AngloAmerican

KUMBA IRON ORE LIMITED

Annual Financial Statements 2023

Our approach to reporting

Contents

Navigating our 2023 reports

Our integrated reporting suite comprises the following reports:

All information for the year ended 31 December 2023

Integrated report (IR)*

Targeted primarily at current and prospective investors, lenders and other creditors, it provides a succinct review of our strategy and business model, operating context, governance and operational performance, and our response to managing the material risks and opportunities that could reasonably be expected to affect Kumba's prospects. (Financial materiality)

Sustainability report (SR)*

Reviews our approach to managing our most significant economic, social and environmental impacts, and to addressing those sustainability and environmental, social and governance (ESG) issues of interest to a broad range of stakeholders. (Double materiality)

Climate change report (CCR)*

Provides a balanced and appropriate presentation of our climate-related impacts, risks and opportunities and our response to managing these risks and opportunities and to mitigating our climate-related impacts. (Double materiality)

Annual financial statements (AFS)

Provides a detailed analysis of our financial results, with audited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards). (Financial materiality)

Ore Reserve (and Saleable Product) and Mineral Resource report (ORMR)

Reported in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code – 2016 Edition) as required by section 12.13 of the Johannesburg Stock Exchange (JSE) Listings Requirements. (Financial materiality)

* To be published on 12 April 2024.

Online

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

Key features

Committed to safety and sustainability	Continuing to unlock value	Balanced capital allocation
The total recordable incident frequency rate (TRIFR) improved to **0.98** from 1.55	Average realised free-on-board (FOB) export price of **US$117/tonne**, 15% above benchmark	Attributable free cash flow[1] of **R14.9 billion,** 43% higher
Sishen **67 MW solar photovoltaic** (PV) plant on track	Cost savings of **~R1 billion** underpins C1 unit cost of US$41/tonne	Return on Capital employed (ROCE) of **82%**, up from 76%
Relentless drive to reduce occupational hazard exposure	Resilient EBITDA[1] margin of **53%**, up from 50%	Final cash dividend per share **R24.20 and total** 2023 cash dividend per share **R46.80, up 4%**
R71.1 billion of shared value created	Closing net cash[1] of **R13.2 billion**	

1 This constitutes pro forma financial information in terms of the Listings Requirements of the JSE Limited and should be read in conjunction with the basis of preparation, refer to supplementary non-IFRS financial measures on pages 131 and 132.

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

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Directors' declaration

The Kumba Iron Ore Limited (Kumba or the Company or the group) Board, assisted by the Audit Committee, is ultimately responsible for the preparation, fair presentation and integrity of the audited annual financial statements and related financial information of the group, as contained in this report, the annual financial statements 2023. The Board of directors confirms that it has collectively reviewed the content of this report and approved it at its meeting on 19 February 2024 for presentation to shareholders at the next annual general meeting on 28 May 2024. The annual financial statements 2023 have been prepared under the supervision of BA Mazarura CA(SA), Chief Financial Officer.

Kumba's history

Kumba is a supplier of high-quality iron ore (63.7% average Fe) to the global steel industry. We operate primarily in South Africa, with mining operations in the Northern Cape, a head office in Johannesburg (Rosebank), Gauteng, and a port operation in Saldanha Bay, Western Cape.

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

1931

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

1942

Open-pit operations commenced at Thabazimbi

1953

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

1976

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

1989

Iscor is privatised

2001

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

2002

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

2006

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

2008

Sishen Jig plant formally opened in November 2008

Construction started on Kolomela

2011

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

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

2013

Finalisation of the new supply agreement with ArcelorMittal SA

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

Approval of the Dingleton relocation project

2014

Kumba granted the mining right for the rail properties at Sishen

2015

Revised strategy from volume to a value-based (cash-generating) strategy, dividends suspended and restructuring of head office and support services at the mines

Slope failure at Thabazimbi; Board approves closure of the mine

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

2016

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

Agreement reached to transfer ownership of Thabazimbi to ArcelorMittal SA

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

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

2017

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

Introduced three transformation horizons to enhance our competitive position

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

2018

Approved the Tswelelopele strategy with three horizons

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

Kolomela mining right amended to include Heuningkranz prospecting right

2020

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

Approved the Kapstevel South project

2021

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

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

2022

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

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

2023

Approved the refreshed strategy to remain competitive and deliver value over volume. Following continued disruptions at Transnet's rail and port operations, Kumba announced in December 2023 that it would reconfigure its business to a lower production profile for the period 2024 to 2026, in line with prevailing logistics capacity

Successfully concluded a three-year wage agreement with unionised employees

Directors' responsibility for financial reporting

for the year ended 31 December 2023

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

The annual financial statements, set out on pages 31 to 124 are based on appropriate accounting policies which have been consistently applied, except for changes in accounting policies as detailed in the notes, and which are supported by reasonable and prudent judgements and estimates and comprise the statements of financial position at 31 December 2023; the statements of profit or loss, the statements of other comprehensive income, the statements of changes in equity, and statements of cash flows for the year then ended; the notes to the financial statements, which include a summary of principal accounting policies and other explanatory notes; the directors' report; the report of the Audit Committee; and the certificate of the Company Secretary.

The directors, primarily through the Audit Committee, meet periodically with the external and internal auditors as well as the executive management to evaluate matters concerning the responsibilities below:

- maintaining adequate accounting records and an effective system of risk management
- developing, implementing and maintaining a sound system of internal control relevant to the preparation and fair presentation of these financial statements that provides reasonable but not absolute assurance against material misstatement or loss, whether owing to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances
- safeguarding shareholders' investments and the group's assets
- preparing the supplementary annexures included in these financial statements

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

The independent external auditors are responsible for reporting on whether the consolidated financial statements and the separate financial statements are fairly presented in accordance with the applicable financial reporting framework. The independent auditor's report to the shareholders of the group and Kumba is set out on pages 24 to 30 of this report.

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

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

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

Attributable free cash flow, net cash, EBITDA, adjusted EBITDA, net asset value attributable to owners of Kumba and US Dollar convenience translation statements are non-IFRS measures reported on pages 131 to 132 and constitute pro forma financial information, as defined by the Listings Requirements of the JSE Limited. This information is provided for illustrative purposes only and due to its nature may not fairly present the group's financial position, changes in equity, results of operations or cash flows. The underlying information used in the preparation of the pro forma financial information has been prepared using the group's accounting policies which comply with IFRS.

The non-IFRS (pro forma) information included in the annual financial statements is the responsibility of the Company's directors. The supplementary non-IFRS information has been reported on by the group's auditors (refer to pages 133 to 134) for their unqualified reporting accountant's reasonable assurance report thereon.

Approval of group annual financial statements and Company annual financial statements

The group annual financial statements on pages 31 to 106 and 115 to 124 and the Company annual financial statements on pages 107 to 114 of Kumba Iron Ore Limited were approved by the Board of directors on 19 February 2024 and will be presented to the shareholders at the annual general meeting on 28 May 2024. The group and Company annual financial statements are signed on the directors' behalf by:

TP Goodlace
Chairperson

ND Zikalala
Chief Executive

19 February 2024

Responsibility statement on internal financial controls

for the year ended 31 December 2023

Each of the directors, whose names are stated below, hereby confirm that:
- the annual financial statements set out on pages 31 to 124 fairly present, in all material respects, the financial position, financial performance and cash flows of the Kumba group in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statement made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Kumba and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the Kumba group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

ND Zikalala
Chief Executive

BA Mazarura
Chief Financial Officer

19 February 2024

Certificate of the Company Secretary

for the year ended 31 December 2023

I, Fazila Patel, in my capacity as Company Secretary, confirm that, for the year ended 31 December 2023, Kumba Iron Ore Limited has lodged with the Registrar of Companies all such returns and notices as are required of a public company in terms of the Companies Act No 71 of 2008 as amended South Africa, and that all such returns and notices are true, correct and up to date.

F Patel
Company Secretary

19 February 2024

Salient features and operating statistics

for the year ended 31 December

	Unaudited 2023	Unaudited 2022
Share statistics ('000)		
Total shares in issue[1]	**322,086**	322,086
Weighted average number of shares[1]	**320,957**	320,897
Diluted weighted average number of shares[1]	**321,711**	321,644
Treasury shares[1]	**1,134**	1,169
Market information		
Closing share price (Rand)	**615**	492
Market capitalisation (Rand million)	**198,083**	158,466
Market capitalisation (US$ million)	**10,696**	9,355
Net asset value attributable to owners of Kumba (Rand per share)[2]	**161.51**	127.44
Capital expenditure (Rand million)[1]		
Incurred	**9,862**	11,084
Contracted	**3,371**	4,188
Authorised but not contracted	**2,144**	4,771
Operating commitments (Rand million)[1]	**522**	420
Commitments from shipping services (Rand million)[1]	**792**	3,229
Economic information		
Average Rand/US Dollar exchange rate (Rand/US$)	**18.45**	16.37
Closing Rand/US Dollar exchange rate (Rand/US$)	**18.52**	16.94
Sishen mine FOR unit cost		
Unit cost (Rand per tonne)	**740.36**	595.50
Cash cost (Rand per tonne)	**589.14**	479.27
Unit cost (US$ per tonne)	**40.13**	36.39
Cash cost (US$ per tonne)	**31.93**	29.28
Kolomela mine FOR unit cost		
Unit cost (Rand per tonne)	**706.09**	643.18
Cash cost (Rand per tonne)	**482.36**	489.60
Unit cost (US$ per tonne)	**38.27**	39.30
Cash cost (US$ per tonne)	**26.14**	29.92

[1] Amounts have been extracted from audited information.
[2] This constitutes pro forma financial information in terms of the Listings Requirements of the JSE Limited and should be read in conjunction with the basis of preparation, refer to supplementary non-IFRS financial measures on pages 131and 132.

Business overview

for the year ended 31 December 2023

Sustaining our competitiveness in an uncertain macro-environment

Mpumi Zikalala, Chief Executive of Kumba, said, "The safety, health and wellbeing of our people and our mine communities is our first priority. We continued our relentless pursuit of achieving "zero harm" and eliminating fatalities, resulting in a significant improvement in our total recordable injury frequency rate, while providing R71.1 billion of enduring shared value to all our stakeholders.

"Macro-economic volatility and uncertainty continued to weigh on global markets with escalating geopolitical tension and persistent cost inflation amid multi-year high interest rates. Domestically, businesses were further impacted by loadshedding and logistics constraints, increasing the cost of doing business in South Africa.

Over a number of years, Kumba along with other members of the Ore User's Forum have suffered significant losses due to derailments, and logistics infrastructure and equipment failures. These issues continued in 2023 and in order to rebalance our value chain, we took decisive action to slowdown production in the fourth quarter of 2023. As a result, production decreased by 5.3% to 35.7Mt, while sales increased by 1.6% to 37.2 Mt compared to 2022 when industrial action by Transnet's trade unions disrupted rail and port operations.

"Increasing cost pressures and lower production volumes contributed to Sishen's unit cost increasing to R589 per dry metric tonne (dmt), while improved efficiencies and tight cost discipline at Kolomela, helped reduce the unit cost to R482/dmt. The C1 unit cost of US$41/wmt was driven by a 12.7% weaker average exchange rate of R18.45/US$1 and cost savings of ~R1.0 billion in line with our target for 2023.

"A rebound in iron ore markets late in 2023 contributed to our average realised price of US$117/wmt, an increase of 3.5% on 2022 prices which was impacted by Covid-related lockdowns in China. Despite these challenging conditions, Kumba delivered an earnings before interest, tax, depreciation and amortisation (EBITDA) of R45.7 billion and an EBITDA margin of 53%. This contributed to our attributable free cash flow of R14.9 billion, enabling our Board to declare a final cash dividend of R24.20 per share, representing a payout ratio of 60% of headline earnings.

"We remain committed to supporting key measures by the National Logistics Crisis Committee to improve logistics performance and we are encouraged by the Cabinet's approval of the Freight Logistics Roadmap that will allow for private sector participation by the logistics sector. However, we recognise that the logistics challenges will take some time to resolve.

"Following a strategic review, Kumba announced at its Investor Update on 8 December 2023 and through the JSE Securities Exchange News Services (SENS) that it would be reconfiguring its business to a lower production profile of 35-37 Mt for the period 2024 – 2026, in line with prevailing logistics capacity. This will enable the necessary drawdown of high on-mine stockpiles and support cost reductions that will help ensure our business remains economically viable in the long term for the benefit of all our stakeholders. To this end, we have identified between R2.5 – 3.0 billion of cost saving initiatives for 2024, and we have revised our C1 unit cost guidance to US$38 – US$40/wmt for the next three years.

"From a project perspective, Kapstevel South at Kolomela has largely been completed and remains on track to produce its first ore in 2024. Our UHDMS project remains under review as our priority is the reconfiguration of the business. The changes resulting from the optimisation of the mine plan will be incorporated into the project's technical review. Our 67 megawatt (MW) solar photovoltaic (PV) project at Sishen is progressing to plan and we are finalising an 11 MW renewable electricity wheeling contract for Kolomela. These will contribute to our 2030 scope 2 target of reducing carbon emissions by 30%.

"Despite the logistics impact on our business, we have procured R23 billion of goods and services from black economic empowerment, including more than R6 billion with our local host community suppliers and invested R376 million in social development projects. Kumba currently supports 85 schools and 76,000 learners as part of the Anglo American education programme as well as 2,300 community members at training colleges.

"In the long term, we remain positive on the iron ore market fundamentals. The carbon emission reduction properties of our high-quality iron ore products ensure that we are well positioned to meet the growing demand for green steel. We are already working with more than 30% of our customers by sales volumes to develop steelmaking technology with a lower carbon footprint.

"In line with our refreshed business strategy, we are focused on ensuring our business is sustainable and unlocking further value through the reconfiguration of our business. My priorities for Kumba in 2024 are to maintain operational safety, stability, and capability as we transition to a lower production profile, while improving cost competitiveness. The streamlining and optimisation of our operations will bring increased efficiency and position Kumba for a sustainable future to the benefit of all our stakeholders."

Business reconfiguration to mitigate logistics constraints

Kumba's refreshed strategy is underpinned by three pillars of firstly, unlocking value from the core; secondly, positioning for a sustainable future; and thirdly, stakeholder value creation.

Following the launch of our strategy in July 2023, we conducted a strategic business review to identify levers to unlock further value and sustain our cost competitiveness to ensure that our business is sustainable.

Business overview continued

for the year ended 31 December 2023

Over the past few years, persistent logistics constraints have significantly impacted our business by hampering our ability to increase production. Our C1 unit costs increased from US$33/t in 2019 to US$41/t in 2023, despite achieving cumulative cost savings of R5.2 billion during our Tswelelopele strategy period from 2018 to 2022.

Notwithstanding continued collaborative efforts with Transnet, government and industry peers, through the Ore User's Forum and the National Logistics Crisis Committee, the recovery of logistics performance to the contractual capacity level is likely to take some time to resolve.

Consequently, we are taking decisive action to minimise this impact by reconfiguring our business to a lower production profile of between 35–37 Mt for the 2024 to 2026 period, in line with the prevailing logistics capacity.

We are prioritising value over volume and ensuring optimal production is achieved between Sishen and Kolomela to improve cost efficiency and organisational effectiveness.

During 2023, we already streamlined our office-based roles and given the required change to our production footprint in the medium term, we do also need to reconfigure the size of our workforce. Therefore, despite the extensive measures taken to mitigate the impact of the logistics challenges on our business, Kumba has announced a proposed reconfiguration process. As the reconfiguration will, regrettably, involve job losses, it will be carried out in consultation with our stakeholders, including trade unions and other affected, non-unionised employees in terms of section 189A of the Labour Relations Act, 66 of 1995 (S189A).

The potential reconfiguration of our business is expected to impact ~490 jobs (including fixed-term employees) across Kumba's operations. The section 189A process involves a consultation period with trade unions and affected employees and will be facilitated by the Commission for Conciliation, Mediation and Arbitration. Only when the consultation process is concluded will the final number of impacted jobs be known.

In parallel, a contractor/vendor review process is underway that may see ~160 service providers/contractors impacted. This could result in some of the contractor services being rescoped or terminated as part of the business reconfiguration process.

We recognise that this is a challenging time for all our people. The decision to potentially reconfigure our business has not been taken lightly but it is necessary if we are to remain globally competitive to sustain our mines and those who depend on them for the long term, including our employees, service partners, communities, local businesses, and our Government through our contribution to the fiscus. As part of the Anglo American group, we are developing an integrated social response plan that is intended to help mitigate the socio-economic impact on affected employees, contractors and communities.

Throughout this process we have retained the optionality to ramp up production should the logistic performance improve in the near term.

The optimisation of our business underpins our ability to continue operating profitably and delivering sustainable value.

Focused on driving a high-performance culture

Our people are instrumental in how we live up to our purpose in everything we do. We strive to create safe, inclusive and diverse working environments that encourage high performance, accountability, care and innovation.

Kumba initiated an organisational review under the strategic guidance of the Anglo American Group. In line with our Refreshed strategy, our "Future Fit" programme, we are prioritising safe critical and value-adding work, and reorganising how we manage functional expertise and production – with a primary focus on restructuring and reorganising our head office functions. To support our people and help them manage through this change we implemented individual team support mechanisms, including counselling, CV writing and interview preparedness skills as well as financial planning support.

While our leadership capability framework is being revised in response to the "Future Fit" programme and our evolving business needs and priorities, we provided a number of leadership development opportunities. These include our mentorship programme (PrePair); Leadership Academy for front-line management development; as well as our supervisor development programme.

Rewarding successful business outcomes is central to driving an accountability mindset and a high-performance culture. We refined our Team+ short-term incentive environmental, social and governance (ESG) metrics for middle management and specialists. We also extended our employee share ownership plans to middle management and senior specialists, further aligning the economic progress of our employees with our shareholders.

In 2023, we successfully concluded a three-year wage agreement with the Association of Mineworkers and Construction Union (AMCU) and National Union of Mineworkers (NUM). This multi-year agreement underpins operational stability and business sustainability through ongoing market volatility, while ensuring we reward our people for their work.

Kumba is committed to inclusion and diversity, and to living up to our values of safety, care and respect. To accommodate the impact of the "Future Fit" organisational restructuring programme, we restated our target of achieving 33% representation of women at leadership level by the end of 2023, to 30%. In 2023, women were again 26% of our total workforce.

Business overview continued

for the year ended 31 December 2023

Our female representation at senior management level increased from 24% to 30% in 2023 (28% based on the revised methodology of including fixed term employees and Emerging Talent cohort with contracts exceeding three months, senior female management). In addition, through our "Enabling You" colleague network, we continue to provide education and awareness to support persons with disabilities.

In striving to be an employer of choice, Kumba is proud to be recognised in the Top 100 companies in South Africa as ranked by the Sunday Times.

Committed to safe and sustainable operations

Safety

The safety, health and wellbeing of our employees remains a top priority. We are committed to achieving a safe and stable operating environment where all our people are free from harm.

While we have made some progress, we know that safety is a journey. In February 2023, we were deeply saddened by the fatal injury of Nico Molwagae, a service partner employee. Greater supervisory oversight, improved equipment design and further initiatives were implemented to strengthen our safety culture in our relentless pursuit of "zero harm" and elimination of fatalities and serious injuries. Notably, Sishen has completed seven years of production without a fatality.

Through our safety leadership drive, we are promoting psychological safety and the reporting of all unsafe work practices. Our total recordable injury frequency rate improved from 1.55 in 2022 to 0.98 at the end of 2023, below our three-year target of 1.15. Total lost-time injuries (LTIs) recorded reduced to 17 LTIs (2022: 28), resulting in a lower lost-time injury frequency rate (LTIFR) of 0.58 against a target of 0.65. Low-level incidents accounted for 88% of the LTIs (2022: 68%). We recorded 16 high potential incidents (HPI) during 2023 compared to 12 in 2022 due to improved reporting and awareness and a more conservative approach in the recording and classification of the HPIs.

Health

We strive to positively influence the health and wellbeing of our employees through a proactive, integrated, and holistic health management programme. Additionally, we support the health of our employees, their families and host communities.

During the year, 91% of employees and 86% of core service partners completed their HIV counselling and testing, compared to 90% and 80%, respectively, in 2022. 91% of full-time employees knew their HIV status (2022: 91%) with the uptake of anti-retroviral therapy (ART) at 100% and a viral suppression rate achieved of 95%. Of our contractors, 86% knew their HIV status with 100% of these on ART and a 96% viral suppression rate.

In 2023, 89% of the workforce were screened for Tuberculosis (TB) and 24 new cases of non-occupational/community acquired TB were diagnosed, with a 100% treatment completion rate. The TB incidence rate increased from 89 to 120 per 100,000 of the employees and contractors due to an increase in the number of cases in our peri-mining communities. This is below the Kumba target of 253 per 100,000 and below the South African national rate of 304 per 100,000 (2021 WHO data). Workplace and community interventions are planned for 2024.

We had one occupational disease case (musculoskeletal disorder) subsequently confirmed for 2022. Occupational disease can be reduced by minimising exposure to occupational hazards, and we have not had any level 4 occupational diseases in 2023.

None of Kumba's employees and service partners were exposed to respirable dust and silica above the legislated Occupational Exposure Limit (HEG A for silica and respirable dust exposure).

Two occupational diseases were diagnosed in 2023 (one noise induced hearing loss (NIHL) and one post traumatic stress disorder). Additionally, the Carpal Tunnel Syndrome case that was pending in 2022 has been certified by Rand Mutual Assurance.

We also promote mental health wellbeing through a confidential 24-hour helpline, as well as face-to-face (or virtual) and email contact. Awareness and training sessions are provided to support and empower managers and employees.

Throughout the Future Fit process, we have provided mental health services (proactive preventative training and on-site support), financial wellbeing and medical support at the head office and sites.

Environment

Kumba remains committed to the effective management of our resources, and reducing the impact of our operational activities on the environment and local mine communities. No level 3 to level 5 environmental incidents were recorded for eight consecutive years.

Rehabilitation targets were met at both operations and 100% compliance was achieved on the biodiversity management plan. Sishen reshaped 60.0 hectares (ha) and seeded 75.5 ha of land, while Kolomela has reshaped 32.0 ha of land and seeded 40.0 ha. Kumba continues to target a 30% reduction in scope 1 and 2 greenhouse gas (GHG) emissions by 2030 relative to a 2016 baseline, and to be carbon neutral (in scope 2 emissions) by 2030. We have also committed to a 50% reduction in scope 3 emissions by 2040 on a 2020 baseline.

Our total energy consumption (direct energy plus indirect energy) decreased by 1% to 8.88 million GJ in 2023, compared to 8.97 million GJ in 2022. This was mainly due to a reduction in waste mining and production in the second half of the year.

Business overview continued

for the year ended 31 December 2023

Other factors that assisted in energy reduction were optimised payloads at both mines and an improvement in cycle times at Kolomela. Our energy-use intensity increased by 4.5% from 0.242 GJ per tonne product in 2022 to 0.253 GJ per tonne product in 2023. This is due to the significant decrease in production volumes in the fourth quarter.

The development of the 67 MW solar PV plant at Sishen is therefore key to reducing our scope 2 emissions, providing energy security and reducing the cost of electricity usage. Construction commenced in the second half of 2023 with handover to the Engineering, Procurement and Construction contractor expected in the second half of 2024. In addition, we are finalising an 11MW renewable electricity wheeling contract at Kolomela.

As the iron ore market embraces the need for decarbonisation, China and other countries with traditional steelmaking furnaces are reducing emissions through the use of blast furnace and dry reduced iron production methods. In terms of our scope 3 emissions, our premium product offering – suitable for lower carbon, direct reduction processes of iron in steelmaking – supports the reduction of our steelmaking customers' processing emissions.

Currently, more than 30% of our customers (based on sales volumes) across our key markets are covered by partnership agreements that help drive decarbonisation technology adoption in their operations. In addition, eight of 10 Ubuntu LNG dual-fuelled ships joined the group's chartered fleet, servicing the South Africa to Asia route. These LNG ships are delivering ~30% improvement in CO_2, emissions at a lower cost compared to conventional liquefied natural gas dual-fuelled ships.

Despite our mines being in the water-stressed Northern Cape, our operations are water positive and require active dewatering to ensure a safe productive operating environment. In 2023, 50% of our total operational water demand was met by recycling and reusing water against a target of 49%. We also supplied 18,075 megalitres (ML) (2022: 18,372 ML) to the broader Northern Cape region for domestic and industrial consumption, providing drinking water to more than 200,000 people. Freshwater withdrawals decreased to 7,772 ML (2022: 8, 099 ML), reflecting the improved dewatering stability which is an ongoing focus.

Kumba manages four tailings storage facilities (TSF), including one active facility at Kolomela, which was constructed as water retaining structural embankments, and three upstream constructed dams at Sishen, of which only one is active.

Our TSFs are subject to a rigorous risk management programme, including audits by independent experts.

In addition, Kumba is a member of the International Council of Mining and Metals (ICMM) through Anglo American. As a member, Kumba was required to comply with the Global Industry Standard on Tailings Management (GISTM) by 5 August 2023 for Objective 1 tailings dams with a consequence classification of "Very High" and "Extreme", and by August 2025 for Objective 2 facilities with a rating of "High" and "Low". Sishen Dam 1-4 is part of Objective 1 facilities and has achieved 97% compliance, while the remaining TSFs form part of Objective 2 facilities for which the close-out plans are currently being developed to ensure full compliance with GISTM by 2025.

Empowering our communities

We are committed to delivering a lasting, positive contribution to local communities beyond the life of our mines. Our enduring shared value of R71.1 billion contributes to the government fiscus, employees, communities and shareholders, including our BEE partners.

Our sustainable mining plan targets the creation of five jobs off-site for every on-site job by 2030. Since 2018, we have supported more than 39,000 jobs off-site and 77% of our workforce were employed from local communities in 2023. This year, Kumba spent R22.9 billion (2022: R18.1 billion), with qualifying B-BBEE entities, including host community-owned businesses, which accounted for R6.6 billion (2022: R5.4 billion). We invested R376.2 million (2022: R399.5 million) in local social development projects, supporting initiatives such as healthcare facilities and capacity-building programmes, including an incubation programme assisting over 500 beneficiaries with technical support to achieve accreditation with the construction industry development board.

In education, we aim to have more than 80% of selected host community schools perform within either the top 20% or most improved state schools nationally by 2030. In the first phase of the Anglo American South Africa (AASA) education programme, Kumba supported 45 schools. The achievements in this phase include a national matric pass rate of 81.7% improving from 80.7% in 2022 and increased information, communication, and technology (ICT) post-matriculant programme participation.

The second phase, launched in the first quarter of 2023, added 20 schools and 20 early childhood development centres. We are also investing in library construction and supporting learners with various bursary schemes and development programmes. Through the 85 schools, we are helping to empower more than 76,000 learners so that they can have a better future.

As part of the collaborative regional development (CRD), our local partnership model, the Impact Catalyst, seeks to support sustainable regional economic development. During the year, we connected eight schools in a pilot project through the Northern Cape community and school Wi-Fi connectivity programme. Furthermore, we connected communities through generators and inverters provided to the Gamagara and Tsantsabane local municipalities, local hospital, and other essential services and infrastructure to mitigate the impact of loadshedding.

Business overview continued

for the year ended 31 December 2023

Market overview

The Platts 62 IODEX cost and freight (CFR) China index averaged US$120/dmt, broadly flat on the prior year. China's crude steel production rose 0.3% to 1,020 Mt as the contraction in domestic steel demand was more than offset by a 36% increase in steel exports to 90 Mt in 2023.

China's property sector remained persistently weak, undergoing deleveraging amid policy support as the new housing starts fell 20.4% while completions rose 17.0% during the year. Industrial activities were below expectations with the Official Manufacturing Purchasing Manager Index contracting since April. Weak end-user demand and uncertainty in the economic outlook resulted in lower steel prices curbing mill margins which were either negative or near breakeven levels for the most part in 2023. Infrastructure investment in China grew by approximately 6% underpinned by government stimulus measures and is expected to remain robust in 2024 on the back of monetary and fiscal easing policies announced recently.

Steel output in key seaborne iron ore markets outside of China were broadly flat at 481 Mt. Rising interest rates in Europe curbed domestic steel demand. As a result of thin mill margins, blast furnaces were idled causing steel production to fall 6.7% to 168 Mt. Japan, South Korea and Taiwan's steel output contracted by 1.7% to 173 Mt, while India registered a 12% growth in steel output to 140 Mt. 2024 is likely to fare better as inflation moderates and rising steel prices have started to incentivise production at European mills since December.

On the supply side, global iron ore exports increased, led by Brazil and non-traditional supply basins such as India, Peru, Chile and Iran. Brazilian exports grew by 10% to 379 Mt. Indian exports more than doubled in 2023 with the removal of the export tariff in November 2022. The ongoing conflict in Ukraine further impacted the country's iron ore exports, reducing this by an estimated 29% to 17 Mt, compared to the pre-war level of approximately 40 Mtpa.

