Audited annual results for the year ended 31 December 2021

AngloAmerican

KUMBA IRON ORE LIMITED

Key features

Disciplined capital allocation:

Attributable free cash flow of **R30.5 billion** up by **47%**

ROCE of **147%**, up from 109%

Final cash dividend of **R30.50** per share, total cash dividends for 2021 of **R103.20** per share

Strong sustainability performance:

Five years and seven months of fatality-free production

Zero new cases of occupational diseases

Over **six years** without any level 3 – 5 environmental incidents

R88.9 billion of shared value created

R36 million of Covid-19 community support

Value-focused growth

Average realised FOB export price of **US$161/tonne**, 18% above benchmark

Cost savings of **R0.9 billion, R4.1 billion** saved since 2018

Strong EBITDA margin of **63%**, up from 57%

Closing net cash of **R17.5 billion**

Production and sales volumes, prices and C1 costs are reported in wet metric tonnes (wmt). Kumba product has approximately 1.6% moisture. The comparatives have been restated as Kumba previously reported on a dry metric tonne (dmt) basis.

→ **Our website provides more information on our Company and its performance:**
www.angloamericankumba.com

Commentary

Kumba continues to deliver value for all stakeholders

Mpumi Zikalala, Chief Executive of Kumba, said,

"Having joined the Kumba family at the start of the year, I am delighted to find a team that shares the same set of values and a commitment to operate the business responsibly and sustainably. Kumba's strong safety record, solid operational and highly profitable business demonstrates this, giving us a strong base to build on.

"2021 has been an exceptional year of delivery across the business. Achieving more than five years of fatality-free production is a significant accomplishment, while more than 75% of our workforce have been fully vaccinated to date offering vital protection against Covid-19.

"On the back of strong prices, further enhanced by the premium that our high-quality products attract and thanks to the safe execution of our strategy, operational resilience and disciplined capital allocation, Kumba delivered a record EBITDA of R64.6 billion and attributable free cash flow of R30.5 billion.

"Our EBITDA margin increased to 63%, up from 57% in 2020, benefiting from favourable markets particularly in the first half, albeit with prices moderating in the second half. This allowed us to achieve a 42% higher average realised free on board (FOB) export price. We also delivered cost savings of R0.9 billion, bringing the total amount saved since initiating our savings programme in 2018, to R4.1 billion.

"Despite weather and logistical challenges, production increased by 9% to 40.9 Mt. We also saw improved performance at the Saldanha Port with export sales increasing by 1% to 40.2 Mt.

"The final cash dividend of R30.50 per share is supported by Kumba's strong financial performance and robust balance sheet. Combined with the interim cash dividend of R72.70 per share, the total cash dividend for the year increased by 69% to R103.20 per share, representing a payout ratio of 100% of headline earnings.

"Significant highlights of the year are the extension of Sishen's life of mine by four years to 2039 through our ultra-high-dense-media-separation (UHDMS) technology, reaching agreements with, and the relocation of the remaining homeowners of Dingleton to Siyathemba. The UHDMS technology will improve the positioning of our product portfolio for a low-carbon future. It will enable us to further

Commentary continued

enhance the quality of our product and we will be producing this from ore that would have previously been considered waste material.

"Having a healthier environment is key to ensuring that Kumba and our communities thrive. This year, we achieved over six years without a major environmental incident. While our carbon emissions increased year-on-year to 0.99 Mt $C0_2e$, 2020 was significantly impacted by Covid-19 restrictions, and we have reduced our carbon footprint relative to 2019. We continue to target a 30% reduction by 2030 and we are also progressing our plans to develop a 60MW to 80MW solar PV plant at Sishen.

"Our commitment to improving people's lives extends beyond our mines. By creating R88.9 billion of enduring value for all our stakeholders, including R21.2 billion of taxes and mineral royalty, we are providing much-needed support to the South African economy. At a regional level, we procured R4.1 billion of goods and services locally, with a focus on women and youth-owned businesses. This, in conjunction with our community vaccination and Covid-19 *WeCare* programme, continues to help protect the lives and livelihoods of our workforce, their families and our host communities.

"Kumba has delivered an excellent performance and I am privileged and excited to be taking on the stewardship of this remarkable business. I would like to extend my thanks and appreciation to Themba Mkhwanazi who, after five years at the helm, has left Kumba in excellent shape. In the near term, we will continue to build on the Tswelelopele strategy of margin enhancement and life extension, focusing on maximising our potential through operational excellence, cost efficiencies and realising the full value of our premium products in the market.

"Kumba's world-class assets and the attractive physical characteristics of our products position us well to assist our customers with delivering more efficient and lower emission steel production. Through investment in UHDMS technology, we are increasing the overall grade of our products and broadening our customer base beyond China. We are committed to creating purpose-led value for all our stakeholders."

Results overview

Creating a better future for all our stakeholders

South Africa's economic and social challenges have been compounded by the effects of the pandemic over the last two years. Against this context, Kumba stays true to its purpose of "Reimagining mining to improve people's lives" and is committed to supporting our stakeholders to address the challenges brought by the pandemic and to make a meaningful and enduring contribution to South Africa's economic and social fabric.

We are grateful that the overwhelming majority of our colleagues who contracted Covid-19 have recovered. Encouragingly, infection rates at our operations have fallen to below 1%, showing that our vaccination efforts and Covid-19 protocols are working. Sadly, 29 of our colleagues succumbed to Covid-19 since the start of the pandemic. Our thoughts are with their families, friends and colleagues. We continue to apply the necessary controls to protect our people and minimise the risk of exposure to Covid-19. With more than 75% of our workforce now fully vaccinated, we are in a far stronger position today to continue living with Covid-19. We encourage everyone to take the opportunity to be vaccinated to help protect themselves and others.

In partnership with government, local municipalities and health authorities, we are working with and supporting our local communities. In 2021, we invested a further R36 million in our Covid-19 *WeCare* programme, taking the total amount invested since the start of the pandemic to R129 million. Our contributions have supported community vaccination programmes in addition to local health clinics with medical equipment and services, relief for small businesses, essential supplies and improved access to water for families. Safeguarding livelihoods is equally important to saving lives and we did this by supporting our local host community businesses with R4.1 billion in procurement spend and R258 million in social development projects.

As a responsible miner, sustainability is a key driver of future growth and offers the opportunity to create enduring social, environmental and economic value for our stakeholders. In creating a better future for all, climate change continues to be a strong focus for us. Our approach to climate change is aligned to our purpose and integrated with our strategy. Decarbonising our operations is therefore high on our agenda, as is enhancing our portfolio for a low-carbon future by further improving the quality of our product, making it even more attractive to our customers in pursuit of cleaner steelmaking.

Maximising our potential through delivery of our strategy

Kumba has transformed into a value-focused business. Through our Tswelelopele strategy, meaning to "move forward", we set an ambition to enhance our margin and extend our life of mine to 2040. Since implementing our strategy over the period 2018 to 2021, our EBITDA margin has grown from 42% (2017 baseline) to 63%. Product quality has improved, with the lump ratio increasing from 66% to 69%. Alongside this, our product premium has grown from US$11/tonne to US$25/tonne. Cost discipline has helped unlock cumulative cost savings of R4.1 billion, further supporting margin expansion and earnings growth. Our strategy has not changed. We are focused on maximising our potential and building on our Tswelelopele strategy, underscored by our commitment to responsible business values.

We continued to invest in our assets and our people to drive operational excellence. Our FutureSmart™ mining programme pairs technology and digitalisation to improve the

Commentary continued

safety of our workforce, support the step-up in productivity levels to ensure operational excellence and deliver our environmental and other sustainability goals. Over the Tswelelopele period, we implemented autonomous braking on our haul truck fleets and our autonomous drilling fleet at Kolomela has improved drilling efficiency, lowered associated costs and reduced the risk of exposure for our operators. Mining fleet enhancements have led to a 16% increase in truck utilisation, improved payload performance by 4% and increased shovel volumes by 40%. In the past four years, through optimisation of our load-out station at Sishen, we have increased rail capacity by 400,000 tonnes per year, by increasing the average tonnage per wagon. On the plant side, our advanced process control technology has increased the yield at Sishen's Jig plant by 4%.

The extension of Sishen's life of mine to 2040 is on track and being driven by operational efficiency, smart mine design, slope optimisation and UHDMS technology. Over the Tswelelopele period, ore reserves have increased by 323 Mt (before depletion) with the majority of the increase attributable to Sishen where the life of mine is now 2039 (vs. 2032 base case in 2017). At Kolomela, we have further developed the Kapstevel South pit, with waste mined of 20.6 Mt in 2021. Furthermore, Kolomela's Reserve life has increased from 2031 to 2034 with a clear pathway to 2040 through the development of the Ploegfontein and Heuningkranz deposits.

Through UHDMS, we are investing in the next phase of our product development to increase our product premium offering from 18% to 50% of total volumes produced. The enhanced quality supports our customers that are working to reduce emissions. Given that we will be lowering the cut-off grade, and converting waste to ore, we are reducing our overall footprint, further contributing towards a healthier environment. From a social value perspective, extending Sishen's life of mine, will benefit all our stakeholders. With the design and procurement activities underway, on-site activities began in January 2022 and commissioning is on track to begin in the second half of 2023 with handover anticipated in the first half of 2024.

