

ANGLO AMERICAN PLATINUM LIMITED

# AUDITED ANNUAL FINANCIAL STATEMENTS 2020

RE-IMAGINING  
MINING TO  
IMPROVE  
PEOPLE'S LIVES



# PURPOSE: RE-IMAGINING MINING TO IMPROVE PEOPLE'S LIVES

We are grounded in our purpose to re-imagine mining to improve people's lives. We are transforming the very nature of mining for a safer, cleaner, smarter future. We are using more precise technologies, less energy and less water, we are reducing our physical footprint for every ounce of PGM and Base metal we produce. We are combining smart innovation with the utmost consideration for our people, their families, local communities, our customers, and the world at large – to better connect precious resources in the ground to all of us who need and value them. Inspired by our purpose, we are finding ways to use PGMs to create a better future for society, and this purpose guides us as we continue delivery of the strategy.

Our focus is on four strategic priorities to deliver the next phase of value creation for stakeholders.

- ▼ **Stimulate new markets and leverage new capabilities** through our market development activities to increase and broaden demand while capturing value from adjacent value chain opportunities.
- ▼ **Embed anti-fragility across our business** to increase the resilience of our operations and enable value creation initiatives.
- ▼ **Maximise value from our core.** We have an industry leading asset portfolio and our assets will be in the first half of the cost curve. We own diverse, high quality and long-life mining and processing assets with the optionality to grow high margin, high returning ounces in a disciplined manner.
- ▼ **Be a leader in ESG** through developing trust as a corporate leader, building thriving communities, and maintaining a healthy environment. ESG is core to our strategy and way of working, including in our capital allocation framework.



## SUPPORTING DOCUMENTATION ON THE WEBSITE

Full Ore Reserves and Mineral Resources report  
Environmental, social and governance (ESG) report  
Integrated report



[www.angloamericanplatinum.com/investors/annual-reporting/2020](http://www.angloamericanplatinum.com/investors/annual-reporting/2020)

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The preparation of the group's audited results and the summarised consolidated financial statements for the year ended 31 December 2020 were supervised by the finance director, Mr CW Miller CA(SA) and have been audited in compliance with the Companies Act No 71 of 2008.

# DIRECTORS' RESPONSIBILITIES AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group (the term 'group' refers to the company, its subsidiaries, associates, joint ventures and joint operations) as at the end of the financial year and the results of its operations and cash flows for that period, and conforming with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards, Companies Act requirements and based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment.

To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss cost effectively. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that, in all reasonable circumstances, is above reproach.

The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors believe, based on information and explanations from management, that the system of internal control is adequate for ensuring the:

- Reliability and integrity of financial and operating information
- Compliance of established systems with policies, plans, procedures, laws and regulations
- Safeguarding of group assets against unauthorised use or disposition
- Economic, effective and efficient use of resources
- Achievement of established objectives and goals for operations or programmes.

The directors believe, as a result of the comprehensive structures and controls in place and ongoing monitoring of the activities of executive and operational management, the board maintains effective control over the group's affairs.

The separate and consolidated annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the group and company will not remain a going concern for the foreseeable future.



**Norman Mbazima**  
*Chairman*

Johannesburg

22 February 2021



**Natascha Viljoen**  
*Chief executive officer*

# CHIEF EXECUTIVE OFFICER AND THE FINANCE OFFICER'S RESPONSIBILITY STATEMENT

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

- (a) the annual financial statements set out on pages 9 to 87 , fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.



**Natascha Viljoen**  
*Chief executive officer*

Johannesburg

22 February 2021



**Craig Miller**  
*Chief financial officer*

## COMPANY SECRETARY'S CERTIFICATE

for the year ended 31 December 2020

In my capacity as the company secretary, I hereby certify to the best of my knowledge and belief that Anglo American Platinum Limited has lodged with the Companies and Intellectual Property Commission all returns required of a public company in terms of the Companies Act 71 2008. Further, I certify that such returns are true, correct and up to date.



**Elizna Viljoen**  
*Company secretary*

Anglo American Platinum Limited

Johannesburg

# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Anglo American Platinum Limited

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

#### OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Anglo American Platinum Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### What we have audited

Anglo American Platinum Limited's consolidated and separate financial statements set out on pages 15 to 86  comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

#### BASIS FOR OPINION

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

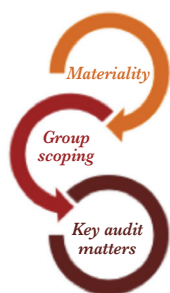
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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

#### OUR AUDIT APPROACH

##### Overview



##### Overall group materiality

- Overall group materiality was determined as ZAR1.3 billion upon request of the Group's holding company.

