectively.*

6 *Ms J Magagula resigned from the company from 31 July 2023.*

7 *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).*

8 *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.*

9 *Other benefits include UIF and optional risk benefits such as group life benefits and additional disability and death benefits.*

10 *No bonuses were deferred in F2024. 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 chief operating officer in November 2021, Mr VP Tobias received the second cash sign-on award of R2.134 million in November 2023. (Full details of the sign-on awards are set out in part III of the remuneration report in the ESG report). No other sign-on awards were made to executive directors or prescribed officers in F2024.*

## Executive directors' emoluments (audited)* continued

**2023**

| R000 | Basic salary | Retirement fund contributions (including pension scheme contributions) | Medical benefits[8] | Non-cash benefits | Other benefits[9] | Total annual package before incentives | Cash bonus and sign-on awards[10] | 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 |
| TTA Mhlanga[4] | 5 214 | 425 | 45 | – | 16 | 5 700 | 4 958 | 10 658 |
| HL Mkatshana (to 8 Dec 2023)[5] | 4 714 | 395 | – | – | 186 | 5 295 | 4 496 | 9 791 |
| J Magagula[6] | 3 823 | 326 | 193 | – | 23 | 4 365 | 3 797 | 8 162 |
| **Total for executive directors** | 32 104 | 1 766 | 238 | 11 340 | 371 | 45 819 | 32 942 | 78 761 |
| **Prescribed officers[7]** | | | | | | | | |
| VP Tobias (to 1 May 2023)[2] | 5 554 | 457 | – | – | 116 | 6 127 | 6 593 | 12 720 |
| MP Schmidt (from 1 May 2023)[3] | 1 196 | 82 | ` | – | 23 | 1 301 | 1 197 | 2 498 |
| HL Mkatshana (from 8 Dec 2023)[5] | – | – | – | – | – | – | – | – |
| 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 |

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

ESG

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

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 chief executive officer from 1 May 2023. His cost-to-company was increased to R8.7 million 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 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 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 TTA Mhlanga was appointed finance director from 1 October 2020.*

5 *Mr HL Mkatshana stepped down from the board from 8 December 2023, subsequent to the F2023 financial year end.*

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

7 *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).*

8 *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.*

9 *Other benefits include UIF and optional risk benefits such as group life benefits and additional disability and death benefits.*

10 *No bonuses were deferred in F2023. In terms of the sign-on arrangements when he was appointed 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. No other sign-on awards were made to executive directors or prescribed officers in F2023.*

# 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 F2024 was 653 438. In addition, 123 417 conditional shares were forfeited during the year, bringing the total number of conditional shares outstanding on 30 June 2024 to 1 379 108.

**Conditional shares: movements in F2024 (audited)**

| | Opening conditional share balance at 1 July 2023 | | Conditional shares awarded 4 December 2023 | | Conditional shares settled 8 December 2023[4] | | Conditional shares forfeited | | **Closing conditional share balance as at 30 June 2024[5]** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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** |
| **Executive directors** | | | | | | | | | | |
| Dr PT Motsepe | 206 099 | – | 112 064 | 19 835 | (70 909) | 25 515 | – | – | **247 254** | **–** |
| VP Tobias[1] | 103 715 | – | 88 689 | 15 698 | – | – | – | – | **192 404** | **–** |
| J Magagula[2] | 69 748 | – | – | – | – | – | (69 748) | – | **–** | **–** |
| TTA Mhlanga | 81 542 | – | 46 963 | 8 312 | (27 573) | 9 921 | – | – | **100 932** | **–** |
| **Prescribed officers** | | | | | | | | | | |
| A Joubert | 87 785 | – | 47 732 | 8 449 | (30 203) | 10 868 | – | – | **105 314** | **–** |
| HL Mkatshana[3] | 76 796 | – | 41 758 | 7 391 | (26 422) | 9 507 | – | – | **92 132** | **–** |
| MP Schmidt | 179 705 | – | 69 407 | 12 285 | (61 828) | 22 247 | – | – | **187 284** | **–** |

*1 Mr VP Tobias was appointed chief executive officer from 1 May 2023. Conditional shares awarded to him since his appointment have not yet vested.*
*2 Ms J Magagula resigned from the board from 31 July 2023.*
*3 Mr HL Mkatshana stepped down from board from 8 December 2023 following the F2024 annual awards and settlements. He remains chief executive: ARM Platinum and is now a prescribed officer.*
*4 Additional dividend-equivalent shares of 0.3939 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 143.3%) was assured by the independent third-party consultant, Bowmans. The final vesting price used to determine the pre-tax cash value on settlement of R180.14 was the closing share price on 7 December 2023.*
*5 No conditional shares were awarded or settled for these directors or prescribed officers between 30 June 2024 and the date of this report.*

## Conditional awards under the 2018 cash-settled conditional share plan

There were no cash-settled conditional awards to executive directors and prescribed officers in F2024.

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

## Vesting dates (audited)

### 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 share vesting dates*

| | Number of conditional shares |
|---|---|
| **Conditional shares outstanding at 30 June 2024** | **1 379 108** |
| Vesting on: | |
| 4 December 2024 | 355 062 |
| 5 December 2025 | 344 047 |
| 12 June 2026 | 50 885 |
| 5 December 2026 | 629 114 |

### 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 of conditional awards |
|---|---|
| **Conditional awards outstanding at 30 June 2024** | **627 082** |
| Vesting on: | |
| 4 December 2024 | 143 150 |
| 26 May 2025 | 6 811 |
| 5 December 2025 | 160 975 |
| 12 June 2026 | 6 918 |
| 5 December 2026 | 298 191 |
| 4 June 2027 | 11 037 |

Movements in the company's long-term share-based incentive schemes are summarised below.

**Long-term share-based incentives (audited)**

| | Conditional shares | | Conditional awards | |
|---|---|---|---|---|
| | **F2024** | F2023 | **F2024** | F2023 |
| Opening balance at 1 July | **1 193 745** | 1 312 678 | **549 420** | 706 027 |
| Exercised | **–** | – | **–** | – |
| Settled | **(344 658)** | (490 556) | **(160 972)** | (303 534) |
| Granted/awarded | **653 438[1]** | 459 334[1] | **347 678[2]** | 210 992[2] |
| Forfeited/cancelled/lapsed | **(123 417)[3]** | (87 711)[3] | **(109 044)[4]** | (64 065)[4] |
| **Closing balance at 30 June** | **1 379 108** | 1 193 745 | **627 082** | 549 420 |
| Post-year end: | | | | |
| Forfeited/cancelled/lapsed | **–** | (69 748)[5] | **–** | – |
| **Balance at the date of the report** | **1 379 108** | 1 123 997 | **627 082** | 549 420 |

*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 an executive director.*

# Directors' report continued

## 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 F2024 and F2023.

**Non-executive directors' fees***

| | F2024 | | | | | F2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R000 | Board | Committee[8] | Consultancy fees excluding VAT[9] | VAT | Total including VAT | Board | Committee[8] | Consultancy fees excluding VAT[9] | VAT | Total including VAT |
| DC Noko (independent lead from 3 September 2024)[1] | 735 | 649 | – | 207 | 1 591 | 685 | 521 | – | 182 | 1 388 |
| AK Maditsi (independent lead to 3 September 2024)[2] | 872 | 1 182 | – | 308 | 2 362 | 815 | 1 032 | – | 277 | 2 124 |
| F Abbott | 735 | 636 | – | 206 | 1 577 | 685 | 518 | – | 181 | 1 384 |
| M Arnold[3] | 347 | 246 | – | 89 | 682 | 636 | 409 | – | 157 | 1 202 |
| TA Boardman | 735 | 1 421 | – | 323 | 2 479 | 685 | 1 168 | – | 278 | 2 131 |
| AD Botha | 735 | 990 | – | 38 | 1 763 | 685 | 727 | – | 57 | 1 469 |
| JA Chissano[4] | 735 | 402 | 750 | 170 | 2 057 | 661 | 299 | 684 | 144 | 1 788 |
| WM Gule[5] | 735 | 108 | – | – | 843 | 685 | 25 | – | – | 710 |
| B Kennedy[6] | 709 | 295 | – | 151 | 1 155 | 476 | 67 | – | 82 | 625 |
| PJ Mnisi | 735 | 475 | – | 181 | 1 391 | 685 | 360 | – | 157 | 1 202 |
| B Nqwababa[7] | 709 | 474 | – | 178 | 1 361 | 476 | 188 | – | 100 | 764 |
| Dr RV Simelane | 735 | 961 | – | 254 | 1 950 | 685 | 835 | – | 228 | 1 748 |
| JC Steenkamp | 735 | 365 | – | 165 | 1 265 | 685 | 335 | – | 153 | 1 173 |
| **Total for non-executive directors** | 9 252 | 8 204 | 750 | 2 270 | 20 476 | 8 544 | 6 484 | 684 | 1 996 | 17 708 |

*VAT = value-added tax.*

* *Payments to reimburse out-of-pocket expenses have been excluded.*

1 *Mr Noko was appointed as lead independent non-executive director from 3 September 2024, subsequent to the financial year end.*

2 *Mr Maditsi stepped down from the audit and risk committee from 8 December 2023 and as lead independent non-executive director from 3 September 2024, subsequent to the financial year end. He remains an independent non-executive director.*

3 *Mr Arnold stepped down from the board from 8 December 2023.*

4 *Mr Chissano has a consultancy agreement with the company.*

5 *Mr Gule stepped down from the board from 3 September 2024, subsequent to the financial year end.*

6 *Mr Kennedy was appointed as an independent non-executive director from 6 October 2022 and appointed to the investment and technical committee from 5 October 2023.*

7 *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. He was appointed as chairman of the investment and technical committee from 3 September 2024, subsequent to the financial year end.*

8 *Attendance fees are paid for scheduled committee meetings, ad hoc committee meetings and for other work devoted to committee business outside regular scheduled committee 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.*

9 *Additional information appears under consultancy agreements: non-executive directors in part II and part III of the remuneration report.*

## External auditor

KPMG Inc. was the external auditor for the company, with Ms S Loonat as the designated individual registered auditor for F2024.

It is recommended to shareholders that KPMG Inc. be reappointed as the external auditor and that Ms S Loonat be reappointed as the designated auditor for F2025.

## 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.

For additional information on the office of the group company secretary and governance officer, see page 101 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 126 to 132.

Black Rock Mine





# Annual financial statements

## Contents



### Audited by independent auditor

The financial statements have been audited by the external auditor, KPMG Inc. (the designated auditor Safeera Loonat 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 Accounting Standards. Please refer to note 1 to the financial statements.

# Statements of financial position

at 30 June 2024

| | Notes | GROUP 30 June 2024 Rm | GROUP Restated[1] 30 June 2023 Rm | COMPANY 30 June 2024 Rm | COMPANY 30 June 2023 Rm |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 3 | **18 128** | 16 173 | **1 689** | 1 676 |
| Investment property | 5 | **25** | 24 | **25** | 24 |
| Intangible assets | 6 | **50** | 55 | **50** | 55 |
| Deferred tax assets | 18 | **921** | 935 | **65** | 79 |
| Other financial assets | 7 | **187** | 128 | **186** | 124 |
| Reinsurance contract asset* | 23 | **16** | – | **–** | – |
| Investment in associate | 8 | **1 467** | 1 847 | **841** | 841 |
| Investment in joint venture | 9 | **21 341** | 21 814 | **259** | 259 |
| Other investments | 10 | **12 857** | 6 148 | **17 986** | 11 402 |
| Inventories | 11 | **330** | 427 | **–** | – |
| | | **55 322** | 47 551 | **21 101** | 14 460 |
| **Current assets** | | | | | |
| Inventories | 11 | **788** | 488 | **116** | 180 |
| Trade and other receivables* | 12 | **5 187** | 5 118 | **4 643** | 1 888 |
| Insurance contract asset* | 23 | **21** | – | **–** | – |
| Reinsurance contract asset* | 23 | **8** | – | **–** | – |
| Taxation | 37 | **223** | 178 | **221** | 176 |
| Financial assets | 13 | **817** | 661 | **153** | 181 |
| Cash and cash equivalents | 14 | **8 326** | 10 021 | **6 216** | 6 693 |
| | | **15 370** | 16 466 | **11 349** | 9 118 |
| **Total assets** | | **70 692** | 64 017 | **32 450** | 23 578 |
| **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 | | **9 485** | 4 310 | **9 321** | 4 080 |
| Retained earnings* | | **41 648** | 42 031 | **13 046** | 10 817 |
| **Equity attributable to equity holders of ARM** | | **54 006** | 49 214 | **27 645** | 20 175 |
| Non-controlling interest | | **4 081** | 4 931 | **–** | – |
| **Total equity** | | **58 087** | 54 145 | **27 645** | 20 175 |
| **Non-current liabilities** | | | | | |
| Long-term borrowings | 17 | **631** | 206 | **12** | 32 |
| Deferred tax liabilities | 18 | **4 635** | 3 787 | **2 118** | 605 |
| Insurance contract liabilities* | 23 | **33** | – | **–** | – |
| Long-term provisions | 19 | **1 812** | 2 257 | **1 326** | 1 605 |
| | | **7 111** | 6 250 | **3 456** | 2 242 |
| **Current liabilities** | | | | | |
| Trade and other payables* | 20 | **2 554** | 1 522 | **326** | 387 |
| Short-term provisions | 21 | **1 231** | 834 | **678** | 384 |
| Insurance contract liabilities* | 23 | **16** | 73 | **–** | – |
| Reinsurance contract liabilities* | 23 | **850** | 713 | **–** | – |
| Taxation | 37 | **345** | 444 | **265** | 312 |
| Overdrafts and short-term borrowings – interest bearing | 22 | **498** | 36 | **80** | 78 |
| | | **5 494** | 3 622 | **1 349** | 1 161 |
| **Total equity and liabilities** | | **70 692** | 64 017 | **32 450** | 23 578 |

[1] *Comparative information has been restated as a result of the adoption of IFRS 17* Insurance contracts. *Refer to note 23 for more detail.*
* *Captions have been impacted by IFRS 17* Insurance contracts.

The accompanying notes are an integral part of these financial statements.



# Statements of profit or loss

for the year ended 30 June

| | Notes | GROUP 30 June 2024 Rm | GROUP Restated[1] 30 June 2023 Rm | COMPANY 30 June 2024 Rm | COMPANY 30 June 2023 Rm |
|---|---|---|---|---|---|
| **Revenue** | 26 | **12 921** | 16 097 | **3 653** | 4 258 |
| **Sales** | 26 | **11 418** | 14 662 | **2 120** | 2 805 |
| Cost of sales | 27 | **(10 541)** | (8 836) | **(1 717)** | (1 549) |
| **Gross profit** | | **877** | 5 826 | **403** | 1 256 |
| Other operating income* | 28 | **1 914** | 1 755 | **1 778** | 1 562 |
| Insurance revenue* | 23 | **45** | 64 | **–** | – |
| Other operating expenses* | 29 | **(2 729)** | (2 632) | **(2 105)** | (1 885) |
| Insurance service expenses* | 23 | **(6)** | (37) | **–** | – |
| Net expenses from reinsurance contracts held* | 23 | **(25)** | (23) | **–** | – |
| **Profit from operations before capital items** | | **76** | 4 953 | **76** | 933 |
| Income from investments | 30 | **1 123** | 868 | **6 706** | 7 761 |
| Finance costs* | 31 | **(192)** | (242) | **(82)** | (171) |
| Net finance expenses from insurance contracts issued* | 23 | **(6)** | (4) | **–** | – |
| Net finance expenses from reinsurance contracts held* | 23 | **(57)** | (40) | **–** | – |
| Share of profit from associate | 8 | **60** | 1 007 | **–** | – |
| Share of profit from joint venture | 9 | **4 592** | 4 557 | **–** | – |
| **Profit before taxation and capital items** | | **5 596** | 11 099 | **6 700** | 8 523 |
| Capital items before tax | 32 | **(3 396)** | 56 | **2** | 150 |
| **Profit before taxation** | | **2 200** | 11 155 | **6 702** | 8 673 |
| Taxation | 33 | **96** | (1 833) | **(429)** | (491) |
| **Profit for the year** | | **2 296** | 9 322 | **6 273** | 8 182 |
| **Attributable to:** | | | | | |
| *Equity holders of ARM* | | | | | |
| Profit for the year | | **3 146** | 8 080 | **6 273** | 8 182 |
| **Basic earnings for the year** | | **3 146** | 8 080 | **6 273** | 8 182 |
| *Non-controlling interest* | | | | | |
| (Loss)/profit for the year | | **(850)** | 1 242 | **–** | – |
| | | **(850)** | 1 242 | **–** | – |
| **Profit for the year** | | **2 296** | 9 322 | **6 273** | 8 182 |
| **Earnings per share** | | | | | |
| Basic earnings per share (cents) | 34 | **1 604** | 4 121 | | |
| Diluted basic earnings per share (cents) | 34 | **1 603** | 4 112 | | |

[1] *Comparative information has been restated as a result of the adoption of IFRS 17* Insurance contracts. *Refer to note 23 for more detail.*
* *Captions have been impacted by IFRS 17* Insurance contracts.

The accompanying notes are an integral part of these financial statements.

# 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 2023 (Restated[1])** | | | | | | | |
| Profit for the year to 30 June 2023 | | – | – | 8 080 | 8 080 | 1 242 | 9 322 |
| *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 – Harmony | | 1 597 | – | – | 1 597 | – | 1 597 |
| Revaluation of listed investment[2] | 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 | 8 080 | 9 828 | 1 242 | 11 070 |
| **For the year ended 30 June 2024** | | | | | | | |
| Profit for the year to 30 June 2024 | | – | – | 3 146 | 3 146 | (850) | 2 296 |
| *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 – Harmony | | 5 198 | – | – | 5 198 | – | 5 198 |
| Revaluation of listed investment[2] | 10 | 6 630 | – | – | 6 630 | – | 6 630 |
| Deferred tax on above | 18 | (1 432) | – | – | (1 432) | – | (1 432) |
| Net impact of revaluation of listed investment – Surge Copper Corporation | | 19 | – | – | 19 | – | 19 |
| Revaluation of listed investment[2] | 10 | 24 | – | – | 24 | – | 24 |
| Deferred tax on above | 18 | (5) | – | – | (5) | – | (5) |
| *Other comprehensive loss that may be reclassified to the statement of profit or loss in subsequent periods* | | | | | | | |
| Foreign currency translation reserve movement | | – | (66) | – | (66) | – | (66) |
| Total other comprehensive income/(loss) | | 5 217 | (66) | – | 5 151 | – | 5 151 |
| **Total comprehensive income/(loss) for the year** | | 5 217 | (66) | 3 146 | 8 297 | (850) | 7 447 |

[1] *Comparative information has been restated as a result of the adoption of IFRS 17* Insurance contracts. *Refer to note 23 for more detail.*

[2] *The share price of Harmony increased from R79.25 per share at 30 June 2023 to R168.05 at 30 June 2024 per share.*

*The share price of Surge Copper Corporation of CAD0.14 per share translated at R13.33 at 30 June 2024. The purchase share price of Surge Copper Corporation was CAD0.10 per share translated at R13.46.*

*The valuation of the investment in Harmony and Surge Copper Corporation is based on a level 1 fair value hierarchy level in terms of IFRS Accounting Standards.*

The accompanying notes are an integral part of these financial statements.

# 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 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 – Harmony | | 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 |
| **For the year ended 30 June 2024** | | | | | |
| Profit for the year to 30 June 2024 | | **–** | **–** | **6 273** | **6 273** |
| *Other comprehensive income that may not be reclassified to the income statement in subsequent periods* | | | | | |
| Net impact of revaluation of listed investment – Harmony | | **5 198** | **–** | **–** | **5 198** |
| Revaluation of listed investment[1] | 10 | **6 630** | **–** | **–** | **6 630** |
| Deferred tax on above | 18 | **(1 432)** | **–** | **–** | **(1 432)** |
| Net impact of revaluation of listed investment – Surge Copper Corporation | | **19** | **–** | **–** | **19** |
| Revaluation of listed investment[2] | 10 | **24** | **–** | **–** | **24** |
| Deferred tax on above | 18 | **(5)** | **–** | **–** | **(5)** |
| Foreign currency translation reserve movement | | **–** | **–** | **–** | **–** |
| Total other comprehensive income | | **5 217** | **–** | **–** | **5 217** |
| **Total comprehensive income for the year** | | **5 217** | **–** | **6 273** | **11 490** |

[1] *The share price of Harmony increased from R79.25 at 30 June 2023 to R168.05 at 30 June 2024 per share.*

[2] *The share price of Surge Copper Corporation of CAD0.14 per share translated at R13.33 at 30 June 2024. The purchase share price of Surge Copper Corporation was CAD0.10 per share translated at R13.46.*

*The valuation of the investment in Harmony and Surge Copper Corporation is based on a level 1 fair value hierarchy level in terms of IFRS Accounting Standards.*

The accompanying notes are an integral part of these financial statements.

# Group statement of changes in equity

for the year ended 30 June 2024

| | Notes | Share capital and premium Rm | Treasury shares Rm | Other reserves: Financial instruments at fair value through other compre-hensive income Rm | Other reserves: Share-based payments Rm | Other reserves: Other[1] Rm | Retained earnings Rm | Total share-holders of ARM Rm | Non-controlling interest[2] Rm | Total Rm |
|---|---|---|---|---|---|---|---|---|---|---|
| **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 | 8 080 | **9 828** | 1 242 | **11 070** |
| Profit for the year to 30 June 2023[3] | | – | – | – | – | – | 8 080 | **8 080** | 1 242 | **9 322** |
| Other comprehensive income | | – | – | 1 597 | – | 151 | – | **1 748** | – | **1 748** |
| Conditional shares issued to employees | | – | – | – | (220) | – | – | **(220)** | – | **(220)** |
| Dividend paid[4] | 34 | – | – | – | – | – | (6 666) | **(6 666)** | – | **(6 666)** |
| Dividend declared to non-controlling interests[5] | | – | – | – | – | – | – | **–** | (516) | **(516)** |
| Share-based payment expense | | – | – | – | 147 | – | – | **147** | – | **147** |
| Other | | – | – | – | (33) | – | – | **(33)** | – | **(33)** |
| **Balance at 30 June 2023[3]** | | 5 278 | (2 405) | 3 785 | 299 | 226 | 42 031 | **49 214** | 4 931 | **54 145** |
| Total comprehensive income/(loss) for the year | | – | – | 5 217 | – | (66) | 3 146 | **8 297** | (850) | **7 447** |
| Profit for the year to 30 June 2024 | | – | – | – | – | – | 3 146 | **3 146** | (850) | **2 296** |
| Other comprehensive income/(loss) | | – | – | 5 217 | – | (66) | – | **5 151** | – | **5 151** |
| Conditional shares issued to employees | | – | – | – | (123) | – | – | **(123)** | – | **(123)** |
| Dividend paid[4] | 34 | – | – | – | – | – | (3 529) | **(3 529)** | – | **(3 529)** |
| Share-based payment expense | | – | – | – | 151 | – | – | **151** | – | **151** |
| Other | | – | – | – | (4) | – | – | **(4)** | – | **(4)** |
| **Balance at 30 June 2024** | | 5 278 | (2 405) | 9 002 | 323 | 160 | 41 648 | **54 006** | 4 081 | **58 087** |

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

| | F2024 Rm | F2023 Rm | F2022 Rm |
|---|---|---|---|
| *Dilution in Two Rivers* | ***(26)*** | *(26)* | *(26)* |
| *Foreign currency translation reserve – Assmang* | ***167*** | *232* | *120* |
| *Foreign currency translation reserve – other entities* | ***90*** | *91* | *52* |
| *Capital redemption and prospecting loans written off* | ***28*** | *28* | *28* |
| *Tamboti assets sale to Two Rivers* | ***(99)*** | *(99)* | *(99)* |
| ***Total*** | ***160*** | *226* | *75* |

[2] *Non-controlling interest includes R3 531 million (F2023: R4 376 million) for Two Rivers and R475 million (F2023: R535 million) for Modikwa.*
[3] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts. *Refer to note 23 for more detail.*
[4] *Interim dividend paid of 600 cents (F2023: 1 400 cents) per share and final dividend paid of 1 200 cents (F2023: 2 000 cents) per share.*
[5] *Dividends to Impala Platinum and Modikwa non-controlling interests.*

The accompanying notes are an integral part of these financial statements.