Operational and financial highlights

Kumba delivered a strong operating performance for the year. Production volumes improved by 9% to 40.9 Mt compared to 37.6 Mt for 2020 (the comparative period), following the recovery from Covid-19-related disruptions in the prior year and improved plant availability and reliability in 2021. However, export sales volumes were impacted by logistical constraints and increased marginally to 40.2 Mt (2020: 40Mt).

Kumba's EBITDA margin of 63% (2020: 57%) benefited from a 23% increase in the average Platts 62 index FOB price to US$136 per wet metric tonne. Along with global economic recovery, cost inflation has risen, driven by higher fuel and freight costs as well as supply-chain disruptions. Coupled with the rand strengthening, C1 unit costs increased to US$39/tonne (2020: US$31/tonne) and the break-even price increased to US$56/tonne (2020: US$45/tonne).

Kumba delivered attributable and headline earnings per share of R103.67 and R103.65 per share (2020: R71.03 and R71.07 per share), respectively. This supported the Board's decision to declare a final cash dividend of R30.50 per share, which includes:

- R23.15 per share representing 75% of headline earnings in accordance with our dividend policy, and
- R7.35 per share being a top-up cash dividend.

Together with our interim dividend of R72.70 per share, the total dividend for the year increased by 69% to R103.20 per share (2020: R60.90 per share) and represents 100% of headline earnings.

Safety, health, and environmental performance

Kumba continued to demonstrate a strong safety performance in 2021, achieving a fatality-free record of five years and seven months. Our safety strategy is based on the Elimination of Fatalities (EOF) framework, which drives our safety efforts in zero harm and injury reduction.

Our operations recorded their lowest total number of recordable cases of 20 (2020: 39) to date, reducing the total recordable case frequency rate (TRCFR) to 0.80 (2020: 1.74), a 54% improvement. Lost-time injuries reduced to eight (2020: 18) for the period, reflecting a 56% improvement.

Of concern, high potential incidents, a leading safety indicator, increased to 10 (2020: two). To drive continuous improvements and further increase accountability, we implemented a sustainable risk reduction programme to inculcate a proactive safety mindset and behaviour amongst our workforce. Through the programme, several areas of improvement have been identified such as the standardisation and simplification of systems, as well as supporting leaders and supervisors with training and the tools to coach, mentor and manage their teams.

In addition, the leading indicator high potential hazard reporting and leadership engagements are progressing well and are expected to contribute towards improved safety outcomes, to ensure that everyone goes home safely each day.

From a health perspective, Kumba had another successful year with no new cases of occupational diseases. We conduct ergonomic risk assessments and vibration studies for all mobile equipment and tasks involving manual lifting and handling. These are integrated into our occupational risk management processes to mitigate associated risks.

Against the backdrop of the Covid-19 health risks, we have increased our focus on ensuring that our immunocompromised employees have their chronic diseases under control and that viral load suppression rates are appropriate. This year, 91% of our employees completed their HIV counselling and testing (2020: 88%) with an average viral suppression rate of 90% (2020: 77%). In terms of respiratory diseases, 14 (2020:16) cases of non-occupational tuberculosis were diagnosed.

Innovative real-time data analytics help prevent exposure to hazardous agents, such as noise or inhalable particles that reach unsafe levels and provide proactive controls to manage health exposures in the workplace. This allows us to respond to system and control failures as they occur and predict where maintenance on health hazards is required. As a result, none of our workforce recorded respirable and silica dust exceedances above the occupational exposure level (HEG A for silica and respirable dust exposure), reflecting a decrease from 24 people in 2020. Our progress is supported by the use of automated drilling rigs at our mines, to reduce exposure to dust. These have ensured that no visible dust is emitted during reverse circulation drilling.

Mining has a critical role to play in providing many of the metals and minerals needed for a low carbon economy and sustainability is therefore an integral part of Kumba's business strategy and a key driver of future growth. We have had no major (level 3 to 5) environmental incidents for over six years, and our ambition is to reduce our scope 1 and 2 carbon emissions at our operations by 30% by 2030 , including zero scope 2 carbon emissions by 2030. Our environmental management efforts are focused on moving the business towards operating carbon neutral and less water intensive mines.

Commentary continued

Together with the broader Anglo American group, we are developing solar renewable energy generation and investigating green hydrogen as a renewable energy source for mining activities. We are currently engaged with the permitting process for a solar plant in the Northern Cape.

Having a sustainable water supply is critically important for the health of our communities. In recognition of this, we are targeting a 50% reduction in freshwater consumption by 2030 through water efficiency projects, such as the reduction of water usage in dust suppression. In 2021, we supported our communities with over 17 billion litres of fresh water supplied to the local municipality at Sedibeng, as part of the essential services we provide to our local communities.

Kumba is a member of the International Council of Mining and Metals through Anglo American and our tailings dams are required to comply with the Global Industry Standard for Tailings Dams (GISTM) published in 2020. Our Tailings storage facilities are subject to a rigorous risk management programme and we achieved a 96% compliance against the Anglo American standard for tailings dams. An implementation plan is underway to ensure full compliance against the new standards by 2023. We also continually monitor the performance of our tailings facilities and no significant incidents or events were recorded in 2021.

We understand the importance of rehabilitating the disturbed environment and we exceeded all our concurrent rehabilitation targets for reshaping, growth medium and seeding. Sishen has reshaped 99.5ha and seeded 80ha. Kolomela has reshaped 38.8ha of land and seeded 42ha. Our multi-disciplinary approach to rehabilitation and closure, as well as increased focus on equipment and personnel availability, ensures that we continue to see a steady improvement in performance.

Market overview

2021 was a year of two halves for Chinese steel production. Buoyant end user demand on the back of government stimulus measures pushed Chinese mill margins to near record highs incentivising mills to ramp-up steel production, which rose 12% to 1,130 Mt (annualised basis) during the first half of the year. However, to avert a potential energy crisis in China, regulators rolled out nationwide production cuts, which resulted in steel output falling 17% to 932 Mtpa (annualised basis) in the second half. These production restrictions, however, have been recently relaxed precipitating a recovery in Chinese steel production in January 2022.

The Platts 62 CFR index averaged US$160/dmt in 2021, an increase of 48% (average Platts 62 FOB price: US$139/dmt) in 2021. This is the second highest price on record beaten only by the 2011 average of US$166/dmt. Government stimulus and supply chain issues brought the iron ore price to new record levels, peaking at over US$230/dmt in June. This was followed by the price collapsing in the third quarter to US$90/dmt, which was mainly driven by China's sudden drop in steel demand and production, before rebounding to over US$120/dmt towards the end of the year.

Seaborne iron ore exports were estimated to be flat in 2021. The traditional supply basins recorded a modest 16 Mt growth to 1,341 Mt as declines from Australia were more than offset by growth from Brazil on account of the start-up of Samarco and production recovery at Vale's mines. The non-traditional supply regions, however, witnessed a contraction in supply largely on the back of the fall of marginal iron ore tonnes from India in the second half. Despite flattish seaborne supply, iron ore stocks at 45 Chinese ports stood at around 157 Mt by the end of 2021, the highest level since mid-2018, reflecting a significant slowdown in steel production rates in China during the second half of the year. The supply from high-cost suppliers including domestic miners in China rose in the first half of the year but reversed course quickly in the second half, reflecting a sharp reduction in iron ore prices and some supply disruptions in China, ending 2021 flat.

In 2021, we also witnessed record high steel prices in many parts of the world. Global steel demand rose rapidly on the back of vaccine roll-outs, while steelmakers struggled to keep up with the rising demand. This brought steel margins to levels as high as 40% to 50% in parts of the world, compared to a normal through the cycle level of between 5% to 10%. The strong margins meant steelmakers were seeking blast furnace productivity and demand for higher quality iron ore rose as a result. The 65 to 62 differential doubled to US$26/tonne (2020: US$13/tonne) and the lump premium averaged US$0.37/dmtu, up from US$0.15/dmtu in 2020.

Another key factor driving demand for higher iron content ores, was record high metallurgical coal prices, which surged to new all-time highs, rising above US$400/tonne on a FOB Australia basis in September. The rise in Australian coal prices was eclipsed by Chinese domestic coking coal prices exceeding US$600/tonne with some premium brands reaching US$675/tonne. However, prices weakened in November as falling Chinese hot metal output due to policy driven steel production cuts constrained demand.

From a price perspective, we achieved a lump premium of US$16/wmt and an Fe premium of US$6/wmt. Combined with a US$3/wmt for marketing premium and timing effects, we delivered a total price uplift of US$25/wmt to US$161/wmt FOB Saldanha, an increase of 42% against the US$113/wmt achieved for the comparative period.

Over the long term, the structural factors relating to decarbonisation and the adoption of scope 3 carbon reduction interventions by steel manufacturers will continue to support demand for Kumba's high quality iron ore products and we will continue to focus on maximising value.

Operational performance

Mining

Mining summary (unaudited)

'000 tonnes	December 2021	December 2020	% change
Total tonnes mined ('000 tonnes)	**261,385**	256,335	2
Sishen	**184,010**	184,691	–
Kolomela	**77,375**	71,644	8
Total waste stripping ('000 tonnes)	**209,435**	204,757	2
Sishen	**146,128**	148,526	(2)
Kolomela	**63,307**	56,231	13
Total owner fleet efficiency (% of benchmark)	**60**	62	
Sishen	**65**	68	
Kolomela	**55**	56	
Trucks	**71**	73	
Shovels	**49**	50	

Commentary continued

Although weather, logistical challenges and supply chain delays had an impact on our value chain, we delivered a solid performance across our operations with our mining performance improving into the second half. Total tonnes mined increased by 2.0% to 261.4 Mt (2020: 256.3 Mt) and total waste stripping by 2% to 209.4 Mt (2020: 204.8 Mt).