The Platts 65-62 differential averaged US$12/dmt in 2023 compared to US$19/dmt in 2022, while lump premium averaged US$0.1543/dmtu for the year, down from US$0.2136/dmtu in 2022. High-grade premiums and lump premiums declined, reflecting steel mill losses and a focus on cost reduction rather than productivity.

With global markets outside of China, particularly in Europe, under pressure, steel demand was low for most of 2023. Kumba's sales to these markets decreased to 49% (2022: 50%) of total sales, relative to our medium-to long-term target of 45% to 55%. The EU/MENA/Americas region decreased to 29% (2022: 33%), while the Japan/South Korea/Taiwan region increased to 20% (2022: 16%). China's share of export sales increased to 51% (2022: 50%). Our average lump to fine ratio was 66:34 (2022: 67:33), and our Fe quality was 63.7%. (2022: 63.8% Fe).

Operational performance

Mining

Mining summary (unaudited)

'000 tonnes	December 2023	December 2022	% change
Total tonnes mined ('000 tonnes)	**267,663**	255,223	5
Sishen	**202,860**	196,156	3
Kolomela	**64,803**	59,067	10
Total waste stripping ('000 tonnes)	**216,838**	204,308	6
Sishen	**163,800**	156,781	4
Kolomela	**53,038**	47,527	12

Note: Under our refreshed strategy, operational equipment efficiency is tracked as part of our cost optimisation target, capturing a broader set of deliverables.

Total tonnes mined increased by 5% to 267.7 Mt (2022: 255.2 Mt) and total waste stripping by 6% to 216.8 Mt (2022: 204.3 Mt), demonstrating improved operational stability.

Good progress was made on the maintenance backlog, spares management and improvements in maintenance capability, resulting in increased availability and reliability of the truck and shovel fleet.

Waste mining reduced in the fourth quarter of 2023 following the decision to slow down production and enable the drawdown of high on-mine stockpiles to rebalance our value chain. Despite this, Kolomela's waste mined increased by 12% to 53.0 Mt (2022: 47.5 Mt) compared to 2022, which was impacted by severe rainfall and our safety reset initiative. Sishen delivered a solid performance for the year, with waste mining increasing by 4% to 163.8 Mt (2022: 156.8 Mt). Improved mining stability was driven by improvements in shovel reliability, as well as truck availability and utilisation, underpinned by the maintenance reliability programme and operator performance. These improvements combined with disciplined execution contributed to continued improvement in operational stability and healthy high-grade plant feedstock.

Business overview continued

for the year ended 31 December 2023

Production

Production summary (unaudited)

'000 tonnes	December 2023	December 2022	% change
Total	**35,715**	37,700	(5)
Lump	**23,290**	24,671	(6)
Fines	**12,425**	13,029	(5)
Mine production	**35,715**	37,700	(5)
Sishen	**25,421**	27,018	(6)
Kolomela	**10,294**	10,682	(4)

Production for the year reflects the impact of the slowdown in the fourth quarter of the year to facilitate the drawdown of high levels of on-mine stock due to ongoing rail constraints. Notwithstanding this, up to the third quarter of the year, total production had increased by 3% year-on-year, supported by quality plant feedstock resulting in enhanced plant stability.

In the fourth quarter, production decreased by 26% to 7.2 Mt compared to the third quarter of 2023. This was largely driven by a 58% decrease in Kolomela's production with the mine's dense media separation (DMS) plant placed on care and maintenance in December.

As a result, total production for the year decreased by 5% to 35.7 Mt (2022: 37.7 Mt). Production at Sishen reduced by 6% to 25.4 Mt (2022: 27.0 Mt) and at Kolomela by 4% to 10.3 Mt (2022: 10.7 Mt).

Update on capital projects

Our Kapstevel South project at Kolomela is progressing to plan and is close to completion. All major construction activities, including the mining infrastructure area and the construction of the evaporation pond were completed in the second half of 2023.

The waste mining at Kapstevel South was rephased and reduced by 10 Mt given lower production requirements due to rail constraints, and we are on track for the delivery of our first ore in 2024.

At Sishen, the UHDMS project is being reviewed to determine the optimal sequencing and timing in consideration of our business reconfiguration.

We remain confident that the UHDMS technology will play an essential role in positioning our business for a sustainable future. We continue to see significant value uplift, due to the benefit from lowering the cut-off grade which reduces our stripping ratio, increasing product quality, and extending the life of mine.

Sales and logistics

Ore railed to port by Transnet increased by 1% to 36.3 Mt (2022: 35.9 Mt), marginally above performance in the 2022 period, which was impacted by industrial action at Transnet. The locust spraying programme and security deployed along the Iron Ore Export Channel (IOEC) to prevent further cable theft have both been successful.

Despite the drawdown of stock at the mines, finished stock levels remained high at 7.1 Mt (2022: 7.8 Mt). Mine stock levels were at 6.5 Mt (2022: 7.0 Mt) with stock at Saldanha Bay Port of 0.6 Mt (2022: 0.8 Mt) remaining sub-optimal. This limited the increase in sales to 1.6%, resulting in total sales of 37.2 Mt (2022: 36.6 Mt), including third-party stock purchases of 0.7 Mt (2022: 0.8 Mt).

Sales to markets outside of China are predominantly on an FOB and contract of affreightment basis. In line with a lower proportion of sales to these traditional markets, sales on a CFR basis decreased to 59% (2022: 62%), with contractual sales increasing to 84% (2022: 82%) of total export sales volumes.

Over the past few years Kumba, together with the Ore Users Forum (OUF), has worked closely with Transnet, the government, and other stakeholders to improve the performance of the IOEC line. We continue to support a number of key measures including increasing train slot availability following the annual maintenance shutdown in October 2023; the rail network restoration programme and improving locomotive and wagon availability in order to reduce wagon turnaround times; as well as expediting the procurement of equipment and infrastructure spares. However, these measures will take time. We are also encouraged by the recent Cabinet approval of the Freight Logistics Roadmap that will allow for private sector participation in the logistics sector.

The independent technical assessment co-sponsored by OUF and Transnet to verify the condition of the logistics infrastructure (rail, port, rolling stock) and maintenance philosophies, is expected to be completed by the end of the year.

Business overview continued

for the year ended 31 December 2023

Financial results

Kumba delivered an adjusted EBITDA of R45.7 billion (2022: R37.3 billion) driven by an increase in revenue and the benefit of a weaker exchange rate, partly offset by an increase in operating expenses.

Our EBITDA margin of 53% (2022: 50%) was underpinned by an average realised FOB export price of US$117/wmt (2022: US$113/wmt),15% above the average benchmark price of US$102/wmt (2022: US$104/wmt). This includes a product premium of US$5/wmt relative to our medium-term target of US$2/wmt above market levels.

Our cost focus delivered R1.0 billion of savings in line with our target of R1.0 billion in 2023, partially mitigating cost inflation and the impact of lower production volumes. This was largely achieved through operational efficiencies, reducing overhead costs, efficient utilisation of consumables and optimising our mine plan.

As part of our Refreshed strategy and focus on sustaining our cost competitiveness, we conducted a strategic business review with the aim of reconfiguring our business to a lower production and cost profile.

Cost optimisation initiatives of between R2.5 – 3.0 billion were identified and this underpins our unit cost guidance for the full year 2024. Sishen's unit cost is expected to be between R520 – R550/dmt and Kolomela's unit costs are anticipated to improve to between R410 – R440/dmt. Our C1 unit cost guidance of $38 - $40/tonne for the three-year period of 2024 to 2026 builds on our production guidance of 35 – 37 Mtpa that has been aligned to Transnet's demonstrated logistics performance in 2022 and 2023.

From a balance sheet perspective, cash generated from operations of R38.3 billion (2022: R34.8 billion) contributed to an attributable free cash flow of R14.9 billion (2022: R10.4 billion). Our net cash position of R13.2 billion (2022: R9.3 billion) has allowed our Board to declare a final cash dividend of R24.20 per share to our shareholders. Combined with our interim dividend of R22.60 per share, this brings our dividends for the year to a total of R46.80 per share to our shareholders.

Revenue

Total revenue increased by 16.5% to R86.2 billion (2022: R74.0 billion), primarily due to:

- 3.5% higher average realised FOB iron ore export price of US$117/wmt (2022: US$113/wmt)
- 12.7% weaker average Rand/US$ exchange rate of R18.45/US$1 (2022: R16.37/US$1)
- a 1.6% increase in total sales volumes of 37.2 Mt (2022: 36.6 Mt)

The increase in revenue was partly offset by an 18% decrease in shipping revenue to R5.9 billion (2022: R7.2 billion) due to lower freight rates and a decrease in CFR volumes to 59% of total sales volumes (2022: 62%).

Kumba's high-grade iron ore content averaging 63.7% and lump ratio of 66.0%, delivered a total price uplift of US$15/wmt on the Platts 62 FOB export price of US$102/wmt. This is comprised of lump premium of US$7/wmt and an Fe premium of US$3/wmt. We also achieved a product premium of US$5/wmt, which combines the marketing premium and timing effects that reflect the benefit of provisionally priced sales volumes.

Operating expenses

Total operating expenses, excluding mineral royalties and the impact of the R5.4 billion impairment charge in 2022, increased by 7% to R43.1 billion (2022: R40.3 billion). The increase in total expenses was driven by the following:

- 13% increase in transportation and selling costs to R7.5 billion, as a result of higher Transnet tariffs and higher logistics volumes, offset by lower demurrage costs,
- 14% increase in repairs and maintenance to R4.2 billion to improve HME reliability as part of our focus on operational stability
- 7% increase in raw material and consumable costs to R2.6 billion

This was offset by a 20% decrease in freight costs due to lower freight rates.

In addition, operating expenses includes a 37% decrease in the capitalisation of deferred stripping costs to R1.6 billion, due to mining in lower strip ratio areas and also reflects the impact of an increase in inventory levels.

Sishen's unit costs increased to R589/dmt (2022: R479/dmt), on the back of higher maintenance and operational costs as well as a 6% decrease in production to 25.4 Mt (2022: 27.0 Mt).

Kolomela's unit cost decreased to R482/dmt (2022: R490/dmt), as a result of lower mining volumes and cost optimisation, partly offset by a 4% decrease to 10.3 Mt (2022: 10.7 Mt).

EBITDA

Kumba's adjusted EBITDA increased by 23% to R45.7 billion (2022: R37.3 billion). Higher realised FOB export prices and a weaker Rand were partially offset by a 7% increase in operating expenses (excluding the impairments charge in 2022).

In line with this, the EBITDA margin increased to 53% (2022: 50%), while the mining operating margin, excluding net freight profit earned on shipping operations, improved to 50% (2022: 48%). Accordingly, net profit increased by 51% to R29.8 billion (2022: R19.7 billion).

Business overview continued

for the year ended 31 December 2023

Kumba's break-even price improved to US$62/tonne from US$68/tonne in 2022. This relates to a higher price premium of US$5/tonne, a decrease of US$1/tonne in stay in business (SIB) capex, US$2/tonne from a weaker Rand and US$2/tonne lower freight costs. This was partially offset by higher operating expenses of US$1/tonne, a lower lump premium of US$2/tonne and higher mineral royalties of US$1/tonne.

Cash flow, value creation and statement of financial position

Kumba delivered attributable free cash flow of R14.9 billion (2022: R10.4 billion). Our net cash position of R13.2 billion (2022: R9.3 billion) reflects our resilient and capital-efficient balance sheet, allowing us to declare a final cash dividend of R24.20 per share to our shareholders.

Cash flow generated from operations of R38.3 billion (2022: R34.8 billion) includes EBITDA of R45.7 billion, while net working capital increased by 63% to R20.8 billion (2022: R12.8 billion) due to a 29% increase in inventory to R20.4 billion (2022: R15.8 billion), and a 100% increase in trade and other receivables to R10.4 billion (2022: R5.2 billion), partly offset by a 22% increase in trade payables to R10.0 billion (2022: R8.2 billion).

Capital expenditure (capex) of R9.9 billion (2022: R10.1 billion) relates to R5.3 billion of SIB spend, R1.6 billion of deferred stripping, and R3.0 billion of expansion capex. The decrease in capital creditors of R0.1 billion (2022: increase of R0.9 billion) relates to capital expenditure incurred during the year but not yet paid at the reporting date, net of prior year expenditure paid. The 2023 full-year cash capex net of capital creditors was R9.9 billion (2022: R11.1 billion). SIB capex represents spend on capital spares, plant and infrastructure upgrades as well as environmental compliance projects to sustain our business. Deferred stripping capex decreased due to a lower stripping ratio in the areas that we mined. In 2023, expansion capex included the Kapstevel South project (R2.0 billion) and the detailed design engineering work related to our UHDMS project (R0.8 billion).

Alongside our capital investments, we continued to contribute to South Africa's economy and invest in the future. In total, Kumba created enduring value of R71.1 billion. Besides capital investments of R9.9 billion, these include:

- cash dividends of R20.0 billion (2022: R19.2 billion)
- paying total income tax of R8.9 billion (2022: R7.1 billion) and mineral royalties of R2.0 billion (2022: R3.6 billion) to government
- providing employment and paying salaries and benefits of R7.0 billion (2022: R6.5 billion)
- supporting local businesses through R22.9 billion (2022: R18.1 billion) of BEE supplier spend, including R6.6 billion (2022: R5.4 billion) to safeguard the livelihoods of our local host community suppliers
- building local communities through R376.2 million (2022: R399.5 million) in direct social spend

Our liquidity position at 31 December 2023 consisted of R29.2 billion (2022: R28.4 billion) of net cash resources and debt facilities. Net debt facilities consist of committed R16 billion (2022: R16 billion) revolving credit facilities. At 31 December 2023, R3.0 billion of the committed facility had been drawn down. Kumba's debt facilities also include uncommitted facilities of R8.2 billion (2022: R8.2 billion), of which R1.1 billion had been drawn.

Kumba delivered attributable and headline earnings per share of R70.80 and R70.80 per share (2022: R46.64 and R56.19 per share), respectively. This supported the Board's decision to declare a final cash dividend of R24.20 per share, which represents 60% of headline earnings in accordance with our dividend policy.

Together with our interim cash dividend of R22.60 per share, the total cash dividend for the year increased by 4% to R46.80 per share (2022: R45.00 per share) and represents 66% of headline earnings.

Ore Reserves and Mineral Resources

Kumba concluded its Ore Reserve replenishment drive in support of the Company's Tswelelopele strategy in 2022 with a cumulative gain of 332.3 Mt (before depletion), against a target of 200 Mt set at the end of 2017.

In 2023, the Company strategy was updated to align with a more realistic view of the capability of the dominant value chain constraint, the IOEC. The strategy looks to ensure that the business is sustainable through the commodity cycles at these more realistic rail/port assumptions by focusing on reducing controllable costs, preserving margins, and prioritising value over volume.

To align with refreshed business expectations, the revenue factor cut-off used to derive the Sishen pit layouts and therefore Reserves was reduced from 1.0 to 0.8. Similarly, the resource shell revenue factor has been reduced from 1.6 in 2022 to 1.3 in 2023. The life-of-asset plan of Kolomela was not updated in 2023 and as a result, the Ore Reserves and Mineral Resources are reported by way of depleting the 2022 life-of-asset plan and 2022 geological models with 2023.

Ore Reserves decreased over the reserve life by 4% (-28.0 Mt) and Saleable Product by 5% (-27.3 Mt) year-on-year, primarily as a result of production at both operations and a reallocation of Ore Reserves to Mineral Resources at Sishen mine due to the lower revenue factor pit shell. The reduction was partially offset by a 37.1 Mt increase in Saleable Product based on a new value-based approach to pit optimisation.

Mineral Resources (in addition to Ore Reserves) realised an increase of 19.5 Mt from 2022 to 2023, due to the reallocation of the Sishen Ore Reserves (mostly low-grade ore) to Mineral Resources. This increase was partially offset by a reduction in Mineral Resources outside the pit layout as a result of the Sishen annual geological model updates, which considered a significant amount of additional borehole data.

Business overview continued

for the year ended 31 December 2023

There were no further material changes to the Ore Reserves and Mineral Resources as disclosed in the 2023 Ore Reserve (and Saleable Product) and Mineral Resource report available at **https://www.angloamericankumba.com/investors/annual-reporting/reports-archive/2023.aspx**

Outlook and guidance

Operational safety, stability and capability will continue to be key for us as we implement our reconfiguration programme and focus on delivering our full-year 2024 guidance.

While market volatility is anticipated to continue, the near-term outlook for iron ore is constructive, supported by blast furnaces restarting in Europe in the fourth quarter of 2023. In China, steel production is expected to be supported by exports remaining at similar levels to that in 2023 and government stimulus measures.

In the long term, we expect the demand for green steel to increase particularly from downstream industries such as car manufacturing and white goods and we are well positioned to take advantage of this growing market.

We are optimising our mines and reconfiguring our business to produce iron ore at a lower cost profile to mitigate the impact of logistics constraints. Notably, we have retained the flexibility to ramp up production should the logistic performance improve in the near term.

Our production guidance for the 2024 – 2026 period was reduced by 12% on average to between 35 – 37 Mtpa. The waste guidance for 2024 is 155 – 170 Mt. Our sales guidance is 36 – 38 Mt for the full year 2024.

Despite the lower production profile our C1 unit costs improve to between US$38 – 40/tonne. Our cost optimisation programme will be a multi-year journey and to date, we have identified between R2.5 – 3.0 billion of sustainable savings initiatives for 2024. We will continue to identify further cost savings and efficiency opportunities as we progress. These initiatives are focused on optimising our mine plan and use of contractors, improving our efficiencies, extracting further supply chain savings, and streamlining overhead costs.

We are focused on maintaining capital discipline and ensuring that our balance sheet is efficient and flexible. Our capital expenditure guidance is between R8.0 billion and R9.0 billion for 2024, reflecting lower expansion and SIB spend as we focus on sustaining our business competitiveness.

The revised guidance is comprised of the following:

- SIB spend of between R5.0 billion and R5.5 billion, relating to mining equipment, plant and infrastructure upgrades, technology, land management, environmental and regulatory compliance projects
- Expansion capex of between R0.5 billion and R0.6 billion. Discretionary spend was streamlined in line with our focus on business reconfiguration. In addition, our Kapstevel South project is largely completed. The remaining waste will be mined to expose first ore in 2024.
- Deferred stripping capex of between R2.5 billion and R2.9 billion, as we mine in areas with higher strip ratio areas in comparison to the life-of-asset strip ratio.

In the medium term, sustaining capital expenditure is expected to remain at current levels of around R5 billion per annum.

Business overview continued

for the year ended 31 December 2023

Kumba's full year 2024 guidance is as follows, subject to third-party rail and port performance:

Full year guidance (unaudited)	2024
Total sales (Mt)[2,3]	**36 – 38**
Total production (Mt)[2,3]	**35 – 37**
Sishen	~26
Kolomela	~10
Waste stripping (Mt)[3]	**155 – 170**
Sishen	135 – 145
Kolomela	20 – 25
On-mine unit costs (R/tonne)	
Sishen	520 – 550
Kolomela	410 – 440
C1 unit costs (US$/tonne)[1,2]	**38**
Capital expenditure (Rbn)	**8.0 – 9.0**
SIB spend	5.0 – 5.5
Expansion spend	0.5 – 0.6
Deferred stripping spend	2.5 – 2.9

1 Based on foreign exchange rate of R19/US$ for 2024.
2 Production, sales volumes and C1 unit costs are reported as wet metric tonnes, with a moisture content of approximately 1.6%.
3 Volumes referred to for the period are 100% of SIOC, and attributable to Kumba's shareholders and the non-controlling interests in SIOC.

Mpumi Zikalala concluded: "While the safety and operational improvements ensured a solid performance in 2023, there is much more work ahead of us. The logistics constraints will take some time to resolve. We are committed in our support of the key measures to address the performance of the logistics network and are encouraged by the Cabinet approval of the Freight Logistics Roadmap that will allow for private sector participation in the logistics sector.

"The reconfiguration of our business ensures that we are more resilient and better positioned to continue delivering value and supporting our mine communities. In 2023, we celebrated Sishen's 70th anniversary of operating in the Northern Cape where we have played a critical role in the local economy.

By optimising our business we will be more sustainable and we can look forward to many more years of operating in this region that we call home."

The Company's SENS announcement for the year ended 31 December 2023 will be available on the Company's website **www.angloamericankumba.com** at 08:05 CAT and the presentation will be available from 11:00 CAT on 20 February 2024.

Directors' report

for the year ended 31 December 2023

The directors have pleasure in presenting the annual financial statements of Kumba and the group for the year ended 31 December 2023.

Nature of business

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

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

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

Corporate governance

The group subscribes to the Code of Good Corporate Practices and Conduct as contained in King IV™*. The Board has satisfied itself that Kumba has complied in all material aspects with King IV™ as well as the Listings Requirements of the JSE Limited throughout the year under review. The corporate governance report will be included in the 2023 integrated report to be published on 12 April 2024.

Impact of the logistics constraints and the geopolitical tension on the financial results

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

The iron ore price and Rand/US$ exchange rate assumptions used to forecast future cash flows for impairment assessment purposes have been updated to consider both the short-term observable impact of the challenging rail performance and the geopolitical tension, the forecast medium and longer-term impact on the world economy and commodity prices. An impairment indicator has been identified for the group's non-current assets. Refer to note 2 for the results of the impairment assessment.

Financial results

The financial statements on pages 31 to 124 set out fully the financial position, results of operations and cash flows of the group and the Company for the financial year ended 31 December 2023. The financial statements have been prepared under the supervision of BA Mazarura CA(SA), the Chief Financial Officer.

Operating results for the year

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

Rand million	2023	2022	% increase
Revenue	**86,234**	74,032	16
Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)	**45,710**	37,311	23
Cash generated from operations	**38,257**	34,835	10

Total revenue increased by 16.5% to R86.2 billion (2022: R74.0 billion), primarily due to:

- 3.5% higher average realised FOB iron ore export price of US$117/wmt (2022: US$113/wmt)
- 12.7% weaker average Rand/US$ exchange rate of R18.45/US$1 (2022: R16.37/US$1)
- 1.6% increase in total sales volumes of 37.2 Mt (2022: 36.6 Mt).

The increase in revenue was partly offset by an 18% decrease in shipping revenue to R5.9 billion (2022: R7.2 billion) due to lower freight rates, and a 5% decrease in CFR volumes to 59 Mt (2022: 62 Mt).

Our high-grade iron ore content averaging 63.7% and lump ratio of 66.0%, delivered a total price uplift of US$15/wmt on the Platts 62 FOB export price of US$102/wmt. This is comprised of a lump premium of US$7/wmt and an Fe premium of US$3/wmt. We also achieved a product premium of US$5/wmt, which combines the marketing premium and timing effects that reflect the benefit of provisionally priced sales volumes.

Directors' report continued

for the year ended 31 December 2023

Financial results continued

Operating results for the year continued

Total operating expenses, excluding mineral royalties and the impact of the R5.4 billion impairment charge in 2022, increased by 7% to R43.1 billion (2022: R40.3 billion). The increase in total expenses was driven by the following:

- 13% increase in transportation and selling costs to R7.5 billion, as a result of higher Transnet tariffs and higher logistics volumes, offset by lower demurrage costs,
- 14% increase in repairs and maintenance to R4.2 billion to improve HME reliability as part of our focus on operational stability
- 7% increase in raw material and consumable costs to R2.6 billion

This was offset by a 20% decrease in freight costs due to lower freight rates.

In addition, operating expenses includes a 37% decrease in the capitalisation of deferred stripping costs to R1.6 billion, due to mining in lower strip ratio areas and also reflects the impact of an increase in inventory levels.

The increase in costs was offset by a 20% decrease in freight costs due to lower freight rates as well as cost savings of R1 billion, in line with our target of R1 billion.

Sishen's unit costs increased by 23% to R589/tonne (2022: R479/tonne) on the back of higher maintenance and operational costs as well as a 6% decrease in production to 25.4 Mt (2022: 27.0 Mt).

Kolomela's unit cost decreased to R482/tonne (2022: R490/tonne), as a result of lower mining volumes and cost optimisation, partly offset by a 4% decrease to 10.3 Mt (2022: 10.7 Mt).

Kumba's adjusted EBITDA of R45.7 billion (2022: R37.3 billion) reflects an increase of 23%. Higher realised FOB export prices and a weaker Rand were partially offset by the 7% increase in operating expenses.

In line with this, the adjusted EBITDA margin decreased to 53% (2022: 50%) and the mining operating margin, excluding net freight earned on shipping operations, decreased to 48% (2022: 62%). Accordingly, net profit increased by 51% to R29.8 billion (2022: R19.7 billion).

Kumba's break-even price improved to US$62/tonne from US$68/tonne in 2022. This relates to a higher price premium of US$5/tonne, a decrease of US$1/tonne in stay in business (SIB) capex, US$2/tonne from a weaker Rand and US$2/tonne lower freight costs. This was partially offset by higher operating expenses of US$1/tonne, a lower lump premium of US$2/tonne and higher mineral royalties of US$1/tonne.

Financial position

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

Rand million	2023	2022	% increase
Property, plant and equipment (excluding right-of-use assets)	**48,822**	43,029	13
Working capital (excluding cash and cash equivalents)	**20,755**	12,760	63
Cash and cash equivalents	**17,722**	16,424	8
Net asset value per share (R)	**161.51**	127.44	27

Property, plant and equipment

Capital expenditure of R9.9 billion (2022: R10.1 billion) largely comprised R5.3 billion of SIB spend, R1.6 billion of deferred stripping and R3.0 billion of expansion capital expenditure. The decrease in capital creditors of R0.1 billion (2022: increase of R0.9 billion) relates to capital expenditure incurred during the year but not yet paid at the reporting date, net of prior year expenditure paid. The 2023 full-year cash capex net of capital creditors was R9.9 billion (2022: R11.1 billion).

SIB capex represents spend on capital spares, plant and infrastructure upgrades as well as environmental compliance projects to sustain our business. Deferred stripping capex decreased due to a lower stripping ratio in the areas that we mined. Expansion capex included the Kapstevel South project (R2.0 billion) and the detailed design engineering work related to our UHDMS project (R0.8 billion).

Impairment of Kolomela assets

In the prior year, the Kolomela cash-generating unit (CGU) was impaired by R5.4 billion, with an associated deferred tax credit of R1.5 billion, as a result of the revised forecast production and cost profiles.

Given the ongoing logistics constraints which impact the production profile for Kolomela, an impairment assessment was performed at 31 December 2023 to determine the recoverable amount of the CGU. Based on the assessment performed, the recoverable amount, supports the CGU's carrying value at the reporting date and therefore the impairment charge recognised in the prior year was not adjusted. Refer to note 2 to the consolidated financial statements for details on the impairment assessment.

Directors' report continued

for the year ended 31 December 2023

Financial results continued

Working capital

Net working capital increased by 63% to R20.8 billion (2022: R 12.8 billion) due to a 29% increase in inventory to R20.4 billion (2022: R15.8 billion) and a 100% increase in trade and other receivables to R10.4 billion (2022: R5.2 billion) offset by a 22% increase in trade and other payables to R10.0 billion (2022: R8.2 billion).

Cash and cash equivalents

Kumba's strong cash generation contributed to attributable free cash flow of R14.9 billion (2022: R10.4 billion). Our cash position of R17.7 billion (2022: R16.4 billion) reflects our resilient and capital-efficient balance sheet, allowing us to declare a final cash dividend of R24.20 per share to our shareholders. Cash flow generated from operations of R38.3 billion (2022: R34.8 billion) was underpinned by EBITDA of R45.7 billion.

Accounting policies

A number of amendments to accounting standards became effective for the first time for the financial year beginning on or after 1 January 2023. None of the amendments had a material impact on the group.

Share capital

Authorised capital

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

Share movements

Rand million	2023	2022
Balance at the beginning of the year	**(251)**	(190)
Net movement in treasury shares under employee share incentive schemes	**19**	(61)
– Purchase of treasury shares under employee share incentive schemes	**(223)**	(232)
– Shares issued to employees under employee share incentive schemes	**242**	171
Balance at the end of the year	**(232)**	(251)

The group acquired 465,211 (2022: 441,924) of its own shares through purchases on the JSE during the year.

Unissued shares

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

Dividends

Kumba delivered attributable and headline earnings per share of R70.80 and R70.80 per share (2022: R46.64 and R56.19 per share), respectively. This supported the Board's decision to declare a final cash dividend of R24.20 per share.

Together with our interim cash dividend of R22.60 per share, the total cash dividend for the year increased by 4% to R46.80 per share (2022: R45.00 per share) and represents 66% of headline earnings in accordance with our dividend policy.

Subsidiaries, joint arrangements and associates

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

Equity compensation plans

Refer to note 22 'Equity-settled share-based payment reserve', Annexure 3 of the group annual financial statements and the detailed remuneration report which will be included in the 2023 integrated report for a detailed explanation and analysis of movements in the group's various equity compensation plans available to Executive directors, senior managers and qualifying employees.

