AngloAmerican

KUMBA IRON ORE LIMITED

Annual Financial Statements 2022

Kumba's history

Kumba is a supplier of high-quality iron ore (63.8% average Fe) to the global steel industry. We operate primarily in South Africa, with mining operations in the Northern Cape, a head office in Rosebank, Gauteng, and a port operation in Saldanha Bay, Western Cape.

Our purpose is to "re-imagining mining to improve people's lives", using innovative thinking, enabling technologies and collaborative partnerships to shape an industry that is safer, more sustainable, and better harmonised with the needs of our host communities and society.

1931
Iscor's first mine established at Thabazimbi in the Limpopo province

1942
Open-pit operations commenced at Thabazimbi

1953
Sishen, our flagship operation, established in the Northern Cape province

1976
The South African government invested in the infrastructure to enable the export of iron ore from Sishen mine via the Sishen-Saldanha rail link and port facility

1989
Iscor is privatised

2001
Iscor unbundled into two separate companies, namely Kumba Resources and Iscor

2002
Sishen achieved ISO 14001 Environmental Management and OHSAS 18001 Health and Safety system certifications

2006
Unbundling of Kumba Resources' iron ore assets and the re-listing of Kumba Resources as Exxaro Resources and a new company Kumba Iron Ore, fully empowered with black economic empowerment (BEE) ownership of 26%

2008
Sishen jig plant formally opened in November 2008

Construction started on Kolomela

2011
Kolomela, first ore produced five months ahead of schedule and within budget

Maturity of the first phase of Envision (broad-based employee scheme) with 6,209 employees each receiving R576,045 (pre-tax)

2012
Unprotected strike at Sishen in the fourth quarter of 2012

2013
Finalisation of the new supply agreement with ArcelorMittal SA

Ultra-high dense media separation (UHDMS) pilot plant commissioned at Sishen in the fourth quarter of 2013

Approval of the Dingleton relocation project

2014
Kumba granted the mining right for the rail properties at Sishen

47% decline in iron ore prices during the year

2015
Further 42% decline in iron ore prices – revised strategy from volume to a value-based (cash-generating) strategy

Dividends suspended and restructuring of head office and support services at the mines

Slope failure at Thabazimbi; Board approves closure of the mine

Kumba achieved A-listing on the Carbon Disclosure Project (CDP) climate change and water programmes

2016
Sishen 21.4% residual mining right awarded to Sishen Iron Ore Company Proprietary Limited (SIOC)

Agreement reached to transfer ownership of Thabazimbi to ArcelorMittal SA

Restructuring of Sishen and significant reconfiguration of the Sishen pit, bottoming out of the iron ore price

Maturity of Envision II; paid R75,000 per employee (after tax) in dividends; no capital pay-out due to decline in Kumba share price

2017
Kumba best performing share on the Johannesburg Stock Exchange (JSE), reinstate dividends

Introduced three transformation horizons to enhance our competitive position

Kolomela achieved ISO 14001 Environmental Management and OHSAS 18001 Health and Safety system certifications

2018
Approved the Tswelelopele strategy with three horizons

Transfer of Thabazimbi, including employees, assets and liabilities as well as the mining rights to ArcelorMittal SA, effective 1 November 2018

Kolomela mining right amended to include Heuningkranz prospecting right

2019
Zandrivierspoort – expiry of prospecting rights in Limpopo, the strategic focus remains in Northern Cape

2020
Covid-19 pandemic impacts not only Kumba but the entire world. Our WeCare response programme was implemented as a comprehensive set of risk-based prevention and control measures

Approved the Kapstevel South project

2021
Kumba remained fatality-free for more than five years, supported by our elimination of fatalities (EOF) framework

UHDMS project approved – optimal value will be achieved through life-of-asset extension and increasing product quality

Kumba awarded first place in the Sunday Times Top 100 Companies (generated shareholder returns that outperformed their listed peers)

Resettlement of Dingleton community (which began in 2014) successfully concluded

2022
A year delivering resilient results considering external challenges, including extreme weather, Transnet logistics constraints and global supply chain issues and operational headwinds

Introduced a new hybrid employee share option scheme that includes a vesting component and an evergreen component

Kumba's 68 MW solar photovoltaic (PV) plant at Sishen is the first major project in our decarbonisation strategy, and one of the first projects in Anglo American's regional renewable energy ecosystem (RREE)

Our approach to reporting

Key features

Safety and sustainability focus

Over six years of fatality-free production until the end of 2022

Over seven years without any level 3 to 5 environmental incidents

Zero new cases of occupational diseases

R63.3 billion of shared value created

Resilient financial performance

Average realised FOB export price of US$113/wmt, 3% above benchmark

Resilient adjusted EBITDA[1] margin of 50%, down from 63%

Cost savings of R1.1 billion, R5.2 billion saved since 2018

Closing net cash[1] of R9.3 billion

Balanced capital allocation

Attributable free cash flow[1] of R10.4 billion, 66% lower

ROCE of 76%, down from 147%

Final cash dividend of R16.30 per share, total cash dividends for 2022 of R45.00 per share

[1] This constitutes pro forma financial information in terms of the JSE Listings Requirements and should be read in conjunction with the basis of preparation, refer to supplementary non-IFRS financial measures on page 123.

Production and sales volumes, iron ore prices and C1 costs are reported in wmt. Kumba's product has approximately 1.6% moisture.

Contents

Navigating our 2022 reports

Our integrated reporting suite comprises the following reports:

All information for the year ended 31 December 2022

Annual financial statements (AFS)
Audited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS)

Integrated report (IR)*
A succinct review of our strategy and business model, operating context, governance, operational performance, and analysis of our financial results, targeted primarily at current and prospective investors. When read with the following reports, and our other regular communication channels, we believe we meet the information needs of all our stakeholders.

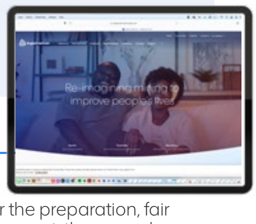
Climate change report (CCR)*
Provides a balanced and appropriate presentation of our climate-related impacts, risks and opportunities and our response to managing these risks and mitigating our climate change impacts.

Sustainability report (SR)*
Reviews our approach to managing our significant economic, social and environmental impacts, and addresses those sustainability issues of interest to a broad range of stakeholders.

Ore Reserve (and Saleable Product) and Mineral Resource report (ORMR)
Reported in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code – 2016 edition).

* Published on 14 April 2023.

Online
Each of these reports, with additional updated information, is available on our website: www.angloamericankumba.com



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Directors' declaration

The Kumba Iron Ore Limited (Kumba or the Company or the group) Board, assisted by the Audit Committee, is ultimately responsible for the preparation, fair presentation and integrity of the audited annual financial statements and related financial information of the group, as contained in this report, the annual financial statements 2022. The Board of directors confirms that it has collectively reviewed the content of this report and approved it at its meeting on 22 February 2023, for presentation to shareholders at the next annual general meeting on 30 May 2023. The annual financial statements 2022 have been prepared under the supervision of BA Mazarura CA(SA), Chief Financial Officer.

Directors' responsibility for financial reporting

for the year ended 31 December 2022

The directors are responsible for the preparation, fair presentation and integrity of the annual financial statements and related financial information of the Kumba Iron Ore Limited Group (the group) and Kumba Iron Ore Limited (Kumba or the Company), in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act No 71 of 2008 (as amended) of South Africa and the Listings Requirements of the Johannesburg Stock Exchange (JSE) Limited, which include amounts based on reasonable and prudent judgements and estimates made by management.

The annual financial statements, set out on pages 21 to 117, are based on appropriate accounting policies which have been consistently applied, except for changes in accounting policies as detailed in the notes, and which are supported by reasonable and prudent judgements and estimates, and comprise the statements of financial position at 31 December 2022; the statements of profit or loss, the statements of other comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended; the notes to the financial statements, which include a summary of principal accounting policies and other explanatory notes; the directors' report; the report of the Audit Committee; and the certificate of the Company Secretary.

The directors, primarily through the Audit Committee, meet periodically with the external and internal auditors as well as the executive management to evaluate matters concerning the responsibilities below:
- maintaining adequate accounting records and an effective system of risk management
- developing, implementing and maintaining a sound system of internal control relevant to the preparation and fair presentation of these financial statements that provides reasonable but not absolute assurance against material misstatement or loss, whether owing to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances
- safeguarding shareholders' investments and the group's assets
- preparing the supplementary annexures included in these financial statements

The group's internal auditors independently evaluate the internal controls and co-ordinate their audit coverage with the external auditors.

The independent external auditors are responsible for reporting on whether the consolidated financial statements and the separate financial statements are fairly presented in accordance with the applicable financial reporting framework. The independent auditor's report to the shareholders of the group and Kumba is set out on pages 15 to 20 of this report.

The external and internal auditors have unrestricted access to all records, property and personnel as well as to the Audit Committee.

The directors acknowledge that they are ultimately responsible for the process of risk management and the system of internal financial control established by the group and place a strong emphasis on maintaining a strong control environment. The directors are not aware of any material breakdown in the functioning of these controls and systems during the year under review. The directors are of the opinion, based on the information and explanations given by management, the internal auditors, the external auditors and the group's risk, compliance and other reporting processes that the risk management processes and system of internal control provide reasonable assurance in all key material aspects that the financial records may be relied upon for the preparation of the annual financial statements.

Having considered the group's major risks, outstanding legal, insurance and taxation issues, an assessment of the solvency and liquidity taking into account the current financial position and existing borrowing facilities as well as the group's financial budgets with their underlying business plans, the directors consider it appropriate that the annual financial statements be prepared on the going concern basis.

Attributable free cash flow, net cash, EBITDA, adjusted EBITDA and US Dollar convenience translation statements are non-IFRS measures reported on pages 123 to 124 and constitute pro forma financial information, as defined by the Listings Requirements of the JSE Limited. This information is provided for illustrative purposes only and due to its nature may not fairly present the group's financial position, changes in equity, results of operations or cash flows. The underlying information used in the preparation of the pro forma financial information has been prepared using the group's accounting policies which comply with IFRS.

The non-IFRS (pro forma) information included in the annual financial statements is the responsibility of the Company's directors. The supplementary non-IFRS information has been reported on by the group's auditors, refer to pages 125 to 126 for their unqualified reporting accountant's reasonable assurance report thereon.

Approval of group annual financial statements and Company annual financial statements

The group annual financial statements on pages 21 to 100 and 108 to 117 and the Company annual financial statements on pages 101 to 107 of Kumba Iron Ore Limited were approved by the Board of directors on 20 February 2023 and will be presented to the shareholders at the annual general meeting on 30 May 2023. The group and Company annual financial statements are signed on the directors' behalf by:

TP Goodlace
Chairperson

ND Zikalala
Chief Executive

20 February 2023

Responsibility statement on internal financial controls

for the year ended 31 December 2022

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 21 to 117, fairly present in all material respects the financial position, financial performance and cash flows of Kumba in terms of IFRS
- 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 Kumba and its consolidated subsidiaries have been provided to effectively prepare the financial statements
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV™.

Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

ND Zikalala
Chief Executive

BA Mazarura
Chief Financial Officer

20 February 2023

Certificate of the Company Secretary

for the year ended 31 December 2022

I, Fazila Patel, in my capacity as Company Secretary, confirm that, for the year ended 31 December 2022, Kumba Iron Ore Limited has lodged with the Registrar of Companies all such returns and notices as are required of a public company in terms of the Companies Act No 71 of 2008 (as amended) South Africa, and that all such returns and notices are true, correct and up to date.

F Patel
Company Secretary

20 February 2023

Directors' report

for the year ended 31 December 2022

The directors have pleasure in presenting the annual financial statements of Kumba and the group for the year ended 31 December 2022.

Nature of business

Kumba was incorporated in South Africa on 16 May 2005 and commenced trading in November 2006 following the unbundling of Kumba from Exxaro Resources Limited (previously Kumba Resources Limited). Subsequent to unbundling, Kumba listed on the Johannesburg Stock Exchange (JSE) Limited on 20 November 2006.

Kumba is a mining group of companies focusing on the exploration, extraction, beneficiation, marketing and sale and shipping of iron ore. Kumba produces iron ore in South Africa at Sishen and Kolomela mines in the Northern Cape province.

The nature of the businesses of the group's subsidiaries, associates and joint ventures is set out in Annexures 1 and 2.

Corporate governance

The group subscribes to the Code of Good Corporate Practices and Conduct as contained in King IV™. The Board has satisfied itself that Kumba has complied in all material aspects with King IV™ as well as the Listings Requirements of the JSE Limited throughout the year under review. The corporate governance report is included in the 2022 integrated report.

Covid-19 pandemic and the conflict in Ukraine

The group has considered the ongoing impact of the Covid-19 pandemic and the conflict in Ukraine on each of its significant accounting judgements and estimates. The group's principal source of estimation uncertainty continues to be in relation to assumptions used for the assessment of impairment of non-current assets where indicators of impairment are identified. No further significant impact on estimates has been identified as a result of the Covid-19 pandemic or the conflict in Ukraine, although these factors have increased the level of uncertainty inherent in all future cash flow forecasts.

The iron ore price and Rand/US$ exchange rate assumptions used to forecast future cash flows for impairment assessment purposes have been updated to consider both the short-term observable impact of the Covid-19 pandemic, the conflict in Ukraine, the forecast medium and longer-term impact on the world economy and commodity prices. No impairment indicators have been identified for the group's non-current assets for the above factors. Refer to note 2 for impairment on property, plant and equipment.

Financial results

The financial statements on pages 21 to 117 set out fully the financial position, results of operations and cash flows of the group and the Company for the financial year ended 31 December 2022. The financial statements have been prepared under the supervision of BA Mazarura CA(SA), the Chief Financial Officer.

Operating results for the year

Summary of the group's key financial results for the year ended 31 December:

Rand million	2022	2021	% decrease
Revenue	**74,032**	102,092	(27)
Adjusted earnings before interest, tax depreciation and amortisation (EBITDA)	**37,311**	64,558	(42)
Cash generated from operations	**34,835**	64,970	(46)

Total revenue decreased by 27.5% to R74.0 billion (2021: R102.1 billion), largely due to:

- 30% lower average realised free-on-board (FOB) iron ore export price of US$113/wmt (2021: US$161/wmt)
- 9% decrease in total sales volumes of 36.6 Mt (2021: 40.3 Mt) due to logistics constraints resulting in low levels of finished stock at Saldanha Bay port as well as industrial action impacting shipping throughput

This was partly offset by:

- 10.7% weaker average Rand/US$ exchange rate of R16.37/US$1 (2021: R14.79/US$1)
- a 3% increase in shipping revenue to R7.2 billion (2021: R7.0 billion) due to lower freight rates, offset by higher cost and freight (CFR) volumes and a weaker Rand

The lower average realised FOB export price of US$113/wmt (2021: US$161/wmt) was driven by a Lump premium of US$9/wmt and an Fe premium of US$4/wmt. Combining marketing premium and timing effects, we delivered a total price uplift of US$13/wmt on the US$100/wmt Platts 62 FOB benchmark export price.

Directors' report continued

for the year ended 31 December 2022

Financial results continued

Operating results for the year continued

Operating expenses, excluding mineral royalties, increased by 5% to R40.3 billion (2021: R38.4 billion), driven by a 7% increase in mining operational costs of R26.6 billion and a 9% increase in shipping costs of R7.0 billion, partly offset by a 6% lower selling and distribution cost of R6.7 billion, as well as cost savings of R1.1 billion.

Selling and distribution costs were R400 million lower due to lower logistics volumes and a reduction in demurrage cost offset by Transnet tariff increases. Freight costs of R7.0 billion were R571 million higher than the prior period due to currency movements, partially offset by lower freight rates and volumes shipped.

Sishen's unit costs increased to R479/tonne (2021: R432/tonne) and at Kolomela, unit costs increased to R490/tonne (2021: R324/tonne). The increases were driven by inflationary pressures in key cost items such as diesel, wages and supply chain-related expenses, coupled with higher mining inflation from longer haulage distances, as well as lower production volumes.

These were partly offset by cost savings achieved, higher work-in-progress stock and increased capitalisation of stripping costs. In addition, Sishen's unit cost includes the benefit of R56/tonne due to the capitalisation of C-grade material, as our UHDMS technology will enable the processing of C-grade material previously classified as waste, while reducing Sishen's strip ratio.

Kumba's adjusted EBITDA of R37.3 billion reflects a decrease of 42% (2021: R64.6 billion). Lower market prices and premia for our products and higher operating expenses were partially offset by a 10.7% weaker Rand.

In line with this, the adjusted EBITDA margin decreased to 50% (2021: 63%), and the mining operating margin, excluding net freight earned on shipping operations, decreased to 48% (2021: 62%). Accordingly, net profit decreased by 55% to R19.7 billion (2021: R43.7 billion).

Kumba's break-even price increased to US$68/tonne from US$56/tonne in 2021, attributable to:
- cost escalation caused by higher diesel prices and other key cost inputs, as well as geological inflation
- lower Lump an Fe premium
- higher stay in business (SIB) capital expenditure and overheads

This was partially offset by:
- lower freight and royalty rates
- currency gains on the Rand deteriorated against the US Dollar

Financial position

Summary of the group's financial position as at 31 December:

Rand million	2022	2021	% increase/ (decrease)
Property, plant and equipment (excluding right-of-use assets)	**43,029**	43,233	—
Working capital (excluding cash and cash equivalents)	**12,760**	9,097	40
Cash and cash equivalents	**16,424**	17,925	(8)
Net asset value per share (R)	**127.44**	147.43	(14)

Property, plant and equipment

Capital expenditure of R10.2 billion (2021: R8.0 billion) largely comprised R4.5 billion of SIB spend, R2.5 billion of deferred stripping, and R3.2 billion of expansion capital expenditure. The decrease in capital creditors of R0.9 billion (2021: increase R1.8 billion) relates to capital expenditure repaid during the year, net of current year purchases. The 2022 cash capital expenditure, net of capital creditors, was R11.1 billion (2021: R6.3 billion). SIB capital expenditure represents spending on capital spares, mining fleet replacement and plant and infrastructure upgrades to sustain our business. The deferred stripping capex was mainly driven by higher strip ratios at the relevant sections at both mines. Expansion capital expenditure included the Kapstevel South project (R1.9 billion), and execution of the ultra-high dense media separation (UHDMS) project (R0.8 billion), and the balance relates largely to P101 operational efficiency initiatives and technology.

Impairment of Kolomela assets

At 31 December 2022, the Kolomela cash-generating unit (CGU) was impaired by R5.4 billion, with an associated deferred tax credit of R1.5 billion, as a result of the revised forecast production and cost profiles. The carrying amount of the Kolomela CGU prior to the impairment adjustment at 31 December 2022 was R17.3 billion, consisting of property, plant and equipment. The recoverable amount of Kolomela CGU was assessed based on discounted cash flows amounted to R11.9 billion, which indicated that the carrying amount was R5.4 billion higher. Consequently, an impairment charge was recorded on the statement of profit or loss. Refer to note 2 to the consolidated financial statements for details on the impairment assessment.

Financial results continued

Working capital

Working capital increased mainly due to a 42% increase in inventory to R15.8 billion (2021: R11.1 billion). The increase in inventory is driven by higher finished stock volumes of 7.8 Mt (2021: 6.1 Mt). The majority of the finished stock is situated at the mines due to rail constraints. This was partially offset by a 30% decrease in trade and other receivables of R5.2 billion.

Cash and cash equivalents

Kumba's strong cash generation contributed to attributable free cash flow of R10.4 billion. Our cash position of R16.4 billion (2021: R17.9 billion) reflects our resilient and capital-efficient balance sheet. Cash flow generated from operations of R34.8 billion (2021: R65.0 billion), was underpinned by adjusted EBITDA of R37.3 billion.

Accounting policies

A number of amendments to accounting standards became effective for the first time for the financial year beginning on or after 1 January 2022. None of the amendments had a material impact on the group.

Share capital

Authorised capital

The Company's authorised share capital of 500,000,000 shares remained unchanged during the year.

Share movements

Rand million	2022	2021
Balance at the beginning of the year	(190)	(118)
Net movement in treasury shares under employee share incentive schemes	(61)	(72)
– Purchase of treasury shares under employee share incentive schemes	(232)	(220)
– Shares issued to employees under employee share incentive schemes	171	148
Share capital and share premium	(251)	(190)

The group acquired 441,924 (2021: 306,197) of its own shares through purchases on the JSE during the year.

Unissued shares

The directors are authorised to issue unissued shares until the next annual general meeting. Shareholders will be asked to extend the authority of the directors to control the unissued shares of the Company at the forthcoming annual general meeting, up to a maximum of 5% of the issued capital.

Dividends

Our capital allocation framework seeks to ensure that the business generates sufficient cash flow after sustaining capital before prioritising shareholder returns. This is done while maintaining the flexibility of our statement of financial position to protect the business from market volatility as well as ensuring that appropriate levels of capital are allocated to life extension projects. Our capital structure comprises a combination of cash resources and debt facilities providing the requisite strength of our statement of financial position.

Kumba delivered attributable and headline earnings per share of R46.64 and R56.19 per share (2021: R103.67 and R103.65 per share), respectively. This has supported the Board's decision to declare a final cash dividend of R16.30 per share, which includes:

- R15.00 per share representing 75% of headline earnings in accordance with our dividend policy
- R1.30 per share being a top-up cash dividend

Together with our interim cash dividend of R28.70 per share, the total cash dividend for the year decreased by 56% to R45.00 per share (2021: R103.20 per share) and represents 80% of headline earnings.

Subsidiaries, joint arrangements and associates

Full particulars of the group's investment in subsidiaries, associates and joint arrangements are set out in Annexures 1 and 2.

Equity compensation plans

Refer to note 22 'Equity-settled share-based payment reserve', Annexure 3 of the group annual financial statements and the detailed remuneration report which is included in the 2022 integrated report for a detailed discussion and analysis of movements in the group's various equity compensation plans available to executive directors, senior managers and qualifying employees.

Directors' report continued

for the year ended 31 December 2022

Segment results

Refer to note 1 to the consolidated financial statements for a detailed segmental analysis of the group's operating results for the year ended and financial position as at 31 December 2022.

Holding company and related parties

Anglo American plc is the group's ultimate holding company. The interest in the group is held through a 69.71% effective holding by Anglo South Africa Proprietary Limited (2021: 69.71%).

The analysis of ordinary shareholders is provided on pages 120 to 122.

Events after the reporting date

Refer to note 32 for a detailed description of events after the reporting period for the year ended 31 December 2022. The directors are not aware of any other matters or circumstances arising since the end of the year and up to the date of this report, not otherwise dealt with in this report.

Contingent liabilities and guarantees

Contingent liabilities

As previously reported, during 2018, the South African Revenue Service (SARS) issued the group with additional income tax assessments, covering the 2012 to 2014 years of assessments, relating to a tax audit on the deductibility of certain expenditures incurred. The group objected to these assessments after consultation with external tax and legal advisers. SARS disallowed the objection.

On 21 February 2019, the group submitted an appeal against this outcome which was referred to alternative dispute resolution (ADR) proceedings in an attempt to resolve the matter. The ADR proceedings were terminated on 20 February 2020, after which the group submitted a notice to SARS wherein the group confirmed that it wishes to proceed with the appeal to the Tax Court. On 18 August 2020, SARS filed its statement of grounds of assessment and opposing appeal, after which the group filed its statement of grounds of appeal on 21 October 2020. The trial commenced during May 2022 and was completed in June 2022. Judgment on this matter is expected to be delivered during the first half of 2023.

On 14 September 2020, SARS informed the group it intends to audit the 2015 to 2018 years of assessments (audit). As the 2015 year of assessment has prescribed, it will be excluded from the audit. The appeal and the audit concern the same subject matter. The result of the appeal is likely to be determinative of a substantial number, if not all, of the issues to be traversed in the audit. SARS has therefore agreed to hold the audit in abeyance pending the outcome of the appeal to the Tax Court.

Based on the external legal and tax advice obtained, the group believes that these matters have been appropriately treated in the results for the year ended 31 December 2022.

Guarantees

Total guarantees provided in favour of the DMRE in respect of the group's undiscounted environmental closure liabilities at 31 December 2022 were R4.8 billion (2021: R4.1 billion). Guarantees amounting to R293 million in respect of the 2021 shortfall were provided in favour of the DMRE in May 2022. Undiscounted closure costs increased by R719 million during the year. This, partially offset by a R1 million increase in the trust fund investment and additional guarantees provided during the year amounting to R443 million, has resulted in a shortfall of R275 million which will be addressed in due course.

Regulatory update

National Environmental Management Act (NEMA)

The Minister of Environment, Forestry and Fisheries has determined that requirements for making financial provision to manage, rehabilitate and remediate environmental impacts from mining operations will be regulated under NEMA and no longer under the current Mineral and Petroleum Resource Development Act (MPRDA). This agreement has been formalised by amending the relevant environmental, water and mining legislation. The financial provisioning regulations were published on 20 November 2015, and further proposed material amendments were gazetted on 10 November 2017, 17 May 2019 and 30 August 2021. The effective date for NEMA regulations has been extended to 19 September 2023. These amendments are expected to result in the provision of additional funding for the undiscounted closure costs.

Company Secretary

The Company Secretary for Kumba is Ms Fazila Patel. The contact details of the Company Secretary are set out on page 127. Her abridged curriculum vitae is available for inspection at the Company's registered office.

Directors

The names of the directors who were in office during the year and at the date of this report is set out in the 2022 integrated report. The remuneration and fees of directors as well as the directors' beneficial interest in Kumba are set out in note 35 to the consolidated financial statements.

Directors continued

The following changes to the Board and its committees were affected:

- Ms Nompumelelo ("Mpumi") Zikalala was appointed as a member of the Strategy and Investment Committee and the Social, Ethics and Transformation Committee with effect from 18 January 2022.
- Mr Themba Mkhwanazi stepped down as a member of the Social, Ethics and Transformation Committee and was appointed as a member of the Human Resources and Remuneration Committee with effect from 18 January 2022.
- With the increased demand on extractive industry companies for environmental, social and governance performance and the new disclosure requirements from various institutions, the Board approved the establishment of a Safety, Health and Sustainable Development Committee which comprises the following members:
  - Mr Terence Goodlace
  - Ms Buyelwa Sonjica
  - Ms Josephine Tsele
  - Ms Mpumi Zikalala
- Mr Terence Goodlace was appointed as Chairperson of the Safety, Health and Sustainable Development Committee and stepped down as a member and Chairperson of Strategy and Investment Committee.
- Mrs Mary Bomela stepped down as a member of the Social, Ethics and Transformation Committee and was appointed as Chairperson of the Strategy and Investment Committee.
- Mr Duncan Wanblad stepped down as a member of the Social, Ethics and Transformation Committee.
- Mr Bothwell Mazarura was appointed as a member of the Social, Ethics and Transformation Committee.
- Mr Aman Jeawon was appointed as an independent non-executive director and a member of the Audit Committee and the Safety, Health and Sustainable Development Committee with effect from 1 January 2023.

Prescribed officers

The group's prescribed officers include members of the Executive Committee, and the Company Secretary. The names of the prescribed officers who served during the year and as at the date of this report is set out in the 2022 integrated report. The remuneration and fees of the prescribed officers are set out in note 35 to the consolidated financial statements. Although Timo Smit is a prescribed officer of Kumba as a member of the Executive Committee, he is employed by Kumba Singapore Pte Limited and as such, his remuneration is disclosed in note 35.

In addition to the changes mentioned above, the following changes to the executive management were announced during the 2022 financial year:

- Mr Chesley Madlala stepped down as acting Executive of Head Human Resources on 31 July 2022, following the appointment of Ms Simi Ramgoolam who became the Executive Head Human Resources with effect from 1 August 2022.

Auditors

PricewaterhouseCoopers Inc. (PwC) was appointed as the auditor of Kumba and its subsidiaries on 7 August 2020 and continued in office for the year ended 31 December 2022. At the annual general meeting on 30 May 2023, shareholders will be requested to reappoint PwC as the auditor of Kumba for the 2023 financial year.

Directors' report continued

for the year ended 31 December 2022

Special resolutions

On 31 May 2022, the shareholders of Kumba resolved the following:

1. In terms of the Listings Requirements of the JSE, the directors are hereby authorised by way of a general authority to issue the authorised but unissued ordinary shares of 1 cent each in the capital of the Company for cash, as and when suitable opportunities arise, subject to the Memorandum of Incorporation (MoI) of the Company and the Companies Act.
2. In terms of section 66(9) of the Companies Act and on recommendation of the Human Resources and Remuneration Committee, the Company be and is hereby authorised to remunerate its non-executive directors for their services as directors and/or pay any fees related thereto as detailed in the table below:

Board member	Proposed for the period from 31 May 2022 (exclusive of VAT)	Proposed increase %	Fees paid during 2021
2.1 Board Chairperson*	**1,835,000**	6.0	1,731,815
2.2 Ordinary Board member	**350,000**	8.5	322,455
2.3 Lead Independent Director	**1,345,000**	6.1	1,267,151
2.4 Audit Committee Chairperson	**400,000**	5.6	378,715
2.5 Audit Committee member	**200,000**	6.2	188,361
2.6 Strategy and Investment Committee Chairperson	**350,000**	1.7	344,287
2.7 Strategy and Investment Committee member	**180,000**	5.1	171,237
2.8 Social, Ethics and Transformation Committee Chairperson	**350,000**	1.7	344,287
2.9 Social, Ethics and Transformation Committee member	**180,000**	5.1	171,237
2.10 Nominations and Governance Committee member	**180,000**	5.1	171,237
2.11 Human Resources and Remuneration Chairperson	**380,000**	10.4	344,287
2.12 Human Resources and Remuneration member	**190,000**	11.0	171,237
2.13 Additional Board Sub-Committee Chairperson**	**350,000**	—	—
2.14 Additional Board Sub-Committee (Committee member)**	**180,000**	—	—
2.15 Special Board Sub-Committee Chairperson***	**350,000**	—	—
2.16 Special Board Sub-Committee (Committee member)***	**180,000**	—	—

* *The Chairperson of the Board chairs the Nominations and Governance Committee and the Strategy and Investment Committee. He is also a member of the Human Resources and Remuneration Committee. He attends all other Committee meetings. He does not receive any additional remuneration in this regard.*

** *The Board, through the Nominations and Governance Committee, is currently reviewing the sub-committee structure and in particular the wide remit of the Social, Ethics and Transformation Committee in the event that the Board wishes to introduce an additional sub-committee and increase the number of sub-committees to six, it was thought prudent to provide for such eventually.*

*** *To provide for an ad hoc sub-committee should this be required.*

3. The Board of directors of the Company may, subject to compliance with the requirements of the Company's MoI, the Companies Act, and the Listings Requirements of the JSE, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act, by way of loan, guarantee, the provision of security or otherwise.
4. The Board of directors of the Company be and is hereby authorised, by way of a renewable general authority, to approve the repurchase by the Company or by any of its subsidiaries of any of the shares issued by the Company, upon such terms and conditions and in such amounts as the Board of directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MoI of the Company and the Listings Requirements of the JSE Limited.

Going concern statement

The financial position of the group, its cash flows, liquidity position and debt facilities are set out in the group's consolidated annual financial statements for the year ended 31 December 2022. The group's liquidity position of R25.4 billion at 31 December 2022 remained strong. The group ended the period in a cash position of R16.4 billion (31 December 2021: R17.9 billion). Further analysis of the cash position and details of the group's facilities are set out in note 8 and note 9.

The Board has considered the group's cash flow forecasts for the foreseeable future under base case and downside scenarios, with consideration given to the uncertainty of the impact of the Covid-19 pandemic and the conflict in Ukraine on both the wider macro-economic environment and the group's operations. In all the scenarios modelled, the group maintains sufficient liquidity throughout the period of assessment without the introduction of further mitigating actions.

The Board is satisfied that the group's forecasts and projections, taking into account reasonably possible changes in trading performance, indicate that the group's liquidity position is sufficient to sustain its operations for the foreseeable future. Furthermore, the group's current debt facilities are available for use in the foreseeable future. For this reason, the group continues to adopt the going concern basis in the preparation of its financial statements.

Report of the Audit Committee

for the year ended 31 December 2022

Introduction

The Audit Committee (the Committee) is pleased to present its report for the financial year ended 31 December 2022, as recommended by the King IV™ report, the Listings Requirements of the JSE Limited and the Companies Act. The Committee is constituted as a statutory committee of the Board.

The scope of the Committee extends to all activities of Kumba and its subsidiaries. The Committee performed the functions required in terms of section 94(2) of the Companies Act on behalf of the group's subsidiary companies. The Committee has terms of reference in place, which regulate both its statutory duties and those assigned to it by the Board. The terms of reference were reviewed, updated and approved in October 2021. The Committee has conducted its affairs in compliance with its mandate and terms of reference and has fulfilled its responsibilities contained therein.