The increase in total waste was driven by a 13% increase at Kolomela to 63.3 Mt (2020: 56.2 Mt), with Kapstevel South contributing 20.6 Mt of waste, in line with the project plan. Sishen's waste mining made a strong recovery of 16% in the second half (H1 2021: 67.7 Mt; H2 2021: 78.4 Mt), limiting the overall decrease in waste to 2% to 146.1 Mt (2020: 148.5 Mt) for the year.

The operational equipment efficiency of the primary fleet also improved in the second half of the year, increasing from 62% to 67%, reflecting the benefit of the rain recovery plan and major equipment maintenance interventions.

Supply chain disruptions began in the third quarter as a consequence of the pandemic, which affected equipment availability. This coupled with the rain challenges earlier in the year, which caused the clay horizon at Sishen to be saturated well into the third quarter, impacted operational efficiencies of the primary fleet, resulting in a 2% year-on-year decrease. Based on the experience of 2021, we have updated our rain readiness plans and infrastructure and have seen a quicker recovery from heavy rainfall events.

In pursuit of operational excellence, we continue to drive efficiencies across the value chain, with the focus on spares management, optimisation of mine plans, improvement of truck payload and implementation of FutureSmart™ technologies. Our strategy is to ensure that we optimise the value of our products, in terms of iron ore content and lump ratio, to maximise the value achieved given the constrained logistical system.

The Sishen UHDMS project is on track with key contracts awarded in the fourth quarter of 2021 and site establishment commencing during the first half of 2022. At Kapstevel South, to date, we have pre-stripped a total of 23.6 Mt of waste. Construction on the workshops and infrastructure is in progress and our exploration work continues on our Northern Cape targets.

Production

Production summary (unaudited)

'000 tonnes	December 2021	December 2020	% change
Total	**40,862**	37,621	9
Lump	**27,552**	25,478	8
Fines	**13,310**	12,143	10
Mine production	**40,862**	37,621	9
Sishen	**28,014**	25,764	9
Kolomela	**12,848**	11,857	8

Total production for the year increased by 9% to 40.9 Mt (2020: 37.6 Mt). Sishen produced 28.0 Mt, representing an increase of 9% (2020: 25.8 Mt) and Kolomela's production went up by 8% to12.8 Mt (2020: 11.9 Mt).

The improved performance reflects the impact of Covid-19 in 2020 and increased plant availability and reliability in 2021, along with improved ore supply as mining recovered. However, in the last quarter of the year, production was hampered by higher stock levels at Sishen and Kolomela mine following the annual shut down by Transnet for maintenance, adding to already high stock levels as a result of rail performing below planned levels earlier in the year.

Sales and Logistics

Sales summary (unaudited)

'000 tonnes	December 2021	December 2020	% change
Total	**40,262**	40,308	–
Export sales	**40,155**	39,950	1
Domestic sales	**107**	358	(70)

Sales continued to be constrained by Transnet's logistics systems. Total sales ended the year flat at 40.3 Mt, with export sales of 40.2 Mt (2020: 40.0 Mt).

Although iron ore railed to port increased by 3% to 39.3 Mt (2020: 38.1 Mt), this remained below Kumba's production volumes of 40.9 Mt. Following increased engagements between industry and Transnet to address infrastructure maintenance and capacity, improvements were seen in equipment reliability and shipping throughput, resulting in export sales increasing by 6% in the second half.

Closing finished iron ore stock increased to 6.1 Mt (31 December 2020: 4.8 Mt), with the majority of the stock situated at the mines due to rail constraints. The higher stock levels have been incorporated into our production and railing plans to mitigate uneven rail performance and also ensures that we are well positioned for the tie-in of the UHDMS plant planned for 2023.

Sales to the traditional markets outside of China are predominantly on an FOB and contract of affreightment (COA) basis. In line with sales to traditional markets increasing significantly, sales on a cost and freight (CFR) basis reduced to 58% (2020: 66%), with contractual sales increasing to 90% (2020: 77%) of total export sales volumes.

With Kumba's traditional markets outside of China experiencing a relatively stronger economic recovery, China's share of export sales decreased to 43% (2020: 62%), while the EU/MENA/Americas region increased to 34% (2020: 19%) and Japan/South Korea/Taiwan to 23% (2020: 17%). The share of premium product sales comprised 19% of total sales (2020:18%). We achieved an average lump to fine ratio of 69:31 and Fe quality of 64.1%.

Financial results

Kumba delivered another record set of financial results with EBITDA up 41% to R64.6 billion and attributable free cash flow of R30.5 billion, as we harnessed the benefit of improved production volumes and robust iron ore prices for our high-quality products, while achieving further progress against our strategy.

Commentary continued

Our marketing team continued to excel in 2021. Even with increased iron ore price volatility and the moderation of iron ore prices in the second half, we delivered an average realised FOB export price of US$161/wmt (US$164/dmt), 18% above the benchmark price. This reflects our ability to capture lump and Fe premia of US$22/tonne, as well as a market premium of US$3/tonne in excess of our target of US$2/tonne above market levels.

Strong revenue gains were partly offset by the increase in costs. Higher costs were driven by inflationary pressures including supply chain-related expenses, coupled with higher mining inflation. These were partially offset by higher plant production and cost savings achieved. Sishen's unit costs increased from R362/tonne to R432/tonne and Kolomela's unit cost increased from R304/tonne to R324/tonne. Notably, Sishen's unit cost decreased from R448/tonne at half year, in line with the higher capitalisation of work-in-progress stock. C1 unit costs increased to US$39/tonne, remaining below our guidance of US$40/tonne, partly due to a 10% strengthening in the Rand to an average of R14.79/US$.

Achieving a cumulative R4.1 billion in cost saving since 2018, has contributed significantly to the EBITDA margin growing from 45% to 63%, although cost and geological inflation is a challenge. Cost discipline and operational efficiency continues to be a priority as we drive further savings initiatives across our business. We are targeting a further R1.0 billion in cost savings for 2022.

Kumba's robust earnings growth and cash generation led to attributable free cash flow increasing by 47% to R30.5 billion. Through focusing on what we can control such as safety, production and costs, as well as capturing a product premium above market levels and disciplined capital allocation, we have seen our attributable free cash flow increase more than threefold since 2018. This continued strong, growth momentum has enabled additional shareholder returns of R2.3 billion. Together with a dividend payment of R7.5 billion that is in line with our capital allocation policy of 50% to 75% of headline earnings per share, lifts the overall shareholder returns to R9.8 billion. Altogether, a final cash dividend of R30.50 per share was declared, bringing a total dividend of R103.20 per share to our shareholders.

Revenue

Total revenue increased by 27% to R102.1 billion (2020: R80.1 billion), mainly as a result of higher prices, partially offset by a stronger exchange rate.

Kumba's average realised iron ore export price increased by 42% to US$161/wmt (2020: US$113/wmt). Total sales volumes ended flat at 40.3 Mt (2020: 40.3 Mt) with exports sales of 40.2 Mt and domestic sales of 0.1 Mt. The average Rand/US$ exchange rate strengthened by 10% to R14.79/US$1 (2020: R16.47/US$1). Shipping revenue increased by R1.4 billion due to higher freight rates, offset by lower CFR volumes and the strong local currency.

The US$48/tonne higher average realised FOB export price was due to a US$51/tonne increase in the Platts 62 index price, partially offset by a US$9/tonne increase in the Platts freight rates, resulting in a US$42/tonne higher FOB Saldanha Platts price of US$139/tonne. This was then enhanced by lump and Fe premium of US$22/tonne and marketing premium of US$3/tonne.

Operating expenses

Operating expenses, excluding mineral royalties, increased by 7% to R38.4 billion (2020: R35.8 billion), driven by an increase of R1.3 billion in operational costs and R1.3 billion in logistics costs.

Selling and distribution costs were R488 million higher, driven by Transnet tariff increases, higher logistics volumes and increased demurrage. Freight costs of R6.5 billion were R866 million higher on the prior period due to stronger freight rates, partially offset by 2.9 Mt lower CFR shipping volumes and currency movements.

Sishen's unit costs increased to R432/tonne (2020: R362/tonne) and at Kolomela, unit costs increased to R324/tonne (2020: R304/tonne). The increases were driven by inflationary pressures of 9% 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 capitalisation of stripping costs. These were partly offset by an increase in production volumes and cost savings achieved. In addition, Sishen incurred higher maintenance costs to improve equipment availability and reliability.

EBITDA

Kumba's EBITDA of R64.6 billion reflects an increase of 41% (2020: R45.8 billion). Stronger market prices and higher premia for our products were partially offset by a 10% strengthening of the currency and higher operating expenses due to increased mining activities compared to 2020, which was impacted by the Covid-19 pandemic.

In line with this, the EBITDA margin increased to 63% (2020: 57%), and the mining operating margin, excluding net freight profit earned on shipping operations, improved to 62% (2020: 55%). Accordingly, net profit increased by 47% to R43.7 billion (2020: R29.8 billion).

