2024

Condensed reviewed results for the financial year ended 30 June and cash dividend declaration

Contents

These results have been achieved in conjunction with ARM's partners at the various operations: Anglo American Platinum Limited, Assore South Africa Proprietary Limited, Impala Platinum Holdings Limited, Norilsk Nickel Africa Proprietary Limited and Glencore Operations South Africa Proprietary Limited.

Condensed results for the year ended 30 June 2024 have been prepared in accordance with IFRS and disclosures are in line with IAS 34 *Interim Financial Reporting*.

Rounding may result in minor computational discrepancies in tables.

SHAREHOLDER INFORMATION

Issued share capital at 30 June 2024	**224 667 778 shares**
Market capitalisation at 30 June 2024	**ZAR51.00 billion**
Market capitalisation at 30 June 2024	**US$2.79 billion**
Closing share price at 30 June 2024	**R227.00**
12-month high (1 July 2023 – 30 June 2024)	**R239.98**
12-month low (1 July 2023 – 30 June 2024)	**R146.62**
Average daily volume traded for the 12 months	**662 499 shares**
Primary listing	**JSE Limited**
JSE share code	**ARI**

Salient features

FINANCIAL

- Headline earnings for the year ended 30 June 2024 (F2024) decreased by 43% to **R5 080 million** or **R25.91 per share** (F2023: R8 983 million or R45.82 per share restated)
- A final dividend of **R9.00 per share** is declared (F2023: R12.00 per share). In addition to the interim dividend of R6.00 per share (F2023: R14.00 per share) paid on 8 April 2024, this brings the total dividend for F2024 to **R15.00 per share** (F2023: R26.00 per share)
- ARM maintained a robust financial position, with net cash of **R7 197 million** at 30 June 2024 (30 June 2023: R9 779 million).

OPERATIONAL

- The decline in the average US dollar 6E platinum group metals (PGM) basket price and lower thermal coal prices was partially offset by a weaker average rand/US dollar exchange rate and higher average realised export iron ore prices
- Unit costs remained under pressure due to lower production volumes, above-inflation increases in electricity costs, and higher waste-stripping expenses at the iron ore operations.

SAFETY AND HEALTH

- Regrettably, a team leader was fatally injured in a fall-of-ground accident at Bokoni Platinum Mine. We extend our deepest condolences to his family, friends and colleagues
- The group lost time injury frequency rate (LTIFR) **improved** to **0.22** per 200 000 man-hours (F2023: 0.27)
- The group total recordable injury frequency rate (TRIFR) **improved** to **0.50** (F2023: 0.62).

ENVIRONMENTAL

- Water supply to Khumani Mine remains a risk – refurbishment of the Vaal Gamagara pipeline has not yet started, resulting in reliance on the dewatering programmes of neighbouring mines. The long-term solution is the urgent start of phase 2 of refurbishing the Vaal Gamagara pipeline, which is being addressed as a key priority
- Construction of the solar photovoltaic (PV) power plant is on schedule and the project is on target for 100MW of power to be delivered to ARM Platinum by August 2025.

GROWTH

- ARM acquired 15% of Surge Copper Corp (Surge) on 31 May 2024. Surge is a Canadian company that owns a large, contiguous mineral-claim package that hosts multiple advanced porphyry deposits with pit-constrained NI 43-101-compliant resources of copper, molybdenum, gold and silver
- A decision was made to put the Two Rivers Merensky project on care and maintenance from July 2024, driven by the current downward cycle in the PGM market. The restart of this project will be evaluated when PGM prices have recovered
- At Bokoni Mine, the current priority is to conserve cash while ramping up production in a phased and measured manner, given depressed commodity prices. This approach will maximise the use of Bokoni's existing surface and concentrator plant infrastructure, reducing capital costs. Subsequent to year end, the construction of a chrome recovery plant was approved by the board.

Operating safely and sustainably

Safety and health

We are committed to maintaining a safe and healthy work environment for all employees and contractors.

Our operations delivered improved safety performance. The group LTIFR per 200 000 man-hours improved to 0.22 (F2023: 0.27), while the TRIFR[1] improved to 0.50 (F2023: 0.62).

Regrettably, there was a fatality at Bokoni Platinum Mine when Mr Thomas Ubisse, a team leader, was fatally injured in a fall-of-ground accident during the dayshift on 16 June 2024 at Middelpunt Hill shaft. Support and counselling was offered to all affected employees and Mr Ubisse's family members through the employee assistance programme. We extend our sincere condolences to his family, friends and colleagues.

Independent root-cause investigations are underway. We continue to work towards ensuring zero harm at our operations.

Black Rock Mine reached 12 million fatality-free shifts and Modikwa Mine 3 million fatality-free shifts, which took 15 years and two years respectively to achieve. Beeshoek Mine has been fatality-free for 21 years.

Environmental management

Decarbonisation journey to net-zero and transition to climate resilience

In F2021, ARM set a long-term target of achieving net-zero greenhouse gas (GHG) emissions (scope 1 and 2) from mining by 2050. Building on this, in F2022 and F2023, we focused on developing decarbonisation pathways that detail the short and medium-term steps needed to achieve this long-term target. This included setting a short-term target of a 15% reduction in scope 1 and 2 emissions by 2026 and a medium-term target of a 30% reduction in scope 1 and 2 emissions by 2030 against F2023 as a baseline. We have been focusing on ways to implement these pathways and achieve our targets, including allocating capital to renewable energy and other measures, developing executive incentives to drive operational action, and developing data systems to improve the quality and efficiency of our reporting.

In F2024, we started to explore setting appropriate scope 3 targets in line with the International Council of Mining and Minerals (ICMM) 2021 climate change position statement and contribute to advancing partnerships that enable credible target setting and emission reductions across our value chains. Work is also underway to develop a climate change strategic framework that consolidates ARM's climate-related targets, commitments and actions. This framework will formalise roles, responsibilities and implementation requirements to transition to a lower carbon, climate-resilient business.

Increasing access to and use of renewable energy

ARM Platinum

In April 2023, a 20-year power purchase agreement (PPA) was concluded with SOLA Group and financial close was reached for wheeling 100MW of solar PV power to ARM Platinum's mining operations. Construction of the solar PV facility is on schedule, with 100MW of power expected to be delivered by August 2025.

Eskom has completed construction of a new 132kV transmission line to meet increased electricity requirements associated with the Two Rivers Merensky project. This investment in network infrastructure would further contribute to the potential for wheeling renewable power to the mine.

ARM Ferrous

At the ARM Ferrous Northern Cape mining operations, performance challenges and the resultant termination of a consultant's services delayed the definitive feasibility study (DFS) to explore the correct energy mix for the mines that will cater to baseload demand. A new service provider has been appointed to conduct the DFS, which will also explore the best options between outright ownership and buying power from independent power producers. This will be completed by December 2024.

[1] *TRIFR includes the number of fatal injuries, lost time injuries and medical treatment cases.*

Water management

Water supply to Khumani Mine remains a risk since phase 2 of the refurbishment of the Vaal Gamagara pipeline has not yet started. As a result, the mine relies on dewatering programmes of our neighbouring mines.

This challenge impacts other mines in the Northern Cape and communities as well. Accordingly, these mines are engaging with Vaal Central Water Board (VCWB) and the Department of Water and Sanitation to mitigate the risk by expediting the refurbishment project and supporting VCWB through financial assistance for day-to-day operations and maintenance of the pipeline.

Creating sustainable value for stakeholders

Despite lower commodity prices for our key commodities, particularly PGMs and thermal coal, we maintained our robust financial position with net cash of R7 197 million at 30 June 2024 (F2023: R9 779 million). This gives ARM the flexibility to opportunistically pursue value-enhancing growth prospects.

In F2024, total value created was R12 431 million (F2023: R21 242 million restated) on a segmental basis. This was distributed to stakeholders and reinvested in our business as shown below.

	F2024 Rm	F2023 Rm
Salaries and fringe benefits to employees	**5 106**	4 893
Taxes to government	**2 332**	4 541
Income tax	**1 608**	3 469
Royalty tax	**724**	1 072
Finance costs, dividends and non-controlling interest to capital providers	**3 003**	8 239
Dividends	**3 529**	6 666
Non-controlling interest	**(850)**	1 242
Finance costs	**324**	331
Total value distributed	**10 441**	17 673
Reinvested in the group	**1 990**	3 569
Amortisation	**2 373**	2 155
Reserves retained	**(383)**	1 414
Total value	**12 431**	21 242

Financial performance

Headline earnings for F2024 decreased by 43% to R5 080 million or R25.91 per share (F2023: R8 983 million or R45.82 per share restated). The decline in headline earnings was mainly due to the decline in the average US dollar 6E PGM basket price and the lower thermal coal prices. This was partially offset by a weaker average rand/US dollar exchange rate and higher average realised export iron ore prices.

The average realised rand weakened by 5% versus the US dollar to R18.70/US$ compared to R17.76/US$ in F2023. For reporting purposes, the closing exchange rate at 30 June 2024 was R18.25/US$ (30 June 2023: R18.90/US$).

Headline earnings/(loss) by operation/division

	F2024 Rm	F2023* Rm	% change
ARM Ferrous	**5 058**	5 528	(9)
Iron ore division	**4 933**	4 158	19
Manganese division	**143**	1 372	(90)
Consolidation adjustment	**(18)**	(2)	>(200)
ARM Platinum	**(910)**	1 465	(162)
Two Rivers Mine	**168**	1 262	(87)
Modikwa Mine	**(121)**	819	(115)
Bokoni Mine	**(566)**	(406)	(39)
Nkomati Mine	**(391)**	(210)	(86)
ARM Coal	**391**	1 535	(75)
Goedgevonden Mine (GGV)	**331**	540	(39)
PCB operations**	**60**	995	(94)
ARM Corporate and other	**541**	455	19
Corporate and other (including gold)	**762**	651	17
Machadodorp Works	**(221)**	(196)	13
Headline earnings	**5 080**	8 983	(43)

* *Comparative information has been restated. Refer to note 16 of the condensed group financial statements for more detail.*
** *PCB refers to Participative Coal Business.*

ARM Ferrous headline earnings were 9% lower at R5 058 million (F2023: R5 528 million), driven by a 90% decrease in headline earnings in the manganese division. This was partially offset by a 19% increase in headline earnings in the iron ore division.

Iron ore headline earnings include a R22 million (pre-tax) negative fair value adjustment on sales (F2023: R279 million negative adjustment). The fair value adjustment comprises a R28 million positive fair value based on confirmed prices and a R50 million negative fair value adjustment based on forward prices.

Lower headline earnings in manganese ore were mainly driven by a decrease in the average realised US dollar manganese ore prices, adjustments in sales mix arising from lower grade products being sold as well as increased railage tariffs. This was partially offset by higher sales volumes and the weaker rand/US dollar exchange rate. Lower headline earnings in manganese alloys were driven by lower sales volumes due to lower demand, a significant decrease in ferromanganese prices and an increase in provisions for onerous contracts and restoration.

Higher headline earnings in the iron ore division were driven by an increase in average realised US dollar iron ore prices, slightly higher sales volumes, as well as the weaker rand/US dollar exchange rate, partially offset by higher mining costs and higher railage expenses.

ARM Platinum headline earnings decreased 162% to a headline loss of R910 million (F2023: R1 465 million earnings).

Two Rivers Mine headline earnings reduced to R168 million (F2023: R1 262 million), which includes a negative mark-to-market adjustment of R193 million (F2023: R1 065 million negative mark-to-market adjustment). The decrease in headline earnings was mainly due to a 33% decline in the average basket price and a 17% increase in unit cash costs (on a rand per 6E PGM ounce basis). The above-inflationary increase in unit costs results from increased milling of Merensky ore. The Merensky ore arose out of the development of the Merensky shaft and came at a higher cost than UG2 ore.

Modikwa Mine reported a 115% decline in headline earnings to a headline loss of R121 million (F2023: R819 million earnings), largely driven by a 35% decrease in the average basket price. The mine's production increased marginally, while unit cash costs (rand per 6E PGM ounce) increased by 6%.

Bokoni Mine reported a headline loss of R566 million (F2023: R406 million) driven mainly by the mine ramping up to its first PGM ounce production. The first PGMs were produced in November 2023, and unit cash costs are within the range expected from production ramp-up. Bokoni results were included for 10 months in F2023, following its acquisition on 1 September 2022, compared to the 12 months included in F2024.

For more detail and a table showing the mark-to-market adjustments at Two Rivers and Modikwa mines, refer to page 14.

Nkomati Mine reported an attributable headline loss of R391 million (F2023: R210 million). This was driven mainly by an increase in the provision for rehabilitation in F2024 due to higher water management costs arising from the water treatment plant. The mine was placed on care and maintenance on 15 March 2021. ARM and its joint-venture partner have concluded a purchase and sale agreement.

ARM Coal reported headline earnings of R391 million (F2023: R1 535 million), driven mainly by a reduction in the realised coal price at GGV and PCB of 33% and 36%, respectively.

GGV Mine's headline earnings were R331 million (F2023: R540 million). PCB headline earnings were R60 million (F2023: R995 million).

Refer to pages 18 and 19 for a detailed analysis of the GGV and PCB operational profit performance.

ARM Corporate and Other (including Gold) reported headline earnings of R762 million (F2023: R651 million restated). Included in ARM Corporate and Other are dividends received from Harmony of R166 million (F2023: R17 million).

Machadodorp Works headline loss of R221 million (F2023: R196 million) related to research on developing energy-efficient smelting technology.

Basic earnings and impairments

Basic earnings of R3 146 million (F2023: R8 080 million restated) included attributable impairments as follows:

- An impairment of property, plant and equipment at Two Rivers Mine of R1 097 million after tax and non-controlling interests
- An impairment of property, plant and equipment at Modikwa Mine of R376 million after tax and non-controlling interests
- An impairment of property, plant and equipment at Beeshoek Mine of R422 million after tax
- An impairment of property, plant and equipment at Cato Ridge Works of R29 million after tax.

Refer to note 4 of the condensed group financial statements for further details on these impairments.

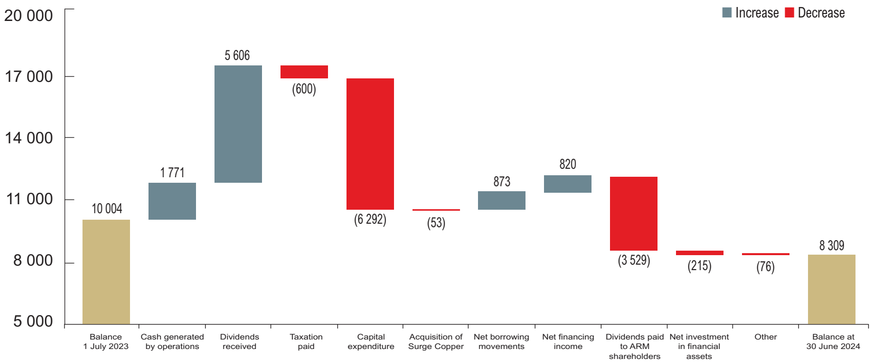
Financial position and cash flow

At 30 June 2024, ARM had net cash of R7 197 million (30 June 2023: R9 779 million), a decrease of R2 582 million compared to the end of the 2023 financial year, largely driven by an increase in borrowings of R887 million. This amount excludes attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R4 476 million (30 June 2023: R4 939 million).