Composition

The Audit Committee members, appointed by the Board and approved by the shareholders in respect of the financial year ended 31 December 2022, comprised the following independent non-executive directors, all of whom have the requisite financial skills, business acumen and experience to fulfil their duties:

- SS Ntsaluba (Chairperson)
- MS Bomela
- MA Jenkins

Brief biographies of the Committee members are available on the Company's website: www.angloamericankumba.com/about-us/leadership-team/internal-board. The current members of the Committee will be recommended to shareholders for appointment at the annual general meeting of the Company to be held on 30 May 2023, in respect of the financial year ending 31 December 2023. Mr A Jeawon, who was appointed to the Board as an independent non-executive director and a member of the Audit Committee with effect from 1 January 2023, will also be recommended to shareholders for appointment to the Committee at the annual general meeting of the Company to be held on 30 May 2023.

As part of the annual evaluation of the Board, the performance of the Committee and its members were assessed; and it was found to be a well-functioning Committee and all its members received positive ratings.

Attendees at Committee meetings

In addition to the Committee members, the Chief Executive, Chief Financial Officer, Head of Internal Audit, Compliance Officer and senior management in the finance department attended meetings of the Committee by invitation, together with the external auditor.

The Committee meets independently with the external and internal auditors to discuss pertinent matters as they arise, as well as to discuss matters relating to the year-end audit and finalisation of the interim financial results. The Committee Chairperson also meets separately with external and internal auditors between Committee meetings.

Committee meeting attendance

During the year under review, the Committee met five times. Attendance at meetings held during the year is presented in the following table.

	Meeting date					Number of meetings attended
Member	**16/02/2022**	**11/03/2022**	**25/05/2022**	**15/07/2022**	**09/11/2022**	
SS Ntsaluba (Chairperson)	✓	✓	✓	✓	✓	**5/5**
MS Bomela	✓	✓	✓	✓	✓	**5/5**
MA Jenkins	✓	✓	✓	✓	✓	**5/5**

✓ Indicates attendance

Role and responsibilities

Statutory duties

The Committee is satisfied that it has performed the statutory requirements for an audit committee, as set out in the Companies Act, as well as the functions set out in the terms of reference, and that it has therefore complied with its legal, regulatory, and other responsibilities. There were no reportable irregularities and no complaints regarding the financial reporting were brought to the attention of the Committee.

External auditors

During the year under review, the Committee:

- considered and satisfied itself with the independence and objectivity of PricewaterhouseCoopers Inc. (PwC) and Mr Sizwe Masondo in their respective capacities as the appointed external audit firm and lead audit partner, respectively
- approved the auditor's terms of engagement and fees. Fees for audit-related services incurred during the year amounted to R13 million and non-audit fees amounted to R2 million (2021: R11 million and R2 million, respectively)
- satisfied itself that the external auditor and lead audit partner are both accredited and not included in the JSE's list of disqualified auditors
- approved the external auditors' annual plan for the 2022 annual audit as well as the related scope of work, and the appropriateness of key audit risks identified
- reviewed the findings and recommendations of the external auditors and confirmed that there were no noteworthy unresolved matters at the end of the financial period
- reviewed the quality and effectiveness of the external audit process, based on the Committee's own assessment, the views of management and PwC's own assessment, and found it to be satisfactory. Confirmation was obtained from PwC that no material matters had been raised in regulatory or internal reviews of the audit partner
- considered the external auditor's suitability assessment in terms of paragraph 3.84(g)(iii) and section 22.15(h) of the Listings Requirements of the JSE Limited

Key audit matters

The Committee applied its mind to the key audit matters identified by the external auditors and is comfortable that these have been adequately addressed and disclosed. These items, which required significant judgment, were:

- key judgments and estimates used in assessing the impairment of non-financial assets
- change in accounting estimates for the valuation of inventory

Internal audit and internal controls

The internal audit function, under the auspices of Anglo Business Assurance Services (ABAS), reviews and provides assurance on the adequacy and effectiveness of internal controls and internal financial controls.

During the year under review, the Committee:

- reviewed and approved the annual internal audit coverage plan
- evaluated the independence, effectiveness and performance of the internal audit function in terms of its scope, execution of its plan, coverage, independence, skills, resourcing, overall performance and position within the organisation and found it to be satisfactory
- received assurance that proper and adequate accounting records were maintained
- considered the internal audit reports on the group's systems of internal controls, including financial controls, and business risk management
- reviewed significant issues raised by the Head of Internal Audit and the processes and the adequacy of corrective action in response to internal audit findings and considered management's responses to adverse internal audit findings
- met with the Head of Internal Audit independently of management

Risk management

The Committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and financial risk management and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and management's response thereto. The Committee considered and relied on the work of the Ethics Function, ABAS as well as the Social, Ethics and Transformation Committee on the non-financial related risk areas. The Committee is responsible for overseeing the value delivery on IT and ensuring that IT forms an integral part of the Company's risk management.

An anonymous ethics line is in place. The monitoring of whistleblower reports is shared between the Committee and the Social, Ethics and Transformation Committee.

Combined assurance

The Committee is of the view that the framework in place for combined assurance is adequate and is achieving the objective of an effective, integrated approach across the disciplines of risk management, compliance and audit.

Expertise of the financial director and finance function

The Committee considered the expertise and experience of the Chief Financial Officer, Bothwell Mazarura, as well as the expertise and resources within the finance function and concluded that the experience and expertise of the Chief Financial Officer and finance function are appropriate and effective.

Report of the Audit Committee continued

for the year ended 31 December 2022

Key focus areas in 2022

The significant areas of focus for the Committee in relation to the 2022 financial year included:

- continued focus on governance and the regulatory control environment
- continued focus on the robustness of the internal control framework over financial reporting to support the Chief Executive and Chief Financial Officer's responsibility
- reviewing the business performance against targets
- continued focus on IT governance and the related control environment
- oversight of internal controls around the planned capital expenditure on the group's major multi-year projects currently in execution
- reviewed and assessed quarterly reports on risks and opportunities falling within the remit of the Committee

Chief Executive and Chief Financial Officer responsibility statement

The Committee received regular updates on the implementation of the project initiated to ensure compliance with paragraph 3.84(k) of the Listings Requirements of the JSE Limited. The results were reviewed at key stages of the project, which included the compilation of a comprehensive risk and control matrix covering all business processes that have an impact on financial reporting, the review and testing of all key controls, and the final year-end sign-off by all the relevant control owners. No material deficiencies were noted.

Key focus areas in 2023

Significant areas of focus for the Committee will be:

- continuing to strengthen the group's balance sheet
- considering the group's approach and responsiveness to manage the impact of regulatory and other macro-environmental developments on the control environment and the financial statements
- monitoring the impacts on financial reporting as it relates to automation and technology and how internal control is maintained
- partnering with management and IT to oversee cybersecurity improvements, internal controls, and other initiatives to mitigate fraud and third-party risks
- evaluating the impact that climate-related risks may have on the financial statements
- oversight of internal controls around the planned capital expenditure on the group's major multi-year projects currently in execution
- monitoring the group's current tax matters that could have a material impact on the financial statements
- reviewing and assessing quarterly reports on risks and opportunities falling within the remit of the Committee

The Committee is satisfied that, in respect of the period under review, it has conducted its affairs and discharged its duties and responsibilities in accordance with its terms of reference, the Listings Requirements, the Companies Act and the King IV™ code.

I would like to extend my appreciation to management, the external auditors, internal auditors and fellow Committee members for their work and support throughout the year.

SS Ntsaluba

Chairperson of the Audit Committee

20 February 2023

Independent auditor's report

To the Shareholders of Kumba Iron Ore Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Kumba Iron Ore Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Kumba Iron Ore Limited's consolidated and separate financial statements set out on pages 21 to 117 comprise:
- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended;
- the principal accounting policies; and
- the notes to the financial statements.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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)*.

Our audit approach

Overview

Overall group materiality
- Overall group materiality: R 1 609 million, which represents 5% of consolidated profit before tax, adjusted for once-off impairment charges to property, plant and equipment.

Group audit scope
- We conducted full scope audits at the seven financial significant components. Analytical review procedures were performed over the remaining financially inconsequential components.

Key audit matters
- Impairment assessment of Kolomela cash generating unit; and
- Valuation of inventory: change in estimate in relation to cost allocation.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent auditor's report continued

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	**R1 609 million**
How we determined it	**5% of consolidated profit before tax, adjusted for once-off impairment charges to property, plant and equipment.**
Rationale for the materiality benchmark applied	**We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark.** **Consolidated profit before tax is adjusted for impairment charges. These adjustments are not considered to be part of the Group's sustainable operating performance.** **We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.**

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

In determining the type of work that needed to be performed for purposes of the group audit; we identified components that were of financial significance to the group based on the respective component's contribution to key financial statement line items (consolidated profit/loss before taxation, consolidated revenue or consolidated total assets), risk associated with the respective component and known accounting matters related to the component. We conducted full scope audits on seven business units that were considered to be financially significant to the group, consisting of the four operating divisions, two marketing entities and the Company. Analytical review procedures were performed over the remaining components that were considered to be financially inconsequential.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, and component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate 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.

The key audit matters below relate to the consolidated financial statements. We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of Kolomela cash generating unit	
Refer to principal accounting policies 5.1 (Significant accounting judgements and estimates – Impairment of assets) and note 2 (Property, plant, and equipment) to the consolidated financial statements. At each reporting date, the group assesses whether there are any indicators that the carrying amount of its assets and cash generating units ("CGUs") exceeds its recoverable amount. An impairment charge of R5 411 million relating to the Kolomela CGU was recognised during the current financial year. As described in note 2 (Property, plant, and equipment), to the consolidated financial statements, the Group has revised the forecast production volume profile and cost increases in the latest life-of-asset plan for its Kolomela CGU. This was identified as an indicator of potential impairment, which resulted in an assessment of the recoverable amount of the Kolomela CGU. Recoverable amount is determined as the higher of an asset and CGUs fair value less costs of disposal or value in use. For the Kolomela CGU impairment assessment, the fair value less costs of disposal method was used to estimate the recoverable amount utilising discounted future cash flows (post tax). Management's estimates of future cash flows are based on financial budgets and the life-of-asset plan including significant judgements and assumptions related to: • ore reserves and mineral resources; • iron ore price per tonne; • foreign exchange rate; • discount rate; and • production volumes. The impairment assessment of property, plant and equipment was considered to be a matter of most significance to the current year audit due to: • the magnitude of the impairment recognised in relation to the consolidated financial statements; and • the significant judgement applied by management in relation to determining the recoverable amount of the Kolomela CGU.	Our audit addressed this key audit matter as follows: Through discussions with management we obtained an understanding of: • the process for identifying impairment indicators; and • the methodologies and models used in determining the recoverable amount. Management engaged internal experts to determine the ore reserves and mineral resources as used in the impairment calculations. Through inspection of curriculum vitae, membership certificates from professional bodies and competent persons reports, we assessed the objectivity, competence, and experience of management's experts used in assessing the ore reserves and mineral resources. No aspects requiring further consideration were noted. We agreed the ore reserves and mineral resources used in management's valuation to the ore reserves and mineral resources signed off by the Group's Competent Person. No material exceptions were noted. We assessed the reasonableness of management's future forecasts of annual production volumes, capital expenditure and operating costs included in the cash flow forecasts by comparing them to current and historical operational results. Making use of our corporate finance and financial modelling expertise, we performed the following procedures: • We assessed the valuation model used by management in their impairment assessment, by comparing it to industry norms and acceptable valuation methodology. We found that it was consistent with industry norms and acceptable valuation methodology; • We benchmarked management's significant assumptions related to economic factors such as forecasted short- and long-term iron ore prices, and long-term foreign exchange rates used in the impairment calculations against independent third-party data. Based on the work performed, where assumptions determined by us differed from those used by management, the impact of such differences was assessed to be immaterial; • We independently calculated a range of discount rates, including using relevant independent third-party sources and data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios, the beta of comparable companies, as well as the impact of economic and industry factors. Where the discount rate determined by us differed from that used by management, we gained an understanding of the difference, and the impact of such difference was assessed to be immaterial; and • Using the assumptions tested above, we recalculated the results of management's discounted cash flow models by using independently obtained key input assumptions such as commodity prices, exchange rates and market discount rates and determined a reasonable range of possible outcomes. No material differences were noted.

Independent auditor's report

continued

Key audit matters continued

Valuation of inventory: change in estimate in relation to cost allocation	
Refer to principal accounting policies 5.2 (Significant accounting judgements and estimates - Inventory costing methodology) and note 6 (Inventories) to the consolidated financial statements. At 31 December 2022, the consolidated statement of financial position includes Work-in-progress ("WIP") and finished product inventories amounting to R13 860 million. The Group currently produces products with varying grades and saleable product yield. In accordance with International Financial Reporting Standards (IFRS), where varying types or grade of products are produced simultaneously the cost of production should be allocated to these products on a rational and consistent basis. As indicated in note 6 (Inventories), the Group reassessed the cost allocation for WIP and finished product inventory, and as a result, the cost allocation method was changed from a volume-based costing method to a yield-based method in the current year. Management applies judgement in the methodology (yield percentage) used for determining the cost allocation to each of the respective grades of ore. Yield percentages are calculated based on the expected final product from each material. The valuation of inventory was considered to be a matter of most significance to the current year audit due to the change in valuation methodology for WIP and finished product inventory, and the significant judgement applied by management in allocating these costs on the new yield-based method, as well as the magnitude of the inventory balance at year end.	Our audit addressed this key audit matter as follows: We held discussions with management to obtain an understanding of management's process in assessing the change in estimate relating to the valuation of inventory, as well as their conclusions reached. We further gained an understanding as to the principles used in determining the yield method for valuing inventory. We assessed the appropriateness of the underlying costs allocated by evaluating that costs included in the inventory calculation relates to mining specific costs and therefore correctly included. We noted no material differences. We considered the inventory tons movement for each respective plant, and reconciled these movements to management's experts inventory survey reports. We noted no material differences in this regard requiring further consideration. We assessed the appropriateness of the costs allocated to each respective grade of ore by calculating the yield percentages for each respective grade of ore based on actual production (saleable product) of input ore. We noted no material differences in this regard requiring further consideration. We tested the mathematical accuracy of management's computation of the allocation of costs (applying the yield method) in determining the value of inventory at year end. We noted no material differences.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Kumba Iron Ore Limited Annual Financial Statements 2022", which includes the Directors' Report, the Report of the Audit Committee and the Certificate of the Company Secretary as required by the Companies Act of South Africa and the documents titled "Kumba Iron Ore Limited Ore Reserve (and Saleable Product) and Mineral Resource Report 2022", which we obtained prior to the date of this auditor's report, and the documents titled "Kumba Iron Ore Limited Integrated Report 2022", "Kumba Iron Ore Limited Sustainability Report 2022" and "Kumba Iron Ore Limited Climate Change Report 2022", which is expected to be made available to us after that date. The other information does not include the consolidated or the 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 and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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 the 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 the 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report
continued

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

- 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's and the 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 PricewaterhouseCoopers Inc. has been the auditor of Kumba Iron Ore Limited for three years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: CS Masondo
Registered Auditor
Johannesburg, South Africa

20 February 2023

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Principal accounting policies

for the year ended 31 December 2022

1. General information

Kumba Iron Ore Limited ("Kumba") is the holding company of the Kumba group. Kumba is a mining group of companies focusing on the exploration, extraction, beneficiation, marketing, sale and shipping of iron ore. Kumba produces iron ore at Sishen and Kolomela mines in the Northern Cape province.

Kumba is a public company listed on the Johannesburg Stock Exchange (JSE) Limited and is incorporated and domiciled in the Republic of South Africa.

2. Basis of preparation

2.1 Accounting framework

The group and Company financial statements are prepared in accordance with the IFRS as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC), the South African Companies Act No 71 of 2008 (as amended), the Listings Requirements of the JSE Limited, and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Guides as issued by the Financial Reporting Council. The consolidated and separate financial statements were authorised for issue by the Board of directors on 20 February 2023.

The consolidated and separate financial statements have been prepared in accordance with the historical cost convention, except for certain financial instruments, share-based payments and biological assets which are measured at fair value.

The consolidated and separate financial statements are prepared on the basis that the group and Company will continue to be a going concern.

The following principal accounting policies and methods of computation were applied by the group and the Company in the preparation of the consolidated and separate financial statements for the financial year ended 31 December 2022. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Statement of compliance

2.2.1 New standards effective for annual periods beginning on or after 1 January 2022

The group adopted the following amendments, which were applied for the first time for its financial results for the year commencing on 1 January 2022:

Standard, amendment or interpretation	Impact on the financial statements
Amendments to IAS 16 *Property, plant and equipment* Proceeds before Intended Use	The group does not deduct the proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management from the cost of property, plant and equipment. Therefore, the amendment has no impact on the consolidated financial statements.
Amendments to IAS 37 *Provisions, contingent liabilities and contingent assets Onerous Contracts – Cost of Fulfilling a Contract*	The group applied these amendments to contracts for which it has not yet fulfilled all of its obligations at the beginning of the annual reporting period. The amendments do not have a material impact on the group.
Amendments to IFRS 3 *Business combinations*	The amendments have no impact on the consolidated financial statements.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2 2 New IFRS accounting standards, amendments and interpretations not yet effective and not early adopted

The accounting standards, amendments to issued accounting standards and interpretations which are relevant to the group, but not yet effective at 31 December 2022, are being evaluated for the impact of these pronouncements, and are not expected to have a material impact on the group's financial results. These accounting standards are listed in Annexure 4.

Principal accounting policies continued

for the year ended 31 December 2022

2. Basis of preparation continued

2.3 Impact of the Covid-19 pandemic and the conflict in Ukraine on the financial results

The group has considered the impact of Covid-19 and the conflict in Ukraine on each of its significant accounting judgements and estimates. The group's principal source of estimation of uncertainty continues to be in relation to assumptions used for the assessment of impairment of non-current assets where indicators of impairment are identified. No further significant estimates have been identified as a result of the Covid-19 pandemic and the conflict in Ukraine, although these factors have increased the level of uncertainty inherent in all future cash flow forecasts.

The iron ore price and Rand/US$ foreign exchange rate assumptions used to forecast future cash flows for impairment indicator assessment purposes have been updated to consider both the short-term observable impact of Covid-19, the conflict in Ukraine and the forecast medium and longer-term impact on the world economy and commodity prices. These macro-economic factors did not result in an impairment indicator. Refer to note 2 for a more detailed impairment assessment of property, plant and equipment.

2.4 Currencies

Functional and presentation currency

Items included in the financial statements of each group entity are measured using the functional currency of that entity. The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The group and Company financial results are presented in South African Rand, which is Kumba's functional currency and the group's presentation currency.

All amounts have been rounded to the nearest million, unless otherwise indicated.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the group at the average rate of exchange for the year.

Monetary assets and liabilities that are denominated in foreign currencies are translated into the functional currency of the group and Company at the rate of exchange ruling at the statement of financial position date. Foreign exchange gains and losses arising on translation are recognised in the statement of profit or loss.

Foreign operations

The financial results of all entities that have a functional currency different from the presentation currency of Kumba are translated into the presentation currency (South African Rand).

All assets and liabilities, including fair value adjustments arising on acquisitions, are translated at the rate of exchange ruling at the statement of financial position date. Income and expenditure transactions of foreign operations are translated at the average rate of exchange. Resulting foreign exchange gains and losses arising on translation are recognised in the foreign currency translation reserve (FCTR) as a separate component of other comprehensive income.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Kumba Executive Committee.

Management has determined the operating segments of the group based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business principally according to the nature of the products and services provided, with the segment representing a strategic business unit. The reportable operating segments derive their revenue primarily from mining, extraction, production, distribution and selling iron ore and shipping services rendered.

2.6 Events after the reporting period

Recognised amounts in the financial statements are adjusted to reflect events arising after the statement of financial position date that provide evidence of conditions that existed at the statement of financial position date. Events after the statement of financial position date that are indicative of conditions that arose after the statement of financial position date are dealt with in note 32.

3. Company financial statements

The Company, in its separate financial statements, applies the same accounting policies as the group, except for certain items listed below:

3.1 Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint arrangements in the separate financial statements presented by Kumba are recognised at cost less any accumulated impairment.

3.2 Impairment of investments in subsidiaries, associates and joint ventures

The carrying amount of assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount is estimated as the higher of the fair value less costs of disposal and the value in use.

A previously recognised impairment charge is reversed (or partially reversed) if there has been a change in the estimates used to determine the recoverable amount. However, not to an amount higher than the carrying amount that would have been determined had no impairment been recognised in prior years.

3.3 Dividend income

Dividend income is recognised as revenue when the right to receive the payment has been established.

4. Consolidated financial statements

4.1 Basis of consolidation

The consolidated financial statements present the statement of financial position and changes therein, statement of profit or loss and cash flow information of the group. Where necessary, adjustments are made to the results of subsidiaries, joint arrangements and associates to ensure consistency of their accounting policies with those used by the group.

Intercompany transactions, balances and unrealised profits and losses between group companies are eliminated on consolidation. In respect of joint arrangements and associates, unrealised profits and losses are eliminated to the extent of the group's interest in these entities. Unrealised profits and losses arising from transactions with associates are eliminated against the investment in the associate.

Subsidiaries

Subsidiaries are those entities (including special purpose entities) over which the group has control. Control is achieved where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Associates

Associates are all entities over which the group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Typically, the group owns between 20% and 50% of the voting equity.

Investments in associates are accounted for using the equity method of accounting from the date on which significant influence commences until the date that significant influence ceases and are initially recognised at cost.

Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method.

Equity accounting method

Under the equity method of accounting, interests in associates and joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, forms part of the group's net investment in the associate or joint venture), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture. When subsequent profits are made, previously unrecognised losses are first fully eliminated before the profits are recognised as part of the investment.

Principal accounting policies continued

for the year ended 31 December 2022

4. Consolidated financial statements continued

4.1 Basis of consolidation continued

Equity accounting method continued

The total carrying values of investments in associates and joint ventures, including goodwill, are reviewed for impairment when there is objective evidence that the asset is impaired. If impaired, the carrying value of the group's share of the underlying net assets of associates or joint ventures is written down to its estimated recoverable amount and recognised in the statement of profit or loss.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The results of associates are equity accounted from their most recent management accounts.

Non-controlling interests

The effects of transactions with non-controlling interests that do not result in loss of control are recorded in equity as transactions with equity owners of the group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in the statement of changes in equity.

STATEMENT OF FINANCIAL POSITION

4.2 Property, plant and equipment (owned and leased)

Land and assets under construction, which include capitalised development and mineral exploration and evaluation costs, are measured at cost less any accumulated impairment and are not depreciated.

All other classes of property, plant and equipment are stated at historical cost less accumulated depreciation, and where applicable, accumulated impairment charges.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The cost of items of property, plant and equipment includes all costs incurred to bring the assets to the location and condition necessary for their intended use by the group. The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated proportion of project overheads. The cost of property, plant and equipment may also include:
- the estimated costs of decommissioning the assets and site rehabilitation costs to the extent that they relate to the asset
- capitalised pre-production expenditure and waste stripping costs
- deferred waste stripping costs
- capitalised borrowing costs

The cost of items of property, plant and equipment is capitalised into its various components where the useful life of the components differ from the main item of property, plant and equipment to which the component can be logically assigned. Expenditure incurred to replace or modify a significant component of property, plant and equipment is capitalised and any remaining carrying value of the component replaced is written off as an expense in the statement of profit or loss.

Costs incurred on repairing and maintaining assets are recognised in the statement of profit or loss in the period in which they are incurred.

Gains and losses on the disposal of property, plant and equipment, which are represented by the difference between the net disposal proceeds, if any, and the carrying amount of the item, are recognised in the statement of profit or loss.

Leased assets are presented separately as right-of-use assets in the statement of financial position. Refer to 4.17 below for the accounting policy on initial and subsequent recognition of right-of-use assets.

Depreciation

Depreciation on self-constructed assets commences when they are available for use by the group. Depreciation for property, plant and equipment is charged on a systematic basis over the estimated useful lives of the assets after deducting the estimated residual value of the assets, using the straight-line method.

Depreciation for right-of-use assets is charged on the same basis except that the period is the shorter of the useful life of the asset (in line with the category of property, plant and equipment to which the asset is classified) and the lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life, as explained in 4.17 below. The depreciation method applied is reviewed at least at each financial year end, with any changes accounted for as a change in accounting estimate to be applied prospectively. The depreciation charge for each period is recognised in the statement of profit or loss unless it is included in the carrying amount of another asset.

The useful life of an asset is the period of time over which the asset is expected to be used. The estimated useful lives of assets and their residual values are reassessed annually at the end of each reporting period, with any changes in such accounting estimates being adjusted in the year of reassessment and applied prospectively. The estimated useful lives of items of property, plant and equipment (excluding land and assets under construction that are not depreciated) at 31 December 2022 were:

Mineral properties	10 – 18 years
Residential buildings	5 – 18 years
Buildings and infrastructure	5 – 18 years
Machinery, plant and equipment	
Mobile equipment, built-in process computers and reconditionable spares	2 – 18 years
Fixed plant and equipment	4 – 18 years
Loose tools and computer equipment	4 years
Mineral exploration, site preparation and development	5 – 18 years

Research, development, mineral exploration and evaluation costs

Research, development, mineral exploration and evaluation costs are expensed in the year in which they are incurred until they result in projects that the group:

- evaluates as being technically or commercially feasible
- has sufficient resources to complete the development
- can demonstrate that it will generate probable future economic benefits

Once these criteria are met, all directly attributable development costs and ongoing mineral exploration and evaluation costs are capitalised within property, plant and equipment. During the development of a mine, before production commences, stripping expenses are capitalised as part of the investment in construction of the mine. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised pre-production expenditure prior to commercial production is assessed for impairment in accordance with the group's accounting policy on impairment of non-financial assets.

Waste stripping expenses

The removal of overburden or waste material is required to obtain access to an ore body. In the production phase of a mine, the mining costs associated with this process are deferred to the extent that the actual stripping ratio of a component is higher than the expected average life-of-asset stripping ratio for that component. The deferred costs are charged to operating costs using a unit of production method of depreciation. The ex-pit ore extracted from the related component during the period is expressed as a percentage of the total ex-pit ore expected to be extracted from that component over the life-of-asset and applied to the balance of the deferred stripping asset for that component. The effect of this is that the cost of stripping in the statement of profit or loss is reflective of the average stripping rates for the ore body mined in any given period. This reflects the fact that waste removal is necessary to gain access to the ore body and realise the future economic benefits.

The average life-of-asset stripping ratio for the identified components is calculated as the tonnes of ex-pit waste material expected to be removed over the life-of-asset per tonne of ex-pit ore extracted. The cost per tonne is calculated as the total mining costs for each mine for the period under review divided by the mine's total tonnes handled for the period under review.

Principal accounting policies continued

for the year ended 31 December 2022

4. Consolidated financial statements continued

4.2 Property, plant and equipment (owned and leased) continued

Waste stripping expenses continued

A component has been identified as a geographically distinct ore body within a pit to which the stripping activities being undertaken within that component could be allocated. Where the pit profile is such that the actual stripping ratio is below the average life-of-asset stripping ratio, no deferral takes place as this would result in a recognition of a liability for which there is no obligation. Instead, this position is monitored and when the cumulative calculation reflects a debit balance deferral commences.

The stripping ratios for each component are reassessed annually at the end of each reporting period. Any changes in such accounting estimates are adjusted in the year of reassessment and applied prospectively.

4.3 Impairment of non-financial assets

The group's non-financial assets, other than inventories and deferred tax, are reviewed annually to determine whether there is any indication that those assets are impaired, or whether previous impairment has reversed, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment or reversal of the previous impairment. Recoverable amounts are estimated for individual assets. Where an individual asset cannot generate cash inflows independently, the assets are grouped at the lowest level for which there are separately identifiable cash-generating units (CGUs). The recoverable amount is determined for the CGU to which the asset belongs.

An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and an impairment charge is recognised in the statement of profit or loss.

A previously recognised impairment is reversed insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's or CGU's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the statement of profit or loss.

Exploration and evaluation assets are tested for impairment when the development of the property commences or whenever facts and circumstances indicate impairment. An impairment is recognised for the amount by which the exploration assets' carrying amount exceeds their recoverable amount. For the purpose of assessing impairment, the relevant exploration and evaluation assets are included in the existing CGUs of producing properties that are located in the same region.

4.4 Financial assets

Recognition and measurement

The group recognises its financial assets in the statement of financial position when and only when it becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets are measured at fair value plus, in the case of financial assets not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent reporting dates, financial assets at amortised cost are measured at amortised cost, using the effective interest method, less any impairment charges. Other investments classified at FVTPL are subsequently measured at fair value. The gains and losses from the fair value movements for the period are included in the statement of profit or loss within other gains and losses.

Classification

The group's financial assets are classified into the following measurement categories:

- Financial assets at FVTPL (provisionally priced trade receivables, derivative financial instruments and equity instruments)
- Financial assets at amortised cost (debt instruments at amortised cost and cash and cash equivalents)

Financial assets at FVTPL
Financial assets at FVTPL consist of derivative financial assets disclosed as part of long-term prepayments and as part of cash and cash equivalents, provisionally priced trade receivables, variation margins included in derivative financial instruments and investments held by the environmental trust.

Trade receivables at FVTPL
Trade receivables are amounts due from customers for iron ore sold or shipping services rendered in the ordinary course of business.

The majority of the group's sales are provisionally-priced, with the sales price only finalised at a date after the sale has taken place. The provisionally priced receivables are measured at FVTPL. When there is uncertainty on the final amount, the trade receivable is marked to market based on the forward price.

Fair value changes due to market variability (i.e. changes in the iron ore index prices) are not in the scope of IFRS 15 *Revenue from contracts with customers* and are therefore not presented as revenue from contracts with customers. Changes in the iron ore index prices are accounted for as revenue from other sources and disclosed separately from revenue from contracts with customers.

Financial assets at amortised cost
Financial assets are classified as 'at amortised cost' only if the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Financial assets at amortised costs include cash and cash equivalents, a portion of the trade and other receivables that are not provisionally priced and long-term loans.

Trade receivables and other receivables at amortised cost
As mentioned above, the balance of trade receivables is classified as amortised cost. Other receivables are amounts due to the group for non-sale transactions and include VAT receivable, interest receivable and prepaid expenses. Trade and other receivables classified at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. Where the expected term of a receivable is less than one year, it is presumed that no significant financing component exists.

If collection is expected in one year or less, the receivables are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents
In the consolidated and separate statements of cash flows, cash and cash equivalents comprise bank balances and initial margin accounts which meet the definition of cash and cash equivalents. Cash and cash equivalents are measured at amortised cost.

Derecognition of financial assets
Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together to another party, with substantially all the risks and rewards of ownership.

4.5 Impairment of financial assets

The group assesses expected credit losses on a forward-looking basis which is the difference between the carrying amount of the financial asset and the amount that is expected to be received in respect of that financial asset. The impairment methodology applied to determine the recoverable amount of the financial asset carried at amortised cost depends on the level of credit risk associated with that specific financial asset.

Principal accounting policies continued

for the year ended 31 December 2022

4. Consolidated financial statements continued

4.5 Impairment of financial assets continued

The group applies the simplified expected credit loss model for its trade receivable measured at amortised cost, as permitted by IFRS 9 *Financial instruments*. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and financial metrics, adjusted as appropriate for observable data. Kumba considers a financial asset in default when contractual payments are 90 days past due.

Expected credit losses are recognised in the statement of profit or loss. When a subsequent event causes the amount of impairment charge to decrease, the decrease in impairment charge is reversed through the statement of profit or loss.

4.6 Inventories

Inventories comprise finished products, work-in-progress (WIP) and plant spares and consumable stores, and are measured at the lower of cost, determined on a weighted average basis, and net realisable value.

The cost of finished goods and WIP comprises direct labour, other direct costs and fixed production overheads, but excludes finance costs. Costs are allocated to WIP based on the expected finished product output from the ore grade. Fixed production overheads are allocated based on normal capacity. Plant spares and consumable stores are capitalised to the statement of financial position and expensed to the statement of profit or loss as and when they are utilised. When inventories are sold, the carrying amount of inventories sold is recognised as part of cost of sales.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and variable selling expenses. Write-downs to net realisable value and inventory losses are recognised in costs of sales within operating expenses on the statement of profit or loss in the period in which the write-downs or losses occur.

Inventories are included in current assets unless the inventory will not be realised within 12 months after the end of the reporting period, in which case they are presented as non-current assets.

4.7 Financial liabilities

The group's financial liabilities comprise trade and other payables, derivative liabilities, interest-bearing borrowings, and lease liabilities. Refer to 4.8, 4.16 and 4.17 below for the detailed accounting policies for derivative financial instruments, interest-bearing borrowings and lease liabilities, respectively.

Trade and other payables

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Recognition and measurement

The group recognises its financial liabilities in the statement of financial position when and only when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the group measures its financial liabilities at their fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.

At subsequent reporting dates, financial liabilities are carried at amortised cost, using the effective interest method, and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss.