Kumba's break-even price increased to US$56/tonne, US$11/tonne up from US$45/tonne in 2020 and is attributable to currency losses as the Rand strengthened against the US Dollar, cost escalation caused by a rising diesel price and mining-related inflation, higher on-mine cost driven by geological changes and increased maintenance, and stronger freight and royalty rates. This was partially offset by higher price premiums and lower stay-in-business (SIB) capital expenditure.

Cash flow, value creation and statement of financial position

Kumba's strong cash generation contributed to attributable free cash flow of R30.5 billion. Our net cash position of R17.5 billion (2020: R22.2 billion) reflects our resilient and capital-efficient balance sheet, allowing us to declare a final cash dividend of R30.50 per share to our shareholders.

Cash flow generated from operations of R65.0 billion (2020: R40.3 billion) was underpinned by EBITDA of R64.6 billion, while working capital decreased due to lower trade and other receivables, partly offset by an increase in inventory, driven by higher finished stock volumes of 6.1Mt (2020: 4.8 Mt).

Capital expenditure (capex) of R8.0 billion (2020: R6.1 billion) largely comprised R3.7 billion of SIB spend, R1.7 billion of deferred stripping and R2.6 billion of expansion capex. The increase in capital creditors of R1.8 billion (2020: R0.3 billion) relates to capital expenditure incurred during the year but not yet paid at the reporting date, net of prior year expenditure paid. The 2021 full year cash capex net of capital creditors was R6.3 billion (2020: R5.7 billion). SIB capex represents spend on capital spares, mining fleet replacement and plant and infrastructure upgrades to sustain our business. Deferred stripping capex reduced marginally due to a reduction in the stripping ratio at Sishen, which was partially offset by an increase at Kolomela due to the higher stripping areas that we are mining. Expansion capex included the Kapstevel South project (R2.0 billion), execution of the UHDMS project (R0.2 billion), and the balance relates largely to P101 operational efficiency initiatives and technology.

Commentary continued

Alongside our capital investments, we continued to contribute to South Africa and invest in the future. In total, Kumba created enduring value of R88.9 billion. Besides capital investments of R8 billion, these include:

- cash dividends of R43.5 billion (2020: R26 billion);
- paying total income tax of R16.6 billion (2020: R10.1 billion) and mineral royalties of R4.6 billion (2020: R6.0 billion) to government;
- providing employment and paying salaries and benefits of R5.6 billion (2020: R5.0 billion);
- supporting local businesses through R10.3 billion (2020: R9.8 billion) of BEE supplier spend, including R4.1 billion (2020:R3.7 billion) to safeguard the livelihoods of our local host community suppliers; and
- building local communities through R258 million (2020: R264 million) in direct social spend, including R36 million of Covid-19-related support.

Our liquidity position at 31 December 2021 consisted of R25.5 billion (2020: R30.2 billion) of net cash resources and debt facilities, which includes an R8 billion revolving credit facility that matures in 2024.

Ore Reserves and Mineral Resources

The following changes were recorded for the 2021 Kumba Ore Reserves (and saleable product) and Mineral Resources Statement:

- Kumba's total Ore Reserves as at 31 December 2021 are estimated to be 799.9 Mt (at 55.8% Fe) at Sishen and Kolomela, a net increase of 10% from 729.9 Mt (at 58.8% Fe) in 2020.
- Sishen's Ore Reserves increased by 14% year-on-year to 653.4 Mt (at 54.0% Fe), mainly attributable to the addition of low-grade ore to the Ore Reserves portfolio after the approval of the Sishen UHDMS project feasibility study. Sishen's mine life increased to 18 years in 2021.
- Kolomela's Ore Reserves of 146.5 Mt (at 63.6% Fe) decreased by 7%, primarily due to annual production and the correction of a 2020 reporting error, partially offset by the addition of Ore Reserves associated with the larger pit layout assigned to the Kapstevel South deposit. The mine life increased to 13 years.

As part of our Tswelelopele strategy, which commenced in 2018 and was to be delivered at the end of 2022, we set the ambition of increasing ore reserves by 200 Mt (before depletion) and extending the life of mine by 20 years (~2038).

Through a combination of improving operational efficiencies, geotechnical optimisation, exploration and the Sishen UHDMS project, the Kumba reserve portfolio has increased by 323 Mt (relative to 2018 base and before depletion) exceeding the original target of 200 Mt by 61% and one year ahead of plan.

The Sishen reserve life has been extended from 2032 (2018 base) to 2039, with further opportunities identified. At Kolomela the reserve life increased from 2031 (2018 base) to 2034 with a clear pathway to 2040 through the development of the Ploegfontein and Heuningkranz deposits.

There were no further material changes to the ore reserves and mineral resources as disclosed in the 2021 Ore Reserve (and Saleable Product) and Mineral Resource Report available at https://www.angloamericankumba.com/investors/annual-reporting/reports-archive/2021.aspx

Regulatory update

The Minister of Environment, Fisheries and Forestry has determined that requirements for making financial provision to manage, rehabilitate and remediate environmental impacts from mining operations will be regulated under the National Environmental Management Act, 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 deadline for compliance has been extended to June 2022. These amendments are expected to result in the provision of additional funding for the undiscounted closure costs, which will be required during the first half of 2023 if the effective date remains unchanged.

Events after the reporting period

Subsequent to 31 December 2021, the group's subsidiaries, Kumba International Trading Limited and Kumba Singapore Proprietary Limited, concluded short-term working capital financing arrangements with Anglo American Capital plc. Sishen Iron Ore Company Proprietary Limited, being the parent company, has extended guarantees to Anglo American Capital plc for amounts drawn under these facilities. Please refer to note 18.2 for further information.

There were no other significant events that occurred from 31 December 2021 to the date of this report, not otherwise dealt with in this report.

Corporate governance

The group subscribes to the Code of Good Corporate Practices and Conduct and complies with the recommendations of the King IV™ Report. The Board charter is aligned with the provisions of all relevant statutory and regulatory requirements including among others, King IV™. Full disclosure of the group's compliance is contained in the 2021 integrated report.

Changes in directorate

The following changes to the Board of directors were announced during the period:

- Ms Josephine Tsele was appointed as a Non-Executive Director with effect from 1 May 2021.
- Dr Mandla Gantsho retired as an independent Non-Executive Director and Chairman of the Board with effect from the end of the annual general meeting held on 14 May 2021.
- Mr Terence Goodlace was appointed as Chairman of the Board with effect from 23 June 2021. Terence was appointed to the Board in March 2017 and has served as the Lead Independent Director. He also serves as Chairman of the Strategy and Investment Committee and as a member of the Social, Ethics and Transformation Committee, Human Resources and Remuneration Committee, Audit Committee and the Nominations and Governance Committee. He stepped down as a member of the Audit Committee and as Lead Independent Director with effect from 23 June 2021.
- The following changes to the composition of the Board committees took place with effect from 23 July 2021:
  - Mr Terence Goodlace was appointed as Chairman of the Nominations and Governance Committee
  - Ms Mary Bomela was appointed as a member of the Social, Ethics and Transformation Committee and the Strategy and Investment Committee
  - Ms Michelle Jenkins was appointed as a member of the Human Resources and Remuneration Committee
  - Ms Josephine Tsele was appointed as a member of the Social, Ethics and Transformation Committee and the Strategy and Investment Committee.

Commentary continued

- Mr Seamus French resigned as Non-Executive Director with effect from 31 December 2021 and ceased to be a member of the Human Resources and Remuneration Committee and the Strategy and Investment Committee. The Board thanked Mr French for his valuable contributions and wished him all of the very best in his future.

Changes in management

The following changes to the executive committee were announced during the period:

- Mr Philip Fourie retired as Executive Head of Safety, Health and Environment and a Member of the Executive Committee with effect from 31 March 2021. The directors wished him all the best in this new chapter of his life.
- Ms Nandi Sibanyoni was appointed as Executive Head of Safety, Health and Environment, with effect from 1 May 2021.
- Ms Virginia Tyobeka resigned as Executive Head of Human Resources effective 31 July 2021 and was thanked for her commitment, hard work, and visionary leadership over the past decade. The search for a successor is underway and an announcement will be made in due course.
- The Chief Executive and Executive director of the Company, Mr Themba Mkhwanazi stepped down as Chief Executive with effect from 31 December 2021 to take up his new position as Chief Executive of Bulk Commodities for Anglo American. Mr Mkhwanazi will continue to serve on the Kumba Board in a Non-Executive Director capacity.
- Ms Mpumi Zikalala was appointed as Chief Executive and Executive director of the Company with effect from 1 January 2022. Ms Zikalala was previously the Chief Executive of De Beers Group Managed Operations and has over 20 years of mining experience having held a number of leadership roles. The Board welcomes Ms Zikalala to her new role as Chief Executive of Kumba and believes that Ms Zikalala will be instrumental in advancing the strategic and operational aspirations of Kumba.

Outlook and guidance

At Kumba, safety and sustainability are central to how we run our business. Our unwavering focus is on ensuring that everyone goes home safe and healthy each day. We have made excellent progress since the implementation of our Elimination of Fatalities programme in 2016, with five years and seven months of fatality-free production and with the reduction of our LTIs. Our focus will be on reducing high potential incidents and instilling a proactive safety culture.

The pandemic continues to create uncertainty globally; however, with the benefit of higher rates of vaccinations, we are becoming more adept at living with Covid-19. Our response to the pandemic will continue to focus on the safety, health and wellbeing of our people, maintaining safe and reliable operations and supporting our communities.