# Company statement of changes in equity

for the year ended 30 June 2024

| | Notes | Share capital and premium Rm | Other reserves: Financial instruments at fair value through other compre-hensive income Rm | Other reserves: Share-based payments Rm | Other reserves: Other[1] Rm | Retained earnings Rm | Total Rm |
|---|---|---|---|---|---|---|---|
| **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 | | – | – | (220) | – | – | **(220)** |
| Dividend paid | 34 | – | – | – | – | (7 639) | **(7 639)** |
| Share-based payments expense | | – | – | 147 | – | – | **147** |
| Other | | – | – | (33) | – | – | **(33)** |
| **Balance at 30 June 2023** | | 5 278 | 3 785 | 255 | 40 | 10 817 | **20 175** |
| Total comprehensive income for the year | | – | 5 217 | – | – | 6 273 | **11 490** |
| Profit for the year to 30 June 2024 | | – | – | – | – | 6 273 | **6 273** |
| Other comprehensive income | | – | 5 217 | – | – | – | **5 217** |
| Conditional shares issued to employees | | – | – | (123) | – | – | **(123)** |
| Dividend paid | 34 | – | – | – | – | (4 044) | **(4 044)** |
| Share-based payments expense | | – | – | 151 | – | – | **151** |
| Other | | – | – | (4) | – | – | **(4)** |
| **Balance at 30 June 2024** | | 5 278 | 9 002 | 279 | 40 | 13 046 | **27 645** |

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

| | F2024 Rm | F2023 Rm | F2022 Rm |
|---|---|---|---|
| *General reserve* | ***35*** | *35* | *35* |
| *Foreign currency translation* | ***5*** | *5* | *4* |
| ***Total*** | ***40*** | *40* | *39* |

The accompanying notes are an integral part of these financial statements.

# Statements of cash flows

for the year ended 30 June 2024

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Notes | **30 June 2024 Rm** | 30 June 2023 Rm | **30 June 2024 Rm** | 30 June 2023 Rm |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| Cash receipts from customers | | **13 675** | 18 697 | **1 273** | 4 668 |
| Cash paid to suppliers and employees | | **(11 904)** | (10 607) | **(3 332)** | (3 002) |
| Cash generated/(utilised) from operations | 36 | **1 771** | 8 090 | **(2 059)** | 1 666 |
| Interest received | | **917** | 840 | **648** | 531 |
| Interest paid[1] | | **(97)** | (69) | **(7)** | (2) |
| Taxation paid | 37 | **(600)** | (1 517) | **(417)** | (486) |
| | | **1 991** | 7 344 | **(1 835)** | 1 709 |
| Dividends received from joint venture | 9 | **5 000** | 5 000 | **5 000** | 5 000 |
| Dividends received from associate | 8 | **440** | 1 208 | **440** | 1 208 |
| Dividends received from investments – Harmony | | **166** | 17 | **166** | 17 |
| Dividends received from other | | **–** | – | **228** | 916 |
| Dividend paid to non-controlling interests | | **–** | (660) | **–** | – |
| Dividend paid to shareholders | 34 | **(3 529)** | (6 666) | **(4 044)** | (7 639) |
| **Net cash inflow/(outflow) from operating activities** | | **4 068** | 6 243 | **(45)** | 1 211 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | | |
| Acquisition of Bokoni net of cash acquired | 39 | **–** | (3 441) | **–** | – |
| Acquisition of additional shares in ARM Platinum Proprietary Limited | | **–** | – | **–** | (3 500) |
| Acquisition of investment in Surge Copper Corporation | | **(53)** | – | **(53)** | – |
| Additions to property, plant and equipment to maintain operations | | **(1 550)** | (1 995) | **(427)** | (282) |
| Additions to property, plant and equipment to expand operations | | **(4 742)** | (2 461) | **–** | – |
| Proceeds on disposal of property, plant and equipment | | **4** | 6 | **4** | 6 |
| Investments in financial assets | | **(893)** | (724) | **(144)** | (167) |
| Proceeds from financial assets matured | | **678** | 1 011 | **117** | 114 |
| Proceeds from loans repaid | | **–** | 93 | **168** | 389 |
| Proceeds from return of share capital | | **–** | – | **–** | 274 |
| **Net cash outflow from investing activities** | | **(6 556)** | (7 511) | **(335)** | (3 166) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Cash payments to owners to acquire the entity's shares | | **(78)** | (141) | **(78)** | (141) |
| Long-term borrowings raised | | **479** | – | **–** | – |
| Long-term borrowings repaid | | **(48)** | (80) | **(6)** | (6) |
| Short-term borrowings raised | | **456** | – | **–** | – |
| Short-term borrowings repaid[2] | | **(14)** | (171) | **(13)** | (146) |
| **Net cash outflow from financing activities** | | **795** | (392) | **(97)** | (293) |
| **Net decrease in cash and cash equivalents** | | **(1 693)** | (1 660) | **(477)** | (2 248) |
| Cash and cash equivalents at beginning of year | | **10 004** | 11 643 | **6 676** | 8 924 |
| Net foreign exchange difference | | **(2)** | 21 | **–** | – |
| **Cash and cash equivalents at end of year** | 14 | **8 309** | 10 004 | **6 199** | 6 676 |
| **Made up as follows:** | | | | | |
| – Available | 14 | **7 625** | 9 183 | **6 149** | 6 616 |
| – Cash set aside for specific use | 14 | **684** | 821 | **50** | 60 |
| | | **8 309** | 10 004 | **6 199** | 6 676 |
| **Overdrafts** | | **17** | 17 | **17** | 17 |
| **Cash and cash equivalents per statement of financial position** | | **8 326** | 10 021 | **6 216** | 6 693 |
| **Cash generated from operations per share (cents)** | 34 | **903** | 4 127 | | |

[1] *Includes group interest repayments of lease liabilities of R12 million (F2023: R10 million) and company interest repayments of lease liabilities of R4 million (F2023: R3 million).*

[2] *Includes group capital repayments of lease liabilities of R6 million (F2023: R17 million) and company capital repayments of lease liabilities of R18 million (F2023: R11 million).*

The accompanying notes are an integral part of these financial statements.



# Notes to the financial statements

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES

### Statement of compliance

The consolidated and separate annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Listings Requirements") and the South African Companies Act.

### Basis of preparation

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

The consolidated and separate annual financial statements for the year were approved by the board of directors on 25 October 2024.

The principal accounting policies as set out on the following pages are consistent in all material aspects with those applied in the previous years with the exception of IFRS 17 *Insurance contracts*.

The consolidated and separate annual 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 financial statements are prepared on the going-concern basis.

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

### Adoption of new and revised accounting 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 being 1 July 2023.

| Standard | 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 |
| IAS 12 | *International tax reform – pillar two model rules* – amendment | 23 May 2023 |

In the consolidated financial statements, the group has applied IFRS 17 *Insurance contracts* for the first time. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of the above standards, with the exception of IFRS 17 *Insurance contracts,* did not have a significant effect on the consolidated 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.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

**Subsidiary companies** continued

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.

**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 accounts 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.



## 1. ACCOUNTING POLICIES continued

**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.

**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 from 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.

**Dividend withholding tax**

Dividend withholding tax is a tax on the shareholder receiving dividends. The group withholds dividends tax on behalf of its shareholder based on the rate applicable for the shareholder. Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholding tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

**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.

**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 costs. 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.

**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.



## 1. ACCOUNTING POLICIES continued

**Financial assets** continued

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 other comprehensive income.

**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.

**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 an 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.

**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 other comprehensive income, whereby fair value gains and losses are recognised in equity (other comprehensive income) and will not be reclassified through profit or loss unless disposed of.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

**Unlisted investments**

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

Unlisted investments are classified as fair value through profit or loss, whereby fair value gains and losses are recognised in 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.

**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 unless disposed of.

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.

**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.

**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.



## 1. ACCOUNTING POLICIES continued

**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. On disposal of an investment, the balance in the revaluation reserve is recognised 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.

**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 expected credit losses. 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 expected credit losses 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.

**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.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

**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.

**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.

**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.



## 1. ACCOUNTING POLICIES continued

**Production stripping costs** continued

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.

**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 expenditure on an individual project is 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.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

**Research and development costs** continued

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 expenditure is expensed until it results 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 expenditure.

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

**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.



## 1. ACCOUNTING POLICIES continued

**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:

- Expenditure for the asset is 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.

**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.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

**Leases**

**IFRS 16 *Accounting policies***

The group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the group.

***Leases previously classified as finance leases***

The group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (ie the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 July 2019.

***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.

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

**IFRS 16 *Accounting policies*** 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 in 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 an 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.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

**Share-based payments** continued

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.

**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.

**Insurance contracts**

IFRS 17 replaces IFRS 4 *Insurance contracts* for annual periods beginning on or after 1 January 2023. The group has restated comparative information for 2022 applying the full retrospective approach to transition.

In the current reporting period, the group, by virtue of consolidating Cell AVL 18, has expanded its scope of activities to include the issuance of insurance contracts, limited to instances where the underlying parties insured by Cell AVL 18 (via Guardrisk) are not consolidated by ARM Group. The adoption of IFRS 17 reflects the group's commitment to transparent and comprehensive financial reporting, aligning with international accounting standards and ensuring a more accurate representation of its financial position, performance, and risk exposures. This accounting policy adjustment is in accordance with the specific circumstances arising from the consolidation of Cell AVL 18 and its implications on the group's overall financial reporting framework.

The application of the new amendments to IFRS Accounting Standards in the current year has had a material impact on the group's financial performance and positions for the current and prior years and/or on the disclosures set out in this consolidated financial statements.

The nature of the changes in accounting policies can be summarised, as follows:

**Changes in classification and measurement**

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the group.

The key principles of IFRS 17 are that the group:

- Identifies insurance contracts as those under which the group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards
- Divides the insurance and reinsurance contracts into groups it will recognise and measure
- Recognises and measures groups of insurance contracts at:
  - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information

    Plus
  - An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)

- Recognises profit from a group of insurance contracts over the period the group provides insurance coverage, as the group is released from risk. If a group of contracts is expected to be onerous (ie lossmaking) over the remaining coverage period, the group recognises the loss immediately.

The group's classification and measurement of insurance and reinsurance contracts is explained in note 23.



## 1. ACCOUNTING POLICIES continued

**Changes to presentation and disclosure**

For presentation in the statement of financial position, the group aggregates groups of insurance and reinsurance contracts issued and reinsurance contracts held and presents separately:

- Groups of insurance and reinsurance contracts issued that are assets
- Groups of reinsurance contracts held that are assets
- Groups of insurance contracts and reinsurance contracts issued that are liabilities
- Groups of reinsurance contracts held that are liabilities.

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements (IFRS 17.14 to 24).

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year to incorporate the adoption of IFRS 17. IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Insurance finance income or expense.

The group provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from insurance contract
- Significant judgements, and changes in those judgements, made when applying the standard.

**Transition**

On transition date, the group:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied
- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in equity.

**Material accounting policies**

Summary of material accounting policies for insurance contracts.

**Summary of measurement methods**

The group issues the following contracts that are accounted for using different measurement methods:

- The gross insurance side of Cell AVL 18's business emanates from the transfer of contracts from the Guardrisk cell, culminating in a singular contract that spans across various products or subsections of cover
- This contract is designed to cover diverse aspects of Cell AVL 18's offerings. The inward business will be modelled using the premium allocation approach (PAA) under IFRS 17. This approach allows for a streamlined representation of the coverage across all products, contributing to enhanced clarity and coherence in financial reporting
- On the reinsurance side, there is a single complex contract extending until 2026. There is an annual review possibility, despite the contractual term spanning four to five years. Given the nature of the reinsurance contracts, particularly the Hannover Re contract, the eligibility for PAA treatment is substantiated primarily on the grounds of coverage period. The ability to review and reprice annually fortifies the argument for PAA eligibility. Other reinsurance contracts automatically qualify for PAA, as none of the contracts contain contract terms exceeding 12 months.

**Definitions and classifications**

Contracts are classified as insurance contracts when the group assumes significant insurance risk by agreeing to compensate the policyholder if a specified uncertain future event adversely affects them. The Cell AVL 18 and Guardrisk arrangement is assessed for the transfer of significance of insurance risk. Applying this to the Cell AVL 18:

- Even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

The group holds reinsurance contracts to mitigate certain risk exposure. These are facultative reinsurance contracts. A reinsurance contract is an insurance contract issued by a reinsurer to compensate the group for claims arising from one or more insurance contracts issued by the group.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

### Material accounting policies continued

#### Separating components from insurance and reinsurance contracts

Some insurance contracts issued by the group have several components in addition to the provision of the insurance coverage service, such as an investment component, an investment management service, an embedded derivative and a provision of some other distinct goods or non-insurance services.

The group assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other standards. When these non-insurance components are non-distinct they will be accounted for together with the insurance component as part of the accounting for an insurance contract.

*Separating investment components*

In assessing whether an investment component is distinct, the group considers whether the investment and insurance components are not highly interrelated, and a contract with equivalent terms to the investment component is sold (or could be sold) separately in the same market or in the same jurisdiction by other entities (including entities issuing insurance contracts).

In determining whether investment and insurance components are highly interrelated, the group assesses whether it is unable to measure one component without considering the other and the policyholder is unable to benefit from one component unless the other component is present, ie whether cancelling one component also terminates the other.

The funds withheld by the group, in relation to the reinsurance held by Artex (previously Mannequin), primarily serve as a risk-mitigation strategy rather than constituting a distinct investment component. These funds are predominantly held to cover potential liabilities arising from insurance contracts and are not allocated for investment purposes independently.

The decision to retain funds is aligned with the group's approach to managing risk exposure and ensuring adequate resources are available to meet potential claim obligations. The group has not identified any distinct investment components in accordance with IFRS 17.

The group applies IFRS 17 to account for non-distinct investment components as part of its insurance contracts.

#### Level of aggregation

The group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the group considers the similarity of risks rather than the specific labelling of the product lines. The group determines that all contracts within each product line, as defined for management purposes, have similar risks and, therefore, represent a portfolio of contracts when they are managed together.

Each portfolio is sub-divided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied. At initial recognition, the group segregates contracts based on when they were issued. A portfolio contains all contracts that were issued within a 12-month period.

Each portfolio is then further disaggregated into three groups of contracts:
(a) Contracts that are onerous on initial recognition
(b) Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
(c) Any remaining contracts in the portfolio.

In determining the appropriate group, the group measures a set of contracts together using reasonable and supportable information. The group applies significant judgement in determining at what level of granularity it has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information the group assesses each contract individually.



## 1. ACCOUNTING POLICIES continued

### Material accounting policies continued

#### Level of aggregation continued

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The group determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently.

Reinsurance contracts held are assessed separately from underlying insurance contracts issued. The group disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:
(a) Those that on initial recognition have a net gain
(b) Those that on initial recognition have a net cost that is not immediately recognised in profit or loss
(c) Those that on initial recognition have a net cost that is immediately recognised in profit or loss.

#### Recognition

The group recognises groups of insurance contracts issued from the earliest of the following dates:
(a) The beginning of the coverage period of the group of contracts
(b) The date when the first payment from a policyholder in the group becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received)
(c) When the group determines that a group of contracts becomes onerous.

The group recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period and new contracts are included to the group when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the group have been recognised.

#### Contract boundaries

The group includes in the measurement of a group of insurance contracts all the future cash flows expected to arise within the boundary of each of the contract in the group.

The group estimates expected future cash flows for a group of contracts at a portfolio level and then allocates them to the group using a systematic and rational basis.

In determining which cash flows fall within a contract boundary, the group considers its substantive rights and obligations arising from the terms of the contract, and also from applicable laws and regulations. The group determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay the premiums or the group has a substantive obligation to provide the policyholder with services.

A substantive obligation to provide services ends when:
- The group has the practical ability to reassess the risks of a particular policyholder and as a result change the price charged or the level of benefits provided for the price to fully reflect the new level of risk
- The boundary assessment is performed at a portfolio rather than individual contract level, there are two criteria that both need to be satisfied: the group must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders and the group's pricing must not take into account any risks beyond the next reassessment date.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

### Material accounting policies continued

#### Contract boundaries continued

In determining whether all the risks have been reflected either in the premium or in the level of benefits, the group considers all risks that policyholders would transfer had it issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the group concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks that it would assess when underwriting equivalent contracts on the renewal date for the remaining coverage. The assessment on the group's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the group disregards restriction that have no commercial substance. The group also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. Judgement is required to decide whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

Insurance contracts have a contract boundary of 12 months in line with the duration of the contractual terms.

#### Measurement of insurance contracts issued

The group applies the PAA to the measurement of insurance contracts. On initial recognition, the group measures the liability for remaining coverage (LRC) at the amount of premiums received in cash. The group applies the policy of amortising insurance acquisition cash flows over the contract's coverage period.

The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the following:

(i) The premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period
(ii) Any adjustment to a financing component and any investment component paid or transferred to the liability for incurred claims.

The group has determined that there is no significant financing component therefore does not discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.

The carrying amount of the liability for incurred claims (LIC) comprises the fulfilment cash flows for settling the claims and expenses related to claims reported and incurred but not yet reported at the reporting date. For those claims that the group expects to be paid within one year or less from the date of incurring, the group does not adjust future cash flows for the time value of money and the effect of financial risk. However, claims expected to take more than one year to settle are discounted.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts excluding any investment component. The allocation is done on the basis of the passage of time. The group applies judgement in determining the basis of allocation.

The group considers an insurance contract to be onerous if at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous.

The group calculates the difference between:

- The carrying amount of the liability for remaining coverage
- The fulfilment cash flows that relate to remaining coverage of the group.

To the extent that the fulfilment cash flows described above exceed the carrying amount, the group recognises a loss in profit or loss and an increase in the liability for remaining coverage.

#### Reinsurance contracts held

The group uses facultative reinsurance to mitigate some of its risks exposures. Reinsurance contracts held are accounted under IFRS 17 when they meet the definition of an insurance contract, which includes the condition that the contract must transfer significant insurance risk.



## 1. ACCOUNTING POLICIES continued

### Material accounting policies continued

#### Reinsurance contracts held continued

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss. The effect of non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the group applies the general approach and disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

(a) Contracts that on initial recognition have a net gain
(b) Contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently
(c) Any remaining reinsurance contracts held in the portfolio.

The group recognises a group of reinsurance contracts at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognised. Cash flows are within the boundary of a reinsurance contract held, if they arise from the substantive rights and obligations of the cedant that exist during the reporting period in which the group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract. This includes cash flows from insurance contracts that are expected to be issued by the group in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held. Reinsurance contracts held have a contract boundary of 12 months due to the cancellation clause and ability to reprice annually.

The group measures reinsurance contracts held under the PAA, the initial measurement of the asset equals the reinsurance premium paid. The group measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held the allocation is based on the passage of time.

#### Modification and derecognition

The group derecognises the original contract and recognises the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

- If the modified terms were included at contract inception and the group would have concluded that the modified contract:
  – Is outside of the scope of IFRS 17
  – Results in a different insurance contract due to separating components from the host contract
  – Results in a substantially different contract boundary
  – Would be included in a different group of contracts
- The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

If the contract modification does not meet any of the conditions, the group treats changes in cash flows caused by a modification as changes in estimates of fulfilment cash flows.

For insurance contracts accounted for applying the PAA, the group adjusts insurance revenue prospectively from the time of the contract modification for a change in estimates of the fulfilment cash flows.

The group derecognises an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled)
- Modified and derecognition criteria are met.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

### Material accounting policies continued

#### Modification and derecognition continued

When the group derecognises an insurance contract from within a group of contracts, the group:

- Adjusts the free cash flow (FCF) allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group.

#### Presentation

The group has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, portfolio of reinsurance contracts held that are assets and those that are liabilities.

Insurance service consists of insurance revenue, insurance service expense and net income and expense from reinsurance contracts.

The group includes any assets for insurance acquisition cash flows recognised before the corresponding groups of insurance contracts are recognised in the carrying amount of the related portfolios of insurance contracts issued.

The group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

***Insurance revenue***

As the group provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the group expects to be entitled to in exchange for those services.

When applying the PAA, the group recognises insurance revenue for the period based on the passage of time by allocating premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the group considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to change in the expected pattern of claim occurrence for new and existing groups.

***Insurance service expense***

Insurance service expense arising from group insurance contracts issued comprises:

- Changes in the LIC due to claims and expenses incurred in the period excluding repayment of investment components
- Other directly attributable expenses
- Changes in the LIC due to claims and expenses incurred in prior periods (related to past service)
- Amortisation of insurance acquisition cash flows
- Loss component of onerous groups of contracts initially recognised in the period.

***Income or expenses from reinsurance contacts held***

The group presents income or expenses from a group of reinsurance contracts held and insurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurer
- An allocation of the reinsurance premium paid, provided together they equal total income or expenses from reinsurance contracts held.

The group presents cash flows that are contingent on claims as part of the amount recovered from the reinsurer. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a reduction in the premiums to be paid to the reinsurer.

***Insurance finance income and expense***

Insurance finance income or expense presents the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

## 1. ACCOUNTING POLICIES continued

### Material accounting policies continued

#### Transition

The group has adopted IFRS 17 retrospectively, applying the fully retrospective approach. The group identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied, derecognised any existing balances that would not exist had IFRS 17 always been applied and recognised any resulting net difference in equity.

***Critical accounting judgements and key sources of estimation uncertainty***

The directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

***Critical judgements in applying the group's accounting policies***

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

*Assessment of significance of insurance risk*: The group applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on occurrence of insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis.

*Separation of insurance contracts into components from insurance contracts:* The group issues some insurance contracts that combine protection for the policyholder against different types of insurance risks in a single contract. IFRS 17 does not require or permit separating insurance components of an insurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. Overriding the "single contract" unit of account presumption involves significant judgement and is not an accounting policy choice. In determining whether a legal contract does not reflect its substance such that separate insurance elements are required to be recognised, the group considers the interdependency between the different risks covered, the ability of all components to lapse independently of each other and the ability to price and sell the components separately.

*Consideration of whether there are investment components*: The group considers all the terms of the contracts it issues to determine whether there are amounts payable to the policyholder in all circumstances, regardless of contract cancellation, maturity, and the occurrence or non-occurrence of insured event. Some amounts, once paid by the policyholder, are repayable to the policyholder in all circumstances. The group considers such payments to meet the definition of investment component, notwithstanding that the amount repayable varies over the term of the contract as it is repayable only after it has first been paid by the policyholder.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

### Material accounting policies continued

#### Transition continued

*Determination of contract boundary:* The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the group considers its substantive rights and obligations arising from the terms of the contract, and also from applicable law and regulation. Cash flows are considered to be outside of the contract boundary if the group has practical ability to reprice existing contracts to reflect their reassessed risks and if the contract's pricing for coverage up to the date of reassessment considers only the risks until that next reassessment date. The group applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio. The group considers contractual, legal and regulatory restrictions when making its assessment. In doing so, the group disregards restrictions that have no commercial substance. The group also applies judgement to decide whether commercial considerations are relevant.

*Level of aggregation:* The group defines the portfolio as insurance contracts subject to similar risks and managed together. Contracts within a product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement.

The group considers its insurance products as a separate portfolio from its reinsurance products. No further disaggregation has been applied due to the immateriality of the individual lines of business within the respective insurance and reinsurance portfolios.

*Assessment of directly attributable cash flows*: The group applies judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs.

*Disaggregation of changes in the risk adjustment for non-financial risk:* The group does not disaggregate the risk adjustment for non-financial risk into an insurance service component and an insurance finance component, which would otherwise require a significant judgement and additional disclosure. The group presents changes in the risk adjustment for non-financial risk included in the LRC that do not relate to future service as insurance revenue and changes in the risk adjustment for non-financial risk related to current and past service as insurance service expense.

***Key sources of estimation uncertainty***

*Technique for estimation of future cash flows:*
In estimating the FCF included in the contract boundary, the group considers all the range of possible outcomes in an unbiased way specifying the amount of cash flows, timing and a probability of each scenario reflecting conditions existing at the measurement data, using a probability-weighted average expectation. The probability-weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the group uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

*Method of estimating discounts rates:*
In determining discount rates for different products, the group uses the bottom-up approach.

For cash flows of insurance contracts that do not depend on underlying items, the group applies the bottom-up approach. In this methodology, the discount rates are estimated based on points along the risk-free rate curve, specifically utilising solvency assessment and management (SAM) risk-free curve for the corresponding currency and duration as the cash flows of the insurance contract. No illiquidity adjustment is incorporated in this valuation process. The use of the SAM risk-free curve ensures alignment with the group's risk management strategy and provides a more accurate reflection of market conditions. The exercise of judgement in evaluating the liquidity characteristics of the group of insurance contracts remains integral to this process.



## 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 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 agreements. 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 2024

## 1. ACCOUNTING POLICIES continued

**Mining products**

Revenue from the sale of mining and related products is recognised when control is transferred 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.

**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.

**Material 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 financial statements are described on the following pages.

## 1. ACCOUNTING POLICIES continued

**Material 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.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 1. ACCOUNTING POLICIES continued

### Material 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-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.

## 1. ACCOUNTING POLICIES continued

### Definitions continued

**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.

**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 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. These were previously classified as special items.