Segment results

Refer to note 1 to the consolidated financial statements for a detailed segmental analysis of the group's operating results for the year ended and financial position as at 31 December 2023.

Holding company and related parties

Anglo American plc is the group's ultimate holding company. The interest in the group is held through a 69.71% effective holding by Anglo South Africa Proprietary Limited (2022: 69.71%).

The analysis of ordinary shareholders is provided on pages 128 to 130.

Events after the reporting date

Refer to note 32 for a detailed description of events after the reporting date for the year ended 31 December 2023. The directors are not aware of any other matters or circumstances arising since the end of the year and up to the date of this report, not otherwise dealt with in this report.

Directors' report continued

for the year ended 31 December 2023

Contingent liabilities and guarantees

Contingent liabilities

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

On 21 February 2019, the group submitted an appeal against this outcome which was referred to alternative dispute resolution (ADR) proceedings in an attempt to resolve the matter. The ADR proceedings were terminated on 20 February 2020, after which the group submitted a notice to SARS wherein the group confirmed that it wished to proceed with the appeal to the Tax Court.

On 18 August 2020, SARS filed its statement of grounds of assessment and opposing appeal, after which the group filed its statement of grounds of appeal on 21 October 2020. The trial commenced during May 2022 and was completed in June 2022. Judgment on this matter was handed down on 31 March 2023. The Tax Court dismissed SIOC's appeal against the disallowance of certain expenses but upheld the appeal against the disallowance of other expenses, understatement penalties and interest.

SIOC was granted leave to appeal the Tax Court judgment directly to the Supreme Court of Appeal (SCA). SIOC filed its notice of appeal to the SCA on 21 June 2023. On 14 July 2023, SARS filed a notice of cross-appeal.

SIOC filed the appeal record with the SCA on 9 November 2023 and the Heads of Argument on 18 January 2024. SARS must file its Heads of Argument on or before 19 February 2024. Thereafter, the Registrar of the SCA will set a date for the hearing of the appeal and cross-appeal.

On 14 September 2020, SARS informed the group it intends to audit the 2015 to 2018 years of assessment (audit). As the 2015 and 2018 years of assessment have prescribed, both years must be excluded from the audit. Furthermore, during May 2023, SARS informed SIOC that the audit of the 2019 and 2020 tax years has been put on hold pending the outcome of the litigation. The appeal and the audits 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 SCA. SIOC and SARS have agreed on and signed prescription extension agreements for the 2016, 2017 and 2019 years of assessment, only in relation to the matters included in the above appeal.

Based on the external legal and tax advice obtained, the group believes that these matters have been appropriately disclosed as contingent liabilities in the results for the year ended 31 December 2023.

Guarantees

Total guarantees provided in favour of the DMRE in respect of the group's undiscounted environmental closure liabilities at 31 December 2023 were R5.1 billion (2022: R4.8 billion). Guarantees amounting to R307million in respect of the 2022 shortfall, before deducting a 2022 surplus of R32 million for one of the mines, were provided in favour of the DMRE in May 2023. Undiscounted closure costs increased by R1,508 million during the year. This, partially offset by an R81 million increase in the trust fund investment and additional guarantees provided during the year of R307 million, has resulted in a shortfall of R1,395 million which will be addressed in due course.

Regulatory update

National Environmental Management Act (NEMA)

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

Company Secretary

The Company Secretary for Kumba is Ms Fazila Patel. The contact details of the Company Secretary are set out on page 137. Her abridged curriculum vitae is available for inspection at the Company's registered office.

Directors

The names of the directors who were in office during the year and at the date of this report is set out in the 2023 integrated report. The remuneration and fees of directors as well as the directors' beneficial interest in Kumba are set out in note 35 to the consolidated financial statements.

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

- Mrs Mary Bomela was appointed as Lead independent non-executive director with effect from 1 July 2023, and as a member of the Social, Ethics and Transformation Committee on 10 November 2023 and will assume the role of interim Chairperson of the Social, Ethics and Transformation Committee.

Directors' report continued

for the year ended 31 December 2023

Directors continued

- Mr Aman Jeawon was appointed as an Independent non-executive director and a member of the Audit Committee and the Safety, Health and Sustainable Development Committee with effect from 1 January 2023. With effect from 19 May 2023, he was appointed as a member of the Strategy and Investment Committee.
- Mrs Sarah Kuijlaars was appointed as a Non-executive director, representing the Anglo American Group, and as a member of the Social, Ethics and Transformation Committee and the Strategy, and Investment Committee with effect from 31 May 2023. She resigned as Non-executive director with effect from 1 October 2023 and ceased to be a member of the of both the Strategy and Investment Committee and the Social, Ethics and Transformation Committee.
- Ms Buyelwa Sonjica retired as an Independent non-executive director on 31 December 2023 and ceased to be a member of the Social, Ethics and Transformation Committee, the Safety, Health and Sustainable Development Committee and the Nominations and Governance Committee.
- Mr Duncan Wanblad resigned as a Non-executive director with effect from 30 May 2023 and ceased to be a member of the Social, Ethics and Transformation Committee and the Strategy and Investment Committee.

Prescribed officers

The group's prescribed officers include members of the Executive Committee, and the Company Secretary. The names of the prescribed officers who served during the year and as at the date of this report is set out in the 2023 integrated report. The remuneration and fees of the prescribed officers are set out in note 35 to the consolidated financial statements.

The following changes to the Executive management were announced during the 2023 financial year:

- Mr Gerrie Nortje was appointed Chief Transformation Officer and joined the Executive Committee with effect from 1 July 2023.
- Vijay Kumar stepped down from his role as Chief Operating Officer (COO) of Kumba with effect from 31 December 2023 to take up a position in Anglo American, following the removal of the COO role from the Kumba Executive management structure as part of the business reorganisation.

Auditors

PricewaterhouseCoopers Inc. (PwC) was appointed as the auditor of Kumba and its subsidiaries on 7 August 2020 and continued in office for the year ended 31 December 2023. At the annual general meeting to be held on 28 May 2024, shareholders will be requested to reappoint PwC and Sizwe Masondo as the auditor and lead audit partner of Kumba, respectively, for the 2024 financial year.

Special resolutions

On 30 May 2023, the shareholders of Kumba resolved the following:

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

Board member	Proposed for the period from 31 May 2023 (exclusive of VAT)	Proposed increase %	Fees paid during 2022
2.1 Board Chairperson*	**2,000,150**	9.0	1,835,000
2.2 Ordinary Board member	**381,500**	9.0	350,000
2.3 Lead independent director	**1,425,700**	6.0	1,345,000
2.4 Audit Committee Chairperson	**424,000**	6.0	400,000
2.5 Audit Committee member	**212,000**	6.0	200,000
2.6 Strategy and Investment Committee Chairperson	**364,000**	4.0	350,000
2.7 Strategy and Investment Committee member	**187,200**	4.0	180,000
2.8 Social, Ethics and Transformation Committee Chairperson	**364,000**	4.0	350,000
2.9 Social, Ethics and Transformation Committee member	**187,200**	4.0	180,000
2.10 Nominations and Governance Committee member	**187,200**	4.0	180,000
2.11 Human Resources and Remuneration Committee Chairperson	**395,200**	4.0	380,000
2.12 Human Resources and Remuneration Committee member	**197,600**	4.0	190,000
2.13 Safety, Health and Sustainable Development Committee Chairperson	**364,000**	4.0	350,000
2.14 Safety, Health and Sustainable Development Committee member	**187,200**	4.0	180,000
2.15 Special Board Sub-committee Chairperson**	**364,000**	4.0	350,000
2.16 Special Board Sub-committee member**	**187,200**	4.0	180,000

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

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

Directors' report continued

for the year ended 31 December 2023

Special resolutions continued

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

Going concern statement

The financial position of the group, its cash flows, liquidity position and debt facilities are set out in the group's consolidated annual financial statements for the year ended 31 December 2023. The group's liquidity position of R29.2 billion at 31 December 2023 remained strong. The group ended the period in a cash position of R17.7 billion (31 December 2022: R16.4 billion). Further analysis of the cash position and details of the group's facilities are set out in note 8 and note 9 of the consolidated financial statements.

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

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

Report of the Audit Committee

for the year ended 31 December 2023

Introduction

The Audit Committee (the Committee) is pleased to present its report for the financial year ended 31 December 2023, as recommended by the King IV™ report, the Listings Requirements of the JSE Limited and the Companies Act. The Committee is constituted as a statutory committee of the Board.

The scope of the Committee extends to all activities of Kumba and its subsidiaries. The Committee performed the functions required in terms of section 94(2) of the Companies Act on behalf of the group's subsidiary companies. The Committee has terms of reference in place, which regulate both its statutory duties and those assigned to it by the Board. The terms of reference were reviewed, updated and approved in November 2022. The Committee has conducted its affairs in compliance with its mandate and terms of reference and has fulfilled its responsibilities contained therein.

Composition

The Audit Committee members, appointed by the Board and approved by the shareholders in respect of the financial year ended 31 December 2023, comprised the following Independent non-executive directors, all of whom have the requisite financial skills, business acumen and experience to fulfil their duties:

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

Brief biographies of the Committee members are available on the Company's website: **www.angloamericankumba.com/about-us/leadership-team/internal-board.** The current members of the Committee will be recommended to shareholders for appointment at the annual general meeting of the Company to be held on 28 May 2024, in respect of the financial year ending 31 December 2024.

The Committee considered the actions to improve the Committee's performance following the external evaluation of the Committee in 2022.

Attendees at Committee meetings

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

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

Committee meeting attendance

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

	Meeting date					
Member	**15/2/2023**	**10/3/2023**	**17/5/2023**	**19/7/2023**	**8/11/2023**	**Number of meetings attended**
SS Ntsaluba (Chairperson)	√	√	√	√	√	**5/5**
MS Bomela	√	√	√	√	√	**5/5**
A Jeawon	√	√	√	√	√	**5/5**
MA Jenkins	√	√	√	√	√	**5/5**

√ Indicates attendance.

Role and responsibilities

Statutory duties

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

Report of the Audit Committee
continued

External auditors

During the year under review, the Committee:
- considered and satisfied itself with the independence and objectivity of PricewaterhouseCoopers Inc. (PwC) and Mr Sizwe Masondo in their respective capacities as the appointed external audit firm and lead audit partner, respectively
- approved the auditor's terms of engagement and fees. Fees for audit-related services incurred during the year amounted to R15 million and non-audit fees amounted to R2 million (2022: R13 million and R2 million, respectively)
- satisfied itself that the external auditor and lead audit partner are both accredited and not included in the JSE's list of disqualified auditors
- approved the external auditors' annual plan for the 2023 annual audit as well as the related scope of work, and the appropriateness of key audit risks identified
- reviewed the findings and recommendations of the external auditors and confirmed that there were no noteworthy unresolved matters at the end of the financial period
- reviewed the quality and effectiveness of the external audit process, based on the Committee's own assessment, the views of management and PwC's own assessment, and found it to be satisfactory. Confirmation was obtained from PwC that no material matters had been raised in regulatory or internal reviews of the audit partner
- considered the external auditor's suitability assessment in terms of paragraph 3.84(g)(ii)(aa)(bb)(cc) and (dd) of the Listings Requirements of the JSE Limited

Key audit matter

The Committee considered the appropriateness of the key audit matter reported in the external audit opinion and considered the significant accounting judgements and estimates relating to the annual financial statements. The item, which required significant judgment was the impairment and impairment reversal assessment of the Kolomela mine CGU.

The Committee reviewed and discussed the impairment trigger assessment performed by management. Based on the outcome of the assessments, an internal indicator of impairment was identified for the Kolomela mine CGU. The Committee reviewed the judgements applied by management in determining the recoverable amount, including the consideration on the discount rates, forecast iron ore prices, exchange rates and production forecast assumptions. The Committee considered the outcome of multiple sensitivity scenarios to assess the appropriateness of the calculation and the feedback from the external auditors. The Committee supports management's conclusion that the recoverable amount for the Kolomela mine CGU supports the carrying value of the asset.

Internal audit and internal controls

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

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

Risk management

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

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

Combined assurance

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

Expertise of the financial director and finance function

The Committee has evaluated and is satisfied with the appropriateness of the expertise and experience of the CFO in accordance with the JSE Listings Requirements and is satisfied with the resources, expertise, succession and experience of Kumba's finance function.

Report of the Audit Committee
continued

Key focus areas in 2023

The significant areas of focus for the Committee in relation to the 2023 financial year included:

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

Chief Executive and Chief Financial Officer responsibility statement

A comprehensive risk and control matrix covering all business processes that have an impact on financial reporting, the review and testing of all key controls, and the final year-end sign-off by all the relevant control owners is in place. There are effective Internal Financial Controls to confirm the integrity and reliability of the financial statements and to ensure compliance with paragraph 3.84(k) of the Listings Requirements of the JSE Limited.

No material deficiencies were noted.

Annual financial statements and integrated reporting process

- The Committee reviewed all formal announcements relating to the Company's financial performance and found the reporting process and controls that led to the compilation of the financial information to be effective and appropriate. The Committee also assessed and confirmed the appropriateness of the going-concern assumption used in the annual financial statements, considering management budgets and the capital and liquidity profiles.
- The Committee ensured that appropriate financial reporting procedures have been established and that these procedures are operating which included a consideration of all entities included in the consolidated financial statements to ensure that it has access to all financial information to allow for the effective preparation and reporting on the financial statements.
- The Committee reviewed and discussed the integrated report, reporting process and governance and financial information included in the 2023 integrated report. The Committee recommended to the board that the annual financial statements be approved. The board subsequently approved the annual financial statements, which will be presented at the forthcoming annual general meeting (AGM)

Key focus areas in 2024

Significant areas of focus for the Committee will be:

- continuing to strengthen the groups balance sheet
- considering the group's approach and responsiveness to manage the impact of regulatory and other macro-environmental developments on the control environment and the financial statements:
  - Oversight of the cyber risk management program in relation to financial information and internal controls
  - Implementation of Sustainability (IFRS S1) and Climate disclosures (IFRS S2)
  - Monitoring the implementation of initiatives to contain costs identified under Project Meraki
  - Oversight on the adequacy of the company's current approach to fraud risk management
  - Maintaining an appropriate capital structure to sustain the business.
  - Review the quarterly business performance, solvency and liquidity and going concern assessments.
  - Review and recommend approval of the Groups significant accounting matters.

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

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

SS Ntsaluba
Chairperson of the Audit Committee

19 February 2024

Independent auditor's report

To the Shareholders of Kumba Iron Ore Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Kumba Iron Ore Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Kumba Iron Ore Limited's consolidated and separate financial statements set out on pages 31 to 124 comprise:

- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended;
- the notes to the group and company financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

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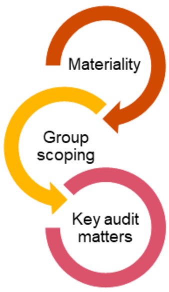
Our audit approach

Overview

	**Overall group materiality** • Overall group materiality: R 2 037 million, which represents 5% of consolidated profit before tax.
	Group audit scope • We conducted full scope audits at the seven financially significant components. Analytical review procedures were performed over the remaining financially inconsequential components.
	Key audit matters • Impairment and impairment reversal assessment of Kolomela Mine Cash Generating Unit.

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

Materiality

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

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

Overall group materiality	R 2 037 million
How we determined it	5% of consolidated profit before tax.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

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

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

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

Key audit matters

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

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

Key audit matter	*How our audit addressed the key audit matter*
Impairment and impairment reversal assessment of Kolomela Mine Cash Generating Unit	
Refer to principal accounting policies 4.3 (Impairment of non-financial assets), 5.1 (Material accounting judgements and estimates - Impairment of assets) and note 2 (Property, plant, and equipment) to the consolidated financial statements. As at 31 December 2023, the Group assessed whether any indicators of impairment or impairment reversal exists in respect of assets and cash generating units ("CGUs"). As described in note 2 (Property, plant, and equipment) to the consolidated financial statements, the ongoing rail constraints on the production profile for the Kolomela CGU was identified as an impairment indicator which resulted in the Group performing an assessment to determine the recoverable amount of the Kolomela CGU.	Our audit addressed this key audit matter as follows: ● We held discussions with management to obtain an understanding of management's process for identifying impairment or impairment reversal indicators as it relates to the Kolomela CGU, as well as their conclusions reached. We further gained an understanding as to the methodologies and models used in determining the recoverable amount of the Kolomela CGU. ● Management engaged internal experts to determine the ore reserves and mineral resources as used in the impairment calculation. Through inspection of curriculum vitae, membership certificates from professional bodies and competent persons reports, we assessed the objectivity, competence, and experience of management's experts used in assessing the ore reserves and mineral resources. No aspects requiring further consideration were noted.

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Recoverable amount is determined as the higher of an asset and CGUs fair value less costs of disposal or value in use. For the Kolomela CGU impairment and impairment reversal assessment, the fair value less costs of disposal method were used which utilises discounted future cash flows (post tax). The valuation of mineral resources beyond the business plan period have been valued based on a resource value per ton (resource multiple). Management's estimates of future cash flows are based on an approved business plan and life-of-asset plan and include significant judgements and assumptions (inputs) related to: ● ore reserves and mineral resources; ● iron ore price per tonne; ● foreign exchange rate; ● discount rate; and ● production volumes. No impairment loss or impairment reversal was recognised during the current financial year in relation to the Kolomela CGU. We considered the impairment and impairment reversal assessment of the Kolomela CGU to be a matter of most significance to the current year audit due to the significant judgement applied by management in determining the recoverable amount of the Kolomela CGU.	● We assessed the reasonableness of management's future forecasts of annual production volumes, capital expenditure and operating costs included in the cash flow forecasts by comparing them to current and historical operational results. We further performed a retrospective comparison of the forecasted cash flows to actual past performance and previous forecasts. ● With the assistance of of our corporate finance and financial modelling expertise, we performed the following procedures: ○ We assessed the valuation model used by management in the determination of the recoverable amount of the CGU by comparing it to industry norms and acceptable valuation methodology. We found that it was consistent with industry norms and acceptable valuation methodology; ○ We benchmarked management's significant assumptions related to economic factors such as forecasted iron ore prices, and foreign exchange rates used in the impairment calculations against independent third-party data. Based on the work performed, where assumptions determined by us differed from those used by management, the impact of such differences was assessed to be immaterial; ○ We independently calculated a range of discount rates, including using relevant independent third-party sources and data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios, the beta of comparable companies, as well as the impact of economic and industry factors. Where the discount rate determined by us differed from that used by management, we gained an understanding of the difference, and the impact of such difference was assessed to be immaterial; ○ In considering the accuracy of the value of mineral resources beyond the approved business plan period, we independently calculated the resource multiple by benchmarking the valuation against comparable transactions. No material differences were noted; and ○ Using the assumptions tested above, we recalculated the results of management's discounted cash flow models by using independently obtained key input assumptions such as commodity prices, exchange rates and market discount rates and determined a reasonable range of possible outcomes. No material differences were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Kumba Iron Ore Limited Annual Financial Statements 2023", which includes the Directors' Report, the Report of the Audit Committee and the Certificate of the Company Secretary as required by the Companies Act of South Africa and the documents titled "Kumba Iron Ore Limited Ore Reserve (and Saleable Product) and Mineral Resource Report 2023", which we obtained prior to the date of this auditor's report, and the documents titled "Kumba Iron Ore Limited Integrated Report 2023", "Kumba Iron Ore Limited Sustainability Report 2023", and "Kumba Iron Ore Limited Climate Change Report 2023", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Kumba Iron Ore Limited for four years.

PriceWaterhouseCoopers Inc

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

19 February 2024

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

Principal accounting policies
for the year ended 31 December 2023

1. General information

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

Kumba is a public company listed on the JSE Limited and is incorporated and domiciled in the Republic of South Africa.

2. Basis of preparation

2.1 Accounting framework

The group and Company financial statements are prepared in accordance with the *International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards)* and the IFRS Interpretations Committee (IFRIC), the South African Companies Act No 71 of 2008 as amended, the Listings Requirements of the JSE Limited, and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Guides as issued by the Financial Reporting Council. The consolidated and separate financial statements were authorised for issue by the Board of directors on 19 February 2024.

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

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

The following principal accounting policies and methods of computation were applied by the group and the Company in the preparation of the consolidated and separate financial statements for the financial year ended 31 December 2023. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Statement of compliance

2.2.1 New standards effective for annual periods beginning on or after 1 January 2023

The group adopted the following amendments, which were applied for the first time for its financial results for the year commencing on 1 January 2023.

Standard, amendment or interpretation	Impact on the financial statements
IFRS 17 Insurance contracts	IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The new standard had no impact on the group's consolidated financial statements.
Definition of Accounting Estimates – Amendments to IAS 8	The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the group's consolidated financial statements.
Disclosure of accounting policies – amendments to IAS 1 and IFRS practice statement 2	The amendments to IAS 1 and IFRS practice statement 2 *Making materiality judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Principal accounting policies

continued

for the year ended 31 December 2023

2. Basis of preparation continued

2.2 Statement of compliance continued

2.2.1 New standards effective for annual periods beginning on or after 1 January 2023 continued

Standard, amendment or	Impact on the financial statements
Disclosure of accounting policies – amendments to IAS 1 and IFRS practice statement 2 *continued*	The amendments had an impact on the group's disclosures of accounting policies; the impacted policies have been updated. The amendments did not have an impact on the measurement, recognition or presentation of any items in the group's financial statements.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 *Income tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the group's consolidated financial statements.
International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	In line with the group's published tax strategy, the tax developments are actively monitored at a national level, as well as global themes and international policy trends, on a continuous basis. The group has active engagement strategies with governments, regulators and other stakeholders within the countries in which it operates, or plans to operate, as well as at an international level. This includes global tax reforms such as those being agreed through the Organisation for Economic Co-operation and Developments (OECD) of the Economy Project, which seeks to implement a minimum effective tax rate of 15% on profits of large multinational groups in each country in which they operate (Pillar 2). South Africa has not published any domestic legislation in respect of Pillar 2 as at 31 December 2023. Pillar 2 rules will apply to the Kumba group as a subsidiary of Anglo American plc from the financial year ended 31 December 2024 onwards, as a result of UK Treasury releasing draft legislation for the Global Minimum Tax rules in the UK that was substantively enacted on 20 June 2023. The group has carried out an assessment of its potential exposure to Pillar 2 taxes. The group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes, as provided in the amendments to IAS 12 issued in May 2023. Under the legislation, the group is liable to pay a top-up tax for the difference between its global anti-base erosion (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. All entities within the group have an effective tax rate that exceeds 15%, except for one subsidiary that operates in Singapore. However, although the average effective tax rate in Singapore is below 15%, the group might not be exposed to paying additional income tax in relation to Singapore. This is due to the subsidiary in Singapore being treated as a Controlled Foreign Company for South Africa income tax purposes. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar 2 tax implications. The group is currently engaged with tax specialists to assist it with applying the legislation. The group continues to review legislation to evaluate the potential impact and is engaging with policymakers in efforts to ensure that guidance and any required additional legislation is aligned to the stated policy objectives and that the group is well placed to comply.

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

Principal accounting policies

continued

for the year ended 31 December 2023

2. Basis of preparation continued

2.2 Statement of compliance continued

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

The accounting standards, amendments to issued accounting standards and interpretations which are relevant to the group, but not yet effective at 31 December 2023, have been evaluated for the impact of these pronouncements, and are not expected to have a material impact on the group's financial results. These accounting standards are listed in Annexure 4.

2.3 Impact of the challenging rail performance and the geopolitical tension on the financial results

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

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

2.4 Currencies

Functional and presentation currency

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

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

Foreign currency transactions and balances

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

Monetary assets and liabilities that are denominated in foreign currencies are translated into the functional currency of the Company at the rate of exchange ruling at the statement of financial position date. Non-monetary items that are denominated in foreign currencies and measured at historical cost are not retranslated. Foreign exchange gains and losses arising on translation are recognised in the statement of profit or loss.

Foreign operations

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

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

2.5 Segment reporting

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

Principal accounting policies

continued

for the year ended 31 December 2023

2. Basis of preparation continued

2.5 Segment reporting continued

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

2.6 Events after the reporting period

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

3. Company financial statements

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

3.1 Subsidiaries, associates and joint ventures

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

3.2 Impairment of investments in subsidiaries, associates and joint ventures

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

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

4. Consolidated financial statements

4.1 Basis of consolidation

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

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

Subsidiaries

Subsidiaries are those entities (including special purpose entities) over which the group has control.

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

Associates and joint ventures

The group holds an interest in an associate and in a joint venture. The financial statements of the associates and joint venture are prepared for the same reporting period as the group. The accounting policies of both companies are aligned with those of the group. Therefore, no adjustments are made when measuring and recognising the group's share of the profit or loss of the investees after the date of acquisition.

Associates and joint ventures are accounted for using the equity method.

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

4.1 Basis of consolidation continued

Equity accounting method

The aggregate of the group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax. When the group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, forms part of the group's net investment in the associate or joint venture), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture. When subsequent profits are made, previously unrecognised losses are first fully eliminated before the profits are recognised as part of the investment.

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

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

Non-controlling interests

The effects of transactions with non-controlling interests that do not result in loss of control are recorded in equity as transactions with equity owners of the group. When the proportion of non-controlling interests changes, the difference between the carrying amount of the non-controlling interest and the fair value of the consideration paid or received is recorded in equity.

Statement of Financial Position

4.2 Property, plant and equipment (owned and leased)

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

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

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

The cost of items of property, plant and equipment includes all costs incurred to bring the assets to the location and condition necessary for their intended use by the group. The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated proportion of project overheads. The cost of property, plant and equipment may also include:

- the estimated costs of decommissioning the assets and site rehabilitation costs to the extent that they relate to the asset
- capitalised pre-production expenditure and waste stripping costs
- deferred waste stripping costs
- capitalised borrowing cost

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

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Financial Position continued

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

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

Depreciation

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

The useful life of an asset is the period of time over which the asset is expected to be used. The estimated useful lives of assets and their residual values are reassessed annually at the end of each reporting period, with any changes in such accounting estimates being adjusted in the year of reassessment and applied prospectively.

The estimated useful lives of items of property, plant and equipment (excluding land and assets under construction that are not depreciated) at 31 December 2023 were:

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

Research, development, mineral exploration and evaluation costs

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

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

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Financial Position continued

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

Waste stripping expenses

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

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

Waste stripping expenses

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

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

4.3 Impairment of non-financial assets

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

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

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Financial Position continued

4.4 Financial assets

Recognition and measurement

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

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

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

Classification

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

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

Financial assets at FVTPL

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

Trade receivables at FVTPL

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

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

Financial assets at amortised cost

Financial assets are classified as 'at amortised cost' only if the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Financial assets at amortised costs include cash and cash equivalents, a portion of the trade and other receivables that are not provisionally priced and long-term loans.

Trade receivables and other receivables at amortised cost

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

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

Cash and cash equivalents

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

Derecognition of financial assets

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

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Financial Position continued

4.5 Impairment of financial assets

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

The group applies the simplified expected credit loss model for its trade receivable measured at amortised cost, as permitted by IFRS 9 *Financial instruments*. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and financial metrics, adjusted as appropriate for observable data. Kumba considers a financial asset in default when contractual payments are 90 days past due. Expected credit losses are recognised in the statement of profit or loss. When a subsequent event causes the amount of expected credit losses to decrease, the decrease in expected credit losses is reversed through the statement of profit or loss.

4.6 Inventories

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

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

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

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

4.7 Financial liabilities

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

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

Trade and other payables

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

Recognition and measurement

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

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

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

Derecognition

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

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Financial Position continued

4.8 Derivative financial instruments

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

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

4.9 Offsetting financial instruments

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

4.10 Contract liabilities

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

4.11 Share capital

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

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

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

4.12 Dividends payable

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

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

4.13 Provisions

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

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Financial Position continued

4.13 Provisions continued

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

Environmental rehabilitation

Environmental rehabilitation provisions

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

Ongoing rehabilitation expenditure

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

Decommissioning provision

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

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

Restructuring provisions

Restructuring provisions are recognised only when the group has a constructive obligation, which is when:

- there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
- the employees affected have been notified of the plan's main features.

4.14 Deferred tax

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Financial Position continued

4.14 Deferred tax continued

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

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

4.15 Employee benefits

Post-employment benefits

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

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

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

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

Bonus plans

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

Short-term employee benefits

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

Termination benefits

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

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

Equity compensation benefits

Vesting component

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Financial Position continued

4.15 Employee benefits continued

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

Non-vesting component

An equity compensation scheme in which share options do not vest to participating employees (the beneficiaries), but only an allocation of a dividend declared is distributed to the participating employees. The underlying shares are held in an Employee Share Ownership Plan (ESOP) trust for the benefit of the participants. The dividend distributed to the participating employees is recorded as an employee benefit expense in the statement of profit or loss.

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

4.16 Interest-bearing borrowings

Recognition and measurement

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

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

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

Classification between short term and long term

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

4.17 Leases

Right-of-use assets

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

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

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

Lease liabilities

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Financial Position continued

4.17 Leases continued

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

Short-term leases and leases of low-value items

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

Variable lease payments

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'lease expenses' within operating expenses in the statement of profit or loss as disclosed in note 14 to the consolidated financial statements.