Reducing our carbon footprint is an imperative for a sustainable future. To achieve our target of 30% reduction in scope 1 and 2 carbon emissions by 2030, we plan to decarbonise our existing operations, secure renewable energy, design our growth projects to be more carbon neutral and adopt low carbon technologies. We also acknowledge that there is no one definitive pathway to decarbonisation and some of the partnerships and technological innovations we will need are not yet fully developed. Equally important, is the social role that Kumba plays in South Africa and among our local communities in providing enduring value. We recognise that a balanced approach is needed and support a just transition to a low carbon economy to ensure that we are able to continue to deliver economic and social value at the same time.

Mining has a critical role to play in providing many of the metals and minerals needed for a low carbon world. Kumba has a firm focus on the future, given the essential role of iron ore for steel production to support modern life and the global roll-out of renewables infrastructure. We intend to sustain and grow value for all stakeholders by responsibly aligning production to evolving demand while progressively improving the quality of our products and the efficiency of our operations.

With an objective of maximising asset potential through operational excellence, the focus in the near term will be on the continued optimisation of our assets, leveraging the enhanced processing sprint flexibility at our plants to deliver saleable products in line with rail capacity, and advancing projects across our value chain where we seek to capitalise on efficiencies and flexibilities to capture cost savings and maximum product premium. Achieving operational excellence extends to ensuring we deliver our UHDMS project safely, within budget and on time. The processing capability will be a competitive differentiator enabling us to further enhance our product quality and maximise the value of every tonne mined.

Kumba's outlook for the full year 2022, which includes the production guidance as announced at our investor update on the 10 December 2021, is as follows:

Guidance (unaudited)	FY2022
Total sales (Mt)	39 – 41
Total production (Mt)	39 – 41
Sishen	~27
Kolomela	~13
Waste stripping (Mt)	
Sishen	155 – 175
Kolomela	55 – 65
On-mine unit costs (R/tonne)	
Sishen	R490 – R520
Kolomela	R350 – R370

Commentary continued

The production guidance has been maintained at between 39 Mt and 41 Mt for 2023 and in 2024 production is expected to be between 41 Mt and 43 Mt following the implementation of the UHDMS project.

Our capital expenditure is expected to be between R10.5 billion and R11.5 billion for 2022. The increase is driven by:

- SIB spend of between R3.4 billion and R3.7 billion, largely comprising plant and infrastructure replacement and upgrade. Further spending includes projects to improve safety, environmental sustainability and equipment reliability, as well as capital spares. Also included is technology and other capex related to information management and housing.
- Expansion capex of between R4.1 billion and R4.5 billion to develop the Kapstevel South pit at Kolomela and the UHDMS project, while continuing to invest between R1.0 billion and R1.1 billion in our P101 efficiency programme, including the autonomous haul trucks, autonomous drilling and braking as well as condition monitoring and various other projects.
- Deferred stripping capex will reduce to between R2.0 billion and R2.2 billion, following lower stripping ratios at certain pushbacks at both of the mines.

Overall, it should be noted that iron ore export prices and the Rand/US$ exchange rate are key factors influencing Kumba's financial performance. Shareholders are advised that these forecasts have not been reviewed or reported on by our external auditor.

Mpumi Zikalala concluded: "Kumba's strong performance reflects the successful delivery of our strategy and value creation for our stakeholders. Through our high margin assets coupled with the ability of our committed and highly capable teams we are continuing to leverage the opportunities before us and are focused on further maximising our potential. I would like to acknowledge the more than 11,000 men and women at Kumba whose dedication and hard work have been instrumental in delivering Kumba's exceptional financial performance.

"In conclusion, we believe we are well positioned and will continue delivering on our Tswelelopele strategy. We are prioritising investment in protecting our people, our communities and our assets, thereby supporting our production and supply of high quality iron ore products that support the energy transition. By doing so, we will deliver sustainable returns to shareholders. I look forward to working with all our stakeholders as we create sustainable value, guided by our purpose of reimagining mining to improve people's lives."

The presentation of the Company's results for the year ended 31 December 2021 will be available on the Company's website **www.angloamericankumba.com** at 07:05 CAT and the webcast will be available from 11:00 CAT on 22 February 2022.

Salient features and operating statistics

for the year ended 31 December

	Unaudited 2021	Unaudited 2020
Share statistics ('000)		
Total shares in issue[1]	322,086	322,086
Weighted average number of shares[1]	320,882	320,691
Diluted weighted average number of shares[1]	321,827	321,761
Treasury shares[1]	1,203	1,486
Market information		
Closing share price (Rand)	460	623
Market capitalisation (Rand million)	148,160	200,598
Market capitalisation (US$ million)	9,283	13,659
Net asset value attributable to owners of Kumba (Rand per share)[1]	138.53	147.31
Capital expenditure (Rand million)[1]		
Incurred	6,253	5,746
Contracted	2,858	1,361
Authorised but not contracted	7,568	7,736
Operating commitments (Rand million)[1]	738	1,031
Commitments from shipping services (Rand million)[1]	4,038	3,835
Economic information		
Average Rand/US Dollar exchange rate (ZAR/US$)	14.79	16.47
Closing Rand/US Dollar exchange rate (ZAR/US$)	15.96	14.69
Sishen mine FOR unit cost		
Unit cost (Rand per tonne)	555.24	531.60
Cash cost (Rand per tonne)	432.01	361.79
Unit cost (US$ per tonne)	37.55	32.28
Cash cost (US$ per tonne)	29.21	21.97
Kolomela mine FOR unit cost		
Unit cost (Rand per tonne)	444.15	447.80
Cash cost (Rand per tonne)	324.05	304.31
Unit cost (US$ per tonne)	30.03	27.20
Cash cost (US$ per tonne)	21.91	18.48

[1] Amounts have been audited by the group's auditor.

Summarised consolidated statement of financial position

as at 31 December

Rand million	Notes	**Audited 2021**	Audited 2020
ASSETS			
Property, plant and equipment	5	**43,233**	40,165
Right-of-use assets		**393**	465
Biological assets		**31**	24
Investments held by environmental trust		**795**	656
Investment in associate		**50**	—
Long-term prepayments and other receivables		**166**	144
Inventories	6	**4,349**	3,741
Deferred tax assets		**1**	1
Non-current assets		**49,018**	45,196
Inventories	6	**6,781**	5,858
Trade and other receivables		**7,366**	8,756
Current tax assets		**793**	—
Cash and cash equivalents	7	**17,925**	22,707
Current assets		**32,865**	37,321
Total assets		**81,883**	82,517
EQUITY			
Shareholders' equity	8	**44,617**	47,446
Non-controlling interests		**13,841**	14,744
Total equity		**58,458**	62,190
LIABILITIES			
Lease liabilities		**275**	335
Provisions	4	**2,595**	2,607
Deferred tax liabilities		**10,526**	9,586
Non-current liabilities		**13,396**	12,528
Lease liabilities		**146**	179
Provisions	4	**221**	117
Trade and other payables		**9,011**	6,693
Contract liabilities		**389**	194
Current tax liabilities		**262**	616
Current liabilities		**10,029**	7,799
Total liabilities		**23,425**	20,327
Total equity and liabilities		**81,883**	82,517

Summarised consolidated statement of profit or loss

for the year ended 31 December

Rand million	Notes	Audited 2021	Audited 2020
Revenue	9	102,092	80,104
Operating expenses	10	(42,441)	(39,105)
Expected credit losses on financial assets		(143)	(161)
Operating profit		59,508	40,838
Finance income		779	624
Finance costs		(285)	(258)
Profit before taxation		60,002	41,204
Taxation		(16,345)	(11,363)
Profit for the year		43,657	29,841
Attributable to:			
Owners of Kumba		33,266	22,779
Non-controlling interests		10,391	7,062
		43,657	29,841
Earnings per share attributable to the ordinary equity holders of Kumba (Rand per share)			
Basic		103.67	71.03
Diluted		103.37	70.79

Summarised consolidated statement of other comprehensive income

for the year ended 31 December

Rand million	Audited 2021	Audited 2020
Profit for the year	**43,657**	29,841
Other comprehensive profit/(loss) for the year	**827**	(111)
Exchange differences on translation of foreign operations[1]	**827**	(111)
Total comprehensive income for the year	**44,484**	29,730
Attributable to:		
Owners of Kumba	**33,897**	22,694
Non-controlling interests	**10,587**	7,036
	44,484	29,730

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

Summarised consolidated statement of changes in equity

for the year ended 31 December

Rand million	Audited 2021	Audited 2020
Total equity at the beginning of the year	**62,190**	47,524
Changes in share capital and premium		
Treasury shares issued to employees under employee share incentive schemes	**148**	88
Purchase of treasury shares[1]	**(220)**	(201)
Changes in reserves		
Equity-settled share-based payment expense	**212**	186
Vesting of shares under employee share incentive schemes	**(148)**	(88)
Total comprehensive income for the year	**33,897**	22,694
Dividends paid	**(36,718)**	(11,463)
Changes in non-controlling interests		
Total comprehensive income for the year	**10,587**	7,036
Dividends paid	**(11,490)**	(3,586)
Total equity at the end of the year	**58,458**	62,190
Comprising:		
Share capital and premium (net of treasury shares)	**(190)**	(118)
Equity-settled share-based payment reserve	**323**	285
Foreign currency translation reserve	**1,789**	1,158
Retained earnings	**42,695**	46,121
Shareholders' equity	**44,617**	47,446
Non-controlling interests	**13,841**	14,744
Total equity	**58,458**	62,190
Dividend (Rand per share)		
Interim	**72.70**	19.60
Final[2]	**30.50**	41.30
Total	**103.20**	60.90

[1] The average price paid for the purchase of the shares in 2021 was R 597.70 per share (2020: R438.30 per share).
[2] The final dividend was declared after 31 December 2021 and has not been recognised as a liability in this summarised financial report. It will be recognised in shareholders' equity for the 2022 financial year.