Dividends received by ARM Corporate

	F2024 Rm	F2023 Rm
Assmang	**5 000**	5 000
Participative Coal Business (PCB)	**422**	598
Two Rivers Mine	**–**	486
Harmony Gold	**166**	17
Total dividends received	**5 588**	6 101

Analysis of movements in net cash and cash equivalents (Rmillion)



Cash generated from operations decreased by R6 319 million to R1 771 million (F2023: R8 090 million) after an outflow in working capital of R130 million (F2023: R1 212 million inflow). This was mainly due to an outflow in trade payables and reduction in receivables inflow.

In F2024, ARM paid R3 529 million in dividends to its shareholders, representing the interim dividend of R6.00 and final dividend of R12.00 per share declared for F2023 (F2023: R6 666 million representing the interim dividend of R14.00 and F2022 final dividend of R20.00 per share).

Net cash outflow from investing activities was R6 556 million (F2023: R7 511 million) and included R4 742 million additions to property, plant and equipment to expand operations. Of this, R3 138 million was attributable to the Merensky project.

Borrowings of R62 million (F2023: R251 million) were repaid and borrowings of R935 million raised during the period, resulting in gross debt of R1 129 million at 30 June 2024 (30 June 2023: R242 million).

Investing in growth and our existing business

Surge Copper

ARM acquired 15% of Surge Copper Corp (Surge) on 31 May 2024. Surge is a Canadian company that is advancing an emerging critical metals district in a well-developed region of British Columbia, Canada. The company owns a large, contiguous mineral-claim package that hosts multiple advanced porphyry deposits with pit-constrained NI 43-101-compliant resources of copper, molybdenum, gold and silver – metals that are critical inputs to the low-carbon energy transition and associated electrification technologies.

Surge owns a 100% interest in the Berg project, which is in the north-western portion of the company's 100%-owned 125 499-hectare contiguous land package in the Berg-Huckleberry-Ootsa district. Surge announced an NI 43-101-compliant maiden preliminary economic assessment (PEA) and an accompanying Mineral Resource estimate on the Berg project in June 2023, outlining a large-scale, long-life project with a simple design and high outputs of critical minerals located in a safe jurisdiction near world-class infrastructure. The Berg deposit contains pit-constrained NI 43-101-compliant resources of copper, molybdenum, silver and gold in the Measured, Indicated and Inferred categories.

The company also owns a 100% interest in the Ootsa property, an advanced-stage exploration project containing the Seel and Ox porphyry deposits adjacent to the open-pit Huckleberry Copper Mine, owned by Imperial Metals. The Ootsa property contains pit-constrained NI 43-101-compliant resources of copper, gold, molybdenum and silver in the Measured, Indicated and Inferred categories.

Bokoni Mine

The current priority is to conserve cash while ramping up production in a phased and measured manner, given depressed commodity prices. This approach will maximise the use of Bokoni's existing surface and concentrator plant infrastructure, reducing capital costs. Subsequent to year end, the construction of a chrome recovery plant was approved by the board. We remain confident of the long-term profitability of Bokoni.

Existing operations

We continued to invest in our existing operations with segmental capital expenditure of R8 564 million for the period (F2023: R7 201 million). The increase in capital expenditure was mainly due to the Merensky project at Two Rivers Mine. Capital expenditure for the divisions is shown below and discussed in each division's operational performance section from page 8.

Capital expenditure by operation/division (attributable basis)

	F2024 Rm	F2023 Rm	% change
ARM Ferrous	**2 209**	2 440	(9)
Iron ore division	**1 607**	1 707	(6)
Manganese division	**697**	841	(17)
Consolidation adjustment	**(95)**	(108)	(12)
ARM Platinum	**6 139**	4 420	39
Two Rivers Mine	**3 968**	3 167	25
Modikwa Mine	**417**	561	(26)
Bokoni Mine	**1 754**	692	153
ARM Coal (Goedgevonden Mine only)	**202**	331	(39)
ARM Corporate	**14**	10	40
Total	**8 564**	7 201	19

Operational performance

ARM Ferrous: Iron ore operations

Prices

Average realised US dollar export iron ore prices were 4% higher on a free-on-board (FOB) equivalent basis at US$109 per tonne (F2023: US$105 per tonne).

Movements in iron ore prices resulted in the following mark-to-market adjustments:

	F2024 Rm	F2023 Rm
Fair value adjustments during the year (realised)	**(606)**	(828)
Revenue – fair value adjustments current period	**(740)**	(456)
Revenue – fair value adjustments previous period	**134**	(372)
Fair value adjustments at interim (unrealised)	**(44)**	(557)
Based on confirmed prices	**57**	(368)
Based on forward prices	**(101)**	(189)
Total revenue – fair value adjustments	**(650)**	(1 385)
Realised fair value adjustments for the period	**(606)**	(828)
Unrealised fair value adjustments for the period	**(44)**	(557)

Volumes

Total iron ore sales volumes increased by 4% to 14.7 million tonnes (F2023: 14.2 million tonnes). Export sales volumes were 2% higher at 12.2 million tonnes (F2023: 12.0 million tonnes).

Local sales volumes increased 11% to 2.4 million tonnes (F2023: 2.2 million tonnes), driven by higher offtake from a local customer.

The lump-to-fines ratio decreased from 56:44 in F2023 to 57:43 in F2024.

Total iron ore production volumes increased by 2% to 14.1 million tonnes (F2023: 13.9 million tonnes). F2023 production volumes were lower due to logistical challenges and full stockpiles as previously reported.

Water supply to the Northern Cape mines remains a risk. The supplemental supply of water from a neighbouring mine's stormwater was depleted in May 2023. This, together with the inability to get sufficient water from the VCWB, impacted Khumani Mine. Management made further arrangements and supplemented Khumani's water requirement from on-mine boreholes and made more sustainable arrangements with the neighbouring mine. Since January 2024, Khumani has had no production losses due to water shortages. This arrangement is working well, but is not sustainable. The long-term solution is the urgent start of phase 2 of refurbishing the Vaal Gamagara pipeline, which is being addressed as a key priority between the Department of Water and Sanitation and the Northern Cape mines.

Unit costs

On-mine production unit costs for the iron ore division increased by 10% to R400 per tonne (F2023: R364 per tonne). This was mainly due to inflation-related cost escalations and a higher increase in cash costs combined with more waste-stripping tonnes expensed and less waste-stripping tonnes capitalised.

Unit cash costs per tonne for the iron ore division increased by 5% to R507 per tonne (F2023: R482 per tonne) due to inflation, higher mining expenses due to higher stripping ratio, and higher plant expenses. This was partially offset by higher production volumes and lower diesel and explosive prices.

On-mine unit production costs at Khumani Mine increased 11% to R383 per tonne (F2023: R344 per tonne) while on-mine unit cash costs (which exclude run-of-mine ore stock movements and include capitalised waste-stripping costs and certain non-cash adjustments) were 6% higher at R485 per tonne (F2023: R455 per tonne). The increase was mainly due to inflation-related cost escalations, higher stripping ratio and lower capital waste tonnes, partially offset by higher production volumes and lower diesel and explosive prices.

On-mine unit production costs at Beeshoek Mine increased 5% mainly due to inflation, lower mining cash costs, and a lower work-in-progress adjustment due to lower dump levels.

Beeshoek Mine's unit cash costs are in line with the prior year. Inflationary increases on costs were offset by a 3% increase in production volumes and lower diesel and explosives prices.

Unit cost of sales for the iron ore division, which include marketing and distribution costs, were 7% higher, mainly due to higher on-mine production costs and increased railage costs. Sales and marketing costs, which are determined based on free-on-board revenue, were higher owing to higher US dollar iron ore prices realised in F2024.

Capital expenditure

Capital expenditure (100% basis) was R3 215 million (F2023: R3 414 million), which includes capitalised waste-stripping costs of R1 335 million (F2023: R1 361 million).

Khumani Mine's capital expenditure (100% basis) decreased by 5% to R2 573 million (F2023: R2 711 million), mainly because of lower stay-in-business capital and less waste-stripping tonnes capitalised.

Beeshoek Mine's capital expenditure (100% basis) decreased 9% to R642 million (F2023: R703 million), mainly due to decreased capitalised waste-stripping costs of R393 million (F2023: R410 million) and lower stay-in-business capital.

Iron ore operational statistics (100% basis)

	unit	**F2024**	F2023	% change
Prices				
Average realised export price*	US$/t	**109**	105	4
Volumes				
Export sales	000t	**12 241**	11 966	2
Local sales	000t	**2 482**	2 244	11
Total sales	000t	**14 722**	14 210	4
Production	000t	**14 146**	13 886	2
Export sales lump/fines split	%	**57:43**	56:44	
Export sales CIF/FOB** split	%	**47:53**	56:44	
Unit costs				
Change in unit cash costs	%	**5**	28	
Change in unit cost of sales	%	**7**	9	
Capital expenditure	R million	**3 215**	3 414	(6)

* *Average realised export iron ore prices on an FOB equivalent basis.*
** *CIF – cost, insurance and freight; FOB – free-on-board.*

ARM Ferrous: manganese ore operations

Manganese ore financial information (attributable basis)

	F2024 Rm	F2023 Rm	% change
Sales	**5 874**	6 487	(9)
Operating profit	**372**	1 362	(73)
Contribution to headline earnings	**246**	1 065	(77)
Capital expenditure	**684**	809	(15)
Depreciation	**552**	487	13
EBITDA	**924**	1 849	(50)

Prices

In F2024, index prices for high-grade ore changed from a 44% index to a 43.5% index, while the low-grade index changed from 37% to 36.5%. Together with the increase in prices in May 2024 driven by typhoon damage at Groote Eylandt Mining Company (GEMCO), the average US dollar price for high-grade manganese ore (43.5%) decreased 5% year on year, while low-grade manganese ore (36.5%) decreased 1% year on year.

Volumes

Manganese ore sales volumes in F2024 increased by 2% to 4.4 million tonnes (F2023: 4.3 million tonnes). Export sales volumes rose 3% to 3.7 million tonnes (F2023: 3.6 million tonnes) due to the rollover of shipments from F2023 and local sales volumes that were higher at 0.75 million tonnes (F2023: 0.73 million tonnes).

Production volumes at Black Rock Mine decreased 15% to 3.6 million tonnes (F2023: 4.3 million tonnes) due to operational challenges at Nchwaning 3, exacerbated by a decision to stop producing unprofitable ore, in turn affecting the development and opening of new, more profitable mining areas. The recovery plan was successfully executed but resulted in production delays until the end of March 2024. Ramp-up to the required full production run-rate was only achieved in June 2024.

Unit costs

On-mine unit production costs at Black Rock Mine rose to R857 per tonne from R732 per tonne in F2023. On-mine unit cash costs increased to R879 per tonne in F2024 due to inflation and lower production volumes, resulting in an adverse effect on fixed-cost dilution combined with an increase in power costs.

Unit cost of sales (which include marketing and distribution costs) increased 6% due to higher production costs and the increase in inland logistics, offset by lower marketing expenses driven by lower manganese ore prices and lower freight rates.

Capital expenditure and projects

Total capital expenditure for the manganese ore operations was R1 368 million on a 100% basis (F2023: R1 618 million). Capital expenditure is lower due to projects that were postponed given market conditions and low pricing during the first nine months of F2024.

Projects

The Gloria project was formally closed out in February 2024. The final project cost was R2.95 billion against an approved plan of R2.97 billion. The project realised an LTIFR of 0.26 with 0.5 million fatality-free shifts.

The Black Rock Mining Operation rail siding and Gamagara bridge have been completed. The final switchover from the old to the new line was delayed by the rail shutdown and has been moved from April 2024 to October 2024. The project is forecast to be completed in December 2024, within the revised approved budget of R480 million. The project has had no lost time injuries and no fatalities.

Manganese ore operational statistics (100% basis)

	unit	**F2024**	F2023	% change
Volumes				
Export sales	000t	**3 684**	3 589	3
Domestic sales*	000t	**748**	735	2
Total sales*	000t	**4 432**	4 325	2
Production	000t	**3 622**	4 272	(15)
Unit costs				
Change in cash costs	%	**20**	5	
Change in unit cost of sales	%	**6**	(4)	
Capital expenditure	R million	**1 368**	1 618	(15)

* *Excluding intra-group sales of 184 000 tonnes sold to Cato Ridge Works (F2023: 195 000 tonnes).*

ARM Ferrous: manganese alloy operations

Manganese alloy financial information (attributable basis)

	F2024 Rm	F2023 Rm	% change
Sales	**862**	1 158	(26)
Operating profit	**(188)**	200	(194)
Contribution to headline earnings	**(103)**	307	(133)
Capital expenditure	**13**	32	(59)
Depreciation	**–**	5	(100)
EBITDA	**(188)**	204	(192)

Prices

The F2024 average US dollar index price for high-carbon ferromanganese and medium-carbon ferromanganese decreased by 28% compared to the average price of F2023.

Volumes

High-carbon ferromanganese production at Sakura (100% basis) decreased to 230 000 tonnes (F2023: 253 000 tonnes). High-carbon ferromanganese sales (100% basis) declined 5% to 226 000 tonnes (F2023: 237 000 tonnes). Lower production and sales volumes in F2024 reflect decreased demand.

High-carbon ferromanganese production at Cato Ridge Works decreased by 13% to 101 000 tonnes (F2023: 116 000 tonnes), mainly due to holding back production because of soft market demand in F2024.

For the same reason, medium-carbon ferromanganese production at Cato Ridge Alloys (100% basis) declined 10% to 51 000 tonnes (F2023: 56 000 tonnes).

High-carbon ferromanganese sales at Cato Ridge Works decreased 28% to 31 000 tonnes (F2023: 43 000 tonnes), impacted by lower production and a decrease in demand. Medium-carbon ferromanganese sales at Cato Ridge Alloys (100% basis) decreased by 8% to 50 000 tonnes (F2023: 54 000 tonnes), impacted by lower market demand in F2024.

Unit costs

Unit cash costs at Sakura decreased by 12% in F2024. The significant drop is mainly due to a 23% decrease in ore prices and a 25% decrease in reductant prices, offset by lower production volumes and inflationary increases in other conversion costs.

Unit cash costs at Cato Ridge Works rose 11% in F2024. The significant increase is mainly due to a 13% reduction in production volumes, above-inflation increases in power costs and the cost of ore from Black Rock Mine, plus inflationary increases in other raw material prices.

Medium-carbon ferromanganese unit cash costs at Cato Ridge Alloys decreased by 1% in F2024.

Capital expenditure

Capital expenditure at Cato Ridge Works decreased by 60% to R26 million (F2023: R65 million).

Manganese alloy operational statistics (100% basis)

	unit	**F2024**	F2023	% change
Volumes				
Cato Ridge Works sales*	000t	**31**	43	(28)
Cato Ridge Alloys sales	000t	**50**	54	(8)
Sakura sales	000t	**226**	237	(5)
Cato Ridge Works production	000t	**101**	116	(13)
Cato Ridge Alloys production	000t	**51**	56	(10)
Sakura production	000t	**230**	253	(9)
Unit costs – Cato Ridge Works				
Change in unit cash costs	%	**11**	15	
Change in unit cost of sales	%	**8**	13	
Unit costs – Cato Ridge Alloys				
Change in unit cash costs	%	**(1)**	(6)	
Change in unit cost of sales	%	**(3)**	9	
Unit costs – Sakura				
Change in unit cash costs	%	**(12)**	6	
Change in unit cost of sales	%	**(14)**	10	

* *Excluding intra-group sales of 61 000 tonnes sold to Cato Ridge Alloys (F2023: 68 000 tonnes).*

The ARM Ferrous operations, held through its 50% investment in Assmang Proprietary Limited (Assmang), comprise the iron ore and manganese divisions. Assore South Africa Proprietary Limited (Assore), ARM's partner in Assmang, owns the remaining 50%.