**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.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 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:

| Standard | Subject | Effective date |
|---|---|---|
| IAS 1 | *Presentation of financial statements – classification of liabilities as current or non-current* – amendments | 1 January 2024 |
| IAS 7 | *Statement of cash flows – disclosures: supplier finance arrangements* | 1 January 2024 |
| IFRS 7 | *Financial instruments – disclosures: supplier finance arrangements* | 1 January 2024 |
| IFRS 16 | *Leases – lease liability in a sale and leaseback* – amendment | 1 January 2024 |
| IAS 21 | *The effects of changes in foreign exchange rates – lack of exchangeability* – amendments | 1 January 2025 |
| IFRS 7 | *Classification and measurement of financial instruments* | 1 January 2026 |
| IFRS 1 | *First-time adoption of International Financial Reporting Standards – annual improvements* – amendments | 1 January 2026 |
| IFRS 9 | *Classification and measurement of financial instruments* – amendments | 1 January 2026 |
| IFRS 7 | *Financial instruments – annual improvements* – amendments | 1 January 2026 |
| IFRS 9 | *Financial instruments – annual improvements* – amendments | 1 January 2026 |
| IFRS 10 | *Consolidated financial statements – annual improvements* – amendments | 1 January 2026 |
| IAS 7 | *Statement of cash flows – annual improvements* – amendments | 1 January 2026 |
| IFRS 18 | *Presentation and disclosure in financial statements* | 1 January 2027 |
| IFRS 19 | *Subsidiaries without public accountability – disclosures* | 1 January 2027 |

New accounting standards, amendments issued to accounting standards, and interpretations that are relevant to ARM, but not yet effective on 30 June 2024, have not been adopted.

The group does not intend early adopting any of the above amendments, standards or interpretations.

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, which are determined by the different minerals that ARM mines: ARM Platinum (which includes platinum group metals and nickel), ARM Ferrous, ARM Coal and ARM Corporate (which includes Machadodorp Works, Corporate, Gold and other) in the table below.

| 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 statements Rm** |
|---|---|---|---|---|---|---|---|
| **2.1 Year to 30 June 2024** | | | | | | | |
| Sales | 9 298 | 21 270 | 2 120 | – | **32 688** | (21 270) | **11 418** |
| Cost of sales | (8 828) | (12 859) | (1 717) | 75 | **(23 329)** | 12 788 | **(10 541)** |
| Other operating income[3] | 154 | 34 | 154 | 1 510 | **1 852** | 62 | **1 914** |
| Insurance revenue | – | – | – | 45 | **45** | – | **45** |
| Other operating expenses | (987) | (1 949) | (137) | (1 605) | **(4 678)** | 1 949 | **(2 729)** |
| Insurance service expense | – | – | – | (6) | **(6)** | – | **(6)** |
| Net expenses from reinsurance contracts held | – | – | – | (25) | **(25)** | – | **(25)** |
| **Segment result** | (363) | 6 496 | 420 | (6) | **6 547** | (6 471) | **76** |
| Income from investments | 217 | 514 | 65 | 841 | **1 637** | (514) | **1 123** |
| Finance costs | (270) | (69) | (18) | 96 | **(261)** | 69 | **(192)** |
| Net finance expenses from insurance contracts issued | – | – | – | (6) | **(6)** | – | **(6)** |
| Net finance expenses from reinsurance contracts held | – | – | – | (57) | **(57)** | – | **(57)** |
| Income from associate | – | – | 60 | – | **60** | – | **60** |
| Income from joint venture | – | 18 | – | – | **18** | 4 574 | **4 592** |
| Capital items before tax (refer to note 32) | (3 402) | (638) | 1 | 5 | **(4 034)** | 638 | **(3 396)** |
| Taxation | 584 | (1 711) | (136) | (345) | **(1 608)** | 1 704 | **96** |
| **(Loss)/profit after tax** | (3 234) | 4 610 | 392 | 528 | **2 296** | – | **2 296** |
| Non-controlling interest | 851 | – | – | (1) | **850** | – | **850** |
| Consolidation adjustments[4] | – | (18) | – | 18 | **–** | – | **–** |
| **Contribution to basic (losses)/earnings** | (2 383) | 4 592 | 392 | 545 | **3 146** | – | **3 146** |
| **Contribution to headline (losses)/earnings** | (910) | 5 058 | 391 | 541 | **5 080** | – | **5 080** |
| **Other information** | | | | | | | |
| Segment assets, including investment in associate | 23 590 | 28 449 | 4 517 | 21 244 | **77 800** | (7 108) | **70 692** |
| Investment in associate | | | 1 467 | | **1 467** | | **1 467** |
| Investment in joint venture | | | | | | 21 341 | **21 341** |
| Segment liabilities | 5 575 | 3 611 | 404 | 1 646 | **11 236** | (3 611) | **7 625** |
| Unallocated liabilities (tax and deferred tax) | | | | | **8 477** | (3 497) | **4 980** |
| Consolidated total liabilities | | | | | **19 713** | (7 108) | **12 605** |
| Cash generated from operations | 1 032 | 7 875 | 521 | 218 | **9 646** | (7 875) | **1 771** |
| Cash inflow/(outflow) from operating activities | 1 083 | 6 687 | 458 | (183) | **8 045** | (3 977) | **4 068** |
| Cash (outflow)/inflow from investing activities | (5 864) | (2 127) | (419) | (273) | **(8 683)** | 2 127 | **(6 556)** |
| Cash inflow/(outflow) from financing activities | 935 | (22) | (14) | (126) | **773** | 22 | **795** |
| Capital expenditure | 6 139 | 2 209 | 202 | 14 | **8 564** | (2 209) | **6 355** |
| Amortisation and depreciation | 766 | 1 400 | 199 | 8 | **2 373** | (1 400) | **973** |
| Raw materials, consumables used and change in inventories (refer note 27) | 2 959 | 2 611 | 494 | – | **6 064** | (2 611) | **3 453** |
| Salaries and wages (refer note 27) | 2 470 | 1 526 | 213 | – | **4 209** | (1 526) | **2 683** |
| Fees received (refer note 28) | – | – | – | 1 503 | **1 503** | – | **1 503** |
| Impairment loss/(reversal) before tax | 3 402 | 618 | – | (5) | **4 015** | (618) | **3 397** |
| EBITDA | 403 | 7 896 | 619 | 2 | **8 920** | (7 871) | **1 049** |

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 to 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 R1 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 2024

## 2. PRIMARY SEGMENTAL INFORMATION
continued

### 2.2 Year to 30 June 2023 (Restated[3])

| 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 statements Rm** |
|---|---|---|---|---|---|---|---|
| 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[4] | 208 | 454 | 31 | 1 408 | **2 101** | (346) | **1 755** |
| Insurance revenue | – | – | – | 64 | **64** | – | **64** |
| Other operating expenses | (965) | (1 922) | (193) | (1 474) | **(4 554)** | 1 922 | **(2 632)** |
| Insurance service expense | – | – | – | (37) | **(37)** | – | **(37)** |
| Net expenses from reinsurance contracts held | – | – | – | (23) | **(23)** | – | **(23)** |
| **Segment result** | 3 802 | 6 889 | 1 052 | 96 | **11 839** | (6 886) | **4 953** |
| Income from investments | 256 | 415 | 17 | 595 | **1 283** | (415) | **868** |
| Finance costs | (120) | (45) | (123) | 1 | **(287)** | 45 | **(242)** |
| Net finance expenses from insurance contracts issued | – | – | – | (4) | **(4)** | – | **(4)** |
| Net finance expenses from reinsurance contracts held | – | – | – | (40) | **(40)** | – | **(40)** |
| Income from associate | – | – | 1 007 | – | **1 007** | – | **1 007** |
| Income from joint venture | – | 206 | – | – | **206** | 4 351 | **4 557** |
| Capital items before tax (refer to note 32) | 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 | 456 | **9 322** | – | **9 322** |
| Non-controlling interest | (1 240) | – | – | (2) | **(1 242)** | – | **(1 242)** |
| Consolidation adjustments[5] | – | (2) | – | 2 | **–** | – | **–** |
| **Contribution to basic earnings** | 1 519 | 4 557 | 1 548 | 456 | **8 080** | – | **8 080** |
| **Contribution to headline earnings** | 1 465 | 5 528 | 1 535 | 455 | **8 983** | – | **8 983** |
| **Other information** | | | | | | | |
| Segment assets, including investment in associate | 22 466 | 28 432 | 5 016 | 14 722 | **70 636** | (6 619) | **64 017** |
| Investment in associate | | | 1 847 | | **1 847** | – | **1 847** |
| Investment in joint venture | | | | | | 21 814 | **21 814** |
| Segment liabilities | 3 409 | 3 089 | 689 | 1 543 | **8 730** | (3 089) | **5 641** |
| Unallocated liabilities (tax and deferred tax) | | | | | **7 761** | (3 530) | **4 231** |
| Consolidated total liabilities | | | | | **16 491** | (6 619) | **9 872** |
| 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 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** |
| Raw materials, consumables used and change in inventories (refer to note 27) | 2 262 | 1 934 | 355 | 56 | **4 607** | (1 934) | **2 673** |
| Salaries and wages (refer to note 27) | 2 145 | 1 415 | 197 | 22 | **3 779** | (1 415) | **2 364** |
| Fees received (refer to note 28) | – | – | – | 1 533 | **1 533** | – | **1 533** |
| Impairment before tax | – | 1 261 | – | – | **1 261** | (1 261) | **–** |
| EBITDA | 4 484 | 8 166 | 1 239 | 105 | **13 994** | (8 163) | **5 831** |

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 to 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 *Comparative information has been restated as a result of adoption of IFRS 17 Insurance contracts. Refer to note 23 for more detail.*
4 *The re-measurement adjustment of the Harmony loan amounts to R8 million gain 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 2024

| Attributable | Two Rivers Rm | Modikwa Rm | Bokoni Rm | Nkomati Rm | **ARM Platinum Total Rm** |
|---|---|---|---|---|---|
| Sales | 5 914 | 2 833 | 551 | – | **9 298** |
| Cost of sales | (5 125) | (2 875) | (828) | – | **(8 828)** |
| Other operating income | 78 | 72 | 3 | 1 | **154** |
| Other operating expenses | (274) | (49) | (283) | (381) | **(987)** |
| **Segment result** | 593 | (19) | (557) | (380) | **(363)** |
| Income from investments | 73 | 124 | 8 | 12 | **217** |
| Finance costs | (67) | (166) | (16) | (21) | **(270)** |
| Capital items before tax (refer to note 32) | (2 782) | (620) | – | – | **(3 402)** |
| Taxation | 462 | 125 | (1) | (2) | **584** |
| **Loss after tax** | (1 721) | (556) | (566) | (391) | **(3 234)** |
| Non-controlling interest | 792 | 59 | – | – | **851** |
| **Contribution to basic losses** | (929) | (497) | (566) | (391) | **(2 383)** |
| **Contribution to headline earnings/(losses)** | 168 | (121) | (566) | (391) | **(910)** |
| **Other information** | | | | | |
| Segment and consolidated assets | 12 173 | 4 701 | 6 567 | 149 | **23 590** |
| Segment liabilities | 2 751 | 1 032 | 592 | 1 200 | **5 575** |
| Unallocated liabilities (tax and deferred tax) | | | | | **2 016** |
| Consolidated total liabilities | | | | | **7 591** |
| Cash inflow/(outflow) from operating activities | 1 384 | 345 | (579) | (67) | **1 083** |
| Cash outflow from investing activities | (3 739) | (404) | (1 721) | – | **(5 864)** |
| Cash inflow from financing activities | 935 | – | – | – | **935** |
| Capital expenditure | 3 968 | 417 | 1 754 | – | **6 139** |
| Amortisation and depreciation | 447 | 124 | 195 | – | **766** |
| Raw materials, consumables used and change in inventories | 1 824 | 788 | 347 | – | **2 959** |
| Salaries and wages | 1 435 | 903 | 132 | – | **2 470** |
| Impairment loss before tax | 2 782 | 620 | – | – | **3 402** |
| EBITDA | 1 040 | 105 | (362) | (380) | **403** |

# Notes to the financial statements continued

for the year ended 30 June 2024

## 2. PRIMARY SEGMENTAL INFORMATION continued

### 2.3 Year to 30 June 2023

| Attributable | Two Rivers Rm | Modikwa Rm | Bokoni 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 costs | (42) | (4) | (25) | (49) | **(120)** |
| Capital items before tax (refer to note 32) | (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 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** |
| Raw materials, consumables used and change in inventories | 1 558 | 704 | – | – | 2 262 |
| Salaries and wages | 1 006 | 1 139 | – | – | 2 145 |
| EBITDA | 3 658 | 1 372 | (377) | (169) | **4 484** |



## 2. PRIMARY SEGMENTAL INFORMATION continued

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

| Year to 30 June 2024 | Iron ore Division Rm | Manganese Division Rm | ARM Ferrous Total Rm | ARM share Rm | IFRS Adjustment[1] Rm | Total per IFRS financial statements Rm |
|---|---|---|---|---|---|---|
| Sales | 29 068 | 13 472 | **42 540** | **21 270** | (21 270) | **–** |
| Cost of sales | (13 828) | (11 890) | **(25 718)** | **(12 859)** | 12 859 | **–** |
| Other operating income | 37 | 54 | **91** | **34** | (34) | **–** |
| Other operating expenses | (2 652) | (1 269) | **(3 921)** | **(1 949)** | 1 949 | **–** |
| **Segment result** | 12 625 | 367 | **12 992** | **6 496** | (6 496) | **–** |
| Income from investments | 959 | 69 | **1 028** | **514** | (514) | **–** |
| Finance costs | (67) | (71) | **(138)** | **(69)** | 69 | **–** |
| Profit from joint venture | | 37 | **37** | **18** | (18) | **–** |
| Capital items before tax (refer to note 32) | (1 196) | (81) | **(1 277)** | **(638)** | 638 | **–** |
| Taxation | (3 328) | (94) | **(3 422)** | **(1 711)** | 1 711 | **–** |
| **Profit after tax** | 8 993 | 227 | **9 220** | **4 610** | (4 610) | **–** |
| Consolidation adjustments | | | | **(18)** | 18 | **–** |
| **Contribution to basic earnings** | 8 993 | 227 | **9 220** | **4 592** | – | **4 592** |
| **Contribution to headline earnings** | 9 867 | 287 | **10 154** | **5 058** | – | **5 058** |
| **Other information** | | | | | | |
| Consolidated total assets | 36 084 | 22 570 | **58 654** | **28 449** | (7 108) | **21 341** |
| Consolidated total liabilities | 8 453 | 6 257 | **14 710** | **3 611** | (3 611) | **–** |
| Capital expenditure | 3 215 | 1 394 | **4 609** | **2 209** | (2 209) | **–** |
| Amortisation and depreciation | 1 836 | 1 105 | **2 941** | **1 400** | (1 400) | **–** |
| Raw materials, consumables used and change in inventories | 3 282 | 1 940 | **5 222** | **2 611** | (2 611) | **–** |
| Salaries and wages | 1 517 | 1 535 | **3 052** | **1 526** | (1 526) | **–** |
| Impairment loss before tax | 1 158 | 78 | **1 236** | **618** | (618) | **–** |
| Cash inflow from operating activities[2] | 1 605 | 1 754 | **3 359** | **6 687** | (6 687) | **–** |
| Cash outflow from investing activities | (3 052) | (1 203) | **(4 255)** | **(2 127)** | 2 127 | **–** |
| Cash outflow from financing activities | (13) | (31) | **(44)** | **(22)** | 22 | **–** |
| EBITDA | 14 461 | 1 472 | **15 933** | **7 896** | (7 896) | |
| **Additional information for ARM Ferrous at 100% Assmang** | | | | | | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | | | **31 965** | | (31 965) | **–** |
| Investment in joint venture | | | **2 513** | | (2 513) | **–** |
| Other non-current assets | | | **2 909** | | (2 909) | **–** |
| **Current assets** | | | | | | |
| Inventories | | | **5 599** | | (5 599) | **–** |
| Trade and other receivables | | | **6 429** | | (6 429) | **–** |
| Financial assets | | | **284** | | (284) | **–** |
| Cash and cash equivalents | | | **8 952** | | (8 952) | **–** |
| **Non-current liabilities** | | | | | | |
| Other non-current liabilities | | | **9 352** | | (9 352) | **–** |
| **Current liabilities** | | | | | | |
| Trade and other payables | | | **4 038** | | (4 038) | **–** |
| Short-term provisions | | | **1 235** | | (1 235) | **–** |

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

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

# Notes to the financial statements continued

for the year ended 30 June 2024

## 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 Adjustment[1] Rm | Total per IFRS financial statements Rm |
|---|---|---|---|---|---|---|
| **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 expenses | (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 costs | (48) | (42) | **(90)** | **(45)** | 45 | **–** |
| Profit from joint venture | – | 414 | **414** | **206** | (206) | **–** |
| Capital items before tax (refer to note 32) | (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) | **–** |
| Raw materials, consumables used and change in inventories | 2 578 | 1 290 | **3 868** | **1 934** | (1 934) | **–** |
| Salaries and wages | 1 213 | 1 617 | **2 830** | **1 415** | (1 415) | **–** |
| Impairment loss before tax | 2 111 | 411 | **2 522** | **1 261** | (1 261) | **–** |
| 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 to note 2.1 and note 9 for more detail on the ARM Ferrous segment.

ARM Corporate as presented in the table on pages 59 and 60 is analysed further into 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 2024** | | | | |
| Cost of sales | – | 75 | | **75** |
| Other operating income | 3 | 1 507 | | **1 510** |
| Insurance revenue | – | 45 | | **45** |
| Other operating expenses | (293) | (1 312) | | **(1 605)** |
| Insurance service expense | – | (6) | | **(6)** |
| Net expenses from reinsurance contracts held | – | (25) | | **(25)** |
| **Segment result** | (290) | 284 | | **(6)** |
| Income from investments | – | 675 | 166 | **841** |
| Finance costs | (25) | 121 | | **96** |
| Net finance expenses from insurance contracts issued | – | (6) | | **(6)** |
| Net finance expenses from reinsurance contracts held | – | (57) | | **(57)** |
| Capital items before tax (refer to note 32) | 1 | 4 | | **5** |
| Taxation | 94 | (439) | | **(345)** |
| **(Loss)/profit after tax** | (220) | 582 | 166 | **528** |
| Non-controlling interest | – | (1) | | **(1)** |
| Consolidation adjustments[1] | – | 18 | | **18** |
| **Contribution to basic (losses)/earnings** | (220) | 599 | 166 | **545** |
| **Contribution to headline (losses)/earnings** | (221) | 596 | 166 | **541** |
| **Other information** | | | | |
| Segment and consolidated assets | 112 | 8 507 | 12 625 | **21 244** |
| Segment liabilities | 228 | 1 418 | | **1 646** |
| Cash (outflow)/inflow from operating activities | (348) | (1) | 166 | **(183)** |
| Cash outflow from investing activities | (2) | (271) | | **(273)** |
| Cash outflow from financing activities | – | (126) | | **(126)** |
| Capital expenditure | 2 | 12 | | **14** |
| Amortisation and depreciation | – | 8 | | **8** |
| Fees received | – | 1 503 | | **1 503** |
| Impairment/(reversal) before tax | (1) | (4) | | **( 5)** |
| EBITDA | (290) | 292 | | **2** |

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

# Notes to the financial statements continued

for the year ended 30 June 2024

## 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 2023 (Restated[1])** | | | | |
| Sales | 116 | – | | **116** |
| Cost of sales | (75) | 117 | | **42** |
| Other operating income | 4 | 1 404 | | **1 408** |
| Insurance revenue | | 64 | | **64** |
| Other operating expenses | (288) | (1 186) | | **(1 474)** |
| Insurance service expense | | (37) | | **(37)** |
| Net expenses from reinsurance contracts held | | (23) | | **(23)** |
| **Segment result** | (243) | 339 | | **96** |
| Income from investments | – | 578 | 17 | **595** |
| Finance costs | (24) | 25 | | **1** |
| Net finance expenses from insurance contracts issued | – | (4) | | **(4)** |
| Net finance expenses from reinsurance contracts held | – | (40) | | **(40)** |
| Capital items before tax (refer to note 32) | – | 1 | | **1** |
| Taxation | 71 | (264) | | **(193)** |
| **(Loss)/profit after tax** | (196) | 635 | 17 | **456** |
| Non-controlling interest | – | (2) | | **(2)** |
| Consolidation adjustment[2] | – | 2 | | **2** |
| **Contribution to basic (losses)/earnings** | (196) | 635 | 17 | **456** |
| **Contribution to headline (losses)/earnings** | (196) | 634 | 17 | **455** |
| **Other information** | | | | |
| Segment and consolidated assets | 123 | 8 681 | 5 918 | **14 722** |
| Segment liabilities | 262 | 1 281 | | **1 543** |
| Cash (outflow)/inflow 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** |
| Raw materials, consumables used and change in inventories | 56 | – | | **56** |
| Salaries and wages | 22 | – | | **22** |
| Fees received | – | 1 533 | | **1 533** |
| EBITDA | (242) | 347 | | **105** |

[1] *Comparative information has been restated as a result of the adoption of IFRS 17 Insurance contracts. Refer to note 23 for more detail.*
[2] *Relates to fees capitalised in ARM Ferrous and reversed on consolidation.*

## 2. PRIMARY SEGMENTAL INFORMATION continued

### 2.6 Segmental information continued

| | GROUP F2024 Rm | GROUP F2023 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 | **67 810** | 60 745 |
| – Europe | **487** | 662 |
| – Americas | **89** | 42 |
| – Far and Middle East | **2 306** | 2 677 |
| | **70 692** | 64 126 |
| Sales by geographical area: | | |
| – South Africa | **9 627** | 12 253 |
| – Switzerland | **1 791** | 2 409 |
| | **11 418** | 14 662 |
| Sales to major customers which constitutes 10% or more of the group sales: | | |
| Rustenburg Platinum Mines Limited | **2 833** | 3 839 |
| Impala Platinum Limited | **5 914** | 7 468 |
| Glencore International AG | **1 791** | 2 409 |
| Capital expenditure | | |
| – South Africa | **6 355** | 4 761 |
| | **6 355** | 4 761 |

# Notes to the financial statements continued

for the year ended 30 June 2024

## 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 2022** | 10 217 | 6 343 | 577 | 2 431 | 379 | 1 591 | 674 | 22 212 |
| Additions | 3 450 | 698 | 172 | – | – | 399 | 42 | 4 761 |
| Acquisition of Bokoni | 759 | 438 | 183 | 1 340 | – | 23 | – | 2 743 |
| Change in estimates | (9) | – | – | – | – | – | – | (9) |
| Reclassifications | (39) | 22 | – | – | – | 17 | – | – |
| 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 |
| Additions | **4 666** | **1 151** | **56** | **–** | **–** | **482** | **–** | **6 355** |
| Reclassifications[1] | **(919)** | **823** | **8** | **–** | **–** | **88** | **–** | **–** |
| Capitalised stock | **6** | **–** | **–** | **–** | **–** | **–** | **–** | **6** |
| Derecognition | **(28)** | **–** | **2** | **–** | **–** | **–** | **(14)** | **(40)** |
| Disposals | **(3)** | **(72)** | **(24)** | **–** | **(1)** | **(61)** | **–** | **(161)** |
| **Balance at 30 June 2024** | **18 088** | **9 315** | **974** | **3 771** | **378** | **2 488** | **529** | **35 543** |
| **Accumulated depreciation and impairment** | | | | | | | | |
| **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 |
| Charge for the year | **299** | **319** | **32** | **34** | **–** | **246** | **38** | **968** |
| Derecognition | **–** | **–** | **3** | **–** | **–** | **–** | **(5)** | **(2)** |
| Disposals | **(3)** | **(69)** | **(24)** | **–** | **–** | **(61)** | **–** | **(157)** |
| Impairment/(impairment reversal) | **1 882** | **941** | **(5)** | **266** | **–** | **312** | **–** | **3 396** |
| **Balance at 30 June 2024** | **8 311** | **4 546** | **459** | **2 144** | **4** | **1 489** | **462** | **17 415** |
| **Carrying value at 30 June 2023** | 8 233 | 4 058 | 479 | 1 927 | 375 | 987 | 114 | 16 173 |
| **Carrying value at 30 June 2024** | **9 777** | **4 769** | **515** | **1 627** | **374** | **999** | **67** | **18 128** |

[1] *The reclassification between the property, plant and equipment categories is a result of review done in the platinum division.*

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 2024 (F2023: Rnil).

### Fully depreciated assets still in use

At year end there was R239 million (F2023: R483 million) of assets that were fully depreciated but are still in use. This excludes zero value assets after the impairment in ARM Coal.

## 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 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 |
| Additions[1] | **(51)** | **248** | **1** | **–** | **–** | **18** | **–** | **216** |
| Capitalised stock | **6** | **–** | **–** | **–** | **–** | **–** | **–** | **6** |
| Disposals | **–** | **(57)** | **–** | **–** | **–** | **(3)** | **–** | **(60)** |
| **Balance at 30 June 2024** | **4 261** | **2 839** | **212** | **574** | **9** | **285** | **146** | **8 326** |
| **Accumulated depreciation and impairment** | | | | | | | | |
| **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 |
| Charge for the year | **61** | **102** | **2** | **12** | **–** | **9** | **19** | **205** |
| Disposals | **–** | **(53)** | **–** | **–** | **–** | **(3)** | **–** | **(56)** |
| **Balance at 30 June 2024** | **3 571** | **2 283** | **168** | **355** | **–** | **144** | **116** | **6 637** |
| **Carrying value at 30 June 2023** | 796 | 414 | 45 | 231 | 9 | 132 | 49 | 1 676 |
| **Carrying value at 30 June 2024** | **690** | **556** | **44** | **219** | **9** | **141** | **30** | **1 689** |

[1] *The negative additions for mine development and decommissioning assets in the company are a result of the reduction of ARM Coal's rehabilitation provision.*

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 2024 (F2023: Rnil).