Statement of Profit or Loss

4.18 Revenue recognition

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

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

Sales of goods – iron ore

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

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

The related account receivables are also adjusted to reflect the movements in the provisional pricing.

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

Shipping services

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

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

For CFR, insurance and freight arrangements, the transaction price, as determined above, is allocated to the ore and shipping services using the relative stand-alone selling price method. Under these arrangements, the customer may be required to make a provisional payment on the date of shipment. Therefore, a portion of the amount paid by the customer relating to shipping services still to be provided is deferred at each reporting date.

Principal accounting policies

continued

for the year ended 31 December 2023

4. Consolidated financial statements continued

Statement of Profit or Loss continued

4.18 Revenue recognition continued

To measure progress towards complete satisfaction of the shipping service which best represents the group's performance, and therefore the amount to be recognised as revenue for the period, the output method, being the number of shipping days that have elapsed as a proportion of total expected shipping days, is used. This is on the basis that the customer simultaneously receives and consumes the benefits provided by the group as the services are being provided. The deferred revenue is recognised as a contract liability in the statement of financial position.

4.19 Borrowing costs

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

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

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

4.20 Taxation

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

Current tax

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

Dividend withholding tax

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

4.21 Earnings per share

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

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

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

5. Material accounting judgements and estimates

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

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

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

5.1 Impairment of assets

At each reporting date, the group assesses whether there are any indicators that its assets and CGUs may be impaired. Operating and economic assumptions, which could affect the valuation of assets using discounted cash flow (DCF), are updated regularly as part of the group's planning and forecasting processes. Judgement is therefore required to determine whether the updates represent significant changes in the service potential of an asset or CGU, and are therefore indicators of impairment or impairment reversal. The judgement also takes into account the group's long-term economic forecasts, market consensus and sensitivity analysis of the DCF models used to value the group's assets. Assets that have been previously impaired are assessed for indicators of both impairment and impairment reversal. Such assets are, by definition, carried on the statement of financial position at a value close to their recoverable amount at the last assessment. Therefore, in principle, any change to operational plans or assumptions, economic parameters, or the passage of time could result in further impairment or impairment reversal if an indicator is identified. The calculation of the recoverable amount of a CGU is based on assessments of the higher of the fair value less costs of disposal or value in use. The cash flow projections used in these assessments are subject to the areas of judgement outlined below. Refer to note 2 for more detailed disclosure of impairment of property, plant and equipment.

Cash flow projections for impairment testing

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

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

5. Material accounting judgements and estimates continued

5.1 Impairment of assets continued

- *Discount rates*
  Cash flow projections used in fair value less costs of disposal impairment models are discounted based on a post-tax real discount rate. To the extent that specific risk factors were not incorporated into the discount rate, adjustments were made to the cash flow projections.
- *Operating costs, capital expenditure and other operating factors*
  Operating costs and capital expenditure are based on financial budgets covering a five-year period. Cash flow projections beyond five years are based on the life-of-asset plan, as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations.

5.2 Inventory costing methodology

The cost of inventories is determined by using the weighted average costing method. For WIP inventories, direct costs are allocated to the various materials based on the expected final product from each material. Direct costs are allocated to inventory on a yield-based costing method to ensure that costs are appropriately allocated to WIP and finished product inventories. The expected output from each WIP material is estimated based on the average iron ore contained in each grade of WIP material.

Net realisable value tests are performed at each reporting date to ensure that inventory is measured at the lower of cost and net realisable value. The realisable value of inventory represents the estimated future sales price of the inventory that the group expects to realise. For WIP, the realisable value is the estimated selling price of finished product after the WIP material has been processed to finished product. The net realisable value is the realisable value less estimated costs to complete the production process and related selling costs.

The net realisable value for inventory which is not expected to be processed within the next 12 months is based on the best estimate of future cash flows discounted at a risk free rate.

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

5.3 Fair value assessment

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

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

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

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

5.4 Provision for environmental rehabilitation and decommissioning

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

Principal accounting policies

continued

for the year ended 31 December 2023

5. Material accounting judgements and estimates continued

5.5 Provisionally priced revenue from spot sales

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

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

5.6 Property, plant and equipment (owned and leased)

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

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

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

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

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

5.7 Waste stripping costs

The rate at which costs associated with the removal of overburden or waste material is capitalised as development costs or charged as an operating cost is calculated per component of each mine, using management's best estimates of the:

- average life-of-component stripping ratio
- total expected production over the life-of-asset

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

5.8 Ore Reserve and Mineral Resource estimates

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

5. Material accounting judgements and estimates continued

5.8 Ore Reserve and Mineral Resource estimates continued

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

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

Sishen's life-of-asset decreased by two years in 2023, mainly due to the depletion as a result of annual production and a smaller pit layout as a result of the refreshed business expectation (2023: 16 years to 2038, compared to 2022: 18 years to 2040). The life-of-asset plan for Kolomela mine was not updated in 2023, and as a result, the Ore Reserves and Mineral Resources are reported by way of depleting the 2022 life-of-asset plan and 2022 geological models with 2023 . Therefore, the remaining life-of-asset reduced by one year (2023: 11 years to 2034, compared to 2022: 12 years to 2034).

6. Other accounting judgements and estimates

6.1 Consolidation of special purpose entities (SPEs)

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

6.2 Leases

Identification of non-lease components

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

Determining the lease term

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

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

Determining the incremental borrowing rate

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

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

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

Principal accounting policies

continued

for the year ended 31 December 2023

6. Other accounting judgements and estimates continued

6.3 Going concern

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

6.4 Segmental reporting

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

6.5 Equity-settled share-based payment reserve

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

6.6 Cash and cash equivalents

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

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

KUMBA IRON ORE LIMITED GROUP

Statement of financial position

as at 31 December

Rand million	Notes	2023	2022
ASSETS			
Property, plant and equipment	2	**48,822**	43,029
Right-of-use assets	3	**293**	267
Biological assets		**41**	34
Investments held by the environmental trust	4	**877**	796
Investment in associate		**24**	50
Long-term prepayments and other receivables	5	**155**	365
Inventories	6	**9,011**	7,245
Deferred tax assets	11	**—**	1
Non-current assets		**59,223**	51,787
Inventories	6	**11,398**	8,529
Trade and other receivables	7	**10,358**	5,190
Current tax assets		**23**	729
Cash and cash equivalents	8	**17,722**	16,424
Current assets		**39,501**	30,872
Total assets		**98,724**	82,659
EQUITY			
Shareholders' equity		**52,019**	41,046
Non-controlling interests	23	**16,203**	12,771
Total equity		**68,222**	53,817
LIABILITIES			
Lease liabilities	3	**179**	157
Provisions	10	**3,704**	2,700
Deferred tax liabilities	11	**11,860**	10,529
Non-current liabilities		**15,743**	13,386
Lease liabilities	3	**176**	147
Interest-bearing borrowings	9	**4,144**	6,791
Provisions	10	**198**	145
Trade and other payables	12	**9,459**	8,005
Contract liabilities	12	**553**	199
Current tax liabilities		**229**	169
Current liabilities		**14,759**	15,456
Total liabilities		**30,502**	28,842
Total equity and liabilities		**98,724**	82,659

Statement of profit or loss

for the year ended 31 December

Rand million	Notes	2023	2022
Revenue	13	**86,234**	74,032
Operating expenses	14	**(45,383)**	(41,668)
Impairment charge	2	**—**	(5,411)
Expected credit losses on financial assets	7	**(146)**	(73)
Operating profit		**40,705**	26,880
Finance income	18	**685**	377
Finance costs	18	**(617)**	(485)
Share of losses of equity-accounted joint venture and associate		**(26)**	—
Profit before taxation		**40,747**	26,772
Taxation	19	**(10,942)**	(7,117)
Profit for the year		**29,805**	19,655
Attributable to:			
Owners of Kumba		**22,725**	14,968
Non-controlling interests		**7,080**	4,687
		29,805	19,655
Earnings per share attributable to the ordinary equity holders of Kumba (Rand per share)			
Basic	20	**70.80**	46.64
Diluted	20	**70.64**	46.54

Statement of other comprehensive income

for the year ended 31 December

Rand million	2023	2022
Profit for the year	**29,805**	19,655
Other comprehensive income for the year[1]	**1,035**	713
Exchange differences on translation of foreign operations	**1,035**	713
Total comprehensive income for the year	**30,840**	20,368
Attributable to:		
Owners of Kumba	**23,514**	15,512
Non-controlling interests	**7,326**	4,856
	30,840	20,368

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

Statement of changes in equity

for the year ended 31 December

Rand million	Notes	Share capital and share premium	Treasury shares	Equity-settled share-based payments reserve	FCTR	Retained earnings	Share-holders' equity	Non-control-ling interests	Total equity
	Notes	21	21	22				23	
Balance at 31 December 2021		367	(557)	323	1,789	42,695	44,617	13,841	58,458
Net movement in treasury shares under employee share incentive schemes		–	(232)	–	–	–	(232)	–	(232)
Equity-settled share-based payment expenses		–	–	216	–	–	216	–	216
Vesting of shares under employee share incentive schemes		–	171	(184)	–	13	–	–	–
Total comprehensive income for the year		–	–	–	544	14,968	15,512	4,856	20,368
Dividends paid		–	–	–	–	(19,067)	(19,067)	(5,926)	(24,993)
Balance at 31 December 2022		367	(618)	355	2,333	38,609	41,046	12,771	53,817
Net movement in treasury shares under employee share incentive schemes		**–**	**(223)**	**–**	**–**	**–**	**(223)**	**–**	**(223)**
Equity-settled share-based payment expenses		**–**	**–**	**211**	**–**	**–**	**211**	**–**	**211**
Vesting of shares under employee share incentive schemes		**–**	**242**	**(209)**	**–**	**(33)**	**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**–**	**789**	**22,725**	**23,514**	**7,326**	**30,840**
Dividends paid		**–**	**–**	**–**	**–**	**(12,529)**	**(12,529)**	**(3,894)**	**(16,423)**
Balance at 31 December 2023		**367**	**(599)**	**357**	**3,122**	**48,772**	**52,019**	**16,203**	**68,222**

Dividend per share

Rand	2023	2022
Interim	**22.60**	28.70
Final[1]	**24.20**	16.30
Total	**46.80**	45.00

[1] The final dividend for 2023 was declared subsequent to the year end and is presented for information purposes only.

Equity-settled share-based payment reserve

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

FCTR

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

Statement of cash flows

for the year ended 31 December

Rand million	Notes	2023	2022
Cash flows from operating activities			
Cash receipts from customers		**81,974**	76,650
Cash paid to suppliers and employees		**(43,717)**	(41,815)
Cash generated from operations	24	**38,257**	34,835
Finance income received	25	**674**	413
Finance costs paid	25	**(770)**	(325)
Taxation paid	26	**(8,856)**	(7,132)
		29,305	27,791
Cash flows utilised in investing activities			
Additions to property, plant and equipment	28	**(9,862)**	(11,084)
Proceeds from disposal of property, plant and equipment		**12**	23
		(9,850)	(11,061)
Cash flows utilised in financing activities			
Interest-bearing borrowings raised	9	**11,200**	6,716
Interest-bearing borrowings repaid	9	**(13,782)**	—
Purchase of treasury shares	21	**(223)**	(232)
Dividends paid to owners of Kumba	27	**(12,529)**	(19,067)
Dividends paid to non-controlling shareholders	27	**(3,894)**	(5,926)
Payment of lease liabilities		**(177)**	(158)
		(19,405)	(18,667)
Net increase/(decrease) in cash and cash equivalents		**50**	(1,937)
Cash and cash equivalents at the beginning of the year	8	**16,424**	17,925
Foreign currency exchange gains on cash and cash equivalents		**1,248**	436
Cash and cash equivalents at the end of the year	8	**17,722**	16,424

Notes to the annual financial statements

for the year ended 31 December

1. Segmental reporting

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

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

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

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

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

	Products[1]		Services			
Rand million	Sishen mine	Kolomela mine	Logistics[2]	Shipping operations	Other	Total
2023						
Statement of profit or loss						
Total external revenue	59,520	20,802	—	5,912	—	86,234
Adjusted EBITDA[3]	40,815	14,773	(7,582)	256	(2,552)	45,710
Significant items in the statement of profit or loss:						
Depreciation	3,244	1,434	—	—	327	5,005
Staff costs	4,033	1,376	40	—	1,532	6,981
Raw materials and consumables	2,110	514	12	—	—	2,636
Net movement in finished product and WIP inventories	(2,286)	(993)	—	—	—	(3,279)
Contractors' expenses	2,912	1,526	—	—	718	5,156
Transportation and selling costs	—	—	7,529	—	—	7,529
Shipping services rendered	—	—	—	5,656	—	5,656
Petroleum products	3,113	551	—	—	3	3,667
Repairs and maintenance	3,333	813	—	—	21	4,167
Mineral royalty	1,802	622	—	—	—	2,424
Statement of financial position						
Total segment assets	10,989	5,777	373	—	—	17,139
Statement of cash flows						
Additions to property, plant and equipment:						
Expansion capital expenditure	2,336	892	—	—	—	3,228
SIB capital expenditure	4,055	991	—	—	—	5,046
Deferred stripping	1,455	133	—	—	—	1,588

1 Derived from extraction, production and selling of iron ore.
2 No revenue is reported for this segment as its performance is reviewed with reference to volumes railed and rail tariffs achieved.
3 This constitutes pro forma financial information in terms of the Listings Requirements of the JSE Limited and should be read in conjunction with the basis of preparation. Refer to supplementary non-IFRS financial measures on pages 131 to 132.

Notes to the annual financial statements continued

for the year ended 31 December

1. Segmental reporting continued

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

1 Derived from extraction, production and selling of iron ore.
2 No revenue is reported for this segment as its performance is reviewed with reference to volumes railed and rail tariffs achieved.
3 This constitutes pro forma financial information in terms of the Listings Requirements of the JSE Limited and should be read in conjunction with the basis of preparation. Refer to supplementary non-IFRS financial measures on pages 131 to 132.

Reconciliation of reportable segments' assets to inventories:

Rand million	Note	**2023**	2022
Finished product		**3,882**	3,943
WIP		**13,257**	9,917
Segment assets		**17,139**	13,860
Plant spares and stores		**3,270**	1,914
Balance per statement of financial position	6	**20,409**	15,774

Notes to the annual financial statements continued

for the year ended 31 December

1. Segmental reporting continued

Reconciliation of operating profit to adjusted EBITDA:

Rand million	2023	2022
Operating profit per statement of profit or loss	**40,705**	26,880
Add back:		
Depreciation	**5,005**	5,020
EBITDA	**45,710**	31,900
Add back:		
Impairment charge	**–**	5,411
Adjusted EBITDA	**45,710**	37,311

Geographical analysis of revenue:

Rand million	2023	2022
Sale of iron ore	**73,142**	68,447
Services rendered – shipping	**5,912**	7,208
Revenue from other sources	**7,180**	(1,623)
Total external revenue	**86,234**	74,032
Geographical analysis of revenue		
Domestic – South Africa	**1**	1
Export	**86,233**	74,031
China	**42,350**	37,109
Rest of Asia	**19,582**	13,504
Europe	**23,674**	22,796
Middle East and North Africa	**627**	622
Total external revenue	**86,234**	74,032

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

Customer analysis:

Of the total external revenue, 15% (2022: 14%) was attributable to one customer. Other customers each accounted for less than 10% of the external revenue. The group's products are sold primarily to industrial customers.

Notes to the annual financial statements continued

for the year ended 31 December

2. Property, plant and equipment

Rand million	Land	Mineral properties	Residential buildings	Buildings and infrastructure	Machinery, plant and equipment	Mineral exploration, site preparation and development	Assets under construction	Total
2023								
Cost								
Balance at the beginning of the year	350	621	3,608	7,255	43,613	22,642	12,189	90,278
Additions (refer to note 28)	–	–	–	–	–	1,588	8,355	9,943
Capital acquisitions	–	–	–	–	–	–	8,355	8,355
Deferred stripping	–	–	–	–	–	1,588	–	1,588
Borrowing costs capitalised	–	–	–	–	–	–	151	151
Changes in decommissioning provision (refer to note 10)	–	–	–	135	378	–	–	513
Disposals and scrapping	(6)	–	–	(15)	(166)	–	–	(187)
Transfers between asset classes	–	–	–	78	5,281	–	(5,359)	–
Balance at 31 December 2023	344	621	3,608	7,453	49,106	24,230	15,336	100,698
Accumulated depreciation								
Balance at the beginning of the year	–	439	1,472	3,279	29,542	7,083	–	41,815
Depreciation	–	11	107	337	3,030	1,318	–	4,803
Disposals and scrapping	–	–	–	(15)	(161)	–	–	(176)
Balance at 31 December 2023	–	450	1,579	3,601	32,411	8,401	–	46,442
Impairment								
Balance at the beginning of the year	–	43	300	550	1,856	1,221	1,464	5,434
Balance at 31 December 2023	–	43	300	550	1,856	1,221	1,464	5,434
Carrying amount at 31 December 2023	344	128	1,729	3,302	14,839	14,608	13,872	48,822

Notes to the annual financial statements continued

for the year ended 31 December

2. Property, plant and equipment continued

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

Impairment or reversal of impairment

Kumba produces iron ore at Sishen and Kolomela mines, each of which is considered capable of generating independent cash inflows and is, therefore, a separate CGU. In the previous year, Kolomela was impaired by R5.4 billion, including an associated deferred tax of R1.5 billion, due to revisions to the forecast production volume profile and cost increases in the life-of-asset plan.

At 31 December 2023, the group's assets and CGUs were assessed for indicators of impairment or impairment reversal. The impact of the ongoing rail constraints on the production profile for Kolomela triggered an impairment assessment to determine the recoverable amount for the CGU. The discounted cash flow valuation, using a fair value less costs of disposal valuation model, was prepared in line with the accounting policy 5.1 based on approved five-year business plans and the latest life-of-asset plan. The life-of-asset mineral resources beyond the business plan period have been valued based on a resource value per tonne (resource multiple).

Notes to the annual financial statements continued

for the year ended 31 December

2. Property, plant and equipment continued

Impairment or reversal of impairment continued

The discounted cash flow model applies forecast iron ore prices and Rand/US$ foreign exchange rates. The forecast iron ore prices fall within the top quartile of the analyst price range of $83/tonne to $112/tonne (Platts 62% CFR reference basis, 2023 real basis) (2022: $81/tonne to $91/tonne)*. The forecast average Rand/US$ exchange rates fall within the analyst range of R16/US$1 to R20/US$1 (2022: R15/US$1 to R19/US$1)*. A real post-tax discount rate of 9.3% (2022: 8.8%) was applied.

The recoverable amount of Kolomela at 31 December 2023 supports its carrying value at the reporting date.

The valuation is inherently sensitive to changes in economic and operational assumptions, particularly the forecast iron ore prices, the forecast average Rand/US$ foreign exchange rate and forecast rail capacity for Kolomela. Sensitivity analyses have been performed to assess the impact of changes in key assumptions applied in the valuation, principally forecast production, iron ore prices and the Rand/US$ foreign exchange rates. If the forecast production was increased or decreased by 10%, with all other assumptions remaining the same, the recoverable amount would increase by R2.7 billion or decrease by R2.6 billion, respectively. If the forecast iron ore prices were increased or decreased by 10%, with all other assumptions remaining the same, the recoverable amount would increase by R3.3 billion or decrease by R3.4 billion, respectively. A 10% appreciation or depreciation of the Rand would result in the recoverable amount decreasing or increasing by R3.2 billion, respectively.

* Comparatives relating to forecast iron ore prices, Rand/US$ foreign exchange rates, and discount rate have been updated to reflect the comparable short to medium term assumptions and a real discount rate.

Borrowing costs

During the year, R151 million (2022: R19 million) of borrowing costs was capitalised on qualifying assets to property, plant and equipment. A weighted average capitalisation rate of 8.3% (2022: 6%) was applied.

Other disclosure

The group generated proceeds from the disposal of items of property, plant and equipment of R12 million (2022: R23 million).

The estimated replacement value of assets for insurance purposes and assets under construction at cost amounts to R92 billion (2022: R88 billion).

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

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

Rand million	**2023**	2022
Capital commitments		
Capital commitments include all items of capital expenditure for which specific Board approval has been obtained up to the statement of financial position date. Capital expenditure will be financed principally from cash generated from operations.		
Capital expenditure still in the study phase of the project pipeline for which specific Board approvals have not yet been obtained are excluded.		
Capital expenditure contracted for plant and equipment	**3,371**	4,188
Capital expenditure authorised for plant and equipment but not contracted	**2,144**	4,771

Notes to the annual financial statements continued

for the year ended 31 December

3. Leases

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

Amounts recognised in the statement of financial position:

(a) Right-of-use assets:

Rand million	Note	Residential buildings	Buildings and infrastructure	Machinery, plant and equipment	Total
2023					
Cost					
Balance at the beginning of the year		**390**	**101**	**239**	**730**
Additions		**57**	**54**	**117**	**228**
Balance at 31 December 2023		**447**	**155**	**356**	**958**
Accumulated depreciation					
Balance at the beginning of the year		**197**	**93**	**173**	**463**
Depreciation	14	**93**	**31**	**78**	**202**
Balance at 31 December 2023		**290**	**124**	**251**	**665**
Carrying amount at 31 December 2023		**157**	**31**	**105**	**293**
2022					
Cost					
Balance at the beginning of the year		349	101	239	689
Additions		41	—	—	41
Balance at 31 December 2022		390	101	239	730
Accumulated depreciation					
Balance at the beginning of the year		111	74	111	296
Depreciation	14	86	19	62	167
Balance at 31 December 2022		197	93	173	463
Carrying amount at 31 December 2022		193	8	66	267

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

(b) Lease liabilities:

Rand million	Note	2023	2022
Balance at the beginning of the year		**304**	421
New leases capitalised during the year		**228**	41
Lease payments made during the year		**(223)**	(197)
Finance costs	18	**46**	39
Balance at the end of the year		**355**	304
Current		**176**	147
Non-current		**179**	157
Balance at the end of the year		**355**	304

Notes to the annual financial statements continued

for the year ended 31 December

3. Leases continued

Amounts recognised in the statement of profit or loss:

Rand million	Note	2023	2022
Depreciation on right-of-use asset		**202**	167
Interest expense on leases[1]	18	**46**	39
Lease expenses relating to short-term and low-value assets		**3**	5
Variable lease payments[2]		**1,273**	1,374
Income from sub-leasing of right-of-use assets		**(65)**	(53)
Net effect		**1,459**	1,532

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

Refer to notes 30 and 34.3 for future lease commitments.

Amounts recognised in the statement of cash flows:

Total cash outflow for leases in 2023 was R223 million (2022: R197 million), including R46 million (2022: R39 million) for finance costs (refer to note 18).

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

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

4. Investments held by the environmental trust

Rand million	2023	2022
Balance at the beginning of the year	**796**	795
Movement in investment in environmental trusts comprising:	**81**	1
Gain on return of investments	**81**	1
Balance at the end of the year	**877**	796

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

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

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

Notes to the annual financial statements continued

for the year ended 31 December

5. Long-term prepayments and other receivables

Rand million	2023	2022
Prepayments	**105**	307
Other receivables[1]	**50**	58
Balance at the end of the year	**155**	365

Maturity profile of long-term prepayments and other receivables	2023	2022
1 to 2 years	**11**	214
2 to 5 years	**86**	63
More than 5 years	**18**	36
	115	313

[1] This amount includes R40 million (2022: R52 million) for a long-term receivable measured at FVTPL, which does not have a maturity date and therefore is not included in the maturity analysis.

6. Inventories

Rand million	2023	2022
Finished products	**3,882**	3,943
WIP	**13,257**	9,917
Plant spares and stores	**3,270**	1,914
Total inventories	**20,409**	15,774
Non-current portion of WIP inventories[1]	**9,011**	7,245
Current portion of inventories	**11,398**	8,529
Total inventories	**20,409**	15,774

[1] The balance consists of B-grade WIP of R6,954 million (2022: R5,688 million) and C-grade WIP of R2,057 million (2022: R1,557 million).

During the year, the provision for slow-moving plant spares and stores provision decreased to R239 million (2022: R302 million). The provision for potentially non-recoverable WIP inventory relates to historical WIP stockpiles. The provision for non-recoverable WIP inventory remained unchanged at R979 million (2022: R979 million) as no additional historical WIP inventory tonnes were identified as non-recoverable.

The net reversal of inventory provision of R63 million (2022: R185 million write-down) has been recognised in the statement of profit or loss (refer to note 14).

No inventories were encumbered during the year.

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

Notes to the annual financial statements continued

for the year ended 31 December

7. Trade and other receivables

Rand million	2023	2022
Trade receivables	**6,621**	2,748
Trade receivables at amortised cost	**1,186**	262
Trade receivables at FVTPL	**5,435**	2,486
Provision for credit losses – trade receivables	**(270)**	(229)
Net trade receivables	**6,351**	2,519
Other receivables[1]	**3,903**	2,715
Provision for credit losses – other receivables	**(409)**	(304)
Net trade and other receivables	**9,845**	4,930
Prepayments	**122**	127
Prepaid shipping costs paid to related party	**391**	133
Balance at the end of the year	**10,358**	5,190

1 Other receivables mainly comprise a VAT receivable of R2,924 million (2022: R2,015 million), exploration cost recoveries of R379 million (2022: R266 million), of which R107 million (2022: R46 million) was owed by a related party as disclosed in note 33, and variation margins held with a related party of R195 million (2022: R231 million).

Credit risk

Kumba is largely exposed to the credit risk relating to end-user customers within the steel manufacturing industry. As part of its approach to working capital management, Kumba uses debtor discounting arrangements. These arrangements are on a non-recourse basis, hence the related trade receivables are derecognised from the group's statement of financial position. Refer to note 34.2 for detailed disclosure regarding the group's approach to credit risk management.

Significant concentrations of credit risk

Of the total outstanding gross trade receivables balance of R6,621 million (2022: R2,748 million), R4,762 million (2022: R2,120 million) or 72% (2022: 77%) consists of individual end-user customers with an outstanding balance in excess of 5% of the total trade receivables balance at 31 December 2023.

More than 89% (2022: 91%) of the group's customers have been transacting with the group for over five years, and none of these customers' balances have been written off or are impaired at the end of the reporting period. In monitoring customers' credit risks, the group assesses its customers on an individual basis. The group considers each customer's credit characteristics, their geographical location, industry, trading history with the group and existence of previous financial difficulties.

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

Notes to the annual financial statements continued

for the year ended 31 December

7. Trade and other receivables continued

Rand million	2023	2022
Trade receivables credit risk exposure by geographical area[1]		
South Africa	**21**	5
Europe	**847**	904
Asia	**5,483**	1,610
	6,351	2,519
Trade receivables credit risk exposure by currency[1]		
Rand	**21**	5
US Dollar	**6,330**	2,514
	6,351	2,519
Ageing of trade receivables (gross)		
Not past due	**6,277**	2,526
Past due 1 to 30 days	**95**	—
Past due 31 to 60 days	**—**	—
Past due 61 to 90 days	**—**	—
Past due more than 90 days	**249**	222
	6,621	2,748
Expected credit loss rate (%) for trade receivables measured at amortised cost		
Not past due	**—**	18
Past due 1 to 30 days	**27**	—
Past due 31 to 60 days	**—**	—
Past due 61 to 90 days	**—**	—
Past due more than 90 days	**98**	100

[1] Net amount after deducting expected credit losses.

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

The group's export trade receivables internal ratings range from secured to moderate risk, while the external ratings range from BBB+ to BBB (2022: BBB- to BB), based on Standard & Poor's (S&P) Global and Moody's Investors Service ratings. The domestic customers' internal ratings range from secured to moderate risk, and externally BBB- (2022: BBB-). A provision for credit losses of R270 million (2022: R229 million) was raised against trade receivables. The group uses a provision matrix to calculate expected credit losses for trade receivables which incorporates forward-looking information. The group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 60 days. Trade and other receivables that have been outstanding for a period longer than 90 days, or where there is a dispute, were considered and provided accordingly.

An additional expected credit loss of R105 million (2022: R54 million) was raised during the year against other receivables. The increase in the expected credit loss is mainly due to an increase in the balance owed by one of the sundry debtors provided for.

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

Rand million	2023	2022
Balance at the beginning of the year	**533**	460
Movement in expected credit losses raised during the year	**146**	73
Trade receivables	**41**	19
Other receivables	**105**	54
Balance at the end of the year	**679**	533

Notes to the annual financial statements continued

for the year ended 31 December

8. Cash and cash equivalents

Rand million	2023	2022
Balance at the end of the year	**17,722**	16,424

Included in cash and cash equivalents is an amount of R2,241 million (2022: R1,737 million) held to cover initial margins under derivative contracts. On termination of the derivative contracts, the underlying positions will be closed, with an insignificant impact on the initial margin value, as the variation margin is settled daily.