Derecognition

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

4.8 Derivative financial instruments

Derivative instruments are categorised at FVTPL and are classified as current assets or current liabilities. Variation margins included in derivative financial instruments are posted to the exchange daily, and values can fluctuate depending on the exchange pricing. As a result, variation margin amounts are classified as other receivables or other payables, in line with the nature of these instruments.

All derivative instruments are initially recognised at fair value on the date that the derivative contract is entered into and are subsequently remeasured at fair value at the date of the statement of financial position. Resulting gains or losses on derivative instruments are recognised in the statement of profit or loss.

4.9 Offsetting financial instruments

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset, and the net amount is reported in the statement of financial position.

4.10 Contract liabilities

At each reporting date, the group recognises contract liabilities in relation to shipping revenue billed to, and paid by, the customer for which the shipping performance obligations had not yet been fulfilled at the end of the reporting period, as explained in detail in 4.18 below. Contract liabilities are recognised as revenue once the performance obligations have been fulfilled.

4.11 Share capital

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group entity purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

When issued shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

4.12 Dividends payable

Dividends payable, including the related taxation thereon, are recognised by the group when the dividend is declared. These dividends are recorded and disclosed as dividends paid in the statement of changes in equity. Dividend withholding tax is levied on the recipient but withheld by the group and remitted to the authorities. A liability is recognised in respect of the tax levied for the period when the dividends are recognised, as a liability. Dividend withholding tax is not included in the taxation charge in the statement of profit or loss.

Dividends proposed or declared subsequent to the statement of financial position date are not recognised, but are disclosed in the notes to the consolidated and separate financial statements.

4.13 Provisions

A provision is recognised when the group has a present legal or constructive obligation as a result of past events when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date. Provisions are not recognised for future operating losses.

Where the effects of discounting are material, provisions are measured at the present value of the cash flow expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

When a contract is identified as onerous, the loss is recognised in the statement of profit or loss. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. In assessing the unavoidable cost of meeting the obligation under the contract at the end of the reporting date, management identifies and quantifies any compensation and penalties arising from failure to fulfil the contract.

Principal accounting policies continued

for the year ended 31 December 2022

4. Consolidated financial statements continued

4.13 Provisions continued

Environmental rehabilitation

Environmental rehabilitation provisions

The provision for environmental rehabilitation is recognised as and when an obligation to incur rehabilitation and mine closure costs arises from environmental disturbance caused by the development of or ongoing production from a mining property. Estimated long-term environmental rehabilitation provisions are measured based on the group's environmental policy taking into account current technological, environmental and regulatory requirements. Any subsequent changes to the carrying amount of the provision resulting from changes to the assumptions applied in estimating the obligation are recognised in the statement of profit or loss.

Ongoing rehabilitation expenditure

Ongoing rehabilitation expenditure is recognised in the statement of profit or loss as and when incurred.

Decommissioning provision

The estimated present value of costs relating to the future decommissioning of plant or other site preparation work, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that it relates to the construction of an asset, and the related provisions are raised in the statement of financial position, as soon as the obligation to incur such costs arises.

These estimates are reviewed at least annually and changes in the measurement of the provision that result from subsequent changes in the estimated timing or amount of cash flows, or a change in discount rate, are added to, or deducted from, the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy on 'Impairment of non-financial assets' above.

4.14 Deferred tax

Deferred tax is recognised using the liability method on all temporary differences between the carrying values of assets and liabilities for accounting purposes and the tax bases of these assets and liabilities used for tax purposes and on any tax losses. No deferred tax is provided on temporary differences relating to:

- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition
- investment in subsidiaries to the extent they will probably not reverse in the foreseeable future

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, 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.

Deferred tax assets are recognised within the same tax entity. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all of the assets to be recovered.

Deferred tax is calculated at the tax rates and laws that are enacted or substantively enacted in the period when the liability is settled, or when the asset is realised. Deferred tax is recognised in the statement of profit or loss, except when it relates to items recognised directly in equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends, and is able to, settle its current tax assets and liabilities on a net basis. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

4.15 Employee benefits

Post-employment benefits

The group operates defined contribution plans for the benefit of its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate fund. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The plan is funded by payments from employees and the group. The group's contribution to the funds is recognised as an employee benefit expense in the statement of profit or loss in the year to which it relates.

The group does not provide guarantees in respect of the returns in the defined contribution funds and has no further payment obligations once the contributions have been paid.

The group does not provide defined employee benefits to its current or previous employees.

Bonus plans

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the achievement of agreed Company financial, strategic and operational objectives, linked to key performance areas. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Short-term employee benefits

The cost of all short-term employee benefits, such as salaries, bonuses, housing allowances, medical aid and other contributions is recognised in the statement of profit or loss during the period in which the employee renders the related service.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The group recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If the benefits are due more than 12 months after the statement of financial position date, they are discounted to present value.

Equity compensation benefits

Vesting component

The various equity compensation schemes operated by the group allow certain senior employees, including executive directors, the option to acquire shares in Kumba over a prescribed period in return for services rendered. These options are settled by means of the issue of shares. Such equity-settled share-based payments are measured at fair value at the date of the grant.

The fair value determined at the grant date of the equity-settled share-based payments is charged as employee costs on a straight-line basis over the period that the employees become unconditionally entitled to the options, based on management's estimate of the shares that will vest and adjusted for the effect of non-market-based vesting conditions. These share options are not subsequently revalued.

The fair value of the share options is measured using option pricing models. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations such as volatility, dividend yield and the vesting period. The fair value takes into account the terms and conditions on which these incentives are granted and the extent to which the employees have rendered services to statement of financial position date.

Non-vesting component

In a case of an equity compensation scheme in which share options do not vest to participating employees (the beneficiaries), but only an allocation of a dividend declared is distributed to the participating employees. The dividend distributed to the participating employees is recorded as an employee benefit expense in the statement of profit or loss.

Principal accounting policies continued

for the year ended 31 December 2022

4. Consolidated financial statements continued

4.15 Employee benefits continued

Equity compensation benefits continued

Non-vesting component continued

At each reporting date, the group's obligation in respect of the dividend expected to be distributed to the beneficiaries of the trust is assessed and appropriately recognised, if any is declared.

4.16 Interest-bearing borrowings

Recognition and measurement

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Classification between short term and long term

Interest-bearing borrowings are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

4.17 Leases

Right-of-use assets

Right-of-use assets are recognised on the statement of financial position within non-current assets. At inception of the lease, a right-of-use asset is recognised at the amount of the corresponding lease liability, adjusted for any lease payments made at or before the lease commencement date, plus any direct costs incurred and an estimated cost for dismantling, removing ore restoring the underlying asset and less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date to the earlier of the asset's useful life or the end of the lease term.

In addition, the group applies IAS 36 *Impairment of assets* to determine whether a right-of-use asset is impaired and accounts for the identified impairment charge as described in the policy for property, plant and equipment.

Lease liabilities

Lease liabilities are recognised on the statement of financial position. At inception or on modification of a contract that contains a lease component, the lease liability is recognised as the present value of the expected future lease payments, calculated using the group's incremental borrowing rate, adjusted to reflect the length of the lease. The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Subsequent to initial measurement, the lease liability is reduced for payments made and increased for interest accrued. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments, less any incentives receivable.

The liability is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value items

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The group recognises the lease payments associated with these leases as an expense in the statement of profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'lease expenses' within operating expenses in the statement of profit or loss as disclosed in note 3 to the consolidated financial statement.

STATEMENT OF PROFIT OR LOSS

4.18 Revenue recognition

Revenue from contracts with customers as defined in IFRS 15 *Revenue from contracts with customers* is derived principally from the sale of iron ore and shipping services rendered and is measured at the fair value of the consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes.

The group recognises revenue when it is probable that the group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific recognition criteria have been met for each of the group's activities as described below.

Sales of goods – iron ore

Local and export revenue from the sale of iron ore is recognised when control has been transferred. This occurs at a point in time which is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

There are certain of the group's sales of iron ore which are provisionally priced such that the price is not settled until a predetermined future date based on the market price at that time. Revenue in respect of such sales is initially recognised at the market iron ore price on the date of initial recognition, being the bill of lading date. At each reporting date, the provisional price of each sale is estimated to be marked to market with reference to the Platts Iron Ore Index (IODEX), with revenue adjusted to reflect the latest provisional price. Once the transaction price for the sale has been confirmed, the difference between the confirmed iron ore price and the provisional price at initial recognition date is classified as revenue from other sources. The related account receivables are also adjusted to reflect the movements in the provisional pricing.

Furthermore, the group trades in iron ore price derivatives on sales transactions where there is a quotation period mismatch. Net movements in fair value of these derivative financial instruments are recognised as revenue from other sources, as trading activities are regarded as part of the group's ordinary activities.

Shipping services

Revenue from shipping services is recognised over time as and when the performance obligation has been fulfilled and accepted by the customer. For contracts that contain separate performance obligations for the sale of iron ore and the provision of shipping services, the portion of the revenue representing the obligation to perform the shipping service is deferred and recognised over time as the obligation is fulfilled, along with the associated costs.

Amounts billed to customers in respect of shipping and handling activities are classified as revenue where the group is responsible for the shipping services.

For cost and freight (CFR), insurance and freight arrangements, the transaction price, as determined above, is allocated to the ore and shipping services using the relative stand-alone selling price method. Under these arrangements, the customer may be required to make a provisional payment on the date of shipment. Therefore, a portion of the amount paid by the customer relating to shipping services still to be provided is deferred at each reporting date. To measure progress towards complete satisfaction of the shipping service which best represents the group's performance, and therefore the amount to be recognised as revenue for the period, the output method, being the number of shipping days that have elapsed as a proportion of total expected shipping days, is used. This is on the basis that the customer simultaneously receives and consumes the benefits provided by the group as the services are being provided. The deferred revenue is recognised as a contract liability in the statement of financial position.

4.19 Income from investments

Interest income

Interest is recognised on time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the group.

Principal accounting policies continued

for the year ended 31 December 2022

4. Consolidated financial statements continued

4.19 Income from investments continued

Dividend income

Dividend income from investments is recognised by the group and Company when the shareholders' rights to receive payment have been established. All dividend income received and dividend paid within the group is eliminated on consolidation.

4.20 Borrowing costs

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the group during the period.

Qualifying assets are assets that necessarily take a substantial period of time (more than 12 months) to get ready for their intended use or sale, and are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.21 Taxation

The income tax charge for the period is determined based on profit before tax for the year and comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the related tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current tax charge is the calculated tax payable on the taxable income for the year using tax rates that have been enacted or substantively enacted by the statement of financial position date and any adjustments to tax payable in respect of prior years. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are not taxable or deductible.

Dividend withholding tax

Dividend withholding tax is levied on dividend recipients and has no impact on the group's taxation charge as reflected in the statement of profit or loss.

4.22 Earnings per share

The group presents basic and diluted earnings per share (EPS) and basic and diluted headline earnings per share (HEPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of Kumba by the weighted average number of ordinary shares outstanding during the year.

HEPS is calculated by adjusting the profit or loss attributable to ordinary shareholders of Kumba for all separately identifiable remeasurements, for example, gains and losses arising on disposal of assets, net of related tax (both current and deferred) and related non-controlling interest, other than remeasurements specifically included in headline earnings. The result is divided by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS and HEPS are determined by adjusting the basic and headline earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

5. Significant accounting judgements and estimates

The preparation of the financial statements requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and estimates and assumptions of the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

The following key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, have a risk of causing material adjustments to the carrying amounts of assets and liabilities and related disclosures within the next financial year:

5.1 Impairment of assets

At each reporting date, the group assesses whether there are any indicators that its assets and CGUs may be impaired. Operating and economic assumptions, which could affect the valuation of assets using discounted cash flow (DCF), are updated regularly as part of the group's planning and forecasting processes. Judgement is therefore required to determine whether the updates represent significant changes in the service potential of an asset or CGU, and are therefore indicators of impairment or impairment reversal. The judgement also takes into account the group's long-term economic forecasts, market consensus and sensitivity analysis of the DCF models used to value the group's assets. Assets that have been previously impaired are assessed for indicators of both impairment and impairment reversal. Such assets are, by definition, carried on the statement of financial position at a value close to their recoverable amount at the last assessment. Therefore, in principle, any change to operational plans or assumptions, economic parameters, or the passage of time could result in further impairment or impairment reversal if an indicator is identified.

The calculation of the recoverable amount of a CGU is based on assessments of the higher of the fair value less costs of disposal or value in use. The cash flow projections used in these assessments are subject to the areas of judgement outlined below. Refer to note 2 for more detailed disclosure of impairment of property, plant and equipment.

Cash flow projections for impairment testing

Expected future cash flows used in DCF models are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including Ore Reserves and Mineral Resources, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure. Where DCF models based on management's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13 *Fair value measurement*, as they depend to a significant extent on unobservable valuation inputs.

Cash flow projections are based on financial budgets and life-of-asset plan or, for non-mine assets, an equivalent appropriate long-term forecast, incorporating key assumptions as detailed below:

- *Reserves and Resources*
  Ore Reserves and, where considered appropriate, mineral resources, are incorporated in projected cash flows, based on Ore Reserves and Mineral Resource statements and exploration and evaluation work undertaken by appropriately qualified persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the requirements of Reserve classification.
- *Commodity and product prices*
  Commodity and product prices are based on the latest internal forecasts, benchmarked with external sources of information, to ensure they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.
- *Foreign exchange rates*
  Foreign exchange rates are based on latest internal forecasts, benchmarked with external sources of information. Foreign exchange rates are kept constant (on a real basis) for the long term.

Principal accounting policies continued

for the year ended 31 December 2022

5. Significant accounting judgements and estimates continued

5.1 Impairment of assets continued

Cash flow projections for impairment testing continued

- *Discount rates*

  Cash flow projections used in fair value less costs of disposal impairment models are discounted based on a post-tax nominal discount rate. To the extent that specific risk factors were not incorporated into the discount rate, adjustments were made to the cash flow projections.

- *Operating costs, capital expenditure and other operating factors*

  Operating costs and capital expenditure are based on financial budgets covering a five-year period. Cash flow projections beyond five years are based on the life-of-asset plan, as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations.

5.2 Inventory costing methodology

The cost of inventories is determined by using the weighted-average costing method. For WIP inventories, direct costs are allocated to the various materials based on the expected final product from each material. In the past, direct costs were allocated to inventory on a volume-based costing method. With the new material that was capitalised during the year, as explained in note 6 to the consolidated financial statements, the valuation methodology was reassessed and changed to a yield-based method to ensure that costs are appropriately allocated to WIP and finished product inventories. The expected output from each WIP material is estimated based on the average iron ore contained in each grade of WIP material.

Net realisable value tests are performed at each reporting date. The realisable values of inventory represent the estimated future sales price of the finished product that the group expects to realise when the finished product is processed and sold, less estimated costs to complete production and related selling costs.

WIP and finished product tonnes on hand are verified by periodic surveys which are conducted at each reporting date.

5.3 Fair value assessment

The assessment of fair value is principally used in accounting for impairment testing and the valuation of certain financial assets and liabilities.

The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results. In particular, expected future cash flows, which are used in discounted cash models, are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including Ore Reserves and Resources, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

The fair value of identifiable financial assets and liabilities that are not traded in an active market is determined by using observable market data (in the case of listed entities, market share price at 31 December of the respective entity) or discounted cash flow (DCF) models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. Where DCFs are used, the resulting fair value measurements depend, to a significant extent, on unobservable valuation inputs.

The group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the statement of financial position date.

5.4 Provision for environmental rehabilitation and decommissioning

The provisions for environmental rehabilitation and decommissioning costs are calculated using management's best estimate of the costs to be incurred based on the group's environmental policy, taking into account current technological, environmental and regulatory requirements discounted to a present value. Estimates are based upon costs that are regularly reviewed, by internal and external experts, and adjusted as appropriate for new circumstances. Actual costs incurred in future periods could differ from the estimates. Additionally, future changes to environmental laws and regulations, life-of-asset estimates and discount rates used could affect the carrying amount of this provision. As a result, the liabilities that we report can vary if our assessment of the expected expenditures changes.

5.5 Provisionally priced revenue from spot sales

Certain of the group's spot sales are provisionally priced at the reporting date as the final sales price for these sales are not settled until a predetermined future date based on the average iron ore price at that time. Revenue from these sales is initially recognised at the current market rate on the bill of lading date, being the date that the revenue recognition criteria is met.

Provisionally priced sales are marked to market with reference to the Platts IODEX price at each reporting date. The forward market for iron ore is not considered sufficiently liquid and therefore the closing iron ore price for the month is assumed to continue into the following month for the purposes of calculating the provisionally priced revenue transactions.

5.6 Estimation of deemed gross sales value of revenue for calculating mineral royalty

In terms of the Mineral and Petroleum Resources Royalty Act No 28 of 2008 and the Mineral and Petroleum Resources Royalty Administration Act No 29 of 2008, the specified condition for iron ore used to calculate the mining royalty payable is deemed to have been extracted at a 61.5% Fe specified condition. Management is required to make certain judgements and estimates in determining the gross sales value of the ore extracted at the group's mines.

5.7 Property, plant and equipment (owned and leased)

In determining the depreciable amount, management makes certain assumptions with regard to the residual value of assets based on the expected estimated amount that the group would currently obtain from disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. If an asset is expected to be abandoned, the residual value is estimated at zero.

The estimation of the useful life of the asset is a matter of judgement based on the experience of the group with similar assets. In determining the useful life of items of property, plant and equipment that is depreciated, management considers the expected usage of assets, expected physical wear and tear, legal or similar limits of assets such as mineral rights as well as obsolescence.

This estimate is further impacted by management's best estimation of proved and probable iron ore reserves and the expected future life of each of the mines within the group. The forecast production could be different from the actual iron ore mined. This would generally result from significant changes in the factors or assumptions used in estimating iron ore reserves.

These factors could include:
- changes in proved and probable iron ore reserves
- differences between achieved iron ore prices and assumptions
- unforeseen operational issues at mine sites
- changes in capital, operating, mining, processing, reclamation and logistics costs, discount rates and foreign exchange rates

Any change in management's estimate of the useful lives and residual values of assets would impact the depreciation charge. Any change in management's estimate of the total expected future life of each of the mines would impact the depreciation charge as well as the estimated rehabilitation and decommissioning provisions.

5.8 Waste stripping costs

The rate at which costs associated with the removal of overburden or waste material is capitalised as development costs or charged as an operating cost is calculated per component of each mine, using management's best estimates of the:
- average life-of-component stripping ratio
- total expected production over the life-of-asset

The average life-of-asset stripping ratio is recalculated when a new life-of-asset plan is designed and approved for use in light of additional knowledge and changes in estimates. Any change in management's estimates would impact the stripping costs capitalised and depreciation of the related asset.

Principal accounting policies continued

for the year ended 31 December 2022

5. Significant accounting judgements and estimates continued

5.9 Ore Reserve and Mineral Resource estimates

Ore Reserve and Mineral Resource estimates are estimates of the amount of ore that can be economically and legally extracted from the group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the group's reported financial position and results, in the following way:

- provisions for environmental rehabilitation and decommissioning provision may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities
- capitalised waste stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios
- depreciation charges in the statement of profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change
- the recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets

The group estimates its Ore Reserves and Mineral Resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity and product prices, future capital requirements, transport costs, discount rates, production costs, decommissioning and environmental rehabilitation costs along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The group estimates and reports Ore Reserves and Mineral Resources in line with the principles contained in the SAMREC Code – 2016 edition.

Sishen's remaining life-of-asset increased by one year in 2022, mainly due to the collaborations with emerging miner that has extended Sishen's life-of-asset (2022: 18 years to 2040, compared to 2021: 18 years to 2039) and for Kolomela, the remaining life-of-asset remains unchanged (2022: 12 years to 2034, compared to 2021: 13 years to 2034).

6. Other accounting judgements and estimates

6.1 Consolidation of special purpose entities (SPEs)

The group sponsors the formation of SPEs primarily to hold Kumba shares for the benefit of employees. SPEs are consolidated when the substance of the relationship between the group and the SPE indicates control. As it can sometimes be difficult to determine whether the group controls an SPE, management makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question.

6.2 Leases

Identification of non-lease components

In instances where the consideration for mining service contracts is not split for lease and non-lease components, the group estimates the amounts. The contract lease component is estimated as the costs incurred to bring the underlying mining equipment onto site (i.e. site establishment costs) and the costs incurred to remove the mining equipment from site (i.e. site destablishment costs) at the end of the lease agreement.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise, or not to exercise, an extension option. Extension options are only included in the lease term for instances where the group is reasonably certain that it will extend or will not terminate the lease when the lease expires. For all leases, the most relevant factor includes historical lease durations, related costs and the possible business disruption as a result of replacement of the leased asset.

The group continuously assesses the occurrence of a significant event or a significant change in circumstances that is within the control of the group, which affects the lease term.

Determining the incremental borrowing rate
Interest rate implicit in leases is not available, therefore, the group uses the relevant incremental borrowing rate (IBR) to measure its lease liabilities. The IBR is estimated to be the interest rate that the group would pay to borrow:

- over a similar term
- with similar security
- the amount necessary to obtain an asset of a similar value to the right-of-use asset
- in a similar economic environment

The IBR, therefore, is considered to be the best estimate of the incremental rate and requires management's judgement as there are no observable rates available.

6.3 Going concern

Management considers key financial metrics and loan covenant compliance in its approved medium-term budgets, together with its existing term facilities, to conclude that the going concern assumption used in the compiling of its annual financial statements is appropriate.

6.4 Segmental reporting

In applying IFRS 8 *Operating segments*, management makes judgements with regard to the identification of reportable operating segments of the group in a manner consistent with the internal reporting provided to the CODM.

6.5 Equity-settled share-based payment reserve

Management makes certain judgements in respect of selecting appropriate fair value option pricing models to be used in estimating the fair value of the various share-based payment arrangements in respect of employees and SPEs. Judgements and assumptions are also made in calculating the variable elements used as inputs in these models. The inputs that are used in the models include, but are not limited to, the expected vesting period and related conditions, share price, dividend yield, share option life, risk-free interest rate and annualised share price volatility (refer to note 22).

6.6 Cash and cash equivalents

Certain of the group's short-term cash deposits, included in cash and cash equivalents, are placed with subsidiaries of the ultimate holding company, and funds are drawn down from these entities when required. In determining the presentation of the cash deposits, management makes certain judgements which mainly consider the short-term lead time to access the cash deposits. The funds are readily available and can be accessed and withdrawn within a period of one to two days. As a result, the group accounts for these short-term deposits as cash and cash equivalents within the consolidated financial statements.

For the purpose of presentation on the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, including amounts drawn down from interest-bearing facilities.

KUMBA IRON ORE LIMITED GROUP

Statement of financial position

as at 31 December

Rand million	Notes	2022	2021
Assets			
Property, plant and equipment	2	**43,029**	43,233
Right-of-use assets	3	**267**	393
Biological assets		**34**	31
Investments held by environmental trust	4	**796**	795
Investment in associate		**50**	50
Long-term prepayments and other receivables	5	**365**	166
Inventories	6	**7,245**	4,349
Deferred tax assets	11	**1**	1
Non-current assets		**51,787**	49,018
Inventories	6	**8,529**	6,781
Trade and other receivables	7	**5,190**	7,366
Current tax assets		**729**	793
Cash and cash equivalents	8	**16,424**	17,925
Current assets		**30,872**	32,865
Total assets		**82,659**	81,883
Equity			
Shareholders' equity		**41,046**	44,617
Non-controlling interests	23	**12,771**	13,841
Total equity		**53,817**	58,458
Liabilities			
Lease liabilities	3	**157**	275
Provisions	10	**2,700**	2,595
Deferred tax liabilities	11	**10,529**	10,526
Non-current liabilities		**13,386**	13,396
Lease liabilities	3	**147**	146
Interest-bearing borrowings	9	**6,791**	—
Provisions	10	**145**	221
Trade and other payables	12	**8,005**	9,011
Contract liabilities	12	**199**	389
Current tax liabilities		**169**	262
Current liabilities		**15,456**	10,029
Total liabilities		**28,842**	23,425
Total equity and liabilities		**82,659**	81,883

Statement of profit or loss

for the year ended 31 December

Rand million	Notes	2022	2021
Revenue	13	**74,032**	102,092
Operating expenses	14	**(41,668)**	(42,441)
Impairment charge	2	**(5,411)**	–
Expected credit losses on financial assets	7	**(73)**	(143)
Operating profit		**26,880**	59,508
Finance income	18	**377**	779
Finance costs	18	**(485)**	(285)
Profit before taxation		**26,772**	60,002
Taxation	19	**(7,117)**	(16,345)
Profit for the year		**19,655**	43,657
Attributable to:			
Owners of Kumba		**14,968**	33,266
Non-controlling interests		**4,687**	10,391
		19,655	43,657
Earnings per share attributable to the ordinary equity holders of Kumba (Rand per share)			
Basic	20	**46.64**	103.67
Diluted	20	**46.54**	103.37

Statement of other comprehensive income

for the year ended 31 December

Rand million	2022	2021
Profit for the year	**19,655**	43,657
Other comprehensive income for the year[1]	**713**	827
Exchange differences on translation of foreign operations	**713**	827
Total comprehensive income for the year	**20,368**	44,484
Attributable to:		
Owners of Kumba	**15,512**	33,897
Non-controlling interests	**4,856**	10,587
	20,368	44,484

[1] *There is no tax attributable to items included in other comprehensive income and all items will subsequently be reclassified to profit or loss.*

Statement of changes in equity

for the year ended 31 December

Rand million		Share capital and share premium	Treasury shares	Equity-settled share-based payments reserve	FCTR	Retained earnings	Share-holders' equity	Non-control-ling interests	Total equity
	Notes	21	21	22				23	
Balance at 31 December 2020		367	(485)	285	1,158	46,121	47,446	14,744	62,190
Net movement in treasury shares under employee share incentive schemes		—	(220)	—	—	—	(220)	—	(220)
Equity-settled share-based payment expenses		—	—	212	—	—	212	—	212
Vesting of shares under employee share incentive schemes		—	148	(174)	—	26	—	—	—
Total comprehensive income for the year		—	—	—	631	33,266	33,897	10,587	44,484
Dividends paid		—	—	—	—	(36,718)	(36,718)	(11,490)	(48,208)
Balance at 31 December 2021		367	(557)	323	1,789	42,695	44,617	13,841	58,458
Net movement in treasury shares under employee share incentive schemes		**—**	**(232)**	**—**	**—**	**—**	**(232)**	**—**	**(232)**
Equity-settled share-based payment expenses		**—**	**—**	**216**	**—**	**—**	**216**	**—**	**216**
Vesting of shares under employee share incentive schemes		**—**	**171**	**(184)**	**—**	**13**	**—**	**—**	**—**
Total comprehensive income for the year		**—**	**—**	**—**	**544**	**14,968**	**15,512**	**4,856**	**20,368**
Dividends paid		**—**	**—**	**—**	**—**	**(19,067)**	**(19,067)**	**(5,926)**	**(24,993)**
Balance at 31 December 2022		**367**	**(618)**	**355**	**2,333**	**38,609**	**41,046**	**12,771**	**53,817**

Dividend per share

Rand	**2022**	2021
Interim	**28.70**	72.70
Final[1]	**16.30**	30.50
Total	**45.00**	103.20

[1] *The final dividend for 2022 was declared subsequent to the year end and is presented for information purposes only.*

Equity-settled share-based payment reserve

The equity-settled share-based payment reserve comprises the value of services rendered that has been settled through the issue of shares or share options.

FCTR

The FCTR comprises all foreign exchange differences arising from the translation of the financial results of foreign operations to the presentation currency of Kumba.

Statement of cash flows

for the year ended 31 December

Rand million	Notes	2022	2021
Cash flows from operating activities			
Cash receipts from customers		**76,650**	103,644
Cash paid to suppliers and employees		**(41,815)**	(38,674)
Cash generated from operations	24	**34,835**	64,970
Finance income received	25	**413**	751
Finance expense paid	25	**(325)**	(175)
Taxation paid	26	**(7,132)**	(16,602)
		27,791	48,944
Cash flows utilised in investing activities			
Additions to property, plant and equipment	28	**(11,084)**	(6,253)
Acquisition of financial asset at fair value through profit or loss		**—**	(10)
Acquisition of interest in associate		**—**	(50)
Proceeds from disposal of property, plant and equipment		**23**	44
		(11,061)	(6,269)
Cash flows utilised in financing activities			
Interest-bearing borrowings raised	9	**6,716**	—
Purchase of treasury shares	21	**(232)**	(220)
Dividends paid to owners of Kumba	27	**(19,067)**	(36,718)
Dividends paid to non-controlling shareholders	27	**(5,926)**	(11,490)
Payment of lease liabilities		**(158)**	(139)
		(18,667)	(48,567)
Net decrease in cash and cash equivalents		**(1,937)**	(5,892)
Cash and cash equivalents at the beginning of the year	8	**17,925**	22,707
Foreign currency exchange gains on cash and cash equivalents		**436**	1,110
Cash and cash equivalents at the end of the year	8	**16,424**	17,925

Notes to the annual financial statements

for the year ended 31 December

1. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Kumba Executive Committee.

The Kumba Executive Committee considers the business principally according to the nature of the products and services provided, with the identified segments each representing a strategic business unit. 'Other' segment comprises corporate, administration and other expenditure not allocated to the reported segments.

The total reported segment revenue comprises revenue from external customers and is measured in a manner consistent with that disclosed in the statement of profit or loss. The performance of the operating segments is assessed based on earnings before interest, tax, depreciation and amortisation (EBITDA), before taking into account any impairment charges or reversals, which is considered to be a more appropriate measure of profitability for the group's business. Finance income and finance costs are not allocated to segments as the treasury activity is managed on a central group basis.

Total segment assets comprise finished product and WIP inventories only, which are allocated based on the operations of the segment and the physical location of the asset.

Certain costs included in the determination of adjusted EBITDA are considered to be significant and have, therefore, been reported per segment for the group as a whole. These costs include depreciation of property, plant and equipment, impairment charge, staff costs, net movement in raw materials and consumables, net movement in finished product and WIP inventories, contractors' expenses, transportation and selling costs, shipping services rendered, petroleum products, repairs and maintenance and mineral royalty. The disclosure in the prior year segment report has been updated to include the above-mentioned items of expenses.

	Products[1]		Services			
Rand million	Sishen mine	Kolomela mine	Logistics[2]	Shipping operations	Other	Total
2022						
Statement of profit or loss						
Total external revenue	48,913	17,911	–	7,208	–	74,032
Adjusted EBITDA[3]	34,456	11,952	(6,710)	173	(2,560)	37,311
Significant items in the statement of profit or loss:						
Depreciation	3,181	1,592	–	–	247	5,020
Impairment charge	–	5,411	–	–	–	5,411
Staff costs	3,577	1,314	42	–	1,596	6,529
Raw materials and consumables	1,813	659	–	–	–	2,472
Net movement in finished product and WIP inventories	(3,963)	(670)	–	–	–	(4,633)
Contractors' expenses	2,633	1,639	–	–	861	5,133
Transportation and selling costs	–	–	6,668	–	–	6,668
Shipping services rendered	–	–	–	7,035	–	7,035
Petroleum products	3,235	680	–	–	8	3,923
Repairs and maintenance	2,845	794	–	–	5	3,644
Mineral royalty	935	541	–	–	6	1,482
Statement of financial position						
Total segment assets	8,624	4,751	485	–	–	13,860
Statement of cash flows						
Additions to property, plant and equipment:						
Expansion capital expenditure	2,903	1,074	–	–	–	3,977
SIB capital expenditure	2,526	2,069	–	–	–	4,595
Deferred stripping	1,585	927	–	–	–	2,512

1 *Derived from extraction, production and selling of iron ore.*
2 *No revenue is reported for this segment as its performance is reviewed with reference to volumes railed and rail tariffs achieved.*
3 *This constitutes pro forma financial information in terms of the Listings Requirements of the JSE Limited and should be read in conjunction with the basis of preparation. Refer to supplementary non-IFRS financial measures on* page 123 to 124.