ARM Platinum

Prices

US dollar PGM prices were lower compared to prices achieved in F2023, particularly palladium and rhodium, which were down 39% and 61%, respectively. The average rand per 6E kilogramme basket price for Modikwa and Two Rivers mines declined by 35% and 33% to R771 434 (F2023: R1 183 603/kg) and R765 977 (F2023: R1 136 405/kg), respectively.

Average US dollar metal prices

	unit	**F2024**	F2023	% change
Platinum	US$/oz	**934**	970	(4)
Palladium	US$/oz	**1 072**	1 758	(39)
Rhodium	US$/oz	**4 186**	10 811	(61)
Nickel	US$/t	**18 133**	23 957	(24)
Copper	US$/t	**8 679**	8 289	5
Cobalt	US$/lb	**14**	20	(30)
UG2 chrome concentrate – Two Rivers (CIF*)	US$/t	**278**	236	18
UG2 chrome concentrate – Modikwa (CIF*)	US$/t	**295**	260	13

* *CIF – cost, insurance and freight.*

Average rand metal prices

	unit	**F2024**	F2023	% change
Average exchange rate	ZAR/US$	**18.70**	17.76	5
Platinum	ZAR/oz	**17 464**	17 230	1
Palladium	ZAR/oz	**20 049**	31 227	(36)
Rhodium	ZAR/oz	**78 276**	192 050	(59)
Nickel	ZAR/t	**339 059**	425 570	(20)
Copper	ZAR/t	**162 285**	147 247	10
Cobalt	ZAR/lb	**253**	350	(28)
UG2 chrome concentrate – Two Rivers (CIF*)	ZAR/t	**5 203**	4 185	24
UG2 chrome concentrate – Modikwa (CIF*)	ZAR/t	**5 513**	4 619	19

* *CIF – cost, insurance and freight.*

Two Rivers, Modikwa and Bokoni mines recognise revenue using provisional pricing. The sales price of the concentrate is determined on a provisional basis at the date of sale, with adjustments made to the sales price based on movements in the discounted forward commodity prices up to the date of final pricing. Post-refining and delivery, adjustments are made to reflect final pricing.

Any differences between provisional and final commodity prices after the reporting period result in the next reporting period's earnings being impacted by mark-to-market adjustments.

Realised mark-to-market adjustments

The sharp decline in palladium and rhodium prices in the first half of F2024 resulted in realised negative mark-to-market adjustments from the date of provisional recognition to final price realisation as shown in the tables on the following page.

Unrealised mark-to-market adjustments

Revenue related to open sales at 30 June at Two Rivers, Modikwa and Bokoni mines was initially recognised using provisional prices and subsequently revalued at 30 June in the tables on the following page.

Two Rivers Mine mark-to-market adjustments

	F2024 Rm	F2023 Rm
Realised mark-to-market adjustments	**(165)**	(696)
Provisional sales value	**6 442**	10 313
Final sales value	**6 277**	9 617
Unrealised mark-to-market adjustments	**(28)**	(369)
Initial provisional sales recognition	**787**	1 260
Period-end provisional sales recognition	**759**	891
Total mark-to-market adjustments	**(193)**	(1 065)

Modikwa Mine mark-to-market adjustments

	F2024 Rm	F2023 Rm
Realised mark-to-market adjustments	**(7)**	(135)
Provisional sales value	**2 769**	4 392
Final sales value	**2 762**	4 258
Unrealised mark-to-market adjustments	**(12)**	(118)
Initial provisional sales recognition	**670**	815
Period-end provisional sales recognition	**658**	697
Total mark-to-market adjustments	**(19)**	(253)

Bokoni Mine mark-to-market adjustments

	F2024 Rm	F2023 Rm
Realised mark-to-market adjustments	**15**	–
Provisional sales value	**327**	–
Final sales value	**342**	–
Unrealised mark-to-market adjustments	**(6)**	–
Initial provisional sales recognition	**215**	–
Period-end provisional sales recognition	**209**	–
Total mark-to-market adjustments	**9**	–

ARM Platinum: Two Rivers Mine

Volumes

Tonnes milled were 1% lower compared to F2023. The UG2 mined volumes were reduced due to negotiating of the dykes restricting face flexibility and Merensky ore was milled to fill the UG2 plant. The UG2 grade remains constrained due to the splitreef (as was reported previously) at 3.14g/t while the Merensky grade was lower at 2.1g/t as the operation was developing to open more ground. PGM production volumes declined by 1% to 291 408 6E PGM ounces (F2023: 295 441 6E PGM ounces). Following accelerated development of the UG2 declines, mining flexibility is expected to improve.

Unit costs

Two Rivers Mine unit cash costs increased by 16% to R1 282 per tonne milled (F2023: R1 105 per tonne). The rand per 6E PGM ounce cash cost increased by 17% to R15 589 per ounce (F2023: R13 376 per ounce). Unit costs were negatively impacted by increased milling of Merensky ore which, due to the development phase of the Merensky shaft, came at a higher cost than UG2 ore.

Capital expenditure and projects

Of the R3 968 million spent at Two Rivers Mine, R3 138 million (79%) was attributable to the Merensky project. Deepening declines at Main and North shafts, along with electrical and mechanical installations, amounted to R536 million (14%).

Merensky project

Two Rivers' shareholders approved the Two Rivers Merensky project to mine the Merensky reef with a production capacity of 200 000 tonnes per month. Total estimated capital expenditure for the project was R7.3 billion (100% basis). To date, capital of R6.2 billion has been spent.

A decision was made to place the project on care and maintenance from July 2024, driven by current depressed commodity prices in the PGM market. The Merensky concentrator plant construction and the first two mining levels have been completed.

Total estimated capital expenditure for the project at stoppage was adjusted down to R6.8 billion.

Long-term prospects for the Merensky project remain robust and accretive to Two Rivers Mine and is planned to produce PGMs at competitive costs.

Two Rivers Mine operational statistics (100% basis)

	unit	**F2024**	F2023	% change
Cash operating profit	R million	**1 147**	3 774	(70)
– PGMs	R million	**797**	3 432	(77)
– Chrome	R million	**350**	342	3
Tonnes milled	Mt	**3.54**	3.58	(1)
Head grade	g/t, 6E	**3.01**	3.00	–
PGMs in concentrate	Ounces, 6E	**291 408**	295 441	(1)
Chrome in concentrate sold	Tonnes	**147 904**	190 165	(22)
Average basket price	ZAR/kg, 6E	**765 977**	1 136 405	(33)
Average basket price	US$/oz, 6E	**1 274**	1 990	(36)
Cash operating margin	%	**18**	46	
Cash cost	ZAR/kg, 6E	**501 201**	430 046	17
Cash cost	R/tonne	**1 282**	1 105	16
Cash cost	ZAR/Pt oz	**33 007**	28 673	15
Cash cost	ZAR/oz, 6E	**15 589**	13 376	17
Cash cost	US$/oz, 6E	**834**	753	11

ARM Platinum: Modikwa Mine

Volumes

Tonnes milled decreased 4%. The grade, however, increased by 6% due to increased off-reef development, resulting in a 1% improvement in production volumes to 289 751 6E PGM ounces (F2023: 285 910 6E PGM ounces).

Unit costs

Unit cash costs were up 6% to R18 837 per 6E PGM ounce (F2023: R17 728 per 6E PGM ounce) and 12% higher on a rand/tonne basis at R2 270 (F2023: R2 021), owing to the 4% reduction in tonnes milled.

Capital expenditure and projects

Capital expenditure at Modikwa Mine (100% basis) reduced by 26% to R834 million (F2023: R1 122 million). Of this, R194 million (23%) related to fleet refurbishment and critical spares, R137 million (16%) to capital development, and R59 million (7%) to installing a proximity detection system for the mining fleet. An additional R62 million related to the replacement of conveyor belts.

North shaft project

The downcast ventilation project was initiated to provide additional ventilation for mining levels below 10. The projected completion date has moved out from Q3 F2025 to Q1 F2026 due to unstable ground conditions encountered during the piloting process. The delay will not impact the shaft production ramp-up. The pilot drilling programme is due for completion in Q2 F2025.

South 2 shaft project

The underground-to-surface conveyor belt that connects South 2 infrastructure to South 1 shaft is 62% complete. Due to operational complexities and site preparation delays, the current forecast completion date is Q4 F2025.

Merensky project

The Merensky trial mining project is progressing well and producing an average of 50 000 tonnes per month.

Modikwa Mine operational statistics (100% basis)

	unit	**F2024**	F2023	% change
Cash operating profit	R million	**178**	2 836	(94)
– PGMs	R million	**32**	2 664	(99)
– Chrome	R million	**147**	172	(15)
Tonnes milled	Mt	**2.40**	2.51	(4)
Head grade	g/t 6E	**4.46**	4.20	6
PGMs in concentrate	6E oz	**289 751**	285 910	1
Chrome in concentrate sold	Tonnes	**85 575**	99 476	(14)
Average basket price	ZAR/kg 6E	**771 434**	1 183 603	(35)
Average basket price	US$/oz 6E	**1 283**	2 072	(38)
Cash operating margin	%	**3**	36	
Cash cost	ZAR/kg 6E	**605 613**	569 974	6
Cash cost	ZAR/tonne	**2 270**	2 021	12
Cash cost	ZAR/Pt oz	**45 609**	43 887	4
Cash cost	ZAR/oz 6E	**18 837**	17 728	6
Cash cost	US$/oz 6E	**1 007**	998	1

ARM Platinum: Bokoni Mine

Progress to date

The current priority is to conserve cash while ramping up production in a phased and measured manner, given depressed commodity prices. This approach will maximise the use of Bokoni's existing surface and concentrator plant infrastructure, reducing capital costs. Subsequent to year end, the construction of a chrome recovery plant was approved by the board.

Capital expenditure

Of the R1 754 million spent at Bokoni (100% basis), R460 million related to the early-ounce project. A further R768 million related to mine development, R148 million was spent on the Klipgat portal development, and R34 million on the definitive feasibility study.

Bokoni Mine operational statistics (100% basis)

	unit	**F2024**	F2023	% change
Cash operating loss	R million	**(169)**	(342)	(51)
Tonnes milled	Mt	**0.33**	–	–
Head grade	g/t 6E	**3.82**	–	–
PGMs in concentrate	6E oz	**28 199**	–	–
Average basket price	ZAR/kg 6E	**786 673**	–	–
Average basket price	US$/oz 6E	**1 309**	–	–
Cash operating margin	%	**(31)**		
Cash cost	ZAR/kg 6E	**835 179**	–	–
Cash cost	ZAR/tonne	**2 243**	–	–
Cash cost	ZAR/Pt oz	**69 160**	–	–
Cash cost	ZAR/oz 6E	**25 977**	–	–
Cash cost	US$/oz 6E	**1 389**	–	–

ARM Platinum: Nkomati Mine

Nkomati Mine has been on care and maintenance since F2021.

ARM and Norilsk Nickel Africa Proprietary Limited concluded a sale agreement that provides for the acquisition by ARM of Norilsk Nickel Africa's 50% participation interest in Nkomati Mine for cash of R1 million (the Transaction). The transaction is subject to certain conditions precedent, with the main outstanding condition precedent being official consent in terms of section 11 of the Mineral and Petroleum Resources Development Act 28 2002.

At 30 June 2024, the estimated undiscounted rehabilitation costs attributable to ARM were determined to be R1 191 million (30 June 2023: R932 million) excluding VAT. The increase in the undiscounted liability of R259 million is attributed mainly to the provision for short to medium-term water management costs.

The discounted rehabilitation costs attributable to ARM were determined to be R1 119 million (30 June 2023: R802 million).

At 30 June 2024, R137 million (attributable to ARM) in cash and financial assets was available to fund rehabilitation obligations for Nkomati Mine. The resulting attributable shortfall in discounted rehabilitation costs of R982 million is expected to be funded by ARM.

Nkomati Mine's estimated rehabilitation costs continue to be reassessed as engineering designs evolve and new information becomes available. Refer to note 22 in the condensed group financial statements.

Two Rivers Mine

ARM Coal

Prices

Coal prices in F2024 normalised to levels prior to the Russia-Ukraine war as gas prices have declined and trade patterns have mostly normalised.

Coal demand increased in both India and Vietnam in F2024 due to strong electricity demand and low hydropower output. Growth in India's economy is increasing industrial coal consumption. In the US, the power generation switching away from coal reduced in 2H F2024 compared to prior periods, favouring demand for coal.

There has been a slight decline in global coal production in 2H F2024, driven mostly by China recording intensified safety complaints at its coal mining operations.

Some 68% of export volumes at Goedgevonden Mine comprised high-quality coal, while PCB's exports of high-quality coal totalled 72%.

ARM Coal: Goedgevonden Mine (GGV)

GGV attributable headline earnings analysis

	F2024 Rm	F2023 Rm	% change
Cash operating profit	**680**	1 220	(44)
Amortisation and depreciation	**(199)**	(187)	(7)
Imputed interest*	**6**	(73)	–
Profit on sale of assets	**1**	2	64
Loan re-measurement and fair value losses	**(20)**	(13)	(54)
Profit before taxation	**468**	949	(51)
Add: Profit on sale of assets	**(1)**	(2)	(64)
Less: Taxation	**(136)**	(407)	(67)
Headline earnings attributable to ARM	**331**	540	(39)

* *Post-restructuring the ARM Coal loans, all interest expense on partner loans is imputed.*

Volumes

Total sales volumes increased by 11% as GGV reduced the impact of logistics underperformance by trucking coal to other ports in 1H F2024. Due to the decrease in the commodity price, trucking to other ports was halted in 2H F2024. ARM attributable saleable production increased by 8% to 1.87 million tonnes (F2023: 1.72 million tonnes).

Unit costs

On-mine unit production costs per saleable tonne decreased by 4% to R555 per tonne (F2023: R580 per tonne) as a result of increased production and cost-saving initiatives.

Goedgevonden Mine

GGV operational statistics

	unit	F2024	F2023	% change
Total production and sales (100% basis)				
Saleable production	Mt	**7.18**	6.63	8
Export thermal coal sales	Mt	**4.15**	3.93	6
Domestic thermal coal sales	Mt	**3.14**	2.65	19
ARM attributable production and sales				
Saleable production	Mt	**1.87**	1.72	8
Export thermal coal sales	Mt	**1.08**	1.02	6
Domestic thermal coal sales	Mt	**0.82**	0.69	19
Average received coal price				
Export (FOB)*	US$/t	**88.65**	131.49	(33)
Domestic (FOT)**	ZAR/t	**402**	416	(3)
Unit costs				
On-mine saleable cost	ZAR/t	**555**	580	(4)
Capital expenditure	R million	**777**	1 273	(39)

* *FOB – free-on-board.*
** *FOT – free-on-truck.*

ARM Coal: Participative Coal Business (PCB) operations

PCB attributable headline earnings analysis

	F2024 Rm	F2023 Rm	% change
Cash operating profit	**688**	2 041	(66)
Amortisation and depreciation	**(606)**	(657)	(8)
Profit/(loss) on sale of assets	**–**	16	(100)
Profit before taxation	**82**	1 400	(94)
Add: Profit on sale of assets/impairment reversal	**–**	(16)	(100)
Less: Taxation	**(22)**	(389)	(94)
Headline earnings attributable to ARM	**60**	995	(94)

Volumes

Export sales volumes at PCB operations were 6% lower at 8.6 million tonnes (F2023: 9.1 million tonnes). Domestic sales volumes improved by 66% to 1.63 million tonnes (F2023: 0.98 million tonnes) due to increased coal sales to Eskom.