##### Group audit scope

- The Group consists of operations in South Africa (RSA), Zimbabwe (ZIM), Singapore (SNG) and the United Kingdom (UK).
  - We identified three components as individually significant components which required audits of their complete financial information;
  - Specified procedures on certain account balances and transactions were performed on a further three components, with limited procedures performed on a further two components in order to obtain an appropriate level of coverage.

##### Key audit matters

- Quantities and measurement of metal inventory.

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

## Materiality

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

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

|                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overall group materiality</b>                       | ZAR1.3 billion.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>How we determined it</b>                            | We determined materiality by using 5% of the consolidated profit before tax, which number was limited to ZAR1.3 billion upon request of the Group's holding company.                                                                                                                                                                                                                                                                                               |
| <b>Rationale for the materiality benchmark applied</b> | We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector. Our calculated materiality was however limited to ZAR1.3 billion upon request of the Group's holding company. |

## How we tailored our group audit scope

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

The Group operates in three countries: RSA, ZIM, SNG and UK, with six operating mines. The operating mines are located across RSA (Mogalakwena Mine, Amandelbult Mine, Mototolo mine and Modikwa mine – in terms of a joint venture with African Rainbow Minerals Mining Consortium Limited; and Kroondal and Marikana mines - in terms of a pooling-and-sharing agreement with Sibanye-Stillwater) and Zimbabwe (Unki Platinum mine) – refer to segment information (note 2 to the consolidated financial statements). We identified three components within the Group as financially significant components (as defined within the ISAs) which, in our view, required an audit of their complete financial information. We also performed specified procedures on certain account balances and transactions on a further three components, with limited procedures performed on a further two components, to obtain an appropriate level of coverage.

The operating mines were identified as financially significant based on scoping benchmarks such as the companies' contribution to key financial statement line items (consolidated revenue, consolidated total assets and consolidated loss before tax), risk associated with the particular company and considerations relating to aggregation risk within the Group. We concluded that all other entities within the Group are financially inconsequential, individually and in aggregate. We performed analytical procedures at a group level to confirm this assessment.

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

# INDEPENDENT AUDITOR'S REPORT CONTINUED

## KEY AUDIT MATTERS

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

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

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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| <p><b>Quantities and measurement of metal inventory</b></p> <p>Refer to the metal inventory section of the significant accounting principles, note 7 of the accounting policies, and notes 3 (Cost of sales) and 19 (Inventories) to the consolidated financial statements.</p> <p>Metal inventory is held in various forms as it progresses through the production process to refined material. The metal is contained in a carrier material throughout the production process. The exact metal content within the carrier material cannot be determined until the refinement process is complete. The quantification of work-in-progress metal inventory requires a significant amount of estimation and management judgement to determine the metal content in each type of metal inventory prior to refinement. The metal contained in the carrier material is determined through a process of weighing, sampling and analysis in order to arrive at the theoretical inventory.</p> <p>Work-in-progress metal inventory is valued at the lower of net realisable value (NRV) and the average cost of production or purchase less net revenue from sales of other metals (by-products), in the ratio of the contribution of these metals to gross sales revenue.</p> <p>For own-mined production and purchased concentrate from third parties, management allocates production costs to platinum, palladium, rhodium and nickel (joint products) by allocating total production costs to each joint product in the ratio of each metal's contribution to gross sales revenue. The allocated production costs per metal are then divided by the output per metal to arrive at a unit cost per metal. Production costs are determined on a 12-month rolling average basis and own mined production costs and processing costs are adjusted for periods of prolonged abnormal production. The inventory valuation was adjusted for abnormal production during the months of February 2020 to July 2020, resulting from the ACP plant shutdown, and the effects of the COVID-19 pandemic. These months were excluded when determining the 12-month rolling average cost of mined volumes.</p> <p>Metal inventory was considered a matter of most significance to our current year audit due to the significant judgements involved in determining theoretical quantities and valuation of work-in-progress inventory.</p> | <p><b>Quantities</b></p> <p>We tested the design and operating effectiveness of the internal controls over the weighing, sampling, analysis and month end quantification process of the theoretical inventory quantities throughout the metal inventory cycle.</p> <p>Our audit procedures included the attendance of the metal inventory count on site and observing the count procedures carried out by the metal accounting specialists.</p> <p>Through inspection of Curriculum Vitae and membership certificates from professional bodies, we assessed the competence and experience of management's experts.</p> <p>Through discussions with management and inspection of a report by the metal accounting specialist we obtained an understanding of the nature and cause of the metal inventory estimate adjustments and assessed the reasonableness thereof by comparing the current year's change in estimate to the theoretical inventory adjustments made in the prior year. We did not note any material inconsistencies in this regard.</p> <p>We assessed the appropriateness of the theoretical inventory by inspecting the results of the monthly in-situ counts and comparing the approved variance thresholds per metal to those applied in the theoretical inventory count. Where the variance exceeded the approved threshold for two consecutive months, we inquired with the metal accounting specialists on the nature of the differences and compared results of subsequent months for similar trends. Based on our work performed, we accepted these variances as falling within acceptable ranges.</p> <p>We recalculated the closing stock quantities by converting the work in progress at each stage of the production process to a refined equivalent by applying the management approved refining allowances to the gross theoretical stock quantities determined by the metal accounting specialists. We did not note any material differences in this regard.</p> <p><b>Measurement</b></p> <p>We independently reperformed the calculation of the metal inventory value by performing the following procedures:</p> <ul style="list-style-type: none"> <li>– Recalculated the metal in concentrate percentages used in the determination of the effective production and joint-product sales allocation; and</li> <li>– Reperformed the allocation of the production cost for joint products using the allocation basis applied by management. We noted no material differences.</li> </ul> <p>We assessed the allocation of variable costs as they pertain to the purchase of concentrate by agreeing deliveries made during the year to underlying schedules and assessing the allocation of the related cost to inventory.</p> <p>We assessed the periods of abnormal production and the impact thereof on the 12-month rolling average basis, as well as management's exclusion of costs incurred during abnormal production months by obtaining the total costs for the periods 1 July 2019 to 31 January 2020 and 1 August 2020 to 31 December 2020 and calculating the rolling 12-month average cost. We noted no aspects in this regard requiring further consideration.</p> <p>We compared management's unit costs for joint products to the market prices for such joint products in order to assess whether the inventory was valued at the lower of cost or NRV. We did not note any material exceptions in this regard.</p> |