1. Segmental reporting continued

Rand million	Products[1] Sishen mine	Kolomela mine	Services Logistics[2]	Shipping operations	Other	Total
2021						
Statement of profit or loss						
Total external revenue	67,612	27,511	—	6,969	—	102,092
Adjusted EBITDA	51,446	21,254	(7,060)	505	(1,587)	64,558
Significant items in the statement of profit or loss:						
Depreciation	3,327	1,521	8	—	194	5,050
Staff costs	3,141	1,179	37	—	1,263	5,620
Raw materials and consumables[3]	1,705	473	—	—	—	2,178
Net movement in finished product and WIP inventories[3]	(1,067)	(634)	—	—	—	(1,701)
Contractors' expenses[3]	2,101	1,464	—	—	740	4,305
Transportation and selling costs[3]	—	—	7,068	—	—	7,068
Shipping services rendered[3]	—	—	—	6,464	—	6,464
Petroleum products[3]	2,027	502	—	—	1	2,530
Repairs and maintenance[3]	2,320	698	—	—	2	3,020
Mineral royalty[3]	2,617	1,553	—	—	1	4,171
Statement of financial position						
Total segment assets	4,857	4,082	483	—	—	9,422
Statement of cash flows						
Additions to property, plant and equipment:						
Expansion capital expenditure	988	400	—	—	—	1,388
SIB capital expenditure	2,290	848	—	—	2	3,140
Deferred stripping	814	911	—	—	—	1,725

1 *Derived from extraction, production and selling of iron ore.*
2 *No revenue is reported for this segment as its performance is reviewed with reference to volumes railed and rail tariffs achieved.*
3 *The disclosure in the comparative segment report has been updated to include all other material items of expenses to provide a better understanding of material expenses that impact on the profit measure.*

Reconciliation of reportable segments' assets to inventories:

Rand million	Note	2022	2021
Finished product		**3,943**	2,563
WIP		**9,917**	6,859
Segment assets		**13,860**	9,422
Plant spares and stores		**1,914**	1,708
Balance per statement of financial position	6	**15,774**	11,130

Reconciliation of operating profit to adjusted EBITDA:

Rand million	2022	2021
Operating profit per statement of profit or loss	**26,880**	59,508
Add back:		
Depreciation	**5,020**	5,050
EBITDA	**31,900**	64,558
Add back:		
Impairment charge	**5,411**	—
Adjusted EBITDA	**37,311**	64,558

Notes to the annual financial statements continued

for the year ended 31 December

1. Segmental reporting continued

Geographical analysis of revenue and non-current assets:

Rand million	2022	2021
Sale of iron ore	**68,447**	93,570
Services rendered – shipping	**7,208**	6,969
Revenue from other sources	**(1,623)**	1,553
Total external revenue	**74,032**	102,092
Geographical analysis of revenue		
Domestic – South Africa	**1**	237
Export	**74,031**	101,855
China	**37,109**	43,257
Rest of Asia	**13,504**	24,645
Europe	**22,796**	33,627
Middle East and North Africa	**622**	131
Americas	**—**	195
Total external revenue	**74,032**	102,092

All non-current assets, excluding investments in associates and joint ventures, are located in South Africa.

Customer analysis:

Of the total external revenue, 14% (2021: 15%) was attributable to one customer. Other customers each accounted for less than 10% of the external revenue. The group's products are sold primarily to industrial customers.

2. Property, plant and equipment

Rand million	Land	Mineral properties	Residential buildings	Buildings and infrastructure	Machinery, plant and equipment	Mineral exploration, site preparation and development	Assets under construction	Total
2022								
Cost								
Balance at the beginning of the year	350	621	3,608	7,071	41,665	20,033	7,059	80,407
Additions (refer to note 28)	–	–	–	130	1,697	2,609	5,714	10,150
Capital acquisitions	–	–	–	130	1,697	97	5,714	7,638
Deferred stripping	–	–	–	–	–	2,512	–	2,512
Borrowings costs capitalised	–	–	–	–	–	–	19	19
Changes in decommissioning provision (refer to note 10)	–	–	–	–	(12)	–	–	(12)
Disposals and scrapping	–	–	–	–	(286)	–	–	(286)
Transfers between asset classes	–	–	–	54	549	–	(603)	–
Balance at 31 December 2022	**350**	**621**	**3,608**	**7,255**	**43,613**	**22,642**	**12,189**	**90,278**
Accumulated depreciation								
Balance at the beginning of the year	–	428	1,349	2,905	26,738	5,731	–	37,151
Depreciation	–	11	123	374	2,993	1,352	–	4,853
Disposals and scrapping	–	–	–	–	(189)	–	–	(189)
Balance at 31 December 2022	**–**	**439**	**1,472**	**3,279**	**29,542**	**7,083**	**–**	**41,815**
Impairment								
Balance at the beginning of the year	–	–	–	–	23	–	–	23
Impairment charge	–	43	300	550	1,833	1,221	1,464	5,411
Balance at 31 December 2022	**–**	**43**	**300**	**550**	**1,856**	**1,221**	**1,464**	**5,434**
Carrying amount at 31 December 2022	**350**	**139**	**1,836**	**3,426**	**12,215**	**14,338**	**10,725**	**43,029**

Notes to the annual financial statements continued

for the year ended 31 December

2. Property, plant and equipment continued

Rand million	Land	Mineral properties	Residential buildings	Buildings and infrastructure	Machinery, plant and equipment	Mineral exploration, site preparation and development	Assets under construction	Total
2021								
Cost								
Balance at the beginning of the year	350	621	3,634	6,840	40,631	18,308	2,508	72,892
Additions (refer to note 28)	–	–	–	–	–	1,725	6,283	8,008
Capital acquisitions	–	–	–	–	–	–	6,283	6,283
Deferred stripping	–	–	–	–	–	1,725	–	1,725
Changes in decommissioning provision (refer to note 10)	–	–	–	1	1	–	(5)	(3)
Disposals and scrapping	–	–	–	–	(490)	–	–	(490)
Transfers between asset classes	–	–	(26)	230	1,523	–	(1,727)	–
Balance at 31 December 2021	350	621	3,608	7,071	41,665	20,033	7,059	80,407
Accumulated depreciation								
Balance at the beginning of the year	–	413	1,211	2,529	24,025	4,526	–	32,704
Depreciation	–	15	146	369	3,168	1,205	–	4,903
Transfers between asset classes	–	–	(8)	7	1	–	–	–
Disposals and scrapping	–	–	–	–	(456)	–	–	(456)
Balance at 31 December 2021	–	428	1,349	2,905	26,738	5,731	–	37,151
Impairment charge								
Balance at the beginning of the year	–	–	–	–	23	–	–	23
Balance at 31 December 2021	–	–	–	–	23	–	–	23
Carrying amount at 31 December 2021	350	193	2,259	4,166	14,904	14,302	7,059	43,233

Impairment of assets

Kumba produces iron ore at Sishen and Kolomela mines in the Northern Cape province, each of which is considered capable of generating independent cash inflows and is therefore a separate CGU. The group's individual assets and the CGUs were assessed for indicators of impairment at the reporting date.

At 31 December 2022, revisions to the forecast production volume profile and cost increases in the latest life-of-asset plan for Kolomela CGU were identified as an indicator of potential impairment.

A valuation model was therefore prepared to assess the recoverable amount of the Kolomela CGU. The valuation model was prepared based on accounting policy 5.1 above,and applies a nominal post-tax discount rate of 14.1%. The recoverable amount, determined on a DCF basis using a fair value less costs of disposal valuation model, amounted to R11.9 billion. The carrying amount of the CGU at 31 December 2022 was R17.3 billion, which exceeded the recoverable amount by R5.4 billion (R3.9 billion after tax). As a result, an impairment charge has been recorded against property, plant and equipment to bring the carrying value in line with the recoverable amount of R11.9 billion. The DCF valuation uses unobservable inputs along with group assumptions of risk, cash flows and discount rate, and is considered level 3 in accordance with the fair value hierarchy of IFRS 13 *Fair value measurements*.

The valuation is inherently sensitive to changes in economic and operational assumptions, particularly the forecast iron ore prices and the forecast average Rand/US$ rate. The model uses long-term forecast iron ore prices and Rand/US$ foreign exchange rates which fall within the analyst range throughout the model. The long-term forecast iron ore prices from 2027 onwards falls within the second quartile of the analyst price range of $70/tonne to $82/tonne (Platts 62% CFR reference basis, 2022 real basis). The forecast average Rand/US$ nominal exchange rate falls within the analyst range of R15/US$1 to R20/US$1.

In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in base case key assumptions, principally forecast iron ore prices and Rand/US$ foreign exchange rates. If the future iron ore prices were reduced by 10% from 2023, with all other assumptions remaining the same, this would result in an incremental impairment charge of R7.8 billion. Compared to the base case valuation assumptions, a 10% appreciation of the Rand would result in an incremental impairment charge of R6.9 billion.

Borrowing costs

During the year, R19 million of borrowing costs was capitalised on qualifying assets to property, plant and equipment. A weighted average capitalisation rate of 6% was applied.

Other disclosure

The group generated proceeds from disposal of items of property, plant and equipment of R23 million (2021: R44 million).

The estimated replacement value of assets for insurance purposes and assets under construction at cost amounts to R88 billion (2021: R84 billion).

A register of land and buildings is available for inspection at the registered office of the Company.

None of the assets are encumbered as security for any of the group's liabilities, nor is the title to any of the assets restricted.

Rand million	2022	2021
Capital commitments		
Capital commitments include all items of capital expenditure for which specific Board approval has been obtained up to statement of financial position date. Capital expenditure will be financed principally from cash generated from operations.		
Capital expenditure still in the study phase of the project pipeline for which specific Board approvals have not yet been obtained are excluded.		
Capital expenditure contracted for plant and equipment	**4,188**	2,858
Capital expenditure authorised for plant and equipment but not contracted	**4,771**	7,568

Notes to the annual financial statements continued

for the year ended 31 December

3. Leases

This note provides information for leases where the group is a lessee.

Amounts recognised in the statement of financial position:

(a) Right-of-use assets:

Rand million	Residential buildings	Buildings and infrastructure	Machinery, plant and equipment	Total
2022				
Cost				
Balance at the beginning of the year	**349**	**101**	**239**	**689**
Additions	**41**	**—**	**—**	**41**
Balance at 31 December 2022	**390**	**101**	**239**	**730**
Accumulated depreciation				
Balance at the beginning of the year	**111**	**74**	**111**	**296**
Depreciation	**86**	**19**	**62**	**167**
Balance at 31 December 2022	**197**	**93**	**173**	**463**
Carrying amount at 31 December 2022	**193**	**8**	**66**	**267**
2021				
Cost				
Balance at the beginning of the year	362	79	212	653
Additions	84	22	28	134
Early termination of lease agreements	(97)	—	(1)	(98)
Balance at 31 December 2021	349	101	239	689
Accumulated depreciation				
Balance at the beginning of the year	70	50	68	188
Depreciation	79	24	44	147
Early termination of lease agreements	(38)	—	(1)	(39)
Balance at 31 December 2021	111	74	111	296
Carrying amount at 31 December 2021	238	27	128	393

The right-of-use assets in relation to the leased properties do not meet the definition of an investment property.

3. Leases continued

(b) Lease liabilities:

Rand million	2022	2021
Balance at the beginning of the year	**421**	514
New leases capitalised during the year	**41**	134
Early termination of lease agreements	**—**	(88)
Lease payments made during the year	**(197)**	(187)
Finance costs	**39**	48
Balance at the end of the year	**304**	421
Current	**147**	146
Non-current	**157**	275
Balance at the end of the year	**304**	421

Amounts recognised in the statement of profit or loss:

Rand million	Note	2022	2021
Depreciation on right-of-use asset		**167**	147
Interest expense on leases[1]	18	**39**	48
Lease expenses relating to low-value assets		**5**	24
Expenses relating to short-term leases		*****	*
Variable lease payments[2]		**1,374**	635
Income from sub-leasing of right-of-use assets		**(53)**	(44)
Net effect		**1,532**	810

[1] *Included in finance costs.*
[2] *The group's contract mining lease agreements include fixed and variable payments. The payments are expressed as a rate paid per tonne drilled or hauled. The payments are dependent on the production profile for the year.*
* *The total amount is less than R1 million.*

Refer to notes 30 and 34.3 for future lease commitments.

Amounts recognised in the statement of cash flows:

Total cash outflow for leases in 2022 was R197 million (2021: R187 million), including R39 million (2021: R48 million) for finance costs (refer to note 18).

The group's leases consist mainly of leasing of buildings and mining equipment. With the exception of leases of low-value underlying assets, each lease which meets the requirements of IFRS 16 *Leases* is reflected on the statement of financial position as a right-of-use asset and a lease liability. Lease payments for such leases are fixed. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and the related right-of-use asset.

The group classifies and depreciates its right-of-use assets in a consistent manner to its property, plant and equipment (see note 2).

Notes to the annual financial statements continued

for the year ended 31 December

4. Investments held by environmental trust

Rand million	2022	2021
Balance at the beginning of the year	795	656
Movement in investment in environmental trusts comprising:	1	139
Gain on return of investments	1	139
Balance at the end of the year	**796**	795

The trust's investment activities are managed by Old Mutual Investment Group (South Africa) Proprietary Limited and M&G Investments (South Africa) Retirement Fund Limited. The trust aims to achieve its objectives by investing in unit trust instruments that hold a diversified portfolio of equity and debt securities of predominantly South African listed companies, as well as South African sovereign and corporate debt through various instruments. Each mine's portfolio is managed separately according to each individual mine's risk and life-of-asset profile.

The movement in the environmental trust includes fair value movements as well as dividend and interest income, where applicable. The movement has been recognised as net finance gains/losses in the statement of profit or loss (refer to note 17).

These investments may only be utilised for the purposes of settling decommissioning and rehabilitation obligations relating to the group's mining operations. The investment returns are reinvested by the trust. Refer to note 10 for the environmental rehabilitation and decommissioning provisions.

5. Long-term prepayments and other receivables

Rand million	2022	2021
Prepayments	307	104
Other receivables[1]	58	62
Balance at the end of the year	**365**	166

Maturity profile of long-term prepayments and other receivables	2022	2021
1 to 2 years	214	19
2 to 5 years	63	88
More than 5 years	36	5
	313	112

[1] *This amount includes R52 million (2021: R54 million) for a long-term receivable measured at FVTPL which does not have a maturity date and therefore is not included in the maturity analysis.*

6. Inventories

Rand million	2022	2021
Finished products	**3,943**	2,563
Work-in-progress (WIP)	**9,917**	6,859
Plant spares and stores	**1,914**	1,708
Total inventories	**15,774**	11,130
Non-current portion of WIP inventories	**7,245**	4,349
Current portion of inventories	**8,529**	6,781
Total inventories	**15,774**	11,130

During the year, the provision for potentially non-recoverable WIP inventory increased to R979 million (2021: R784 million) and the slow-moving plant spares and stores provision decreased to R302 million (2021: R312 million). The net inventory write-down of R185 million (2021: R170 million) has been recognised in the statement of profit or loss (refer to note 14).

No inventories were encumbered during the year.

WIP inventory which will not be processed within the next 12 months is presented as non-current.

Change in estimate for inventory valuation

As reported in 2021, the feasibility study for the ultra-high dense media separation (UHDMS) technology completed during 2021 indicates that certain material that was previously classified as waste and therefore no value ascribed to it, can now be processed into saleable product and has therefore been recognised as inventory in the statement of financial position. However, the portion of this material which was mined before the completion of the feasibility study has no value ascribed to it on the statement of financial position. Historically, these stockpiles had not expected to be processed, due to the limited processing capacity, for the determination of normal production capacity in terms of IAS 2 *Inventories*.

The group reassessed the valuation methodology for WIP inventories to ensure that costs are appropriately allocated to WIP and finished product inventories. As a result, the cost allocation method was changed from a volume-based costing method to a yield-based method.

The financial impact of this change at 31 December 2022 is summarised below:

Rand million	Volume-based costing	Impact of change (increase/ (decrease))	Yield-based costing
Impact on the statement of financial position:			
WIP inventory[1]	**9,196**	**721**	**9,917**
Finished product inventory[1]	**3,863**	**80**	**3,943**
Deferred stripping[2]	**2,739**	**(227)**	**2,512**
Total	**15,798**	**574**	**16,372**
Impact on the statement of profit or loss:			
Net increase in WIP and finished product inventory			**801**
Decrease in deferred stripping			**(227)**
Net increase in profit after tax attributable to the owners of Kumba			**315**
Rand per share			
Net increase in earnings per share attributable to the owners of Kumba			**0.98**

1 *The net increase in inventory of R801 million includes R1,557 million in respect of the capitalisation of the lower grade ore which can now be processed as a result of the UHDMS technology, offset by a decrease of R756 million due to a change in valuation on existing inventory.*
2 *The reclassification of the new WIP material from waste to ore has resulted in a change in stripping ratios of certain components from which the new WIP material was mined. Thus, the capitalised stripping costs has decreased during the period.*

The impact on future periods is impractical to estimate and therefore not disclosed.

Notes to the annual financial statements continued

for the year ended 31 December

7. Trade and other receivables

Rand million	2022	2021
Trade receivables	2,748	4,917
Trade receivables at amortised cost	262	221
Trade receivables at FVTPL[1]	2,486	4,696
Provision for credit losses – trade receivables	(229)	(210)
Net trade receivables	2,519	4,707
Other receivables[2]	2,715	2,545
Provision for credit losses – other receivables	(304)	(250)
Net trade and other receivables	4,930	7,002
Prepayments	127	99
Prepaid shipping costs	133	265
Balance at the end of the year	**5,190**	7,366

[1] *This amount includes variation margin accounts of R231 million (2021: R300 million).*
[2] *Other receivables mainly comprise a VAT receivable of R2,015 million (2021: R1,697 million), and sundry receivables of R605 million (2021: R737 million).*

Credit risk

Kumba is largely exposed to the credit risk relating to end-user customers within the steel manufacturing industry. As part of its approach to working capital management, Kumba uses debtor discounting arrangements. These arrangements are on a non-recourse basis, hence the related trade receivables are derecognised from the group's statement of financial position. Refer to note 34 for detailed disclosure regarding the group's approach to credit risk management.

Significant concentrations of credit risk

Of the total outstanding trade receivables balance of R2,748 million (2021: R4,917 million), R2,120 million (2021: R2,642 million) or 77% (2021: 54%) consists of individual end-user customers with an outstanding balance in excess of 5% of the total trade receivables balance at 31 December 2022.

More than 91% (2021: 93%) of the group's customers have been transacting with the group for over five years, and none of these customers' balances have been written off or are impaired at the end of the reporting period. In monitoring customers' credit risk, the group assesses its customers on an individual basis. The group considers each customer's credit characteristics, their geographical location, industry, trading history with the group and existence of previous financial difficulties.

The historical level of customer default is minimal and current observable data indicates that there is no material future default. As a result, the credit quality of trade receivables is considered to be high.

Rand million	2022	2021
Trade receivables credit risk exposure by geographical area[1]		
South Africa	**5**	11
Europe	**904**	1,321
Asia	**1,610**	3,375
	2,519	4,707
Trade receivables credit risk exposure by currency[1]		
Rand	**5**	11
US Dollar	**2,514**	4,696
	2,519	4,707
Ageing of trade receivables (gross)		
Not past due	**2,526**	4,713
Past due 31 to 60 days	**—**	—
Past due 61 to 90 days	**—**	—
Past due more than 90 days	**222**	204
	2,748	4,917
Expected credit loss rate (%) for trade receivables measured at amortised cost		
Not past due	**18**	55
Past due 31 to 60 days	**—**	—
Past due 61 to 90 days	**—**	—
Past due more than 90 days	**100**	100

[1] *Net amount after deducting expected credit losses.*

Trade receivables are non-interest-bearing and are generally on terms of 30 days. Refer to note 34.1 for the trade and other receivables classification.

The group's export trade receivables internal ratings range from secured to moderate risk, while the external ratings of BBB- to BB (2021: BB- to A+), based on Standard & Poor's (S&P) Global and Moody's Investors Service ratings. The domestic customers internal ratings range from secured to moderate risk, and externally BBB- (2021: BB- to A+). A provision for credit losses of R229 million (2021: R210 million) was raised against trade receivables. The group uses a provision matrix to calculate expected credit losses for trade receivables which incorporates forward-looking information. The group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 days. Trade and other receivables that have been outstanding for a period longer than 90 days or where there is a dispute, were considered and provided accordingly.

An additional expected credit loss of R54 million (2021: R149 million) was raised during the year against other receivables. The increase in the expected credit loss is mainly due to an increase in the balance owed by one of the sundry debtors provided for.

Set out below is the movements in the allowance for expected credit losses on trade and other receivables:

Rand million	2022	2021
Balance at the beginning of the year	**460**	317
Movement in expected credit losses raised during the year	**73**	143
Trade receivables	**19**	(6)
Other receivables	**54**	149
Balance at the end of the year	**533**	460

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8. Cash and cash equivalents

Cash and cash equivalents

Rand million	2022	2021
Balance at the end of the year	**16,424**	17,925

Included in cash and cash equivalents is an amount of R1,737 million (2021: R2,857 million) held to cover initial margins under derivative contracts. On termination of the derivative contracts, the underlying positions will be closed, with an insignificant impact on the initial margin value, as the variation margin is settled daily.

Short-term cash deposits of R13,786 million (2021: R13,575 million) were placed with subsidiaries of the ultimate holding company during the year under review (refer to note 33). The group held deposits amounting to R396 million (31 December 2021: R357 million) which are subject to statutory restrictions and are therefore not available for general use by the group.

Rand million	2022	2021
Currency analysis of cash and cash equivalents		
Rand	**442**	4,186
US Dollar	**15,976**	13,731
Euro	**—**	1
Other	**6**	7
	16,424	17,925

Refer to note 34 for detailed disclosure regarding the group's approach to liquidity risk management.

9. Interest-bearing borrowings

Rand million	2022	2021
Current interest-bearing borrowings	**6,791**	—
	6,791	—
Reconciliation		
Balance at the beginning of the year	**—**	—
Borrowings raised during the year	**6,716**	—
Interest payable	**75**	
	6,791	—

9. Interest-bearing borrowings continued

Rand million	Maturity date	Interest rate at 31 December	Facility	Outstanding balance 2022	Outstanding balance 2021
Unsecured loans					
Revolving syndicated facility at a variable interest rate of JIBAR plus a margin which varies based on the period of the borrowing (committed)[1, 2, 4]	2024	2022 JIBAR + 185bps 2021 Not applicable	8,000	**750**	—
Revolving syndicated facility at a variable interest rate of JIBAR plus a margin which varies based on the period of the borrowing (committed)[2, 4]	2024	2022 JIBAR + 185bps 2021 Not applicable	8,000	**750**	—
Call loan facility at floating call rates (uncommitted)[2]	Open	2022 JIBAR + 185 bps 2021 Not applicable	8,200	**5,216**	—
Short-term working capital financing facilities[3]	2023	2022 LIBOR + margin[5] 2021 Not applicable	22,022	**—**	—
Total			46,222	**6,716**	—

1 *R750 million was drawn down in 2022 (2021: Rnil) from this facility which is held with a related party (refer to note 33).*
2 *The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank (SARB) has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated its initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. ZARONIA has been published for the purposes of observing the rate and how it behaves, but has not been formally adopted by the SARB as the successor rate to JIBAR. Accordingly, there is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group.*
3 *These facilities consist of a US$700 million (R11.8 billion) committed facility and a US$600 million (R10.2 billion) uncommitted facility which were concluded during the year. These were undrawn at 31 December 2022.*
4 *The outstanding borrowing balances are payable during 2023.*
5 *The margin varies from 45bps to 155bps depending on the value of the facility.*

The group's debt facilities consist of a committed R16 billion (2021: R8 billion) revolving credit facilities which mature in 2024. At 31 December 2022, R1.5 billion of the committed facilities had been drawn down. The group's debt facilities also include uncommitted facilities of R8.2 billion (2021: R8.2 billion). At 31 December 2022, R5.2 billion of the uncommitted facilities had been drawn down.

The committed facilities are reviewed and monitored bi-annually. The uncommitted facility is callable on demand. Refer to note 34.3 for details on financial covenants contained in the group's revolving credit facilities.

Committed revolving credit facilities of US$700 million (R11.8 billion) and uncommitted facilities of US$600 million (R10.2 billion) were concluded by SIOC's subsidiaries (Kumba Singapore Pte Limited and Kumba International Trading Limited) during the period to fund their working capital requirements. These debt facilities, placed with a subsidiary of the ultimate holding company, are reviewed on an annual basis. SIOC, the parent company, will provide guarantees in favour of the lender for amounts drawn under these facilities, up to a maximum of US$820 million (R13.9 billion). The committed and uncommitted facilities were undrawn at 31 December 2022.

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10. Provisions

Rand million	Employee benefits cash-settled share-based payments	Environ-mental rehabilitation	Decom-missioning	Other	Total
2022					
Non-current provisions	**55**	**2,325**	**320**	**—**	**2,700**
Current provisions	**—**	**145**	**—**	**—**	**145**
Total provisions	**55**	**2,470**	**320**	**—**	**2,845**
Balance at beginning of year	**55**	**2,415**	**321**	**25**	**2,816**
Unwinding of discount (refer to note 25)	**—**	**92**	**12**	**—**	**104**
(Decrease)/increase in provision charged to the statement of profit or loss	**16**	**(11)**	**(12)**	**—**	**(7)**
Unused amounts reversed	**—**	**—**	**—**	**(25)**	**(25)**
Capitalised to property, plant and equipment (refer to note 2)	**—**	**27**	**(1)**	**—**	**26**
Exchange differences on translation	**1**	**—**	**—**	**—**	**1**
Utilised during the year	**(17)**	**(53)**	**—**	**—**	**(70)**
Balance at 31 December 2022	**55**	**2,470**	**320**	**—**	**2,845**
Expected timing of future cash flows					
Within 1 year	**—**	**145**	**—**	**—**	**145**
2 to 5 years	**55**	**—**	**—**	**—**	**55**
More than 5 years	**—**	**2,325**	**320**	**—**	**2,645**
	55	**2,470**	**320**	**—**	**2,845**
Estimated undiscounted obligation	**55**	**5,018**	**868**	**—**	**5,941**
2021					
Non-current provisions	55	2,219	321	—	2,595
Current provisions	—	196	—	25	221
Total provisions	55	2,415	321	25	2,816
Balance at beginning of year	49	2,334	341	—	2,724
Unwinding of discount (refer to note 25)	—	95	15	—	110
(Decrease)/increase in provision charged to the statement of profit or loss	9	(73)	(33)	25	(72)
Capitalised to property, plant and equipment (refer to note 2)	—	59	(2)	—	57
Exchange differences on translation	1	—	—	—	1
Utilised during the year	(4)	—	—	—	(4)
Balance at 31 December 2021	55	2,415	321	25	2,816
Expected timing of future cash flows					
Within 1 year	—	196	—	25	221
2 to 5 years	55	—	—	—	55
More than 5 years	—	2,219	321	—	2,540
	55	2,415	321	25	2,816
Estimated undiscounted obligation	55	4,451	770	25	5,301

10. Provisions continued

Cash-settled share-based payments

At 31 December 2022, the provision represented share awards of Anglo American plc shares made by the group to certain employees.

Environmental rehabilitation

Provision is made for environmental rehabilitation costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are reviewed regularly and adjusted as appropriate for new circumstances.

Decommissioning

The decommissioning provision relates to decommissioning of property, plant and equipment where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted.

Funding of environmental rehabilitation and decommissioning (refer to note 4)

The group funds the environmental rehabilitation and decommissioning obligations through a combination of the investment held by the Kumba Iron Ore Rehabilitation Trust and financial guarantees (refer to note 29). The carrying value of the investment held by the Trust amounted to R796 million at 31 December 2022 (2021: R795 million).

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10. Provisions continued

Significant accounting estimates and assumptions

The measurement of the environmental rehabilitation and decommissioning provisions is a key area for which management's judgement is required. Closure provisions are measured at the present value of the expected future cash flows required to perform the rehabilitation and decommissioning. This calculation requires the use of certain estimates and assumptions when determining the amount and timing of the future cash flows and the discount rate. Closure provisions are updated at each reporting date for changes in the estimates of the amount or timing of future cash flows, inflationary changes in the expected cash flows, utilisation of prior year provisions and changes in the discount rate. The life-of-asset plan on which accounting estimates are based only includes Proved and Probable Ore Reserves as disclosed in Kumba's annual Ore Reserves and Mineral Resources statement.

The resultant changes in the provisions are summarised as follows:

Rand million	Environmental rehabilitation	Decom-missioning	Total
Change in provision	**(37)**	**(13)**	**(50)**
Revised estimates of closure costs	258	41	299
Utilisation of short-term provision	(54)	—	(54)
Impact of increases in discount rates	(211)	(45)	(256)
Life-of-asset changes	(30)	(9)	(39)

The decrease in the environmental rehabilitation provision, excluding the unwinding of the discount, was mainly due to increases in the discount rates for both mines, offset by the impact of inflationary and footprints increases. The discount rate for Sishen mine increased by 0.7% to 5% (2021: 4.3%) and the discount rate for Kolomela mine increased by 0.8% to 4.5% (2021: 3.7%), both in real terms.

The R13 million decrease in the decommissioning provision resulted in a decrease in property, plant and equipment of R13 million, while the environmental rehabilitation provision decreased by R37 million as a result of changes in discount rates and life-of-asset, offset by an increase of R27 million in respect of rehabilitation for assets under construction and inflationary changes. The movement in the rehabilitation provision, net of the R27 million, was recognised in the statement of profit or loss, increasing profits attributable to the owners of Kumba by R5 million (2021: R40 million decrease). The change in estimate had an insignificant effect on profit or earnings per share of R0.02 (increase) (2021: R0.12 decrease).

The carrying value of the closure provisions is sensitive to the estimates and assumptions used in its measurement. If the real discount rates for Sishen and Kolomela mines had been 1% higher than management's estimate, the group would have decreased the provision by R302 million (2021: R298 million). On the other hand, if the discount rate had been 1% lower than management's estimate, the group would have increased the current provision by R361 million (2021: R359 million).

11. Deferred tax

Rand million	2022	2021
Deferred tax assets		
Reconciliation		
Balance at the beginning of the year	**1**	1
Balance at the end of the year	**1**	1
Expected timing:		
Deferred tax assets to be recovered in the foreseeable future	**1**	1
Total deferred tax assets	**1**	1
Deferred tax assets attributable to the following temporary differences:		
Estimated tax losses	**1**	1
Total deferred tax assets	**1**	1

There were no unused tax losses for which deferred tax asset was recognised at 31 December 2022 (2021: Rnil).

Rand million	2022	2021
Deferred tax liabilities		
Reconciliation:		
Balance at the beginning of the year	**10,526**	9,586
Prior year adjustment	**436**	(21)
Change in tax rate	**(385)**	—
Current year charge	**(48)**	961
Balance at the end of the year	**10,529**	10,526
Deferred tax liabilities attributable to the following temporary differences:		
Property, plant and equipment	**11,533**	11,586
Environmental rehabilitation provision	**(667)**	(676)
Decommissioning provision	**(81)**	(84)
Environmental rehabilitation trust asset	**215**	223
Leave pay accrual	**(115)**	(110)
Share-based payments	**216**	197
Provisions[1]	**(525)**	(508)
Prepayments	**35**	16
Lease liabilities	**(82)**	(118)
Total deferred tax liabilities	**10,529**	10,526

[1] *This line comprises the following provisions: bad debts, holiday bonus, annual bonus and diesel.*

The group has noted the decrease in the South African corporate tax rate from 28% to 27% and the limitation on future utilisation of assessed losses to 80% of taxable income, both effective from 1 April 2023, as announced in February 2022. The change in the tax rate has resulted in the deferred tax for the period being recognised at 27%.

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12. Trade and other payables and contract liabilities

Rand million	2022	2021
Trade payables	6,077	7,234
Other payables[1]	1,498	1,380
Leave pay accrual	430	397
Total trade and other payables (excluding contract liabilities)	8,005	9,011
Contract liabilities[2]	199	389
Total trade and other payables (including contract liabilities)	8,204	9,400
Currency analysis of trade and other payables and contract liabilities		
Rand	7,049	6,763
US Dollar	1,153	2,388
Other	2	249
	8,204	9,400

[1] *Other payables mainly comprise a short-term incentive accrual of R474 million (2021: R414 million), unclaimed dividends of R316 million (2021: R285 million) and sundry payables of R833 million (2021: R597 million).*

[2] *The full amount of R389 million in relation to the contract liabilities at 31 December 2021 was recognised as revenue during 2022.*

Trade payables are non-interest-bearing and are generally on 60-day payment terms.

13. Revenue

Rand million	2022	2021
Sale of iron ore	68,447	93,570
Services rendered – shipping	7,208	6,969
Total revenue from contracts with customers	75,655	100,539
Revenue from other sources[1]	(1,623)	1,553
Total revenue as per statement of profit or loss	74,032	102,092
Geographical analysis of revenue from contracts with customers		
Domestic – South Africa	1	237
Export	75,654	100,302
China	31,024	38,249
Rest of Asia	20,920	28,007
Europe	23,165	33,718
Middle East and North Africa	545	132
Americas	—	196
Total revenue from contracts with customers	75,655	100,539

[1] *Revenue from other sources comprises net losses on financial instruments of R1,397 million (2021: R164 million) and subsequent movements in provisionally priced sales of R226 million (net loss) (2021: R1,717 million (net gain)).*

Revenue from contracts with customers comprises sales of iron ore and shipping services rendered.