Summarised consolidated statement of cash flows

for the year ended 31 December

Rand million	Audited 2021	Audited 2020
Cash receipts from customers	103,644	74,774
Cash paid to suppliers and employees	(38,674)	(34,435)
Cash generated from operations	64,970	40,339
Finance income received	751	630
Finance expense paid	(175)	(162)
Taxation paid	(16,602)	(10,146)
Cash flows from operating activities	48,944	30,661
Additions to property, plant and equipment	(6,253)	(5,746)
Proceeds from disposal of property, plant and equipment	44	4
Acquisition of interest in associate	(50)	—
Acquisition of financial asset at fair value through profit or loss	(10)	—
Cash flows utilised in investing activities	(6,269)	(5,742)
Purchase of treasury shares	(220)	(201)
Dividends paid to owners of Kumba	(36,718)	(11,463)
Dividends paid to non-controlling shareholders	(11,490)	(3,586)
Payment of lease liabilities	(139)	(149)
Cash flows utilised in financing activities	(48,567)	(15,399)
Net (decrease)/increase in cash and cash equivalents	(5,892)	9,520
Cash and cash equivalents at beginning of year	22,707	12,865
Foreign currency exchange gains on cash and cash equivalents	1,110	322
Cash and cash equivalents at end of year	17,925	22,707

Headline earnings

for the year ended 31 December

Rand million	Audited 2021	Audited 2020
Reconciliation of headline earnings		
Profit attributable to owners of Kumba	33,266	22,779
Net (profit)/loss on disposal and scrapping of property, plant and equipment	(10)	19
	33,256	22,798
Taxation effect of adjustments	3	(5)
Non-controlling interests in adjustments	1	(3)
Headline earnings	33,260	22,790
Headline earnings (Rand per share)		
Basic	103.65	71.07
Diluted	103.35	70.83
The calculation of basic and diluted earnings and headline earnings per share is based on the weighted average number of ordinary shares in issue as follows:		
Weighted average number of ordinary shares	320,881,702	320,690,801
Diluted weighted average number of ordinary shares	321,827,001	321,760,686

The dilution adjustment of 945,299 shares at 31 December 2021 (2020: 1,069,885) is a result of the share options granted under the various employee share incentive schemes.

Notes to the audited summarised consolidated financial statements

for the year ended 31 December

1. Corporate information

Kumba is a limited liability company incorporated and domiciled in South Africa. The main business of Kumba, its subsidiaries, joint venture and associate is the exploration, extraction, beneficiation, marketing, sale and shipping of iron ore. The group is listed on the JSE Limited (JSE).

The audited summarised consolidated financial statements of Kumba and its subsidiaries for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 21 February 2022.

2. Basis of preparation

The audited summarised consolidated financial statements, and the consolidated financial statements from which they have been extracted, have been prepared under the supervision of BA Mazarura CA(SA), Chief Financial Officer, in accordance with the requirements of the Listings Requirements of the JSE Limited for provisional reports, and the requirements of the South African Companies Act, No. 71 of 2008 applicable to summarised consolidated financial statements. The Listings Requirements of the JSE Limited require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The audited consolidated financial statements from which these summarised consolidated financial statements were derived have been prepared in accordance with the historical cost convention except for certain financial instruments, share-based payments and biological assets which are stated at fair value, and are presented in Rands, which is Kumba's functional and presentation currency. All financial information presented in Rands have been rounded off to the nearest million.

2.1 Going concern

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 2021. The group's liquidity position of R25.5 billion at 31 December 2021 remained strong. The group ended the period in a cash position of R17.9 billion (31 December 2020: R22.7 billion). Further analysis of the cash position and details of facilities are set out in note 7.

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 on both the wider macro-economic environment and the group's operations. In all of the scenarios modelled, the group maintains sufficient liquidity throughout the period of assessment without the introduction of further mitigating actions.

2. Basis of preparation continued

2.1 Going concern continued

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.

2.2 Accounting judgements, estimates and assumptions

In preparing the summarised consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the summarised consolidated financial statements for the year ended 31 December 2020, except as disclosed in note 3 and 4.

2.3 Impact of the Covid-19 pandemic on Kumba's results

The group has considered the ongoing impact of the Covid-19 pandemic 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 have been identified as a result of the Covid-19 pandemic, although the pandemic has 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 and 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.

3. Accounting policies

The accounting policies and methods of computation applied in the preparation of these summary consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except as disclosed below.

3.1 New standards effective for annual periods beginning on or after 1 January 2021

No new standards, amendments to published standards and interpretations which become effective for the year commencing 1 January 2021 had a significant impact on the group's accounting policies.

Notes to the audited summarised consolidated financial statements continued

for the year ended 31 December

3. Accounting policies continued

3.2 New standards, amendments to existing standards and interpretations that are not yet effective and have not been early adopted

A number of new standards and amendments to issued standards and interpretations are in issue but not effective for annual periods beginning on or after 1 January 2022. The group did not early adopt any new, revised or amended accounting standards or interpretations. These new standards, amendments to standards and interpretations are being evaluated for the impact on the group's financial results, and they are not expected to have a significant impact on the group's financial results.

4. Significant accounting estimates and assumptions

The measurement of the environmental rehabilitation and decommissioning provisions is a key area where 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 period date for changes in these estimates.

The life-of-mine plans on which accounting estimates are based include only proved and probable ore reserves as disclosed in Kumba's 2021 annual Ore Reserves and Mineral Resources statement. The increase in the closure cost estimates was mainly due to an increase in footprints. The financial provision increased by R61 million mainly due to reduced cash flows resulting from the revised life of mine at Sishen and Kolomela mines and the impact of a 0.6% decrease in the discount rate from 4.3% to 3.7% (in real terms), at Kolomela mine.

The effect of the change in estimate of the rehabilitation and decommissioning provision is detailed below:

Rand million	**Audited 31 December 2021**	Audited 31 December 2020
(Decrease)/increase in environmental rehabilitation provision	**(14)**	103
Decrease in decommissioning provision	**(35)**	(17)
(Decrease)/increase in profit after tax attributable to the owners of Kumba	**(40)**	57
Rand per share		
Effect on earnings per share attributable to the owners of Kumba	**(0.12)**	0.18

4. Significant accounting estimates and assumptions continued

The R35 million decrease in the decommissioning provision resulted in a decrease in property, plant and equipment of R2 million while the environmental rehabilitation provision decreased by R14 million, net of R59 million in respect of rehabilitation for assets under construction. The rehabilitation provision, net of the R59 million, was recognised in the statement of profit or loss, increasing profits attributable to the owners of Kumba by R40 million (2020: R57 million). The change in estimate had an insignificant effect on profit or earnings per share of R0.12 (2020: R0.18).

5. Property, plant and equipment

Rand million	**Audited 2021**	Audited 2020
Total capital expenditure	**8,008**	6,086
Comprising:		
Expansion	**2,566**	632
SIB	**3,717**	2,952
Deferred stripping	**1,725**	2,502
Increase in capital creditors[1]	**(1,755)**	(340)
Additions to property, plant and equipment per statement of cash flows	**6,253**	5,746
Transfers from assets under construction to other property, plant and equipment	**1,727**	2,916

[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.

6. Inventories

Rand million	**Audited 2021**	Audited 2020
Finished products	**2,563**	1,755
Work-in-progress	**6,859**	6,045
Plant spares and stores	**1,708**	1,799
Total inventories	**11,130**	9,599
Non-current portion of work-in-progress inventories	**4,349**	3,741
Current portion of inventories	**6,781**	5,858
Total inventories	**11,130**	9,599

Notes to the audited summarised consolidated financial statements continued

for the year ended 31 December

6. Inventories continued

During the year, the group increased the provision for potentially non-recoverable work-in-progress inventory, and plant spares and stores to R784 million (2020: R650 million) and R312 million (2020: R276 million), respectively. No inventory was written off during the year (2020: R762 million work-in-progress). The total inventory write-down of R170 million (2020: R902 million) has been recognised in the statement of profit or loss (refer to note 10).

No inventories were encumbered during the year.

Work-in-progress inventory balances which are not expected to be processed within the next 12 months are presented as non-current.

The feasibility study for the UHDMS technology completed during 2021 indicates that certain material that was previously classified as waste and therefore no value ascribed to it on the statement of financial position, can now be processed to saleable product. The group has assessed the accounting treatment for the material mined during the year and the impact thereof is not included in these consolidated financial statements as the value is not significant at this stage.

7. Cash and cash equivalents and debt facilities

Kumba's cash position at the statement of financial position date was as follows:

Rand million	**Audited 2021**	Audited 2020
Balance at the end of the year	**17,925**	22,707

Included in cash and cash equivalents is an amount of R2,857 million (2020: R893 million liability) which is restricted as it is required to be held at trading exchanges to cover initial margins under derivative contracts.