Production at the PCB operations was constrained by logistics challenges. ARM attributable saleable production increased by 3% to 2.07 million tonnes in F2024 (F2023: 2.02 million tonnes).

Unit costs

Unit production costs per saleable tonne decreased to R807 per tonne (F2023: R815 per tonne) as increased production and cost-saving initiatives reduced the impact of inflationary cost increases.

PCB operational statistics

	unit	**F2024**	F2022	% change
Total production sales (100% basis)				
Saleable production	Mt	**10.27**	10.01	3
Export thermal coal sales	Mt	**8.58**	9.12	(6)
Domestic thermal coal sales	Mt	**1.63**	0.98	66
ARM attributable production and sales				
Saleable production	Mt	**2.07**	2.02	3
Export thermal coal sales	Mt	**1.73**	1.84	(6)
Domestic thermal coal sales	Mt	**0.33**	0.20	66
Average received coal price				
Export (FOB)*	US$/t	**85.09**	133.34	(36)
Domestic (FOT)**	ZAR/t	**701**	810	(13)
Unit costs				
On-mine saleable cost	ZAR/t	**807**	815	(1)
Capital expenditure	R million	**2 127**	1 761	21

* *FOB – free-on-board.*

** *FOT – free-on-truck.*

ARM's economic interest in PCB is 20.2%. PCB consists of two large mining complexes in Mpumalanga. ARM has a 26% effective interest in the Goedgevonden Mine near Ogies in Mpumalanga.

Harmony Gold

ARM's investment in Harmony was positively revalued by R6 630 million in F2024 (F2023: R2 037 million) as the Harmony share price increased by 112% from R79.25 at 30 June 2023 to R168.05 at 30 June 2024. The Harmony investment is therefore reflected on the ARM statement of financial position at R12 548 million (F2023: R5 918 million) based on its share price.

Gains and losses are accounted for, net of deferred capital gains tax, through the statement of comprehensive income. Dividends from Harmony are recognised in the ARM statement of profit or loss on the last day of registration following dividend declaration.

Copper is an important commodity, and ARM is seeking to grow and to acquire copper assets. ARM's strategic investment in Harmony aligns with ARM's copper objectives.

Harmony is currently in a strong financial position, with a net cash balance that places them in a favourable position to pursue their growth ambitions.

ARM will continue to consider and evaluate all options relating to its strategic investment in Harmony, with the objective of unlocking and creating value for ARM and its shareholders and stakeholders.

Based on information that has been released by Harmony and is in the public domain, at this stage, the ARM board believes it is in ARM's best interests to retain its equity interest in Harmony.

Harmony's results for the year ended 30 June 2024 can be found on its website: **www.harmony.co.za.**

Outlook

Global growth remains subdued by historical standards, influenced by persistent core inflation, high borrowing costs, reduced fiscal support, ongoing challenges in the Chinese property and construction sectors, the long-term effects from the pandemic, geopolitical tensions including the Russia-Ukraine and Israel-Gaza conflicts and the increased threat of geo-economic fragmentation.

The global economy has proved resilient, inflation has more recently declined within sight of central bank targets, and risks to the outlook are becoming more balanced with advanced economies likely to achieve their inflation targets sooner than emerging markets. As central banks aim for a smooth economic transition, they must balance inflation concerns with appropriate policy timing. Faster-than-expected inflation declines could prompt central banks to ease policies sooner, aided by increased labour force participation. Medium-term fiscal consolidation is essential to restore fiscal flexibility and support sustainable debt levels, tailored to each country's circumstances. Advances in artificial intelligence and robust structural reforms could further enhance productivity and economic growth.

The outlook for PGMs presents a mixed scenario of challenges and opportunities. Platinum is expected to record a significant supply shortfall due to reduced shipments and restructuring initiatives. Despite this, automotive demand for platinum is anticipated to remain strong, despite a slight decline. Palladium demand from the automotive sector is projected to decrease, primarily driven by the rise of electric vehicles and increased use of platinum in gasoline autocatalysts. Rhodium is forecast to be in slight deficit, with automotive demand also expected to decline. Overall, the PGM market will be influenced by economic and geopolitical uncertainties, however, easing interest rates and tightening market fundamentals could support prices in the medium to long term.

Chinese steel demand has weakened, leading to declining margins and lower production expectations, although this is partially offset by increased exports. Global crude steel production is expected to remain stable over the medium term, with a gradual decline in Chinese production offset by increased global demand. The Simandou project in Guinea is expected to commence production in late 2026, placing further downward pressure on iron ore prices over the long term. Decarbonisation policies are likely to drive higher premiums for environmentally friendly high-grade iron ore.

Recent spikes in manganese prices, primarily due to supply coming offline at South 32's GEMCO are expected to stabilise to normal levels over the medium to long term. Thermal coal demand globally is expected to decrease, largely driven by increasing renewable energy generation and lower natural gas prices, placing downward pressure on thermal coal prices over the medium to long term.

Infrastructure challenges, rail and port performance, power reliability and water security remain significant risks for ARM. These issues are likely to continue impacting our export volumes and unit cost of production. The dependence on a single customer at Beeshoek exacerbates these challenges. We are actively working with government bodies and other stakeholders to develop sustainable solutions that will benefit ARM, the mining industry, communities and the broader country.

ARM is dedicated to building resilience by enhancing productivity, implementing cost-saving measures, and efficiently allocating capital. The current challenges posed by the downturn in the PGM market, along with lower iron ore and thermal coal prices, necessitate a focus on preserving cash. Management is committed to responsible capital allocation and will consider postponing capital expenditure where feasible. Equally, ARM remains fully committed to fostering mutually beneficial relationships with all our stakeholders to build a resilient and sustainable business that delivers competitive returns for shareholders.

Dividend declaration

ARM aims to pay ordinary dividends to shareholders in line with our dividend guiding principles. Dividends are at the discretion of the board of directors, which considers the company's capital allocation guiding principles and other relevant factors such as financial performance, commodities outlook, investment opportunities, gearing levels as well as solvency and liquidity requirements of the Companies Act.

For F2024, the board approved and declared a final dividend of 900 cents per share (gross) (F2023: 1 200 cents per share). The amount to be paid is approximately R2 022 million.

The dividend declared will be subject to dividend withholding tax. In line with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared out of income reserves
- The South African dividends tax rate is 20%
- The gross local dividend is 900 cents per ordinary share for shareholders exempt from dividends tax
- The net local dividend is 720.00000 cents per share for shareholders liable to pay dividends tax
- At the date of this declaration, ARM has 224 667 778 ordinary shares in issue
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 900 cents per ordinary share, being the dividend for the year ended 30 June 2024, has been declared payable on Monday, 7 October 2024 to those shareholders recorded in the books of the company at the close of business on Friday, 4 October 2024. The dividend is declared in the currency of South Africa. Any change in address or dividend instruction applying to this dividend must be received by the company's transfer secretaries or registrar no later than Friday, 4 October 2024. The last day to trade ordinary shares cum dividend is Tuesday, 1 October 2024. Ordinary shares trade ex-dividend from Wednesday, 2 October 2024. The record date is Friday, 4 October 2024 while the payment date is Monday, 7 October 2024.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 2 October 2024 and Friday, 4 October 2024, both dates inclusive, nor may any transfers between registers take place during this period.

Changes to Mineral Resources and Mineral Reserves

There has been no material change to ARM's Mineral Resources and Mineral Reserves as disclosed in the integrated annual report (IAR) for the financial year ended 30 June 2023, other than depletions due to continued mining activities at the operations, apart from:

Mineral Reserves decreasing at Two Rivers Platinum Mine

A strategic decision was made to ensure the long-term viability of the Two Rivers Platinum Mine as a direct result of current market conditions and sensitivity to the consensus view of the basket price. Therefore, the Merensky project has been placed on care and maintenance. In addition, based on these prices, a reduction in the UG2 life-of-mine (LoM) was also considered. As a result, the Mineral Reserves have decreased.

Mineral Reserves decreasing at Beeshoek Iron Ore Mine

There is a reduction in the Mineral Reserve at Beeshoek Iron Ore Mine, following a detailed evaluation of the mine plan, and high stripping ratio pits, which have been excluded. This adjustment was made after a detailed analysis of the mine's achievable operational efficiencies and results demonstrated by the economically mineable Mineral Reserve.

Mineral Reserves at Nkomati Mine

On 24 November 2023, ARM and Norilsk Nickel Africa Proprietary Limited announced that they had signed a sale agreement, which provides for the acquisition by ARM of Norilsk Nickel Africa's 50% participation interest in the Nkomati Nickel Mine (Nkomati). Nkomati is located some 300km east of Johannesburg in the Mpumalanga province of South Africa. Nkomati has been on care and maintenance since 15 March 2021 after production at the mine ceased. The transaction is subject to certain conditions precedent. Once all the conditions precedent have been fulfilled, including consent in terms of section 11 of the Mineral and Petroleum Resources Development Act 28 2002 and approval from the South African competition authorities in terms of the Competition Act 89 1998, the Mineral Resources and Mineral Reserves of the asset will be reported as 100% attributable to ARM.

An updated Mineral Resources and Mineral Reserves Statement will be issued in our 2024 integrated annual report.

Changes to the board of directors

As previously announced on the JSE Stock Exchange News Service (SENS), the following changes to the board took place:

- Ms J Magagula stepped down as executive director: investor relations and new business development as of 31 July 2023
- After serving as a non-executive director for five years and as financial director for eight years, Mr M Arnold stepped down from the board from 8 December 2023
- In line with ARM's commitment to best practice to reduce the number of executive directors, Mr HL Mkatshana stepped down as an executive director from 8 December 2023, but remains employed as chief executive: ARM Platinum.

Subsequent to year end, the following changes to the board took place effective from 3 September 2024:

- Mr AK Maditsi stepped down as lead independent non-executive director and as chairman of both the nomination committee and non-executive directors' committee. He remains an independent non-executive director
- Mr DC Noko, who is an independent non-executive director, was appointed lead independent non-executive director; a member of the nomination committee; and as chairman of both the nomination committee and non-executive directors' committee. Mr Noko stepped down as the chairman of the investment and technical committee
- Mr B Nqwababa, who is an independent non-executive director, was appointed a member and chairman of the investment and technical committee
- Mr WM Gule stepped down as a non-executive director.

Approval of the condensed results for the financial year ended 30 June 2024

Signed on behalf of the board:

PT Motsepe
Executive chairman

VP Tobias
Chief executive officer

Johannesburg
6 September 2024

Review by independent auditor

Independent Auditor's Report on review of the condensed group financial statements

To the shareholders of African Rainbow Minerals Limited

Introduction

We have reviewed the accompanying condensed group statement of financial position of African Rainbow Minerals Limited ("the Group") at 30 June 2024, the condensed group statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial information including summary of material accounting policy information ("the condensed group financial statements"). The directors are responsible for the preparation and fair presentation of these condensed group financial statements in accordance with IAS 34 *Interim Financial Reporting*, the South African Companies Act and have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards and the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Listings Requirements"). Our responsibility is to express a conclusion on these condensed group financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed group financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed group financial statements at 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, the South African Companies Act and have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards and the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Listings Requirements").

KPMG Inc.
Registered Auditor

Per Safeera Loonat
Chartered Accountant (SA)
Registered Auditor
Director
6 September 2024

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Parktown
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CONDENSED GROUP FINANCIAL STATEMENTS

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Condensed group statement of financial position

at 30 June

	Notes	Reviewed 30 June 2024 Rm	Restated[1] 30 June 2023 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	4	**18 128**	16 173
Investment properties		**25**	24
Intangible assets		**50**	55
Deferred tax assets		**921**	935
Other financial assets	12	**187**	128
Reinsurance contract asset*	16	**16**	–
Investment in associate	5	**1 467**	1 847
Investment in joint venture	6	**21 341**	21 814
Other investments	9	**12 857**	6 148
Inventories	10	**330**	427
		55 322	47 551
Current assets			
Inventories	10	**788**	488
Trade and other receivables*	11	**5 187**	5 118
Insurance contract asset*	16	**21**	–
Reinsurance contract asset*	16	**8**	–
Taxation		**223**	178
Financial assets	12	**817**	661
Cash and cash equivalents	13	**8 326**	10 021
		15 370	16 466
Total assets		**70 692**	64 017
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital		**11**	11
Share premium		**5 267**	5 267
Treasury shares		**(2 405)**	(2 405)
Other reserves		**9 485**	4 310
Retained earnings*		**41 648**	42 031
Equity attributable to equity holders of ARM		**54 006**	49 214
Non-controlling interest		**4 081**	4 931
Total equity		**58 087**	54 145
Non-current liabilities			
Long-term borrowings	14	**631**	206
Deferred tax liabilities		**4 635**	3 787
Insurance contract liabilities*	16	**33**	–
Long-term provisions	22	**1 812**	2 257
		7 111	6 250
Current liabilities			
Trade and other payables*	15	**2 554**	1 522
Short-term provisions	22	**1 231**	834
Insurance contract liabilities*	16	**16**	73
Reinsurance contract liabilities*	16	**850**	713
Taxation		**345**	444
Overdrafts and short-term borrowings – interest bearing	14	**498**	36
		5 494	3 622
Total equity and liabilities		**70 692**	64 017

[1] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts. *Refer to note 16 for more detail.*

* *Captions have been impacted by IFRS 17* Insurance contracts.

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

Condensed group statement of profit or loss

for the year ended 30 June

	Notes	Reviewed F2024 Rm	Restated[1] F2023 Rm
Revenue	3	**12 921**	16 097
Sales	3	**11 418**	14 662
Cost of sales[2]		**(10 541)**	(8 836)
Gross profit		**877**	5 826
Other operating income*	17	**1 914**	1 755
Insurance revenue*	16	**45**	64
Other operating expenses*	18	**(2 729)**	(2 632)
Insurance service expenses*	16	**(6)**	(37)
Net expenses from reinsurance contracts held*	16	**(25)**	(23)
Profit from operations before capital items		**76**	4 953
Income from investments[3]		**1 123**	868
Finance costs*		**(192)**	(242)
Net finance expenses from insurance contracts issued*	16	**(6)**	(4)
Net finance expenses from reinsurance contracts held*	16	**(57)**	(40)
Share of profit from associate	5	**60**	1 007
Share of profit from joint venture	6	**4 592**	4 557
Profit before taxation and capital items		**5 596**	11 099
Capital items before tax	7	**(3 396)**	56
Profit before taxation		**2 200**	11 155
Taxation	19	**96**	(1 833)
Profit for the year		**2 296**	9 322
Attributable to:			
Equity holders of ARM			
Profit for the year		**3 146**	8 080
Basic earnings for the year		**3 146**	8 080
Non-controlling interest			
(Loss)/profit for the year		**(850)**	1 242
		(850)	1 242
Profit for the year		**2 296**	9 322
Earnings per share			
Basic earnings per share (cents)	8	**1 604**	4 121
Diluted basic earnings per share (cents)	8	**1 603**	4 112

[1] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts. *Refer to note 16 for more detail.*
[2] *Increase in cost of sales is mainly due to increased operational costs from Modikwa, Bokoni and Two Rivers.*
[3] *Includes dividends received from Harmony of R166 million (F2023: R17 million).*
* *Captions have been impacted by IFRS 17* Insurance contracts.