Short-term cash deposits of R14,089 million (2022: R13,786 million) were placed with subsidiaries of the ultimate holding company during the year under review (refer to note 33). The group held deposits amounting to R401 million (2022: R396 million), which are subject to statutory restrictions and are therefore not available for general use by the group.

Rand million	2023	2022
Currency analysis of cash and cash equivalents		
Rand	**1,293**	442
US Dollar	**16,406**	15,976
Other	**23**	6
	17,722	16,424

Refer to note 34.3 for detailed disclosure regarding the group's approach to liquidity risk management.

9. Interest-bearing borrowings

Rand million	2023	2022
Current interest-bearing borrowings	**4,144**	6,791
	4,144	6,791
Reconciliation		
Balance at the beginning of the year	**6,791**	—
Borrowings raised during the year	**11,200**	6,716
Borrowings repaid	**(13,782)**	—
Interest repaid	**(75)**	—
Interest payable	**10**	75
Balance at the end of the year	**4,144**	6,791

Notes to the annual financial statements continued

for the year ended 31 December

9. Interest-bearing borrowings continued

Rand million	Facility maturity date	Interest rate at 31 December	Facility	Outstanding balance 2023	Outstanding balance 2022
Unsecured loans					
Revolving syndicated facility at a variable interest rate of JIBAR plus a margin which varies based on the period of the borrowing (committed)[1,2]	2024	2023 JIBAR + 185 bps 2022 JIBAR + 185 bps	8,000	**–**	750
Revolving syndicated facility at a variable interest rate of JIBAR plus a margin which varies based on the period of the borrowing (committed)[2,3]	2024	2023 JIBAR + 185 bps 2022 JIBAR + 185 bps	8,000	**3,000**	750
Call loan facility at floating call rates (uncommitted)[1,2,3]	Open	2023 JIBAR + 185 bps 2022 JIBAR + 185 bps	8,200	**1,134**	5,216
Short-term working capital financing facilties[4]	2024	2023 SOFR + margin[5] 2022 LIBOR + margin[5]	24,074	**–**	–
Total			48,274	**4,134**	6,716

1 These facilities are held with related parties (refer to note 33).
2 The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates with alternative risk-free rates to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank (SARB) has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated its initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. In early November 2023, the SARB designated ZARONIA as the successor rate to replace JIBAR. The observation period for ZARONIA ended 3 November 2023 and the SARB has indicated that market participants may use the published ZARONIA as a reference rate in pricing financial contracts going forward. The SARB has indicated that the transition from JIBAR to ZARONIA is a multi-year initiative and has not yet communicated a cession date for JIBAR.
3 The outstanding balances for borrowings are payable during 2024.
4 During the year, the facilities expired and the group concluded new facilities which became effective on 1 July 2023. These were undrawn at 31 December 2023. These facilities consist of US$700 million (R13.0 billion) committed facilities and US$600 million (R11.1 billion) uncommitted facilities held with a related party as disclosed in note 33.
5 The margin varies from 45 bps to 170 bps (2022: 45 bps to 155 bps) depending on facility value.

The group's debt facilities consist of a committed R16 billion (2022: R16 billion) revolving credit facilities which mature in 2024. At 31 December 2023, R3.0 billion (2022: R1.5 billion) of the committed facilities had been drawn down. The group's debt facilities also include uncommitted facilities of R8.2 billion (2022: R8.2 billion). At 31 December 2023, R1.1 billion (2022: R5.2 billion) of the uncommitted facilities had been drawn down.

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

Committed revolving credit facilities of US$700 million (R13.0 billion) and uncommitted facilities of US$600 million (R11.1 billion) were concluded by SIOC’s subsidiaries (Kumba Singapore Pte Limited and Kumba International Trading Limited) during the period to fund their working capital requirements. These debt facilities, placed with a subsidiary of the ultimate holding company, are reviewed on an annual basis. SIOC, the parent company, will provide guarantees in favour of the lender for amounts drawn under these facilities, up to a maximum of US$820 million (R15.2 billion). The committed and uncommitted facilities were undrawn at 31 December 2023 and 31 December 2022.

Notes to the annual financial statements continued

for the year ended 31 December

10. Provisions

Rand million	Employee benefits cash-settled share-based payments	Environ-mental rehabilitation	Decom-missioning	Other	Total
Non-current provisions	**57**	**2,806**	**841**	**—**	**3,704**
Current provisions	**—**	**162**	**—**	**36**	**198**
Total provisions	**57**	**2,968**	**841**	**36**	**3,902**
2023					
Balance at the beginning of the year	**55**	**2,470**	**320**	**—**	**2,845**
Unwinding of discount (refer to note 25)	**—**	**55**	**8**	**—**	**63**
Increase in provision charged to the statement of profit or loss	**4**	**417**	**—**	**36**	**457**
Capitalised to property, plant and equipment (refer to note 2)	**—**	**26**	**513**	**—**	**539**
Exchange differences on translation	**2**	**—**	**—**	**—**	**2**
Utilised during the year	**(4)**	**—**	**—**	**—**	**(4)**
Balance at 31 December 2023	**57**	**2,968**	**841**	**36**	**3,902**
Expected timing of future cash flows					
Within 1 year	**—**	**162**	**—**	**36**	**198**
2 to 5 years	**57**	**565**	**492**	**—**	**1,114**
More than 5 years	**—**	**2,241**	**349**	**—**	**2,590**
	57	**2,968**	**841**	**36**	**3,902**
Estimated undiscounted obligation	**57**	**5,931**	**1,463**	**36**	**7,487**
2022					
Non-current provisions	55	2,325	320	—	2,700
Current provisions	—	145	—	—	145
Total provisions	55	2,470	320	—	2,845
Balance at the beginning of the year	55	2,415	321	25	2,816
Unwinding of discount (refer to note 25)	—	92	12	—	104
Increase/(decrease) in provision charged to the statement of profit or loss	16	(11)	(12)	—	(7)
Unused amounts reversed	—	—	—	(25)	(25)
Capitalised to property, plant and equipment (refer to note 2)	—	27	(1)	—	26
Exchange differences on translation	1	—	—	—	1
Utilised during the year	(17)	(53)	—	—	(70)
Balance at 31 December 2022	55	2,470	320	—	2,845
Expected timing of future cash flows					
Within 1 year	—	145	—	—	145
2 to 5 years	55	—	—	—	55
More than 5 years	—	2,325	320	—	2,645
	55	2,470	320	—	2,845
Estimated undiscounted obligation	55	5,018	868	—	5,941

Notes to the annual financial statements continued

for the year ended 31 December

10. Provisions continued

Cash-settled share-based payments

At 31 December 2023, the provision represented share awards of Anglo American plc shares made by the group to certain employees.

Environmental rehabilitation

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

Decommissioning

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

Compliance with Global Industry Standard on Tailings Management (GISTM)

The group has made significant progress towards determining the work required for conformance for all tailings dams in the highest priority rankings according to the GISTM. The group continues to refine designs and costs of conformance with GISTM. The estimated costs to be incurred for conformance have been recognised within the environmental restoration and decommissioning provisions at 31 December 2023.

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

The group funds the environmental rehabilitation and decommissioning obligations through a combination of the investment held by the Kumba Iron Ore Rehabilitation Trust and financial guarantees (refer to note 29). The carrying value of the investment held by the Trust amounted to R877 million at 31 December 2023 (2022: R796 million).

Other

Other provisions relate to section 189 restructuring.

Significant accounting estimates and assumptions

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

The resultant changes in the provisions are summarised as follows:

Rand million	Environmental rehabilitation	Decom-missioning	Total
Change in provision	**443**	**513**	**956**
Revised estimates of closure costs	412	504	916
Impact of increases in discount rates	(41)	(10)	(51)
Life-of-asset changes	72	19	91

The discount rate for Sishen mine remained unchanged at 5% (2022: 5%) and the discount rate for Kolomela mine increased by 0.5% to 5% (2022: 4.5%), both in real terms.

Notes to the annual financial statements continued

for the year ended 31 December

10. Provisions continued

Significant accounting estimates and assumptions continued

The environmental rehabilitation provision increased by R443 million due to an increase of R484 million resulting from the revised closure cost estimates and changes in the remaining lives of both mines, partially offset by a decrease of R41 million as a result of a change in the discount rate for Kolomela. The increase of R513 million in the decommissioning provision was recorded within property, plant and equipment. The movement in the rehabilitation provision, net of the R26 million in respect of a capitalised project, was recognised within the statement of profit or loss, decreasing profits attributable to the owners of Kumba by R232 million (2022: R5 million increase). This movement resulted in a decrease of R0.72 per share (2022: increase of R0.02 per share) in profits attributable to the owners of Kumba.

The carrying value of the closure provisions is sensitive to changes in the estimates and assumptions used in its measurement. If the real discount rates for Sishen and Kolomela mines had been 1% higher than management's estimate, provision would have decreased by R359 million (2022: R302 million). On the other hand, if the discount rate had been 1% lower than management's estimate, the provision would have increased by R421 million (2022: R361 million).

11. Deferred tax

Rand million	2023	2022
Deferred tax assets		
Reconciliation		
Balance at the beginning of the year	**1**	1
Charged to the income statement	**(1)**	—
Balance at the end of the year	**—**	1
Expected timing:		
Deferred tax assets to be recovered in the foreseeable future	**—**	1
Total deferred tax assets	**—**	1
Deferred tax assets attributable to the following temporary differences:		
Estimated tax losses	**—**	1
Total deferred tax assets	**—**	1

There were no unused tax losses for which deferred tax asset was recognised at 31 December 2023 (2022: Rnil).

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for the year ended 31 December

11. Deferred tax continued

Rand million	2023	2022
Deferred tax liabilities		
Reconciliation:		
Balance at the beginning of the year	**10,529**	10,526
Prior year adjustment	**7**	436
Change in tax rate	**—**	(385)
Current year charge	**1,324**	(48)
Balance at the end of the year	**11,860**	10,529
Deferred tax liabilities attributable to the following temporary differences:		
Property, plant and equipment	**13,105**	11,533
Environmental rehabilitation provision	**(802)**	(667)
Decommissioning provision	**(227)**	(81)
Environmental rehabilitation trust asset	**237**	215
Leave pay accrual	**(116)**	(115)
Share-based payments	**288**	216
Provisions[1]	**(561)**	(525)
Prepayments	**32**	35
Lease liabilities	**(96)**	(82)
Total deferred tax liabilities	**11,860**	10,529

1 This line comprises of the following provisions: bad debts, restructuring, holiday bonus, annual bonus and diesel.

12. Trade and other payables and contract liabilities

Rand million	2023	2022
Trade payables[1]	**6,513**	6,077
Other payables[2]	**2,514**	1,498
Leave pay accrual	**432**	430
Total trade and other payables (excluding contract liabilities)	**9,459**	8,005
Contract liabilities[3]	**553**	199
Total trade and other payables (including contract liabilities)	**10,012**	8,204
Currency analysis of trade and other payables and contract liabilities		
Rand	**8,214**	7,049
US Dollar	**1,651**	1,153
Other[4]	**147**	2
	10,012	8,204

1 The current year amount consists of trade payables measured at amortised cost of R6,356 million and trade payables measured at fair value of R157 million.
2 Other payables mainly comprise a short-term incentive accrual of R700 million (2022: R653 million), unclaimed dividends of R296 million (2022: R316 million), freight costs payable of R933 million (2022: R470 million) and an accrual for employee benefit costs of R157 million (2022: Rnil).
3 The full amount of R199 million in relation to the contract liabilities at 31 December 2022 was recognised as revenue during 2023.
4 Other mainly comprises payables denominated in Pound Sterling.

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

Notes to the annual financial statements continued

for the year ended 31 December

13. Revenue

Rand million	2023	2022
Sale of iron ore	**73,142**	68,447
Services rendered – shipping	**5,912**	7,208
Total revenue from contracts with customers	**79,054**	75,655
Revenue from other sources[1]	**7,180**	(1,623)
Total revenue as per statement of profit or loss	**86,234**	74,032
Geographical analysis of revenue from contracts with customers		
Domestic – South Africa	**1**	1
Export	**79,053**	75,654
China	**41,118**	31,024
Rest of Asia	**15,800**	20,920
Europe	**21,507**	23,165
Middle East and North Africa	**628**	545
Total revenue from contracts with customers	**79,054**	75,655

[1] Revenue from other sources comprises net gains on financial instruments of R5,935 million (2022: R1,397 million (net loss)) and subsequent movements in provisionally priced sales of R1,245 million (net gain) (2022: R226 million (net loss)).

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

Disaggregation of revenue from contracts with customers:

	Products		Services	
Rand million	Sishen mine	Kolomela mine	Shipping operations	Total
2023				
Total segment revenue (refer to note 1)	**59,520**	**20,802**	**5,912**	**86,234**
Less: Revenue from other sources	**(5,155)**	**(2,025)**	**—**	**(7,180)**
Revenue from contracts with customers	**54,365**	**18,777**	**5,912**	**79,054**
2022				
Total segment revenue (refer to note 1)	48,913	17,911	7,208	74,032
Less: Revenue from other sources	1,156	467	—	1,623
Revenue from contracts with customers	50,069	18,378	7,208	75,655

Notes to the annual financial statements continued

for the year ended 31 December

14. Operating expenses

Rand million	Notes	2023	2022
Cost by nature:			
Raw materials and consumables		**2,636**	2,472
Net movement in finished product and WIP inventories		**(3,279)**	(4,633)
Inventory write-down to net realisable value		**(63)**	185
Contractors' expenses		**5,156**	5,133
Deferred stripping costs capitalised		**(1,588)**	(2,512)
Staff costs		**6,981**	6,529
Salaries and wages		**6,048**	5,683
Equity-settled share-based payments		**211**	216
Cash-settled share-based payments		**4**	16
Termination benefits		**68**	18
Pension and medical aid contributions	16	**650**	596
Mineral royalty		**2,424**	1,482
Transportation and selling costs		**7,529**	6,668
Shipping services rendered		**5,656**	7,035
Sub-lease rentals received		**(65)**	(53)
Depreciation of property, plant and equipment		**5,005**	5,020
Mineral properties	2	**11**	11
Residential buildings	2	**107**	123
Buildings and infrastructure	2	**337**	374
Machinery, plant and equipment	2	**3,030**	2,993
Mineral exploration, site preparation and development	2	**1,318**	1,352
Right-of-use assets	3	**202**	167
Repairs and maintenance		**4,167**	3,644
Legal fees		**33**	20
Professional fees		**463**	315
Auditors' remuneration		**17**	15
Audit fees		**15**	13
Other services		**2**	2
Insurance cost		**245**	208
Technical services and project studies		**196**	295
Lease expenses	3	**1,276**	1,379
Other expenses[1]		**3,345**	2,936
Petroleum products		**3,667**	3,923
Net (gain)/loss on disposal and scrapping of property, plant and equipment		**(1)**	74
Net finance gains	17	**(643)**	(209)
Energy costs		**670**	587
Own work capitalised[2]		**(148)**	(89)
Corporate costs		**1,704**	1,244
Total operating expenses		**45,383**	41,668

1 'Other expenses' includes administrative expenses, equipment hire, shuttle services, professional fees and general labour.
2 Relates to operating expenses incurred during the year that were capitalised to property, plant and equipment. These costs met the qualifying criteria for capitalisation.

Notes to the annual financial statements continued

for the year ended 31 December

15. Other items included in operating profit

Rand million	2023	2022
Operating profit includes the following amounts:		
Staff costs (excluding directors' and prescribed officers' remuneration)	**6,901**	6,445
Employee expenses	**6,618**	6,195
Net restructuring costs	**68**	18
Share-based payment expenses	**215**	232
Directors' emoluments (refer to note 35)	**37**	31
Executive directors	**26**	22
Emoluments received as directors of the Company	**18**	16
Bonuses and cash incentives	**8**	6
Non-executive directors – emoluments received as directors of the Company	**11**	9
Prescribed officers' remuneration (excluding executive directors – refer to note 35)	**43**	53
Operating sub-lease rentals received		
Property	**(65)**	(53)

16. Employee benefits: defined contribution funds

16.1 Retirement fund

At the end of 2023 and 2022, the following independent funds providing pension and other benefits were in existence:

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

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

	2023		2022	
	Working members (number)	Employer contributions (Rand million)	Working members (number)	Employer contributions (Rand million)
Kumba Iron Ore Selector Pension and Provident Funds	**3,043**	**245**	3,041	225
Iscor Employees Umbrella Provident Fund	**2,859**	**144**	2,882	138
Total	**5,902**	**389**	5,923	363

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

16.2 Medical funds

The group contributes to medical aid schemes for the benefit of permanent employees and their dependants. The contributions charged against income amounted to R261 million (2022: R233 million). The group has no obligation to fund post-retirement medical aid contributions for current or retired employees.

17. Net finance gains

Rand million	2023	2022
Finance (gains)/losses recognised in operating profit		
Net foreign currency gains[1]	**(575)**	(210)
Net fair value (gains)/losses on financial assets measured at FVTPL[2]	**(68)**	1
Net finance gains	**(643)**	(209)

1 This amount consists of R467 million realised gains on foreign currency and R108 million unrealised gains on foreign currency.
2 This amount comprises R81 million fair value gain on investments held by the environmental trust (refer to note 4) and a R13 million fair value loss on a long-term loan receivable measured at FVTPL.

Notes to the annual financial statements continued

for the year ended 31 December

18. Net finance (income)/costs

Rand million	Notes	2023	2022
Interest expense		659	361
Interest expense on leases	3	46	39
Unwinding of discount on provisions	10	63	104
Capitalisation of borrowing costs	2	(151)	(19)
Total interest expense		617	485
Interest received on cash and cash equivalents		(685)	(377)
Net finance (income)/costs		**(68)**	108

19. Taxation

Rand million	2023	2022
Taxation expense		
Current taxation	9,611	7,114
Deferred taxation	1,331	3
	10,942	7,117
Charges to the statement of profit or loss		
South African normal taxation		
Current year	9,137	7,030
Prior year	(39)	(326)
Foreign taxation[1]		
Current year	513	410
Income taxation	**9,611**	7,114
Deferred taxation		
Current year	1,324	(48)
Rate change	—	(385)
Prior year	7	436
	10,942	7,117
Reconciliation of taxation rates	%	%
Taxation as a percentage of profit before taxation	26.9	26.6
Taxation effect of:		
Rate difference between South African and foreign subsidiaries[1]	0.1	0.6
Disallowable expenditure[2]	(0.1)	(0.1)
Change in corporate tax rate	—	1.4
Prior year overprovision	0.1	(0.4)
Equity-settled share-based payments	—	(0.1)
Standard taxation rate	27.0	28.0

[1] This relates to tax incurred in the United Kingdom where the tax is 23.5%.
[2] This relates mostly to learnerships, legal fees, non-deductible outside services, consulting and donations.

Notes to the annual financial statements continued

for the year ended 31 December

20. Earnings and headline earnings per share

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

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

Rand million	2023	2022
Profit attributable to equity holders of Kumba	**22,725**	14,968
Number of shares		
Weighted average number of ordinary shares in issue	**320,956,591**	320,896,643
Potential dilutive effect of outstanding share options[1]	**754,400**	747,114
Diluted weighted average number of ordinary shares in issue	**321,710,991**	321,643,757

[1] The dilution adjustment of 754,400 shares at 31 December 2023 (2022: 747,114) is a result of the share options granted under the various employee share incentive schemes. Refer to Annexure 3 for details of the group's share option schemes.

Reconciliation of headline earnings

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

Rand million	2023 Gross adjustment	2023 Net attributable	2022 Gross adjustment	2022 Net attributable
Profit attributable to equity holders of Kumba	**22,725**	**22,725**	14,968	14,968
Impairment charge	**—**	**—**	5,411	3,023
Net (gain)/loss on disposal and scrapping of property, plant and equipment	**(1)**	**(1)**	74	40
	22,724	**22,724**	20,453	18,031
Taxation effect of adjustments	**—**	**—**	(1,470)	—
Non-controlling interest in adjustments	**—**	**—**	(952)	—
Headline earnings	**22,724**	**22,724**	18,031	18,031

Rand	2023	2022
Attributable earnings per share		
Basic	**70.80**	46.64
Diluted	**70.64**	46.54
Headline earnings per share		
Basic	**70.80**	56.19
Diluted	**70.63**	56.06

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for the year ended 31 December

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

Number of shares	2023	2022
Authorised		
Ordinary shares of R0.01 each	**500,000,000**	500,000,000
Issued		
Ordinary shares of R0.01 each	**322,085,974**	322,085,974
Reconciliation of issued shares		
Number of shares at the beginning of the year	**322,085,974**	322,085,974
Number of shares at the end of the year	**322,085,974**	322,085,974
Reconciliation of shares held in reserve (unissued shares)		
Authorised shares at the beginning of the year not issued	**177,914,026**	177,914,026
Unissued shares at the end of the year	**177,914,026**	177,914,026

No new shares were issued during 2023 and 2022.

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

Reconciliation of treasury shares held

Number of shares	2023	2022
Balance at the beginning of the year	**1,168,612**	1,202,700
Purchased during the year	**465,211**	441,924
Issued to employees under the Bonus Share Plan (BSP), Bonus and Retention Share Plan (BRP) and the SIOC Employee Share Ownership Plan Trust (Semela)	**(499,497)**	(476,012)
Number of treasury shares at the end of the year	**1,134,326**	1,168,612

All treasury shares are held in respect of employee share schemes and are available for utilisation for the purposes of these schemes, as disclosed in note 22. At 31 December 2023, all treasury shares were held as conditional share awards under the BSP, BRP, Karola and Semela.

Total treasury shares purchased during the year were acquired by the SIOC Employee Share Ownership Plan Trust (285,502 shares) and SIOC, a subsidiary of Kumba (179,709 shares). No treasury shares reverted to authorised but unissued during the year.

Rand million	2023	2022
Reconciliation of share capital and premium (net of treasury shares)		
Balance at the beginning of the year	**(251)**	(190)
Net movement in treasury shares under employee share incentive schemes	**19**	(61)
Purchase of treasury shares under employee share incentive schemes[1]	**(223)**	(232)
Shares issued to employees under employee share incentive schemes	**242**	171
Balance at the end of the year	**(232)**	(251)
Comprises:		
Share capital	**3**	3
Share premium	**364**	364
Treasury shares	**(599)**	(618)
Balance at the end of the year	**(232)**	(251)

[1] The average price paid for the purchase of the shares in 2023 was R478.86 per share (2022: R536.43 per share).

Notes to the annual financial statements continued

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22. Equity-settled share-based payment reserve

Rand million	2023	2022
Balance at the beginning of the year	355	323
Equity-settled share-based payment expense	211	216
Employee share incentive schemes:		
Karolo	99	108
BSP	3	7
Semela	16	—
PSP	3	26
BRP	90	75
Vesting of shares under employee share incentive schemes	(209)	(184)
Balance at the end of the year	**357**	355

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

23. Non-controlling interests

Rand million	2023	2022
Balance at the beginning of the year	12,771	13,841
Profit for the year	7,080	4,687
Exxaro Resources Limited	6,155	4,075
SIOC Community Development Trust	925	612
Dividends paid	(3,894)	(5,926)
Exxaro Resources Limited	(3,386)	(5,153)
SIOC Community Development Trust	(508)	(773)
Interest in movement in equity reserves	246	169
Foreign currency translation reserve	246	169
Balance at the end of the year	**16,203**	12,771

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

24. Cash generated from operations

Rand million	2023	2022
Operating profit	**40,705**	26,879
Adjusted for:		
Depreciation of property, plant, equipment and right-of-use assets	5,005	5,020
Movement in provisions	480	(65)
Unrealised foreign currency revaluations and fair value adjustments	(907)	(41)
(Profit)/loss on disposal and scrapping of property, plant and equipment	(1)	74
Impairment charge	—	5,411
Movement in non-current financial assets and prepayments	204	(194)
Equity-settled share-based payment expenses	211	216
Cash flows from operations	**45,697**	37,300
Working capital movements:		
Increase in inventories	(4,629)	(4,641)
(Increase)/decrease in trade and other receivables	(4,260)	2,618
Increase/(decrease) in trade and other payables	1,449	(442)
Cash generated from operations[1]	**38,257**	34,835

[1] The group presents statement of cash flows using the direct method. The above note has been included as additional information.

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25. Net finance income/(expense)

Rand million	Notes	2023	2022
Net finance income/(expense) per the statement of profit or loss		**68**	(108)
Adjusted for:			
Notional interest on provisions	10	**63**	104
Borrowing costs capitalised	2	**(151)**	(19)
Movement in interest receivable		**(11)**	36
Movement in interest payable		**(65)**	75
		(96)	88
Finance income received		**674**	413
Finance cost paid		**(770)**	(325)
		(96)	88

26. Taxation paid

Rand million	2023	2022
Taxation assets at the beginning of the year	**(560)**	(531)
Income taxation per the statement of profit or loss (refer to note 19)	**9,611**	7,114
Translation of taxation for foreign operations	**11**	(11)
Taxation (liabilities)/asset at the end of the year	**(206)**	560
Taxation paid per the statement of cash flows	**8,856**	7,132
Comprising normal taxation:		
South Africa	**8,392**	6,640
Foreign operations	**464**	492
	8,856	7,132

27. Dividends paid

Rand million	2023	2022
Dividends paid to owners of Kumba	**12,529**	19,067
Dividends paid to non-controlling shareholders	**3,894**	5,926
Total dividends per the statement of changes in equity	**16,423**	24,993

28. Additions to property, plant and equipment

Rand million	2023	2022
Investment to expand operations	**3,055**	3,181
Investments to maintain operations	**5,300**	4,457
Deferred stripping costs capitalised	**1,588**	2,512
Total capital expenditure for the year	**9,943**	10,150
(Increase)/decrease in capital creditors[1]	**(81)**	934
Additions per the statement of cash flows	**9,862**	11,084

[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.

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29. Guarantees and regulatory update

29.1 Guarantees

Rand million	2023	2022
Environmental trust closure liability guarantees obtained in favour of the DMRE	**5,122**	4,815
Operational guarantees obtained in favour of the DMRE	**8**	20
	5,130	4,835

Environmental obligations

Total guarantees provided in favour of the DMRE in respect of the group's undiscounted environmental closure liabilities at 31 December 2023 were R5.1 billion (2022: R4.8 billion). Additional guarantees amounting to R307 million in respect of the 2022 shortfall, before deducting a surplus of R32 million for one of the mines, were provided in favour of the DMRE in May 2023. Undiscounted closure costs increased by R1,508 million during the year. This, partially offset by the R81 million increase in the trust fund investment, has resulted in a shortfall of R1,395 million which will be addressed in 2024.

29.2 Regulatory update

National Environmental Management Act (NEMA)

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

30. Commitments

Lease commitments

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

Rand million	2023	2022
The undiscounted future cash outflows not reflected in the measurement of the lease liabilities are as follows:		
Plant and equipment		
Within 1 year	**52**	57
Between 1 and 2 years	**49**	2
Between 2 to 5 years	**11**	—
Total lease commitments	**112**	59

Shipping commitments

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

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31. Contingent liabilities

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

On 21 February 2019, the group submitted an appeal against this outcome which was referred to alternative dispute resolution (ADR) proceedings in an attempt to resolve the matter. The ADR proceedings were terminated on 20 February 2020, after which the group submitted a notice to SARS wherein the group confirmed that it wished to proceed with the appeal to the Tax Court.

On 18 August 2020, SARS filed its statement of grounds of assessment and opposing appeal, after which the group filed its statement of grounds of appeal on 21 October 2020. The trial commenced during May 2022 and was completed in June 2022. Judgment on this matter was handed down on 31 March 2023. The Tax Court dismissed SIOC's appeal against the disallowance of certain expenses but upheld the appeal against the disallowance of other expenses, understatement penalties and interest.

SIOC was granted leave to appeal the Tax Court judgment directly to the Supreme Court of Appeal (SCA). SIOC filed its notice of appeal to the SCA on 21 June 2023. On 14 July 2023, SARS filed a notice of cross-appeal.

SIOC filed the appeal record with the SCA on 9 November 2023 and the Heads of Argument on 18 January 2024. SARS must file its Heads of Argument on or before 19 February 2024. Thereafter, the Registrar of the SCA will set a date for the hearing of the appeal and cross-appeal.

On 14 September 2020, SARS informed the group it intends to audit the 2015 to 2018 years of assessment (audit). As the 2015 and 2018 years of assessment have prescribed, both years must be excluded from the audit. Furthermore, during May 2023, SARS informed SIOC that the audit of the 2019 and 2020 tax years has been put on hold pending the outcome of the litigation. The appeal and the audits 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 SCA. SIOC and SARS have agreed on and signed prescription extension agreements for the 2016, 2017 and 2019 years of assessment, only in relation to the matters included in the above appeal.

Based on the external legal and tax advice obtained, the group believes that these matters have been appropriately disclosed as contingent liabilities in the results for the year ended 31 December 2023.