The group's committed debt facilities consist of an R8 billion (2020: R8 billion) revolving credit facility which matures in 2024. The group's debt facilities also include uncommitted facilities of R8.2 billion (2020: R8.2 billion). The committed and uncommitted facilities at 31 December 2021 and 31 December 2020 were undrawn.

Short-term cash deposits of R13,575 million (2020: R21,868 million), included in cash and cash equivalents, and debt facilities of R8,200 million (2020: R8,200 million) were placed with subsidiaries of the ultimate holding company during the year under review (note 14). The group held deposits amounting to R357 million (31 December 2020: R277 million) which are subject to statutory restrictions and are therefore not available for general use by the group.

8. Share capital and share premium

Reconciliation of share capital and share premium (net of treasury shares):

Rand million	**Audited 2021**	Audited 2020
Balance at the beginning of the year	**(118)**	(5)
Net movement in treasury shares under employee share incentive schemes	**(72)**	(113)
Purchase of treasury shares	**(220)**	(201)
Share issued to employees	**148**	88
Balance at the end of the year	**(190)**	(118)

Reconciliation of number of shares in issue:

	Audited 2021	Audited 2020
Balance at the beginning and end of year	**322,085,974**	322,085,974
Reconciliation of treasury shares held:		
Balance at the beginning of the year	**1,486,238**	1,411,944
Shares purchased during the year	**306,197**	464,292
Shares issued to employees under the Bonus Share Plan, Bonus and Retention Share Plan, Long-Term Incentive Plan, Performance Share Plan and the SIOC Employee Benefit Scheme	**(589,735)**	(389,998)
Balance at the end of the year	**1,202,700**	1,486,238

All treasury shares are held as conditional awards under the Bonus Share Plan, Bonus and Retention Share Plan, Performance Share Plan, Long-Term Incentive Plan and the SIOC Employee Benefit Scheme (Karolo).

Notes to the audited summarised consolidated financial statements continued

for the year ended 31 December

9. Revenue

Rand million	Audited 2021	Audited Restated 2020
Sale of iron ore	93,570	66,741
Services rendered – shipping	6,969	5,580
Total revenue from contracts with customers	**100,539**	72,321
Revenue from other sources[1]	1,553	7,783
Total revenue as per statement of profit or loss	**102,092**	80,104
Geographical analysis of revenue from contracts with customers:		
Domestic – South Africa	237	409
Export	100,302	71,912
China	38,249	39,427
Rest of Asia	28,007	19,286
Europe	33,718	11,866
Middle East and North Africa	132	1,157
Americas	196	176
Total revenue from contracts with customers	**100,539**	72,321

[1] Revenue from other sources comprises net loss on financial instruments of R164 million (2020: R4,212 million (net gain)) and subsequent movements in provisionally-priced sales of R1,717 million (net gain) (2020: R3,571 million (net gain)).

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

The presentation of certain iron ore provisional-pricing adjustments classified as revenue from contracts with customers in 2020 has been corrected by reclassifying R4,670 million from revenue from contracts with customers to revenue from other sources. The impact of the reclassification is shown below:

9. Revenue continued

Rand million	Reported 2020	Audited Restatement increase/ (decrease)	Audited Restated 2020
Sale of iron ore	71,411	(4,670)	66,741
Services rendered – shipping	5,580	—	5,580
Total revenue from contracts with customers	76,991	(4,670)	72,321
Revenue from other sources	3,113	4,670	7,783
Total revenue as per statement of profit or loss	80,104	—	80,104
Geographical analysis of revenue from contracts with customers			
Domestic – South Africa	409	—	409
Export	76,582	(4,670)	71,912
China	49,411	(9,984)	39,427
Rest of Asia	14,096	5,190	19,286
Europe	12,507	(641)	11,866
Middle East and North Africa	385	772	1,157
Americas	183	(7)	176
Total revenue from contracts with customers	76,991	(4,670)	72,321

Disaggregation of revenue from contracts with customers:

	Products		Services	
Rand million	Sishen mine	Kolomela mine	Shipping operations	Total
2021				
Total segment revenue (Refer to note 12)	**67,612**	**27,511**	**6,969**	**102,092**
Revenue from other sources	**(1,079)**	**(474)**	**—**	**(1,553)**
Revenue from contracts with customers	**66,533**	**27,037**	**6,969**	**100,539**
2020 (Restated)				
Total segment revenue	51,971	22,553	5,580	80,104
Revenue from other sources	(5,303)	(2,480)	—	(7,783)
Revenue from contracts with customers	46,668	20,073	5,580	72,321

Notes to the audited summarised consolidated financial statements continued

for the year ended 31 December

10. Operating expenses

Operating expenses are made up as follows:

Rand million	Audited 2021	Audited Restated 2020
Costs by nature:		
Raw materials and consumables	2,178	2,046
Net movement in finished product and WIP inventories	(1,701)	(836)
Inventory write-down to net realisable value	170	902
Outside services	4,305	3,817
Deferred waste stripping costs	(1,725)	(2,502)
Staff cost	5,620	5,006
Employee expenses	5,312	4,863
Termination benefits	84	—
Share-based payment expenses	224	143
Mineral royalty	4,171	3,493
Transportation and selling costs	7,068	6,580
Shipping services rendered	6,464	5,598
Sub-lease rent received	(44)	(44)
Depreciation of property, plant and equipment[3]	5,050	4,970
Repairs and maintenance	3,020	2,479
Legal fees	15	24
Professional fees	203	171
Audit fees	13	12
Insurance cost	170	154
Technical services and project studies	25	128
Lease expenses	659	905
General expenses[1]	2,700	2,901
Petroleum products	2,530	1,985
Energy costs	521	439
Own work capitalised[2]	(129)	(114)
Corporate costs	953	788
Net (profit)/loss on disposal and scrapping of property, plant and equipment	(10)	19
Net finance losses	215	184
Net foreign currency losses	375	176
Net fair value (gains)/losses on financial assets measured at fair value through profit or loss	(160)	8
Total operating expenses	42,441	39,105

[1] This comprises mainly expenses for advertising, sponsorships, donations, IT expenses and other expenses.
[2] Relates to operating expenses incurred that are capitalised to projects where qualifying criteria are met.
[3] Includes an amount of R147 million (2020: R134 million) relating to depreciation of right-of-use assets.

10. Operating expenses continued

The prior year presentation of net movement in finished product and WIP inventories has been corrected by reclassifying R597 million to raw materials and consumables, and R1,279 million to general expenses. The impact of the reclassification is shown below:

Rand million	Reported 2020	Impact increase/ (decrease)	Restated 2020
Raw materials and consumables	1,449	597	2,046
Net movement in finished product and WIP inventories	1,040	(1,876)	(836)
General expenses	1,622	1,279	2,901

11. Taxation

The group's effective tax rate was 27% for the year (2020: 28%).

12. 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), which is considered a more appropriate measure of profitability for the group's businesses. 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 work-in-progress inventories only, which is allocated based on the operations of the segment and the physical location of the asset.

Depreciation, staff costs, impairment of assets and additions to property, plant and equipment are not reported to the CODM per segment, but are significant items which are included in EBITDA and/or reported on for the group as a whole.

Notes to the audited summarised consolidated financial statements continued

for the year ended 31 December

12. Segmental reporting continued

Rand million	Products[1]		Services			
	Sishen mine	Kolomela mine	Logistics[2]	Shipping operations	Other	Total
Audited year ended 31 December 2021						
Statement of profit or loss						
Total external revenue	67,612	27,511	–	6,969	–	102,092
EBITDA	51,446	21,254	(7,060)	505	(1,587)	64,558
Significant items included 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
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
Stay-in-business 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.

12. Segmental reporting continued

Rand million	Products[1] Sishen mine	Kolomela mine	Services Logistics[2]	Shipping operations	Other	Total
Audited year ended 31 December 2020						
Statement of profit or loss						
Total external revenue	51,971	22,553	–	5,580	–	80,104
EBITDA	37,652	16,549	(6,571)	(17)	(1,805)	45,808
Significant items included in the statement of profit or loss:						
Depreciation	3,416	1,376	9	–	169	4,970
Staff costs	3,083	1,147	32	–	744	5,006
Statement of financial position						
Total segment assets	3,840	3,447	513	–	–	7,800
Statement of cash flows						
Additions to property, plant and equipment						
Expansion capital expenditure	415	175	–	–	–	590
Stay-in-business capital expenditure	1,793	857	–	–	4	2,654
Deferred stripping	1,523	979	–	–	–	2,502

[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.