13. Revenue continued

Disaggregation of revenue from contracts with customers:

Rand million	Products		Services	
	Sishen mine	Kolomela mine	Shipping operations	Total
2022				
Total segment revenue (refer to note 1)	**48,913**	**17,911**	**7,208**	**74,032**
Less: Revenue from other sources	**1,156**	**467**	**—**	**1,623**
Revenue from contracts with customers	**50,069**	**18,378**	**7,208**	**75,655**
2021				
Total segment revenue	67,612	27,511	6,969	102,092
Less: Revenue from other sources	(1,079)	(474)	—	(1,553)
Revenue from contracts with customers	66,533	27,037	6,969	100,539

Notes to the annual financial statements continued

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14. Operating expenses

Rand million	Notes	2022	2021
Cost by nature:			
Raw materials and consumables		**2,472**	2,178
Net movement in finished product and WIP inventories		**(4,633)**	(1,701)
Inventory write-down to net realisable value		**185**	170
Contractors' expenses		**5,133**	4,305
Deferred stripping costs capitalised		**(2,512)**	(1,725)
Staff costs		**6,529**	5,620
Salaries and wages		**5,683**	4,741
Equity-settled share-based payments		**216**	212
Cash-settled share-based payments		**16**	12
Termination benefits		**18**	84
Pension and medical aid contributions	16	**596**	571
Mineral royalty		**1,482**	4,171
Transportation and selling costs		**6,668**	7,068
Shipping services rendered		**7,035**	6,464
Sub-lease rentals received		**(53)**	(44)
Depreciation of property, plant and equipment		**5,020**	5,050
Mineral properties		**11**	15
Residential buildings		**123**	146
Buildings and infrastructure		**374**	369
Machinery, plant and equipment		**2,993**	3,168
Mineral exploration, site preparation and development		**1,352**	1,205
Right-of-use assets	3	**167**	147
Repairs and maintenance		**3,644**	3,020
Legal fees		**20**	15
Professional fees		**315**	203
Auditors' remuneration		**15**	13
Audit fees		**13**	11
Other services		**2**	2
Insurance cost		**208**	170
Technical services and project studies		**295**	25
Lease expenses	3	**1,379**	659
Other expenses[1]		**2,936**	2,700
Petroleum products		**3,923**	2,530
Net loss/(profit) on disposal and scrapping of property, plant and equipment		**74**	(10)
Net finance (gains)/losses	17	**(209)**	215
Energy costs		**587**	521
Own work capitalised[2]		**(89)**	(129)
Corporate costs		**1,244**	953
Total operating expenses		**41,668**	42,441

[1] *The description was changed from 'general expenses' to 'other expenses' to align with the nature of the expenses. 'Other expenses' includes administrative expenses, hire of equipment, shuttle services and general labour.*

[2] *Relates to operating expenses incurred during the year that were capitalised to property, plant and equipment. These costs met the qualifying criteria for capitalisation.*

15. Other items included in operating profit

Rand million	2022	2021
Operating profit includes the following amounts:		
Staff costs (excluding directors' and prescribed officers' remuneration)	**6,445**	5,528
Employee expenses	**6,195**	5,220
Net restructuring costs	**18**	84
Share-based payment expenses	**232**	224
Directors' emolument (refer to note 35)	**31**	36
Executive directors	**22**	28
Emoluments received as directors of the Company	**16**	17
Bonuses and cash incentives	**6**	11
Non-executive directors – emoluments received as directors of the Company	**9**	8
Prescribed officers' remuneration (excluding executive directors – refer to note 35)	**53**	56
Operating sub-lease rentals received		
Property	**(53)**	(44)

16. Employee benefits: defined contribution funds

16.1 Retirement fund

At the end of 2022 and 2021, the following independent funds providing pension and other benefits were in existence:

- Kumba Iron Ore Selector Pension and Provident Funds
- Iscor Employees Umbrella Provident Fund

Members pay contributions of 7% and an employer's contribution of 12% is expensed as incurred. All funds are governed by the South African Pension Funds Act of 1956. Membership of each fund and employer contributions to each fund were as follows:

	2022		2021	
	Working members (number)	Employer contributions (Rand million)	Working members (number)	Employer contributions (Rand million)
Kumba Iron Ore Selector Pension and Provident Funds	**3,041**	**225**	2,854	210
Iscor Employees Umbrella Provident Fund	**2,882**	**138**	2,907	135
Total	**5,923**	**363**	5,761	345

Due to the nature of these funds, the accrued liabilities equate to the total assets under control of these funds.

16.2 Medical funds

The group contributes to medical aid schemes for the benefit of permanent employees and their dependants. The contributions charged against income amounted to R233 million (2021: R226 million). The group has no obligation to fund post-retirement medical aid contributions for current or retired employees.

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17. Net finance (gains)/losses

Rand million	2022	2021
Finance (gains)/losses recognised in operating profit		
Net foreign currency (gains)/losses[1]	(210)	375
Net fair value losses/(gains) on financial assets measured at FVTPL[2]	1	(160)
Net finance (gains)/losses	**(209)**	215

[1] *This amount consists of R329 million realised gains on foreign currency and R119 million unrealised losses on foreign currency.*
[2] *This amount includes a R1 million fair value gain on investments held by the environmental trust (refer to note 4) and a R2 million fair value loss on a long-term loan receivable measured at FVTPL.*

18. Net finance costs/(income)

Rand million	Notes	2022	2021
Interest expense		361	127
Interest expense on leases	3	39	48
Unwinding of discount on provisions	10	104	110
Capitalisation of borrowing costs	2	(19)	—
Total interest expense		485	285
Interest received on cash and cash equivalents		(377)	(779)
Net finance costs/(income)		**108**	(494)

19. Taxation

Rand million	2022	2021
Taxation expense		
Current taxation	7,114	15,405
Deferred taxation	3	940
	7,117	16,345
Charges to the statement of profit or loss		
South African normal taxation		
Current year	7,030	14,326
Prior year	(326)	(58)
Foreign taxation[1]		
Current year	410	1,137
Income taxation	7,114	15,405
Deferred taxation		
Current year	(48)	961
Rate change[2]	(385)	—
Prior year	436	(21)
	7,117	16,345
Reconciliation of taxation rates	%	%
Taxation as a percentage of profit before taxation	26.6	27.3
Taxation effect of:		
Disallowable expenditure[3]	(0.1)	—
Rate difference between South African and foreign subsidiaries[1]	0.6	0.7
Change in corporate tax rate	1.4	—
Prior year overprovision	(0.4)	—
Equity-settled share-based payments	(0.1)	—
Standard taxation rate	28.0	28.0

[1] *This relates to tax incurred in the United Kingdom where the tax rate is 19% and Singapore where the tax rate is 17%.*
[2] *Refer to note 11 for detail on the rate change.*
[3] *This relates mostly to consulting and donations.*

Notes to the annual financial statements continued

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20. Earnings and headline earnings per share

Attributable earnings per share is calculated by dividing the profit or loss attributable to shareholders of Kumba by the weighted average number of ordinary shares in issue for the year, excluding ordinary shares purchased by the group and held as treasury shares.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the employee share incentive schemes. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the Company's shares based on the monetary value of the subscription rights attached to the outstanding share options.

Rand million	2022	2021
Profit attributable to equity holders of Kumba	**14,968**	33,266
Number of shares		
Weighted average number of ordinary shares in issue	**320,896,643**	320,881,702
Potential dilutive effect of outstanding share options[1]	**747,114**	945,299
Diluted weighted average number of ordinary shares in issue	**321,643,757**	321,827,001

[1] *The dilution adjustment of 747,114 shares at 31 December 2022 (2021: 945,299) is a result of the share options granted under the various employee share incentive schemes. Refer to Annexure 3 for details of the group's share option schemes.*

Reconciliation of headline earnings

The calculation of HEPS is based on the basic earnings per share calculation adjusted for the following items:

	2022		2021	
Rand million	Gross adjustment	Net attributable	Gross adjustment	Net attributable
Profit attributable to equity holders of Kumba	**14,968**	**14,968**	33,266	33,266
Impairment charge	**5,411**	**3,023**	—	—
Net loss/(gain) on disposal and scrapping of property, plant and equipment	**74**	**40**	(10)	(6)
	20,453	**18,031**	33,256	33,260
Taxation effect of adjustments	**(1,470)**	**—**	3	—
Non-controlling interest in adjustments	**(952)**	**—**	1	—
Headline earnings	**18,031**	**18,031**	33,260	33,260

Rand	2022	2021
Attributable earnings per share		
Basic	**46.64**	103.67
Diluted	**46.54**	103.37
Headline earnings per share		
Basic	**56.19**	103.65
Diluted	**56.06**	103.35

21. Share capital and share premium (including treasury shares)

Number of shares	2022	2021
Authorised		
Ordinary shares of R0.01 each	**500,000,000**	500,000,000
Issued		
Ordinary shares of R0.01 each	**322,085,974**	322,085,974
Reconciliation of issued shares		
Number of shares at the beginning of the year	**322,085,974**	322,085,974
Number of shares at the end of the year	**322,085,974**	322,085,974
Reconciliaiton of shares held in reserve (unissued shares)		
Authorised shares at the beginning of the year not issued	**177,914,026**	177,914,026
Unissued shares	**177,914,026**	177,914,026

No new shares were issued during 2022 and 2021.

The unissued shares are under the control of the directors of Kumba until the next annual general meeting. All issued shares are fully paid up. There are no rights, preferences or restrictions attached to these shares.

Reconciliation of treasury shares held

Number of shares	2022	2021
Balance at the beginning of the year	**1,202,700**	1,486,238
Purchased during the year	**441,924**	306,197
Issued to employees under the Bonus Share Plan (BSP), Bonus and Retention Share Plan (BRP), the Long-Term Incentive Plan (LTIP), Performance Share Plan (PSP) and the SIOC Employee Benefit Scheme ('Karolo')	**(476,012)**	(589,735)
Number of treasury shares at the end of the year	**1,168,612**	1,202,700

All treasury shares are held in respect of employee share schemes and are available for utilisation for the purposes of these schemes, as disclosed in note 22. At 31 December 2022, all treasury shares were held as conditional share awards under the BSP, BRP, LTIP, PSP, as well as Karolo.

Total treasury shares purchased during the year were acquired by the SIOC Employee Benefit Trust (217,922 shares) and SIOC, a subsidiary of Kumba (224,002 shares). No treasury shares reverted to authorised but unissued during the year.

Rand million	2022	2021
Reconciliation of share capital and premium (net of treasury shares)		
Balance at the beginning of the year	**(190)**	(118)
Net movement in treasury shares under employee share incentive schemes	**(61)**	(72)
Purchase of treasury shares under employee share incentive schemes[1]	**(232)**	(220)
Shares issued to employees under employee share incentive schemes	**171**	148
Balance at the end of the year	**(251)**	(190)
Comprises:		
Share capital	**3**	3
Share premium	**364**	364
Treasury shares	**(618)**	(557)
Balance at the end of the year	**(251)**	(190)

[1] *The average price paid for the purchase of the shares in 2022 was R536.43 per share (2021: R597.70 per share).*

Notes to the annual financial statements continued

for the year ended 31 December

22. Equity-settled share-based payment reserve

Rand million	2022	2021
Balance at the beginning of the year	323	285
Equity-settled share-based payment expense	216	212
Employee share incentive schemes:		
Karolo	108	106
BSP	7	31
PSP	26	38
LTIP	—	(4)
BRP	75	41
Vesting of shares under employee share incentive schemes	(184)	(174)
Balance at the end of the year	355	323

Refer to Annexure 3: Equity-settled share-based payment schemes for the description, detailed movements and valuation assumptions for each share scheme for the year under review.

23. Non-controlling interests

Rand million	2022	2021
Balance at the beginning of the year	13,841	14,744
Profit for the year	4,687	10,391
Exxaro Resources Limited	4,075	9,037
SIOC Community Development Trust	612	1,354
Dividends paid	(5,926)	(11,490)
Exxaro Resources Limited	(5,153)	(9,993)
SIOC Community Development Trust	(773)	(1,497)
Interest in movement in equity reserves	169	196
Foreign currency translation reserve	169	196
Balance at the end of the year	12,771	13,841

Details relating to non-controlling interests are disclosed in note 33.

24. Cash generated from operations

Rand million	2022	2021
Operating profit	26,879	59,508
Adjusted for:		
Depreciation of property, plant, equipment and right-of-use assets	5,020	5,050
Movement in provisions	(65)	(16)
Unrealised foreign currency revaluations and fair value adjustments	(41)	(79)
Loss/(profit) on disposal and scrapping of property, plant and equipment	74	(10)
Impairment charge	5,411	—
Movement in non-current financial assets and prepayments	(194)	2
Equity-settled share-based payment expenses	216	212
Cash flows from operations	37,300	64,667
Working capital movements		
Increase in inventories	(4,641)	(1,538)
Decrease in trade and other receivables	2,618	1,552
(Decrease)/increase in trade and other payables	(442)	289
	34,835	64,970

25. Net finance income received

Rand million	Notes	2022	2021
Net finance (expense)/income per the statement of profit or loss		(108)	494
Adjusted for:			
Notional interest on provisions	10	104	110
Borrowing costs capitalised	2	(19)	—
Movement in interest receivable		36	(28)
Movement in interest payable		75	—
		88	576
Finance income received		413	751
Finance cost paid		(325)	(175)
		88	576

26. Taxation paid

Rand million	2022	2021
Taxation (assets)/liabilities at the beginning of the year	(531)	616
Income taxation per the statement of profit or loss (refer to note 19)	7,114	15,405
Translation of taxation for foreign operations	(11)	50
Taxation assets at the end of the year	560	531
Taxation paid per the statement of cash flows	7,132	16,602
Comprising normal taxation:		
South Africa	6,640	15,531
Foreign operations	492	1,071
	7,132	16,602

27. Dividends paid

Rand million	2022	2021
Dividends paid to owners of Kumba	19,067	36,718
Dividends paid to non-controlling shareholders	5,926	11,490
Total dividends per the statement of changes in equity	24,993	48,208

28. Additions to property, plant and equipment

Rand million	2022	2021
Investment to expand operations	3,181	2,566
Investments to maintain operations	4,457	3,717
Deferred stripping costs capitalised	2,512	1,725
Total capital expenditure for the year	10,150	8,008
Decrease/(increase) in capital creditors[1]	934	(1,755)
Additions per the statement of cash flows	11,084	6,253

[1] *This amount relates to capital expenditure incurred during the year which had not been paid as at the reporting date, net of any prior year capital expenditure paid during the year.*

Notes to the annual financial statements continued

for the year ended 31 December

29. Guarantees and regulatory update

29.1 Guarantees

Rand million	2022	2021
Environmental trust closure liability guarantees obtained in favour of the Department of Mineral Resources and Energy (DMRE)	**4,815**	4,079
Guarantees obtained in favour of BNP Paribas for iron ore swaps trading activities[1]	**—**	319
Operational guarantees obtained in favour of the DMRE	**20**	41
	4,835	4,439

[1] *The guarantees were cancelled during the year.*

Environmental obligations

Total guarantees provided in favour of the DMRE in respect of the group's undiscounted environmental closure liabilities at 31 December 2022 were R4.8 billion (2021: R4.1 billion). Guarantees amounting to R293 million in respect of the 2021 shortfall were provided in favour of the DMRE in May 2022. Undiscounted closure costs increased by R719 million during the year. This, partially offset by a R1 million increase in the trust fund investment and additional guarantees provided during the year amounting to R443 million, has resulted in a shortfall of R275 million which will be addressed in due course.

29.2 Regulatory update

National Environmental Management Act (NEMA)

The Minister of Environment, Forestry and Fisheries has determined that requirements for making financial provision to manage, rehabilitate and remediate environmental impacts from mining operations will be regulated under NEMA and no longer under the current Mineral and Petroleum Resource Development Act. This agreement has been formalised by amending the relevant environmental, water and mining legislation. The financial provisioning regulations were published on 20 November 2015, and further proposed material amendments were gazetted on 10 November 2017, 17 May 2019 and 30 August 2021. The effective date for NEMA regulations has been extended to 19 September 2023. These amendments are expected to result in provision of additional funding for the undiscounted closure costs.

30. Commitments

Lease commitments

This relates to future cash outflows that Kumba is exposed to that are not reflected in the measurement of the lease liabilities. This includes exposure from variable lease payments for certain equipment items and lease payments for low-value equipment items.

Rand million	2022	2021
The undiscounted future cash outflows not reflected in the measurement of the lease liabilities are as follows:		
Plant and equipment		
Within 1 year	**57**	175
Between 1 and 2 years	**2**	57
Between 2 to 5 years	**—**	2
Total lease commitments	**59**	234

Shipping commitments

Refer to note 33 for the group's shipping commitments to its fellow subsidiary, Anglo American Shipping Pte Limited.

31. Contingent liabilities

As previously reported, during 2018, the South African Revenue Service (SARS) issued the group with additional income tax assessments, covering the 2012 to 2014 years of assessments, relating to a tax audit on the deductibility of certain expenditure incurred. The group objected to these assessments after consultation with external tax and legal advisers. SARS disallowed the objection.

On 21 February 2019, the group submitted an appeal against this outcome, which was referred to alternative dispute resolution (ADR) proceedings in an attempt to resolve the matter. The ADR proceedings were terminated on 20 February 2020, after which the group submitted a notice to SARS wherein the group confirmed that it wished to proceed with the appeal to the Tax Court. On 18 August 2020, SARS filed its statement of grounds of assessment and opposing appeal, after which the group filed its statement of grounds of appeal on 21 October 2020. The trial commenced in May 2022 and was completed in June 2022. Judgment on this matter is expected to be delivered in the first half of 2023.

On 14 September 2020, SARS informed the group it intended to audit the 2015 to 2018 years of assessments (audit). As the 2015 year of assessment has prescribed, it will be excluded from the audit. The appeal and the audit concern the same subject matter. The result of the appeal is likely to be determinative of a substantial number, if not all, of the issues to be traversed in the audit. SARS has therefore agreed to hold the audit in abeyance pending the outcome of the appeal to the Tax Court.

Based on the external legal and tax advice obtained, the group believes that these matters have been appropriately treated in the results for the year ended 31 December 2022.

32. Events after the reporting period

32.1 Dividends

A final cash dividend of R16.30 per share was declared by the Board on 20 February 2023 from profits accrued during the financial year ended 31 December 2022. The total cash dividend for the year amounted to R45.00 per share. The estimated total cash flow of the final Kumba dividend, payable on 20 March 2023, is R5.2 billion.

32.2 Other

The directors are not aware of any other matters or circumstances arising since the end of the year and up to the date of this report, not otherwise dealt with in this report.

Notes to the annual financial statements continued

for the year ended 31 December

33. Related-party transactions

During the year, the Company and its subsidiaries, in the ordinary course of business, entered into various sales and purchases of goods and service transactions with the group's related parties, as detailed below. The effect of these transactions is included in the results of the group.

Shareholders

The principal shareholders of the Company are detailed under shareholder analysis on pages 120 to 122.

Ultimate holding company

Anglo American plc is the group's ultimate holding company, through its 100% held subsidiary Anglo South Africa Proprietary Limited.

Subsidiaries of ultimate holding company

The Company regularly transacts with its fellow subsidiaries. The most significant transactions are the shipping arrangements entered into with Anglo American Shipping Private Limited (and Anglo American Marketing Limited, until 2021), the clearing of funds being repatriated to South Africa that are placed on short-term deposit with Anglo American Capital Proprietary Limited and corporate office recharges for services performed.

Anglo American SA Finance Limited acts as an agent for the Company and the group in respect of all foreign exchange transactions and performs a back office treasury function for the group. Short-term cash deposits are placed with the entity, and funds are drawn down from this entity in the form of borrowings when required, resulting in both interest paid and interest received from Anglo American SA Finance Limited.

Holding company

Anglo South Africa Proprietary Limited holds a 69.71% interest in the Company (2021: 69.71%).

Fellow subsidiaries

The Company regularly transacts with Anglo Corporate Services South Africa Proprietary Limited in respect of centralised services provided to Anglo American group companies.

Subsidiaries of the Company

Details of investments in and loans to subsidiaries are disclosed in Annexure 1.

Associates and joint ventures

Details of investments in associates and joint ventures are disclosed in Annexure 2.

Entities with significant influence over Sishen Iron Ore Company Proprietary Limited (SIOC)

Exxaro is SIOC's 20.37% (2021: 20.62%) black economic empowerment shareholder, representing Exxaro's legal shareholding in SIOC. Details of dividends paid to Exxaro as well as its proportionate share of earnings for the year are detailed in note 23.

Special purpose entities (SPEs)

The group controls the following SPEs which are consolidated:

Entity	Nature of business
Kumba Iron Ore Rehabilitation Trust	Trust fund for mine closure
Kumba BSP Trust	Share incentive scheme administrator
SIOC Employee Benefit Trust (Karolo)	Share incentive scheme administrator
SIOC Employee Share Ownership Trust (Semela)	Share incentive scheme administrator

Directors, senior management and prescribed officers

Details relating to the Company's directors' and the group's Executive Committee's and prescribed officers' remuneration and shareholdings (including share options) are disclosed in note 35.

33. Related-party transactions continued

Related-party transactions

Rand million	2022	2021
Anglo American SA Finance Limited		
Short-term deposit held with Anglo American SA Finance Limited		
– Deposit	–	3,717
– Weighted average interest rate (%)	5.30	3.76
Interest earned during the year[1]	182	736
Interest receivable	–	36
Uncommitted facilities held with Anglo American SA Finance Limited	8,200	8,200
Utilised portion of the uncommitted facility (note 9)	5,216	–
Interest incurred during the year	107	–
Interest payable	27	–
Anglo American Capital plc		
Short-term deposit held with Anglo American Capital plc		
– Deposit	13,786	9,858
Committed debt facilities held with Anglo American Capital plc	11,858	–
Uncommitted debt facilities held with Anglo American Capital plc	10,164	–
Interest earned on facility during the year	141	–
Anglo Corporate Services South Africa Proprietary Limited		
Purchase of goods and services: Corporate operations (including shared services)	774	517
Insurance receivable	100	36
Trade payables	1,095	778
Long-term receivables	130	80
Anglo American Marketing Limited		
Cash and cash equivalents held with Anglo American Marketing Limited	1,737	2,857
Trade receivables	195	369
Sale of goods	1,108	926
Purchases of goods and services	272	134
Shipping services provided by Anglo American Marketing Limited	–	804
Anglo American Shipping Pte Limited		
Shipping services provided by Anglo American Shipping Pte Limited	7,036	5,856
Trade payables	269	152
Anglo American Rand Capital		
Committed debt facilities held with Anglo American Rand Capital	8,000	–
Utilised portion of the committed facility (note 9)	750	–
Interest incurred during the year	24	–
Interest payable	24	–
Anglo South Africa Proprietary Limited		
Dividends paid to Anglo South Africa Proprietary Limited	13,293	25,597
Exxaro Resources Limited		
Dividends paid to Exxaro Resources Limited	5,153	9,991
Purchase of goods and services[2]	76	10

[1] *Interest was earned at an average rate of 5.30% (2021: 3.76%) on cash deposits held with Anglo American SA Finance Limited.*
[2] *Goods purchased and services incurred from Exxaro Resources Limited consisted of ferrosilicon purchases and directors' fees.*

Notes to the annual financial statements continued

for the year ended 31 December

33. Related-party transactions continued

Shipping services commitments

Rand million	2022	2021
Future commitments under contracts for affreightment are as follows:		
Within 1 year	**2,423**	2,065
1 to 2 years	**655**	1,360
2 to 5 years	**151**	613
	3,229	4,038

Anglo American Shipping Pte Ltd enters into contracts of affreightment with shipping service providers and then enters into back-to-back arrangements with Kumba in respect of all the contracts on the same terms and conditions. The commitments disclosed above represent the group's future commitments to both entities.

SIOC is the only consolidated subsidiary with non-controlling interests. SIOC is incorporated in South Africa.

Entities with significant non-controlling interests

These non-controlling interests are as follows:

Exxaro Resources Proprietary Limited	20.37%	(2021: 20.62%)
SIOC Community Development Trust	3.06%	(2021: 3.09%)

The non-controlling interests in the consolidated financial statements are as follows:

Rand million	2022	2021
Profit for the year allocated to non-controlling interests	**4,687**	10,391
Accumulated non-controlling interests at the end of the year	**12,771**	13,841

Summarised financial information of SIOC

Rand million	2022	2021
Statement of profit or loss		
Revenue	**61,311**	84,509
Operating expenses	**(32,965)**	(34,174)
Impairment charge	**(5,411)**	—
Expected credit losses on financial assets	**(76)**	(143)
Operating profit	**22,859**	50,192
Net financing (costs)/income	**(221)**	472
Income from investments	**3,617**	1,564
Profit before taxation	**26,255**	52,228
Taxation	**(6,697)**	(15,230)
Profit for the year	**19,558**	36,998
Statement of financial position		
Non-current assets	**55,926**	50,559
Current assets	**17,812**	19,195
Total assets	**73,738**	69,754
Shareholders' equity	**46,070**	49,003
Non-current liabilities	**13,494**	13,515
Current liabilities	**14,174**	7,236
Total equity and liabilities	**73,738**	69,754
Statement of cash flows		
Cash flows from operating activities	**23,294**	44,639
Cash flows utilised in investing activities	**(11,061)**	(6,288)
Cash flows utilised in financing activities	**(15,964)**	(48,347)
Net decrease in cash and cash equivalents	**(3,731)**	(9,996)

34. Financial risk management

The group is exposed to credit risk, liquidity risk and market risk (currency, interest rate and commodity price risk) from the use of financial instruments. Overall responsibility for establishment and oversight of the risk management framework rests with the Board of directors. The Board, through its various sub-committees, is responsible for the development, monitoring and communication of the processes for managing risk across the group.

The group maintains an integrated, enterprise-wide risk management programme. The group applies a logical, systematic and repetitive methodology to identify, analyse, assess, treat and monitor all risks, whether they are insurable or not. The risk management process is continuous, with well-defined steps that support better decision-making by contributing a greater insight into risks and their impacts. Risks from all sources are identified and once they pass the materiality threshold, a formal process begins in which various factors and consequences are identified and the correlation with other risks and the current risk mitigating strategy is reviewed. One of the challenges is to ensure that mitigating strategies are geared to deliver reliable and timely risk information to support better decision-making.

The risk assessment and reporting criteria are designed to provide the Executive Committee, via the Management Risk Committee and the Board, with a consistent, enterprise-wide perspective of the key risks. The reports, which are submitted monthly to the Executive Committee and quarterly to the management and the Board, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness, risk appetite and tolerance.

In conducting its review of the effectiveness of risk management, the Board considers the key findings from the ongoing monitoring and reporting processes within the combined assurance framework as well as from management. The Board also takes into account material changes and trends in the risk profile and considers whether the control system, including reporting, adequately supports the Board in achieving its risk management objectives.

SIOC, in conjunction with Anglo American SA Finance Limited, provides a treasury function to the group, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the group's operations.

The group utilises derivative instruments to manage certain market risk exposures, however, it chooses not to designate derivatives as hedges for accounting purposes. Such derivatives are classified as FVTPL and the fair value movements are recorded in the group's statement of profit or loss.

These derivatives allow the group to more closely align prices achieved from sales transactions with reference prices set by the group. The iron ore derivatives are entered into by the group's marketing team. Each derivative is linked to a sale made to a customer. Margin accounts are used to manage the risk related to the derivatives. These margin deposits serve as collateral for the open iron ore derivative position. The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to the Executive Committee.

The initial margins under derivative contracts, which are required to be held at trading exchanges, are included in cash and cash equivalents, refer to note 8.

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management continued

34.1 Measurement basis of financial instruments

Rand million	Notes	FVTPL[1]	Amortised cost	Total
2022				
Financial assets				
Investments held by the environmental trust	4	**796**	**–**	**796**
Trade receivables[2]	7	**2,486**	**33**	**2,519**
Long-term other receivables	5	**52**	**–**	**52**
Equity investments at fair value through profit or loss (FVTPL)	5	**10**	**–**	**10**
Other receivables (excluding VAT and prepayments)	7	**–**	**833**	**833**
Cash and cash equivalents	8	**–**	**16,424**	**16,424**
Financial liabilities				
Lease liabilities	3	**–**	**(304)**	**(304)**
Interest-bearing borrowings	9	**–**	**(6,791)**	**(6,791)**
Trade payables	12	**–**	**(6,077)**	**(6,077)**
Other payables	12	**–**	**(1,424)**	**(1,424)**
		3,344	**2,694**	**6,038**
2021				
Financial assets				
Investments held by the environmental trust	4	795	–	795
Trade receivables[2]	7	4,696	11	4,707
Long-term other receivables	5	54	–	54
Equity investments at FVTPL	5	10	–	10
Other receivables (excluding VAT and prepayments)	7	–	1,112	1,112
Cash and cash equivalents	8	–	17,925	17,925
Financial liabilities				
Lease liabilities	3	–	(421)	(421)
Trade payables	12	–	(7,234)	(7,234)
Other payables	12	–	(1,777)	(1,777)
		5,555	9,616	15,171

[1] *These financial assets and financial liabilities are mandatorily measured at FVTPL.*
[2] *Trade receivables measured at amortised cost are after taking into account the provision for expected credit losses.*

34. Financial risk management continued

34.2 Credit risk

Credit risk is the risk of financial loss to the group if a counterparty to a financial instrument fails to meet its contractual obligations. The group is exposed to counterparty risk from the investments made by the environmental trust, outstanding customer balances, cash deposits with financial institutions and from the use of derivative instruments. The objective of managing credit risk is to avoid losses due to a default by a counterparty, or to minimise losses in the event of a default.

34.2.1 Credit risk policy: Investments, cash and cash equivalents and derivatives

The group's policy is to strictly limit exposure to individual counterparties by reference to published short-term and long-term credit ratings from recognised credit rating agencies. The group invests in high-quality investments with reputable service providers.

The group's exposure and the credit ratings of its counterparties are continuously monitored. The policy requires diversification of credit exposures among these financial institutions and defines acceptable daily settlement limits. Where cash is held by related parties, those related parties manage the external investment of cash in accordance with the group's treasury policy by investing in liquidity funds, bank deposits and government instruments. The related parties are ultimately wholly owned subsidiaries of the ultimate holding company which has a credit rating of BBB.

Individual limits for counterparties whose ratings fall within the credit rating guidelines of the group's policy are approved by the Chief Financial Officer, and for counterparties with ratings outside of the policy guidelines, the limits must be approved by the Board.

34.2.2 Credit risk policy: Trade and other receivables

The group's credit policy is used for the management of counterparty risk associated with trade receivables originating from export and domestic sales contracts. This policy seeks to mitigate and minimise the risk of financial loss should customers become unable to meet their obligations to the group. It defines the requirement for sanctions and compliance reviews, the application of secure payment terms, primarily letters of credit from acceptable banks, as well as credit risk assessments and the establishment of credit limits prior to contracting. Credit limits are reviewed and approved at least annually and the group's exposure to its counterparties is regularly monitored at the appropriate level.

34.2.3 Credit risk exposure

The carrying amount of financial assets represents the group's maximum credit risk exposure.

Rand million	Notes	**2022**	2021
Trade receivables	7	**2,519**	4,707
Cash and cash equivalents	8	**16,424**	17,925
Investment held by the environmental trust	4	**796**	795
Other receivables (excluding VAT and prepayments)	7	**833**	1,112

Trade and other receivables

The group applies the simplified expected credit loss model for its trade receivable measured at amortised cost, as permitted by IFRS 9 *Financial instruments*. The expected credit losses on trade and other receivables are estimated using a provision matrix by reference to past default experience and financial metrics, adjusted as appropriate for current observable data (refer to note 7).

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management continued

34.2 Credit risk continued

34.2.3 Credit risk exposure continued

Cash and cash equivalents

The group held cash and cash equivalents of R16,424 million at 31 December 2022 (2021: R17,925 million). Cash and cash equivalents amounting to R13,786 million (2021: R13,575 million) were held with related parties who provide a treasury service to the group (refer to note 33). Where cash is held with group companies, group treasury companies manage the external investment of cash in accordance with the group treasury policy investing in liquidity funds, bank deposits and government instruments. The funds are managed according to strict policy guidelines with pre-approved limits and counterparties, and are readily available and can be accessed and withdrawn within a period of one to two days.

The group treasury companies are ultimately wholly owned subsidiaries of Anglo American plc which has a credit rating of BBB.

34.2.4 Collateral

The group does not hold any other material collateral in respect of its financial assets subject to credit risk.

34.3 Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its financial obligations as they become due. The objectives of the group's liquidity risk management processes are to maintain adequate cash and credit facilities to meet all short-term obligations and ensure that the group can meet all known and forecast strategic commitments.

The group's treasury function must maintain cash and committed facilities to meet at least 125% of all known and forecast commitments for the next 18 months using debt instruments as deemed appropriate. As a general rule, it is the group's policy that no security be provided. However, exceptions are allowed on a case-by-case basis where it is required for a transaction to proceed. Facilities creating security or encumbrances over assets need the prior consent of the group's Chief Financial Officer. The group's credit facilities are detailed in note 9.