### Fully depreciated assets still in use

At year end there was R41 million (F2023: R232 million) of assets that were fully depreciated but are still in use. This excludes zero value assets after the impairment in ARM Coal.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 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 2022** | 526 | 144 | 4 | 674 |
| Additions | 40 | 2 | – | 42 |
| Reclassification | – | 4 | (4) | – |
| Derecognition | (120) | (53) | – | (173) |
| **Balance at 30 June 2023** | 446 | 97 | – | 543 |
| Derecognition | **(5)** | **(9)** | **–** | **(14)** |
| **Balance at 30 June 2024** | **441** | **88** | **–** | **529** |
| **Accumulated depreciation and impairment** | | | | |
| **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 |
| Charge for the year | **32** | **6** | **–** | **38** |
| Derecognition | **(5)** | **–** | **–** | **(5)** |
| **Balance at 30 June 2024** | **416** | **46** | **–** | **462** |
| **Carrying value at 30 June 2023** | 57 | 57 | – | 114 |
| **Carrying value at 30 June 2024** | **25** | **42** | **–** | **67** |

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

| | **F2024 Rm** | F2023 Rm |
|---|---|---|
| **Reconciliation of lease liabilities** | | |
| Opening balance | **125** | 163 |
| Additions[1] | **–** | 42 |
| Derecognition | **(14)** | (63) |
| Interest | **12** | 10 |
| Repayments (total cash outflow)[2] | **(18)** | (27) |
| **Closing balance** | **105** | 125 |
| Current | **84** | 19 |
| Non-current | **21** | 106 |
| 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 | **38** | 57 |
| Interest expense on lease liabilities | **12** | 10 |
| **Total amount recognised in profit or loss** | **50** | 67 |

*1 Additions and derecognitions have been split to provide more useful information.*
*2 Includes interest repayments of R12 million (F2023: R10 million) and capital repayments of R6 million (F2023: R17 million).*

## 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 2022** | 63 | 23 | 86 |
| Additions | 36 | 24 | 60 |
| **Balance at 30 June 2023** | 99 | 47 | 146 |
| **Balance at 30 June 2024** | **99** | **47** | **146** |
| **Accumulated depreciation and impairment** | | | |
| **Balance at 30 June 2022** | 63 | 22 | 85 |
| Charge for the year | 7 | 5 | 12 |
| **Balance at 30 June 2023** | 70 | 27 | 97 |
| Charge for the year | **14** | **5** | **19** |
| **Balance at 30 June 2024** | **84** | **32** | **116** |
| **Carrying value at 30 June 2023** | 29 | 20 | 49 |
| **Carrying value at 30 June 2024** | **15** | **15** | **30** |

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

| | **F2024 Rm** | F2023 Rm |
|---|---|---|
| **Reconciliation of lease liabilities** | | |
| Opening balance | **51** | 2 |
| Additions | **–** | 60 |
| Interest | **4** | 3 |
| Repayments (total cash outflow)[1] | **(22)** | (14) |
| **Closing balance** | **33** | 51 |
| Current | **21** | 19 |
| Non-current | **12** | 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 | **19** | 12 |
| Interest expense on lease liabilities | **4** | 3 |
| **Total amount recognised in profit or loss** | **23** | 15 |

*1 Includes interest repayments of R4 million (F2023: R3 million) and capital repayments of R18 million (F2023: R11 million).*

# Notes to the financial statements continued

for the year ended 30 June 2024

## 5. INVESTMENT PROPERTY

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| **Opening carrying value** | **24** | 24 | **24** | 24 |
| Impairment reversal | **1** | – | **1** | – |
| **Carrying value** | **25** | 24 | **25** | 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 (F2023: R2 million).

The fair value of the investment property is R25 million (F2023: R24 million).

## 6. INTANGIBLE ASSETS

| | GROUP Total Rm | GROUP Other Rm | GROUP RBCT entitlement Rm | COMPANY RBCT entitlement Rm |
|---|---|---|---|---|
| **Cost** | | | | |
| **Balance at 30 June 2022** | 230 | 1 | 229 | 229 |
| **Balance at 30 June 2023** | 230 | 1 | 229 | 229 |
| **Balance at 30 June 2024** | **230** | **1** | **229** | **229** |
| **Accumulated amortisation and impairment** | | | | |
| **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 |
| Charge for the year | 5 | – | 5 | 5 |
| **Balance at 30 June 2024** | **180** | **1** | **179** | **179** |
| **Carrying value at 30 June 2023** | 55 | – | 55 | 55 |
| **Carrying value at 30 June 2024** | **50** | **–** | **50** | **50** |

Finite life intangible assets which are amortised comprise the RBCT entitlement held by Glencore Operations South Africa Proprietary Limited of R50 million (F2023: R55 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 11 years (F2023: 12 years).

## 7. OTHER FINANCIAL ASSETS

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| Insurance reimbursement[1] | **–** | – | **68** | 68 |
| Artex (previously Mannequin) Captive Cell (Cell AVL 18) | **68** | 68 | **–** | – |
| ARM Coal[2] | **118** | 56 | **118** | 56 |
| Modikwa | **–** | 4 | **–** | – |
| Venture Building Trust | **1** | – | **–** | – |
| | **187** | 128 | **186** | 124 |

[1] *The insurance reimbursement relates to the silicosis and tuberculosis class action (refer to note 19).*
[2] *Guarantees issued for ARM Coal to the DMPR amounting to R94 million (F2023: R56 million).*

## 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 (PCB) of Glencore Operations South Africa Proprietary Limited (GOSA). PCB refers to the Impunzi and Tweefontein Coal operations.

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| Opening balance | **1 847** | 2 048 | **841** | 841 |
| Income for the current year | **60** | 1 007 | **–** | – |
| Dividend received (refer statement of cash flows)[1] | **(440)** | (1 208) | **–** | – |
| **Total investment** | **1 467** | 1 847 | **841** | 841 |
| **PCB at 100%** | | | | |
| **Revenue** | **14 957** | 22 563 | | |
| Profit from operations | **238** | 6 975 | | |
| Profit for the year before tax | **410** | 7 175 | | |
| **Statement of financial position** | | | | |
| Non-current assets | **12 246** | 15 767 | | |
| Current assets | **1 427** | 1 540 | | |
| **Total assets** | **13 673** | 17 307 | | |
| *Less:* | | | | |
| Non-current liabilities | **(3 931)** | (5 303) | | |
| Current liabilities | **(2 480)** | (2 860) | | |
| **Net assets** | **7 262** | 9 144 | | |

[1] *Subsequent to the repayment of the PCB loans, dividends were declared to ARM and ARM Coal.*

## 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 operations. ARM holds a 50% shareholding of Assmang. Assmang iron ore and manganese operations form part of ARM's quality diversified portfolio.

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| Opening balance | **21 814** | 22 145 | **259** | 259 |
| Share of profit from joint venture | **4 592** | 4 557 | **–** | – |
| Income for the period[1] | **4 610** | 4 559 | **–** | – |
| Consolidation adjustment | **(18)** | (2) | **–** | – |
| Foreign currency translation reserve | **(65)** | 112 | **–** | – |
| *Less:* Cash dividend received for the period | **(5 000)** | (5 000) | **–** | – |
| **Closing balance** | **21 341** | 21 814 | **259** | 259 |

[1] *Includes expected credit losses recorded of R50 million less tax of R8 million (F2023: R19 million reversal of expected credit losses less tax of R1 million).*

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

At a consolidated level, the investment in joint venture is accounted for using the equity accounting method. At the company level, investment in joint venture is accounted for using the cost method.

# Notes to the financial statements continued

for the year ended 30 June 2024

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **10. OTHER INVESTMENTS** | | | | |
| **Listed investment** | | | | |
| **Harmony**[1] | | | | |
| Opening balance | **5 918** | 3 881 | **5 918** | 3 881 |
| Financial instruments at fair value through other comprehensive income | **6 630** | 2 037 | **6 630** | 2 037 |
| | **12 548** | 5 918 | **12 548** | 5 918 |
| **Surge Copper Corporation**[2] | | | | |
| Acquisition price | **53** | – | **53** | – |
| Financial instruments at fair value through other comprehensive income | **24** | – | **24** | – |
| | **77** | – | **77** | – |
| | **12 625** | 5 918 | **12 625** | 5 918 |
| **Preference shares** | **1** | 1 | **–** | – |
| **Total listed investments classified as fair value through other comprehensive income** | **12 626** | 5 919 | **12 625** | 5 918 |
| **Market value of listed investments** | **12 626** | 5 919 | **12 625** | 5 918 |
| **Other investments** | | | | |
| Guardrisk[3] | **46** | 25 | **46** | 25 |
| RBCT[4] | **185** | 204 | **185** | 204 |
| Loans (refer to page 125)[5] | | | **266** | 391 |
| **Subsidiaries companies unlisted** | | | | |
| Cost of investments in subsidiaries (refer to page 123) | | | **4 844** | 4 844 |
| Loans owing by subsidiaries (refer to page 123)[5] | | | **20** | 20 |
| **Total subsidiaries** | | | **4 864** | 4 864 |
| **Total unlisted investments** | **231** | 229 | **5 361** | 5 484 |
| **Total carrying amount investments** | **12 857** | 6 148 | **17 986** | 11 402 |

ARM Treasury Investments Proprietary Limited holds R1 million (F2023: R1 million) listed preference shares. This is a level 1 valuation in terms of IFRS 13.

The market value of the listed investments is determined by reference to the market share price at 30 June 2024 and 30 June 2023. There were no shares pledged at 30 June 2024 and 30 June 2023.

A report on investments appears on pages 123 to 125.

1 *Harmony Gold 74 665 545 shares at R168.05 per share at 30 June 2024 (30 June 2023: 74 665 545 shares at R79.25 per share). This is a level 1 valuation in terms of IFRS 13.*
2 *Surge Copper Corporation 41 373 414 shares at CAD0.14 per share translated at R13.33 at 30 June 2024. The purchase share price of Surge Copper Corporation was CAD0.10 per share translated at R13.46. This is a level 1 valuation in terms of IFRS 13.*
3 *Fair value based on the net asset value of the cell captive. This is a level 2 valuation in terms of IFRS 13.*
4 *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 R40 tonne and R47 tonne (F2023: R50 tonne an R55 tonne). If increased by 10% this would result in a R23 million (F2023: R21 million) increase in the valuation on the RBCT investment. If decreased by 10% this would result in a R23 million (F2023: R21 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 12.6% (F2023: 21.4%).*

*Level 2 and level 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* | | *COMPANY* | |
|---|---|---|---|---|
| | ***F2024 Rm*** | *F2023 Rm* | ***F2024 Rm*** | *F2023 Rm* |
| *Opening balance* | ***204*** | *213* | ***204*** | *213* |
| *Fair value loss* | ***(19)*** | *(9)* | ***(19)*** | *(9)* |
| *Closing balance* | ***185*** | *204* | ***185*** | *204* |

5 *These loans are unsecured interest-free with no fixed terms of repayment except for:*
*(i) The loan to Venture Building Trust of R14 million (F2023: R14 million) bears interest at 2% below the prime bank overdraft rate, which is 11.75% at 30 June 2024 (30 June 2023: 11.75%) per annum. There are no payment terms for this loan.*
*(ii) On 28 June 2021, ARM 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 and a loss for ARM. The new loan carries interest at zero percent, 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. F2024 includes repayments of R168 million (F2023: R296 million) and a re-measurement gain of R1 million (F2023: R8 million).*



| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **11. INVENTORIES** | | | | |
| **Non-current inventories** | | | | |
| Ore stockpiles | **330** | 427 | **–** | – |
| | **330** | 427 | **–** | – |
| **Current inventories** | | | | |
| Consumable stores | **71** | 276 | **30** | 32 |
| Finished goods | **354** | 78 | **25** | 57 |
| Ore stockpiles | **302** | 42 | **–** | – |
| Work-in-progress | **61** | 92 | **61** | 91 |
| | **788** | 488 | **116** | 180 |

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. Milling of these non-current inventories is not expected within the following 12 months from the end of 30 June 2024 due to the Merensky project being placed on care and maintenance.

Value of inventories carried at net realisable value is R9 million (F2023: R9 million) for group and company.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023[1] Rm | **F2024 Rm** | F2023[1] Rm |
| **12. TRADE AND OTHER RECEIVABLES** | | | | |
| Other receivables | **764** | 276 | **436** | 67 |
| Related parties (refer to note 45)[2] | **4 140** | 4 793 | **3 995** | 1 721 |
| Trade receivables | **283** | 49 | **212** | 100 |
| | **5 187** | 5 118 | **4 643** | 1 888 |
| Trade and other receivables are non-interest-bearing and are generally on 30- to 90-day payment terms. | | | | |
| The carrying amount of trade receivables accounted for at amortised cost of R1 334 million (F2023: R1 579 million) and other receivables of R3 853 million (F2023: R3 539 million) carrying amount approximate their fair value. | | | | |
| Payment terms which vary from the norm are:<br>– PGMs which are paid approximately four months after delivery | | | | |
| **Debtors analysis** | | | | |
| Outstanding on normal cycle terms | **5 187** | 5 118 | **4 643** | 1 888 |
| 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[3] | **–** | – | **–** | – |
| **Total** | **5 187** | 5 118 | **4 643** | 1 888 |

1 *Comparative information has been restated as a result of the adoption of IFRS 17* Insurance contracts*. Refer to note 23 for more detail.*
2 *Trade and other receivables include a contract asset from Assmang of R690 million (F2023: R810 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 include an amount from ARM Platinum Proprietary Limited of R2 899 million (F2023: R191 million), which carries interest at prime less two percent.*
3 *No expected credit losses have been raised in F2024 on debtors (F2023: Rnil) as the balance is considered recoverable.*

# Notes to the financial statements continued

for the year ended 30 June 2024

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **13. FINANCIAL ASSETS[1]** | | | | |
| – Two Rivers Platinum Proprietary Limited | **32** | 30 | **–** | – |
| – ARM Coal | **–** | 51 | **–** | 51 |
| – Nkomati | **122** | 117 | **122** | 117 |
| – Artex (previously Mannequin) Captive Cell (Cell AVL 18) | **644** | 456 | **–** | – |
| – Other | **19** | 7 | **31** | 13 |
| | **817** | 661 | **153** | 181 |

*[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 reinvested 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.*

*The following guarantees issued are included in financial assets:*
*– Two Rivers to DMPR, Eskom and BP Oil amounting to R32 million (F2023: R30 million).*
*– Nkomati to DMPR and Eskom amounting to R122 million (F2023: R117 million).*
*– ARM Coal to DMPR amounting to Rnil (F2023: R51 million).*

*Group other financial assets include trust funds of R17 million (F2023: R7 million). Company other financial assets include trust funds of R17 million (F2023: R7 million) and insurance reimbursement of R14 million (F2023: R6 million).*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **14. CASH AND CASH EQUIVALENTS** | | | | |
| Cash at bank and on deposit | **7 642** | 9 200 | **6 166** | 6 633 |
| Cash set aside for specific use | **684** | 821 | **50** | 60 |
| Cash and cash equivalents per statement of financial position | **8 326** | 10 021 | **6 216** | 6 693 |
| *Less*: overdrafts (refer to note 22) | **(17)** | (17) | **(17)** | (17) |
| Cash and cash equivalents per statement of cash flows | **8 309** | 10 004 | **6 199** | 6 676 |
| The cash per statement of financial position is held as follows: | | | | |
| Total cash at bank and on deposit | **7 642** | 9 200 | **6 166** | 6 633 |
| – African Rainbow Minerals Limited[2] | **6 110** | 6 378 | **6 110** | 6 378 |
| – ARM BBEE Trust | **25** | 43 | **–** | – |
| – ARM Coal | **51** | 227 | **51** | 227 |
| – ARM Finance Company SA | **38** | 38 | **–** | – |
| – ARM Platinum Proprietary Limited | **1 073** | 930 | **–** | – |
| – Bokoni | **221** | 23 | **–** | – |
| – ARM Treasury Investments Proprietary Limited | **48** | 45 | **–** | – |
| – Machadodorp | **2** | 2 | **2** | 1 |
| – Nkomati | **3** | 27 | **3** | 27 |
| – Two Rivers Platinum Proprietary Limited | **40** | 1 460 | **–** | – |
| – Other cash at bank and on deposit | **31** | 27 | **–** | – |
| Total cash set aside for specific use | **684** | 821 | **50** | 60 |
| – Artex (previously Mannequin) Captive Cell (Cell AVL 18)[1] | **321** | 454 | **–** | – |
| – Rehabilitation trust funds (refer to note 25)[1] | **82** | 77 | **–** | – |
| – Other cash set aside for specific use[1] | **281** | 290 | **50** | 60 |

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:*
*– Artex (previously 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 Rnil (F2023: R10 million).*
*– African Rainbow Mineral Limited of R37 million (F2023: R37 million).*
*– Guarantees issued by Modikwa to DMPR and Eskom amounting to R238 million (F2023: R236 million).*
*– Guarantees issued by Bokoni to DMPR and Eskom amounting to R72 million (F2023: R68 million).*
*– Guarantees issued by Two Rivers to DMPR and Eskom amounting to R4 million (F2023: R4 million).*
*– Guarantees issued by Nkomati to DMPR and Eskom amounting to R12 million (F2023: R12 million).*
*[2] Guarantees issued by African Rainbow Limited on behalf of Nkomati to DMPR and Eskom amounting to R79 million (F2023: R79 million).*

# Notes to the financial statements continued

for the year ended 30 June 2024

## 15. SHARE CAPITAL

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **Authorised** | | | | |
| 500 000 000 (F2023: 500 000 000) | **25** | 25 | **25** | 25 |
| | **25** | 25 | **25** | 25 |
| **Issued** | | | | |
| Opening balance 224 667 778 (F2023: 224 667 778) | **11** | 11 | **11** | 11 |
| **Share premium** | **5 267** | 5 267 | **5 267** | 5 267 |
| – Balance at beginning of the year | **5 267** | 5 267 | **5 267** | 5 267 |
| Total issued share capital and share premium | **5 278** | 5 278 | **5 278** | 5 278 |

Shares are held at no par value.

## 16. TREASURY SHARES

The restructuring of the ARM BBEE Trust in F2016 resulted in ARM effectively controlling 28 614 740 ARM shares (refer to note 34).

The carrying value of these treasury shares is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| – 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 | **–** | – |



## 17. LONG-TERM BORROWINGS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **Secured** | | | | |
| **ARM BBEE Trust – loan facility – Harmony Gold** | **68** | 100 | **–** | – |
| **Two Rivers – lease liability** | **80** | 85 | **–** | – |
| **Two Rivers – loan facility** | **939** | – | **–** | – |
| **Modikwa – lease liability** | **8** | 8 | **–** | – |
| **ARM Corporate – lease liability** | **–** | 1 | **16** | 20 |

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 0%, 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 repayments are at the discretion of the ARM BBEE Trust.

Two Rivers – lease liability: Includes leases for land and buildings; plant and machinery and furniture, equipment and vehicles for periods between one and 20 years discounted at an incremental borrowing rate of 10.05% (F2023: 10%) (refer to note 4).

Two Rivers – loan facility: Two Rivers revolving credit facility for an amount of R1 billion was entered into during April 2024. This facility was financed by Absa and Nedbank at an interest rate of 10.05%.

Modikwa – lease liability: Leases for land and buildings for a period of 20 years (F2023: 21 years) discounted at an incremental borrowing rate of 8.55% (F2023: 8.55%) (refer to note 4).

ARM Corporate – lease liability: Leases for land and buildings for a period of four years (F2023: five years) discounted at an incremental borrowing rate of 8.72% (F2023: 8.72%) (refer to note 4).

# Notes to the financial statements continued

for the year ended 30 June 2024

## 17. LONG-TERM BORROWINGS continued

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| **Secured** continued | | | | |
| **ARM Coal – lease liability** | **17** | 31 | **17** | 31 |
| Leases for plant and machinery in F2024 for periods of between two to three years (F2023: two to three years) discounted at an incremental borrowing rate of between 10.3% and 11.5% (F2023: between 10.3% and 11.5%) (refer to note 4). | | | | |
| | **1 112** | 225 | **33** | 51 |
| *Less*: Repayable within one year included in short-term borrowings (refer to note 22) | **(481)** | (19) | **(21)** | (19) |
| **Total long-term borrowings** | **631** | 206 | **12** | 32 |
| **Held as follows:** | | | | |
| – ARM BBEE Trust – Harmony | **68** | 100 | **–** | – |
| – ARM Coal Proprietary Limited | **1** | 18 | **1** | 18 |
| – ARM Corporate | **–** | – | **11** | 14 |
| – Modikwa | **7** | 7 | **–** | – |
| – Two Rivers Platinum Proprietary Limited | **555** | 81 | **–** | – |
| | **631** | 206 | **12** | 32 |

The group changes in borrowings arising from financing activities were made up of cash repayments of R62 million (F2023: R251 million), borrowings raised of R935 million (F2023: Rnil), re-measurement gain of R1 million (F2023: R8 million re-measurement gain) and other changes of R13 million (F2023: R17 million).

The company changes in borrowings arising from financing activities were made up of cash repayments of R19 million (F2023: R153 million), borrowings raised of Rnil (F2023: Rnil), re-measurement gain of R2 million (F2023: R16 million re-measurement gain) and other changes of R1 million (F2023: R80 million).