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Audited annual financial statements 2020", which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Integrated Annual Report 2020" which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in

accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT CONTINUED

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

### **Report on other legal and regulatory requirements**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Anglo American Platinum Limited for one year.



### **PricewaterhouseCoopers Inc.**

*Director: JFM Kotzé*

*Registered Auditor*

4 Lisbon Lane, Waterfall City, Jukskei View, 2090

22 February 2021

# DIRECTORS' REPORT

The directors have pleasure in presenting the annual financial statements of Anglo American Platinum Limited (Amplats or the company) and the group for the year ended 31 December 2020. In the context of the financial statements, the term 'group' refers to the company, its subsidiaries, associates, joint ventures and joint operations.

## NATURE OF BUSINESS

Amplats is a public company incorporated in South Africa, is the world's leading supplier of platinum group metals (PGMs), supplying customers with a range of mined, recycled and traded metal. PGMs comprise platinum, palladium, rhodium, ruthenium, iridium and osmium. Gold, nickel and copper are also extracted as part of the process.

The company is listed on the JSE Limited. Its mining, smelting and refining operations are based in South Africa. Elsewhere in the world, the group owns Unki Platinum Mine and smelter in Zimbabwe and has marketing operations mainly based in London and Singapore.

## HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

Amplats' holding company is Anglo American South Africa Investments Proprietary Limited (AASAI) which holds 78.91% of the company's equity (based on total shares in issue less treasury shares held by the group). AASAI are indirectly wholly owned by Anglo American plc, incorporated in the United Kingdom.

## FINANCIAL RESULTS

The consolidated annual financial statements can be found on pages 15 to 87. 

## CAPITAL MANAGEMENT

The board takes ultimate responsibility for monitoring debt levels, return on capital, total shareholders' return and compliance with contractual loan covenants. For more information on our capital management policy refer to note 38 on page 46. 

## BORROWING POWERS AND FINANCIAL ASSISTANCE

At 31 December 2020, Amplats was operating within its debt covenants while maintaining adequate headroom within committed debt facilities, with R20,7 billion of undrawn committed facilities. Net cash at 31 December 2020 was R18.7 billion. In line with the authorisation granted at the annual general meeting on 17 April 2019, the board of directors, at its meetings on 13 February 2020 and 23 July 2020 had approved, in accordance with section 45 of the Companies Act and the JSE Listings Requirements, the provision of financial assistance in the form of guarantees or security for the obligations of Rustenburg Platinum Mines Limited and Unki Mines Private Limited.