Reconciliation of reportable segments' assets to inventories

Rand million	Note	Audited 2021	Audited 2020
Inventories			
Finished product		**2,563**	1,755
Work-in-progress		**6,859**	6,045
Segment assets		**9,422**	7,800
Plant spares and stores		**1,708**	1,799
Balance per statement of financial position	6	**11,130**	9,599

Notes to the audited summarised consolidated financial statements continued

for the year ended 31 December

12. Segmental reporting continued

Geographical analysis of total external revenue

Rand million	Audited 2021	Audited 2020
Total external revenue	**102,092**	80,104
Domestic – South Africa	**237**	409
Export	**101,855**	79,695
China	**43,257**	50,221
Rest of Asia	**24,645**	14,485
Europe	**33,627**	14,421
Middle East and North Africa	**131**	385
Americas	**195**	183

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

Reconciliation of operating profit to EBITDA for the year ended:

Rand million	Audited 2021	Audited 2020
Operating profit per statement of profit or loss	**59,508**	40,838
Add back:		
Depreciation	**5,050**	4,970
EBITDA	**64,558**	45,808

13. Fair value estimation

The carrying value of financial instruments not carried at fair value approximates fair value because of the short period to maturity 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]
Audited 12 months – 31 December 2021			
Investments held by the environmental trust	—	795	—
Long-term prepayments and other receivables	—	—	54
Investment in associate	—	—	50
Equity investments at fair value through profit or loss	—	—	10
Trade receivables[4]	—	4,696	—
	—	5,491	114
Audited 12 months – 31 December 2020			
Investments held by the environmental trust	—	656	—
Long-term prepayments and other receivables	—	—	35
Trade receivables[4]	—	6,621	—
	—	7,277	35

[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 that 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 and loss.

Notes to the audited summarised consolidated financial statements continued

for the year ended 31 December

13. Fair value estimation continued

In the prior year, the investments held by the environmental trust were reclassified from level 1 to level 2 after management reassessed the view of the investments held by the environmental trust and concluded that level 2 better reflects the fair value hierarchy for this financial asset. There were no other transfers in the year ended 31 December 2020. There were no transfers during the year ended 31 December 2021.

All the resulting fair value estimates are included in level 1 or level 2, except for the long-term other receivable, investment in associate 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	Audited 2021	Audited 2020
Balance at beginning of year	**35**	48
Additions to financial assets during the year	**60**	—
Fair value gain/(loss) for the year	**19**	(13)
Balance at end of year	**114**	35

The long-term other receivable at 31 December 2021 relates 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 confirmed by geological exploration results.

There were no changes made to any of the valuation techniques applied at 31 December 2021.

14. Related party transactions

During the year, Kumba and its subsidiaries, in the ordinary course of business, entered into various sale, purchase and service transactions with associates, joint ventures, fellow subsidiaries, its holding company and Exxaro Resources Limited[2].

Material related party transactions

Rand million	Audited 2021	Audited 2020
Anglo American SA Finance Limited[1]		
Short-term deposit held with Anglo American SA Finance Limited		
– Deposit	3,717	13,721
– Weighted average interest rate (%)	3.76	4.48
Interest earned during the year[1]	736	466
Interest receivable	36	64
Uncommitted facilities held with Anglo American SA Finance Limited	8,200	8,200
Anglo American Capital plc		
Short-term deposit held with Anglo American Capital plc		
– Deposit	9,858	7,258
Interest earned on short-term deposits	—	20
Anglo Corporate Services South Africa Proprietary Ltd		
Purchase of goods and services: Corporate operations (including shared services)	517	564
Purchase of goods and services: Research	—	135
Insurance receivable	36	64
Trade payables	778	445
Long-term receivables	80	38
Anglo American Marketing Limited		
Cash and cash equivalents held with Anglo American Marketing Limited	2,857	889
Trade payable owed to Anglo American Marketing Limited	—	102
Trade receivable owed by Anglo American Marketing Limited	369	427
Sale of goods to Anglo American Marketing Limited	926	1,206
Purchases of goods and services from Anglo American Marketing Limited	134	—
Shipping services provided by Anglo American Marketing Limited	804	1,253
Anglo American Shipping Pte. Ltd		
Shipping services provided by Anglo American Shipping Pte. Ltd	5,856	4,390
Trade payable owed to Anglo American Shipping Pte. Ltd	152	227
Anglo South Africa Proprietary Limited		
Dividends paid to Anglo South Africa Proprietary Limited	25,597	7,991
Exxaro Resources Limited[2]		
Dividends paid to Exxaro Resources Limited	9,991	3,119
Purchase of goods and services[2]	10	11

[1] Interest was earned at an average rate of 3.76% (2020: 4.48%) 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 audited summarised consolidated financial statements continued

for the year ended 31 December

15. 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 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 pleadings in this matter are now closed and the trial date has been set for May 2022.

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 2021.

16. Guarantees

Total guarantees obtained in favour of the Department of Mineral Resources and Energy (DMRE) in respect of the group's undiscounted environmental closure liabilities at 31 December 2021 were R4.1 billion (2020: R3.4 billion). Guarantees in respect of the 2020 shortfall of R658 million were issued to the DMRE in May 2021. The undiscounted closure costs increased by R432 million during the year. This, partially offset by a R139 million increase in the trust fund investment, has resulted in a shortfall of R293 million which will be addressed in due course.

17. Regulatory update

National Environmental Management Act (NEMA)

The Minister of Environment, Fisheries and Forestry 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 deadline for compliance has been extended to June 2022. These amendments are expected to result in provision of additional funding for the undiscounted closure costs, which will be required during the first half of 2023 if the effective date remains unchanged.

18. Events after the reporting period

18.1. Declaration of a final cash dividend

A final cash dividend of R30.50 per share was declared by the Board on 21 February 2022 from profits accrued during the financial year ended 31 December 2021. The total cash dividend for the year amounted to R103.20 per share. The estimated total cash flow of the final Kumba dividend, payable on 22 March 2022 is R9.8 billion.

18.2. Subsidiaries' debt facilities and guarantees obtained

Subsequent to 31 December 2021, the group's subsidiaries, Kumba International Trading Limited and Kumba Singapore Pte Limited, concluded short-term working capital financing arrangements with Anglo American Capital plc, to the value of $690 million (R10,667 million) and $610 million (R9,431 million), respectively. SIOC, being the parent company, has extended guarantees to Anglo American Capital plc for amounts drawn under these facilities, up to a maximum of $474 million (R7,328 million) and $346 million (R5,349 million), respectively.

18.3. Other

There have been no other material events subsequent to 31 December 2021, not otherwise dealt with in this report.

Notes to the audited summarised consolidated financial statements continued

for the year ended 31 December

19. Independent auditor's report

These summarised consolidated financial statements for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which these summarised consolidated financial statements were derived.

The auditor's report on the summarised consolidated financial statements is included on the following page, and a copy of the auditor's report on the consolidated financial statements, together with the financial statements, is available for inspection at the Company's registered office. The summarised consolidated financial statements for the year ended 31 December 2021 are available on the Company's website www.angloamericankumba.com

The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should read a copy of the auditor's report and obtain the accompanying financial information from the Company's registered office.

Any reference to future financial performance included in this announcement has not been audited or reported on by the Company's auditors.

On behalf of the Board

TP Goodlace
Chairman

TM Mkhwanazi*
Chief Executive

21 February 2022

Pretoria

* TM Mkhwanazi was the Chief Executive of Kumba until 31 December 2021.

Independent auditor's report on the summary consolidated financial statements

To the shareholders of Kumba Iron Ore Limited

Opinion

The summary consolidated financial statements of Kumba Iron Ore Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 31 December 2021, the summary consolidated statement of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Kumba Iron Ore Limited for the year ended 31 December 2021.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 21 February 2022. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Independent auditor's report on the summary consolidated financial statements continued

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: CS Masondo

Registered Auditor
Johannesburg, South Africa

21 February 2022

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.

Notice of final cash dividend

At its Board meeting on 21 February 2022, the directors approved a gross final cash dividend of 3,050 cents per share on the ordinary shares from profits accrued during the year ended 31 December 2021. The dividend has been declared from income reserves.

The dividend will be subject to a dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. The net dividend payable to shareholders subject to withholding tax at a rate of 20% amounts to 2,440 cents per share.

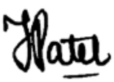
The issued share capital at the declaration date is 322,085,974 ordinary shares.

The salient dates are as follows:

Publication of declaration data	Tuesday, 22 February, 2022
Last day for trading to qualify and participate in the final dividend	Tuesday, 15 March, 2022
Trading ex-dividend commences	Wednesday, 16 March, 2022
Record date	Friday, 18 March, 2022
Dividend payment date	Tuesday, 22 March, 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 16 March 2022 and Friday, 18 March 2022 both days inclusive. Any change of address or dividend instructions must be provided by the last day for trading.

By order of the Board



F Patel
Company Secretary

22 February 2022

Administration

Registered office

Centurion Gate Building 2B
124 Akkerboom Road
Centurion, 0157, South Africa
Tel: +27 12 683 7000
Fax: +27 12 683 7009

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers,
15 Biermann Avenue
Rosebank, 2196, South Africa
Private Bag X9000, Saxonwold, 2132

Sponsor to Kumba

RAND MERCHANT BANK
(A division of FirstRand Bank Limited)

Directors

Non-executive: TP Goodlace (British/South African) (Chairman), MS Bomela, SG French (Irish), MA Jenkins, NB Langa-Royds, TM Mkhwanazi, SS Ntsaluba, BP Sonjica, MJ Tsele, DG Wanblad
Executive: ND Zikalala (Chief Executive), BA Mazarura (Zimbabwean) (Chief Financial Officer)

Company Secretary

F Patel

Company registration number

2005/015852/06
Incorporated in the Republic of South Africa

Income tax number

9586/481/15/3

JSE code: KIO
ISIN: ZAE000085346
('Kumba' or 'the Company' or 'the group')

22 February 2022

Bastion

Kumba Iron Ore
Centurion Gate – Building 2B
124 Akkerboom Road
Centurion
0157

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