The group's revolving credit facilities contain financial covenants which state that:

- the ratio of SIOC's consolidated net debt to SIOC's consolidated tangible net worth must not exceed 0.8:1.0
- SIOC's consolidated tangible net worth must not be less that R20 billion at the end of each reporting period

Net debt is defined in the covenant as SIOC's consolidated borrowings less SIOC's unrestricted cash and Kumba Singapore Pte Limited's unrestricted cash in excess of US$20 million plus its financial indebtedness at the time. Tangible net worth is defined as total equity less any intangible assets.

The group was not in breach of any of its financial covenants during the year and as at 31 December 2022.

The group's debt facilities consist of SIOC's committed R16 billion (2021: R8 billion) revolving credit facilities, which mature in 2024, and SIOC's uncommitted facility of R8.2 billion (2021: R8.2 billion). As at 31 December 2022, R1.5 billion had been drawn from the committed facilities and R5.2 billion had been drawn from the uncommitted facility. Both facilities were undrawn at 31 December 2021.

34. Financial risk management continued

34.3 Liquidity risk continued

In addition, during the 2022 financial year, SIOC's wholly owned subsidiaries, Kumba Singapore Pte Limited and Kumba International Trading Limited, concluded revolving credit facilities which consist of a US$700 million (R11.8 billion) committed facility and a US$600 million (R10.2 billion) uncommitted facility. Both facilities were undrawn at 31 December 2022.

Financial guarantees obtained in favour of third parties need to be approved by the group's Executive Committee up to R500 million, and by the Board if the value exceeds R500 million. The group issued financial guarantees in the current year amounting to R293 million (2021: R658 million) in respect of the shortfall for the environmental rehabiliation provisions. As at 31 December 2022, total guarantees obtained in favour of third parties amounted to R4.8 billion (2021: R4.4 billion) (refer to note 29).

At 31 December 2022, the expected cash flows from trade and other receivables maturing in the short term and the cash and cash equivalents were sufficient to meet the obligations associated with the group's financial liabilities as at that date.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity profile of the group's financial liabilities

Rand million	Note	Within 6 months	6 to 12 months	1 to 2 years	3 or more years	Total contractual cash flows
2022						
Financial liabilities						
At amortised cost:						
Lease liabilities[1]	3	**87**	**68**	**88**	**118**	**361**
Interest-bearing borrowings	9	**6,791**	**—**	**—**	**—**	**6,791**
Trade payables	12	**6,077**	**—**	**—**	**—**	**6,077**
Other payables	12	**1,928**	**—**	**—**	**—**	**1,928**
		14,883	**68**	**88**	**118**	**15,157**
2021						
Financial liabilities						
At amortised cost:						
Lease liabilities[1]	3	73	73	174	184	504
Trade payables	12	7,234	—	—	—	7,234
Other payables	12	1,777	—	—	—	1,777
		9,084	73	174	184	9,515

[1] *This represents the contractual undiscounted cash flows.*

Notes to the annual financial statements continued
for the year ended 31 December

34. Financial risk management continued

34.4 Market risk

Market risk includes currency risk, interest rate risk and commodity price risk.

All derivative activities are for risk management purposes only and not to engage in speculative transactions. Hedging is conducted in strict compliance with the group's treasury risk policy. The group does not apply any form of hedge accounting.

34.4.1 Foreign exchange risk

The group's earnings are exposed to movements in exchange rates. Kumba's iron ore export prices are determined in US Dollar and the group negotiates iron ore prices in that currency with customers. Currency movements of the US Dollar against the Rand therefore could have a significant effect on the financial position and results of Kumba. Certain operating costs and capital expenditure are also denominated in foreign currencies. The group's functional currency for the preparation of financial accounts is the South African Rand. The group is therefore exposed to currency risk in respect of non-Rand cash flows for revenues, operating costs and capital expenditure. The group aligned both its export and import hedging policies with that of the Anglo American group. In line with the policy, hedging requires approval subject to the limit defined in the treasury policy. The hedging of foreign currency exposures on the group's behalf via suppliers and third parties is also prohibited.

It is the group's policy to be fully exposed to operating cost and revenue currency risk, i.e. not to hedge foreign currency operating costs and revenues. The objective of managing currency risk on capital expenditure is to broadly offset foreign currency capital expenditure with the future streams of foreign currency denominated revenues, i.e. natural or economic hedging. Net US Dollar export proceeds are repatriated and sold in equal tranches on a weekly basis at the ruling spot price.

34. Financial risk management continued

34.4 Market risk continued

34.4.1 Foreign exchange risk continued

The average Rand/US$ exchange rate for 2022 of US$1: R16.37 (2021: US$1: R14.79) was used to translate the statement of profit or loss and statement of cash flows, while the statement of financial position was translated at the closing rate at the last day of the reporting year using an exchange rate of US$1: R16.94 (2021: US$1: R15.96). The group's financial instrument exposure to currency risk, excluding derivatives, is summarised below:

Rand million	Notes	Rand	US Dollar	Euro	Other	Total
2022						
Financial assets						
Fair value through profit or loss:						
Investments held by the environmental trust	4	**796**	**–**	**–**	**–**	**796**
Long-term other receivables	5	**52**	**–**	**–**	**–**	**52**
Equity investment at FVTPL	5	**10**	**–**	**–**	**–**	**10**
Trade receivables	7	**–**	**2,486**	**–**	**–**	**2,486**
Amortised cost:						
Trade receivables	7	**5**	**28**	**–**	**–**	**33**
Other receivables	7	**1,875**	**536**	**–**	**–**	**2,411**
Cash and cash equivalents	8	**442**	**15,976**	**–**	**6**	**16,424**
Financial liabilities						
Amortised cost:						
Interest-bearing borrowings	9	**(6,791)**	**–**	**–**	**–**	**(6,791)**
Lease liabilities	3	**(304)**	**–**	**–**	**–**	**(304)**
Trade and other payables	12	**(7,049)**	**(1,153)**	**–**	**(2)**	**(8,204)**
Net exposure		**(10,964)**	**17,873**	**–**	**4**	**6,913**
2021						
Financial assets						
Fair value through profit or loss:						
Investments held by the environmental trust	4	795	–	–	–	795
Long-term other receivables	5	54	–	–	–	54
Equity investment at FVTPL	5	10	–	–	–	10
Trade receivables	7	–	4,696	–	–	4,696
Amortised cost:						
Trade receivables	7	11	–	–	–	11
Other receivables	7	1,696	599	–	–	2,295
Cash and cash equivalents	8	4,186	13,731	1	7	17,925
Financial liabilities						
Amortised cost:						
Lease liabilities	3	(421)	–	–	–	(421)
Trade and other payables	12	(6,763)	(2,388)	–	(249)	(9,400)
Net exposure		(432)	16,638	1	(242)	15,965

Sensitivity analysis

A movement in exchange rates of 5%, with all other variables held constant, against the US Dollar would have increased/decreased profit or loss and equity by the amounts shown on page 84, based on the net US Dollar denominated financial instrument balances at 31 December 2022. The analysis has been performed on the same basis followed for 2021.

This analysis considers the impact of changes in foreign exchange rates on profit or loss and equity, excluding foreign exchange translation differences resulting from the translation of group entities that have a functional currency different from the presentation currency, into the group's presentation currency (and recognised in the FCTR).

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34. Financial risk management continued

34.4 Market risk continued

34.4.1 Foreign exchange risk continued

	Impact on total comprehensive income and shareholders' equity	
Rand million	**Increase**	**Decrease**
2022		
US Dollar	**48**	**(43)**
2021		
US Dollar	39	(36)

34.4.2 Interest rate risk

The group's earnings are exposed to movements in floating interest rates on investments and floating rate debt when drawn. The Company is not exposed to fair value interest rate risk as the Company does not have any fixed interest-bearing financial instruments carried at fair value.

The group's policy is to borrow at floating rates of interest and managing interest rate risks on borrowings to minimise the after-tax cost of debt to the group. Fixed rate debt requires approval from the Board. Cash is primarily at floating rates of interest, subject to tax, legal, currency and liquidity constraints, with the primary purpose of preserving the capital value of cash and maintaining adequate liquidity levels.

Sensitivity analysis

Changes in market interest rates affect the interest income or expense of floating rate financial instruments. If the interest rate increased by 50 basis points, the profit would decrease by R2 million. On the other hand, if the interest rate decreased by 50 basis points, the profits would increase by R1 million at 31 December 2022.

34.4.3 Commodity price risk

The Company's earnings are exposed to movements in the prices of iron ore that it produces and the commodities that it purchases, for example, energy and material costs. The Company's policy is to sell its products at prevailing market prices and is generally not to hedge commodity price risk, though some hedging may be undertaken for strategic reasons. In such cases, the Company generally uses forward contracts and other derivative instruments to hedge the price risk.

Certain of the group's sales are provisionally priced, meaning that the selling price is determined normally 30 to 180 days after delivery of the iron ore sold to the customer, based on quoted market prices stipulated in the contract, and as a result are susceptible to future price movements. As at 31 December 2022, R1,240 million (2021: R3,288 million) of the trade receivables balance was subject to price movements.

Sensitivity analysis

A movement in the iron ore prices of 10%, with all other variables held constant, would have increased/decreased profit or loss and equity as shown below, based on the balance of trade receivables that are subject to provisional pricing at 31 December 2022.

	Impact on total comprehensive income and shareholders' equity	
Rand million	**Increase**	**Decrease**
2022		
Iron ore price	**258**	**(258)**
2021		
Iron ore price	481	(481)

34. Financial risk management continued

34.5 Fair value estimation

The carrying value of financial instruments not carried at fair value, which include local trade receivables, cash and cash equivalents, trade payables, lease liabilities and interest-bearing borrowings, approximates fair value because of the short period to maturity of these instruments or as a result of market-related variable interest rates. The table below presents the group's assets and liabilities that are measured at fair value:

Rand million	Level 1[1]	Level 2[2]	Level 3[3]
2022			
Investments held by the environmental trust	**—**	**796**	**—**
Long-term prepayments and other receivables	**—**	**—**	**52**
Equity investment at FVTPL	**—**	**—**	**10**
Trade receivables[4]	**—**	**2,486**	**—**
	—	**3,282**	**62**
2021			
Investments held by the environmental trust	—	795	—
Long-term prepayments and other receivables	—	—	54
Equity investment at FVTPL	—	—	10
Trade receivables[4]	—	4,696	—
	—	5,491	64

[1] *Level 1 fair value measurements are derived from unadjusted quoted prices in active markets for identical assets or liabilities.*
[2] *Level 2 fair value measurements are derived from inputs other than quoted prices included within level 1 that are observable either directly or indirectly (i.e. derived from prices).*
[3] *Level 3 fair value measurements are derived from valuation techniques where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost or effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input.*
[4] *This includes the provisionally priced receivables carried at fair value through profit or loss.*

Fair value gains and losses recognised in operating profit are disclosed in note 17.

The iron ore derivatives and trade receivables are measured at fair value using market-related inputs. The measurement is therefore classified within level 2 of the fair value hierarchy. The inputs used in the model are the forward iron ore price on the inception date as well as the iron ore price on the date the fair value calculation is performed.

There were no transfers between the levels for the year ended 31 December 2022 and 31 December 2021.

All resulting fair value estimates are included in level 1 or level 2, except for the long-term other receivable and equity investment at fair value through profit or loss which are level 3 financial assets. The movements in the fair value of the level 3 financial assets are shown as follows:

Rand million	2022	2021
Balance at the beginning of the year	**114**	35
Increase in financial assets during the year	**—**	60
Fair value (loss)/gain for the year	**(2)**	19
Balance at the end of the year	**112**	114

The long-term other receivables at 31 December 2022 relate to exploration projects. The fair value was determined using the market approach, which applies available market information of sales transactions for similar recent projects. The significant unobservable inputs used in the valuation model related to the size and grade of the ore deposit determined by geological exploration results.

There were no changes made to any of the valuation techniques applied at 31 December 2022.

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for the year ended 31 December

34. Financial risk management continued

34.6 Capital management

The group strives to maintain strong credit ratings. In managing its capital, the group's priority is to ensure a robust statement of financial position to provide resilience in times of volatility and enable the group to take advantage of opportunities when they arise, and return excess capital to shareholders unless there are compelling value-accretive opportunities for investment. The group maintains a healthy appetite for moderate gearing in the event of attractive merger and acquisition opportunities. The priority is not to use debt as a cushion for margin stress brought by market volatility. The group's capital expenditure is to be funded from cash generated from operations. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The group's cash and cash equivalents and debt at the statement of financial position date were as follows:

Rand million	2022	2021
Cash and cash equivalents	**16,424**	17,925
Interest-bearing borrowings	**(6,791)**	—
Lease liabilities	**(304)**	(421)
Net cash	**9,329**	17,504
Total equity	**53,817**	58,458

The group has entered into two debt facilities that dictate certain requirements in respect of capital management as listed in note 34.3. The group has complied with the contractual financial covenants as illustrated below:

Rand million	2022
Net cash/debt: equity (%)	
– Target	**<80**
– Actual	**4**
Consolidated tangible net worth	
– Target	**>R20 billion**
– Actual	**R33.9 billion**

35. Directors' and prescribed officers' remuneration

2022 Single figure remuneration

R'000	Guaranteed pay and benefits			Additional payments			Long-term incentive			
	Base salary	Benefits[13]	Total guaranteed pay 2022	Circumstantial payments[14]	Dividend equivalent[4]	Cash bonus accrued (paid in March 2023)[15]	Deferred bonus arrangement (DBA)[16]	Long-term incentive plan (LTIP)	Total long-term incentive	Total emoluments 2022
Executive directors										
ND Zikalala[1]	7,970	1,072	9,042	–	1,164	4,824	4,824	10,566	15,390	30,420
TM Mkhwanazi[2,3]	–	–	–	–	–	–	–	6,012	6,012	6,012
BA Mazarura[2]	5,994	282	6,276	–	–	1,582	1,582	3,053	4,635	12,493
Sub-total	13,964	1,354	15,318	–	1,164	6,406	6,406	19,631	26,037	48,925
Prescribed officers										
PJP Fourie[2,4,5]	–	–	–	–	370	–	–	252	252	622
V Kumar[6]	4,202	378	4,580	153	671	1,155	1,155	4,612	5,767	12,326
PC Madlala[7]	1,898	244	2,142	187	–	544	–	–	–	2,873
SA Martin[2,4]	3,185	280	3,465	115	564	827	827	1,031	1,858	6,829
GM Mc Gavigan[2,4]	3,561	278	3,839	127	626	963	963	1,144	2,107	7,662
Y Mfolo[8]	–	–	–	–	526	–	–	–	–	526
P Ramchander[9]	2,976	429	3,405	9	434	813	813	–	813	5,474
S Ramgoolam[10]	2,402	220	2,622	2	–	344	344	–	344	3,312
NM Sibanyoni	2,769	407	3,176	–	–	794	794	–	794	4,764
TS Smit[11]	8,996	1,702	10,698	2,834	2,966	–	–	–	–	16,498
SV Tyobeka[2,12]	–	–	–	–	625	–	–	1,143	1,143	1,768
F Patel	2,401	309	2,710	–	–	689	689	–	689	4,088
Sub-total	32,390	4,247	36,637	3,427	6,782	6,129	5,585	8,182	13,767	66,742
Total	46,354	5,601	51,955	3,427	7,946	12,535	11,991	27,813	39,804	115,667

1 *62.2% of the Anglo-American LTIP shares awarded in 2020, when she was employed by De Beers Managed Operations, a subsidiary of the ultimate holding company, have vested based on performance condition testing. Dividend equivalent relates to the Anglo American plc LTIP shares that vested on 22 February 2022.*

2 *33.4% of the LTIP shares awarded in 2020, with a performance period ending 31 December 2022, have vested based on performance condition testing.*

3 *No salary accrued or paid during 2022 as they were not employed by the Kumba group during the 2022 financial year. TM Mkhwanazi resigned from Kumba on 31 December 2021 to become the CEO of Bulk Commodities from 1 January 2022, and therefore remains an employee of the Anglo American group. LTIP share vesting is not accelerated and remains subject to performance testing.*

4 *Dividend equivalent relates to 2019 LTIP share awards that vested on 1 March 2022.*

5 *No salary accrued or paid during 2022 as he retired on 31 March 2021. LTIP share vesting is not accelerated and remains subject to performance testing.*

6 *62.2% of the Anglo American plc LTIP shares awarded in 2020, when he was employed by Anglo American Coal SA (now Thungela Resources), have vested based on performance condition testing. Dividend equivalent relates to the Anglo American plc LTIP shares that vested on 1 March 2022.*

7 *Acting Head of Human Resources from 1 January 2022 to 31 July 2022. In terms of the Bonus and Retention Share Plan rules he does not qualify for a DBA award as he will retire within one year (i.e. July 2023).*

8 *No salary accrued or paid during 2022 as she transferred to Anglo American Platinum Limited, a subsidiary of the ultimate holding company, effective from 1 May 2020. The dividend equivalent relates to Kumba LTIP shares that vested on 1 March 2022.*

9 *62.2% of the Anglo American LTIP shares awarded in 2020 when employed by Anglo American Corporate Services South Africa have vested based on performance condition testing. The dividend equivalent relates to the Anglo American plc LTIP shares that vested on 1 March 2022.*

10 *Appointed as Head of Human Resources with effect from 1 August 2022. The earnings include remuneration received in her role as Manager Organisational Effectiveness, i.e. prior to being promoted to the Head of Human Resources position.*

11 *Employed by Anglo American Marketing Limited (based in Singapore). Emoluments are paid in Singapore Dollars and Pound Sterling. The values declared are based on the average Rand/US$ exchange rate for the year ended 31 December 2022. The DBA and LTIP shares awarded are settled in Anglo American plc shares. Included in Circumstantial payments are cost-of-living related allowances. The dividend equivalent is related to the Anglo American plc shares.*

12 *No salary accrued or paid during 2022 due to her intergroup transfer to Anglo American Platinum Limited, effective 1 August 2021. The dividend equivalent is related to Kumba LTIP shares that vested on 1 March 2022.*

13 *The benefits include employer contributions to the retirement and medical aid funds.*

14 *Includes leave encashment and acting allowances paid.*

15 *The short-term incentive is based on Kumba's performance which is measured against the performance scorecard. This incentive is expected to be paid in 2023.*

16 *The face value of DBA shares (awarded in terms of the Bonus and Retention Share Plan) awarded in March 2023 is derived from the 2022 scorecard.*

Notes to the annual financial statements continued

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35. Directors' and prescribed officers' remuneration continued

2021 Single figure remuneration

	Guaranteed pay and benefits			Additional payments			Long-term incentive			
R'000	Base salary	Benefits[10]	Total guaranteed pay	Circumstantial payments[11]	Dividend equivalent	Cash bonus (accrued) March 2022[12]	Deferred bonus arrangement (DBA)[13]	Long-term incentive plan (LTIP)	Total long-term incentive	Total emoluments 2021
Executive directors										
TM Mkhwanazi[1,2]	9,885	279	10,164	1,040	–	8,704	8,704	7,631	16,335	36,243
BA Mazarura[1]	5,699	278	5,977	–	–	2,471	2,471	2,787	5,258	13,706
Sub-total	15,584	557	16,141	1,040	–	11,175	11,175	10,418	21,593	49,949
Prescribed officers										
PJP Fourie[3]	708	103	811	480	–	328	–	935	935	2,554
V Kumar	3,835	541	4,376	17	–	1,804	1,804	5,802	7,606	13,803
SA Martin[4]	3,026	274	3,300	75	–	1,356	1,356	1,427	2,783	7,514
GM Mc Gavigan	3,368	291	3,659	121	–	1,505	1,505	1,584	3,089	8,374
C Malander[5]	1,914	294	2,208	174	–	900	900	–	900	4,182
P Ramchander[6]	2,834	409	3,243	–	–	1,333	1,333	3,751	5,084	9,660
NM Sibayoni[7]	1,758	258	2,016	439	–	833	833	–	833	4,121
TS Smit[8]	8,249	1,548	9,797	2,650	1,211	6,127	6,127	11,795	17,922	37,707
SV Tyobeka[9]	1,969	162	2,131	149	–	873	873	1,581	2,454	5,607
F Patel	2,287	294	2,581	–	–	1,076	1,076	–	1,076	4,733
Sub-total	29,948	4,174	34,122	4,105	1,211	16,135	15,807	26,875	42,682	98,255
Total	45,532	4,731	50,263	5,145	1,211	27,310	26,982	37,293	64,275	148,204

1 *100% of LTIP shares awarded in 2019, with a performance period ending 31 December 2021, vested based on the performance condition testing.*
2 *Transferred to Bulk Commodities Anglo American as Chief Executive from 1 January 2022.*
3 *Retired on 31 March 2021. The cash bonus reflects only the pro rata bonus. Additional payments refer to leave encashment.*
4 *100% of the Anglo American LTIP shares awarded in 2019, with a performance period ending 31 December 2021, while employed at Anglo American Coal SA. The shares vested based on the performance condition testing.*
5 *Acting Executive Head of Human Resources from 1 August 2021 to 31 December 2021. Transferred to Anglo American Platinum Limited, effective 1 January 2022. Additional payments refer to leave encashment.*
6 *100% of the Anglo American plc LTIP shares awarded in 2019, with a performance period ending 31 December 2021, while employed at Anglo American Corporate SA, vested based on the performance condition testing.*
7 *Appointed 1 May 2021.*
8 *Employed by Anglo American Marketing Limited (Singapore branch), emoluments are paid in Singapore Dollars and Pound Sterling. Values declared are based on the average Rand/US$ exchange rate for the year ended at 31 December 2021. The DBA and LTIP shares awarded are settled in Anglo American plc shares. Included in additional payments are cost of living related allowances, a dividend equivalent payment related to the Anglo American plc shares.*
9 *Transferred to Anglo American Platinum Limited effective, 1 August 2021. Cash bonus reflects the pro rata portion earned while employed at Kumba. DBA award granted by Anglo American Platinum Limited. Additional payments refer to leave encashment.*
10 *Benefits include employer contributions to retirement fund and medical aid.*
11 *Includes leave encashment, relocation and settlement and acting allowances paid.*
12 *Cash bonus is based on the 2021 performance and paid in March 2022.*
13 *Face value of DBA shares (awarded in terms of the Bonus and Retention Share plan) awarded in March 2022, which was derived from the 2021 bonus value.*

35. Directors' and prescribed officers' remuneration continued

2022 Single figure remuneration

R'000	Fees: Directors' fees	Fees: Committee fees	Total emoluments
Non-executive directors			
MS Bomela	**339**	**730**	**1,069**
TP Goodlace[1]	**1,792**	**—**	**1,792**
MA Jenkins	**339**	**554**	**893**
NB Langa-Royds	**339**	**718**	**1,057**
TM Mkhwanazi[2]	**339**	**349**	**688**
SS Ntsaluba	**339**	**744**	**1,083**
BP Sonjica	**339**	**549**	**888**
MJ Tsele	**339**	**378**	**717**
D Wanblad	**339**	**328**	**667**
Total	**4,504**	**4,350**	**8,854**

[1] *The Chairperson of the Board also chairs the Nominations and Governance Committee and the Strategy and Investment Committee. However, the Chairperson does not receive additional remuneration in respect of the committees he serves on.*

[2] *Appointed as a non-executive director on 1 January 2022. He previously served as an executive director during his tenure as the Chief Executive of the Company until 31 December 2021.*

2021 Single figure remuneration

R'000	Fees: Directors' fees	Fees: Committee fees	Total emoluments
Non-executive directors			
MS Bomela	313	505	818
S French	313	339	652
MSV Gantsho[1]	703	—	703
TP Goodlace[2]	1,484	—	1,484
MA Jenkins	319	431	750
NB Langa-Royds	319	679	998
SS Ntsaluba	319	713	1,032
BP Sonjica	313	509	822
MJ Tsele[3]	215	151	366
D Wanblad	313	339	652
Total	4,611	3,666	8,277

[1] *Retired on 14 May 2021.*

[2] *Appointed as Chairperson on 23 June 2021. The Chairperson of the Board also chairs the Nominations and Governance Committee, however, he does not receive additional remuneration in respect of the committees he serves on.*

[3] *Appointed on 1 May 2021.*

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35. Directors' and prescribed officers' remuneration continued

Interests of executive directors and prescribed officers – unvested awards and cash flow

The interests of the executive directors and of prescribed officers in shares of the Company granted in terms of the various long-term incentive schemes are shown in the following tables below:

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2022	Granted during 2022	Forfeited during 2022	Vesting during 2022	Closing balance on 31 December 2022	Value of receipts [8]	Estimated fair value on 31 December 2022 [9]	Estimated fair value of cumulative dividend equivalents at 31 December 2022 [10]
Executive directors										
ND Zikalala										
Kumba share awards										
DBA	1 March 2022	1 March 2024	–	3,247	–	–	3,247	192	1,604	–
LTIP	1 March 2022	1 March 2025	–	19,011	–	–	19,011	–	5,043	–
Anglo American plc share awards										
DBA	8 March 2019	8 March 2022	2,744	–	–	2,744	–	2,209	–	–
DBA	9 March 2020	9 March 2023	4,084	–	–	–	4,084	–	2,753	–
DBA	12 March 2021	12 March 2023	1,944	–	–	–	1,944	–	1,310	–
DBA	20 May 2021	12 March 2024	396	–	–	–	396	–	267	–
LTIP	26 March 2019	22 February 2022	20,200	–	4,747	15,453	–	11,293	–	–
LTIP	6 May 2020	9 March 2023	25,200	–	–	–	25,200	–	10,566	1,688
LTIP	12 March 2021	12 March 2024	14,500	–	–	–	14,500	–	5,515	826
LTIP	16 June 2021	22 February 2022	254	–	21	65	168	50	68	10
Thungela Resources share awards										
DBA	4 June 2021	1 March 2022	916	–	–	916	–	141	–	–
Sub-total			70,238	22,258	4,768	19,178	68,550	13,885	27,126	2,524
TM Mkhwanazi[4]										
Kumba share awards										
DBA	1 March 2017	1 March 2022	2,082	–	–	2,082	–	1,260	–	–
DBA	1 June 2017	1 March 2022	2,585	–	–	2,585	–	1,564	–	–
DBA	9 April 2018	1 March 2023	6,288	–	–	–	6,288	372	3,107	–
DBA	1 March 2019	1 March 2024	24,536	–	–	16,357	8,179	10,382	4,041	–
DBA	1 March 2020	1 March 2023	22,330	–	–	–	22,330	1,322	11,033	–
DBA	1 March 2021	1 March 2023	10,742	–	–	–	10,742	636	5,308	–
DBA	1 March 2022	1 March 2024	–	13,841	–	–	13,841	819	6,839	–
LTIP	31 May 2019	1 March 2022	24,776	–	8,052	16,724	–	10,120	–	–
LTIP	11 August 2020	1 March 2023	36,430	–	–	–	36,430	–	6,012	–
LTIP	1 March 2021	1 March 2024	20,510	–	–	–	20,510	–	5,726	–
Anglo American plc share awards										
DBA	1 March 2020	1 March 2023	27,574	–	–	–	27,574	1,290	18,588	–
Thungela Resources share awards										
DBA	4 June 2021	1 March 2023	2,757	–	–	2,757	–	423	–	–
Anglo American plc share awards										
LTIP	11 March 2022	11 March 2025	–	44,863	–	–	44,863	–	16,185	1,256
Sub-total			180,610	58,704	8,052	40,505	190,757	28,188	76,839	1,256

35. Directors' and prescribed officers' remuneration continued

Interests of executive directors and prescribed officers – unvested awards and cash flow continued

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2022	Granted during 2022	Forfeited during 2022	Vesting during 2022	Closing balance on 31 December 2022	Value of receipts [8]	Estimated fair value on 31 December 2022 [9]	Estimated fair value of cumulative dividend equivalents at 31 December 2022 [10]
Executive directors										
BA Mazarura										
Kumba share awards										
DBA	1 March 2019	1 March 2022	5,637	–	–	5,637	–	3,411	–	–
DBA[1]	1 March 2020	1 March 2023	6,977	–	–	–	6,977	413	3,447	–
DBA	1 March 2021	1 March 2023	2,907	–	–	–	2,907	172	1,436	–
DBA	1 March 2022	1 March 2024	–	3,930	–	–	3,930	233	1,942	–
LTIP[2,11,12]	31 May 2019	1 March 2022	9,048	–	2,940	6,108	–	3,696	–	–
LTIP	11 August 2020	1 March 2023	13,558	–	–	–	13,558	–	2,238	–
LTIP	1 March 2021	1 March 2024	8,015	–	–	–	8,015	–	2,238	–
LTIP	1 March 2022	1 March 2025	–	8,771	–	–	8,771	–	2,327	–
Sub-total			46,142	12,701	2,940	11,745	44,158	7,925	13,628	–

Notes to the annual financial statements continued

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35. Directors' and prescribed officers' remuneration continued

Interests of executive directors and prescribed officers – unvested awards and cash flow continued

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2022	Granted during 2022	Forfeited during 2022	Vesting during 2022	Closing balance on 31 December 2022	Value of receipts	Estimated fair value on 31 December 2022	Estimated fair value of cumulative dividend equivalents at 31 December 2022
Prescribed officers										
PJP Fourie										
Kumba share awards										
LTIP[2,11]	31 May 2019	1 March 2022	3,035	–	986	2,049	–	1,240	–	–
LTIP[2]	11 August 2020	1 March 2023	1,528	–	–	–	1,528	–	252	99
LTIP	1 March 2021	1 March 2024	95	–	–	–	95	–	27	10
Sub-total			4,658	–	986	2,049	1,623	1,240	279	109
VJ Kumar										
Kumba share awards										
DBA	1 March 2021	1 March 2023	1,884	–	–	–	1,884	112	931	–
DBA	1 March 2022	1 March 2024	–	2,869	–	–	2,869	170	1,418	–
LTIP	1 March 2021	1 March 2024	4,681	–	–	–	4,681	–	1,307	486
LTIP	1 March 2022	1 March 2025	–	5,122	–	–	5,122	–	1,359	182
Anglo American plc share awards[5]										
DBA	8 March 2019	1 March 2022	2,431	–	–	2,431	–	1,894	–	–
DBA	9 March 2020	1 March 2023	3,763	–	–	–	3,763	176	2,537	–
DBA	6 May 2020	1 March 2023	944	–	–	–	944	44	636	–
LTIP[11]	26 March 2019	1 March 2022	9,900	–	990	8,910	–	6,941	–	–
LTIP	6 May 2020	1 March 2023	11,000	–	–	–	11,000	–	4,612	737
LTIP[11]	4 June 2021	1 March 2022	88	–	5	37	46	29	19	3
Thungela Resources share awards[13]										
DBA	4 June 2021	1 March 2022	713	–	–	713	–	110	–	–
Sub-total			35,404	7,991	995	12,091	30,309	9,476	12,819	1,408
PC Madlala										
Kumba share awards										
DBA	1 March 2019	1 March 2022	1,781	–	–	1,781	–	1,078	–	–
DBA	1 March 2020	1 March 2023	2,290	–	–	–	2,290	136	1,132	–
DBA	1 March 2021	1 March 2023	931	–	–	–	931	55	460	–
DBA	1 March 2022	1 March 2024	–	1,414	–	–	1,414	84	699	–
Sub-total			5,002	1,414	–	1,781	4,635	1,353	2,291	–
CO Malander										
Kumba share awards										
DBA	1 March 2019	1 March 2022	2,075	–	–	2,075	–	1,256	–	–
DBA	1 March 2020	1 March 2023	2,175	–	–	–	2,175	129	1,075	–
DBA	1 March 2021	1 March 2023	1,034	–	–	–	1,034	61	511	–
Sub-total			5,284	–	–	2,075	3,209	1,446	1,586	–

35. Directors' and prescribed officers' remuneration continued

Interests of executive directors and prescribed officers – unvested awards and cash flow continued