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

## 17. LONG-TERM BORROWINGS continued

**GROUP**

| | Total borrowings F2024 Rm | Discounted cash flows F2025 Rm | Repayments schedule – undiscounted cash flows F2025 Rm | F2026 Rm | F2027 Rm | F2028 Rm | F2029 – onwards Rm | Total Rm |
|---|---|---|---|---|---|---|---|---|
| **Secured loans** | | | | | | | | |
| ARM BBEE Trust – loan facility – Harmony Gold | **68** | – | – | – | – | – | 285 | 285 |
| ARM Coal – lease liability | **17** | 16 | 34 | 3 | – | – | – | 37 |
| Modikwa – lease liability | **8** | 1 | 1 | 1 | 1 | 1 | 18 | 22 |
| Two Rivers – loan facility | **939** | – | – | 1 006 | – | – | – | 1 006 |
| Two Rivers – lease liability | **80** | 4 | 5 | 5 | 5 | 6 | 266 | 287 |
| **Total borrowings at 30 June 2024** | **1 112** | 21 | 40 | 1 015 | 6 | 7 | 569 | 1 637 |

| Undiscounted cash flows | F2023 | F2024 | F2024 | F2025 | F2026 | F2027 | F2028 – onwards | Total |
|---|---|---|---|---|---|---|---|---|
| **Total borrowings at 30 June 2023** | 225 | 19 | 24 | 23 | 7 | 7 | 804 | 865 |

**COMPANY**

| | Total borrowings F2024 Rm | Discounted cash flows F2025 Rm | Repayments schedule – undiscounted cash flows F2025 Rm | F2026 Rm | F2027 Rm | F2028 Rm | F2029 – onwards Rm | Total Rm |
|---|---|---|---|---|---|---|---|---|
| **Secured loans** | | | | | | | | |
| ARM Coal – lease liability | **17** | 16 | 34 | 3 | – | – | – | 37 |
| ARM Corporate – lease liability | **16** | 5 | 5 | 6 | 6 | 2 | – | 19 |
| **Total borrowings at 30 June 2024** | **33** | 21 | 39 | 9 | 6 | 2 | – | 56 |

| Undiscounted cash flows | F2023 | F2024 | F2024 | F2025 | F2026 | F2027 | F2028 – onwards | Total |
|---|---|---|---|---|---|---|---|---|
| **Total borrowings at 30 June 2023** | 51 | 19 | 23 | 22 | 7 | 6 | 2 | 60 |

# Notes to the financial statements continued

for the year ended 30 June 2024

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | F2024 Rm | F2023 Rm | F2024 Rm | F2023 Rm |
| **18. DEFERRED TAXATION** | | | | |
| **Deferred tax assets** | | | | |
| Limitation of deferred tax asset – Bokoni future taxable income | **856** | 856 | **–** | – |
| Property, plant and equipment | **12** | (12) | **12** | 12 |
| Post-retirement healthcare provisions | **3** | 3 | **3** | 3 |
| Provisions | **50** | 88 | **50** | 64 |
| **Deferred tax assets on the statement of financial position** | **921** | 935 | **65** | 79 |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment | **2 743** | 3 253 | **449** | 428 |
| Intangible assets | **14** | 15 | **14** | 15 |
| Inventories | **65** | 174 | **–** | – |
| Income received in advance | **42** | 28 | **39** | 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 | **1 803** | 366 | **1 803** | 366 |
| Deferred income | **(16)** | 5 | **–** | – |
| Financial instruments | **(3)** | 8 | **(3)** | 8 |
| **Deferred tax liabilities** | **5 113** | 4 314 | **2 302** | 850 |
| Borrowings | **–** | (2) | **–** | – |
| Post-retirement and healthcare provision | **(77)** | (19) | **(77)** | (19) |
| Provisions | **(401)** | (506) | **(107)** | (226) |
| **Deferred tax assets relating to entities with a net liability position** | **(478)** | (527) | **(184)** | (245) |
| **Net deferred tax liabilities on the statement of financial position** | **4 635** | 3 787 | **2 118** | 605 |
| **Reconciliation of opening and closing balance** | | | | |
| Opening deferred tax liabilities | **3 787** | 3 226 | **605** | 305 |
| Opening deferred tax assets | **(935)** | (215) | **(79)** | (215) |
| **Net deferred tax liabilities opening balance** | **2 852** | 3 011 | **526** | 90 |
| Temporary differences from: | **862** | (159) | **1 527** | 436 |
| Assessed loss | **–** | (850) | **–** | – |
| Borrowings | **2** | 41 | | |
| Deferred income | **(21)** | (122) | **–** | – |
| Inventories | **(109)** | (378) | **–** | – |
| Intangible assets | **(1)** | (2) | **(1)** | (2) |
| Financial instruments | **(11)** | – | **(11)** | 6 |
| Property, plant and equipment | **(534)** | 880 | **21** | 47 |
| Provisions | **85** | (150) | **75** | (42) |
| Income received in advance | **14** | (18) | **6** | (13) |
| Revaluation of investment – directly in other comprehensive income | **1 437** | 440 | **1 437** | 440 |
| Total deferred tax | **3 714** | 2 852 | **2 053** | 526 |
| Deferred tax liabilities | **4 635** | 3 787 | **2 118** | 605 |
| Deferred tax assets | **(921)** | (935) | **(65)** | (79) |

## 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 R444 million (F2023: R346 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 R1 039 million (F2023: R946 million) 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 | |
|---|---|---|---|---|
| | F2024 Rm | F2023 Rm | F2024 Rm | F2023 Rm |
| **19. LONG-TERM PROVISIONS** | | | | |
| **Environmental rehabilitation obligation** | | | | |
| **Provision for decommissioning** | | | | |
| Balance at beginning of year | **706** | 625 | **488** | 437 |
| Provision for the year | **(180)** | (3) | **(199)** | 12 |
| Transfer to restoration | **78** | – | **78** | – |
| Acquisition – Bokoni (refer to note 39) | **–** | 28 | **–** | – |
| Work completed | **3** | (2) | **3** | (2) |
| Unwinding of discount rate | **40** | 58 | **20** | 41 |
| Balance at end of year | **647** | 706 | **390** | 488 |
| **Provision for restoration** | | | | |
| Balance at beginning of year | **1 099** | 915 | **943** | 835 |
| Provision for the year | **102** | 49 | **222** | 45 |
| Transfer (to)/from short-term provision (refer to note 21) | **(376)** | 5 | **(376)** | 5 |
| Transfer from decommissioning | **(78)** | – | **(78)** | – |
| Acquisition – Bokoni (refer to note 39) | **–** | 58 | **–** | – |
| Unwinding of discount rate | **60** | 72 | **35** | 58 |
| Balance at end of year | **807** | 1 099 | **746** | 943 |
| **Total environmental rehabilitation obligation** | **1 454** | 1 805 | **1 136** | 1 431 |

The net present value of rehabilitation liabilities is based on discount rates taking into consideration government bond yields, as opposed to the zero coupon swap curve in the previous years. The discount rates of between 8.3% and 11.4% (F2023: between 9.3% and 10.8%), inflation rates of approximately 4.5% and 8.6% (F2023: approximately 5.8% and 7.2%) and life-of-mines of between one and 24 years (F2023: one and 24 years). The South African Reserve Bank has a long-term inflation target of between 3% and 6% (F2023: 3% and 6%).

Refer to note 25 for amounts held in trust funds.

These provisions are based on estimates of cash flows which are expected to occur at the end of life-of-mine.

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.

# Notes to the financial statements continued

for the year ended 30 June 2024

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **19. LONG-TERM PROVISIONS** continued | | | | |
| **Post-retirement healthcare benefits** | | | | |
| Balance at beginning of year | **72** | 76 | **72** | 76 |
| Actuarial gain/(loss) | **7** | (3) | **7** | (3) |
| Benefits paid | **(10)** | (9) | **(10)** | (9) |
| Unwinding of discount rate | **9** | 8 | **9** | 8 |
| Balance at end of year (refer to note 43) | **78** | 72 | **78** | 72 |
| **Silicosis and tuberculosis class action provision**[1] | | | | |
| Balance at beginning of year | **67** | 159 | **67** | 159 |
| Unwinding of discount rate | **6** | 6 | **6** | 6 |
| Change in assumptions | **3** | (106) | **3** | (106) |
| Transfer (to)/ from short-term provisions (refer to note 21) | **(12)** | 8 | **(12)** | 8 |
| Balance at end of year | **64** | 67 | **64** | 67 |
| **Other long-term provisions**[2] | | | | |
| Balance at beginning of year | **313** | 204 | **35** | 37 |
| Change in estimate of variable purchase price for mine properties | **13** | 10 | **–** | – |
| Payments made during the year | **(98)** | (31) | **–** | – |
| Provision for the year | **105** | 306 | **112** | 145 |
| Unwinding of discount rate | **(6)** | 38 | **–** | – |
| Transfer to short-term provisions (refer to note 21) | **(111)** | (214) | **(99)** | (147) |
| Balance at end of year | **216** | 313 | **48** | 35 |
| **Total long-term provisions at end of year** | **1 812** | 2 257 | **1 326** | 1 605 |

[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 Artex (previously 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 to 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] *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 | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **20. TRADE AND OTHER PAYABLES**[1] | | | | |
| Trade payables | **1 849** | 796 | **210** | 264 |
| Related parties (refer to note 45) | **–** | – | **–** | – |
| Other | **705** | 726 | **116** | 123 |
| **Total trade and other payables** | **2 554** | 1 522 | **326** | 387 |

[1] *Comparative information has been restated as a result of the adoption of IFRS 17* Insurance contracts*. Refer to note 23 for more detail.*

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **21. SHORT-TERM PROVISIONS** | | | | |
| **Bonus provision** | | | | |
| Balance at beginning of year | **444** | 371 | **221** | 221 |
| Provision for the year | **450** | 585 | **108** | 233 |
| Payments made during the year | **(500)** | (512) | **(218)** | (233) |
| Balance at end of year | **394** | 444 | **111** | 221 |
| **Leave pay provision** | | | | |
| Balance at beginning of year | **167** | 146 | **36** | 37 |
| Provision for the year | **35** | 74 | **5** | 1 |
| Payments made during the year and leave taken | **(27)** | (53) | **(1)** | (2) |
| Balance at end of year | **175** | 167 | **40** | 36 |
| **Other provisions** | | | | |
| Balance at beginning of year | **223** | 199 | **127** | 171 |
| Provision for the year | **33** | 10 | **6** | 10 |
| Payments made during the year | **(93)** | (187) | **(93)** | (188) |
| Transfer from long-term provision (refer to note 19) | **499** | 201 | **487** | 134 |
| Balance at end of year | **662** | 223 | **527** | 127 |
| **Total short-term provisions** | **1 231** | 834 | **678** | 384 |

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.

The expected timing of outflows is within 12 months.

# Notes to the financial statements continued

for the year ended 30 June 2024

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **22. OVERDRAFTS AND SHORT-TERM BORROWINGS** | | | | |
| Current portion of long-term borrowings (refer to note 17) | **481** | 19 | **21** | 19 |
| Loans from subsidiaries – non-interest-bearing (refer to page 123) | **–** | – | **42** | 42 |
| Overdrafts (refer to note 14) | **17** | 17 | **17** | 17 |
| | **498** | 36 | **80** | 78 |
| Short-term borrowings are held as follows: | | | | |
| – Rustenburg Platinum Mines Limited (Anglo American Platinum Limited) (lease liability) | **1** | 1 | **–** | – |
| – Loans from subsidiaries | **–** | – | **42** | 42 |
| – Two Rivers Platinum Proprietary Limited (lease liability) | **4** | 4 | **–** | – |
| – Two Rivers Platinum Proprietary Limited (short-term borrowing) | **460** | – | **–** | – |
| – ARM Coal Proprietary Limited (lease liability) | **16** | 13 | **16** | 13 |
| – African Rainbow Minerals Limited (lease liability) | **–** | 1 | **5** | 6 |
| | **481** | 19 | **63** | 61 |
| Overdrafts are held as follows: | | | | |
| – Other | **17** | 17 | **17** | 17 |
| | **17** | 17 | **17** | 17 |
| **Overdrafts and short-term borrowings** | **498** | 36 | **80** | 78 |
| Interest-bearing | **498** | 36 | **38** | 36 |
| Non-interest-bearing | **–** | – | **42** | 42 |
| | **498** | 36 | **80** | 78 |
| 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 | **61** | 500 | **–** | – |
| | **721** | 1 160 | **560** | 560 |

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. IFRS 17 *INSURANCE CONTRACTS*

**The impact of the restatements on the group statement of financial position is detailed as follows:**

| | As at 30 June 2023 | | |
|---|---|---|---|
| | As previously reported Rm | Restatement Rm | Restated Rm |
| **Current assets** | | | |
| Trade and other receivables | 5 227 | (109) | 5 118 |
| | 5 227 | (109) | 5 118 |
| **Current liabilities** | | | |
| Trade and other payables | 2 419 | (897) | 1 522 |
| Insurance contract liabilities | – | 73 | 73 |
| Reinsurance contract liabilities | – | 713 | 713 |
| | 2 419 | (111) | 2 308 |
| **Capital and reserves** | | | |
| Retained earnings | 42 029 | 2 | 42 031 |
| | 42 029 | 2 | 42 031 |

**The impact of the restatements on the group statement of profit or loss is detailed as follows:**

| | As at 30 June 2023 | | |
|---|---|---|---|
| | As previously reported Rm | Restatement Rm | Restated Rm |
| Other operating income | 1 817 | (62) | 1 755 |
| Insurance revenue | – | 64 | 64 |
| Other operating expenses | (2 692) | 60 | (2 632) |
| Insurance service expenses | | (37) | (37) |
| Net expenses from reinsurance contracts held | – | (23) | (23) |
| Finance cost | (286) | 44 | (242) |
| Net finance expenses from insurance contracts held | – | (4) | (4) |
| Net finance expenses from reinsurance contracts held | – | (40) | (40) |

| | As at 30 June 2023 | | |
|---|---|---|---|
| | As previously reported Rm | Restatement Rm | Restated Rm |
| Profit for the period | 9 320 | 2 | 9 322 |
| Attributable to: | | | |
| Equity holders of ARM | 8 078 | 2 | 8 080 |
| Non-controlling interest | 1 242 | – | 1 242 |

# Notes to the financial statements continued

for the year ended 30 June 2024

| | GROUP F2024 Rm | GROUP F2023 Rm |
|---|---|---|
| **23. IFRS 17 *INSURANCE CONTRACTS* continued** | | |
| **23.1 Insurance revenue** | | |
| Contracts measured under the PAA | **45** | 64 |
| **Total insurance revenue** | **45** | 64 |
| **23.2 Analysis of insurance income and expenses** | | |
| Amounts recovered from reinsurers | **16** | 37 |
| Allocation of reinsurance premiums | **(41)** | (60) |
| **Net expenses from reinsurance contracts held** | **(25)** | (23) |
| **23.3 Net investment** | | |
| Investment return – total insurance finance expense for the period recognised in profit and loss | | |
| Insurance contracts | **(6)** | (4) |
| Reinsurance contracts | **(57)** | (40) |
| **23.4 Insurance service expenses** | | |
| Incurred claims and other insurance expenses | **(6)** | (37) |
| Represented by: | | |
| Insurance service expenses | **(6)** | (37) |
| **23.5 Insurance and reinsurance contract assets and liabilities** | | |
| **Insurance and reinsurance contract assets** | | |
| Insurance contracts | **21** | – |
| Reinsurance contracts | **24** | – |
| **Insurance and reinsurance contract liabilities** | | |
| Insurance contracts | **(49)** | (73) |
| Reinsurance contracts | **(850)** | (713) |

## 23. IFRS 17 *INSURANCE CONTRACTS* continued

### 23.6 Disclosure of reconciliation of changes in insurance contracts by remaining coverage and incurred claims

| | GROUP June 2024 Liabilities for remaining coverage Rm | Liability for incurred claims Rm | Estimates of present value of future cash flows Rm | Risk adjustment for non-financial risk Rm | Total Rm |
|---|---|---|---|---|---|
| Opening assets | – | – | – | – | – |
| Opening liabilities | (1) | (72) | (61) | (11) | (73) |
| Net opening balance | (1) | (72) | (61) | (11) | (73) |
| **Changes in the statement of profit or loss and other comprehensive income** | | | | | |
| **Insurance revenue** | | | | | |
| Other contracts | 45 | – | – | – | 45 |
| | 45 | – | – | – | 45 |
| **Insurance service expenses** | | | | | |
| Incurred claims and other insurance service expenses | – | (20) | (22) | 2 | (20) |
| Adjustments to liabilities for incurred claims | – | 14 | 9 | 5 | 14 |
| | – | (6) | (13) | 7 | (6) |
| Insurance service result | 45 | (6) | (13) | 7 | 39 |
| Net finance expenses from insurance contracts | – | (6) | (5) | (1) | (6) |
| **Total changes in the statement of profit or loss and other comprehensive income** | 45 | (12) | (18) | 6 | 33 |
| **Cash flows** | | | | | |
| Premiums received | (24) | – | – | – | (24) |
| Insurance acquisition cash flows | 1 | – | – | – | 1 |
| Claims and other insurance service expenses paid | – | 35 | 35 | – | 35 |
| **Total cash flows** | (23) | 35 | 35 | – | 12 |
| **Net closing balance** | 21 | (49) | (44) | (5) | (28) |
| Closing assets | – | – | – | – | – |
| Closing liabilities | 21 | (49) | (44) | (5) | (28) |
| **Net closing balance** | 21 | (49) | (44) | (5) | (28) |
| Current asset: Insurance contract asset (per statement of financial position) | | | | | 21 |
| Non-current liabilities: Insurance contract liabilities (per statement of financial position) | | | | | (33) |
| Current liabilities: Insurance contract liabilities (per statement of financial position) | | | | | (16) |
| **Net closing balance** | | | | | (28) |

# Notes to the financial statements continued
for the year ended 30 June 2024

## 23. IFRS 17 *INSURANCE CONTRACTS* continued
### 23.6 Disclosure of reconciliation of changes in insurance contracts by remaining coverage and incurred claims
continued

| | GROUP | | | | |
|---|---|---|---|---|---|
| | June 2023 | | | | |
| | Liabilities for remaining coverage Rm | Liability for incurred claims Rm | Estimates of present value of future cash flows Rm | Risk adjustment for non-financial risk Rm | Total Rm |
| Opening assets | – | – | – | – | – |
| Opening liabilities | (30) | (36) | (30) | (6) | (36) |
| Net opening balance | (30) | (36) | (30) | (6) | (36) |
| **Changes in the statement of profit or loss and other comprehensive income** | | | | | |
| **Insurance revenue** | | | | | |
| Other contracts | 64 | – | – | – | 64 |
| | 64 | – | – | – | 64 |
| **Insurance service expenses** | | | | | |
| Incurred claims and other insurance service expenses | – | (69) | (60) | (9) | (69) |
| Adjustments to liabilities for incurred claims | – | 32 | 28 | 4 | 32 |
| | – | (37) | (32) | (5) | (37) |
| Insurance service result | 64 | (37) | (32) | (5) | 27 |
| Net finance expenses from insurance contracts | – | (4) | (4) | – | (4) |
| **Total changes in the statement of profit or loss and other comprehensive income** | 64 | (41) | (36) | (5) | 23 |
| **Cash flows** | | | | | |
| Premiums received | (34) | – | – | – | (34) |
| Claims and other insurance service | – | 4 | 4 | – | 4 |
| **Total cash flows** | (34) | 4 | 4 | – | (30) |
| **Net closing balance** | – | (73) | (62) | (11) | (73) |
| Closing assets | – | – | – | – | – |
| Closing liabilities | – | (73) | (62) | (11) | (73) |
| **Net closing balance** | – | (73) | (62) | (11) | (73) |

## 23. IFRS 17 *INSURANCE CONTRACTS* continued
### 23.6 Disclosure of reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims
continued

| | GROUP | | | |
|---|---|---|---|---|
| | June 2024 | | | |
| | Remaining coverage | Incurred claims | | |
| | Excluding loss-recovery component Rm | Present value of future cash flows Rm | Risk adjustment for non-financial risk Rm | Total Rm |
| Opening assets | – | 60 | 11 | 71 |
| Opening liabilities | (784) | – | – | (784) |
| **Net opening balance** | (784) | 60 | 11 | (713) |
| *Changes in the statement of comprehensive income* | | | | |
| Net (expenses)/income from reinsurance contracts held | (41) | 25 | (9) | (25) |
| Investment components | 33 | (33) | – | – |
| Finance (expenses)/income from reinsurance contracts held recognised in profit or loss | (63) | 5 | 1 | (57) |
| **Total changes in the statement of profit or loss and other comprehensive income** | (71) | (3) | (8) | (82) |
| *Cash flows* | | | | |
| Premiums paid | 4 | – | – | 4 |
| Amounts received | – | (35) | – | (35) |
| **Total cash flows** | 4 | (35) | – | (31) |
| **Net closing balance** | (851) | 22 | 3 | (826) |
| Closing assets | – | – | – | – |
| Closing liabilities | (851) | 22 | 3 | (826) |
| **Net closing balance** | (851) | 22 | 3 | (826) |
| Non-current asset: Reinsurance contract asset (per statement of financial position) | | | | 16 |
| Current asset: Reinsurance contract asset (per statement of financial position) | | | | 8 |
| Current liabilities: Reinsurance contract liabilities (per statement of financial position) | | | | (850) |
| **Net closing balance** | | | | (826) |

# Notes to the financial statements continued

for the year ended 30 June 2024

## 23. IFRS 17 *INSURANCE CONTRACTS* continued

### 23.6 Disclosure of reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims continued

| | GROUP | | | |
|---|---|---|---|---|
| | June 2023 | | | |
| | Remaining coverage | Incurred claims | | |
| | Excluding loss-recovery component Rm | Present value of future cash flows Rm | Risk adjustment for non-financial risk Rm | Total Rm |
| Opening assets | – | 30 | 5 | 35 |
| Opening liabilities | (696) | – | – | (696) |
| **Net opening balance** | (696) | 30 | 5 | (661) |
| *Changes in the statement of comprehensive income* | | | | |
| Net (expenses)/income from reinsurance contracts held | (59) | 31 | 5 | (23) |
| Investment components | 4 | (4) | – | – |
| Finance (expenses)/income from reinsurance contracts held recognised in profit or loss | (44) | 3 | 1 | (40) |
| **Total changes in the statement of profit or loss and other comprehensive income** | (99) | 30 | 6 | (63) |
| *Cash flows* | | | | |
| Premiums paid | 11 | – | – | 11 |
| Amounts received | – | – | – | – |
| **Total cash flows** | 11 | – | – | 11 |
| **Net closing balance** | (784) | 60 | 11 | (713) |
| Closing assets | – | – | – | – |
| Closing liabilities | (784) | 60 | 11 | (713) |
| **Net closing balance** | (784) | 60 | 11 | (713) |

## 24. 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)
- 50% share in Modikwa joint operation which is held as an 83% subsidiary through ARM Mining Consortium and is consolidated as a subsidiary.

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
- 34% share in Teal Minerals (Barbados) Incorporated joint operation (dormant).

The share of joint operations in the financial statements are:

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| **Statement of profit or loss** | | | | |
| Sales | **4 953** | 6 650 | **2 120** | 2 689 |
| Cost of sales | **(4 592)** | (4 161) | **(1 717)** | (1 475) |
| Other operating income | **227** | 129 | **155** | 32 |
| Other operating expenses | **(568)** | (499) | **(519)** | (364) |
| Income from investments | **201** | 136 | **77** | 27 |
| Finance costs | **(205)** | (176) | **(39)** | (172) |
| Profit from associate | **60** | 1 007 | **–** | – |
| Capital items | **(619)** | 2 | **1** | 2 |
| (Loss)/profit before tax | **(543)** | 3 087 | **78** | 738 |
| Taxation | **(12)** | (763) | **(138)** | (409) |
| (Loss)/profit for the year after taxation | **(555)** | 2 324 | **(60)** | 329 |
| Non-controlling interest | **59** | (168) | **–** | – |
| Attributable to equity holders of ARM | **(496)** | 2 156 | **(60)** | 329 |
| **Statement of financial position** | | | | |
| Non-current assets | **4 692** | 5 169 | **2 550** | 2 693 |
| Current assets | **3 767** | 3 745 | **1 208** | 1 389 |
| Non-current liabilities (interest-bearing) | **8** | 25 | **1** | 17 |
| Non-current liabilities (non-interest-bearing) | **1 781** | 2 162 | **1 268** | 1 470 |
| Current liabilities (non-interest-bearing) | **1 832** | 1 166 | **931** | 661 |
| Current liabilities (interest-bearing) | **17** | 14 | **16** | 13 |
| **Statement of cash flows** | | | | |
| Net cash (outflow)/inflow from operating activities | **(1 767)** | 3 378 | **390** | 2 051 |
| Net cash outflow from investing activities | **(823)** | (782) | **(419)** | (221) |
| Net cash outflow from financing activities | **(14)** | (166) | **(14)** | (146) |

# Notes to the financial statements continued

for the year ended 30 June 2024

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | F2024 Rm | F2023 Rm | F2024 Rm | F2023 Rm |
| **25. ENVIRONMENTAL REHABILITATION TRUST FUNDS** | | | | |
| Balance at beginning of year | **77** | 65 | **–** | 46 |
| Interest earned (refer to note 30) | **11** | 12 | **11** | 10 |
| **Total** | **88** | 77 | **11** | 56 |
| Transferred from/(to) current and non-current financial assets | **(6)** | – | **(11)** | (56) |
| **Total (included in cash and cash equivalents) (refer to note 14)** | **82** | 77 | **–** | – |
| Total non-current environmental rehabilitation obligations (refer to note 19) | **1 454** | 1 805 | **1 136** | 1 431 |
| *Less*: Amounts in trust funds (see above) | **(88)** | (77) | **(11)** | (56) |
| **Unfunded portion of liability** | **1 366** | 1 728 | **1 125** | 1 376 |
| Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral and Petroleum Resources (DMPR) included in other cash set aside for specific use and financial assets of R589 million (F2023: R548 million) (refer to notes 7, 13 and 14). | | | | |
| **26. SALES AND REVENUE** | | | | |
| **Sales – mining and related products** | **11 418** | 14 662 | **2 120** | 2 805 |
| Made up as follows: | | | | |
| Local sales | **9 627** | 12 253 | **329** | 396 |
| Export sales | **1 791** | 2 409 | **1 791** | 2 409 |
| **Revenue** | **12 921** | 16 097 | **3 653** | 4 258 |
| Fair value adjustments to revenue | **(321)** | (1 481) | **–** | – |
| Revenue from contracts with customers | **13 242** | 17 578 | **3 653** | 4 258 |
| Sales – mining and related products | **12 108** | 16 536 | **2 120** | 2 805 |
| **Penalty and treatment charges** | **(369)** | (393) | **–** | – |
| Bokoni | **(41)** | – | **–** | – |
| Two Rivers | **(328)** | (393) | **–** | – |
| Fees received (refer to note 28) | **1 503** | 1 435 | **1 533** | 1 453 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | F2024 Rm | F2023 Rm | F2024 Rm | F2023 Rm |
| **27. COST OF SALES** | | | | |
| Amortisation and depreciation | **965** | 858 | **199** | 188 |
| Consultants, contractors and other | **745** | 583 | **104** | 99 |
| Electricity | **764** | 406 | **33** | 36 |
| Provisions – long term | **(120)** | 153 | **–** | (51) |
| – short term | **375** | 435 | **2** | 33 |
| Raw materials, consumables used and change in inventories | **3 453** | 2 673 | **494** | 411 |
| Railage and road transportation | **300** | 364 | **227** | 300 |
| Repairs and maintenance | **228** | 188 | **228** | 188 |
| Staff costs | **3 200** | 2 834 | **212** | 224 |
| – salaries and wages | **2 683** | 2 364 | **212** | 218 |
| – pension – defined contribution | **323** | 294 | **–** | 4 |
| – medical aid | **194** | 176 | **–** | 2 |
| Other costs | **631** | 342 | **218** | 121 |
| | **10 541** | 8 836 | **1 717** | 1 549 |
| **28. OTHER OPERATING INCOME[1]** | | | | |
| Cost recoveries | **64** | 60 | **63** | 59 |
| Fees received | **1 503** | 1 435 | **1 533** | 1 453 |
| Re-measurement gains on loans | **1** | 8 | **–** | 16 |
| Realised foreign exchange gains | **–** | 30 | **–** | 30 |
| Royalties received | **44** | 87 | **–** | – |
| Other[2] | **302** | 135 | **182** | 4 |
| | **1 914** | 1 755 | **1 778** | 1 562 |

[1] *Comparative information has been restated as a result of the adoption of IFRS 17* Insurance contracts. *Refer to note 23 for more detail.*
[2] *Includes distribution income of R141 million (2023: Rnil) for group and company.*

# Notes to the financial statements continued

for the year ended 30 June 2024

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| **29. OTHER OPERATING EXPENSES[1]** | | | | |
| External audit remuneration – audit fees[2] | **40** | 25 | **24** | 15 |
| – other services | **–** | – | **–** | – |
| Consulting fees | **208** | 210 | **205** | 112 |
| Depreciation | **8** | 21 | **12** | 12 |
| Exploration | **65** | 90 | **65** | 90 |
| Insurance | **91** | 65 | **13** | 17 |
| Mineral royalty tax | **87** | 363 | **40** | 147 |
| Provisions | **480** | 209 | **454** | 188 |
| Research and development | **232** | 212 | **232** | 212 |
| Care and maintenance | **241** | 151 | **78** | 81 |
| Social and enterprise development | **145** | 104 | **–** | – |
| Information technology | **25** | 22 | **25** | 22 |
| Share-based payment expense | **151** | 254 | **151** | 254 |
| Subscriptions | **23** | 21 | **23** | 21 |
| Legal fees | **34** | 21 | **34** | 21 |
| Staff cost | **380** | 476 | **378** | 362 |
| – pension – defined contribution | **9** | 8 | **9** | 8 |
| – salaries and wages | **363** | 457 | **361** | 347 |
| – training | **8** | 11 | **8** | 7 |
| Unrealised foreign exchange loss | **–** | 2 | **–** | 1 |
| Other[3] | **519** | 386 | **371** | 330 |
| | **2 729** | 2 632 | **2 105** | 1 885 |

1 In 2023, exploration, information technology, subscriptions and legal fees were disaggregated to provide more useful information. Secretarial and financial services have been included in other for F2023. The above has no impact on the number reported in the financial statements.
2 The group's current year audit fees are split between KPMG (R5 million), Deloitte (R1 million) and Ernst & Young (R34 million). The company's current year audit fees are split between KPMG (R1 million), Deloitte (R1 million) and Ernst & Young (R22 million).
3 Includes social levies for the group of R145 million (F2023: R104 million).