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

Condensed group statement of comprehensive income

for the year ended 30 June

	Financial instruments at fair value through other compre-hensive income Rm	Other Rm	Retained earnings Rm	**Total share-holders of ARM Rm**	Non-controlling interest Rm	**Total Rm**
For the year ended 30 June 2023 (Restated[1])						
Profit for the year to 30 June 2023	–	–	8 080	**8 080**	1 242	**9 322**
Other comprehensive loss that will not be reclassified to the statement of profit or loss in subsequent periods						
Net impact of revaluation of listed investment – Harmony	1 597	–	–	**1 597**	–	**1 597**
Revaluation of listed investment[2]	2 037	–	–	**2 037**	–	**2 037**
Deferred tax on above	(440)	–	–	**(440)**	–	**(440)**
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods						
Foreign currency translation reserve movement	–	151	–	**151**	–	**151**
Total other comprehensive income	1 597	151	–	**1 748**	–	**1 748**
Total comprehensive income for the year	1 597	151	8 080	**9 828**	1 242	**11 070**
For the year ended 30 June 2024 (Reviewed)						
Profit for the year to 30 June 2024	–	–	3 146	**3 146**	(850)	**2 296**
Other comprehensive income that will not be reclassified to the statement of profit or loss in subsequent periods						
Net impact of revaluation of listed investment – Harmony	5 198	–	–	**5 198**	–	**5 198**
Revaluation of listed investment[2]	6 630	–	–	**6 630**	–	**6 630**
Deferred tax on above	(1 432)	–	–	**(1 432)**	–	**(1 432)**
Net impact of revaluation of listed investment – Surge Copper	19	–	–	**19**	–	**19**
Revaluation of listed investment[2]	24	–	–	**24**	–	**24**
Deferred tax on above	(5)	–	–	**(5)**	–	**(5)**
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods						
Foreign currency translation reserve movement	–	(66)	–	**(66)**	–	**(66)**
Total other comprehensive income/(loss)	5 217	(66)	–	**5 151**	–	**5 151**
Total comprehensive income/(loss) for the year	5 217	(66)	3 146	**8 297**	(850)	**7 447**

[1] *Comparative information has been restated. Refer to note 16 for more detail.*

[2] *The share price of Harmony increased from R79.25 per share at 30 June 2023 to R168.05 at 30 June 2024 per share. The share price of Surge Copper of CAD0.14 per share translated at R13.33 at 30 June 2024. The purchase share price of Surge Copper was CAD0.10 per share translated at R13.46. The valuation of the investment in Harmony and Surge Copper is based on a level 1 fair value hierarchy level in terms of IFRS Accounting Standards.*

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

Condensed group statement of changes in equity

for the year ended 30 June

	Share capital and premium Rm	Treasury shares Rm	Other reserves: Financial instruments at fair value through other comprehensive income Rm	Other reserves: Share-based payments Rm	Other reserves: Other[1] Rm	Retained earnings Rm	**Total shareholders of ARM Rm**	Non-controlling interest[2] Rm	**Total Rm**
Balance at 30 June 2022 (Audited)	5 278	(2 405)	2 188	405	75	40 617	**46 158**	4 205	**50 363**
Total comprehensive income for the year	–	–	1 597	–	151	8 080	**9 828**	1 242	**11 070**
Profit for the year to 30 June 2023[3]	–	–	–	–	–	8 080	**8 080**	1 242	**9 322**
Other comprehensive income	–	–	1 597	–	151	–	**1 748**	–	**1 748**
Conditional shares issued to employees	–	–	–	(220)	–	–	**(220)**	–	**(220)**
Dividend paid[4]	–	–	–	–	–	(6 666)	**(6 666)**	–	**(6 666)**
Dividend declared to non-controlling interests[5]	–	–	–	–	–	–	**–**	(516)	**(516)**
Share-based payment expense	–	–	–	147	–	–	**147**	–	**147**
Other	–	–	–	(33)	–	–	**(33)**	–	**(33)**
Balance at 30 June 2023[3] (Restated)	5 278	(2 405)	3 785	299	226	42 031	**49 214**	4 931	**54 145**
Total comprehensive income/(loss) for the year	–	–	5 217	–	(66)	3 146	**8 297**	(850)	**7 447**
Profit for the year to 30 June 2024	–	–	–	–	–	3 146	**3 146**	(850)	**2 296**
Other comprehensive income	–	–	5 217	–	(66)	–	**5 151**	–	**5 151**
Conditional shares issued to employees	–	–	–	(123)	–	–	**(123)**	–	**(123)**
Dividend paid[4]	–	–	–	–	–	(3 529)	**(3 529)**	–	**(3 529)**
Share-based payment expense	–	–	–	151	–	–	**151**	–	**151**
Other	–	–	–	(4)	–	–	**(4)**	–	**(4)**
Balance at 30 June 2024 (Reviewed)	5 278	(2 405)	9 002	323	160	41 648	**54 006**	4 081	**58 087**

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

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

[2] *Non-controlling interest includes R3 531 million (F2023: R4 376 million) for Two Rivers and R475 million (F2023: R535 million) for Modikwa.*

[3] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts. *Refer to note 16 for more detail.*

[4] *Interim dividend paid of 600 cents (F2023: 1 400 cents) per share and final dividend paid of 1 200 cents (F2023: 2 000 cents) per share.*

[5] *Dividends to Impala Platinum and Modikwa non-controlling interests.*

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

Condensed group statement of cash flows

for the year ended 30 June

	Notes	Reviewed F2024 Rm	Audited F2023 Rm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		**13 675**	18 697
Cash paid to suppliers and employees		**(11 904)**	(10 607)
Cash generated from operations	20	**1 771**	8 090
Interest received		**917**	840
Interest paid		**(97)**	(69)
Taxation paid		**(600)**	(1 517)
		1 991	7 344
Dividends received from joint venture	6	**5 000**	5 000
Dividends received from associate	5	**440**	1 208
Dividends received from investments – Harmony		**166**	17
Dividend paid to non-controlling interests		**–**	(660)
Dividend paid to shareholders		**(3 529)**	(6 666)
Net cash inflow from operating activities		**4 068**	6 243
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Bokoni net of cash acquired		**–**	(3 441)
Acquisition of investment in Surge Copper		**(53)**	–
Additions to property, plant and equipment to maintain operations		**(1 550)**	(1 995)
Additions to property, plant and equipment to expand operations		**(4 742)**	(2 461)
Proceeds on disposal of property, plant and equipment		**4**	6
Investments in financial assets		**(893)**	(724)
Proceeds from financial assets matured		**678**	1 011
Proceeds from loans repaid		**–**	93
Net cash outflow from investing activities		**(6 556)**	(7 511)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash payments to owners to acquire the entity's shares		**(78)**	(141)
Long-term borrowings raised		**479**	–
Long-term borrowings repaid		**(48)**	(80)
Short-term borrowings raised		**456**	–
Short-term borrowings repaid		**(14)**	(171)
Net cash outflow from financing activities		**795**	(392)
Net decrease in cash and cash equivalents		**(1 693)**	(1 660)
Cash and cash equivalents at beginning of year		**10 004**	11 643
Net foreign exchange difference		**(2)**	21
Cash and cash equivalents at end of year		**8 309**	10 004
Made up as follows:			
– Available	13	**7 625**	9 183
– Cash set aside for specific use	13	**684**	821
		8 309	10 004
Overdrafts	14	**17**	17
Cash and cash equivalents per statement of financial position		**8 326**	10 021
Cash generated from operations per share (cents)		**903**	4 127

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

Notes to the condensed group financial statements

for the year ended 30 June 2024

1 STATEMENT OF COMPLIANCE

The condensed group financial statements under review have been prepared in accordance with IAS 34 *Interim Financial Reporting*, the South African Companies Act, the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards and the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively 'JSE Listings Requirements').

Basis of preparation

The condensed group financial statements for the financial year under review have been prepared under the supervision of the finance director, Ms TTA Mhlanga, CA(SA). The condensed group financial statements for the financial year under review have been prepared on the historical cost basis, except for certain financial instruments that are fairly valued. The accounting policies used are in terms of IFRS Accounting Standards and are consistent with those applied in the most recent annual financial statements, apart from the new standards adopted in the current year.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the group's financial position, performance and cash flow since the last annual financial statements.

Adoption of new and revised accounting standards

The group has adopted the following new and/or revised standards and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) of the IASB during the period under review. The date of initial application for the group being 1 July 2023.

Standard	Subject	Effective date
IFRS 17	*Insurance contracts*	1 January 2023
IAS 8	*Accounting policies, changes in accounting estimates and errors – definition of accounting estimates –* amendment	1 January 2023
IAS 1 and Practice statement 2	*Presentation of financial statements – disclosure of accounting policies* – amendment	1 January 2023
IAS 12	*Income taxes – deferred tax related to assets and liabilities arising from a single transaction* – amendment	1 January 2023
IAS 12	*International tax reform – pillar two model rules –* amendment	23 May 2023

In the group financial statements, the group has applied IFRS 17 for the first time. The group has not early adopted any other standard, interpretation or amendment that have been issued but is not yet effective. The adoption of the above standards with the exception of IFRS 17 *Insurance contracts* did not have a significant effect on the group financial statements.

1 STATEMENT OF COMPLIANCE continued

1. Changes in accounting policies and disclosures

IFRS 17 *Insurance contracts*

IFRS 17 replaces IFRS 4 *Insurance contract*s for annual periods beginning on or after 1 January 2023. There is no third statement of financial position disclosed as the 2022 adjustment is R58 million, which is deemed immaterial.

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

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

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

1.1 Changes in classification and measurement

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

The key principles of IFRS 17 are that the group:

- Identifies insurance contracts as those under which the group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards
- Divides the insurance and reinsurance contracts into groups it will recognise and measure
- Recognises and measures groups of insurance contracts at:
  - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information
  - An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)
- Recognises profit from a group of insurance contracts over the period the group provides insurance coverage, as the group is released from risk. If a group of contracts is expected to be onerous (ie loss-making) over the remaining coverage period, the group recognises the loss immediately as part of insurance service expense.

1 STATEMENT OF COMPLIANCE continued

1.2 Changes to presentation and disclosure

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

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

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

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

- Insurance revenue
- Insurance service expense
- Net expenses from reinsurance contracts held
- Net finance expenses from insurance contracts held
- Net finance expenses from reinsurance contracts held.

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

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

1.3 Transition

On transition date, the group:

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

2. Material accounting policies

Summary of material accounting policies for insurance contracts

2.1 Summary of measurement methods

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

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

1 STATEMENT OF COMPLIANCE continued

2. Material accounting policies continued

2.2 Definitions and classifications

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

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

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

2.3 Separating components from insurance and reinsurance contracts

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

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

Separating investment components

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

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

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

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

1 STATEMENT OF COMPLIANCE continued

2. Material accounting policies continued

2.4 Level of aggregation

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

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

a) Contracts that are onerous on initial recognition
b) Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
c) Any remaining contracts in the portfolio.

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

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

Reinsurance contracts held are assessed separately from underlying insurance contracts issued. The group disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

a) Those that, on initial recognition, have a net gain
b) Those that, on initial recognition, have a net cost that is not immediately recognised in profit or loss
c) Those that, on initial recognition, have a net cost that is immediately recognised in profit or loss.

2.5 Recognition

The group recognises groups of insurance contracts issued from the earliest of the following dates:

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

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

1 STATEMENT OF COMPLIANCE continued

2. Material accounting policies continued

2.6 Contract boundaries

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

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

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

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

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

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

2.7 Measurement of insurance contracts issued

The group applies the PAA to the measurement of insurance contracts.

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

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

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

1 STATEMENT OF COMPLIANCE continued

2. Material accounting policies continued

2.7 Measurement of insurance contracts issued continued

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

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

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

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

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

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

For contracts issued to which an entity applies the premium allocation approach, the entity shall assume no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise. An entity shall assess whether contracts that are not onerous at initial recognition have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

2.8 Reinsurance contracts held

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

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

The effect of non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the group applies the general approach and disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:
a) Contracts that on initial recognition have a net gain
b) Contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently
c) Any remaining reinsurance contracts held in the portfolio.

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

1 STATEMENT OF COMPLIANCE continued

2. Material accounting policies continued

2.8 Reinsurance contracts held continued

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

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

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

2.9 Modification and derecognition

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

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

If the contract modification meets any of the conditions, the group performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time.

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

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

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

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

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

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

1 STATEMENT OF COMPLIANCE continued

2. Material accounting policies continued

2.10 Presentation

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

The group disaggregates the amounts recognised in the consolidated statement of profit or loss and other comprehensive income into an insurance service result comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

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

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

2.10.1 Insurance revenue

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

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

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

2.10.2 Insurance service expense

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

2.10.3 Income or expenses from reinsurance contracts held

The group presents income or expenses from a group of reinsurance contracts held and insurance finance income or expenses in profit or loss for the period, separately. Income or expenses from reinsurance contracts held are split into the following two amounts:
- Amount recovered from reinsurer
- An allocation of the reinsurance premium paid, provided together they equal total income or expenses from reinsurance contracts held.

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

1 STATEMENT OF COMPLIANCE continued

2. Material accounting policies continued

2.10 Presentation continued

2.10.4 Insurance finance income and expense

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

2.11 Transition

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the group's accounting policies

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

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

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

1 STATEMENT OF COMPLIANCE continued

3. Critical accounting judgements and key sources of estimation uncertainty continued

Critical judgements in applying the group's accounting policies continued

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

Determination of contract boundary: The measurement of a group insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the group considers its substantive rights and obligations arising from the terms of the contract, and also from applicable law and regulation. Cash flows are considered to be outside of the contract boundary if the group has practical ability to reprice existing contracts to reflect their reassessed risks and if the contract's pricing for coverage up to the date of reassessment considers only the risks till that next reassessment date. The group applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio. The group considers contractual, legal and regulatory restrictions when making its assessment.

In doing so, the group disregards restrictions that have no commercial substance. The group also applies judgement to decide whether commercial considerations are relevant.

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

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

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

Disaggregation of changes in the risk adjustment for non-financial risk: The group does not disaggregate the risk adjustment for non-financial risk into an insurance service component and an insurance finance component, which would otherwise require a significant judgement and additional disclosure.

The group presents changes in the risk adjustment for non-financial risk included in the liability for remaining coverage that do not relate to future service as insurance revenue and changes in the risk adjustment for non-financial risk related to current and past service as insurance service expense.