32. Events after the reporting period

32.1 Dividends

A final cash dividend of R24.20 per share was declared by the Board on 19 February 2024 from profits accrued during the financial year ended 31 December 2023. The total cash dividend for the year amounted to R46.80 per share. The estimated total cash flow of the final Kumba dividend, payable on 18 March 2024, is R7.8 billion.

32.2 Other

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

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33. Related-party transactions

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

Shareholders

The principal shareholders of the Company are detailed under shareholder analysis on pages 128 to 130.

Ultimate holding company

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

Subsidiaries of ultimate holding company

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

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

Holding company

Anglo South Africa Proprietary Limited holds a 69.71% interest in the Company (2022: 69.71%).

Fellow subsidiaries

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

Subsidiaries of the Company

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

Associates and joint ventures

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

Entities with significant influence over SIOC

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

Special purpose entities (SPEs)

The group controls the following SPEs which are consolidated:

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

Directors, senior management and prescribed officers

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

Notes to the annual financial statements continued

for the year ended 31 December

33. Related-party transactions continued

Transactions and balances held with related parties

Rand million	2023	2022
Anglo American SA Finance Limited		
Short-term deposit held with Anglo American SA Finance Limited		
– Deposit balance	—	—
– Weighted average interest rate (%)	8.29	5.30
Interest earned during the year	38	182
Interest receivable	11	—
Uncommitted facilities held with Anglo American SA Finance Limited	8,200	8,200
Utilised portion of the uncommitted facility (note 9)	1,134	5,216
Interest incurred during the year	134	107
Interest payable	3	27
Anglo American Capital plc		
Short-term deposit held with Anglo American Capital plc		
– Deposit balance	14,089	13,786
– Weighted average interest rate (%)	5.00	1.77
Committed debt facilities held with Anglo American Capital plc	12,963	11,858
Uncommitted debt facilities held with Anglo American Capital plc	11,111	10,164
Commitment fees incurred during the year	98	98
Interest earned on facility during the year	511	141
Anglo Corporate Services South Africa Proprietary Limited		
Purchase of goods and services: Corporate operations (including shared services)	992	774
Insurance receivable	100	100
Trade payables	819	1,095
Long-term receivables	118	130
Anglo American Marketing Limited		
Cash and cash equivalents held with Anglo American Marketing Limited	2,241	1,737
Net gain/(loss) on trading activities realised[1]	5,867	(1,391)
Trade receivables	224	195
Sale of goods	773	1,108
Trade payables	84	—
Purchases of services	361	272
Anglo American Shipping Pte Limited		
Shipping services provided by Anglo American Shipping Pte Limited	5,656	7,036
Trade payables	150	269
Anglo American Rand Capital		
Committed debt facilities held with Anglo American Rand Capital	8,000	8,000
Utilised portion of the committed facility (note 9)	—	750
Interest incurred during the year	121	24
Interest payable	—	24
Anglo South Africa Proprietary Limited		
Dividends paid to Anglo South Africa Proprietary Limited	8,734	13,293
Exxaro Resources Limited		
Dividends paid to Exxaro Resources Limited	3,386	5,153
Purchase of goods and services[2]	265	76
Essential Prospects 101 Proprietary Limited		
Cost recoveries for services rendered	107	46
Shipping services commitments		
Future commitments under contracts for affreightment are as follows:		
Within 1 year	642	2,423
1 to 2 years	150	655
2 to 5 years	—	151
	792	3,229

1 The disclosure in the comparative period has been updated to include all other material items of income or expenses to provide information about related party trading activities.

2 Goods purchased and services incurred from Exxaro Resources Limited consisted of ferrosilicon purchases and directors' fees.

Notes to the annual financial statements continued

for the year ended 31 December

33. Related-party transactions continued

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

Entities with significant non-controlling interests

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

These non-controlling interests are as follows:
Exxaro Resources Proprietary Limited 20.37% (2022: 20.37%)
SIOC Community Development Trust 3.06% (2022: 3.06%)

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

Rand million	2023	2022
Profit for the year allocated to non-controlling interests	**7,080**	4,687
Accumulated non-controlling interests at the end of the year	**16,203**	12,771

Rand million	2023	Restated 2022
Statement of profit or loss		
Revenue	**74,582**	61,311
Operating expenses	**(37,774)**	(32,965)
Impairment charge	**—**	(5,411)
Expected credit losses on financial assets	**(137)**	(76)
Operating profit	**36,671**	22,859
Finance income	**(361)**	(221)
Income from investments	**4,076**	3,617
Profit before taxation	**40,386**	26,255
Taxation	**(10,395)**	(6,697)
Profit for the year	**29,991**	19,558
Statement of financial position		
Non-current assets[1]	**60,990**	53,426
Current assets	**24,665**	17,812
Total assets	**85,655**	71,238
Shareholders' equity[1]	**57,137**	43,570
Non-current liabilities	**15,871**	13,494
Current liabilities	**12,647**	14,174
Total equity and liabilities	**85,655**	71,238
Statement of cash flows		
Cash flows from operating activities[1]	**30,016**	25,794
Cash flows utilised in investing activities	**(9,850)**	(11,061)
Cash flows utilised in financing activities[1]	**(19,331)**	(18,464)
Net increase/(decrease) in cash and cash equivalents	**835**	(3,731)

[1] The prior period amount has been restated as explained below.

The prior year amounts have been restated to correct the capital contribution of R2.5 billion paid by SIOC to the SIOC Employee Share Ownership Plan Trust (Semela) in 2022 as a once-off capital contribution. Semela used the capital contribution for the purchase of 14,137,650 shares in SIOC. The group has elected to account for the trust as a branch of SIOC and therefore the shares acquired are treated as treasury shares. The capital contribution was incorrectly disclosed in the prior year as an increase in share capital and non-current investments in the statement of financial position, and incorrectly included as a cash flow in the statement of cash flows, particularly cash flows from operating and utilised in financing activities. The correction has resulted in shareholders equity and non-current assets being reduced by R 2,5 billion, respectively, in the statement of financial position. In relation to the statement of cash flows, cash from operating and utilised in financing activities were increased with R 2,5 billion, retrospectively. The prior year amounts on this note have therefore been restated to show this correction. This restatement had no impact on the primary financial statements of the Group.

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management

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

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

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

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

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

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

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

The initial margins under derivative contract with a related party, which are required to be held for trading are included in cash and cash equivalents (refer to note 8).

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management continued

34.1 Measurement basis of financial instruments

Rand million	Notes	FVTPL[1]	Amortised cost	Total
2023				
Financial assets				
Investments held by the environmental trust	4	**877**	**–**	**877**
Trade receivables	7	**5,435**	**916**	**6,351**
Long-term other receivables	5	**40**	**–**	**40**
Equity investments at FVTPL	5	**9**	**–**	**9**
Other receivables (excluding VAT, prepayments and mineral royalty receivable)	7	**–**	**1,370**	**1,370**
Cash and cash equivalents	8	**–**	**17,722**	**17,722**
Financial liabilities				
Lease liabilities	3	**–**	**(355)**	**(355)**
Interest-bearing borrowings	9	**–**	**(4,144)**	**(4,144)**
Trade payables	12	**(157)**	**(6,356)**	**(6,513)**
Other payables	12	**–**	**(2,514)**	**(2,514)**
		6,204	**6,639**	**12,843**
2022				
Financial assets				
Investments held by the environmental trust	4	796	–	796
Trade receivables	7	2,486	33	2,519
Long-term other receivables	5	52	–	52
Equity investments at FVTPL	5	10	–	10
Other receivables (excluding VAT and prepayments)	7	–	833	833
Cash and cash equivalents	8	–	16,424	16,424
Financial liabilities				
Lease liabilities	3	–	(304)	(304)
Interest-bearing borrowings	9	–	(6,791)	(6,791)
Trade payables	12	–	(6,077)	(6,077)
Other payables	12	–	(1,424)	(1,424)
		3,344	2,694	6,038

[1] These financial assets and financial liabilities are mandatorily measured at FVTPL.

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management continued

34.2 Credit risk

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

34.2.1 Credit risk policy: Investments and cash and cash equivalents

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

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

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

34.2.2 Credit risk policy: Trade and other receivables

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

34.2.3 Credit risk exposure

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

Rand million	Notes	2023	2022
Trade receivables	7	**6,351**	2,519
Cash and cash equivalents	8	**17,722**	16,424
Investment held by the environmental trust	4	**877**	796
Other receivables (excluding VAT, prepayments and mineral royalty receivable)	7	**1,370**	833

Trade and other receivables

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

Other receivables were considered to have similar risk characteristics. No significant increase in credit risk related to other receivables were identified and therefore the expected credit losses were measured at a 12-month expected credit loss applying the general approach.

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management continued

34.2.3 Credit risk exposure continued

Cash and cash equivalents

The group held cash and cash equivalents of R17,722 million at 31 December 2023 (2022: R16,424 million). Cash and cash equivalents amounting to R14,089 million (2022: R13,786 million) and R2,241 million (2022: R1,737 million) were held with related parties who provide a treasury or trading service to the group (refer to note 33). Where cash is held with group companies, group treasury companies manage the external investment of cash in accordance with the group treasury policy investing in liquidity funds, bank deposits and government instruments. The funds are managed according to strict policy guidelines with pre-approved limits and counterparties, and are readily available and can be accessed and withdrawn within a period of one to two days.

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

34.2.4 Collateral

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

34.3 Liquidity risk

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

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

The group's revolving credit facilities contain financial covenants which state that:
- the ratio of SIOC's consolidated net debt to SIOC's consolidated tangible net worth must not exceed 0.8:1.0
- SIOC's consolidated tangible net worth must not be less that R20 billion at the end of each reporting period

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

The group was not in breach of any of its financial covenants during the year and as at 31 December 2023.

The group's debt facilities consist of SIOC's committed R16 billion (2022: R16 billion) revolving credit facilities, which mature in 2024, and SIOC's uncommitted facility of R8.2 billion (2022: R8.2 billion). As at 31 December 2023, R3.0 billion (2022: R1.5 billion) had been drawn from the committed facilities and R1.1 billion (2022: R5.2 billion) had been drawn from the uncommitted facility.

In addition, during the 2023 financial year, SIOC's wholly owned subsidiaries, Kumba Singapore Pte Limited and Kumba International Trading Limited, concluded revolving credit facilities which consist of a US$700 million (R13.0 billion) committed facility and a US$600 million (R11.1 billion) uncommitted facility. Both facilities were undrawn at 31 December 2023.

Financial guarantees obtained in favour of third parties must be approved by the group's Executive Committee up to R500 million, and by the Board if the value exceeds R500 million. The group issued guarantees in the current year amounting to R275 million (2022: R293 million) in respect of the shortfall for the environmental rehabilitation provisions. As at 31 December 2023, total guarantees obtained in favour of third parties amounted to R5.1 billion (2022: R4.8 billion) (refer to note 29).

At 31 December 2023, the expected cash flows from trade and other receivables maturing in the short term and the cash and cash equivalents were sufficient to meet the obligations associated with the group's financial liabilities as at that date.

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management continued

34.3 Liquidity risk continued

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

Maturity profile of the group's financial liabilities

Rand million	Note	Within 6 months	6 to 12 months	1 to 2 years	3 or more years	Total contractual cash flows
2023						
Financial liabilities						
At amortised cost:						
Lease liabilities[1]	3	**98**	**98**	**133**	**81**	**410**
Interest-bearing borrowings	9	**4,144**	**—**	**—**	**—**	**4,144**
Trade payables	12	**6,356**	**—**	**—**	**—**	**6,356**
Other payables	12	**2,946**	**—**	**—**	**—**	**2,946**
		13,544	**98**	**133**	**81**	**13,856**
2022						
Financial liabilities						
At amortised cost:						
Lease liabilities[1]	3	87	68	88	118	361
Interest-bearing borrowings	9	6,791	—	—	—	6,791
Trade payables	12	6,077	—	—	—	6,077
Other payables	12	1,928	—	—	—	1,928
		14,883	68	88	118	15,157

[1] This represents the contractual undiscounted cash flows.

34.4 Market risk

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

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

34.4.1 Foreign exchange risk

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

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management continued

34.4 Market risk continued

34.4.1 Foreign exchange risk continued

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

The average Rand/US$ exchange rate for 2023 of US$1: R18.45 (2022: US$1: R16.37) was used to translate the statement of profit or loss and statement of cash flows, while the statement of financial position was translated at the closing rate at the last day of the reporting year using an exchange rate of US$1: R18.52 (2022: US$:16.94). The group's financial instrument exposure to currency risk, excluding derivatives, is summarised below:

Rand million	Notes	Rand	US Dollar	Euro	Other	Total
2023						
Financial assets						
Fair value through profit or loss:						
Investments held by the environmental trust	4	**877**	**–**	**–**	**–**	**877**
Long-term other receivables	5	**40**	**–**	**–**	**–**	**40**
Equity investment at FVTPL	5	**9**	**–**	**–**	**–**	**9**
Trade receivables	7	**–**	**5,435**	**–**	**–**	**5,435**
Amortised cost:						
Trade receivables	7	**21**	**895**	**–**	**–**	**916**
Other receivables	7	**2,958**	**536**	**–**	**–**	**3,494**
Cash and cash equivalents	8	**1,293**	**16,406**	**–**	**23**	**17,722**
Financial liabilities						
Fair value through profit or loss:						
Trade and other payables	12	**–**	**(157)**	**–**	**–**	**(157)**
Amortised cost:						
Interest-bearing borrowings	9	**(4,144)**	**–**	**–**	**–**	**(4,144)**
Lease liabilities	3	**(355)**	**–**	**–**	**–**	**(355)**
Trade and other payables	12	**(8,214)**	**(1,494)**	**–**	**(147)**	**(9,855)**
Net exposure		**(7,515)**	**21,621**	**–**	**(124)**	**13,982**
2022						
Financial assets						
Fair value through profit or loss:						
Investments held by the environmental trust	4	796	–	–	–	796
Long-term other receivables	5	52	–	–	–	52
Equity investment at FVTPL	5	10	–	–	–	10
Trade receivables	7	–	2,486	–	–	2,486
Amortised cost:						–
Trade receivables	7	5	28	–	–	33
Other receivables	7	1,875	536	–	–	2,411
Cash and cash equivalents	8	442	15,976	–	6	16,424
Financial liabilities						–
Amortised cost:						–
Interest-bearing borrowings	9	(6,791)	–	–	–	(6,791)
Lease liabilities	3	(304)	–	–	–	(304)
Trade and other payables	12	(7,049)	(1,153)	–	(2)	(8,204)
Net exposure		(10,964)	17,873	–	4	6,913

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management continued

34.4 Market risk continued

34.4.1 Foreign exchange risk continued

Sensitivity analysis

A movement in exchange rates of 5%, with all other variables held constant, against the US Dollar would have increased/decreased profit or loss and equity by the amounts shown below, based on the net US Dollar denominated financial instrument balances at 31 December 2023. The analysis has been performed on the same basis followed for 2022.

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

	Impact on total comprehensive income and shareholders' equity	
Rand million	**Increase**	**Decrease**
2023		
US Dollar	**62**	**(56)**
2022		
US Dollar	48	(43)

34.4.2 Interest rate risk

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

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

Sensitivity analysis

Changes in market interest rates affect the interest income or expense of floating rate financial instruments. If the interest rate increased by 50 basis points, the profit would decrease by R1 million. On the other hand, if the interest rate decreased by 50 basis points, the profits would increase by R1 million at 31 December 2023.

34.4.3 Commodity price risk

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

Certain of the group's sales are provisionally priced, meaning that the selling price is determined normally 30 days after delivery of the iron ore sold to the customer, based on quoted market prices stipulated in the contract, and as a result are susceptible to future price movements. As at 31 December 2023, R5,139 million (2022: R1,240 million) of the trade receivables balance was subject to price movements.

Notes to the annual financial statements continued

for the year ended 31 December

34. Financial risk management continued

34.4 Market risk continued

34.4.3 Commodity price risk continued

Sensitivity analysis

A movement in the iron ore prices of 10%, with all other variables held constant, would have increased/decreased profit or loss and equity as shown below, based on the balance of trade receivables that are subject to provisional pricing at 31 December 2023.

Rand million	Impact on total comprehensive income and shareholders' equity	
	Increase	Decrease
2023		
Iron ore price	**519**	**(519)**
2022		
Iron ore price	258	(258)

34.5 Fair value estimation

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

Rand million	Level 1[1]	Level 2[2]	Level 3[3]
2023			
Investments held by the environmental trust	**—**	**877**	**—**
Long-term prepayments and other receivables	**—**	**—**	**40**
Equity investment at FVTPL	**—**	**—**	**9**
Trade receivables[4]	**—**	**5,435**	**—**
Trade payables	**—**	**(157)**	**—**
	—	**6,155**	**49**
2022			
Investments held by the environmental trust	—	796	—
Long-term prepayments and other receivables	—	—	52
Equity investment at FVTPL	—	—	10
Trade receivables[4]	—	2,486	—
	—	3,282	62

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

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34. Financial risk management continued

34.5 Fair value estimation continued

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

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

There were no transfers between the levels for the year ended 31 December 2023 and 31 December 2022.

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

Rand million	2023	2022
Balance at the beginning of the year	**62**	64
Fair value loss for the year	**(13)**	(2)
Balance at the end of the year	**49**	62

The long-term other receivables at 31 December 2023 relate to exploration projects. The fair value was determined using the market approach, which applies available market information of sales transactions for similar recent projects. The significant unobservable inputs used in the valuation model related to the size and grade of the ore deposit determined by geological exploration results.

There were no changes made to any of the valuation techniques applied at 31 December 2023.

34.6 Capital management

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

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

Rand million	2023	2022
Cash and cash equivalents	**17,722**	16,424
Interest-bearing borrowings	**(4,144)**	(6,791)
Lease liabilities	**(355)**	(304)
Net cash	**13,223**	9,329
Total equity	**68,222**	53,817

The group has entered into two debt facilities that dictate certain requirements in respect of capital management as listed in note 34.6. The group has complied with the contractual financial covenants at 31 December 2023 and during the year, as illustrated below:

Rand million	2023	2022
Net (cash)/debt: equity (%)		
– Target	**<80**	<80
– Actual	**8**	4
Consolidated tangible net worth		
– Target	**>R20 billion**	>R20 billion
– Actual	**R48.6 billion**	R33.9 billion

Notes to the annual financial statements continued

for the year ended 31 December

35. Directors' and prescribed officers' remuneration

2023 Single figure remuneration

R'000	Guaranteed pay and benefits			Additional payments			Long-term incentive				
	Base salary	Benefits	Total guaranteed pay 2023	Circumstantial payments	Dividend equivalent	Termination payments	Cash bonus accrued (payable in March 2024)	Deferred bonus arrangement (DBA)	Long-term incentive plan (LTIP)	Total long-term incentive	Total emoluments 2023
Notes		1		2			3	4			
Executive directors											
ND Zikalala[5]	**8,449**	**1,140**	**9,589**	—	1,906	—	**5,845**	5,845	3,438	**9,283**	**26,623**
TM Mkhwanazi[6,7]	**—**	**—**	**—**	—	—	—	**—**	—	5,141	**5,141**	**5,141**
BA Mazarura[6]	**6,354**	**300**	**6,654**	107	—	—	**2,611**	2,611	2,009	**4,620**	**13,992**
Sub-total	**14,803**	**1,440**	**16,243**	107	1,906	—	**8,456**	8,456	10,588	**19,044**	**45,756**
Prescribed officers											
V Kumar[6,8]	**4,471**	**401**	**4,872**	—	723	—	**1,588**	1,588	1,583	**3,171**	**10,354**
PC Madlala[9]	**1,173**	**151**	**1,324**	—	—	376	**435**	—	—	**—**	**2,135**
SA Martin[6,10]	**3,377**	**297**	**3,674**	122	436	—	**1,193**	1,193	1,189	**2,382**	**7,807**
GM Mc Gavigan[6,10]	**3,777**	**295**	**4,072**	151	484	—	**1,325**	1,325	1,320	**2,645**	**8,677**
PG Nortje[11]	**1,932**	**194**	**2,126**	934	—	—	**1,242**	1,242	1,517	**2,759**	**7,061**
P Ramchander[6,12]	**3,154**	**459**	**3,613**	67	473	—	**1,174**	1,174	1,170	**2,344**	**7,671**
S Ramgoolam	**2,942**	**270**	**3,212**	66	—	—	**1,059**	1,059	—	**1,059**	**5,396**
NM Sibanyoni	**2,990**	**439**	**3,429**	—	—	—	**1,112**	1,112	—	**1,112**	**5,653**
F Patel	**2,545**	**328**	**2,873**	—	—	—	**947**	947	—	**947**	**4,767**
Sub-total	**26,361**	**2,834**	**29,195**	1,340	2,116	376	**10,075**	9,640	6,779	**16,419**	**59,521**
Total	**41,164**	**4,274**	**45,438**	1,447	4,022	376	**18,531**	18,096	17,367	**35,463**	**105,277**

1 The benefits include employer contributions to the retirement and medical aid funds.
2 Includes leave encashment.
3 The short-term incentive is based on Kumba's performance which is measured against the performance scorecard. This incentive is expected to be paid in March 2024.
4 The face value of DBA shares (awarded in terms of the Bonus and Retention Share Plan) awarded in March 2023 is derived from the 2022 scorecard.
5 40.0% of the Anglo American plc LTIP shares awarded in 2021, when she was employed in De Beers Managed Operations, a subsidiary of the ultimate holding company, have vested based on a performance condition testing. Additional payments relate to a dividend equivalent pertaining to Anglo American plc shares that vested on 1 March 2023.
6 41.2% of the LTIP shares awarded in 2021, with a performance period ending 31 December 2023, have vested based on performance condition testing.
7 No salary accrued or was paid during 2023 as he transferred within the Anglo American group on 31 December 2021 to become the CEO of Bulk Commodities. LTIP share vesting is not accelerated and remains subject to a performance condition testing.
8 40.0% of the Anglo American LTIP shares awarded in 2021, when he was employed by Anglo American Coal SA (now known as Thungela Resources), have vested based on performance condition testing. the dividend equivalent relates to the Anglo American plc LTIP shares that vested on 1 March 2023. He has been transferred to Anglo Corporate Services South Africa on 1 February 2024. The DBA will be awarded in Anglo American JSE shares and is included in the Long-term incentive figure.
9 Acting Head of Human Resources from 1 January 2022 to 31 July 2022. The termination payments relate to a leave payout upon his retirement on 31 July 2023. The short-term incentive is a pro rata payment to be made in March 2024.
10 The dividend equivalent relates to 2020 LTIP share awards that vested on 1 March 2023.
11 Appointed 1 July 2023. Circumstantial payment reflects to the retention award paid subject to a three-year retention period. 40.0% of the Anglo American plc LTIP shares awarded in 2021, when employed by De Beers Consolidated Mines, have vested based on a performance condition testing. The dividend equivalent relates to the Anglo American plc LTIP shares that have vested on 1 March 2023.
12 40.0% of the Anglo American LTIP shares awarded in 2021, when he was employed by Anglo American Corporate Services SA, have vested based on performance condition testing. The dividend equivalent relates to the Anglo American plc LTIP shares that vested on 1 March 2023.

Notes to the annual financial statements continued

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35. Directors' and prescribed officers' remuneration continued

2022 Single figure remuneration

R'000	Guaranteed pay and benefits			Additional payments				Long-term incentive			
	Base salary	Benefits	Total guaranteed pay 2022	Circumstantial payments	Termination payments	Dividend equivalent	Cash bonus accrued (payable in March 2024)	Deferred bonus arrangement (DBA)	Long-term incentive plan (LTIP)	Total Long-term incentive	Total emoluments 2022
Notes		13		14		4	15	16			
Executive directors											
ND Zikalala[1]	7,970	1,072	9,042	—	—	1,164	4,824	4,824	10,566	15,390	30,420
TM Mkhwanazi[2,3]	—	—	—	—	—	—	—	—	6,012	6,012	6,012
BA Mazarura[2]	5,994	282	6,276	—	—	—	1,582	1,582	3,053	4,635	12,493
Sub-total	13,964	1,354	15,318	—	—	1,164	6,406	6,406	19,631	26,037	48,925
Prescribed officers											
PJP Fourie[2,4,5]	—	—	—	—	—	370	—	—	252	252	622
V Kumar[6]	4,202	378	4,580	153	—	671	1,155	1,155	4,612	5,767	12,326
PC Madlala[7]	1,898	244	2,142	187	—	—	544	—	—	—	2,873
SA Martin[2,4]	3,185	280	3,465	115	—	564	827	827	1,031	1,858	6,829
GM Mc Gavigan[2,4]	3,561	278	3,839	127	—	626	963	963	1,144	2,107	7,662
Y Mfolo[8]	—	—	—	—	—	526	—	—	—	—	526
P Ramchander[9]	2,976	429	3,405	9	—	434	813	813	—	813	5,474
S Ramgoolam[10]	2,402	220	2,622	2	—	—	344	344	—	344	3,312
NM Sibanyoni	2,769	407	3,176	—	—	—	794	794	—	794	4,764
TS Smit[11]	8,996	1,702	10,698	2,834	—	2,966	—	—	—	—	16,498
SV Tyobeka[2,12]	—	—	—	—	—	625	—	—	1,143	1,143	1,768
F Patel	2,401	309	2,710	—	—	—	689	689	—	689	4,088
Sub-total	32,390	4,247	36,637	3,427	—	6,782	6,129	5,585	8,182	13,767	66,742
Total	46,354	5,601	51,955	3,427	—	7,946	12,535	11,991	27,813	39,804	115,667

1 62.2% of the Anglo American plc LTIP shares awarded in 2020, when she was employed by De Beers Managed Operations, a subsidiary of the ultimate holding company, have vested based on performance condition testing. Dividend equivalent relates to the Anglo American plc LTIP shares that vested on 22 February 2022.
2 33.4% of the LTIP shares awarded in 2020, with a performance period ending 31 December 2022, have vested based on performance condition testing.
3 No salary accrued or paid during 2022 as they were not employed by the Kumba group during the 2022 financial year. TM Mkhwanazi resigned from Kumba on 31 December 2021 to become the CEO of Bulk Commodities from 1 January 2022, and therefore remains an employee of the Anglo American group. LTIP share vesting is not accelerated and remain subject to performance testing.
4 Dividend equivalent relates to 2019 LTIP share awards that vested on 1 March 2022.
5 No salary accrued or paid during 2022 as he retired on 31 March 2021. LTIP share vesting is not accelerated and remains subject to performance testing.
6 62.2% of the Anglo American plc LTIP shares awarded in 2020, when he was employed by Anglo American Coal SA (now Thungela Resources), have vested based on performance condition testing. Dividend equivalent relates to the Anglo American plc LTIP shares that vested on 1 March 2022.
7 Acting Head of Human Resources from 1 January 2022 to 31 July 2022. In terms of the Bonus and Retention Share Plan rules he does not qualify for a DBA award as he will retire within one year (i.e. July 2023).
8 No salary accrued or paid during 2022 as she transferred to Anglo American Platinum Limited, a subsidiary of the ultimate holding company, effective from 1 May 2020. The dividend equivalent relates to Kumba LTIP shares that vested on 1 March 2022.
9 62.2% of the Anglo American LTIP shares awarded in 2020 when employed by Anglo American Corporate Services South Africa have vested based on performance condition testing. The dividend equivalent relates to the Anglo American plc LTIP shares that vested on 1 March 2022.
10 Appointed as Head of Human Resources with effect from 1 August 2022. The earnings include remuneration received in her role as Manager Organisational Effectiveness, i.e. prior to being promoted to the Head of Human Resources position.
11 Employed by Anglo American Marketing Limited (based in Singapore). Emoluments are paid in Singapore Dollars and Pound Sterling. The values declared are based on the average Rand/US$ exchange rate for the year ended 31 December 2022. The DBA and LTIP shares awarded are settled in Anglo American plc shares. Included in Circumstantial payments are cost-of-living related allowances. The dividend equivalent is related to the Anglo American plc shares.
12 No salary accrued or paid during 2022 due to her intergroup transfer to Anglo American Platinum Limited, effective 1 August 2021. The dividend equivalent is related to Kumba LTIP shares that vested on 1 March 2022.
13 The benefits include employer contributions to the retirement and medical aid funds.
14 Includes leave encashment and acting allowances paid.
15 The short-term incentive is based on Kumba's performance which is measured against the performance scorecard. This incentive is expected to be paid in 2023.
16 The face value of DBA shares (awarded in terms of the Bonus and Retention Share Plan) awarded in March 2023 is derived from the 2022 scorecard.