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| **30. INCOME FROM INVESTMENTS** | | | | |
| Dividend income – listed | **166** | 17 | **166** | 17 |
| – unlisted | **–** | – | **5 668** | 7 123 |
| Interest received – related parties (refer to note 45) | **–** | – | **200** | 76 |
| – environmental trust funds (refer to note 25) | **11** | 12 | **11** | 10 |
| – short-term bank deposits and other | **946** | 838 | **661** | 535 |
| | **1 123** | 868 | **6 706** | 7 761 |
| **31. FINANCE COSTS[1]** | | | | |
| Interest on IFRS 16 lease liabilities | **5** | 10 | **4** | 3 |
| Gross interest on long- and short-term borrowings and overdrafts | **77** | 51 | **8** | 54 |
| Unwinding of discount rate | **110** | 182 | **70** | 113 |
| | **192** | 242 | **82** | 171 |

1 Comparative information has been restated as a result of the adoption of IFRS 17 Insurance contracts. Refer to note 23 for more detail.

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| **32. CAPITAL ITEMS** | | | | |
| Impairment loss on property, plant and equipment – Two Rivers | **(2 782)** | – | **–** | – |
| Impairment loss on property, plant and equipment – Modikwa | **(620)** | – | **–** | – |
| Impairment reversal on property, plant and equipment – Venture Building Trust | **4** | – | **–** | – |
| Loss on sale of property, plant and equipment – Two Rivers | **–** | (3) | **–** | – |
| Profit on sale of property, plant and equipment – ARM Coal | **1** | 2 | **1** | 2 |
| Profit on sale of property, plant and equipment – ARM Corporate | **–** | 1 | **–** | 1 |
| Impairment reversal of property, plant and equipment – Machadodorp | **1** | – | **1** | – |
| Gain on bargain purchase – Bokoni acquisition | **–** | 56 | **–** | – |
| Gain on return of capital ARM Finance Company SA | **–** | – | **–** | 147 |
| **Capital items per statement of profit or loss before taxation effect** | **(3 396)** | 56 | **2** | 150 |
| Profit on sale of property, plant and equipment accounted for directly in associate – ARM Coal | **–** | 16 | **–** | – |
| Impairment loss 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 to note 38) | **(618)** | (1 111) | **–** | – |
| Impairment loss on property, plant and equipment accounted for directly in joint venture – Cato Ridge Alloys (refer to note 38) | **–** | (4) | **–** | – |
| Loss on property, plant and equipment accounted for directly in joint venture – Assmang | **(20)** | (8) | **–** | – |
| **Capital items before taxation effect** | **(4 034)** | (1 201) | **2** | 150 |
| Taxation accounted for in joint venture – impairment loss on property, plant and equipment – Assmang | **167** | 300 | **–** | – |
| Taxation accounted for in joint venture – loss on disposal of property, plant and equipment – Assmang | **5** | 2 | **–** | – |
| Taxation accounted for in associate – profit on sale of property, plant and equipment – ARM Coal | **–** | (4) | **–** | – |
| 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) | **–** | – |
| Taxation on impairment reversal on property, plant and equipment – Venture Building Trust | **(1)** | – | **–** | – |
| Taxation on impairment loss on property, plant and equipment – Two Rivers | **751** | – | **–** | – |
| Taxation on impairment loss on property, plant and equipment – Modikwa | **167** | – | **–** | – |
| **Capital items after taxation effect before non-controlling interest** | **(2 945)** | (903) | **2** | 150 |
| Attributable impairment loss for non-controlling interest on property, plant and equipment – Two Rivers | **934** | – | **–** | – |
| Attributable impairment loss for non-controlling interest on property, plant and equipment – Modikwa | **77** | – | **–** | – |
| **Total** | **(1 934)** | (903) | **2** | 150 |

# Notes to the financial statements continued

for the year ended 30 June 2024

## 33. TAXATION

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| South African normal taxation: | | | | |
| – current year | **420** | 1 529 | **339** | 557 |
| – mining | **71** | 1 262 | **67** | 361 |
| – non-mining | **349** | 267 | **272** | 196 |
| – prior year | **(18)** | (116) | **(20)** | (117) |
| Dividend withholding tax | **77** | 163 | **20** | 55 |
| **Total current taxation** | **479** | 1 576 | **339** | 495 |
| **Total deferred taxation** | **(575)** | 257 | **90** | (4) |
| Deferred taxation | **(575)** | 257 | **90** | (4) |
| **Total taxation charge per statement of profit or loss** | **(96)** | 1 833 | **429** | 491 |
| Attributable to: | | | | |
| Profit before capital items | **821** | 1 829 | **429** | 491 |
| Capital items (refer to note 32) | **(917)** | 4 | **–** | – |
| | **(96)** | 1 833 | **429** | 491 |
| 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 – Surge Copper Corporation | **5** | – | **5** | – |
| Unrealised gain on financial asset held at fair value through other comprehensive income – Harmony | **1 432** | 440 | **1 432** | 440 |
| Total movement in deferred tax | **862** | (159) | **1 527** | 436 |

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

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

| | GROUP F2024 % | GROUP F2023 % | COMPANY F2024 % | COMPANY F2023 % |
|---|---|---|---|---|
| **Reconciliation of rate of taxation** | | | | |
| Standard rate of company taxation | **27** | 27 | **27** | 27 |
| Adjusted for: | | | | |
| Disallowed expenditure and dividends tax[1] | **13** | 3 | **1** | 2 |
| Prior year (over)/underprovision | **(1)** | (1) | **–** | (1) |
| Exempt income[2] | **–** | – | **(23)** | (22) |
| Tax losses not raised as deferred tax | **14** | 1 | **1** | – |
| Share of associate and joint venture income after tax | **(57)** | (14) | **–** | – |
| Effective rate of taxation | **(4)** | 16 | **6** | 6 |

1 *These amounts largely relate to items of a capital nature at Two Rivers and ARM Corporate and dividends tax in F2024.*
2 *In company, the amounts relate mainly to re-measurement in ARM Coal and dividends received for F2023.*

## 33. TAXATION continued

| | GROUP F2024 % | GROUP F2023 % | COMPANY F2024 % | COMPANY F2023 % |
|---|---|---|---|---|
| **Reconciliation of rate of taxation before capital items** | | | | |
| Standard rate of company taxation | **27** | 27 | **27** | 27 |
| Adjusted for: | | | | |
| Disallowed expenditure and dividends tax[1] | **5** | 3 | **1** | 2 |
| Prior year overprovision | **(1)** | (1) | **–** | (1) |
| Exempt income | **–** | – | **(23)** | (22) |
| Tax losses not raised as deferred tax | **6** | 1 | **1** | – |
| Share of associate and joint venture income after tax | **(22)** | (14) | **–** | – |
| Effective rate of taxation | **15** | 16 | **6** | 6 |

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| Profit before taxation and capital items per statement of profit or loss | **5 596** | 11 099 | **6 700** | 8 523 |
| Taxation per statement of profit or loss | **(96)** | 1 833 | **429** | 491 |
| Taxation on capital items (refer to note 32) | **917** | (4) | **–** | – |
| Tax – excluding tax on capital items | **821** | 1 829 | **429** | 491 |

| | GROUP F2024 % | GROUP F2023 % | COMPANY F2024 % | COMPANY F2023 % |
|---|---|---|---|---|
| Percentage on above | **15** | 16 | **6** | 6 |

| | GROUP F2024 Rm | GROUP F2023 Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| Estimated assessed losses available for reduction of future taxable income | **4 348** | 3 574 | **–** | – |
| Unredeemed capital expenditure available for reduction of future mining income[2] | **10 313** | 5 828 | **–** | – |

1 *These amounts largely relate to items of a capital nature at Two Rivers and ARM Corporate and dividends tax in F2024.*
2 *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 2023.

All returns due up to and including June 2023 have been submitted.

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

# Notes to the financial statements continued

for the year ended 30 June 2024

## 34. CALCULATIONS PER SHARE

The calculation of basic earnings per share is based on basic earnings of R3 146 million (F2023: R8 080 million basic earnings)[1] and a weighted average of 196 053 thousand (F2023: 196 053 thousand) shares in issue during the year.

The calculation of headline earnings per share is based on headline earnings of R5 080 million (F2023: R8 983 million)[1] and a weighted average of 196 053 thousand (F2023: 196 053 thousand) shares in issue during the year.

The calculation of diluted basic earnings per share is based on basic earnings of R3 146 million (F2023: R8 080 million basic earnings)[1] with no reconciling items to derive at diluted earnings and a weighted average of 196 198 thousand (F2023: 196 488 thousand) shares in issue during the year calculated as follows:

| | GROUP | |
|---|---|---|
| | **F2024** | F2023 |
| Weighted average number of shares used in calculating basic earnings per share (thousands) | **196 053** | 196 053 |
| Potential ordinary shares due to long-term share incentives granted (thousands) | **145** | 435 |
| Weighted average number of shares used in calculating diluted earnings per share (thousands) | **196 198** | 196 488 |

The calculation of diluted headline earnings per share is based on headline earnings of R5 080 million (F2023: R8 983 million)[1] with no reconciling items to derive at diluted headline earnings and a weighted average of 196 198 thousand (F2023: 196 488 thousand) shares.

The calculation of net asset value per share is based on net assets of R54 006 million (F2023: R49 214 million)[1] and the number of shares at year end of 224 668 thousand (F2023: 224 668 thousand) shares.

The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R1 771 million (F2023: R8 090 million) and the weighted average number of shares in issue of 196 053 thousand (F2023: 196 053 thousand).

| | GROUP | |
|---|---|---|
| | **F2024** | F2023[1] |
| Headline earnings (R million) | **5 080** | 8 983 |
| Headline earnings per share (cents) | **2 591** | 4 582 |
| Basic earnings (R million) | **3 146** | 8 080 |
| Basic earnings per share (cents) | **1 604** | 4 121 |
| Diluted headline earnings per share (cents) | **2 589** | 4 572 |
| Diluted basic earnings per share (cents) | **1 603** | 4 112 |
| Number of shares in issue at end of year (thousands) | **224 668** | 224 668 |
| Weighted average number of shares (thousands) | **196 053** | 196 053 |
| Weighted average number of shares used in calculating diluted earnings per share (thousands) | **196 198** | 196 488 |
| Net asset value per share (cents) | **24 038** | 21 905 |
| EBITDA (R million) | **1 049** | 5 831 |
| Interim dividend declared (cents per share) | **600** | 1 400 |
| Dividend declared after year end (cents per share) | **900** | 1 200 |

[1] *Comparative information has been restated as a result of the adoption of IFRS 17* Insurance contracts. *Refer to note 23 for more detail.*

## 34. 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, effective from 22 April 2016, in the weighted average and diluted average number of shares (refer to note 16).

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

**Dividend per share**

After the year end a dividend of 900 cents per share (F2023: 1 200 cents per share; F2022: 2 000 cents per share) was declared which amounts to R2 022 million (F2023: R2 696 million; F2022: R4 493 million). This dividend was declared on 6 September 2024 (F2023: 4 September 2023; F2022: 1 September 2022), before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2024.

An interim dividend of 600 (1H 2023: 1 400) cents per share, R1 348 million (1H 2023: R3 145 million) was declared on 8 March 2024 (1H 2023: 6 March 2023).

## 35. HEADLINE EARNINGS

| | GROUP | |
|---|---|---|
| | **F2024 Rm** | F2023 Rm |
| Basic earnings attributable to equity holders of ARM | **3 146** | 8 080 |
| – Impairment of property, plant and equipment – Two Rivers | **2 782** | – |
| – Impairment of property, plant and equipment – Modikwa | **620** | – |
| – Impairment reversal of property, plant and equipment – Venture Building Trust | **(4)** | – |
| – Loss on sale of property, plant and equipment – Two Rivers | **–** | 3 |
| – Profit on sale of property, plant and equipment – ARM Coal | **(1)** | (2) |
| – Impairment reversal of property, plant and equipment – Machadodorp | **(1)** | – |
| – Profit on sale of property, plant and equipment – ARM Coal | **–** | (16) |
| – Profit on sale of property, plant and equipment – ARM Corporate | **–** | (1) |
| – Gain on bargain purchase – Bokoni | **–** | (56) |
| – Impairment loss on property, plant and equipment in joint venture – Assmang | **618** | 1 111 |
| – Impairment loss on investment Sakura in 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 | **20** | 8 |
| | **7 180** | 9 281 |
| – Taxation accounted for in joint venture – impairment loss at Assmang | **(167)** | (300) |
| – Taxation accounted for in joint venture – loss on sale of property, plant and equipment at Assmang | **(5)** | (2) |
| – Taxation accounted for in associate – profit on sale of property, plant and equipment – ARM Coal | **–** | 4 |
| – Taxation on loss on sale of property, plant and equipment – Two Rivers | **–** | (1) |
| – Taxation accounted for profit on sale of property, plant and equipment – ARM Coal | **–** | 1 |
| – Taxation on impairment reversal of property, plant and equipment – Venture Building Trust | **1** | – |
| – Taxation on impairment of property, plant and equipment – Two Rivers | **(751)** | – |
| – Taxation on impairment of property, plant and equipment – Modikwa | **(167)** | – |
| – Attributable impairment for non-controlling interest of property, plant and equipment – Two Rivers | **(934)** | – |
| – Attributable impairment for non-controlling interest of property, plant and equipment – Modikwa | **(77)** | – |
| **Headline earnings** | **5 080** | 8 983 |

# Notes to the financial statements continued

for the year ended 30 June 2024

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

| | GROUP F2024 Rm | GROUP F2023[1] Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| **Profit from operations before capital items** | 76 | 4 953 | 76 | 933 |
| Profit from associate | 60 | 1 007 | – | – |
| Income from joint venture | 4 592 | 4 557 | – | – |
| Capital items (refer to note 32) | (3 396) | 56 | 2 | 150 |
| **Profit from operations after capital items** | 1 332 | 10 573 | 78 | 1 083 |
| Adjusted for: | 569 | (3 695) | 795 | 554 |
| – Amortisation and depreciation of property, plant and equipment and intangible assets | 973 | 879 | 211 | 200 |
| – Re-measurement adjustment on loans | – | (8) | – | (16) |
| – Income from joint venture | (4 592) | (4 557) | – | – |
| – Profit on sale on property, plant and equipment and intangible assets | (1) | – | (1) | (3) |
| – Impairment and reversal of impairment loss on property, plant and equipment and intangible assets | 3 396 | – | (1) | – |
| – Gain on return of share capital | – | – | – | (147) |
| – Gain on bargain purchase | – | (56) | – | – |
| – Profit from associate | (60) | (1 007) | – | – |
| – Movement in long- and short-term provisions | 721 | 797 | 456 | 170 |
| – Share-based payments expense | 151 | 254 | 151 | 254 |
| – Foreign exchange movements | – | 2 | – | 1 |
| – Insurance reimbursement movements | – | – | – | 107 |
| – Revaluation of investments | (21) | (7) | (21) | (7) |
| – Other non-cash flow items | 2 | 8 | – | (5) |
| **Cash from operations before working capital changes** | 1 901 | 6 878 | 873 | 1 637 |
| (Increase)/decrease in inventories | (237) | (518) | 30 | (37) |
| Decrease in payables and provisions | (223) | (512) | (362) | (145) |
| Decrease/(increase) in receivables | 378 | 2 071 | (2 600) | 211 |
| (Increase)/decrease in insurance contract assets and reinsurance contract assets | (45) | 56 | – | – |
| (Decrease)/increase in insurance contract liabilities and reinsurance contract liabilities | (3) | 115 | – | – |
| **Cash generated from operations** | 1 771 | 8 090 | (2 059) | 1 666 |

[1] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts*. Refer to note 23 for more detail.*

## 37. TAXATION PAID

| | GROUP F2024 Rm | GROUP F2023[1] Rm | COMPANY F2024 Rm | COMPANY F2023 Rm |
|---|---|---|---|---|
| Balance at beginning of year payable | 266 | 139 | 136 | 57 |
| South African taxation | 479 | 1 576 | 339 | 495 |
| Current tax (refer to note 33) | 479 | 1 576 | 339 | 495 |
| Other | (23) | 68 | (14) | 70 |
| Balance at year end (payable) | (122) | (266) | (44) | (136) |
| Tax payable at year end | (345) | (444) | (265) | (312) |
| Tax receivable at year end | 223 | 178 | 221 | 176 |
| **Taxation paid** | 600 | 1 517 | 417 | 486 |

## 38. IMPAIRMENT AND IMPAIRMENT REVERSAL

### 38.1 ARM Ferrous

**Property, plant and equipment impairment**

***Impairment***

**Beeshoek Mine**

At 30 June 2024, an impairment loss of R1 158 million before tax of R313 million was recognised on property, plant and equipment at the Beeshoek Mine (ARM's attributable share of the impairment loss amounted to R579 million before tax of R157 million) (refer to note 32).

This impairment was largely due to a combination of:

- Lower sales volumes compared to previous forecasts
- Subdued long-term commodity prices, which have an impact on the determination of the local selling price
- Inadequate increases in sale prices to offset the rising costs of mining operations
- Significant increase in input costs, including diesel and explosives
- A higher discount rate is applied due to specific operational risks associated with Beeshoek.

The recoverable amount of Beeshoek was determined based on a value-in-use (VIU) calculation performed in terms of IFRS Accounting Standards. A discounted cash flow valuation model was used to determine the value-in-use. The value-in-use resulted in a full impairment of property, plant and equipment.

A nominal pre-tax South African discount rate of 30.05% was used in the 30 June 2024 impairment model.

The valuation was calculated over a 6.5-year period.

The following assumptions were used in the valuation model:

| | | F2025 | F2026 | F2027 | F2028 | F2029 |
|---|---|---|---|---|---|---|
| Sale volumes | tonnes millions | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Diesel prices | per litre | 21.1 | 19.5 | 19.4 | 19.9 | 19.9 |
| Exchange rate | ZAR/US$ | 18.2 | 17.9 | 18.4 | 18.8 | 19.3 |
| SA PPI | % | 4.8 | 4.9 | 5.0 | 6.9 | 6.9 |

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 to note 32).

A nominal pre-tax South African discount rate of 18.29% was used in the 30 June 2023 impairment model.

Details of the impairments were included in the financial results ended 30 June 2023, which can be found on **www.arm.co.za**.

**Cato Ridge Works**

At 30 June 2024, an impairment loss of R79 million before taxation of R21 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, due to forecast negative cash flows (ARM's attributable share of the impairment loss amounted to R40 million before tax of R11 million) (refer to note 32).

At 30 June 2023, an impairment loss 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 to note 32).

# Notes to the financial statements continued

for the year ended 30 June 2024

## 38. IMPAIRMENT AND IMPAIRMENT REVERSAL continued

### 38.1 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 to note 32).

Details of the impairments were included in the financial results ended 30 June 2023, which can be found on **www.arm.co.za**.

### 38.2 ARM Platinum

**Property, plant and equipment impairment**

***Impairment***

**Modikwa Mine**

At 31 December 2023, an impairment loss of R620 million before tax of R167 million was recognised on property, plant and equipment at Modikwa (ARM's attributable share of the impairment loss amounted to R515 million before tax of R139 million) (refer to note 32).

There has been no further impairments at 30 June 2024.

This impairment was due to a significant decrease in profitability resulting from lower PGM commodity prices.

The recoverable amount of the Modikwa Platinum Mine was determined based on a value-in-use calculation performed in terms of IFRS Accounting Standards. A discounted cash flow valuation model was used to determine the value in use of R5 614 million.

The following assumptions were used in the valuation model:

- A nominal pre-tax South African discount rate of 21.9% was used in the 31 December 2023 impairment model
- The valuation was calculated over a 36-year period.

| | | F2024 | F2025 | F2026 | F2027 | Long term (real) |
|---|---|---|---|---|---|---|
| Platinum | US$/oz | 1 059 | 1 119 | 1 201 | 1 268 | 1 235 |
| Palladium | US$/oz | 1 217 | 1 188 | 1 141 | 1 117 | 1 131 |
| Rhodium | US$/oz | 4 863 | 4 883 | 5 030 | 5 113 | 4 367 |
| Gold | US$/oz | 1 951 | 1 942 | 1 889 | 1 844 | 1 658 |
| Iridium | US$/oz | 3 800 | 3 400 | 3 400 | 3 400 | 3 300 |
| Ruthenium | US$/oz | 390 | 380 | 380 | 380 | 350 |



## 38. IMPAIRMENT AND IMPAIRMENT REVERSAL continued

### 38.2 ARM Platinum continued

**Property, plant and equipment impairment** continued

***Impairment continued***

**Two Rivers Mine**

At 31 December 2023, an impairment loss of R2 782 million before tax R751 million was recognised on property, plant and equipment at Two Rivers Platinum Mine (ARM's attributable share of the impairment loss amounted to R1 502 million before tax of R406 million)[1] (refer to note 32). There has been no further impairment at 30 June 2024.

This impairment was due to a significant decrease in profitability resulting from lower PGM commodity prices and elevated near-term capital expenditure from the Merensky Project, currently under construction.

The recoverable amount of Two Rivers was determined based on a value-in-use calculation performed in terms of IFRS Accounting Standards. A discounted cash flow valuation model was used to determine the value in use of R9 380 million.