1 STATEMENT OF COMPLIANCE continued

3. Critical accounting judgements and key sources of estimation uncertainty continued

Critical judgements in applying the group's accounting policies continued

Key sources of estimation uncertainty

Technique for estimation of future cash flows

In estimating FCF included in the contract boundary, the group considers the range of all possible outcomes in an unbiased way specifying the average expectation. The probability-weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the group uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as mortality rates, accident rates, average claim costs, probabilities of severe claims, and policy surrender rates. The group maximises the use of observable inputs for market variables and utilises internally generated group-specific data.

Method of estimating discount rates

In determining discount rates for different products, the group uses the bottom-up approach.

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

1 STATEMENT OF COMPLIANCE continued

New standards issued but not yet effective

The following amendments, standards or interpretations have been issued but are not yet effective for the group. The effective date refers to periods beginning on or after, unless otherwise indicated.

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

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

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

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

2 PRIMARY SEGMENTAL INFORMATION

Business segments

For management purposes, the group is organised into the following operating divisions: ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal and ARM Corporate (which includes Machadodorp Works, Corporate, Gold and other) in the table below.

	Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS adjustment[2] Rm	Total per IFRS financial statements Rm
2.1	**Year to 30 June 2024 (Reviewed)**							
	Sales	9 298	21 270	2 120	–	**32 688**	(21 270)	**11 418**
	Cost of sales	(8 828)	(12 859)	(1 717)	75	**(23 329)**	12 788	**(10 541)**
	Other operating income[3]	154	34	154	1 510	**1 852**	62	**1 914**
	Insurance revenue	–	–	–	45	**45**	–	**45**
	Other operating expenses	(987)	(1 949)	(137)	(1 605)	**(4 678)**	1 949	**(2 729)**
	Insurance service expense	–	–	–	(6)	**(6)**	–	**(6)**
	Net expenses from reinsurance contracts held	–	–	–	(25)	**(25)**	–	**(25)**
	Segment result	(363)	6 496	420	(6)	**6 547**	(6 471)	**76**
	Income from investments	217	514	65	841	**1 637**	(514)	**1 123**
	Finance costs	(270)	(69)	(18)	96	**(261)**	69	**(192)**
	Net finance expenses from insurance contracts issued	–	–	–	(6)	**(6)**	–	**(6)**
	Net finance expenses from reinsurance contracts held	–	–	–	(57)	**(57)**	–	**(57)**
	Income from associate	–	–	60	–	**60**	–	**60**
	Income from joint venture	–	18	–	–	**18**	4 574	**4 592**
	Capital items before tax (refer note 7)	(3 402)	(638)	1	5	**(4 034)**	638	**(3 396)**
	Taxation	584	(1 711)	(136)	(345)	**(1 608)**	1 704	**96**
	(Loss)/profit after tax	(3 234)	4 610	392	528	**2 296**	–	**2 296**
	Non-controlling interest	851	–	–	(1)	**850**	–	**850**
	Consolidation adjustments[4]	–	(18)	–	18	**–**	–	**–**
	Contribution to basic (losses)/earnings	(2 383)	4 592	392	545	**3 146**	–	**3 146**
	Contribution to headline (losses)/earnings	(910)	5 058	391	541	**5 080**	–	**5 080**
	Other information							
	Segment assets, including investment in associate	23 590	28 449	4 517	21 244	**77 800**	(7 108)	**70 692**
	Investment in associate			1 467		**1 467**		**1 467**
	Investment in joint venture						21 341	**21 341**
	Segment liabilities	5 575	3 611	404	1 646	**11 236**	(3 611)	**7 625**
	Unallocated liabilities (tax and deferred tax)					**8 477**	(3 497)	**4 980**
	Consolidated total liabilities					**19 713**	(7 108)	**12 605**
	Cash generated from operations	(1 678)	7 875	521	2 928	**9 646**	(7 875)	**1 771**
	Cash (outflow)/inflow from operating activities	(1 627)	6 687	458	5 237	**10 755**	(6 687)	**4 068**
	Cash (outflow)/inflow from investing activities	(5 864)	(2 127)	(419)	(273)	**(8 683)**	2 127	**(6 556)**
	Cash inflow/(outflow) from financing activities	935	(22)	(14)	(126)	**773**	22	**795**
	Capital expenditure	6 139	2 209	202	14	**8 564**	(2 209)	**6 355**
	Amortisation and depreciation	766	1 400	199	8	**2 373**	(1 400)	**973**
	Impairment loss/(reversal) before tax	3 402	618	–	(5)	**4 015**	(618)	**3 397**
	EBITDA	403	7 896	619	2	**8 920**	(7 871)	**1 049**

There were no significant inter-company sales.

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

[1] *Refer to ARM Ferrous segment note 2.4 and note 6 for more detail.*

[2] *Includes IFRS 11 Joint arrangements – adjustments related to ARM Ferrous and other consolidation adjustments.*

[3] *The re-measurement adjustment of the Harmony loan amounts to R1 million gain with no tax effect.*

[4] *Relates to fees capitalised in ARM Ferrous and reversed upon consolidation.*

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

2 PRIMARY SEGMENTAL INFORMATION continued

Business segments continued

Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	**Total Rm**	IFRS adjustment[2] Rm	**Total per IFRS financial statements Rm**
2.2 Year to 30 June 2023 (Restated[3])							
Sales	11 857	20 179	2 689	116	**34 841**	(20 179)	**14 662**
Cost of sales	(7 298)	(11 822)	(1 475)	42	**(20 553)**	11 717	**(8 836)**
Other operating income	208	454	31	1 408	**2 101**	(346)	**1 755**
Insurance revenue	–	–	–	64	**64**	–	**64**
Other operating expenses[4]	(965)	(1 922)	(193)	(1 474)	**(4 554)**	1 922	**(2 632)**
Insurance service expense	–	–	–	(37)	**(37)**	–	**(37)**
Net expenses from reinsurance contracts held	–	–	–	(23)	**(23)**	–	**(23)**
Segment result	3 802	6 889	1 052	96	**11 839**	(6 886)	**4 953**
Income from investments	256	415	17	595	**1 283**	(415)	**868**
Finance costs	(120)	(45)	(123)	1	**(287)**	45	**(242)**
Net finance expenses from insurance contracts issued	–	–	–	(4)	**(4)**	–	**(4)**
Net finance expenses from reinsurance contracts held	–	–	–	(40)	**(40)**	–	**(40)**
Income from associate	–	–	1 007	–	**1 007**	–	**1 007**
Income from joint venture	–	206	–	–	**206**	4 351	**4 557**
Capital items before tax (refer note 7)	53	(1 269)	2	1	**(1 213)**	1 269	**56**
Taxation	(1 232)	(1 637)	(407)	(193)	**(3 469)**	1 636	**(1 833)**
Profit after tax	2 759	4 559	1 548	456	**9 322**	–	**9 322**
Non-controlling interest	(1 240)	–	–	(2)	**(1 242)**	–	**(1 242)**
Consolidation adjustments[5]	–	(2)	–	2	**–**	–	**–**
Contribution to basic earnings	1 519	4 557	1 548	456	**8 080**	–	**8 080**
Contribution to headline earnings	1 465	5 528	1 535	455	**8 983**	–	**8 983**
Other information							
Segment assets, including investment in associate	22 466	28 432	5 016	14 722	**70 636**	(6 619)	**64 017**
Investment in associate			1 847		**1 847**	–	**1 847**
Investment in joint venture						21 814	**21 814**
Segment liabilities	3 409	3 089	689	1 543	**8 730**	(3 089)	**5 641**
Unallocated liabilities (tax and deferred tax)					**7 761**	(3 530)	**4 231**
Consolidated total liabilities					**16 491**	(6 619)	**9 872**
Cash generated from operations	6 124	8 005	1 827	139	**16 095**	(8 005)	**8 090**
Cash inflow/(outflow) from operating activities	4 774	6 614	2 148	(679)	**12 857**	(6 614)	**6 243**
Cash (outflow)/inflow from investing activities	(7 610)	(2 012)	(222)	321	**(9 523)**	2 012	**(7 511)**
Cash (outflow)/inflow from financing activities	(24)	(6)	(146)	(222)	**(398)**	6	**(392)**
Capital expenditure	4 420	2 440	331	10	**7 201**	(2 440)	**4 761**
Amortisation and depreciation	682	1 277	187	9	**2 155**	(1 277)	**878**
Impairment before tax	–	1 261	–	–	**1 261**	(1 261)	**–**
EBITDA	4 484	8 166	1 239	105	**13 994**	(8 163)	**5 831**

There were no significant inter-company sales.

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

1 *Refer to ARM Ferrous segment note 2.4 and note 6 for more detail.*
2 Includes IFRS 11 Joint arrangements *– adjustments related to ARM Ferrous and other consolidation adjustments.*
3 *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts. *Refer to note 16 for more detail.*
4 *The re-measurement adjustment of the Harmony loan amounts to R8 million gain with no tax effect.*
5 *Relates to fees capitalised in ARM Ferrous and reversed upon consolidation.*

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

2 PRIMARY SEGMENTAL INFORMATION continued

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

Attributable	Two Rivers Rm	Modikwa Rm	Bokoni Rm	Nkomati Rm	ARM Platinum total Rm
2.3 Year to 30 June 2024 (Reviewed)					
Sales	5 914	2 833	551	–	**9 298**
Cost of sales	(5 125)	(2 875)	(828)	–	**(8 828)**
Other operating income	78	72	3	1	**154**
Other operating expenses	(274)	(49)	(283)	(381)	**(987)**
Segment result	593	(19)	(557)	(380)	**(363)**
Income from investments	73	124	8	12	**217**
Finance costs	(67)	(166)	(16)	(21)	**(270)**
Capital items before tax (refer note 7)	(2 782)	(620)	–	–	**(3 402)**
Taxation	462	125	(1)	(2)	**584**
Loss after tax	(1 721)	(556)	(566)	(391)	**(3 234)**
Non-controlling interest	792	59	–	–	**851**
Contribution to basic losses	(929)	(497)	(566)	(391)	**(2 383)**
Contribution to headline earnings/(losses)	168	(121)	(566)	(391)	**(910)**
Other information					
Segment and consolidated assets	12 173	4 701	6 567	149	**23 590**
Segment liabilities	2 751	1 032	592	1 200	**5 575**
Unallocated liabilities (tax and deferred tax)					**2 016**
Consolidated total liabilities					**7 591**
Cash inflow/(outflow) from operating activities	1 384	(2 157)	(787)	(67)	**(1 627)**
Cash outflow from investing activities	(3 739)	(404)	(1 721)	–	**(5 864)**
Cash inflow from financing activities	935	–	–	–	**935**
Capital expenditure	3 968	417	1 754	–	**6 139**
Amortisation and depreciation	447	124	195	–	**766**
EBITDA	1 040	105	(362)	(380)	**403**

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

2 PRIMARY SEGMENTAL INFORMATION continued

	Attributable	Two Rivers Rm	Modikwa Rm	Bokoni Rm	Nkomati Rm	ARM Platinum total Rm
2.4	**Year to 30 June 2023 (Audited)**					
	Sales	7 896	3 961	–	–	**11 857**
	Cost of sales	(4 612)	(2 686)	–	–	**(7 298)**
	Other operating income	103	97	7	1	**208**
	Other operating expenses	(263)	(136)	(396)	(170)	**(965)**
	Segment result	3 124	1 236	(389)	(169)	**3 802**
	Income from investments	129	109	8	10	**256**
	Finance costs	(42)	(4)	(25)	(49)	**(120)**
	Capital items before tax (refer note 7)	(3)	–	56	–	**53**
	Taxation	(876)	(354)	–	(2)	**(1 232)**
	Profit/(loss) after tax	2 332	987	(350)	(210)	**2 759**
	Non-controlling interest	(1 072)	(168)	–	–	**(1 240)**
	Contribution to basic earnings/(losses)	1 260	819	(350)	(210)	**1 519**
	Contribution to headline earnings/(losses)	1 262	819	(406)	(210)	**1 465**
	Other information					
	Segment and consolidated assets	13 025	4 832	4 440	169	**22 466**
	Segment liabilities	1 368	758	412	871	**3 409**
	Unallocated liabilities (tax and deferred tax)					**2 775**
	Consolidated total liabilities					**6 184**
	Cash inflow/(outflow) from operating activities	3 908	1 327	(365)	(96)	**4 774**
	Cash (outflow)/inflow from investing activities	(3 128)	(561)	(3 922)	1	**(7 610)**
	Cash outflow from financing activities	(4)	(20)	–	–	**(24)**
	Capital expenditure	3 167	561	692	–	**4 420**
	Amortisation and depreciation	534	136	12	–	**682**
	EBITDA	3 658	1 372	(377)	(169)	**4 484**

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

2 PRIMARY SEGMENTAL INFORMATION continued

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

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

[1] *Includes consolidation and IFRS 11* Joint arrangements *– adjustments.*

[2] *Dividend paid amounting to R5 billion included in cash flows from operating activities.*

Refer to note 2.1 and note 6 for more detail on the ARM Ferrous segment.

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

2 PRIMARY SEGMENTAL INFORMATION continued

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

Attributable	Iron ore division Rm	Manganese division Rm	ARM Ferrous total Rm	ARM share Rm	IFRS adjustment[1] Rm	Total per IFRS financial statements Rm
Year to 30 June 2023 (Audited)						
Sales	25 069	15 290	**40 359**	**20 179**	(20 179)	–
Cost of sales	(12 468)	(11 177)	**(23 645)**	**(11 822)**	11 822	–
Other operating income	319	773	**1 092**	**454**	(454)	–
Other operating expenses	(2 266)	(1 762)	**(4 028)**	**(1 922)**	1 922	–
Segment result	10 654	3 124	**13 778**	**6 889**	(6 889)	–
Income from investments	775	54	**829**	**415**	(415)	–
Finance costs	(48)	(42)	**(90)**	**(45)**	45	–
Profit from joint venture	–	414	**414**	**206**	(206)	–
Capital items before tax (refer note 7)	(2 124)	(415)	**(2 539)**	**(1 269)**	1 269	–
Taxation	(2 491)	(782)	**(3 273)**	**(1 637)**	1 637	–
Profit after tax	6 766	2 353	**9 119**	**4 559**	(4 559)	–
Consolidation adjustments			**–**	**(2)**	2	–
Contribution to basic earnings	6 766	2 353	**9 119**	**4 557**	–	**4 557**
Contribution to headline earnings	8 316	2 744	**11 060**	**5 528**	–	**5 528**
Other information						
Consolidated total assets	36 405	22 164	**58 569**	**28 432**	(6 618)	**21 814**
Consolidated total liabilities	8 000	5 716	**13 716**	**3 089**	(3 089)	–
Capital expenditure	3 414	1 682	**5 096**	**2 440**	(2 440)	–
Amortisation and depreciation	1 781	982	**2 763**	**1 277**	(1 277)	–
Cash inflow/(outflow) from operating activities[2]	2 952	416	**3 368**	**6 614**	(6 614)	–
Cash (outflow)/inflow from investing activities	(2 919)	(1 244)	**(4 163)**	**(2 012)**	2 012	–
Cash (outflow)/inflow from financing activities	(11)	–	**(11)**	**(6)**	6	–
EBITDA	12 435	4 106	**16 541**	**8 166**	(8 166)	–
Additional information for ARM Ferrous at 100% Assmang						
Non-current assets						
Property, plant and equipment			**31 570**		(31 570)	–
Investment in joint venture			**2 559**		(2 559)	–
Other non-current assets			**2 455**		(2 455)	–
Current assets						
Inventories			**5 744**		(5 744)	–
Trade and other receivables			**6 072**		(6 072)	–
Taxation			**168**		(168)	–
Financial assets			**125**		(125)	–
Cash and cash equivalents			**9 877**		(9 877)	–
Non-current liabilities						
Other non-current liabilities			**8 863**		(8 863)	–
Current liabilities						
Trade and other payables			**3 876**		(3 876)	–
Short-term provisions			**949**		(949)	–

[1] *Includes consolidation and IFRS 11* Joint arrangements *– adjustments.*

[2] *Dividend paid amounting to R5 billion included in cash flows from operating activities.*

Refer to note 2.1 and note 6 for more detail on the ARM Ferrous segment.