Notes to the annual financial statements continued

for the year ended 31 December

35. Directors' and prescribed officers' remuneration continued

2023 Single figure remuneration

R'000	Fees		
	Directors' fees	Committee fees	Total emoluments
Non-executive directors			
MS Bomela[1]	**890**	**484**	**1,374**
TP Goodlace[2]	**1,932**	**—**	**1,932**
A Jeawon[3]	**369**	**599**	**968**
MA Jenkins	**369**	**677**	**1,046**
D Wanblad[4]	**144**	**74**	**218**
TM Mkhwanazi[4]	**368**	**378**	**746**
SM Kuijlaars[4,5]	**128**	**125**	**253**
NB Langa-Royds	**369**	**849**	**1,218**
SS Ntsaluba	**369**	**874**	**1,243**
BP Sonjica[6]	**368**	**818**	**1,186**
MJ Tsele[7]	**368**	**552**	**920**
Total	**5,674**	**5,430**	**11,104**

1 Appointed as the Lead independent non-executive director from 1 July 2023.
2 The Chairperson of the Board also chairs the Nominations and Governance Committee and the Strategy and Investment Committee. However, the Chairperson does not receive additional remuneration in respect of the committees he serves on.
3 Appointed with effect from 1 January 2023.
4 Fees were paid to Anglo American plc.
5 Appointed with effect from 31 May 2023 and resigned from the Board on 1 October 2023.
6 Retired on 31 December 2023.
7 Fees were paid to the Independent Development Corporation.

2022 Single figure remuneration

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

1 The Chairperson of the Board also chairs the Nominations and Governance Committee and the Strategy and Investment Committee. However, the Chairperson does not receive additional remuneration in respect of the committees he serves on.
2 Appointed as a Non-executive director on 1 January 2022. He previously served as an Executive director during his tenure as the Chief Executive of the Company until 31 December 2021.

Notes to the annual financial statements continued

for the year ended 31 December

35. Directors' and prescribed officers' remuneration continued

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

The interests of the Executive directors and of prescribed officers in shares of the Company granted in terms of the various long-term incentive schemes as at 31 December 2023 are shown in the following tables below:

			Number of shares					R'000		
Scheme	Award date	Next date of vesting	Opening balance on 1 January 2023	Granted during 2023	Forfeited during 2023	Vesting during 2023	Closing balance on 31 December 2023	Value of receipts	Estimated fair value on 31 December 2023	Estimated fair value of cumulative dividend equivalents at 31 December 2023
Executive directors[1]					2			3	4	
ND Zikalala										
Kumba share awards										
DBA	1 March 2022	1 March 2024	3,247	–	–	–	3,247	126	1,975	–
DBA	1 March 2023	1 March 2025	–	9,297	–	–	9,297	362	5,654	–
LTIP[5]	1 March 2022	1 March 2025	19,011	–	–	–	19,011	–	6,534	–
LTIP[5]	1 March 2023	1 March 2026	–	24,422	–	–	24,422	–	8,544	570
Anglo American plc share awards (JSE)										
DBA	9 March 2020	9 March 2023	4,084	–	–	4,084	–	2,679	–	–
DBA	12 March 2021	12 March 2024	1,944	–	–	660	1,284	464	781	–
DBA	20 May 2021	12 March 2024	396	–	–	134	262	94	159	–
LTIP	6 May 2020	9 March 2023	25,200	–	7,182	18,018	–	11,820	–	–
LTIP	12 March 2021	12 March 2024	14,500	–	–	–	14,500	–	689	689
LTIP	16 June 2021	12 March 2024	168	–	31	76	61	50	3	3
Sub-total			68,550	33,719	7,213	22,972	72,084	15,595	24,339	1,262
TM Mkhwanazi										
Kumba share awards										
DBA	9 April 2018	1 March 2023	6,288	–	–	6,288	–	3,016	–	–
DBA	1 March 2019	1 March 2024	8,179	–	–	–	8,179	318	4,974	–
DBA	1 March 2020	1 March 2025	22,330	–	–	14,887	7,443	7,431	4,527	–
DBA	1 March 2021	1 March 2024	10,742	–	–	3,580	7,162	1,996	4,356	–
DBA	1 March 2022	1 March 2024	13,841	–	–	–	13,841	538	8,418	–
LTIP[5,6]	11 August 2020	1 March 2023	36,430	–	24,262	12,168	–	5,837	–	–
LTIP[5]	1 March 2021	1 March 2024	20,510	–	–	–	20,510	–	5,141	–
Anglo American plc share awards (JSE)										
DBA[7]	1 March 2020	1 March 2024	27,574	–	–	9,191	18,383	6,470	11,180	–
Sub-total			145,894	–	24,262	46,114	75,518	25,606	38,596	–
BA Mazarura										
Kumba share awards										
DBA	1 March 2020	1 March 2023	6,977	–	–	6,977	–	3,347	–	–
DBA	1 March 2021	1 March 2024	2,907	–	–	969	1,938	540	1,179	–
DBA	1 March 2022	1 March 2024	3,930	–	–	–	3,930	153	2,390	–
DBA	1 March 2023	1 March 2025	–	3,049	–	–	3,049	119	1,854	–
LTIP[5,6]	11 August 2020	1 March 2023	13,558	–	9,029	4,529	–	2,172	–	–
LTIP[5]	1 March 2021	1 March 2024	8,015	–	–	–	8,015	–	2,009	–
LTIP[5]	1 March 2022	1 March 2025	8,771	–	–	–	8,771	–	3,014	–
LTIP[5]	1 March 2023	1 March 2026	–	14,085	–	–	14,085	–	4,927	329
Sub-total			44,158	17,134	9,029	12,475	39,788	6,331	15,373	329

Notes to the annual financial statements continued

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35. Directors' and prescribed officers' remuneration continued

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

Scheme	Award date	Next date of vesting	Number of shares					R'000		
			Opening balance on 1 January 2023	Granted during 2023	Forfeited during 2023	Vesting during 2023	Closing balance on 31 December 2023	Value of receipts	Estimated fair value on 31 December 2023	Estimated fair value of cumulative dividend equivalents at 31 December 2023
Prescribed officers										
V Kumar										
Kumba share awards										
DBA	1 March 2021	1 March 2024	1,884	–	–	628	1,256	350	764	–
DBA	1 March 2022	1 March 2024	2,869	–	–	–	2,869	112	1,745	–
DBA	1 March 2023	1 March 2025	–	2,226	–	–	2,226	87	1,354	–
LTIP	1 March 2021	1 March 2024	4,681	–	–	–	4,681	–	1,583	407
LTIP	1 March 2022	1 March 2025	5,122	–	–	–	5,122	–	2,063	302
LTIP	1 March 2023	1 March 2026	–	6,580	–	–	6,580	–	2,302	154
Anglo American plc share awards (JSE)[7]										
DBA	9 March 2020	1 March 2023	3,763	–	–	3,763	–	2,469	–	–
DBA	6 May 2020	1 March 2023	944	–	–	944	–	619	–	–
LTIP	6 May 2020	1 March 2023	11,000	–	4,163	6,837	–	4,485	–	–
LTIP	4 June 2021	1 March 2023	46	–	18	28	–	18	–	–
Sub-total			**30,309**	**8,806**	**4,181**	**12,200**	**22,734**	**8,140**	**9,811**	**863**
PC Madlala										
Kumba share awards										
DBA	1 March 2020	1 March 2023	2,290	–	–	2,290	–	1,098	–	–
DBA	1 March 2021	1 March 2023	931	–	–	931	–	451	–	–
DBA[8]	1 March 2022	1 March 2023	1,414	–	–	1,414	–	687	–	–
Sub-total			**4,635**	**–**	**–**	**4,635**	**–**	**2,236**	**–**	**–**
SA Martin										
Kumba share awards										
DBA	1 March 2020	1 March 2023	3,524	–	–	3,524	–	1,690	–	–
DBA	1 March 2021	1 March 2024	1,675	–	–	558	1,117	311	679	–
DBA	1 March 2022	1 March 2024	2,156	–	–	–	2,156	84	1,311	–
DBA	1 March 2023	1 March 2025	–	1,673	–	–	1,673	65	1,018	–
LTIP	11 August 2020	1 March 2023	6,248	–	4,161	2,087	–	1,001	–	–
LTIP	1 March 2021	1 March 2024	3,518	–	–	–	3,518	–	1,189	308
LTIP	1 March 2022	1 March 2025	3,850	–	–	–	3,850	–	1,550	227
LTIP	1 March 2023	1 March 2026	–	4,945	–	–	4,945	–	1,730	115
Sub-total			**20,971**	**6,618**	**4,161**	**6,169**	**17,259**	**3,151**	**7,477**	**650**

Notes to the annual financial statements continued

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35. Directors' and prescribed officers' remuneration continued

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

			Number of shares					R'000		
Scheme	Award date	Next date of vesting	Opening balance on 1 January 2023	Granted during 2023	Forfeited during 2023	Vesting during 2023	Closing balance on 31 December 2023	Value of receipts	Estimated fair value on 31 December 2023	Estimated fair value of cumulative dividend equivalents at 31 December 2023
GM Mc Gavigan										
Kumba share awards										
DBA	1 March 2020	1 March 2023	3,911	–	–	3,911	–	1,876	–	–
DBA	1 March 2021	1 March 2024	1,859	–	–	619	1,240	345	754	–
DBA	1 March 2022	1 March 2024	2,393	–	–	–	2,393	93	1,455	–
DBA	1 March 2023	1 March 2025	–	1,856	–	–	1,856	72	1,129	–
LTIP	11 August 2020	1 March 2023	6,934	–	4,618	2,316	–	1,111	–	–
LTIP	1 March 2021	1 March 2024	3,904	–	–	–	3,904	–	1,320	341
LTIP	1 March 2022	1 March 2025	4,272	–	–	–	4,272	–	1,721	252
LTIP	1 March 2023	1 March 2026	–	5,489	–	–	5,489	–	1,920	128
Sub-total			23,273	7,345	4,618	6,846	19,154	3,497	8,299	721
PG Nortje[7]										
Anglo American plc share awards (JSE)[7]										
DBA	9 March 2020	1 March 2023	3,239	–	–	3,239	–	2,125	–	–
DBA	12 March 2021	1 March 2024	1,336	–	–	454	882	319	536	–
DBA	20 May 2021	1 March 2024	545	–	–	185	360	130	219	–
DBA	10 March 2022	1 March 2024	1,689	–	–	–	1,689	40	1,027	–
DBA	10 March 2023	1 March 2025	–	1,876	–	–	1,876	45	1,141	–
LTIP	6 May 2020	1 March 2023	44	–	13	31	–	20	–	–
LTIP	6 May 2020	1 March 2023	10,400	–	2,964	7,436	–	4,878	–	–
LTIP	12 March 2021	1 March 2024	6,400	–	–	–	6,400	–	304	304
LTIP	4 June 2021	1 March 2024	27	–	–	–	27	–	1	1
LTIP	11 March 2022	1 March 2025	4,360	–	–	–	4,360	–	216	216
LTIP	10 March 2023	1 March 2026	–	6,800	–	–	6,800	–	185	185
Sub-total			28,040	8,676	2,977	11,345	22,394	7,557	3,629	706
P Ramchander										
Kumba share awards										
DBA	1 March 2021	1 March 2024	1,418	–	–	472	946	263	575	–
DBA	1 March 2022	1 March 2024	2,390	–	–	–	2,390	93	1,454	–
DBA	1 March 2023	1 March 2025	–	1,645	–	–	1,645	64	1,000	–
LTIP	1 March 2021	1 March 2024	3,459	–	–	–	3,459	–	1,170	302
LTIP	1 March 2022	1 March 2025	3,785	–	–	–	3,785	–	1,524	223
LTIP	1 March 2023	1 March 2026	–	4,863	–	–	4,863	–	1,702	114
Anglo American plc share awards (JSE)[9]										
DBA	9 March 2020	1 March 2023	2,900	–	–	2,900	–	1,902	–	–
LTIP	6 May 2020	1 March 2023	7,200	–	2,725	4,475	–	2,936	–	–
LTIP	4 June 2021	1 March 2023	30	–	12	18	–	12	–	–
Sub-total			21,182	6,508	2,737	7,865	17,088	5,270	7,425	639

Notes to the annual financial statements continued

for the year ended 31 December

35. Directors' and prescribed officers' remuneration continued

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

			Number of shares					R'000		
Scheme	Award date	Next date of vesting	Opening balance on 1 January 2023	Granted during 2023	Forfeited during 2023	Vesting during 2023	Closing balance on 31 December 2023	Value of receipts	Estimated fair value on 31 December 2023	Estimated fair value of cumulative dividend equivalents at 31 December 2023
S Ramgoolam										
Kumba share awards										
DBA	1 March 2020	1 March 2023	2,381	–	–	2,381	–	1,142	–	–
DBA	1 March 2021	1 March 2024	1,132	–	–	377	755	210	459	–
DBA	1 March 2022	1 March 2024	1,462	–	–	–	1,462	57	889	–
DBA	1 March 2023	1 March 2025	–	1,285	–	–	1,285	50	782	–
LTIP	1 March 2023	1 March 2026	–	4,388	–	–	4,388	–	1,535	102
Sub-total			4,975	5,673	–	2,758	7,890	1,459	3,665	102
NM Sibanyoni										
Kumba share awards										
DBA	1 March 2022	1 March 2024	1,324	–	–	–	1,324	52	805	–
DBA	1 March 2023	1 March 2025	–	1,530	–	–	1,530	60	931	–
LTIP	1 March 2022	1 March 2025	3,522	–	–	–	3,522	–	1,418	207
LTIP	1 March 2023	1 March 2026	–	4,610	–	–	4,610	–	1,613	108
Sub-total			4,846	6,140	–	–	10,986	112	4,767	315
F Patel										
Kumba share awards										
DBA	1 March 2021	1 March 2024	1,245	–	–	415	830	231	505	–
DBA	1 March 2022	1 March 2024	1,711	–	–	–	1,711	67	1,041	–
DBA	1 March 2023	1 March 2025	–	1,327	–	–	1,327	52	807	–
Sub-total			2,956	1,327	–	415	3,868	350	2,353	–
Total			399,789	101,946	59,178	133,794	308,763	79,304	125,734	5,587

1 Kumba share awards granted in terms of the Bonus and Retention Share Plan (DBA) and Performance Share Plan (LTIP).
2 Shares forfeited due to performance conditions not met in full (actual vesting of 4.00% and 5.00% for Anglo American plc shares).
3 Includes dividend payments received in March 2023 and August 2022 as well as face value of all share vestings during 2023.
4 Sum total of the estimated fair value of unvested DBA shares, 2021 LTIP award (actual vesting of 10.00% and 10.00% for Anglo American plc shares), 2022 and 2023 LTIP awards (estimated vesting of 60%). The value is based on a three-day VWAP on 31 December 2023 of R608.19 for Kumba Iron Ore Limited, R471.38 for Anglo American plc (JSE) shares.
5 Post vesting of the awards, an additional two-year holding period, subject to clawback conditions, will apply. Do not qualify for any dividend equivalents during the restricted performance period.
6 Shares vested as a result of performance conditions being met. Shares are subject to an additional two-year holding period during which clawback conditions apply.
7 Anglo American plc (JSE) shares previously awarded when employed by Anglo American Coal SA.
8 Accelerated vesting due to retirement on 31 July 2023.
9 Anglo American plc (JSE) shares previously awarded when employed by Anglo American Corporate Services SA.

Notes to the annual financial statements continued

for the year ended 31 December

35. Directors' and prescribed officers' remuneration continued

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

The interests of the Executive directors and of prescribed officers in shares of the Company granted in terms of the various long-term incentive schemes as at 31 December 2022 are shown in the following tables below:

			Number of shares					R'000		
Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2022	Granted during 2022	Forfeited during 2022	Vesting during 2022	Closing balance on 31 December 2022	Value of receipts [8]	Estimated fair value on 31 December 2022 [9]	Estimated fair value of cumulative dividend equivalents at 31 December 2022 [10]
Executive directors										
ND Zikalala										
Kumba share awards										
DBA	1 March 2022	1 March 2024	—	3,247	—	—	3,247	192	1,604	—
LTIP	1 March 2022	1 March 2025	—	19,011	—	—	19,011	—	5,043	—
Anglo American plc share awards										
DBA	8 March 2019	8 March 2022	2,744	—	—	2,744	—	2,209	—	—
DBA	9 March 2020	9 March 2023	4,084	—	—	—	4,084	—	2,753	—
DBA	12 March 2021	12 March 2023	1,944	—	—	—	1,944	—	1,310	—
DBA	20 May 2021	12 March 2024	396	—	—	—	396	—	267	—
LTIP	26 March 2019	22 February 2022	20,200	—	4,747	15,453	—	11,293	—	—
LTIP	6 May 2020	9 March 2023	25,200	—	—	—	25,200	—	10,566	1,688
LTIP	12 March 2021	12 March 2024	14,500	—	—	—	14,500	—	5,515	826
LTIP	16 June 2021	22 February 2022	254	—	21	65	168	50	68	10
Thungela Resources share awards										
DBA	4 June 2021	1 March 2022	916	—	—	916	—	141	—	—
Sub-total			70,238	22,258	4,768	19,178	68,550	13,885	27,126	2,524
TM Mkhwanazi[4]										
Kumba share awards										
DBA	1 March 2017	1 March 2022	2,082	—	—	2,082	—	1,260	—	—
DBA	1 June 2017	1 March 2022	2,585	—	—	2,585	—	1,564	—	—
DBA	9 April 2018	1 March 2023	6,288	—	—		6,288	372	3,107	—
DBA	1 March 2019	1 March 2024	24,536	—	—	16,357	8,179	10,382	4,041	—
DBA	1 March 2020	1 March 2023	22,330	—	—	—	22,330	1,322	11,033	—
DBA	1 March 2021	1 March 2023	10,742	—	—	—	10,742	636	5,308	—
DBA	1 March 2022	1 March 2024	—	13,841			13,841	819	6,839	—
LTIP	31 May 2019	1 March 2022	24,776	—	8,052	16,724	—	10,120	—	—
LTIP	11 August 2020	1 March 2023	36,430	—	—	—	36,430	—	6,012	—
LTIP	1 March 2021	1 March 2024	20,510	—	—	—	20,510	—	5,726	—
Anglo American plc share awards										
DBA	1 March 2020	1 March 2023	27,574	—	—	—	27,574	1,290	18,588	—
Thungela Resources share awards										
DBA	4 June 2021	1 March 2023	2,757	—	—	2,757	—	423	—	—
Anglo American plc share awards										
LTIP	11 March 2022	11 March 2025	—	44,863	—	—	44,863	—	16,185	1,256
Sub-total			180,610	58,704	8,052	40,505	190,757	28,188	76,839	1,256
BA Mazarura										
Kumba share awards										
DBA	1 March 2019	1 March 2022	5,637	—	—	5,637	—	3,411	—	—
DBA[1]	1 March 2020	1 March 2023	6,977	—	—	—	6,977	413	3,447	—
DBA	1 March 2021	1 March 2023	2,907	—	—	—	2,907	172	1,436	—
DBA	1 March 2022	1 March 2024	—	3,930	—	—	3,930	233	1,942	—
LTIP[2,11,12]	31 May 2019	1 March 2022	9,048	—	2,940	6,108	—	3,696	—	—
LTIP	11 August 2020	1 March 2023	13,558	—	—	—	13,558	—	2,238	—
LTIP	1 March 2021	1 March 2024	8,015		—	—	8,015	—	2,238	—
LTIP	1 March 2022	1 March 2025	—	8,771	—	—	8,771	—	2,327	—
Sub-total			46,142	12,701	2,940	11,745	44,158	7,925	13,628	—

Notes to the annual financial statements continued

for the year ended 31 December

35. Directors' and prescribed officers' remuneration continued

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

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

Notes to the annual financial statements continued

for the year ended 31 December

35. Directors' and prescribed officers' remuneration continued

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

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

Notes to the annual financial statements continued

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35. Directors' and prescribed officers' remuneration continued

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

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

Notes to the annual financial statements continued

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35. Directors' and prescribed officers' remuneration continued

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

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

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

Notes to the annual financial statements continued

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35. Directors' and prescribed officers' remuneration continued

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

Directors' beneficial interest in Kumba

The aggregate beneficial interest in Kumba at 31 December 2023 of the directors of the Company and their immediate families (none of whom has a holding greater than 1%) in the issued shares of the Company are detailed below. There have been no changes to the shareholding since 31 December 2023 to the date of approval of these annual financial statements.

	2023			2022		
Capacity and name	**Direct shareholding**	**Long-term incentive scheme shares**	**Total beneficial interest**	Direct shareholding	Long-term incentive scheme shares	Total beneficial interest
Executive directors						
ND Zikalala[1]	**–**	**12,544**	**12,544**	–	3,247	3,247
BA Mazarura[1,3]	**–**	**19,554**	**19,554**	2,959	24,787	27,746
Sub-total	**–**	**32,098**	**32,098**	2,959	28,034	30,993
Non-executive directors						
TM Mkhwanazi[2,4]	**78,725**	**65,517**	**144,242**	57,816	93,092	150,908
Sub-total	**78,725**	**65,517**	**144,242**	57,816	93,092	150,908
Total	**78,725**	**97,615**	**176,340**	60,775	121,126	181,901

1 Long-term incentive scheme reflects the DBA awards granted under the rules of the BRP as disclosed in the tables above.
2 Long-term incentive scheme relates to DBA awards granted under the rules of the BRP as disclosed in the tables above and includes vested LTIP shares subject to a holding period as per the rules of the PSP.
3 Private shareholding sold on 22 November 2023 as disclosed on SENS. Long-term incentive scheme relates to DBA awards granted under the rules of the BRP as disclosed in the tables above and includes vested LTIP shares subject to a holding period as per the rules of the PSP.
4 Private shareholding increased following the vesting of Long-term incentive scheme shares. Long-term incentive scheme relates to DBA awards granted under the rules of the BRP as disclosed in the tables above and includes vested LTIP shares subject to a holding period as per the rules of the PSP.

Kumba Iron Ore Company

Statement of financial position

as at 31 December

Rand million	Notes	2023	2022
ASSETS			
Investment (shares at cost)	1	**3**	3
Loans to subsidiaries	1	**256**	350
Deferred tax assets		**1**	2
Non-current assets		**260**	355
Cash and cash equivalents	2	**420**	397
Current tax asset	8	**14**	16
Current assets		**434**	413
Total assets		**694**	768
EQUITY AND LIABILITIES			
Share capital and premium	3	**367**	367
Reserves		**100**	94
Accumulated loss		**(70)**	(17)
Total equity		**397**	444
Other payables		**297**	324
Current liabilities		**297**	324
Total liabilities		**297**	324
Total equity and liabilities		**694**	768

Statement of profit or loss and other comprehensive income

for the year ended 31 December

Rand million	Notes	2023	2022
Revenue	4	**12,529**	19,067
Net operating expenses	5	**(119)**	(163)
Operating profit		**12,410**	18,904
Finance income		**101**	91
Profit before taxation		**12,511**	18,995
Taxation	6	**(30)**	(14)
Profit for the year		**12,481**	18,981
Total comprehensive income for the year		**12,481**	18,981

The Company did not have any other comprehensive income during the year other than the profit for the year, therefore no separate statement of other comprehensive income is presented for the years ended 31 December 2023 and 31 December 2022.

Statement of changes in equity

for the year ended 31 December

Rand million	Share capital (note 3)	Share premium (note 3)	Equity-settled share-based payment reserve	Retained earnings/ (accumulated loss)	Total
Balance at 31 December 2021	3	364	61	66	494
Equity-settled share-based payments	—	—	52	—	52
Vesting of shares under employee share incentive schemes	—	—	(19)	3	(16)
Total comprehensive income for the year	—	—	—	18,981	18,981
Dividends paid	—	—	—	(19,067)	(19,067)
Balance at 31 December 2022	**3**	**364**	**94**	**(17)**	**444**
Equity-settled share-based payments	**—**	**—**	**35**	**—**	**35**
Vesting of shares under employee share incentive schemes	**—**	**—**	**(29)**	**(5)**	**(34)**
Total comprehensive income for the year	**—**	**—**	**—**	**12,481**	**12,481**
Dividends paid	**—**	**—**	**—**	**(12,529)**	**(12,529)**
Balance at 31 December 2023	**3**	**364**	**100**	**(70)**	**397**

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

Statement of cash flows

for the year ended 31 December

Rand million	Notes	2023	2022
Cash flows (utilised in)/from operating activities			
Cash generated from operations[1]	7	**12,418**	18,992
Finance income received		**101**	91
Dividends paid		**(12,529)**	(19,067)
Taxation paid	8	**(27)**	(38)
		(37)	(22)
Cash flows from investing activities			
Loan granted to subsidiaries	1	**(54)**	—
Loans repaid by subsidiary	1	**148**	28
		94	28
Cash flows utilised in financing activities			
Vesting of shares under employee share incentive schemes		**(34)**	(16)
		(34)	(16)
Net increase/(decrease) in cash and cash equivalents		**23**	(10)
Cash and cash equivalents at the beginning of the year		**397**	407
Cash and cash equivalents at the end of the year	2	**420**	397

[1] This amount includes R12,529 million (2022: R18,957 million) in respect of dividends received from SIOC.

Notes to the annual financial statements

for the year ended 31 December

1. Interests in subsidiaries

Rand million	2023	2022
Reflected as non-current assets, consist of:		
Investments (shares at cost)	**3**	3
Loan to SIOC	**202**	350
Loan to KIO Investment Holdings Proprietary Limited	**54**	—
Net interests in subsidiaries	**259**	353

Investments in subsidiaries are accounted for at cost.

The loan to SIOC bears interest at a variable market-related rate of 6.5%. SIOC has sufficient cash flows to cover the debt highlighted by the dividends declared in the current year.

The loan to KIO Investment Holdings is an interest-free loan and does not have any repayment terms and will be repaid after 12 months.

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

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

2. Cash and cash equivalents

Rand million	2023	2022
Cash and cash equivalents	**420**	397
Currency analysis of cash and cash equivalents		
Rand	**420**	397

The Company held deposits amounting to R401 million (31 December 2022: R396 million), which are subject to statutory restrictions and are therefore not available for general use by the Company.

Credit risk

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

Fair value of cash and cash equivalents

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

Notes to the annual financial statements continued

for the year ended 31 December

3. Share capital and share premium

Number of shares	2023	2022
Authorised		
500,000,000 ordinary shares of R0.01 each	**500,000,000**	500,000,000
Issued		
Ordinary shares of R0.01 each	**322,085,974**	322,085,974
Reconciliation of issued shares		
Number of shares at the beginning of the year	**322,085,974**	322,085,974
Number of shares at the end of the year	**322,085,974**	322,085,974

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

Rand million	2023	2022
Reconciliation of share capital and premium		
Share capital	**3**	3
Share premium	**364**	364
	367	367

4. Revenue

Rand million	2023	2022
Dividends received from subsidiary (refer to note 9)	**12,529**	19,067

5. Net operating expenses

Rand million	2023	2022
Cost by nature		
Salaries and wages	**34**	39
Equity-settled share-based payments	**35**	52
Pension, medical and termination costs	**1**	1
General charges	**75**	95
Cost recoveries[1]	**(26)**	(24)
	119	163
The above costs are stated after including:		
Directors' remuneration[2]	**37**	31
Executive directors		
Emoluments received as directors of the Company	**18**	16
Bonuses and cash incentives	**8**	6
Non-executive directors – emoluments as directors of the Company	**11**	9

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

Notes to the annual financial statements continued

for the year ended 31 December

6. Taxation

Rand million	2023	2022
Charge to income		
RSA normal tax		
Current year	**29**	14
Deferred tax	**1**	—
Total	**30**	14

	%	%
Reconciliation of taxation rates		
Taxation as a percentage of profit before taxation	**0.2**	0.1
Taxation effect of:		
Disallowable expenditure[1]	**(0.2)**	(0.2)
Exempt income[2]	**27.0**	28.1
Standard tax rate	**27.0**	28.0

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

7. Cash generated by operations

Rand million	2023	2022
Operating profit	**12,410**	18,904
Adjusted for:		
Share-based payment expense	**35**	52
Working capital movements:		
(Decrease)/increase in other payables	**(27)**	36
Cash flows generated from operating activities	**12,418**	18,992

8. Normal taxation paid

Rand million	2023	2022
Current tax (asset)/liability at the beginning of the year	**(16)**	8
Amounts charged to the statement of profit or loss	**29**	14
Current tax asset at the end of the year	**14**	16
Taxation paid during the year per the statement of cash flow	**27**	38

Notes to the annual financial statements continued

for the year ended 31 December

9. Related-party transactions

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

Holding company

Anglo American plc is Kumba's ultimate holding company. The interest in the group is held through a 69.71% shareholding by Anglo South Africa Proprietary Limited (2022: 69.71%).

Subsidiaries

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

Shareholders

The principal shareholders of the Company are detailed under the shareholder analysis on pages 128 to 130.

Related-party transactions:

Rand million	2023	2022
Rendering of services		
SIOC – payroll costs[1]	**19**	22
Rendering of services and finance income		
SIOC – finance income	**68**	69
SIOC – service recovery fee[2]	**36**	66
Amounts owing by related parties		
SIOC – loan	**202**	350
KIO Investment Holdings – loan	**54**	—
Dividends paid to/(by) Kumba		
SIOC	**12,529**	19,067
Holding company	**(8,734)**	(13,293)

1 This relates to payroll costs recovered from Kumba by SIOC for work performed for Kumba by SIOC employees.
2 This relates to management fees receivable from SIOC.