Scheme	Award date	Earliest date of vesting	Number of shares: Opening balance on 1 January 2022	Granted during 2022	Forfeited during 2022	Vesting during 2022	Closing balance on 31 December 2022	R'000: Value of receipts	Estimated fair value on 31 December 2022	Estimated fair value of cumulative dividend equivalents at 31 December 2022
Prescribed officers										
SA Martin										
Kumba share awards										
DBA	1 March 2019	1 March 2022	2,066	–	–	2,066	–	1,250	–	–
DBA	1 March 2020	1 March 2023	3,524	–	–	–	3,524	209	1,741	–
DBA	1 March 2021	1 March 2023	1,675	–	–	–	1,675	99	828	–
DBA	1 March 2022	1 March 2024	–	2,156	–	–	2,156	128	1,065	–
LTIP	31 May 2019	1 March 2022	4,632	–	1,505	3,127	–	1,892	–	–
LTIP	11 August 2020	1 March 2023	6,248	–	–	–	6,248	–	1,031	402
LTIP	1 March 2021	1 March 2024	3,518	–	–	–	3,518	–	982	366
LTIP	1 March 2022	1 March 2025	–	3,850	–	–	3,850	–	1,021	137
Sub-total			**21,663**	**6,006**	**1,505**	**5,193**	**20,971**	**3,578**	**6,668**	**905**
GM Mc Gavigan										
Kumba share awards										
DBA	1 March 2019	1 March 2022	4,018	–	–	4,018	–	2,431	–	–
DBA[1]	1 March 2020	1 March 2023	3,911	–	–	–	3,911	232	1,932	–
DBA	1 March 2021	1 March 2023	1,859	–	–	–	1,859	110	919	–
DBA	1 March 2022	1 March 2024	–	2,393	–	–	2,393	142	1,182	–
LTIP[2,11]	31 May 2019	1 March 2022	5,142	–	1,671	3,471	–	2,100	–	–
LTIP	11 August 2020	1 March 2023	6,934	–	–	–	6,934	–	1,144	447
LTIP	1 March 2021	1 March 2024	3,904	–	–	–	3,904	–	1,090	406
LTIP	1 March 2022	1 March 2025	–	4,272	–	–	4,272	–	1,133	152
Sub-total			**25,768**	**6,665**	**1,671**	**7,489**	**23,273**	**5,015**	**7,400**	**1,005**
Y Mfolo										
Kumba share awards										
DBA	1 March 2019	1 March 2022	3,135	–	–	3,135	–	1,897	–	–
DBA	1 March 2020	1 March 2023	3,287	–	–	–	3,287	195	1,624	–
DBA	12 May 2021	1 March 2023	667	–	–	–	667	39	330	–
LTIP	31 May 2019	1 March 2022	4,320	–	1,404	2,916	–	1,765	–	–
Sub-total			**11,409**	**–**	**1,404**	**6,051**	**3,954**	**3,896**	**1,954**	**–**
P Ramchander										
Kumba share awards										
DBA[1]	1 March 2021	1 March 2023	1,418	–	–	–	1,418	84	701	–
DBA	1 March 2022	1 March 2024	–	2,390	–	–	2,390	141	1,181	–
LTIP	1 March 2021	1 March 2024	3,459	–	–	–	3,459	–	966	359
LTIP	1 March 2022	1 March 2025	–	3,785	–	–	3,785	–	1,004	134
Anglo American plc share awards[6]										
DBA	8 March 2019	1 March 2022	2,547	–	–	2,547	–	1,984	–	–
DBA	9 March 2020	1 March 2023	2,900	–	–	–	2,900	136	1,955	–
LTIP[11]	26 March 2019	1 March 2022	6,400	–	640	5,760	–	4,487	–	–
LTIP	6 May 2020	1 March 2023	7,200	–	–	–	7,200	–	3,019	482
LTIP[11]	4 June 2021	1 March 2022	57	–	3	24	30	19	12	2
Thungela Resources share awards[13]										
DBA	4 June 2021	1 March 2022	544	–	–	544	–	84	–	–
Sub-total			**24,525**	**6,175**	**643**	**8,875**	**21,182**	**6,935**	**8,838**	**977**

Notes to the annual financial statements continued
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35. Directors' and prescribed officers' remuneration continued

Interests of executive directors and prescribed officers – unvested awards and cash flow continued

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2022	Granted during 2022	Forfeited during 2022	Vesting during 2022	Closing balance on 31 December 2022	Value of receipts	Estimated fair value on 31 December 2022	Estimated fair value of cumulative dividend equivalents at 31 December 2022
Prescribed officers										
S Ramgoolam										
Kumba share awards										
DBA	1 March 2019	1 March 2022	2,621	–	–	2,621	–	1,586	–	–
DBA	1 March 2020	1 March 2023	2,381	–	–	–	2,381	141	1,176	–
DBA	1 March 2021	1 March 2023	1,132	–	–	–	1,132	67	559	–
DBA	1 March 2022	1 March 2024	–	1,462	–	–	1,462	87	722	–
Sub-total			6,134	1,462	–	2,621	4,975	1,881	2,457	–
NM Sibanyoni										
Kumba share awards										
DBA	1 March 2022	1 March 2024	–	1,324	–	–	1,324	78	654	–
LTIP	1 March 2022	1 March 2025	–	3,522	–	–	3,522	–	935	125
Sub-total			–	4,846	–	–	4,846	78	1,589	125
TS Smit										
Anglo American share awards[7]										
DBA	8 March 2019	8 March 2022	15,427	–	–	15,427	–	12,219	–	–
DBA	9 March 2020	9 March 2023	13,354	–	–	–	13,354	623	8,984	–
DBA	12 March 2021	12 March 2023	6,171	–	–	–	6,171	288	4,151	–
DBA	20 May 2021	12 March 2023	872	–	–	–	872	41	587	–
DBA[14]	16 June 2021	8 March 2022	149	–	–	65	84	55	57	–
DBA	11 March 2022	11 March 2024	–	7,370	–	–	7,370	344	4,958	–
LTIP[11]	26 March 2019	22 February 2022	20,200	–	2,020	18,180	–	14,743	–	–
LTIP	6 May 2020	9 March 2023	22,600	–	–	–	22,600	–	9,457	1,513
LTIP	12 March 2021	12 March 2024	14,000	–	–	–	14,000	–	5,314	793
LTIP[11,14]	16 June 2021	22 February 2022	241	–	9	77	155	62	63	9
LTIP	11 March 2022	11 March 2025	–	10,670	–	–	10,670	–	3,849	299
Sub-total			93,014	18,040	2,029	33,749	75,276	28,375	37,420	2,614

35. Directors' and prescribed officers' remuneration continued

Interests of executive directors and prescribed officers – unvested awards and cash flow continued

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2022	Granted during 2022	Forfeited during 2022	Vesting during 2022	Closing balance on 31 December 2022	Value of receipts	Estimated fair value on 31 December 2022	Estimated fair value of cumulative dividend equivalents at 31 December 2022
Prescribed officers										
SV Tyobeka										
Kumba share awards										
DBA	1 March 2019	1 March 2022	4,011	–	–	4,011	–	2,427	–	–
DBA	1 March 2020	1 March 2023	3,905	–	–	–	3,905	231	1,929	–
DBA	1 March 2021	1 March 2023	1,856	–	–	–	1,856	110	917	–
LTIP	31 May 2019	1 March 2022	5,134	–	1,668	3,466	–	2,097	–	–
LTIP	11 August 2020	1 March 2023	6,923	–	–	–	6,923	–	1,143	446
LTIP	1 March 2021	1 March 2024	3,898	–	–	–	3,898	–	1,088	405
Sub-total			25,727	–	1,668	7,477	16,582	4,865	5,077	851
F Patel										
Kumba share awards[1]										
DBA	1 March 2021	1 March 2023	1,245	–	–	–	1,245	74	615	–
DBA	1 March 2022	1 March 2024	–	1,711	–	–	1,711	101	845	–
Sub-total			1,245	1,711	–	–	2,956	175	1,460	–
Total			556,823	147,973	26,661	160,879	517,256	118,311	207,431	11,774

[1] DBA shares awarded in terms of the Bonus and Retention Share Plan.
[2] LTIP shares awarded in terms of the Performance Share Plan.
[3] Post vesting of the awards, an additional two-year holding period will apply, subject to clawback conditions. Do not qualify for any dividend equivalents during the performance period.
[4] Anglo American plc forfeitable shares were awarded related to his position as member of the Anglo American General Management Committee, before his appointment as CEO of Bulk Commodities on 1 January 2022.
[5] Anglo American plc shares previously awarded when employed by Anglo American Coal SA.
[6] Anglo American plc shares previously awarded when employed by Anglo American Corporate Services SA.
[7] Anglo American plc shares traded on the London Stock Exchange (LSE). The value is converted to ZAR at the applicable Rand/US$ exchange rate concomitant to the declared event date.
[8] Includes dividend payments received in March 2022 and August 2022 as well as face value of all share vestings during 2022.
[9] Sum total of the estimated fair value of unvested DBA shares, 2020 LTIP award (actual vesting of 4.00% and 5.00% for Anglo American plc shares), 2021 and 2022 LTIP awards (estimated vesting of 60%). The value is based on a three-day VWAP on 31 December 2022 of R494.11 for Kumba Iron Ore Limited, R674.10 for Anglo American plc and R672.73 for Anglo American plc shares.
[10] Estimated dividend equivalent is based on the above estimated vesting probability (refer note 9) and accumulated dividends declared to date during the performance period.
[11] Shares forfeited due to performance conditions not met in full (actual vesting of 4.00% and 5.00% for Anglo American plc shares).
[12] Shares vested as a result of performance conditions being met. Shares are subject to an additional two-year holding period during which clawback conditions apply.
[13] As a result of the demerger of Anglo Thermal Coal and consequent listing of Thungela Resources, Thungela shares were awarded, based on existing Anglo American plc shareholding and in line with the scheme rules.
[14] As a result of the demerger of Anglo Thermal Coal and consequent listing of Thungela Resources, additional Anglo American plc shares were awarded based on existing Anglo American plc shareholding and in line with the scheme rules.

Notes to the annual financial statements continued

for the year ended 31 December

35. Directors' and prescribed officers' remuneration continued

Interests of executive directors and the prescribed officers – unvested awards and cash flow continued

The interests of the executive directors and of prescribed officers in shares of the Company granted in terms of the various long-term incentive schemes are shown in the following tables below:

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2021	Granted during 2021	Forfeited during 2021	Vesting during 2021	Closing balance on 31 December 2021	Value of receipts [8]	Estimated fair value on 31 December 2021 [9]	Estimated fair value of cumulative dividend equivalents at 31 December 2021 [10]
Executive directors										
TM Mkhwanazi										
Kumba share awards										
DBA	1 March 2017	1 March 2022	2,082	–	–	–	2,082	237	950	–
DBA	1 June 2017	1 March 2022	2,585	–	–	–	2,585	295	1,179	–
DBA	9 April 2018	1 March 2023	18,863	–	–	12,575	6,288	8,882	2,869	–
DBA	1 March 2019	1 March 2022	24,536	–	–	–	24,536	2,797	11,195	–
DBA[1]	1 March 2020	1 March 2023	22,330	–	–	–	22,330	2,546	10,188	–
DBA[1]	1 March 2021	1 March 2023	–	10,742	–	–	10,742	1,225	4,901	–
LTIP[3,5,6]	1 June 2018	1 March 2023	30,184	–	15,196	14,988	–	9,732	–	–
LTIP[2,3]	31 May 2019	1 March 2022	24,776	–	–	–	24,776	–	7,631	–
LTIP[2,3]	11 August 2020	1 March 2023	36,430	–	–	–	36,430	–	9,397	–
LTIP[2,3]	1 March 2021	1 March 2024	–	20,510	–	–	20,510	–	5,023	–
Anglo American plc share awards										
DBA[4]	1 March 2020	1 March 2023	27,574	–	–	–	27,574	1,327	17,947	–
Thungela Resources share awards										
DBA[7]	4 June 2021	1 March 2023	2,757	–	–	–	2,757	–	237	–
Sub-total			192,117	31,252	15,196	27,563	180,610	27,041	71,517	–
BA Mazarura										
Kumba share awards										
DBA	9 April 2018	1 March 2021	1,617	–	–	1,617	–	1,050	–	–
DBA	1 March 2019	1 March 2022	5,637	–	–	–	5,637	643	2,572	–
DBA[1]	1 March 2020	1 March 2023	6,977	–	–	–	6,977	795	3,183	–
DBA[1]	1 March 2021	1 March 2023		2,907	–	–	2,907	331	1,326	–
LTIP[3,5,6]	1 June 2018	1 March 2021	9,798	–	4,933	4,865	–	3,159	–	–
LTIP[2,3]	31 May 2019	1 March 2022	9,048	–	–	–	9,048	–	2,787	–
LTIP[2,3]	11 August 2020	1 March 2023	13,558	–	–	–	13,558	–	3,497	–
LTIP[2,3]	1 March 2021	1 March 2024	–	8,015	–	–	8,015	–	1,963	–
Sub-total			46,635	10,922	4,933	6,482	46,142	5,978	15,328	–

1 *DBA shares awarded in terms of the Bonus and Retention Share Plan.*
2 *LTIP shares awarded in terms of the Performance Share Plan.*
3 *After vesting of the awards, an additional two-year holding period applied, subject to clawback conditions. The share awards do not qualify for any dividend equivalents during the performance period.*
4 *Anglo American plc forfeitable shares were awarded related to his position as a member of the Anglo American General Management Committee.*
5 *Shares forfeited due to performance conditions not met in full.*
6 *Shares vested as a result of performance conditions being met. Shares are subject to an additional two-year holding period during which clawback conditions apply.*
7 *As a result of the demerger of Anglo Thermal Coal and consequent listing of Thungela Resources, Thungela shares were awarded based on existing Anglo American plc shareholding and in line with the scheme rules.*
8 *Includes dividends received in March 2021 and August 2021 as well as the face value of share vestings during 2021.*
9 *Sum total of the estimated fair value of unvested DBA shares, 2019 LTIP award (actual vesting of 65%), 2020 and 2021 LTIP awards (estimated vesting of 60%). The value is based on a three-day VWAP on 31 December 2021 of R456.27 for Kumba, R650.87 for Anglo American and R1.00 for Thungela Resources shares.*
10 *Estimated dividend equivalent is based on an estimated 60% vesting probability and accumulated dividends declared to date during the performance period.*

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2021	Granted during 2021	Forfeited during 2021	Vesting during 2021	Closing balance on 31 December 2021	Value of receipts	Estimated fair value on 31 December 2021	Estimated fair value of cumulative dividend equivalents at 31 December 2021
Prescribed officers								[12]	[13]	[14]
PJP Fourie										
Kumba share awards										
DBA	9 April 2018	1 March 2021	3,246	—	—	3,246	—	2,108	—	—
DBA	1 March 2019	1 March 2022	3,303	—	—	3,303	—	2,318	—	—
DBA	1 March 2020	1 March 2023	3,463	—	—	3,463	—	2,430	—	—
DBA[1]	1 March 2021	1 March 2023	—	1,646	—	1,646	—	1,155	—	—
FSP[1]	9 April 2018	1 March 2021	2,773	—	—	2773	—	1,801	—	—
LTIP[2,8]	31 May 2019	1 March 2022	4,552	—	1,517	—	3,035	—	1,402	554
LTIP[2,8]	11 August 2020	1 March 2023	6,140	—	4,612	—	1,528	—	394	122
LTIP[2,8]	1 March 2021	1 March 2023	—	3,457	3,362	—	95	—	25	6
Sub-total			23,477	5,103	9,491	14,431	4,658	9,812	1,821	682
VJ Kumar										
Kumba share awards										
DBA[1]	1 March 2021	1 March 2023	—	1,884	—	—	1,884	215	860	—
LTIP[2]	1 March 2021	1 March 2024	—	4,681	—	—	4,681	—	1,147	320
Anglo American plc share awards[4]										
DBA	1 March 2019	1 March 2022	2,431	—	—	—	2,431	117	1,582	—
DBA	1 March 2020	1 March 2023	3,763	—	—	—	3,763	181	2,449	—
DBA	6 May 2020	1 March 2023	944	—	—	—	944	45	614	—
LTIP	1 March 2019	1 March 2022	9,900	—	—	—	9,900	—	5,799	692
LTIP	1 March 2020	1 March 2023	11,000	—	—	—	11,000	—	4,048	402
Thungela Resources share awards[11]										
DBA	1 March 2019	1 March 2022	243	—	—	—	243	—	21	—
DBA	1 March 2020	1 March 2023	470	—	—	—	470	—	40	—
LTIP	1 March 2019	1 March 2022	42	—	—	—	42	—	3	—
LTIP	1 March 2020	1 March 2023	46	—	—	—	46	—	2	—
Sub-total			28,839	6,565	—	—	35,404	558	16,565	1,414
CO Malander										
Kumba share awards										
DBA	1 March 2018	1 March 2021	2,304	—	—	2,304	—	1,496	—	—
DBA	1 March 2019	1 March 2022	2,075	—	—	—	2,075	237	947	—
DBA[1]	1 March 2020	1 March 2023	2,175	—	—	—	2,175	248	992	—
DBA[1]	1 March 2021	1 March 2023	—	1,034	—	—	1,034	118	472	—
Sub-total			6,554	1,034	—	2,304	5,284	2,099	2,411	—

Notes to the annual financial statements continued

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35. Directors' and prescribed officers' remuneration continued

Interests of executive directors and the prescribed officers – unvested awards and cash flow continued

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2021	Granted during 2021	Forfeited during 2021	Vesting during 2021	Closing balance on 31 December 2021	Value of receipts	Estimated fair value on 31 December 2021	Estimated fair value of cumulative dividend equivalents at 31 December 2021
Prescribed officers								[12]	[13]	[14]
SA Martin										
Kumba share awards										
DBA	1 March 2019	1 March 2022	2,066	–	–	–	2,066	236	943	–
DBA[1]	1 March 2020	1 March 2023	3,524	–	–	–	3,524	402	1,608	–
DBA[1]	1 March 2021	1 March 2023	–	1,675	–	–	1,675	191	764	–
LTIP[2]	31 May 2019	1 March 2022	4,632	–	–	–	4,632	–	1,427	564
LTIP[2]	11 August 2020	1 March 2023	6,248	–	–	–	6,248	–	1,612	501
LTIP[2]	1 March 2021	1 March 2024	–	3,518	–	–	3,518	–	862	241
Anglo American plc share award[4]										
DBA	1 March 2018	1 March 2021	1,665	–	–	1,665	–	1,014	–	–
LTIP	1 March 2018	1 March 2021	3,500	–	–	3,500	–	2,132	–	–
Sub-total			21,635	5,193	–	5,165	21,663	3,975	7,216	1,306
GM Mc Gavigan										
Kumba share awards										
DBA	9 April 2018	1 March 2021	5,128	–	–	5,128	–	3,330	–	–
DBA	1 March 2019	1 March 2022	4,018	–	–	–	4,018	458	1,833	–
DBA[1]	1 March 2020	1 March 2023	3,911	–	–	–	3,911	446	1,784	–
DBA[1]	1 March 2021	1 March 2023	–	1,859	–	–	1,859	212	848	–
FSP	9 April 2018	1 March 2021	3,131	–	–	3,131	–	2,033	–	–
LTIP[2]	31 May 2019	1 March 2022	5,142	–	–	–	5,142	–	1,584	626
LTIP[2]	11 August 2020	1 March 2023	6,934	–	–	–	6,934	–	1,789	556
LTIP[2]	1 March 2021	24 March 2021	–	3,904	–	–	3,904	–	1,069	267
Sub-total			28,264	5,763	–	8,259	25,768	6,479	8,907	1,449
P Ramchander										
Kumba share awards										
DBA[1]	1 March 2021	1 March 2023	–	1,418	–	–	1,418	162	647	–
LTIP[2]	1 March 2021	1 March 2024	–	3,459	–	–	3,459	–	847	237
Anglo American plc share awards[5]										
DBA	1 March 2018	1 March 2021	3,980	–	–	3,980	–	2,424	–	–
DBA	1 March 2019	1 March 2022	2,547	–	–	–	2,547	123	1,658	–
DBA	1 March 2020	1 March 2023	2,900	–	–	–	2,900	140	1,888	–
LTIP	1 March 2018	1 March 2021	4,000	–	–	4,000	–	2,436	–	–
LTIP	1 March 2019	1 March 2022	6,400	–	–	–	6,400	–	3,749	447
LTIP	1 March 2020	1 March 2023	7,200	–	–	–	7,200	–	2,649	263
Thungela Resources share awards[11]										
DBA	1 March 2019	1 March 2022	254	–	–	–	254	–	22	–
DBA	1 March 2020	1 March 2023	290	–	–	–	290	–	25	–
LTIP	1 March 2019	1 March 2022	27	–	–	–	27	–	2	–
LTIP	1 March 2020	1 March 2023	30	–	–	–	30	–	1	–
Sub-total			27,628	4,877	–	7,980	24,525	5,285	11,488	947

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2021	Granted during 2021	Forfeited during 2021	Vesting during 2021	Closing balance on 31 December 2021	Value of receipts [12]	Estimated fair value on 31 December 2021 [13]	Estimated fair value of cumulative dividend equivalents at 31 December 2021 [14]
Prescribed officers										
TS Smit										
Anglo American share awards[6]										
DBA	9 March 2018	3 March 2021	12,829	–	–	12,829	–	7,894	–	–
DBA	8 March 2019	8 March 2022	15,427	–	–	–	15,427	736	10,009	–
DBA	9 March 2020	9 March 2023	13,354	–	–	–	13,354	637	8,664	–
DBA	12 March 2021	12 March 2023	–	6,171	–	–	6,171	294	4,004	–
DBA	20 May 2021	12 March 2023	–	872	–	–	872	42	566	–
DBA[10]	16 June 2021	8 March 2022	–	149	–	–	149	4	97	–
LTIP	9 March 2018	3 March 2021	11,500	–	–	11,500	–	7,076	–	–
LTIP	26 March 2019	8 March 2022	20,200	–	–	–	20,200	–	11,795	1,283
LTIP	6 May 2020	9 March 2023	22,600	–	–	–	22,600	–	8,277	710
LTIP	12 March 2021	12 March 2024	–	14,000	–	–	14,000	–	4,868	401
LTIP[10]	16 June 2021	8 March 2022	–	241	–	–	241	–	94	4
Sub-total			95,910	21,433	–	24,329	93,014	16,683	48,374	2,398
SV Tyobeka										
Kumba share awards										
DBA	9 April 2018	1 March 2021	4,850	–	–	4,850	–	3,149	–	–
DBA	1 March 2019	1 March 2022	4,011	–	–	–	4,011	457	1,830	–
DBA[1]	1 March 2020	1 March 2023	3,905	–	–	–	3,905	445	1,782	–
DBA[1]	1 March 2021	1 March 2023	–	1,856	–	–	1,856	212	847	–
FSP	9 April 2018	1 March 2021	3,126	–	–	3,126	–	2,030	–	–
LTIP[2]	31 May 2019	1 March 2022	5,134	–	–	–	5,134	–	1,581	625
LTIP[2]	11 August 2020	1 March 2023	6,923	–	–	–	6,923	–	1,786	555
LTIP[2]	1 March 2021	1 March 2024	–	3,898	–	–	3,898	–	955	267
Sub-total			27,949	5,754	–	7,976	25,727	6,293	8,781	1,447
F Patel										
Kumba share awards										
DBA[1]	1 March 2021	1 March 2023	–	1,245	–	–	1,245	142	568	–
Sub-total			–	1,245	–	–	1,245	142	568	–
Total			499,008	99,141	29,620	104,489	464,040	84,341	192,976	9,642

1. *DBA shares awarded in terms of the Bonus and Retention Share Plan.*
2. *LTIP shares awarded in terms of the Performance Share Plan.*
3. *Post vesting of the awards, an additional two-year holding period will apply, subject to clawback conditions. These share awards do not qualify for any dividend equivalents during the performance period.*
4. *Anglo American shares previously awarded when employed by Anglo American Coal SA (now Thungela Resources).*
5. *Anglo American shares previously awarded when employed by Anglo American Corporate SA.*
6. *Anglo American shares traded on the LSE. The value of the shares is converted at the Rand/US$ exchange rate applicable to the declared event.*
7. *Shares forfeited due to performance conditions not met in full.*
8. *Pro rata shares forfeited as a result of retirement on 31 March 2021.*
9. *Shares vested as a result of performance conditions being met. Shares are subject to an additional two-year holding period during which clawback conditions apply.*
10. *As a result of the demerger of Anglo Thermal Coal and consequent listing of Thungela Resources, additional Anglo American shares were awarded based on existing Anglo American shareholding and in line with the scheme rules.*
11. *As a result of the demerger of Anglo Thermal Coal and consequent listing of Thungela Resources, Thungela shares were awarded based on existing Anglo American shareholding and in line with the scheme rules.*
12. *Includes dividend payments received in March 2021 and August 2021 as well as face value of share vesting during 2021.*
13. *Sum of the estimated fair value of unvested DBA shares, 2019 LTIP award (actual vesting of 65%), 2020 and 2021 LTIP awards (estimated vesting of 60%). The value is based on a three-day VWAP on 31 December 2021 of R456.27 for Kumba, R650.87 for Anglo American plc and R1.00 for Thungela Resources shares.*
14. *Estimated dividend equivalent is based on an estimated 60% vesting probability and accumulated dividends declared to date during the performance period.*

Notes to the annual financial statements continued

for the year ended 31 December

35. Directors' and prescribed officers' remuneration continued

Directors' beneficial interest in Kumba

The aggregate beneficial interest in Kumba at 31 December 2022 of the directors of the Company and their immediate families (none of whom has a holding greater than 1%) in the issued shares of the Company are detailed below. There have been no changes to the shareholding since 31 December 2022 to the date of approval of these annual financial statements.

	2022			2021		
Capacity and name	**Number of shares**	**Long-term incentive scheme shares[1]**	**Total beneficial interest**	Number of shares	Long-term incentive scheme shares	Total beneficial interest
Executive directors						
ND Zikalala	—	3,247	3,247	—	—	—
TM Mkhwanazi	—	—	—	46,779	83,551	130,330
BA Mazarura	2,959	24,787	27,746	—	20,386	20,386
Sub-total	**2,959**	**28,034**	**30,993**	46,779	103,937	150,716
Non-executive directors						
TM Mkhwanazi	57,816	93,092	150,908	—	—	—
MS Bomela	—	—	—	50	—	50
SS Ntsaluba	—	—	—	500	—	500
Sub-total	**57,816**	**93,092**	**150,908**	550	—	550
Total	**60,775**	**121,126**	**181,901**	47,329	103,937	151,266

[1] *Granted under the rules of the BSP, BRP and PSP and disclosed in the tables above.*

Statement of financial position

as at 31 December

Rand million	Notes	2022	2021
Assets			
Shares at cost	1	**3**	3
Long-term loan to subsidiary	1	**350**	378
Deferred tax assets		**2**	1
Non-current assets		**355**	382
Cash and cash equivalents	2	**397**	406
Current tax asset	8	**16**	—
Current assets		**413**	406
Total assets		**768**	788
Equity and liabilities			
Share capital and premium	3	**367**	367
Reserves		**94**	61
Accumulated loss		**(17)**	66
Total equity		**444**	494
Other payables		**324**	286
Current tax liabilities	8	**—**	8
Current liabilities		**324**	294
Total liabilities		**324**	294
Total equity and liabilities		**768**	788

Statement of profit or loss and other comprehensive income

for the year ended 31 December

Rand million	Notes	2022	2021
Revenue	4	**19,067**	36,968
Net operating expenses	5	**(163)**	(79)
Operating profit		**18,904**	36,889
Finance income		**91**	97
Profit before taxation		**18,995**	36,986
Taxation	6	**(14)**	(25)
Profit for the year		**18,981**	36,961
Total comprehensive income for the year		**18,981**	36,961

The Company did not have any other comprehensive income during the year other than the profit for the year, therefore no separate statement of other comprehensive income is presented for the years ended 31 December 2022 and 31 December 2021.

Statement of changes in equity

for the year ended 31 December

Rand million	Share capital (note 3)	Share premium (note 3)	Equity-settled share-based payment reserve	Retained earnings/ (accumulated loss)	Total
Balance at 31 December 2020	3	364	45	(182)	230
Equity-settled share-based payments	—	—	27	—	27
Vesting of shares under employee share incentive schemes	—	—	(11)	5	(6)
Total comprehensive income for the year	—	—	—	36,961	36,961
Dividends paid	—	—	—	(36,718)	(36,718)
Balance at 31 December 2021	**3**	**364**	**61**	**66**	**494**
Equity-settled share-based payments	**—**	**—**	**52**	**—**	**52**
Vesting of shares under employee share incentive schemes	**—**	**—**	**(19)**	**3**	**(16)**
Total comprehensive income for the year	**—**	**—**	**—**	**18,981**	**18,981**
Dividends paid	**—**	**—**	**—**	**(19,067)**	**(19,067)**
Balance as at 31 December 2022	**3**	**364**	**94**	**(17)**	**444**

Refer to Annexure 3: Equity-settled share-based payment reserve for a description, detailed movements and the valuation assumptions of the share scheme for the year under review.

Statement of cash flows

for the year ended 31 December

Rand million	Notes	2022	2021
Cash flows (utilised in)/from operating activities			
Cash generated from operations[1]	7	**18,992**	36,987
Finance income received		**91**	97
Dividends paid		**(19,067)**	(36,718)
Taxation paid	8	**(38)**	(16)
		(22)	350
Cash flows from/(utilised in) investing activities			
Loan advanced by/(to) subsidiary		**28**	(251)
		28	(251)
Cash flows utilised in financing activities			
Vesting of shares under employee share incentive schemes		**(16)**	(6)
		(16)	(6)
Net (decrease)/increase in cash and cash equivalents		**(10)**	93
Cash and cash equivalents at beginning of year		**407**	314
Cash and cash equivalents at end of year	2	**397**	407

[1] *This amount includes R18,957 million (2021: R36,968 million) in respect of dividends received from SIOC.*

Notes to the annual financial statements

for the year ended 31 December

1. Interests in subsidiaries

Rand million	2022	2021
Reflected as non-current assets, consist of:		
Shares at cost	**3**	3
Long-term loan to subsidiary	**350**	378
Net interests in subsidiaries	**353**	381

Investments in subsidiaries are accounted for at cost.

The loan to SIOC bears interest at a variable market-related rate of 6.5% and does not have any repayment terms. SIOC has sufficient cash flows to cover the debt highlighted by the dividends declared in the current year.

An expected credit loss in this regard is considered to be insignificant and forward-looking information does not indicate that this will change.

For further details of interests in significant subsidiaries, refer to Annexure 1.

2. Cash and cash equivalents

Rand million	2022	2021
Cash and cash equivalents	**397**	406
Currency analysis of cash and cash equivalents		
Rand	**397**	406

The Company held deposits amounting to R396 million (31 December 2021: R357 million), which are subject to statutory restrictions and are therefore not available for general use by the Company.

Credit risk

Cash and cash equivalents are held with financial institutions with long-term investment grade credit rating and with the capacity for payment of financial commitments considered strong.

Fair value of cash and cash equivalents

The carrying amount of cash and cash equivalents approximate their fair value because of the short period to maturity of these instruments.

3. Share capital and share premium

Number of shares	2022	2021
Authorised		
500,000,000 ordinary shares of R0.01 each	**500,000,000**	500,000,000
Issued		
Ordinary shares of R0.01 each	**322,085,974**	322,085,974
Reconciliation of issued shares		
Number of shares at the beginning of the year	**322,085,974**	322,085,974
Number of shares at end of year	**322,085,974**	322,085,974

For further details, refer to note 21 of the group consolidated financial statements.

Rand million	2022	2021
Reconciliation of share capital and premium		
Share capital	**3**	3
Share premium	**364**	364
	367	367

4. Revenue

Rand million	2022	2021
Dividends received from subsidiaries (refer to note 9)	**19,067**	36,968

5. Net operating expenses

Rand million	2022	2021
Cost by nature		
Salaries and wages	**39**	34
Equity-settled share-based payments	**52**	27
Pension, medical and termination costs	**1**	1
General charges	**95**	37
Cost recoveries[1]	**(24)**	(20)
	163	79
The above costs are stated after including:		
Directors' remuneration[2]	**31**	36
Executive directors		
Emoluments received as directors of the Company	**16**	17
Bonuses and cash incentives	**6**	11
Non-executive directors – emoluments as directors of the Company	**9**	8

[1] *This relates to management fees receivable from SIOC.*
[2] *Refer to note 35 in the group consolidated financial statements for details of remunerations paid to directors.*

6. Taxation

Rand million	2022	2021
Charge to income		
SA normal tax		
Current year	**14**	25
Total	**14**	25
	%	%
Reconciliation of taxation rates		
Taxation as a percentage of profit before taxation	**0.1**	0.1
Taxation effect of:		
Disallowable expenditure[1]	**(0.2)**	(0.1)
Exempt income[2]	**28.1**	28.0
Standard tax rate	**28.0**	28.0

[1] *These percentages comprise many immaterial amounts which have therefore been aggregated; no individual disclosure has been provided.*
[2] *This relates to dividend income received from a subsidiary.*

Notes to the annual financial statements continued

for the year ended 31 December

7. Cash generated by operations

Rand million	2022	2021
Operating profit	**18,904**	36,889
Adjusted for:		
Share-based payment expense	**52**	27
Working capital movements:		
Increase in other payables	**36**	71
Cash flows generated from operating activities	**18,992**	36,987

8. Normal taxation paid

Rand million	2022	2021
Current tax liability/(asset) at the beginning of the year	**8**	(1)
Amounts charged to the statement of profit or loss	**14**	25
Amount paid during the year	**(38)**	(16)
Current tax (asset)/liability at the end of the year	**(16)**	8

9. Related-party transactions

During the year, Kumba, in the ordinary course of business, entered into various transactions for the rendering of services to its subsidiary, SIOC, as well as its holding company, Anglo American plc. Certain deposits and borrowings are also placed with the holding company. The holding company also acts as an agent for the Company in respect of all foreign exchange transactions and performs a back office treasury function for the group. The effect of these transactions is included in the results of the group. These transactions occurred under terms that are no less favourable than those arranged with third parties.