2 PRIMARY SEGMENTAL INFORMATION continued

2.6 Additional information

ARM Corporate, as presented in the table on pages 46 and 47, is analysed further into Machadodorp, Corporate and other, and gold segments.

Attributable	Machadodorp Works Rm	Corporate and other Rm	Gold Rm	**Total ARM Corporate Rm**
Year to 30 June 2024 (Reviewed)				
Sales	–	–		**–**
Cost of sales	–	75		**75**
Other operating income	3	1 507		**1 510**
Insurance revenue	–	45		**45**
Other operating expenses	(293)	(1 312)		**(1 605)**
Insurance service expense	–	(6)		**(6)**
Net expenses from reinsurance contracts held	–	(25)		**(25)**
Segment result	(290)	284		**(6)**
Income from investments	–	675	166	**841**
Finance costs	(25)	121		**96**
Net finance expenses from insurance contracts issued	–	(6)		**(6)**
Net finance expenses from reinsurance contracts held	–	(57)		**(57)**
Capital items before tax (refer note 7)	1	4		**5**
Taxation	94	(439)		**(345)**
(Loss)/profit after tax	(220)	582	166	**528**
Non-controlling interest	–	(1)		**(1)**
Consolidation adjustments[1]	–	18		**18**
Contribution to basic (losses)/earnings	(220)	599	166	**545**
Contribution to headline (losses)/earnings	(221)	596	166	**541**
Other information				
Segment and consolidated assets	112	8 584	12 548	**21 244**
Segment liabilities	228	1 418		**1 646**
Cash (outflow)/inflow from operating activities	(348)	5 419	166	**5 237**
Cash outflow from investing activities	(2)	(271)		**(273)**
Cash outflow from financing activities	–	(126)		**(126)**
Capital expenditure	2	12		**14**
Amortisation and depreciation	–	8		**8**
EBITDA	(290)	292		**2**

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

2 PRIMARY SEGMENTAL INFORMATION continued

2.6 Additional information continued

Attributable	Machadodorp Works Rm	Corporate and other Rm	Gold Rm	Total ARM Corporate Rm
Year to 30 June 2023 (Restated[1])				
Sales	116	–		**116**
Cost of sales	(75)	117		**42**
Other operating income	4	1 404		**1 408**
Insurance revenue	–	64		**64**
Other operating expenses	(288)	(1 186)		**(1 474)**
Insurance service expense	–	(37)		**(37)**
Net expenses from reinsurance contracts held	–	(23)		**(23)**
Segment result	(243)	339		**96**
Income from investments	–	578	17	**595**
Finance costs	(24)	25		**1**
Net finance expenses from insurance contracts issued	–	(4)		**(4)**
Net finance expenses from reinsurance contracts held	–	(40)		**(40)**
Capital items before tax (refer note 7)	–	1		**1**
Taxation	71	(264)		**(193)**
(Loss)/profit after tax	(196)	635	17	**456**
Non-controlling interest	–	(2)		**(2)**
Consolidation adjustments[2]	–	2		**2**
Contribution to basic (losses)/earnings	(196)	635	17	**456**
Contribution to headline (losses)/earnings	(196)	634	17	**455**
Other information				
Segment and consolidated assets	123	8 681	5 918	**14 722**
Segment liabilities	262	1 281		**1 543**
Cash (outflow)/inflow from operating activities	–	(696)	17	**(679)**
Cash inflow from investing activities	–	321		**321**
Cash outflow from financing activities	–	(222)		**(222)**
Capital expenditure	–	10		**10**
Amortisation and depreciation	1	8		**9**
EBITDA	(242)	347		**105**

[1] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts. *Refer to note 16 for more detail.*

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

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

3 REVENUE AND SALES

	Reviewed F2024 Rm	Audited F2023 Rm
Sales	**11 418**	14 662
Local sales	**9 627**	12 253
Export sales	**1 791**	2 409
Revenue	**12 921**	16 097
Fair value adjustments to revenue[1]	**(321)**	(1 481)
Revenue from contracts with customers	**13 242**	17 578
Sales – mining and related products	**12 108**	16 536
Penalty and treatment charges	**(369)**	(393)
Bokoni	**(41)**	–
Two Rivers	**(328)**	(393)
Fees received	**1 503**	1 435
Sales by geographical area[2]:		
– South Africa	**9 627**	12 253
– Europe	**1 791**	2 409
	11 418	14 662

[1] *Decrease in fair value adjustments due to the drop in basket prices from Modikwa and Two Rivers.*
[2] *Sales by geographical area have been included to provide additional information.*

4 PROPERTY, PLANT AND EQUIPMENT

The movements in F2024 property, plant and equipment include impairments of property, plant and equipment at Two Rivers and Modikwa of R2 782 million and R620 million, respectively. Capital expenditure at Two Rivers of R3 968 million largely relates to the Merensky project. Capital expenditure at Bokoni of R1 754 million largely relates to the early-ounce project.

4.1 ARM Ferrous

Property, plant and equipment

Impairment

Beeshoek Mine

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

This consists of the gross impairment loss of R788 million before tax of R213 million recognised at 31 December 2023 (ARM's attributable share of the impairment loss at 31 December 2023 amounted to R394 million before tax of R106 million) and an additional impairment loss of R370 million before tax of R100 million at 30 June 2024 (ARM's attributable share of the impairment loss amounted to R185 million before tax of R50 million) (refer to note 7).

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

4 PROPERTY, PLANT AND EQUIPMENT continued

4.1 ARM Ferrous continued

Property, plant and equipment continued

Impairment continued

Beeshoek Mine continued

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

The following assumptions were used in the valuation model:

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

The valuation was calculated over a 6.5-year period.

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

At 30 June 2023, an impairment loss of R2 110 million before tax of R570 million was recognised on property, plant and equipment at the Beeshoek Mine (ARM's attributable share of the impairment loss amounted to R1 055 million before tax of R282 million) (refer note 7).

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

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

Cato Ridge Works

At 30 June 2024, an impairment loss of R79 million before taxation of R21 million was recognised on the property, plant and equipment at the Cato Ridge Works operation. It was concluded that a discounted cash flow model was not required for this impairment, due to forecast negative cash flows. (ARM's attributable share of the impairment loss amounted to R40 million before tax of R11 million) (refer note 7).

At 30 June 2023, an impairment loss of R112 million before taxation of R37 million was recognised on the property, plant and equipment at the Cato Ridge Works operation. It was concluded that a discounted cash flow model was not required for this impairment. The total value of property, plant and equipment was fully impaired at 30 June 2021. The impairment at 30 June 2023 was to fully impair the additions of property, plant and equipment subsequent to 30 June 2021 (ARM's attributable share of the impairment loss amounted to R56 million before tax of R18 million) (refer note 7).

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

Sakura

At 31 December 2022, an impairment loss of R299 million with no tax effect was recognised on Assmang's equity-accounted investment in Sakura (ARM's attributable share of the impairment loss amounted to R150 million with no tax effect) (refer note 7).

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

4 PROPERTY, PLANT AND EQUIPMENT continued

4.2 ARM Platinum

Property, plant and equipment continued

Impairment continued

Two Rivers Mine

At 31 December 2023, an impairment loss of R2 782 million before tax of R751 million was recognised on property, plant and equipment at Two Rivers Platinum Mine (ARM's attributable share of the impairment loss amounted to R1 502 million before tax of R406 million[1]) (refer note 7).

There have been no further impairments at 30 June 2024.

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

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

The following assumptions were used in the valuation model:

A nominal pre-tax South African discount rate of 23.3% was used in the 31 December 2023 impairment model.

The valuation was calculated over a 22-year period.

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

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

4 PROPERTY, PLANT AND EQUIPMENT continued

4.2 ARM Platinum continued

Property, plant and equipment continued

Impairment continued

Modikwa Mine

At 31 December 2023, an impairment loss of R620 million before tax of R167 million was recognised on property, plant and equipment at the Modikwa (ARM's attributable share of the impairment loss amounted to R515 million before tax of R139 million) (refer note 7).

There have been no further impairments at 30 June 2024.

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

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

The following assumptions were used in the valuation model:

A nominal pre-tax South African discount rate of 21.9% was used in the 31 December 2023 impairment model.

The valuation was calculated over a 36-year period.

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

		Reviewed F2024 Rm	Audited F2023 Rm
5	**INVESTMENT IN ASSOCIATE**		
	Through ARM's 51% investment in ARM Coal and ARM's 10% direct investment, the group holds a 20.2% investment in the Participative Coal Business (PCB) of Glencore Operations South Africa Proprietary Limited (GOSA).		
	Opening balance	**1 847**	2 048
	Share of profit from associate	**60**	1 007
	Dividend received (refer statement of cash flows)[1]	**(440)**	(1 208)
	Closing balance	**1 467**	1 847

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

		Reviewed F2024 Rm	Audited F2023 Rm
6	**INVESTMENT IN JOINT VENTURE**		
	The investment relates to ARM Ferrous and consists of Assmang as a joint venture, which includes iron ore and manganese operations.		
	Opening balance	**21 814**	22 145
	Share of profit from joint venture	**4 592**	4 557
	Income for the period[1]	**4 610**	4 559
	Consolidation adjustment	**(18)**	(2)
	Foreign currency translation reserve	**(65)**	112
	Less: Cash dividend received for the period	**(5 000)**	(5 000)
	Closing balance	**21 341**	21 814

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

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

		Reviewed F2024 Rm	Audited F2023 Rm
7	**CAPITAL ITEMS**		
	Impairment loss on property, plant and equipment – Two Rivers	**(2 782)**	–
	Impairment loss on property, plant and equipment – Modikwa	**(620)**	–
	Impairment reversal on property, plant and equipment – Venture Building Trust	**4**	–
	Loss on sale of property, plant and equipment – Two Rivers	**–**	(3)
	Profit on sale of property, plant and equipment – ARM Coal	**1**	2
	Profit on sale of property, plant and equipment – ARM Corporate	**–**	1
	Impairment reversal of property, plant and equipment – Machadodorp	**1**	–
	Gain on bargain purchase – Bokoni acquisition	**–**	56
	Capital items per statement of profit or loss before taxation effect	**(3 396)**	56
	Profit on sale of property, plant and equipment accounted for directly in associate – ARM Coal	**–**	16
	Impairment loss on investment in Sakura accounted for directly in joint venture – Assmang (refer note 4.1)	**–**	(150)
	Impairment loss on property, plant and equipment accounted for directly in joint venture – Assmang (refer note 4.1)	**(618)**	(1 111)
	Impairment loss on property, plant and equipment accounted for directly in joint venture – Cato Ridge Alloys	**–**	(4)
	Loss on sale of property, plant and equipment accounted for directly in joint venture – Assmang	**(20)**	(8)
	Capital items before taxation effect	**(4 034)**	(1 201)
	Taxation accounted for in joint venture – impairment loss on property, plant and equipment – Assmang	**167**	300
	Taxation accounted for in joint venture – loss on disposal of property, plant and equipment – Assmang	**5**	2
	Taxation accounted for in associate – (profit) on sale of property, plant and equipment – ARM Coal	**–**	(4)
	Taxation on loss on sale of property, plant and equipment – Two Rivers	**–**	1
	Taxation on profit on sale of property, plant and equipment – ARM Coal	**–**	(1)
	Taxation on impairment reversal on property, plant and equipment – Venture Building Trust	**(1)**	–
	Taxation on impairment loss on property, plant and equipment – Two Rivers	**751**	–
	Taxation on impairment loss on property, plant and equipment – Modikwa	**167**	–
	Capital items after taxation effect before non-controlling interest	**(2 945)**	(903)
	Attributable impairment loss for non-controlling interest on property, plant and equipment – Two Rivers	**934**	–
	Attributable impairment loss for non-controlling interest on property, plant and equipment – Modikwa	**77**	–
	Total	**(1 934)**	(903)

		Reviewed F2024 Rm	Restated[1] F2023 Rm
8	**EARNINGS PER SHARE**		
	Headline earnings (R million)	**5 080**	8 983
	Headline earnings per share (cents)	**2 591**	4 582
	Basic earnings per share (cents)	**1 604**	4 121
	Diluted headline earnings per share (cents)	**2 589**	4 572
	Diluted basic earnings per share (cents)	**1 603**	4 112
	Number of shares in issue at end of year (thousands)	**224 668**	224 668
	Weighted average number of shares (thousands)	**196 053**	196 053
	Potential ordinary shares due to long-term share incentives granted (thousands)	**145**	435
	Weighted average number of shares used in calculating diluted earnings per share (thousands)	**196 198**	196 488
	Net asset value per share (cents)	**24 038**	21 905
	EBITDA (R million)	**1 049**	5 831
	Interim dividend declared (cents per share)	**600**	1 400
	Dividend declared after year end (cents per share)	**900**	1 200
	Reconciliation to headline earnings (R million)		
	Basic earnings attributable to equity holders of ARM	**3 146**	8 080
	– Impairment of property, plant and equipment – Two Rivers	**2 782**	–
	– Impairment of property, plant and equipment – Modikwa	**620**	–
	– Impairment reversal of property, plant and equipment – Venture Building Trust	**(4)**	–
	– Profit on sale of property, plant and equipment – ARM Coal	**(1)**	(2)
	– Impairment reversal of property, plant and equipment – Machadodorp	**(1)**	–
	– Profit on sale of property, plant and equipment – ARM Coal	**–**	(16)
	– Loss on sale of property, plant and equipment – Two Rivers	**–**	3
	– Profit on sale of property, plant and equipment – ARM Corporate	**–**	(1)
	– Gain on bargain purchase – Bokoni	**–**	(56)
	– Impairment loss on property, plant and equipment in joint venture – Assmang	**618**	1 111
	– Impairment loss on investment Sakura in joint venture – Assmang	**–**	150
	– Impairment loss on property, plant and equipment in joint venture – Cato Ridge Alloys	**–**	4
	– Loss on sale of property, plant and equipment in joint venture – Assmang	**20**	8
		7 180	9 281

[1] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts*. Refer to note 16 for more detail.*

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

		Reviewed F2024 Rm	Restated[1] F2023 Rm
8	**EARNINGS PER SHARE** continued		
	Reconciliation to headline earnings (R million) continued		
	– Taxation accounted for in joint venture – impairment loss at Assmang	**(167)**	(300)
	– Taxation accounted for in joint venture – loss sale of property, plant and equipment at Assmang	**(5)**	(2)
	– Taxation accounted for in associate – profit on sale of property, plant and equipment – ARM Coal	**–**	4
	– Taxation on loss on sale of property, plant and equipment – Two Rivers	**–**	(1)
	– Taxation accounted for profit on sale of property, plant and equipment – ARM Coal	**–**	1
	– Taxation on impairment reversal of property, plant and equipment – Venture Building Trust	**1**	–
	– Taxation on impairment of property, plant and equipment – Two Rivers	**(751)**	–
	– Taxation on impairment of property, plant and equipment – Modikwa	**(167)**	–
	– Attributable impairment for non-controlling interest of property, plant and equipment – Two Rivers	**(934)**	–
	– Attributable impairment for non-controlling interest of property, plant and equipment – Modikwa	**(77)**	–
	Headline earnings	**5 080**	8 983

[1] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts. *Refer to note 16 for more detail.*

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

		Reviewed F2024 Rm	Audited F2023 Rm
9	**OTHER INVESTMENTS**		
	Harmony[1]	**12 548**	5 918
	Opening balance	**5 918**	3 881
	Fair value gain in other comprehensive income	**6 630**	2 037
	Guardrisk[2]	**46**	25
	Preference shares[1]	**1**	1
	Richards Bay Coal Terminal[3]	**185**	204
	Surge Copper[1]	**77**	–
	Closing balance	**12 857**	6 148

[1] *This is a level 1 valuation in terms of IFRS 13.*
[2] *This is a level 2 valuation in terms of IFRS 13. Fair value based on the net asset value of the cell captive.*
[3] *This is a level 3 valuation in terms of IFRS 13.*

Richards Bay Coal Terminal (RBCT)

The fair value of the RBCT investment was determined by calculating the present value of the future wharfage cost savings by being a shareholder in RBCT as opposed to the wharfage payable by non-shareholders. The fair value is most sensitive to wharfage cost. The current RBCT valuation is based on a wharfage cost differential ranging between R40/tonne and R47/tonne (F2023: R50/tonne and R55/tonne). If increased by 10%, this would result in a R23 million (F2023: R21 million) increase in the valuation of the RBCT investment. If decreased by 10%, this would result in a R23 million (F2023: R21 million) decrease in the valuation of the RBCT investment. The valuation is calculated based on the duration of the RBCT lease agreement with Transnet SOC Limited to 31 December 2038, using a pre-tax discount rate of 12.6% (F2023: 21.4%).