The following assumptions were used in the valuation model:

- A nominal pre-tax South African discount rate of 23.3% was used in the 31 December 2023 impairment model
- The valuation was calculated over a 22-year period.

| | | F2024 | F2025 | F2026 | F2027 | Long term (real) |
|---|---|---|---|---|---|---|
| Platinum | US$/oz | 1 059 | 1 119 | 1 201 | 1 268 | 1 235 |
| Palladium | US$/oz | 1 217 | 1 188 | 1 141 | 1 117 | 1 131 |
| Rhodium | US$/oz | 4 863 | 4 883 | 5 030 | 5 113 | 4 367 |
| Gold | US$/oz | 1 951 | 1 942 | 1 889 | 1 844 | 1 658 |
| Iridium | US$/oz | 3 800 | 3 400 | 3 400 | 3 400 | 3 300 |
| Ruthenium | US$/oz | 390 | 380 | 380 | 380 | 350 |

[1] *The impairment value has changed from interim group financial statement due to a reallocation of mineral rights impairment.*

### 38.3 Impairment summary

| | | | | GROUP | | COMPANY | |
|---|---|---|---|---|---|---|---|
| **Summary** | **Impairment/ (Impairment reversal) Rm** | **Taxation Rm** | **Net Rm** | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **F2024** | | | | | | | |
| ARM Ferrous | **618** | **(167)** | **451** | **451** | – | **–** | – |
| ARM Platinum | **3 402** | **(918)** | **2 484** | **2 484** | – | **–** | – |
| Venture Building Trust | **(4)** | **1** | **(3)** | **(3)** | – | **–** | – |
| Machadodorp | **(1)** | **–** | **(1)** | **(1)** | – | **(1)** | – |
| **Total** | | | | **2 931** | – | **(1)** | – |
| **F2023** | | | | | | | |
| ARM Ferrous | 1 265 | (300) | 965 | 965 | – | – | – |
| **Total** | | | | 965 | | | |

# Notes to the financial statements continued

for the year ended 30 June 2024

## 39. 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 (BPH), in turn owned by Rustenburg Platinum Mines Limited (RPM), a wholly owned subsidiary of Anglo American Platinum Limited (AAPL), and Plateau Resources Proprietary Limited (Plateau), a wholly owned subsidiary of Atlatsa Resources Corporation (Atlatsa), 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.

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.

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.

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

For a detailed disclosure on the acquisition of BMP, refer to ARM's annual financial statements for the year ended 30 June 2023 which are available on the group's website **www.arm.co.za**.

## 40. 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. 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 2024** | **US$55 million** | **18.25** | **US$7 million** | **18.25** |
| 30 June 2023 | US$79 million | 18.90 | US$20 million | 18.90 |
| Foreign currency denominated items included in cash and cash equivalents and financial assets: | | | | |
| **30 June 2024** | **US$3 million** | **18.25** | **US$nil** | **18.25** |
| 30 June 2023 | US$3 million | 18.90 | US$nil | 18.90 |

## 40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

### Liquidity risk management

The global economic landscape remains volatile, including fluctuating commodity prices, exchange rates and inflation.

The group's executives meet regularly to review long- and medium-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 2024 and 30 June 2023 based on discounted cash flows. For undiscounted amounts refer to 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 F2024 | | | | COMPANY F2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | **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 to notes 17 and 22) | **481** | **494** | **137** | **1 112** | **21** | **15** | **68** | **104** |
| Trade and other payables (refer to note 20) | **2 554** | **–** | **–** | **2 554** | **326** | **–** | **–** | **326** |
| Overdrafts and loans from subsidiaries (refer to note 22) | **17** | **–** | **–** | **17** | **58** | **–** | **–** | **58** |
| **Total** | **3 052** | **494** | **137** | **3 683** | **405** | **15** | **68** | **488** |

| | 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 to notes 17 and 22) | 19 | 30 | 176 | 225 | 19 | 32 | – | 51 |
| Trade and other payables (refer to note 20) | 1 522 | – | – | 1 522 | 387 | – | – | 387 |
| Overdrafts and loans from subsidiaries (refer to note 22) | 17 | – | – | 17 | 59 | – | – | 59 |
| **Total** | 1 558 | 30 | 176 | 1 764 | 465 | 32 | – | 497 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| Overdrafts and short-term borrowings are held as follows: | | | | |
| – ABSA Bank Limited | **215** | – | **–** | – |
| – Nedbank Limited | **245** | – | **–** | – |
| – Interest-free loans – subsidiaries | **–** | – | **42** | 42 |
| – Other | **38** | 36 | **38** | 36 |
| **Total** | **498** | 36 | **80** | 78 |

# Notes to the financial statements continued
for the year ended 30 June 2024

## 40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

### 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 R1 909 million (F2023: R2 266 million), Rustenburg Platinum Mines R1 180 million (F2023: R997 million), Glencore Operations SA R612 million (F2023: R533 million) and Glencore International AG R94 million (F2023: R185 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.

Financial institutions' credit rating by exposure (source: Fitch Ratings and Global Credit Ratings).

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| Cash and cash equivalents | | | | |
| AA+ | **7 954** | 9 515 | **6 216** | 6 693 |
| AA- | **12** | 14 | **–** | – |
| A+ | **250** | 369 | **–** | – |
| A | **110** | 123 | **–** | – |
| **Total** | **8 326** | 10 021 | **6 216** | 6 693 |
| Financial assets | | | | |
| AA+ | **173** | 157 | **140** | 124 |
| AA- | **632** | 132 | **81** | 74 |
| A+ | **81** | 393 | **–** | – |
| A- | **118** | 107 | **118** | 107 |
| **Total** | **1 004** | 789 | **339** | 305 |

### 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 Two Rivers, Bokoni 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 as opposed to using an estimate. 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 to note 12) amounts to R3 089 million (F2023: R3 263 million). Refer to the sensitivity on page 114.



## 40. 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. 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 2024** | | | |
| Cash – financial institutions | **8 005** | **0 – 3 months** | **0 – 8%** |
| – fixed | **321** | **3 – 6 months** | **0 – 5%** |
| Fixed deposits | **1 004** | **3 – 72 months** | **0 – 9%** |
| **Total** | **9 330** | | |
| **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% |
| **Total** | 10 810 | | |

| | COMPANY | | |
|---|---|---|---|
| **Cash and cash equivalents and financial assets** | **Book value at year end Rm** | **Maturity date[1]** | **Effective interest rate** |
| **Year ended 30 June 2024** | | | |
| Cash – financial institutions | **6 216** | **0 – 3 months** | **5 – 9%** |
| Fixed deposits | **339** | **3 – 72 months** | **0 – 9%** |
| **Total** | **6 555** | | |
| **Year ended 30 June 2023** | | | |
| Cash – financial institutions | 6 693 | 0 – 3 months | 0 – 9% |
| Fixed deposits | 305 | 3 – 72 months | 0 – 9% |
| **Total** | 6 998 | | |

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

# Notes to the financial statements continued
for the year ended 30 June 2024

## 40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
**Interest rate risk** continued

| Financial liabilities | GROUP<br>Book value at year end Rm | Maturity date[1] | Effective interest rate |
|---|---|---|---|
| **Year ended 30 June 2024** | | | |
| **Long-term borrowings** | | | |
| ARM BBEE Trust – loan facility – Harmony Gold[2] | 68 | 2035 | Interest-free |
| Two Rivers – short-term revolving credit facility | 460 | 2025 | 10.05% |
| Two Rivers – long-term revolving credit facility | 479 | 2026 | 10.05% |
| Two Rivers – lease liability | 80 | 2040 | 10.05% |
| Modikwa – lease liability | 8 | 2044 | 8.55% |
| ARM Coal – lease liability | 17 | 2025 – 2026 | 10.3% – 11.5% |
| | 1 112 | | |
| *Less*: Transferred to short-term borrowings | (481) | | |
| **Total** | 631 | | |

| Summary of variable and fixed rates | GROUP<br>Total | Transfer to short term | Long term |
|---|---|---|---|
| **Year ended 30 June 2024** | | | |
| Variable rates | 1 044 | (481) | 563 |
| Fixed rates – interest free | 68 | – | 68 |
| **Total** | 1 112 | (481) | 631 |

| Financial liabilities | GROUP<br>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-measurements is 13.33%.*

## 40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
**Interest rate risk** continued

| Summary of variable and fixed rates | GROUP<br>Total | Transfer to short term | Long term |
|---|---|---|---|
| **Year ended 30 June 2023** | | | |
| Variable rates | 125 | (19) | 106 |
| Fixed rates – interest-free | 100 | – | 100 |
| **Total** | 225 | (19) | 206 |

| Short-term financial liabilities | GROUP<br>Book value at year end | Repricing date | Maturity date | Effective interest rate |
|---|---|---|---|---|
| **Year ended 30 June 2024** | | | | |
| Financial institutions | 498 | 30/06/2023 | 30/06/2024 | Variable rate between 2% and 11% |
| **Total (refer to note 22)** | 498 | | | |

| Short-term financial liabilities | GROUP<br>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 to note 22)** | 36 | | | |

| | COMPANY<br>Book value at year end Rm | Maturity date[1] | Effective interest rate |
|---|---|---|---|
| **Year ended 30 June 2024** | | | |
| **Long-term borrowings** | | | |
| ARM Corporate – lease liability | 16 | 2028 | 8.72% |
| ARM Coal – lease liability | 17 | 2026 | 10.3% – 11.5% |
| | 33 | | |
| *Less*: Transferred to short-term borrowings | (21) | | |
| **Total** | 12 | | |

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

| Summary of variable and fixed rates | COMPANY<br>Total | Transfer to short term | Long term |
|---|---|---|---|
| **Year ended 30 June 2024** | | | |
| Fixed rates | 33 | (21) | 12 |
| **Total** | 33 | (21) | 12 |

# Notes to the financial statements continued

for the year ended 30 June 2024

## 40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

**Interest rate risk** continued

| Financial liabilities | COMPANY Book value at year end Rm | Maturity date | 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 | | |

| Summary of variable and fixed rates | COMPANY Total | Transfer to short term | Long term |
|---|---|---|---|
| **Year ended 30 June 2023** | | | |
| Fixed rates – interest free | 51 | (19) | 32 |
| **Total** | 51 | (19) | 32 |

| Short-term financial liabilities | COMPANY Book value at year end | Repricing date | Maturity date | Effective interest rate |
|---|---|---|---|---|
| **Year ended 30 June 2024** | | | | |
| Financial institutions | **38** | **30/06/2024** | **30/06/2024** | **10.3% – 11.5%** |
| Loans from subsidiaries | **42** | | | **No interest** |
| **Total (refer to note 22)** | **80** | | | |

| Short-term financial liabilities | COMPANY 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 to note 22)** | 78 | | | |

## 40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

**Fair value risk**

The carrying amounts of other receivables, trade receivables at amortised cost, 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**

| Category | GROUP F2024 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 to note 10) | **1** | **1** | **12 625** | **12 626** | **12 626** |
| Investments – Guardrisk (refer to note 10) | **2** | **46** | **–** | **46** | **46** |
| Investments – RBCT (refer to note 10) | **3** | **185** | **–** | **185** | **185** |
| Trade receivables[1, 2] | **2** | **3 853** | **–** | **3 853** | **3 853** |

| Category | GROUP F2023 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 to note 10) | 1 | 1 | 5 918 | 5 919 | 5 919 |
| Investments – Guardrisk (refer to note 10) | 2 | 25 | – | 25 | 25 |
| Investments – RBCT (refer to note 10) | 3 | 204 | – | 204 | 204 |
| Trade receivables[1, 2] | 2 | 3 263 | – | 3 263 | 3 263 |

[1] *For inputs used refer to note 40 sensitivity.*
[2] *This does not include trade receivables at amortised cost. Refer to note 12 for more information.*

| Category | COMPANY F2024 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 to note 10) | **1** | **–** | **12 625** | **12 625** | **12 625** |
| Investments – Guardrisk (refer to note 10) | **2** | **46** | **–** | **46** | **46** |
| Investments – RBCT (refer to note 10) | **3** | **185** | **–** | **185** | **185** |

# Notes to the financial statements continued
for the year ended 30 June 2024

## 40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

**Fair value risk** continued

**Financial instruments by categories** continued

| | 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 to note 10) | 1 | – | 5 918 | 5 918 | 5 918 |
| Investments – Guardrisk (refer to note 10) | 2 | 25 | – | 25 | 25 |
| Investments – RBCT (refer to note 10) | 3 | 204 | – | 204 | 204 |

### 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 and technical 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 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 089 million (F2023: R3 263 million) which was valued using the following parameters (i) rand/US dollar exchange rate of R18.25 (F2023: R18.90), (ii) platinum price of US$948/oz (F2023: US$967/oz), (iii) palladium price of US$1 066/oz (F2023: US$1 713/oz), rhodium of US$4 433/oz (F2023: US$10 937/oz) and a nickel price of US$18 095/tonne (F2023: US$23 986/tonne).

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| The increase in profit before tax if: | | | | |
| The rand/US dollar exchange rate weakens by R1 | **96** | 71 | **–** | – |
| The price of PGM increases by 10% | **125** | 135 | **N/A** | N/A |
| The interest rate increases by 1% | **79** | 102 | **62** | 98 |
| The price of the Harmony share price increases by R1 | **75** | 75 | **75** | 75 |
| The decrease in profit before tax if: | | | | |
| The rand/US dollar exchange rate strengthens by R1 | **(96)** | (71) | **–** | – |
| The price of PGM decreases by 10% | **(125)** | (135) | **N/A** | N/A |
| The interest rate decreases by 1% | **(79)** | (102) | **(62)** | (67) |
| The price of the Harmony share price 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.

## 41. COMMITMENTS, CONTINGENT LIABILITIES, DISPUTES AND GUARANTEES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| **Commitments** | | | | |
| Commitments in respect of capital expenditure: | | | | |
| Approved by directors | | | | |
| – contracted for | **1 080** | 3 141 | **52** | 142 |
| – not contracted for | **284** | 1 624 | **172** | – |
| **Total commitments** | **1 364** | 4 765 | **224** | 142 |
| **Commitments allocated as follows:** | | | | |
| ARM Platinum Proprietary Limited | **113** | 252 | **–** | – |
| Bokoni | **188** | 1 258 | **–** | – |
| ARM Coal Proprietary Limited | **52** | 142 | **52** | 142 |
| Nkomati | **172** | – | **172** | – |
| Two Rivers Platinum Proprietary Limited | **839** | 3 113 | **–** | – |
| **Total commitments** | **1 364** | 4 765 | **224** | 142 |

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

**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, has committed to comply with GISTM by the agreed deadlines. Modikwa Platinum Mine is proactively investigating gaps between its tailings storage facility (TSF) and the GISTM requirements. The mine commenced with sampling and laboratory testing work during F2022.

As at 30 June 2024, 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 first half of F2025.

### Disputes

**Modikwa**

In June 2021, Nkwe Platinum Mine Limited (Nkwe) and Genorah Resources (Pty) Ltd (Genorah) invaded the Modikwa Platinum Mine mining area, by constructing mining-related infrastructure on the surface of Maandagshoek farm. Pursuant to the invasion, the JV brought an urgent court application for a restoration of the JV in undisturbed possession of the invaded area, alternatively an order that Nkwe and Genorah be ordered to remove the constructed infrastructure from the invaded area, alternatively that Nkwe and Genorah be ordered to vacate the invaded area.

The Limpopo High Court dismissed the JV’s application. Pursuant to the dismissal of the application, the JV applied for leave to appeal the judgment to the Supreme Court of Appeal (SCA), which application was granted. On 18 January 2023, the SCA dismissed the JV’s application. The JV applied for leave to appeal the judgment to the Constitutional Court which application has since been granted. The parties are waiting for a trial date from the Constitutional Court.

# Notes to the financial statements continued

for the year ended 30 June 2024

## 41. COMMITMENTS, CONTINGENT LIABILITIES, DISPUTES AND GUARANTEES continued

**ARM**

Following the court's dismissal of the plaintiff's action on 9 May 2023, Pula Group LLC and Pula Graphite Partners Tanzania Limited (Pula Group) has again delivered claims against ARM and other defendants (defendants) in terms of which Pula Group is claiming damages in the amount of US$195 000 000 against the defendants, allegedly arising out of a breach of a confidentiality agreement. The claim was delivered to ARM on 4 December 2023. ARM has taken the necessary legal steps to protect its rights.

**ARM and ARM Coal**

ARM and ARM Coal have been served with applications for a certification by court of a class action in respect of the coal mines' employees. The premise of the class action is to institute an action for damages against the coal mines pursuant to the diseases that the employees allegedly contracted while working in the coal mines.

In all, four separate actions have been launched, each with its own list of respondents. The four applications are respectively referred to as the Glencore, Anglo American, Exxaro and BHP Billiton applications.

ARM and ARM Coal have filed notices to oppose the application. Preparations are underway to file answering affidavits by the end of August 2024.

**Guarantees**

**Assmang**

Guarantees to the Department of Minerals and Petroleum Resources for rehabilitation provision amounting to R930 million (F2023: R796 million).

Guarantees to Eskom amounting to R124 million (F2023: R124 million).

Sarawak Energy board guarantee (Assmang guarantees 100% and back-to-back guarantees are in place with the other shareholders) MYR424 million (F2023: MYR413 million).

Subsequent to Sakura's debt restructuring in the prior year, the UOB guarantee is still at US$27.4 million, but has been guaranteed by Sakura's other shareholders (F2023: US$27.4 million) and the US$32.6 million was guaranteed through Standard Bank of South Africa Limited, Isle of Man Branch (F2023: US$32.6 million).

A new US$55 million facility agreement for Sakura was approved by Assmang's board at the end of August 2023 which is secured as follows:

1. An unconditional and irrevocable on demand guarantee of up to US$66 million granted by Assmang in favour of Standard Bank (F2023: US$66 million)
2. Cash of US$27 million is currently held with the Isle of Man as of 30 June 2024.

**Nkomati**

A guarantee of R53 million (F2023: R53 million) to the South African Revenue Service by ARM on behalf of Nkomati.

## 42. 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% of pensionable salaries to the funds. Members' contribution for the current year amounts to R332 million (F2023: R302 million).

## 43. 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 | |
|---|---|---|---|---|
| | **F2024 Rm** | F2023 Rm | **F2024 Rm** | F2023 Rm |
| The post-retirement healthcare benefits are provided for in the following entities: | | | | |
| African Rainbow Minerals Limited | **69** | 63 | **69** | 63 |
| Machadodorp Works | **9** | 9 | **9** | 9 |
| | **78** | 72 | **78** | 72 |

The liability is assessed on an annual basis by an independent actuary. The assumptions used are as follows:

- A real discount rate of 2.12% per annum (F2023: 3.1% per annum)
- An increase in healthcare costs at a rate of 9.15% per annum (F2023: 9.55% and 10.06% per annum)
- A 1% change in the healthcare inflation rate used is estimated to have an impact of plus 6.77% or less 6.02% (F2023: plus 6.46% or less 5.75%) 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 R78 million (F2023: R72 million) at the end of the year. For movements refer to 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 F2024.

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.

## 44. SHARE-BASED PAYMENT PLANS

**Equity-settled plan**

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.

**Conditional share plan 2018**

Awards of conditional shares are made to eligible participants (Paterson grade D-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 to remuneration report.

| | **F2024** | F2023 |
|---|---|---|
| Outstanding at beginning of year | **1 193 745** | 1 312 678 |
| Awarded during the year | **653 438** | 459 334 |
| Forfeited/cancelled/lapsed | **(123 417)** | (87 711) |
| Settled during the year | **(344 658)** | (490 556) |
| Closing balance | **1 379 108** | 1 193 745 |
| Fair value (Rm) | **432** | 441 |

# Notes to the financial statements continued

for the year ended 30 June 2024

## 44. SHARE-BASED PAYMENT PLANS continued

**Cash-settled conditional share plan 2018**

Awards of conditional shares are made to eligible participants (Paterson grade D – 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 to remuneration report in the ESG report.

| | F2024 | F2023 |
|---|---|---|
| Outstanding at beginning of year | **549 420** | 706 027 |
| Awarded during the year | **347 678** | 210 992 |
| Forfeited/cancelled/lapsed | **(109 044)** | (64 065) |
| Settled during the year | **(160 972)** | (303 534) |
| Closing balance | **627 082** | 549 420 |
| Fair value (Rm) | **174** | 134 |

**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 (F2023: R5 million gain) 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.

| | F2024<br>Conditional replacement awards | F2023<br>Conditional replacement awards |
|---|---|---|
| Outstanding at beginning of year | **115 842** | 75 739 |
| Awarded during the year | **62 426** | 121 227 |
| Settled during the year | **(63 100)** | (81 124) |
| Closing balance | **115 168** | 115 842 |
| Fair value (Rm) | **32** | 23 |

## 44. SHARE-BASED PAYMENT PLANS continued

**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 targets 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.

The following table lists the range of inputs to the models used on the grant date for the years ended 30 June 2024 and 30 June 2023:

| | F2024 | F2023 |
|---|---|---|
| Dividend yield (%)[1] | **N/A** | N/A |
| Expected volatility (%) | **39.16** | 40.35 |
| Risk-free interest rate (%) | **7.96** | 8.44 |
| Expected life of performance shares (years) | **1 – 3** | 1 – 3 |
| Average share price (cents) | **22 607** | 19 901 |

[1] *No options granted anymore.*

| | F2024 | F2023 |
|---|---|---|
| The effect on the statement of profit or loss was a charge of (R million) | **260** | 254 |
| Equity-settled expense | **151** | 147 |
| Cash-settled expense | **109** | 107 |

The cash settled liability for F2024 is R94 million (F2023: R66 million).

## 45. 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 123 to 125.

For sales to related parties refer to note 2.6.

# Notes to the financial statements continued

for the year ended 30 June 2024

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | F2024 Rm | F2023 Rm | F2024 Rm | F2023 Rm |
| **45. RELATED PARTY TRANSACTIONS** | | | | |
| **Amounts accounted in the statement of profit or loss relating to transactions with related parties** | | | | |
| **Joint operations** | | | | |
| Rustenburg Platinum Mines – sales[1] | 2 833 | 3 961 | – | – |
| Modikwa related non-controlling interest – dividend declared[1] | – | 102 | – | – |
| Modikwa – dividend paid | – | 246 | – | – |
| Glencore International AG – sales | 1 791 | 2 409 | 1 791 | 2 409 |
| Glencore Operations SA – management fees | 102 | 103 | 102 | 103 |
| ARM Coal – dividend received | – | – | 204 | – |
| **Joint venture** | | | | |
| Assmang | | | | |
| – Management fees | 1 502 | 1 433 | 1 502 | 1 433 |
| – Dividends received | 5 000 | 5 000 | 5 000 | 5 000 |
| **Subsidiaries** | | | | |
| Impala Platinum – sales | 5 914 | 7 896 | – | – |
| Opilac Proprietary Limited – dividend received | – | – | 228 | 430 |
| Two Rivers Platinum | | | | |
| – Dividend received | – | – | – | 486 |
| – Provision of services/management fees | – | – | 30 | 15 |
| ARM Platinum Proprietary Limited – interest received | – | – | 153 | 13 |
| Venture Building Trust Proprietary Limited – interest received | – | – | 1 | 1 |
| ARM BBEE Trust – imputed interest | – | – | 45 | 62 |
| **Associate** | | | | |
| PCB – dividend received | 440 | 1 208 | 440 | 1 208 |
| **Amounts outstanding at year end receivable by ARM on current account** | | | | |
| **Joint venture** | | | | |
| Assmang – trade and other receivables | 345 | 812 | 345 | 812 |
| **Joint operations** | | | | |
| Rustenburg Platinum Mines – trade and other receivables FVTPL[1] | 1 180 | 997 | – | – |
| Glencore Operations SA – trade and other receivables | 612 | 533 | 612 | 533 |
| Glencore International AG – trade and other receivables | 94 | 185 | 94 | 185 |
| **Subsidiary** | | | | |
| Impala Platinum – trade and other receivables FVTPL | 1 909 | 2 266 | – | – |
| Impala Platinum – dividend paid | – | 414 | – | – |
| ARM Platinum Proprietary Limited – trade and other receivables | – | – | 2 898 | 191 |
| Bokoni – trade and other receivables | – | – | 46 | – |

[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.*

## 45. 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 to directors' report).

| Senior management compensation | F2024 Rm | F2023 Rm |
|---|---|---|
| Salary | 36 | 39 |
| Accrued bonuses | 12 | 34 |
| Pension scheme contributions | 3 | 4 |
| Reimbursive allowances | 1 | 2 |
| Share awards | 46 | 100 |
| **Total** | 98 | 179 |

| Share awards | Number of conditional shares | Number of conditional awards |
|---|---|---|
| **Held on 1 July 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 | – |
| Granted/awarded during the year | 246 825 | – |
| Settled during the year | (127 723) | – |
| Forfeited during the year | (53 669) | – |
| **Held on 30 June 2024** | 453 788 | – |

Details relating to directors' emoluments and prescribed officer, 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.

| | F2024 Rm | F2023 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 2024

## 46. EVENTS AFTER THE REPORTING DATE

**46.1** Subsequent to year end Assmang declared a dividend of R2 500 million attributable to ARM.

**46.2** Harmony declared a final dividend of 94 cents per share. At 30 June 2024 and at the date of this report, ARM owned 74 665 545 Harmony shares.

**46.3** ARM declared a dividend of 900 cents per share on 6 September 2024.

**46.4** **Nkomati**

The Competition Tribunal has unconditionally approved the transaction between African Rainbow Minerals Limited (ARM) and Norilsk Nickel Africa Proprietary Limited (Norilsk) in terms of which ARM is acquiring Norilsk's participation interest in the Nkomati Joint Venture. Other outstanding conditions precedent relating to the transaction are still to be fulfilled.

**46.5** **Two Rivers**

Two Rivers entered into a syndicated facility of R2 500 million on 29 August 2024 financed by Absa and Nedbank, consisting of a revolving credit facility of R1 250 million and a term loan of R1 250 million. The interest rate for the revolving credit facility and term loan is based on the Johannesburg Interbank Average rate plus a margin of 2.10% and 1.95% respectively. The revolving credit facility and term loan has a maturity date of 29 August 2029.