Directors

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

10. Events after the reporting period

Dividend

A final cash dividend of R24.20 per share was declared by the Board on 19 February 2024 from profits accrued during the financial year ended 31 December 2023. The total cash dividend for the year amounted to R46.80 per share. The estimated total cash flow of the final Kumba dividend, payable on 18 March 2024, is R7.8 billion.

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

Annexure 1: Investments in subsidiaries

for the year ended 31 December

R'000	Country of incorporation[1]	Principal place of business[1]	Nature of business[2]	Percentage holding	Nominal issued capital R	Investments at cost 2023	Investments at cost 2022	Loans to subsidiaries 2023	Loans to subsidiaries 2022
Direct investments									
Sishen Iron Ore Company Proprietary Limited	RSA	RSA	A	76 %	100	**3,009**	3,009	**201,507**	349,979
KIO Investment Holdings Proprietary Limited	RSA	RSA	C	100 %	1,000	**—**	—	**53,765**	—
Total investments in subsidiaries						**3,009**	3,009	**255,272**	349,979

Indirect subsidiaries

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

Special purpose entities[3]

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

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

Annexure 2:

Investments in associates and joint ventures

for the year ended 31 December

R'000	Country of incorpora-tion[1]	Principal place of business[1]	Nature of business[2]	Number of shares held	Percentage holding	Investment at cost R	Group loan balance 2023	Group loan balance 2022	Company loan balance 2023	Company loan balance 2022
Associates										
Unlisted										
Essential Prospects 101 Proprietary Limited (Essential)	RSA	RSA	A	26	26 %	50,000	**11,002**	7,697	**11,002**	7,697
Total investment in associates						50,000	**11,002**	7,697	**11,002**	7,697
Incorporated joint venture										
Unlisted										
Polokwane Iron Ore Company Proprietary Limited (PIOC)	RSA	RSA	A	4,000	50%	3,740	*****	*	**—**	—
Total investment in joint venture						3,740	**—**	—	**—**	—

1 RSA – South Africa.
2 A – Exploration.
* Impaired in SIOC's separate financial statements.

The associates and joint ventures are equity accounted in the group consolidated financial statements. SIOC's share of Essential's post-acquisition losses of R26 million was recognised in the statement of profit or loss, resulting in a reduction of R26 million to the carrying amount of the investment. The carrying amount of the investment at 31 December 2023 was R24 million (2022: R50 million).

SIOC's share of PIOC's post-acquisition losses is limited to the investment and the loan to PIOC, resulting in a carrying amount of Rnil (2022: Rnil) in respect of the investment and loan to PIOC in the group's statement of financial position. As a result, the impairment of the loan receivable from PIOC had no impact on the group's financial statements.

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

Annexure 3: Equity-settled share-based payment schemes

for the year ended 31 December

Employee share incentive schemes

Certain group employees participate in the following share incentive schemes:
- Bonus and Retention Share Plan (BRP)
- Performance Share Plan (PSP)
- Bonus Share Plan (BSP)
- SIOC Employee Benefit Share Scheme (Karolo)
- SIOC Employee Share Ownership Plan Trust (Semela)

1. BRP scheme

Description of scheme

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

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

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

Movement in the number of share awards granted

	2023 award	2022 award	2021 award	2020 award
Balance at the beginning of the year	**–**	155,896	110,992	208,663
Bonus shares awarded	**167,270**	–	–	–
Awards forfeited	**(4,160)**	(4,588)	(7,921)	(9,022)
Awards exercised[1]	**(4,430)**	(11,680)	(39,377)	–
Awards exercised on vesting	**–**	–	–	(192,198)
Balance at 31 December 2023	**158,680**	139,628	63,694	7,443
Balance at the beginning of the year	**–**	–	118,776	225,544
Bonus shares awarded	**–**	159,103	–	–
Awards forfeited	**–**	(3,207)	(1,157)	(3,479)
Awards exercised[1]	**–**		(6,627)	(13,402)
Balance at 31 December 2022	**–**	155,896	110,992	208,663

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

Annexure 3:

Equity-settled share-based payment schemes continued

for the year ended 31 December

1. BRP scheme continued

	Number of awards	Expiry date
Vesting period of awards granted		
Less than 1 year	**130,955**	**2024**
1 to 2 years	**157,020**	**2025**
2 to 5 years	**81,470**	**2026**

Valuation of scheme

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

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

	2023 award	2022 award	2021 award	2020 award
Fair value assumptions				
Share price on date of grant (Rand)	**518.91**	628.88	655.45	283.23
Expected share option life (years)	**3**	3	3	3
Expected dividend yield (%)	**5.00**	5.00	5.00	5.00

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

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

2. PSP scheme

Description of scheme

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

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

Annexure 3:

Equity-settled share-based payment schemes continued

for the year ended 31 December

2. PSP scheme continued

Movement in the number of conditional awards granted

	Number of conditional award				
	2023 award	2022 award	2021 award	2020 award	2019 award
Balance at the beginning of the year	**—**	56,063	68,073	111,943	25,457
Conditional awards issued	**84,649**	—	—	—	—
Conditional awards forfeited	**—**	—	—	(74,549)	(2,625)
Conditional awards vested	**—**	—	—	(20,697)	—
Balance at 31 December 2023	**84,649**	56,063	68,073	16,697	22,832
Balance at the beginning of the year	**—**	—	72,814	113,585	87,368
Conditional awards issued	**—**	56,063	—	—	—
Conditional awards forfeited	**—**	—	(4,275)	(827)	(28,157)
Conditional awards vested	**—**	—	(466)	(815)	(33,754)
Balance at 31 December 2022	**—**	56,063	68,073	111,943	25,457

	Number of conditional awards	Expiry date
Vesting period of conditional awards granted		
Less than 1 year	**90,905**	**2024**
1 to 2 years	**72,760**	**2025**
2 to 5 years	**84,649**	**2026**

Valuation of scheme

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

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

	2023 award	2022 award	2021 award	2020 award	2019 award
Fair value assumptions					
Share price on date of grant (Rand)	**628.88**	628.88	655.45	537.03	450.02
Annualised expected volatility (%)	**48.64**	48.64	49.19	50.81	51.34
Expected share option life (years)	**3**	3	3	3	3
Expected dividend yield (%)	**5.00**	5.00	5.00	5.00	5.00
Risk-free interest rate (%)	**8.20**	8.20	6.20	5.50	7.60

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

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

Annexure 3:

Equity-settled share-based payment schemes continued

for the year ended 31 December

3. BSP scheme

Description of scheme

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

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

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

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

Movement in the number of share awards granted

	2023 to 2020 awards	2019 award	2018 award	2017 award
Balance at the beginning of the year	–	8,179	6,288	–
Awards exercised on vesting	–	–	(6,288)	–
Balance at 31 December 2023	–	8,179	–	–
Balance at the beginning of the year	–	193,016	6,288	4,667
Awards exercised on vesting	–	(184,837)	–	(4,667)
Balance at 31 December 2022	–	8,179	6,288	–

	Number of awards	Expiry date
Vesting period of awards granted		
Less than 1 year	**8,179**	**2024**

Annexure 3:

Equity-settled share-based payment schemes continued

for the year ended 31 December

3. BSP scheme continued

Valuation of scheme

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

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

	2023 to 2022 awards	2019 award	2018 award	2017 award
Fair value assumptions				
Share price on date of grant (Rand)	–	378.39	331.35	213.43
Expected share option life (years)	–	3	3	3
Expected dividend yield (%)	–	5.00	5.00	5.00
Risk-free interest rate (%)	–	7.60	5.63	6.50

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

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

4. SIOC employee benefit share scheme (Karolo)

Description of scheme

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

Movement in the number of share awards granted

	2022 award	2021 award	2020 award	2019 award	2018 award
Balance at the beginning of the year	227,543	182,493	213,403	44	–
Awards forfeited	(6,095)	(4,905)	(3,453)	–	–
Awards exercised[1]	(1,760)	(1,440)	–	–	–
Awards exercised on vesting	–	–	(209,950)	(44)	–
Balance at 31 December 2023	219,688	176,148	–	–	–
Balance at the beginning of the year	–	189,153	221,236	216,487	145
Bonus shares awarded	228,664	–	–	–	–
Awards forfeited	(1,012)	(5,256)	(6,156)	(5,463)	–
Awards exercised[1]	(109)	(1,404)	(1,677)	–	–
Awards exercised on vesting	–	–	–	(210,980)	(145)
Balance at 31 December 2022	227,543	182,493	213,403	44	–

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

Annexure 3:

Equity-settled share-based payment schemes continued

for the year ended 31 December

4. SIOC employee benefit share scheme (Karolo) continued

	Number of awards	Expiry date
Vesting period of awards granted:		
Less than 1 year	**176,148**	**2024**
1 to 2 years	**219,688**	**2025**

Valuation of scheme

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

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

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

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

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

5. SIOC Employee Share Ownership Plan Trust (Semela)

Description of scheme

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

- vesting
- non-vesting

Vesting component

Under the vesting component, participating employees are awarded Kumba shares valued at an inflation-adjusted equivalent of R20,000 per employee on an annual basis, with a three-year vesting period, similar to the Karolo scheme. The first share award under this scheme was made during August 2023.

Non-vesting component

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

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

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

for the year ended 31 December

5. SIOC Employee Share Ownership Plan Trust (Semela) continued

Movement in the number of share awards granted:

	2023 award
Balance at the beginning of the year	—
Shares awarded	284,853
Awards forfeited	(1,002)
Awards exercised	(687)
Awards exercised on vesting	—
Balance at 31 December 2023	283,164

	Number of conditional awards	Expiry date
Vesting period of awards granted:		
Less than 1 year	—	2024
1 to 2 years	—	2025
2 to 5 years	283,164	2026

Valuation of scheme

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

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

	2022 awards
Fair value assumptions	
Share price on date of grant (Rand)	476.54
Expected share option life (years)	3
Expected dividend yield (%)	5.00

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

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

The aggregate number of shares which may be allocated under the BSP, BRP, PSP, Karolo, PSP and Semela, when added to the total number of unvested conditional awards and share options allocated to employees under any other share scheme, may not exceed 31,194,612 shares. At the end of 2023, a total of 29,889,674 shares (2022: 29,799,722 shares) were available for utilisation under the share incentive schemes.

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

A number of new standards and amendments to standards and interpretations are in issue but not effective for annual periods beginning on 1 January 2023. The group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Amendments to IFRS 16 – Leases on sale and leaseback

The amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The amendments are not expected to have a material impact on the consolidated and separate financial statements.

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

Amendments to IAS 1 – Non-current liabilities with covenants

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

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

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

Amendments to IAS 7 and IFRS 7 – Supplier finance

The amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments are not expected to have a material impact on the consolidated and separate financial statements.

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

Amendments to IAS 21 – Lack of exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments are not expected to have a material impact on the consolidated and separate financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2025.

Annexure 5:

Statement of financial position – US Dollar convenience translation

(supplementary information) – as at 31 December

US Dollar million	2023	2022
ASSETS		
Property, plant and equipment	**2,636**	2,540
Right-of-use assets	**16**	16
Biological assets	**2**	2
Investments held by environmental trust	**47**	47
Investment in associate	**1**	3
Long-term prepayments and other receivables	**8**	22
Inventories	**487**	428
Deferred tax assets	**—**	*
Non-current assets	**3,197**	3,058
Inventories	**615**	503
Trade and other receivables	**559**	306
Current tax assets	**1**	43
Cash and cash equivalents	**957**	970
Current assets	**2,132**	1,822
Total assets	**5,329**	4,880
EQUITY AND LIABILITIES		
Shareholders' equity	**2,806**	2,423
Non-controlling interests	**875**	754
Total equity	**3,681**	3,177
LIABILITIES		
Lease liabilities	**10**	9
Provisions	**200**	159
Deferred tax liabilities	**640**	622
Non-current liabilities	**850**	789
Lease liabilities	**10**	9
Interest-bearing borrowings	**224**	401
Provisions	**11**	9
Trade and other payables	**511**	473
Contract liabilities	**30**	12
Current tax liabilities	**12**	10
Current liabilities	**798**	914
Total liabilities	**1,648**	1,703
Total equity and liabilities	**5,329**	4,880
Exchange rate		
Translated at closing Rand/US$ exchange rate	**18.52**	16.94

* Amount is less than US$1 million.

Note: The consolidated statement of financial position of Kumba Iron Ore Limited whose functional currency is the Rand has been translated into US Dollars. Assets and liabilities have been translated at the closing Rand/US$ exchange rate at 31 December 2023.

Annexure 6:

Statement of profit or loss – US Dollar convenience translation

(supplementary information) – for the year ended 31 December

US Dollar million	2023	2022
Revenue	**4,674**	4,522
Operating expenses	**(2,460)**	(2,545)
Impairment charge	**–**	(331)
Expected credit losses on financial assets	**(8)**	(4)
Operating profit	**2,206**	1,642
Finance income	**37**	23
Finance costs	**(33)**	(30)
Profit before taxation	**2,210**	1,635
Taxation	**(593)**	(435)
Profit for the year	**1,617**	1,200
Attributable to:		
Owners of Kumba	**1,233**	914
Non-controlling interests	**384**	286
	1,617	1,200
Earnings per share attributable to the ordinary equity holders of Kumba (US Dollar per share)		
Basic	**3.84**	2.85
Diluted	**3.83**	2.84
Exchange rate		
Translated at average Rand/US$ exchange rate	**18.45**	16.37

Note: The financial results of Kumba Iron Ore Limited whose functional currency is the Rand has been translated into US Dollars. Income and expenses presented on the statement of profit or loss have been translated at the average Rand/US$ exchange rate for the 2023 financial year.

Notice of final cash dividend

At its Board meeting on 19 February 2024, the directors approved a gross final cash dividend of 2,420 cents per share on the ordinary shares from profits accrued during the year ended 31 December 2023. 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 1,936 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, 20 February 2024
Last day for trading to qualify and participate in the final dividend	Tuesday, 12 March 2024
Trading ex-dividend commences	Wednesday, 13 March 2024
Record date	Friday, 15 March 2024
Dividend payment date	Monday, 18 March 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 March 2024 and Friday, 15 March 2024, 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

19 February 2024

Shareholder analysis

Register date: 31 December 2023

Issued share capital: 322,085,974

	Number of shareholdings	%	Number of shares	%
Shareholder spread				
1 – 1,000 shares	15,279	90.62	2,125,033	0.66
1,001 – 10,000 shares	1,218	7.22	3,755,039	1.17
10,001 – 100,000 shares	289	1.71	9,107,938	2.83
100,001 – 1,000,000 shares	62	0.37	16,096,174	4.99
1,000,001 shares and over	13	0.08	291,001,790	90.35
Total	**16,861**	**100.00**	**322,085,974**	**100.00**
Distribution of shareholders				
Strategic investor	1	0.01	224,535,915	69.71
Government	4	0.02	41,500,566	12.88
Banks/brokers	236	1.40	25,850,210	8.03
Close corporations	12	0.07	525,158	0.16
Endowment funds	235	1.39	414,329	0.13
Individuals	355	2.11	10,251,359	3.18
Insurance companies	4	0.02	24,216	0.01
Investment companies	2	0.01	284,413	0.09
Medical schemes	5	0.03	14,369	0.00
Mutual funds	78	0.46	49,955	0.02
Other corporations	3	0.02	416,667	0.13
Private companies	71	0.42	26,167	0.01
Public companies	775	4.60	952,453	0.30
Share ownership plans	42	0.25	525,042	0.16
Retirement funds	245	1.45	12,198,944	3.79
Share trusts	38	0.23	142,987	0.04
Sovereign wealth funds	14	0.08	129,446	0.04
Trusts	14,741	87.43	4,243,778	1.32
Total	**16,861**	**100.00**	**322,085,974**	**100.00**
Public/non-public shareholders				
Non-public shareholders	**27**	**0.16**	**268,019,460**	**83.21**
Directors, associates and Executive Committee of the Company	19	0.11	225,901	0.07
Strategic holdings	2	0.01	266,034,530	82.60
Related holdings	6	0.04	1,759,029	0.55
Public shareholders	**16,834**	**99.84**	**54,066,514**	**16.79**
Total	**16,861**	**100.00**	**322,085,974**	**100.00**

	Number of shares	%
Beneficial shareholders holding 2% or more		
Anglo South Africa Proprietary Limited	224,535,915	69.71
Industrial Development Corporation of South Africa Limited	41,498,615	12.88
Government Employees Pension Fund	9,215,754	2.86
Total	**275,250,284**	**85.45**

Shareholder analysis continued

Register date: 31 December 2023

Issued share capital: 322,085,974

Breakdown of non-public holdings

	Number of shares	%
Directors, associates and executives of the Company		
Mkhwanazi, TM (Non-executive director)	**144,242**	**0.04**
Mkhwanazi, TM	78,725	0.02
Mkhwanazi, TM	65,517	0.02
Zikalala, ND (Chief Executive)	**12,544**	**0.00**
Zikalala, ND	12,544	0.00
Mazarura, BA (Chief Financial Officer)	**19,554**	**0.01**
Mazarura, BA	19,554	0.01
Mc Gavigan, GM	**5,489**	**0.00**
Mc Gavigan, GM	5,489	0.00
Martin, SA	**4,946**	**0.00**
Martin, SA	4,946	0.00
Ramgoolam, S	**3,502**	**0.00**
Ramgoolam, S	3,502	0.00
Kumar, V	**6,680**	**0.00**
Kumar, V	6,351	0.00
Kumar, V	329	0.00
Ramchander, P	**5,228**	**0.00**
Ramchander, P	4,981	0.00
Ramchander, P	247	0.00
Sibanyoni, NM	**2,854**	**0.00**
Sibanyoni, NM	2,854	0.00
Patel, F	**4,283**	**0.00**
Patel, F	3,868	0.00
Patel, F	415	0.00
Total	**209,322**	**0.06**

Strategic holdings		
Anglo American	224,535,915	69.71
Industrial Development Corporation of South Africa Limited	41,498,615	12.88
Total	**266,034,530**	**82.59**

Shareholder analysis continued

Register date: 31 December 2023

Issued share capital: 322,085,974

Breakdown of related party shareholdings

	Number of shares	%
Related holdings		
Mercantile Shareholder Nominees – Exxaro	**1,057,949**	**0.33**
Mercantile Shareholder Nominees – Exxaro	1,057,949	0.33
SIOC Employee Share Ownership Plan	**284,413**	**0.09**
SIOC Employee Share Ownership Plan	283,389	0.09
SIOC Employee Share Ownership Plan	1,024	0.00
Kumba BSP Trust	**2,513**	**0.00**
Kumba BSP Trust	2,513	0.00
SIOC Employee Benefit Trust – Allocated	**396,033**	**0.12**
SIOC Employee Benefit Trust – Allocated	396,033	0.12
SIOC Employee Benefit Trust – Unallocated	**18,121**	**0.01**
SIOC Employee Benefit Trust – Unallocated	18,121	0.01
Total	**1,759,029**	**0.55**

Breakdown of beneficial shareholders holding 2% or more

	Number of shares	%
Beneficial shareholders		
Anglo American	**224,535,915**	**69.71**
Anglo South Africa Capital Proprietary Limited	224,535,915	69.71
Industrial Development Corporation of South Africa Limited	**41,498,615**	**12.88**
Industrial Development Corporation of South Africa Limited	41,498,615	12.88
Government Employee Pension Fund	**9,215,754**	**2.86**
Government Employees Pension Fund – PIC	8,360,968	2.60
Government Employees Pension Fund – M&G Investments	429,870	0.13
Government Employees Pension Fund – Ninety One	379,843	0.12
Government Employees Pension Fund – All Weather Capital	31,789	0.01
Government Employees Pension Fund – Lima Mbeu Investment Managers	9,721	0.00
Government Employees Pension Fund – ALUWANI Capital Partners	3,563	0.00
Total	**275,250,284**	**85.45**

Supplementary non-IFRS financial measures

The annual results contain certain non-IFRS financial measures in respect of the group's financial performance, the statement of financial position and cash flows presented in order to provide users with relevant information and measures used by the group to assess performance. The nature of these measures may not fairly represent the issuer's financial position, changes in equity, results of operations or cash flows. The information was extracted from the audited annual financial statements.

Non-IFRS financial measures are financial measures other than those defined or specified under all relevant IFRSs. To the extent that these measures are not extracted from IFRS disclosure included in the annual financial statements for the year ended 31 December 2023, these measures constitute pro forma financial information in terms of the Listings Requirements of the JSE Limited and are the responsibility of the Board of directors. They are presented for illustrative purposes and to provide users with relevant information and measures used by the Company to assess its operating and financial performance, cash flow performance, and to enable offshore stakeholders to interpret the financial performance in a universally measured currency. In addition, these measures may not be comparable to similarly titled measures used by other companies. The underlying information used in the presentation of the pro forma financial information has been prepared using the group's accounting policies which comply with IFRS.

This pro forma information has been reported on by the external auditor. Their unqualified reporting accountant's reasonable assurance report prepared in terms of ISAE 3420 is included on pages 133 to 134.

The following sets out the non-IFRS financial measures disclosed throughout the annual financial statements and where they are reconciled.

EBITDA and adjusted EBITDA

EBITDA is a measure of operating performance and is used to identify trends of controllable expenses in the business. Adjusted EBITDA is a measure of the group's core earnings adjusted for non-recurring items, such as impairment charges or reversal of prior year impairment charges.

Rand million	2023	2022
Operating profit per statement of profit or loss	**40,705**	26,880
Add back:		
Depreciation	**5,005**	5,020
EBITDA	**45,710**	31,900
Add back:		
Impairment charge	**–**	5,411
Adjusted EBITDA	**45,710**	37,311

Attributable free cash flow

Attributable free cash flow measures the group's ability to generate cash for the period under review. The table below illustrates attributable free cash flow for the year ended 31 December:

Rand million	2023	2022
Cash generated from operations	**38,257**	34,835
Less: Additions to property, plant and equipment	**(9,862)**	(11,084)
Less: Finance expense paid	**(770)**	(325)
Less: Taxation paid	**(8,856)**	(7,132)
Less: Dividends paid to non-controlling shareholders	**(3,894)**	(5,926)
Attributable free cash flow	**14,875**	10,368

Supplementary non-IFRS financial measures continued

Net asset value attributable to owners of Kumba

Net asset value attributable to owners represents the worth of one share as at 31 December:

	2023	2022
Shareholders' equity (Rand million)	52,019	41,046
Divided by: ordinary shares in issue	322,085,974	322,085,974
Net assets attributable to owners of Kumba (Rand per share)	**161.51**	127.44

Net cash

Net cash illustrates the group's cash position after deducting borrowings and lease liabilities as at 31 December:

Rand million	2023	2022
Cash and cash equivalents	17,722	16,424
Less: Interest-bearing borrowings	(4,144)	(6,791)
Less: Lease liabilities	(355)	(304)
Net cash	**13,223**	9,329

US Dollar convenience translation statements

The Company, whose functional currency is the rand, has translated its statement of financial position and statement of profit or loss into US dollar to enable offshore stakeholders to interpret the group's financial performance in a universally measured currency. Refer to Annexures 5 and 6 on pages 125 and 126, respectively.

To the Directors of Kumba Iron Ore Limited

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the Kumba Iron Ore Limited Annual Financial Statements 2023

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Kumba Iron Ore Limited (the "Company") by the directors. The pro forma financial information, as set out on pages 131 to 132 of the Kumba Iron Ore Limited Annual Financial Statements 2023, consists of EBITDA and adjusted EBITDA, attributable free cash flow, net asset value attributable to owners of Kumba, net cash, and selected financial information translated into US Dollar for convenience purposes. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described in the supplementary non-IFRS financial measures section of the Kumba Iron Ore Limited Annual Financial Statements 2023.

The pro forma financial information has been compiled by the directors to provide users with relevant information and measures used by the Company to assess its operating and cash flow performance, the group's liquidity position, and to enable offshore shareholders to interpret the financial performance in a universally measured currency. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 31 December 2023, on which an audit has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the supplementary non-IFRS financial measures of the Kumba Iron Ore Limited Annual Financial Statements 2023.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the supplementary non-IFRS financial measures of the Kumba Iron Ore Limited Annual Financial Statements 2023 based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in supplementary non-IFRS financial measures of the Kumba Iron Ore Limited Annual Financial Statements 2023.

PricewaterhouseCoopers Inc

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

19 February 2024

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.

Glossary of terms and acronyms

Adjusted EBITDA	Operating profit before deducting depreciation, amortisation and impairment charges and before adding impairment reversals
ADR	Alternative dispute resolution
Attributable free cash flow	The cash flow generated from operations less total capital expenditure, cash tax paid, net interest, dividends paid to minority interests and dividends received from associates and joint ventures. The metric also excludes the receipt of disposal proceeds and dividends paid to Kumba shareholders
BEE	Black economic empowerment
BRP	Bonus and Retention Share Plan
BSP	Bonus Share Plan
C1 unit cost	All direct cash costs incurred in the mining and production of iron ore
CFR	Cost and freight
CGU	Cash-generating unit
CODM	Chief operating decision-maker
Covid-19	Coronavirus (SARS-CoV2) disease of 2019
DBA	Deferred bonus arrangement
DMRE	Department of Mineral Resources and Energy
dmt	Dry metric tonne
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
ESG	Environmental, social and governance
ESOP	Employee share ownership plan
FCTR	Foreign currency translation reserve
FOB	Free-on-board
FVTPL	Fair value through profit or loss
GHG	Greenhouse gas
GISTM	Global Industry Standard on Tailings Management
GJ	Gigajoule
HEPS	Headline earnings per share
HME	Heavy mobile equipment
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IODEX	Platts Iron ore index
IOEC	Iron ore export channel
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
King IV™	King IV Report on Corporate Governance for South Africa, 2016
Level 3 – 5 environmental incidents	Those environmental incidents that we consider to have prolonged impacts on the local environments
LIBOR	London Inter-Bank Offered Rate
LTIP	Long-term incentive plan
MENA	Middle East and North Africa region
ML	Megalitres
Mt	Million tonnes
Mtpa	Million tonnes per annum
MW	Megawatt
NEMA	National Environmental Management Act

Glossary of terms and acronyms
continued

Net cash	Total cash and cash equivalents less total borrowings, including lease liabilities
Net working capital	Total inventory (including non-current) plus trade and other receivables less trade and other payables (including contract liabilities), these balances principally relate to assets and liabilities to support our operations
PSP	Performance Share Plan
PV	Photovoltaic
Return on capital employed (ROCE)	The return on adjusted capital employed and calculated as annualised EBIT divided by adjusted average capital
RREE	Regional renewable energy ecosystem
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SARS	South African Revenue Service
SIB	Stay in business
SIOC	Sishen Iron Ore Company Proprietary Limited
SOFR	Secured overnight funding rate
TSF	Tailings storage facilities
UHDMS	Ultra-high dense media separation
Unit cost	All costs incurred by the operations in the mining and production of iron ore, including overheads and non-cash costs like depreciation, accounting provisions and share-based payment costs
WIP	Work in progress
wmt	Wet metric tonne
ZARONIA	South African Rand overnight index average

Administration

Company registration number

2005/015852/06
JSE share code: KIO
ISIN code: ZAE000085346

Company Secretary and registered office

Fazila Patel

144 Oxford Road
Rosebank, Melrose
2196
South Africa
Tel: +27 (0) 12 683 7000
Mobile: +27 (0) 83 297 2293
fazila.patel@angloamerican.com

Auditors

PricewaterhouseCoopers Inc.

Registered Auditors
4 Lisbon Lane
Waterfall City
2090
South Africa
Private Bag X36, Sunninghill, 2157

Assurance providers

Nexia SAB&T

Registered Auditors
119 Witch-Hazel Avenue, Highveld Technopark
Centurion
South Africa
PO Box 10512, Centurion, 0046
Tel: +27 (0) 12 682 8800
Fax: +27 (0) 12 682 8801

Directors

Non-executive: TP Goodlace (British/South African) (Chairperson), MS Bomela, A Jeawon, MA Jenkins, NB Langa-Royds, TM Mkhwanazi, SS Ntsaluba, MJ Tsele

Executive: ND Zikalala (Chief Executive), BA Mazarura (Zimbabwean) (Chief Financial Officer)

Sponsor

RAND MERCHANT BANK

(A division of FirstRand Bank Limited)
Registration number: 1929/001225/06
1 Merchant Place, corner Rivonia Road and Fredman Drive
Sandton
2146
South Africa
PO Box 786273, Sandton, 2146

Transfer secretaries

Computershare Investor Services Proprietary Limited

Rosebank Towers
15 Biermann Avenue
Rosebank
2196
South Africa
PO Box X9000, Saxonwold, 2132

Investor relations

Penny Himlok

Investor Relations Manager
Tel: +27 (0) 12 683 7000
penny.himlok@angloamerican.com

Forward looking statements

Kumba Iron Ore
144 Oxford Road
Rosebank, Melrose
2196

www.angloamericankumba.com

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