Holding company

Anglo American plc is Kumba's ultimate holding company. The interest in the group is held through a 69.71% shareholding by Anglo South Africa Proprietary Limited (2021: 69.71%).

Subsidiaries

Details of investments in and loans to/from subsidiaries are disclosed in Annexure 1.

Shareholders

The principal shareholders of the Company are detailed under the shareholder analysis on pages 120 to 122.

9. Related-party transactions continued

Related-party transactions:

Rand million	2022	2021
Rendering of services		
SIOC – payroll costs[1]	**23**	18
Rendering of services and finance income		
SIOC – finance income	**69**	80
SIOC – service recovery fee[2]	**66**	20
Amounts owing by related parties		
SIOC – loan[3]	**350**	378
Dividends paid to/(by) Kumba		
SIOC	**19,067**	36,968
Holding company	**(13,293)**	(25,597)

[1] *This relates to payroll costs recovered from Kumba by SIOC for work performed for Kumba by SIOC employees.*
[2] *This relates to management fees receivable from SIOC.*
[3] *This relates to a loan receivable from SIOC.*

Directors

Details relating to the Company's directors' remunerations and shareholdings (including share options) are disclosed in note 35 of the consolidated financial statements.

10. Events after the reporting period

Dividend

A final cash dividend of R16.30 per share was declared by the Board on 20 February 2023 from profits accrued during the financial year ended 31 December 2022. The total cash dividend for the year amounted to R45.00 per share. The estimated total cash flow of the final Kumba dividend, payable on 20 March 2023, is R5.2 billion.

The directors are not aware of any other matter or circumstance arising since the end of the year and up to the date of this report, not otherwise dealt with in this report.

Annexure 1: Investments in subsidiaries

for the year ended 31 December

Rand '000	Country of incorporation[1]	Principal place of business[1]	Nature of business[2]	Percentage holding	Nominal issued capital R	Investments at cost 2022	Investments at cost 2021	Loans to subsidiaries 2022	Loans to subsidiaries 2021
Direct investments									
Sishen Iron Ore Company Proprietary Limited	RSA	RSA	A	76%	100	**3,009**	3,009	**349,979**	378,253
KIO Investment Holdings Proprietary Limited	RSA	RSA	C	100%	1,000	**–**	–	**–**	–
Total investments in subsidiaries						**3,009**	3,009	**349,979**	378,253

Indirect subsidiaries

	Country of incorporation[1]	Principal place of business[1]	Nature of business[2]	Percentage holding
Kumba International Trading Limited	JE	UK	B	100%
Kumba Iron Ore Holdings SARL	NE	LUX	C	100%
Kumba Singapore Private Limited	SNG	SNG	B	100%
Sibelo Resources Development Proprietary Limited	RSA	RSA	C	100%
SIOC Solar SPV Proprietary Limited	RSA	RSA	C	100%

Special purpose entities[3]

	Country of incorporation[1]	Principal place of business[1]	Nature of business[2]	Percentage holding
Kumba Iron Ore Rehabilitation Trust[4]	RSA	RSA	D	100%
Kumba BSP Trust[4]	RSA	RSA	E	100%
SIOC Employee Share Ownership Plan Trust (Semela)	RSA	RSA	E	100%
SIOC Employee Benefit Scheme (Karolo)	RSA	RSA	E	100%

[1] *RSA – South Africa, NE – Netherlands, UK – United Kingdom, SNG – Singapore, JE – Jersey, LUX – Luxembourg.*
[2] *A – Mining, B – Iron ore marketing and sales, C – Dormant, D – Mine closure fund, E – Share incentive scheme administrator.*
[3] *Controlled by Kumba.*
[4] *The trusts have a 28 February year end as it is a requirement from the South African Revenue Services. Where the financial year ends are not co-terminous with that of the group, financial information has been obtained from published information on management accounts as appropriate.*

Annexure 2: Investments in associates and joint ventures

for the year ended 31 December

R'000	Country of incorporation[1]	Principal place of business[1]	Nature of business[2]	Number of shares held	Percentage holding	Investment at cost R	Group loan balance 2022	Group loan balance 2021	Company loan balance 2022	Company loan balance 2021
Associates										
Unlisted										
Essential Prospects 101 Proprietary Limited	RSA	RSA	A	26	26%	50,000	**7,697**	1,493	**7,697**	1,493
Manganore Iron Mining Limited[3]	RSA	RSA	B	—	—	—	**—**	—	**—**	—
Total investments in associates						50,000	**7,697**	1,493	**7,697**	1,493
Incorporated joint venture										
Unlisted										
Polokwane Iron Ore Company Proprietary Limited (PIOC)	RSA	RSA	A	4,000	50%	3,740	*****	*	**—**	—
						3,740	**—**	—	**—**	—

[1] *RSA – South Africa, LIB – Liberia.*
[2] *A – Exploration, B – Dormant.*
[3] *The company was deregistered on 19 April 2022.*
* *Impaired in SIOC's separate financial statements.*

The joint venture is equity accounted in the group consolidated financial statements. SIOC's share of PIOC's post-acquisition losses is limited to the investment and the loan to PIOC, resulting in a carrying amount of Rnil (2021: Rnil) in respect of the investment in and loan to PIOC in the group's statement of financial position. As a result, the impairment of the loan receivable from PIOC had no impact on the group's financial statements.

The aggregated carrying amounts of joint ventures and associates is less than R1 million, therefore a summary of statement of financial position and statement of profit or loss are not disclosed.

Annexure 3: Equity-settled share-based payment schemes

for the year ended 31 December

Employee share incentive schemes

Certain employees of the group participate in the following share incentive schemes:
- Bonus and Retention Share Plan (BRP)
- Performance Share Plan (PSP)
- Bonus Share Plan (BSP)
- Long-Term Incentive Plan (LTIP) (for executive directors)
- SIOC Employee Benefit Share Scheme (Karolo)
- SIOC Employee Share Ownership Plan Trust (Semela)

1. BRP scheme

Description of scheme

The BSP scheme, which was approved and adopted by shareholders on 20 March 2009 for a 10-year period, reached its 10th anniversary in March 2019, and was therefore terminated. Consequently, the BRP scheme for executive directors and senior employees was implemented during 2019, replacing the BSP scheme.

The BRP is offered to executive directors and senior managers who have the opportunity and the responsibility to contribute towards Kumba's overall strategic objectives. The BRP has two components:
- a payment of an annual cash bonus
- a forfeitable award of Kumba shares linked to the participant's annual cash bonus award known as bonus shares

The number of bonus shares awarded is determined with reference to the amount of the annual cash bonus an employee receives, which is directly linked to the employee's personal performance and potential. The shares are held in an escrow account and released to the employee three years after the award date (subject to continuous employment). During the three-year period, the employee is entitled to all rights attached to the bonus shares including dividend entitlements and voting rights.

Movement in the number of share awards granted

	2022 award	2021 award	2020 award	2019 award
Balance at beginning of year	**—**	118,776	225,544	1,720
Bonus shares awarded	**159,103**	—	—	—
Awards forfeited	**(3,207)**	(1,157)	(3,479)	—
Awards exercised[1]	**—**	(6,627)	(13,402)	—
Awards exercised on vesting	**—**	—	—	(1,720)
Balance at 31 December 2022	**155,896**	110,992	208,663	—
Balance at beginning of year		—	234,970	4,062
Bonus shares awarded		122,610	1,437	—
Awards forfeited		(1,084)	(2,521)	—
Awards exercised[1]		(2,750)	(8,342)	—
Awards exercised on vesting		—	—	(2,342)
Balance at 31 December 2021		118,776	225,544	1,720

[1] *This relates to the pro rata portion of the bonus shares granted to employees who are considered good leavers (retirement,retrenchment and medical incapacity) in terms of the share scheme rules.*

	Number of awards	**Expiry date**
Vesting period of awards granted		
Less than 1 year	**238,187**	**2023**
1 to 2 years	**125,992**	**2024**
2 to 5 years	**111,372**	**2025**

1. BRP scheme continued

Valuation of scheme

The share awards granted under the BRP are considered equity-settled.

The share-based payment expense is measured using the fair value of the share awards issued under the BRP, which was determined using the Kumba share price on grant date.

	2022 award	2021 award	2020 award	2019 award
Fair value assumptions				
Share price on date of grant (Rand)	**628.88**	655.45	283.23	457.29
Expected share option life (years)	**3**	3	3	3
Expected dividend yield (%)	**5.00**	5.00	5.00	5.00

The risk-free interest rate for the period within the contractual term of the awards is based on South African government bonds.

The historical volatility of the Kumba share price is used in determining the expected volatility.

2. PSP scheme

Description of scheme

Long-term Incentive Plan (LTIP) awards were granted to the executive directors under the Kumba LTIP scheme which came to an end in 2019. No new conditional awards were made under the LTIP scheme after the 2018 financial year and all new conditional awards are now granted in terms of the PSP scheme. There were no unvested LTIP awards as at 31 December 2021 as the remaining awards vested during the 2021 financial year.

The PSP scheme was implemented during 2019, replacing the LTIP. The PSP awards have performance conditions attached to the vesting and do not qualify for shareholder rights over the vesting period. The payment of dividend equivalents will be incorporated into the awards for qualifying prescribed officers and senior managers to offset the loss of dividend rights associated with the conditional share award pre-vesting. No dividend equivalent policy will apply for the executive directors.

Movement in the number of conditional awards granted

	Number of conditional awards			
	2022 award	2021 award	2020 award	2019 award
Balance at beginning of year	**–**	72,814	113,585	87,368
Conditional awards issued	**56,063**	–	–	–
Conditional awards forfeited	**–**	(4,275)	(827)	(28,157)
Conditional awards vested	**–**	(466)	(815)	(33,754)
Balance at 31 December 2022	**56,063**	68,073	111,943	25,457
Balance at beginning of year		–	120,580	93,733
Conditional awards issued		76,176	–	–
Conditional awards forfeited		(3,362)	(5,036)	(2,379)
Conditional awards vested		–	(1,959)	(3,986)
Balance at 31 December 2021		72,814	113,585	87,368

Annexure 3: Equity-settled share-based payment schemes continued

for the year ended 31 December

2. PSP scheme continued

	Number of conditional awards	Expiry date
Vesting period of conditional awards granted		
Less than 1 year	**114,568**	**2023**
1 to 2 years	**90,905**	**2024**
2 to 5 years	**56,063**	**2025**

Valuation of scheme

The conditional awards granted under the PSP are considered equity-settled.

The share-based payment expense is measured using the fair value of the conditional award issued under the PSP, which was determined using the Monte Carlo option pricing model.

	2022 award	2021 award	2020 award	2019 award
Fair value assumptions				
Share price on date of grant (Rand)	**628.88**	655.45	537.03	450.02
Annualised expected volatility (%)	**48.64**	49.19	50.81	50.00
Expected share option life (years)	**3**	3	3	3
Expected dividend yield (%)	**5.00**	5.00	5.00	5.00
Risk-free interest rate (%)	**8.20**	6.20	5.50	7.60

The risk-free interest rate for the period within the contractual term of the awards is based on South African government bonds.

The historical volatility of the Kumba share price is used in determining the expected volatility.

3. BSP scheme

Description of scheme

The BSP for executive directors and senior managers was adopted and implemented during 2009 and terminated in March 2019 when it reached its 10th anniversary, as mentioned above. The BSP was offered to senior managers and key executives managers who have the opportunity and the responsibility to contribute towards Kumba's overall strategic objectives. The BSP has two components:

- A payment of an annual cash bonus
- A forfeitable award of shares linked to the participant's annual cash bonus award known as bonus shares

The number of bonus shares awarded was determined with reference to the amount of the annual cash bonus an employee receives, which was directly linked to the employee's personal performance and potential. The shares are held by an escrow agent and released to the employee three years after the award date (subject to continuous employment). During the three-year period, the employee is entitled to all rights attached to the bonus shares including dividend entitlements and voting rights. In certain instances, the shares vest after a period that is longer than three years.

The BSP scheme was replaced by the BRP scheme, as mentioned above. All awards granted since July 2019 are awarded on the BRP scheme.

3. BSP scheme continued

Movement in the number of share awards granted

	2020 to 2022 awards	2019 award	2018 award	2017 award
Balance at beginning of year	**–**	193,016	6,288	4,667
Awards forfeited	**–**	–	–	–
Awards exercised[1]	**–**	–	–	–
Awards exercised on vesting	**–**	(184,837)	–	(4,667)
Balance at 31 December 2022	**–**	8,179	6,288	–
Balance at beginning of year		203,404	231,819	4,667
Awards forfeited		(2,435)	–	–
Awards exercised[1]		(7,953)	–	–
Awards exercised on vesting		–	(225,531)	–
Balance at 31 December 2021		193,016	6,288	4,667

[1] *This relates to the pro rata portion of the bonus shares granted to employees who are considered good leavers in terms of the share scheme rules.*

	Number of awards	Expiry date
Vesting period of awards granted		
Less than 1 year	**6,288**	**2023**
1 to 2 years	**8,179**	**2024**
2 to 5 years	**–**	**2025**

Valuation of scheme

The share awards granted under the BSP are considered equity-settled.

The share-based payment expense was measured using the fair value of the share awards issued under the BSP, which was determined using the grant date share price of Kumba's shares.

	2020 to 2022 awards	2019 award	2018 award	2017 award
Fair value assumptions				
Share price on date of grant (Rand)	**–**	378.39	331.35	213.43
Expected share option life (years)	**–**	3	3	3
Expected dividend yield (%)	**–**	5.00	5.00	5.00
Risk-free interest rate (%)	**–**	7.60	5.63	6.50

The risk-free interest rate for the period within the contractual term of the awards is based on South African government bonds.

The historical volatility of the Kumba share price is used in determining the expected volatility.

Annexure 3: Equity-settled share-based payment schemes continued

for the year ended 31 December

4. SIOC employee benefit share scheme (Karolo)

Description of scheme

The Karolo scheme became effective in August 2018, comprising an annual grant of free Kumba shares to qualifying employees which will vest after three years. The shares are held by an agent and released to the employee three years after the award date, subject to continuous employment. During the three-year period, the employee is entitled to all rights attached to the bonus shares, including dividend entitlements and voting rights. The Karolo scheme came to an end in August 2022 and was replaced by the Semela scheme (refer to section 5 below for details of the Semela scheme). The last award from the Karolo scheme was made in August 2022.

Movement in the number of share awards granted

	2022 award	2021 award	2020 award	2019 award	2018 award
Balance at beginning of year	**—**	189,153	221,236	216,487	145
Bonus shares awarded	**228,664**	—	—	—	—
Awards forfeited	**(1,012)**	(5,256)	(6,156)	(5,463)	—
Awards exercised[1]	**(109)**	(1,404)	(1,677)	—	—
Awards exercised on vesting	**—**	—	—	(210,980)	(145)
Balance at 31 December 2022	**227,543**	182,493	213,403	44	—
Balance at beginning of year		—	233,526	228,631	319,578
Bonus shares awarded		192,033	—	—	—
Awards forfeited		(828)	(4,079)	(3,943)	(4,084)
Awards exercised[1]		(2,052)	(8,211)	(8,201)	(681)
Awards exercised on vesting		—	—	—	(314,668)
Balance at 31 December 2021	—	189,153	221,236	216,487	145

[1] *This relates to the pro rata portion of the Karolo shares granted to employees who are considered good leavers (retirement, retrenchment and medical incapacity) in terms of the share scheme rules.*

	Number of awards	**Expiry date**
Vesting period of awards granted		
Less than 1 year	**213,447**	**2023**
1 to 2 years	**182,493**	**2024**
2 to 5 years	**227,543**	**2025**

Valuation of scheme

The share awards granted under the Karolo scheme are considered equity-settled.

The share-based payment expense is measured using the fair value of the share award issued under the Karolo scheme, which was determined using the grant date share price of Kumba's shares.

	2022 awards	2021 awards	2020 awards	2019 award	2018 award
Fair value assumptions					
Share price on date of grant (Rand)	**488.62**	614.02	549.21	435.58	280.75
Expected share option life (years)	**3**	3	3	3	3
Expected dividend yield (%)	**5.00**	5.00	5.00	5.00	5.00

The risk-free interest rate for the period within the contractual term of the awards is based on South African government bonds.

The historical volatility of the Kumba share price is used in determining the expected volatility.

5. SIOC Employee Share Ownership Plan Trust (Semela)

Description of scheme

During the year, the group implemented a new share scheme to replace the Karolo scheme. This new scheme, ('Semela'), consists of two components:

- vesting
- non-vesting

Vesting component

Under the vesting component, participating employees are awarded Kumba shares valued at an inflation-adjusted equivalent of R20,000 per employee on an annual basis, with a three-year vesting period, similar to the Karolo scheme. No share awards have been made under this scheme as at the reporting date. The first share award under this scheme is expected to be made in August 2023.

Non-vesting component

During the year, the group issued new SIOC shares, an equivalent of 1.2% interest in SIOC to a trust which has been established for the benefit of qualifying employees of SIOC who were employed by SIOC as at May 2022. The group has control over the trust.

Under the Semela non-vesting component, participating employees are entitled to a portion of SIOC dividends in relation to their 1.2% shareholding in SIOC. Participating employees receive their pro rata distribution of SIOC dividends declared, less applicable administrative costs. This scheme does not have any funding requirements attached to it and is expected to exist over the group's remaining life-of-asset.

Movement in the number of share awards granted

No awards have been made on the replacement ESOP.

The aggregate number of shares which may be allocated under the BSP, LTIP, BRP, PSP and Karolo, when added to the total number of unvested conditional awards and share options allocated to employees under any other share scheme, may not exceed 31,194,612 shares. At the end of 2022, a total of 29,799,722 shares (2021: 29,743,813 shares) were available for utilisation under the share incentive schemes.

Annexure 4:
New and amended standards not yet adopted by the group

A number of new standards and amendments to standards and interpretations are in issue but not effective for annual periods beginning on 1 January 2022. The group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Amendments to IAS 1 Classification of liabilities as current or non-current

The amendments seek to clarify the requirements for classifying liabilities as current or non-current. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments no longer refer to unconditional rights, since loans are rarely unconditional. The assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification. The right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waive is obtained after the reporting date.

The group has considered its existing liabilities classification in light of these amendments and determined whether any changes to the classification of the liabilities are required at the reporting period. It was therefore determined that these amendments will not have any significant impact on the consolidated and separate financial statements.

The amendments are all effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 Disclosure of accounting policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the group's accounting policy disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted.

Amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors*

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities should use measurement techniques and inputs to develop accounting estimates. Furthermore, the amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies.

The amendments are not expected to have a material impact on the consolidated and separate financial statements. They will, however, provide helpful guidance for the group in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

The amendments are effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 12 *Income taxes*

The amendments to deferred tax are related to assets and liabilities arising from a single transaction. This amendment clarifies how a company should account for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

The group is currently assessing the impact of the amendments to determine the impact on the group's deferred tax disclosure. This amendment is not expected to have a significant impact on the consolidated and separate financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2023.

IFRS 17 *Insurance contracts*

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance contracts*.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfillment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfillment cash flows are remeasured on a current basis at each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

The standard is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 *Financial instruments* and IFRS 15 *Revenue from contracts with customers* on or before the date it first applies the standard.

These amendments are not expected to have any significant impact to the consolidated and separate financial statements.

Amendments to IAS 1 Non-current liabilities with covenants

The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within 12 months.

The amendments are not expected to have a material impact on the consolidated and separate financial statements. However, these amendments will provide helpful guidance for the group in determining the disclosure requirements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

Annexure 5:

Statement of financial position – US Dollar convenience translation

(supplementary information) – as at 31 December

US Dollar million	2022	2021
Assets		
Property, plant and equipment	**2,540**	2,709
Right-of-use assets	**16**	25
Biological assets	**2**	2
Investments held by environmental trust	**47**	50
Investment in associate	**3**	4
Long-term prepayments and other receivables	**22**	10
Inventories	**428**	272
Deferred tax assets	*****	*
Non-current assets	**3,058**	3,072
Inventories	**503**	425
Trade and other receivables	**306**	462
Current tax assets	**43**	50
Cash and cash equivalents	**970**	1,123
Current assets	**1,822**	2,060
Total assets	**4,880**	5,132
Equity and liabilities		
Shareholders' equity	**2,423**	2,796
Non-controlling interests	**754**	867
Total equity	**3,177**	3,663
Lease liabilities	**9**	17
Provisions	**159**	163
Deferred tax liabilities	**622**	660
Non-current liabilities	**789**	840
Lease liabilities	**9**	9
Interest-bearing borrowings	**401**	—
Provisions	**9**	14
Trade and other payables	**473**	566
Contract liabilities	**12**	24
Current tax liabilities	**10**	16
Current liabilities	**914**	629
Total liabilities	**1,703**	1,469
Total equity and liabilities	**4,880**	5,132
Exchange rate		
Translated at closing Rand/US$ exchange rate	**16.94**	15.96

* *Amount is less than US$1 million.*

Note: The consolidated statement of financial position of Kumba Iron Ore Limited whose functional currency is the Rand has been translated into US Dollars. Assets and liabilities have been translated at the closing Rand/US$ exchange rate at 31 December 2022.

Annexure 6:
Statement of profit or loss – US Dollar convenience translation

(supplementary information) for the year ended 31 December

US Dollar million	2022	2021
Revenue	**4,522**	6,903
Operating expenses	**(2,545)**	(2,860)
Impairment charge	**(331)**	—
Expected credit losses on financial assets	**(4)**	(10)
Operating profit	**1,642**	4,033
Finance income	**23**	53
Finance costs	**(30)**	(19)
Profit before taxation	**1,635**	4,067
Taxation	**(435)**	(1,105)
Profit for the year	**1,200**	2,962
Attributable to:		
Owners of Kumba	**914**	2,259
Non-controlling interests	**286**	703
	1,200	2,962
Earnings per share attributable to the ordinary equity holders of Kumba (US Dollar per share)		
Basic	**2.85**	7.01
Diluted	**2.84**	6.99
Exchange rate		
Translated at average Rand/US$ exchange rate	**16.37**	14.79

Note: The financial results of Kumba Iron Ore Limited whose functional currency is the Rand has been translated into US Dollars. Income and expenses presented on the statement of profit or loss have been translated at the average Rand/US$ exchange rate for the 2022 financial year.

Shareholder analysis

Register date: 31 December 2022

Issued share capital: 322,085,974

	Number of shareholdings	%	Number of shares	%
Shareholder spread				
1 – 1,000 shares	16,717	91.21	2,280,246	0.71
1,001 – 10,000 shares	1,261	6.88	4,018,781	1.25
10,001 – 100,000 shares	282	1.54	8,942,526	2.78
100,001 – 1,000,000 shares	55	0.30	15,513,237	4.82
1,000,001 shares and over	14	0.07	291,331,184	90.44
Total	**18,329**	**100.00**	**322,085,974**	**100.00**
Distribution of shareholders				
Strategic investor	1	0.01	224,535,915	69.71
Government	5	0.03	41,502,471	12.89
Banks/brokers	241	1.31	25,574,326	7.94
Close corporations	94	0.51	57,589	0.02
Endowment funds	34	0.19	212,754	0.07
Individuals	15,254	83.22	3,672,400	1.14
Insurance companies	35	0.19	740,031	0.23
Investment companies	6	0.03	48,792	0.02
Medical schemes	16	0.09	149,582	0.05
Mutual funds	315	1.72	9,211,797	2.86
Other corporations	84	0.46	26,901	0.01
Private companies	267	1.46	491,365	0.15
Public companies	6	0.03	16,064	0.00
Retail investor	863	4.71	1,073,719	0.33
Retirement funds	228	1.24	11,998,983	3.73
Share trusts	3	0.02	629,000	0.19
Sovereign wealth funds	11	0.06	629,084	0.19
Trusts	866	4.72	1,515,201	0.47
Total	**18,329**	**100.00**	**322,085,974**	**100.00**
Public/non-public shareholders				
Non-public shareholders	**19**	**0.10**	**267,941,349**	**83.19**
Directors, associates and Executive Committee of the Company	13	0.07	219,870	0.07
Strategic holdings	2	0.01	266,034,530	82.60
Related holdings	4	0.02	1,686,949	0.52
Public shareholders	**18,310**	**99.90**	**54,144,625**	**16.81**
Total	**18,329**	**100.00**	**322,085,974**	**100.00**

	Number of shares	%
Beneficial shareholders holding 2% or more		
Anglo South Africa Proprietary Limited	224,535,915	69.71
Industrial Development Corporation of South Africa Limited	41,498,615	12.88
Government Employees Pension Fund	8,874,306	2.76
Total	**274,908,836**	**85.35**

Breakdown of non-public holdings

	Number of shares	%
Directors, associates and executives of the Company		
Mkhwanazi, TM (non-executive director)	**150,908**	**0.05**
Mkhwanazi, TM	93,092	0.03
Mkhwanazi, TM	57,816	0.02
Zikalala, ND (Chief Executive)	**3,247**	**0.00**
Zikalala, ND	3,247	0.00
Mazarura, BA (Chief Financial Officer)	**27,746**	**0.01**
Mazarura, BA	24,787	0.01
Mazarura, BA	2,959	0.00
Mc Gavigan, GM	**8,163**	**0.00**
Mc Gavigan, GM	8,163	0.00
Martin,SA	**7,355**	**0.00**
Martin,SA	7,355	0.00
Ramgoolam, S	**4,975**	**0.00**
Ramgoolam, S	4,975	0.00
Kumar, V	**4,753**	**0.00**
Kumar, V	4,753	0.00
Ramchander, P	**3,808**	**0.00**
Ramchander, P	3,808	0.00
Sibanyoni, NM	**1,324**	**0.00**
Sibanyoni, NM	1,324	0.00
Madlala, PC	**4,635**	**0.00**
Madlala, PC	4,635	0.00
Patel, F	**2,956**	**0.00**
Patel, F	2,956	0.00
Total	**219,870**	**0.06**
Strategic holdings		
Anglo American	224,535,915	69.71
Industrial Development Corporation of South Africa Limited	41,498,615	12.88
Total	**266,034,530**	**82.59**

	Number of shares	%
Related holdings		
Mercantile Shareholder Nominees – Exxaro	**1,057,949**	**0.33**
Mercantile Shareholder Nominees – Exxaro	1,057,949	0.33
Kumba BSP Trust	**2,513**	**0.00**
Kumba BSP Trust	2,513	0.00
SIOC Employee Benefit Trust – Allocated	**624,476**	**0.19**
SIOC Employee Benefit Trust – Allocated	624,476	0.19
SIOC Employee Benefit Trust – Unallocated	**2,011**	**0.00**
SIOC Employee Benefit Trust – Unallocated	2,011	0.00
Total	**1,686,949**	**0.52**

Shareholder analysis continued

Register date: 31 December 2022

Issued share capital: 322,085,974

Breakdown of beneficial shareholders holding 2% or more

	Number of shares	%
Beneficial shareholders		
Anglo American	**224,535,915**	**69.71**
Anglo South Africa Capital Proprietary Limited	224,535,915	69.71
Industrial Development Corporation of South Africa Limited	**41,498,615**	**12.88**
Industrial Development Corporation of South Africa Limited	41,498,615	12.88
Government Employee Pension Fund	**8,874,306**	**2.76**
Government Employees Pension Fund – PIC	8,722,188	2.71
Government Employees Pension Fund – Sentio	152,109	0.05
Government Employees Pension Fund – Differential Capital	9	0.00
Total	**274,908,836**	**85.35**

Supplementary non-IFRS financial measures

The annual results contain certain non-IFRS financial measures in respect of the group's financial performance, the statement of financial position and cash flows presented in order to provide users with relevant information and measures used by the group to assess performance.

Non-IFRS financial measures are financial measures other than those defined or specified under all relevant IFRS. To the extent that these measures are not extracted from IFRS disclosure included in the annual financial statements for the year ended 31 December 2022, these measures constitute pro forma financial information in terms of the Listings Requirements of the JSE Limited and are the responsibility of the Board of directors. They are presented for illustrative purposes and to provide users with relevant information and measures used by the Company to assess its operating and cash flow performance, and to enable offshore stakeholders to interpret the financial performance in a universally measured currency. In addition, these measures may not be comparable to similarly titled measures used by other companies. The underlying information used in the presentation of the pro forma financial information has been prepared using the group's accounting policies which comply with IFRS.

This pro forma information has been reported on by the external auditors. Their unqualified reporting accountant's reasonable assurance report prepared in terms of ISAE 3420 is included on pages 125 to 126.

The following sets out the non-IFRS financial measures disclosed throughout the annual financial statements and where they are reconciled.

EBITDA and adjusted EBITDA

EBITDA is a measure of operating performance and is used to identify trends of controllable expenses in the business. Adjusted EBITDA is a measure of the group's core earnings adjusted for non-recurring items such as impairment charges or reversal of prior year impairment charges.

Rand million	**2022**	2021
Operating profit per statement of profit or loss	**26,880**	59,508
Add back:		
Depreciation	**5,020**	5,050
EBITDA	**31,900**	64,558
Add back:		
Impairment charge	**5,411**	—
Adjusted EBITDA	**37,311**	64,558

Attributable free cash flow

Attributable free cash flow measures the group's ability to generate cash for the period under review. The table below illustrates attributable free cash flow for the year ended 31 December:

Rand million	**2022**	2021
Cash generated from operations	**34,835**	64,970
Less: Additions to property, plant and equipment	**(11,084)**	(6,253)
Less: Finance expense paid	**(325)**	(175)
Less: Taxation paid	**(7,132)**	(16,602)
Less: Dividends paid to non-controlling shareholders	**(5,926)**	(11,490)
Attributable free cash flow	**10,368**	30,450

Supplementary non-IFRS financial measures continued

Net cash

Net cash illustrates the group's cash position after deducting borrowings and lease liabilities as at 31 December:

Rand million	2022	2021
Cash and cash equivalents	**16,424**	17,925
Less: Interest-bearing borrowings	**(6,791)**	–
Less: Lease liabilities	**(304)**	(421)
Net cash	**9,329**	17,504

USD convenience translation statements

The group, whose functional currency is the Rand, has translated its statement of financial position and statement of profit or loss into US Dollars to enable offshore stakeholders to interpret the group's financial performance in a universally measured currency. Refer to Annexures 5 and 6 on pages 118 and 119, respectively.

Independent auditor's report on non-IFRS measures

To the Directors of Kumba Iron Ore Limited

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the Kumba Iron Ore Limited Annual Financial Statements 2022

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Kumba Iron Ore Limited (the "Company") by the directors. The pro forma financial information, as set out on pages 123 to 124 of the Kumba Iron Ore Limited Annual Financial Statements 2022, consists of EBITDA and adjusted EBITDA, attributable free cash flow, net cash, and selected financial information translated into US Dollar for convenience purposes. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the Johannesburg Stock Exchange Limited (JSE) Listings Requirements and described in the supplementary non-IFRS financial measures section of the Kumba Iron Ore Limited Annual Financial Statements 2022.

The pro forma financial information has been compiled by the directors to provide users with relevant information and measures used by the Company to assess its operating and cash flow performance, the group's liquidity position, and to enable offshore shareholders to interpret the financial performance in a universally measured currency. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 31 December 2022, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the supplementary non-IFRS financial measures on pages 123 to 124 of the Kumba Iron Ore Limited Annual Financial Statements 2022.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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).*

The firm applies International Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the supplementary non-IFRS financial measures of the Kumba Iron Ore Limited Annual Financial Statements 2022 based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

Independent auditor's report on non-IFRS measures continued

Reporting accountant's responsibility continued

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in the supplementary non-IFRS financial measures of the Annual Financial Statements 2022.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: CS Masondo
Registered Auditor
Johannesburg, South Africa
20 February 2023

The examination of controls over the maintenance and integrity of the Company's website is beyond the scope of the assurance engagement on the compilation of pro forma financial information included in the Annual Financial Statements. Accordingly, we accept no responsibility for any changes that may have occurred to the Annual Financial Statements since they were initially presented on the website.

Administration

Company registration number

2005/015852/06
JSE share code: KIO
ISIN code: ZAE000085346

Company Secretary and registered office

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Assurance providers

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Sponsor

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Registration number: 1929/001225/06
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South Africa
PO Box 786273, Sandton, 2146

Transfer secretaries

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Rosebank Towers
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Forward looking statements

Certain statements made in this report constitute forward looking statements. Forward looking statements are typically identified by the use of forward looking terminology such as 'believes', 'expects', 'may', 'will', 'could', 'should', 'intends', 'estimates', 'plans', 'assumes' or 'anticipates' or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of, for example, future plans, present or future events, or strategy that involves risks and uncertainties. Such forward looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. Such statements are based on current expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward looking statement. No assurance can be given that future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company and its subsidiaries. The forward looking statements contained in this report speak only as of the date of this report and the Company undertakes no duty to update any of them and will not necessarily do so, in light of new information or future events, except to the extent required by applicable law or regulation.

Bastion

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