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

## 47. SHAREHOLDER DISTRIBUTION AND MAJOR SHAREHOLDERS

Please refer to shareholder distribution and major shareholders at 30 June 2024 on pages 133 and 135 of the shareholder analysis respectively.



# Principal subsidiary companies

for the year ended 30 June 2024

| | | 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 | **F2024** | F2023 | **F2024** | F2023 | **F2024** | F2023 | **F2024** | F2023 |
| African Rainbow Minerals Platinum Proprietary Limited[1] | Ord | **–** | – | **100** | 100 | **257** | 257 | **–** | – |
| Acquisition of additional shares | | | | | | **3 500** | 3 500 | | |
| Subtotal | | | | | | **3 757** | 3 757 | | |
| 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)** | (127) | | |
| Subtotal | | | | | | **40** | 40 | | |
| 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 | | |
| Artex (previously Mannequin) Insurance PCC Limited (Cell AVL 18)[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** | 4 844 | | |
| 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 receivable from ARM Platinum Proprietary Limited of R2 898 million (F2023: R191 million), 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 2024

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares held | | Effective percentage holding | | Value of investment Rm | |
| **Name of company** | **F2024** | F2023 | **F2024** | F2023 | **F2024** | F2023 |
| **Associated companies** | | | | | | |
| **Unlisted** | | | | | | |
| Glencore Operations South Africa Proprietary Limited[1] | | | | | | |
| Non-convertible participating preference shares | **384** | 384 | **20.2** | 20.2 | **1 467** | 1 847 |
| **Investment in other companies** | | | | | | |
| **Listed** | | | | | | |
| Harmony Gold Mining Company Limited | | | | | | |
| Ordinary shares | **74 665 545** | 74 665 545 | **11.8** | 12.1 | **12 548** | 5 918 |
| On 12 July 2018, ARM acquired a further 11 032 623 shares | | | | | | |
| Surge Copper Corporation | | | | | | |
| Ordinary shares | **41 373 414** | – | **15.0** | – | **77** | – |
| **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 | **46** | 25 |
| **Joint operations and partnerships** | | | | | | |
| ARM Coal Proprietary Limited (including Goedgevonden) | **51** | 51 | **51** | 51 | **–** | – |
| Modikwa joint operation[1] | **–** | – | **41.5** | 41.5 | **–** | – |
| Nkomati joint venture[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 | **21 341** | 21 814 |
| K2018259017 (South Africa) Proprietary Limited[4] | | | **5.01** | 5.01 | | |
| **Division** | | | | | | |
| Machadodorp Works | | | | | | |
| Impairment | | | | | | |
| **Subtotal** | | | | | | |
| **Trust** | | | | | | |
| ARM BBEE Trust (refer to 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. A schedule with details of all other subsidiaries is available from the registered office.

1 *December year end, audited June figures are consolidated.*
2 *Eliminates on a company level, as Nkomati joint venture is an unincorporated joint venture.*
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** | **F2024** | F2023 | **F2024** | F2023 | **F2024** | F2023 |
| **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 | | | | | | |
| On 12 July 2018 ARM acquired a further 11 032 623 shares | **74 665 545** | 74 665 545 | **12 548** | 5 918 | **–** | – |
| Surge Copper Corporation | | | | | | |
| Ordinary shares | **41 373 414** | – | **77** | – | | |
| **Unlisted** | | | | | | |
| Business Partners Limited | **323 177** | 323 177 | **–** | – | **–** | – |
| Guardrisk Insurance Company Limited Cell no 00298 | **1** | 1 | **46** | 25 | **–** | – |
| **Joint operations and partnerships** | | | | | | |
| ARM Coal Proprietary Limited (including Goedgevonden) | **51** | 51 | **409** | 409 | **–** | – |
| Modikwa joint operation[1] | **–** | – | **–** | – | **–** | – |
| Nkomati joint venture[2] | **–** | – | **–** | – | **770** | 720 |
| 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 | | | **113** | 113 | **1 156** | 806 |
| Impairment | | | **(113)** | (113) | | |
| **Subtotal** | | | **–** | – | | |
| **Trust** | | | | | | |
| ARM BBEE Trust (refer to notes 10 and 16)[5] | | | | | **266** | 391 |

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 *December year end, audited June figures are consolidated.*
2 *Eliminates on a company level, as Nkomati joint venture is an unincorporated joint venture.*
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 24 to 30, have been translated into United States dollars and are presented on this page and pages 127 to 132. 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 2024 R/US$** | 30 June 2023 R/US$ |
|---|---|---|
| Closing rate | **18.25** | 18.90 |
| Average rate | **18.70** | 17.76 |

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 31 to 58 and with the notes to the financial statements on pages 59 to 122.

# US dollar statement of financial position

at 30 June 2024

## CONVENIENCE TRANSLATION

| | | GROUP | |
|---|---|---|---|
| | Notes | **F2024 US$m** | F2023 US$m |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | **993** | 856 |
| Investment properties | 5 | **1** | 1 |
| Intangible assets | 6 | **3** | 3 |
| Deferred tax assets | 18 | **50** | 49 |
| Other financial assets | 7 | **10** | 7 |
| Reinsurance contract asset | 23 | **1** | – |
| Investment in associate | 8 | **80** | 98 |
| Investment in joint venture | 9 | **1 169** | 1 154 |
| Other investments | 10 | **704** | 325 |
| Inventories | 11 | **18** | 23 |
| | | **3 029** | 2 516 |
| **Current assets** | | | |
| Inventories | 11 | **43** | 26 |
| Trade and other receivables | 12 | **286** | 271 |
| Insurance contract asset | 23 | **1** | – |
| Taxation | 37 | **12** | 9 |
| Financial assets | 13 | **45** | 35 |
| Cash and cash equivalents | 14 | **456** | 530 |
| | | **843** | 871 |
| **Total assets** | | **3 872** | 3 387 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Ordinary share capital | 15 | **1** | 1 |
| Share premium | 15 | **289** | 279 |
| Treasury shares | 16 | **(132)** | (127) |
| Other reserves | | **520** | 228 |
| Retained earnings | | **2 282** | 2 224 |
| **Equity attributable to equity holders of ARM** | | **2 960** | 2 605 |
| Non-controlling interest | | **224** | 261 |
| **Total equity** | | **3 184** | 2 866 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 17 | **35** | 11 |
| Deferred tax liabilities | 18 | **254** | 200 |
| Insurance contract liabilities | 23 | **2** | – |
| Long-term provisions | 19 | **99** | 119 |
| | | **390** | 330 |
| **Current liabilities** | | | |
| Trade and other payables | 20 | **137** | 79 |
| Short-term provisions | 21 | **67** | 44 |
| Insurance contract liabilities | 23 | **1** | 4 |
| Reinsurance contract liabilities | 23 | **47** | 38 |
| Taxation | 37 | **19** | 24 |
| Overdrafts and short-term borrowings – interest-bearing | 22 | **27** | 2 |
| | | **298** | 191 |
| **Total equity and liabilities** | | **3 872** | 3 387 |

# US dollar statement of profit or loss

for the year ended 30 June 2024

## CONVENIENCE TRANSLATION

| | Notes | GROUP F2024 US$m | F2023 US$m |
|---|---|---|---|
| **Revenue** | 26 | **691** | 906 |
| **Sales** | 26 | **611** | 826 |
| Cost of sales | 27 | **(564)** | (498) |
| **Gross profit** | | **47** | 328 |
| Other operating income | 28 | **102** | 99 |
| Insurance revenue | 23 | **2** | 3 |
| Other operating expenses | 29 | **(146)** | (149) |
| Insurance service expenses | 23 | **–** | (2) |
| Net expenses from reinsurance contracts held | | **(1)** | (1) |
| **Profit from operations before capital items** | | **4** | 278 |
| Income from investments | 30 | **60** | 49 |
| Finance costs | 31 | **(10)** | (14) |
| Net finance expenses from reinsurance contracts held | 23 | **(3)** | (2) |
| Profit from associate | 8 | **3** | 57 |
| Income from joint venture | 9 | **246** | 257 |
| **Profit before taxation and capital items** | | **300** | 625 |
| Capital items | 32 | **(182)** | 3 |
| **Profit before taxation** | | **118** | 628 |
| Taxation | 33 | **5** | (102) |
| **Profit for the year** | | **123** | 526 |
| **Attributable to:** | | | |
| Equity holders of ARM | | | |
| Profit for the year | | **168** | 456 |
| **Basic earnings for the year** | | **168** | 456 |
| **Non-controlling interest** | | | |
| (Loss)/profit for the year | | **(45)** | 70 |
| **Profit for the year** | | **(45)** | 70 |
| **Earnings per share** | | | |
| Basic earnings per share (cents) | 34 | **86** | 232 |
| Diluted basic earnings per share (cents) | 34 | **86** | 232 |

# US dollar statement of comprehensive income

for the year ended 30 June 2024

## 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 2023 (Restated)** | | | | | | | |
| Profit for the year to 30 June 2023 | | – | – | 456 | 456 | 70 | 526 |
| 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 – Harmony | | 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 |
| **For the year ended 30 June 2024** | | | | | | | |
| Profit for the year to 30 June 2024 | | **–** | **–** | **168** | **168** | **(45)** | **123** |
| 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 – Harmony | | **278** | **–** | **–** | **278** | **–** | **278** |
| Revaluation of listed investment | 10 | **355** | **–** | **–** | **355** | **–** | **355** |
| Deferred tax on above | 18 | **(77)** | **–** | **–** | **(77)** | **–** | **(77)** |
| Net impact of revaluation of listed investment – Surge Copper Corporation | | **1** | **–** | **–** | **1** | **–** | **1** |
| Revaluation of listed investment | | **1** | **–** | **–** | **1** | **–** | **1** |
| Deferred tax on above | | **–** | **–** | **–** | **–** | **–** | **–** |
| Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods | | | | | | | |
| Foreign currency translation reserve movement | | **–** | **(4)** | **–** | **(4)** | **–** | **(4)** |
| Total other comprehensive income/(loss) | | **279** | **(4)** | **–** | **275** | **–** | **275** |
| **Total comprehensive income/(loss) for the year** | | **279** | **(4)** | **168** | **443** | **(45)** | **398** |

# US dollar statement of changes in equity

for the year ended 30 June 2024

## 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 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 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** |
| Total comprehensive income/(loss) for the year | | **–** | **–** | **279** | **–** | **(4)** | **168** | **443** | **(45)** | **398** |
| Profit for the year to 30 June 2024 | | **–** | **–** | **–** | **–** | **–** | **168** | **168** | **(45)** | **123** |
| Other comprehensive income | | **–** | **–** | **279** | **–** | **(4)** | **–** | **275** | **–** | **275** |
| Conditional shares issued to employees | 15 | **–** | **–** | **–** | **(7)** | **–** | **–** | **(7)** | **–** | **(7)** |
| Dividend paid | 33 | **–** | **–** | **–** | **–** | **–** | **(189)** | **(189)** | **–** | **(189)** |
| Share-based payment expense | | **–** | **–** | **–** | **8** | **–** | **–** | **8** | **–** | **8** |
| Other | | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Translation adjustment | | **10** | **(5)** | **16** | **–** | **–** | **79** | **100** | **8** | **108** |
| **Balance at 30 June 2024** | | **290** | **(132)** | **492** | **19** | **9** | **2 282** | **2 960** | **224** | **3 184** |

# US dollar statement of cash flows

for the year ended 30 June 2024

## CONVENIENCE TRANSLATION

| | Notes | F2024 US$m | F2023 US$m |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Cash receipts from customers | | **731** | 1 053 |
| Cash paid to suppliers and employees | | **(637)** | (597) |
| Cash generated from operations | 36 | **94** | 456 |
| Translation adjustment | | **19** | (87) |
| Interest received | | **49** | 47 |
| Interest paid | | **(5)** | (4) |
| Taxation paid | 37 | **(32)** | (85) |
| | | **125** | 327 |
| Dividends received from joint venture | 9 | **267** | 282 |
| Dividends received from associate | 8 | **24** | 68 |
| Dividends received from investments – Harmony | | **9** | 1 |
| | | **425** | 678 |
| Dividend paid to non-controlling interests | | **–** | (37) |
| Dividend paid to shareholders | 34 | **(189)** | (375) |
| **Net cash inflow from operating activities** | | **236** | 266 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Acquisition of Bokoni net of cash acquired | 39 | **–** | (194) |
| Acquisition of investment in Surge Copper Corporation | | **(3)** | – |
| Additions to property, plant and equipment to maintain operations | | **(83)** | (112) |
| Additions to property, plant and equipment to expand operations | | **(254)** | (139) |
| Investments in financial assets | | **(48)** | (41) |
| Proceeds from financial assets matured | 7, 13 | **36** | 57 |
| Proceeds from loans repaid | | **–** | 5 |
| **Net cash outflow from investing activities** | | **(352)** | (424) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Cash payments to owners to acquire the entity's shares | | **(4)** | (8) |
| Long-term borrowings raised | | **26** | – |
| Long-term borrowings repaid | | **(3)** | (5) |
| Short-term borrowings raised | | **24** | – |
| Short-term borrowings repaid | | **(1)** | (10) |
| Net cash outflow from financing activities | | **42** | (23) |
| Net increase in cash and cash equivalents | | **(74)** | (181) |
| Cash and cash equivalents at beginning of year | | **530** | 711 |
| **Cash and cash equivalents at end of year** | 14 | **456** | 530 |
| Cash generated from operations per share (US cents) | 34 | **48** | 233 |

# Financial summary (US dollar)

for the year ended 30 June 2024

| | F2024 US$m | Restated F2023 US$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 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Statement of profit or loss** | | | | | | | | | | |
| Sales | **611** | 826 | 1 112 | 1 277 | 743 | 623 | 634 | 600 | 563 | 809 |
| Headline earnings | **272** | 506 | 745 | 849 | 353 | 368 | 375 | 235 | 72 | 152 |
| Basic earnings/(loss) per share (US cents) | **86** | 232 | 417 | 420 | 130 | 130 | 186 | 53 | (18) | 5 |
| Headline earnings per share (US cents) | **139** | 258 | 381 | 435 | 182 | 192 | 197 | 124 | 34 | 70 |
| Dividend declared after year end per share (US cents) | **49** | 63 | 122 | 140 | 40 | 64 | 55 | 48 | 15 | 29 |
| **Statement of financial position** | | | | | | | | | | |
| Total assets | **3 872** | 3 387 | 3 612 | 3 721 | 2 454 | 2 640 | 2 501 | 2 472 | 2 393 | 2 901 |
| Cash and cash equivalents | **456** | 530 | 712 | 678 | 329 | 329 | 240 | 114 | 90 | 186 |
| Shareholders' equity | **3 184** | 2 866 | 3 076 | 3 067 | 1 965 | 2 109 | 1 996 | 1 844 | 1 674 | 2 213 |
| **Statement of cash flows** | | | | | | | | | | |
| Cash generated from operations | **94** | 456 | 559 | 507 | 246 | 149 | 151 | 118 | 85 | 219 |
| Net cash outflow from investing activities | **(352)** | (424) | (164) | 55 | (150) | (90) | (30) | (47) | (54) | (174) |
| Net cash inflow/(outflow) from financing activities | **42** | (23) | (22) | (22) | (18) | (83) | (27) | (137) | (39) | (26) |
| **JSE Limited performance** | | | | | | | | | | |
| Ordinary shares (US cents) | | | | | | | | | | |
| – high | **1 273** | 1 796 | 2 012 | 1 995 | 1 233 | 1 325 | 1 098 | 933 | 790 | 1 773 |
| – low | **802** | 1 075 | 1 177 | 1 059 | 523 | 754 | 608 | 493 | 238 | 710 |
| – year end | **1 244** | 1 333 | 1 305 | 1 789 | 974 | 1 292 | 795 | 644 | 627 | 680 |

# Shareholder analysis

as at 30 June 2024

## SHARES HELD

| | Number of holders | % of total shareholders | Number of shares | % of issued capital |
|---|---|---|---|---|
| 1 – 1 000 shares | **10 149** | **87.97** | **911 806** | **0.41** |
| 1 001 – 10 000 shares | **855** | **7.41** | **3 127 906** | **1.39** |
| 10 001 – 100 000 shares | **409** | **3.55** | **13 580 410** | **6.04** |
| 100 001 – 1 000 000 shares | **98** | **0.85** | **25 409 305** | **11.31** |
| 1 000 001 shares and above | **25** | **0.22** | **181 638 351** | **80.85** |
| **Total** | **11 536** | **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 | **106 915 145** | **50.44** | **106 915 145** | **47.59** |
| Unit trusts | **40 130 751** | **18.93** | **40 130 751** | **13.13** |
| Pension funds | **29 492 997** | **13.92** | **29 492 997** | **17.86** |
| Own shares* | | | **12 717 328** | **5.66** |
| Mutual fund | **11 029 769** | **5.20** | **11 029 769** | **1.19** |
| Private investor | **4 569 302** | **2.16** | **4 569 302** | **4.91** |
| Trading position | **3 845 141** | **1.81** | **3 845 141** | **1.71** |
| Exchange-traded fund | **3 433 031** | **1.62** | **3 433 031** | **1.53** |
| Sovereign wealth | **2 670 566** | **1.26** | **2 670 566** | **2.03** |
| Insurance companies | **1 244 727** | **0.59** | **1 244 727** | **0.55** |
| Hedge fund | **794 764** | **0.37** | **794 764** | **0.17** |
| Corporate holding | **704 848** | **0.33** | **704 848** | **0.24** |
| Medical aid scheme | **564 889** | **0.27** | **564 889** | **0.25** |
| Investment trust | **536 180** | **0.25** | **536 180** | **0.31** |
| Custodians | **390 959** | **0.18** | **390 959** | **0.03** |
| University | **276 207** | **0.13** | **276 207** | **0.35** |
| Local authority | **61 916** | **0.03** | **61 916** | **0.01** |
| Charity | **32 600** | **0.02** | **32 600** | **0.12** |
| Remainder | **5 256 658** | **2.48** | **5 256 658** | **2.34** |
| **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 2024

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

| | Number of shares held | % |
|---|---|---|
| African Rainbow Minerals & Exploration Investments Proprietary Limited | 89 905 401 | 40.02 |
| Public Investment Corporation (PIC) | 18 748 722 | 8.35 |
| ARM Broad-Based Economic Empowerment Trust | 15 897 412 | 7.08 |
| Opilac Proprietary Limited* | 12 717 328 | 5.66 |
| Coronation Asset Management Proprietary Limited | 10 331 256 | 4.60 |
| Allan Gray Proprietary Limited | 7 526 766 | 3.35 |
| FMR LLC | 6 913 042 | 3.08 |
| **Total** | **162 039 927** | **72.14** |

* *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 | 89 905 401 | 40.02 |
| Government Employees Pension Fund | 20 817 900 | 9.27 |
| ARM Broad-Based Economic Empowerment Trust | 15 897 412 | 7.08 |
| Opilac Proprietary Limited* | 12 717 328 | 5.66 |
| **Total** | **139 338 041** | **62.03** |

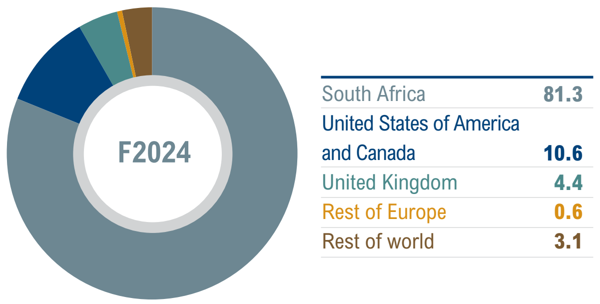
* *Opilac Proprietary Limited is a 100%-held subsidiary of ARM.*

## PUBLIC/NON-PUBLIC SHAREHOLDERS

| | Number of holders | % of total shareholders | Number of shares | % of issued capital |
|---|---|---|---|---|
| Public shareholders | 10 527 | 99.91 | 104 728 371 | 46.61 |
| Non-public shareholders* | 9 | 0.09 | 119 939 407 | 53.39 |
| African Rainbow Minerals & Exploration Investments Proprietary Limited | 1 | 0.01 | 89 905 401 | 40.02 |
| 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 | 306 934 | 0.13 |
| **Total** | **10 536** | **100.00** | **224 667 778** | **100.00** |

* *Non-public shareholders consist of directors (whose interests are set out in the table on page 15 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**
%




## TOP 20 SHAREHOLDERS

| | | Number of shares held | % of holding shares in issue |
|---|---|---|---|
| 1 | African Rainbow Minerals & Exploration Investments Proprietary Limited | 89 905 401 | 40.02 |
| 2 | PIC | 18 748 722 | 8.35 |
| 3 | ARM Broad-Based Economic Empowerment Trust | 15 897 412 | 7.08 |
| 4 | Opilac Proprietary Limited* | 12 717 328 | 5.66 |
| 5 | Coronation Asset Management Proprietary Limited | 10 331 256 | 4.60 |
| 6 | Allan Gray Proprietary Limited | 7 526 766 | 3.35 |
| 7 | FMR LLC | 6 913 042 | 3.08 |
| 8 | BlackRock Inc | 4 485 223 | 2.00 |
| 9 | Fairtree Asset Management Proprietary Limited | 4 003 326 | 1.78 |
| 10 | The Vanguard Group Inc | 3 972 003 | 1.77 |
| 11 | LSV Asset Management | 3 362 069 | 1.50 |
| 12 | J.P. Morgan Securities Plc | 2 704 384 | 1.20 |
| 13 | Bateleur Capital Proprietary Limited | 2 643 978 | 1.18 |
| 14 | 36One Asset Management | 2 457 388 | 1.09 |
| 15 | Ninety One SA Proprietary Limited | 2 396 692 | 1.07 |
| 16 | Marathon Asset Management Limited | 2 364 498 | 1.05 |
| 17 | Dimensional Fund Advisors | 2 134 620 | 0.95 |
| 18 | Centaur Asset Management Proprietary Limited | 1 843 758 | 0.82 |
| 19 | Sanlam Investment Management | 1 630 978 | 0.73 |
| 20 | Polunin Capital Partners Ltd | 1 394 062 | 0.62 |

* *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 11.8% shareholding in Harmony. |
| Issued share capital at 30 June 2024 | 224 667 778 shares |
| **Market capitalisation at 30 June 2024** | R51 billion<br>US$2.79 billion |
| Closing share price at 30 June 2024 | R227.00 |
| **12-month high (1 July 2023 – 30 June 2024)** | R239.98 |
| 12-month low (1 July 2023 – 30 June 2024) | R146.62 |
| **Average volume traded for the 12 months** | 662 499 shares per day |

## SHAREHOLDERS' DIARY

| | |
|---|---|
| **Annual general meeting** | 6 December 2024 |
| Financial year end | 30 June 2025 |
| **Integrated annual report issued** | October 2025 |
| Interim results announcement | March 2025 |
| **Provisional results announcement** | August 2025 |

## SHAREHOLDERS' LIQUIDITY

Number of shares traded on the JSE Limited during F2024:

| Month | Volumes |
|---|---|
| June 2024 | **10 512 289** |
| May 2024 | **16 614 343** |
| April 2024 | **20 814 397** |
| March 2024 | **12 680 434** |
| February 2024 | **6 997 358** |
| January 2024 | **8 140 387** |
| December 2023 | **14 189 129** |
| November 2023 | **36 068 606** |
| October 2023 | **19 258 818** |
| September 2023 | **17 946 375** |
| August 2023 | **10 145 398** |
| July 2023 | **8 497 002** |
| **Total** | **181 864 536** |



# 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

**Registered and corporate office**
ARM House
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Chislehurston
Sandton 2196

PO Box 786136, Sandton 2146
Telephone: +27 11 779 1300
Email: ir.admin@arm.co.za
Website: www.arm.co.za

**Group company secretary and governance officer**
Alyson D'Oyley
Telephone: +27 11 779 1300
Email: cosec@arm.co.za

**Investor relations**
Thabang Thlaku
Executive: Investor relations
and new business development
Telephone: +27 11 779 1300
Email: thabang.thlaku@arm.co.za

**Auditors**
External auditor: KPMG Inc.
Internal auditor: Deloitte & Touche

**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**
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196

Private Bag X9000, Saxonwold 2132
Telephone: +27 11 370 5000
Email: web.queries@computershare.co.za
Website: www.computershare.co.za

**Directors**
Dr PT Motsepe (Executive chairman)
VP Tobias (Chief executive officer)
F Abbott*
TA Boardman*
AD Botha*
JA Chissano (Mozambican)*
B Kennedy*
AK Maditsi*
TTA Mhlanga (Finance director)
PJ Mnisi*
DC Noko*
B Nqwababa*
Dr RV Simelane*
JC Steenkamp*

* Independent non-executive.

## Forward-looking statements

Certain statements in this document constitute forward-looking statements that are neither 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 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