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

	Reviewed F2024 Rm	Audited F2023 Rm
Opening balance	**204**	213
Fair value loss	**(19)**	(9)
Closing balance	**185**	204

10 INVENTORIES

Non-current inventories relate to the Two Rivers Merensky project. Stockpile quantities are determined using assumptions such as densities and grades, which are based on studies, historical data and industry norms. Milling is not expected within the 12 months following 30 June 2024 due to the Merensky project being placed on care and maintenance.

Current inventories movement mainly relates to the Two Rivers Merensky ore mined during the development of the Merensky shaft, resulting in an increase in stock.

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

11 TRADE AND OTHER RECEIVABLES

Trade and other receivables contain provisional pricing features linked to commodity prices and exchange rates, which have been designated to be measured at fair value through profit or loss because of the embedded derivative.

Trade and other receivables include a contract asset from Assmang of R690 million (F2023: R810 million).

The contract asset results from revised fee arrangements, whereby fees received from Assmang only become payable following receipt by Assmang from the relevant customer.

Comparative information has been restated as a result of adoption of IFRS 17 *Insurance contracts*. Refer to note 16 for more detail.

The carrying value of trade and other receivables approximates their fair value.

	Reviewed F2024 Rm	Audited F2023 Rm
12 FINANCIAL ASSETS		
Investments in fixed deposits		
Current financial assets[1]		
– ARM Coal	**–**	51
– Two Rivers	**32**	30
– ARM Platinum Proprietary Limited	**2**	–
– Nkomati	**122**	117
– Artex (previously Mannequin) Captive Cell (Cell AVL 18)	**644**	456
– Other	**17**	7
	817	661
Non-current financial assets[1]		
– ARM Coal	**118**	56
– Artex (previously Mannequin) Captive Cell (Cell AVL 18)	**68**	68
– Modikwa	**–**	4
– Venture Building Trust	**1**	–
	187	128
Total	**1 004**	789

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

The following guarantees issued are included in financial assets:

- Two Rivers to DMRE, Eskom and BP Oil amounting to R32 million (F2023: R30 million)
- Nkomati to DMRE and Eskom amounting to R122 million (F2023: R117 million)
- Modikwa to DMRE and Eskom amounting to Rnil (F2023: Rnil)
- ARM Coal to DMRE amounting to R119 million (F2023: R107 million).

Other financial assets include trust funds of R17 million (F2023: R7 million).

		Reviewed F2024 Rm	Audited F2023 Rm
13	**CASH AND CASH EQUIVALENTS**		
	Total cash at bank and on deposit	**7 642**	9 200
	– African Rainbow Minerals Limited	**6 110**	6 378
	– ARM BBEE Trust	**25**	43
	– ARM Coal	**51**	227
	– ARM Finance Company South Africa	**38**	38
	– ARM Platinum Proprietary Limited	**1 073**	930
	– Bokoni	**221**	23
	– ARM Treasury Investments Proprietary Limited	**48**	45
	– Machadodorp	**2**	2
	– Nkomati	**3**	27
	– Two Rivers Platinum Proprietary Limited	**40**	1 460
	– Other cash at bank and on deposit	**31**	27
	Total cash set aside for specific use	**684**	821
	– Artex (previously Mannequin) Captive Cell (Cell AVL 18)[1]	**321**	454
	– Rehabilitation trust funds[1]	**60**	77
	– Other cash set aside for specific use[1]	**303**	290
	Total as per statement of financial position	**8 326**	10 021
	Less: Overdrafts (refer note 14)	**(17)**	(17)
	Total as per statement of cash flows	**8 309**	10 004

[1] *Cash set aside for specific use in respect of the group includes:*

- *Artex (previously Mannequin) captive cell is used as part of the group insurance programme. The cash held in the cell is invested in highly liquid investments and is used to settle claims as and when they arise as part of the risk finance retention strategy*
- *The trust funds of Rnil million (F2023: R10 million)*
- *African Rainbow Minerals Limited of R37 million (F2023: R37 million)*
- *Guarantees issued by Modikwa to DMRE and Eskom amounting to R238 million (F2023: R236 million)*
- *Guarantees issued by Bokoni to DMRE and Eskom amounting to R72 million (F2023: R68 million)*
- *Guarantees issued by Two Rivers to DMRE and Eskom amounting to R4 million (F2023: R4 million)*
- *Guarantees issued by Nkomati to DMRE and Eskom amounting to R12 million (F2023: R12 million).*

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

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

	Reviewed F2024 Rm	Audited F2023 Rm
14 BORROWINGS		
Long-term borrowings are held as follows:		
ARM Coal Proprietary Limited (lease liability)	**1**	18
ARM BBEE Trust (loan from Harmony Gold)[1]	**68**	100
Anglo Platinum Limited – Modikwa (lease liability)	**7**	7
Two Rivers Platinum Proprietary Limited (lease liability)	**76**	81
Two Rivers Platinum Proprietary Limited (long-term borrowing)[2]	**479**	–
	631	206
Short-term borrowings		
African Rainbow Minerals Limited (lease liability)	**–**	1
Anglo Platinum Limited (lease liability)	**1**	1
ARM Coal (lease liability)	**16**	13
Two Rivers Platinum Proprietary Limited (short-term borrowing)[2]	**460**	–
Two Rivers Platinum Proprietary Limited (lease liability)	**4**	4
	481	19
Overdrafts (refer note 13)		
ARM treasury operations	**17**	17
	17	17
Overdrafts and short-term borrowings – interest bearing	**498**	36
Total borrowings	**1 129**	242

[1] *Includes repayments of R42 million (F2023: R74 million), re-measurements of R1 million (F2023: R8 million) and interest of R11 million (F2023: R16 million).*

[2] *Two Rivers has a syndicated revolving credit facility of R1 billion, financed by Absa and Nedbank at an interest rate of 10.05%.*

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

15 TRADE AND OTHER PAYABLES

Trade and other payables movements include Two Rivers capital payables relating to Merensky contracts closeout after construction of the Merensky processing plant, which was completed in May 2024. There were also deferred payments in Two Rivers and Modikwa.

Comparative information has been restated as a result of adoption of IFRS 17 *Insurance contracts*. Refer to note 16 for more detail.

The carrying value of trade and other payables approximates their fair value.

16 IFRS 17 *INSURANCE CONTRACTS*

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

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

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

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

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

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

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

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

16 IFRS 17 *INSURANCE CONTRACTS* continued

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

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

16 IFRS 17 *INSURANCE CONTRACTS* continued

16.6 Disclosure of reconciliation of changes in insurance contracts by remaining coverage and incurred claims continued

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

16 IFRS 17 *INSURANCE CONTRACTS* continued

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

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

16 IFRS 17 *INSURANCE CONTRACTS* continued

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

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

	Reviewed F2024 Rm	Restated F2023 Rm
17 OTHER OPERATING INCOME[1]		
Management fees	**1 503**	1 435
Cost recoveries	**64**	60
Realised foreign exchange gains	**–**	30
Royalties received	**44**	87
Loan re-measurement gains	**1**	8
Other	**302**	135
Total	**1 914**	1 755

[1] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts. *Refer to note 16 for more detail.*

		Reviewed F2024 Rm	Restated F2023 Rm
18	**OTHER OPERATING EXPENSES[1]**		
	Provisions	**480**	209
	Mineral royalty tax	**87**	363
	Staff cost	**380**	476
	Consulting fees	**208**	210
	Share-based payment expense	**151**	254
	Research and development	**232**	212
	Audit fees	**42**	28
	Insurance	**91**	65
	Directors' emoluments	**20**	17
	Other	**1 038**	798
	Total	**2 729**	2 632

		Reviewed F2024 Rm	Audited F2023 Rm
19	**TAXATION**		
	South African normal taxation – current year	**497**	1 692
	– mining	**71**	1 262
	– non-mining	**426**	430
	– prior year	**(18)**	(116)
	Deferred taxation	**(575)**	257
	Total tax	**(96)**	1 833
20	**CASH GENERATED FROM OPERATIONS**		
	Cash generated from operations before working capital changes	**1 901**	6 878
	Working capital (outflow)/inflow	**(130)**	1 212
	Movement in inventories – outflow	**(237)**	(518)
	Movement in receivables – inflow[1]	**378**	2 071
	Movement in payables and provisions – outflow[1]	**(223)**	(512)
	Movement in insurance contract assets/liabilities and reinsurance contract assets/liabilities – (outflow)/inflow[1]	**(48)**	171
	Cash generated from operations	**1 771**	8 090

[1] *Comparative information has been restated as a result of adoption of IFRS 17* Insurance contracts. *Refer to note 16 for more detail.*

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

	Reviewed F2024 Rm	Audited F2023 Rm
21 COMMITMENTS		
Commitments in respect of future capital expenditure, which will be funded from operating cash flows and by utilising available cash and/or borrowing resources, are summarised below:		
Commitments		
Commitments in respect of capital expenditure:		
Approved by directors		
– contracted for	**1 080**	3 141
– not contracted for[1]	**284**	1 624
Total commitments	**1 364**	4 765

[1] *In F2024, R172 million included in 'not contracted for' relates to Nkomati rehabilitation.*

22 PROVISIONS

22.1 Nkomati restoration and decommissioning provision[1]

	Reviewed F2024 Rm	Audited F2023 Rm
Long-term provisions		
Opening balance	**777**	645
Provision for the period[1]	**302**	90
Transfer to short-term provisions	**(375)**	(3)
Unwinding of discount rate	**16**	45
Closing balance	**720**	777
Short-term provision		
Opening balance	**25**	31
Transfer from long-term provisions	**375**	3
Settlement payments	**(1)**	(9)
Closing balance	**399**	25
Total Nkomati restoration and decommissioning provision	**1 119**	802

[1] *The current year provision mainly relates to Nkomati providing for the short to medium-term water management costs.*

Notes to the condensed group financial statements continued

for the year ended 30 June 2024

		Reviewed F2024 Rm	Audited F2023 Rm
22	**PROVISIONS** continued		
22.2	**Silicosis and tuberculosis class action provision**		
	Long-term provision		
	The provision movement is as follows:		
	Opening balance	**67**	159
	Interest unwinding	**6**	6
	Changes in assumptions	**3**	(106)
	Transfer from short-term provisions	**(12)**	8
	Closing balance	**64**	67
	Short-term provision		
	Opening balance	**6**	16
	Settlement payments	**(4)**	(2)
	Transfer to long-term provisions	**12**	(8)
	Closing balance	**14**	6
	Total silicosis and tuberculosis class action provision	**78**	73

ARM has a contingency policy in this regard, which covers environmental site liability and silicosis liability with Guardrisk Insurance Company Limited (Guardrisk). In turn, Guardrisk has reinsured the specified risks with Artex (previously Mannequin) Insurance PCC Limited – Cell AVL 18, Guernsey, which cell captive is held by ARM.

Following the High Court judgement previously reported, the Tshiamiso Trust was registered in November 2019. As part of the settlement, a guarantee of R304 million was issued by Guardrisk on behalf of ARM in favour of the Tshiamiso Trust on 13 December 2019.

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

23 RELATED PARTIES

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

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

		Reviewed F2024 Rm	Audited F2023 Rm
23	**RELATED PARTIES** continued		
	Amounts accounted for in the statement of profit or loss relating to transactions with related parties		
	Subsidiaries		
	Impala Platinum – sales[1]	**5 914**	7 896
	Joint operations		
	Rustenburg Platinum Mines – sales[2]	**2 833**	3 961
	Modikwa non-controlling interest – dividend declared[2]	**–**	102
	Glencore International AG – sales	**1 791**	2 409
	Glencore Operations SA – management fees	**102**	103
	Joint venture		
	Assmang		
	– Management fees	**1 502**	1 433
	– Dividends received	**5 000**	5 000
	Amounts outstanding at year end receivable by ARM on current account		
	Joint venture		
	Assmang – trade and other receivables	**345**	812
	Joint operations		
	Rustenburg Platinum Mines – trade and other receivables[2]	**1 186**	997
	Glencore Operations SA – trade and other receivables	**612**	533
	Glencore International AG – trade and other receivables	**94**	185
	Subsidiary		
	Impala Platinum – trade and other receivables[1]	**1 909**	2 266
	Impala Platinum – dividend paid[1]	**–**	414

[1] *Two Rivers Platinum is a subsidiary of ARM. Impala Platinum owns 46% of Two Rivers Platinum. The transactions between Impala Platinum and Two Rivers Platinum are considered related-party transactions.*

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

24 CONTINGENT LIABILITIES AND DISPUTES

Contingent liabilities

Modikwa

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

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

ARM, as a member of ICMM, has committed to comply with GISTM by the agreed deadlines.

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

As at 30 June 2024, a reliable estimate of the impact cannot be made as the sampling and laboratory testing work is still underway.

The results thereof are expected to be available in the first half of F2025.

24 CONTINGENT LIABILITIES AND DISPUTES

Disputes

Modikwa

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

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

ARM

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

ARM and ARM Coal

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

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

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

25 EVENTS AFTER REPORTING DATE

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

The Competition Tribunal has unconditionally approved the transaction between African Rainbow Minerals Limited (ARM) and Norilsk Nickel Africa (Pty) Ltd (Norilsk) in terms of which ARM is acquiring Norilsk's participation interest in the Nkomati joint venture.

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

Contact details and administration

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

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

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