The company has satisfied the solvency and liquidity test, as contemplated in section 45 of the Companies Act and detailed in section 4 of that Act, and determined that post such assistance and the terms under which this assistance was provided were fair and reasonable to the company.

## COMPLIANCE WITH ACCOUNTING STANDARDS

The group and the company's annual financial statements comply with International Financial Reporting Standards and the requirements of the South African Companies Act 2008 and the JSE Listings Requirements.

## ACCOUNTING POLICIES

Refer to principal accounting policies in annexure C.

## CHANGE IN ACCOUNTING POLICIES AND ESTIMATES

Refer to note 40 of the consolidated annual financial statements.

## SHARE CAPITAL

The authorised share capital of the company as at 31 December 2020 is: – 413,595,651 (2019: 413,595,651) ordinary shares of 10 cents each.

The issued share capital of the company as at 31 December 2020 is: – 265,292,206 (2019: 269,681,886) ordinary shares of 10 cents each.

Further details of the authorised and issued share capital appear in note 23 of the annual financial statements.

## SHARES REPURCHASED IN TERMS OF THE SHARE SCHEME OBLIGATIONS

The company purchased 260,097 shares in the market at an average price of R1187,36 per share to satisfy requirements for the Bonus Share Plan, as well as the vesting of the Long-Term Incentive Plan. This constitutes 21.9% of total treasury shares held. Treasury shares comprise only those held for share incentive schemes.

## ORDINARY DIVIDENDS

The company's dividend policy is to consider an interim and final dividend for each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass the payment of dividends. The board has adopted a pay-out ratio driven dividend policy, which is in accordance with the company's capital allocation framework and in line with our commitment to sustainably return cash to shareholders through the cycle, while retaining a high level of balance sheet strength. The board approved a dividend pay-out ratio at 40% of headline earnings for this reporting cycle.

The directors approved an interim dividend of R10.23 per ordinary share which equates to 40% of H1 headline earnings on 23 July 2020. The dividend was paid on 31 August 2020 to shareholders registered on 28 August 2020. A final dividend of R9.4 billion (R35.35 per ordinary share) comprising 40% of H2 headline earnings was approved by the board for payment on 15 March 2021 to shareholders recorded in the register at the close of business on 12 March 2021.

## CORPORATE ACTIVITY DURING THE YEAR

The following corporate activity took place during the year:

### Declaration of Force Majeure

On 6 March 2020, Amplats announced the temporary shutdown of its Anglo Converter Plant due to an explosion. Force Majeure was declared to customers, suppliers of 3rd party purchase of concentrate and suppliers of tolling material as we were unable to complete the processing of material during the converter repair. Force Majeure was lifted on 12 May 2020.

### Repurchase of shares

#### Lefa la Rona

Amplats implemented the Alchemy scheme, valued at R3.5 billion, in December 2011 for the benefit of communities surrounding its mining operations and labour sending areas. AAP issued c.6.3 million ordinary shares to the Lefa la Rona Trust (LLRT) which resulted in Lefa la Rona holding a 2.33% ownership interest in Amplats. The subscription for the shares was funded through a notional vendor finance (NVF) facilitated by Amplats.

# DIRECTORS' REPORT CONTINUED

The NVF was provided over a 10-year period at a rate of 9.08%. The outstanding NVF balance was used as a mechanism to determine the number of unencumbered shares held by LLRT on the maturity date of 14 December 2021. Of the total dividends paid on the NVF shares, 60% were used to service the NVF loan and the balance of 40% was paid to the beneficiaries as trickle dividends. The agreement provided for an early settlement which allowed LLRT to lock in value when the equity triggers linked to the daily volume weighted average price (VWAP) of AAP was reached.

Due to the strong AAP share price performance the final period equity trigger event occurred on 27th July 2020. Consequently, the company has repurchased 4.9 million shares from LLRT on 22nd September 2020 to settle the NVF. The LLRT now holds 1.4 million unencumbered AAP shares (with a vesting value of c.R2 billion at the date of the trigger event). The shares held by LLRT cannot be sold or encumbered until December 2021. LLRT will now retain 100% of any dividends declared, which will be deployed to further the social development of the mining communities.

Out of the 4.9 million shares that were repurchased, 4.4 million shares were delisted and cancelled and 500 000 shares were retained as treasury shares.

## Directorate and secretary

During the year, Natascha Viljoen was appointed as chief executive with effect from 16 April 2020 in place of Chris Griffith. Roger Dixon and Thabi Leoka were appointed later in the year on 23 July 2020. Richard Dunne retired as a board member and chairman of the Audit and Risk Committee at the AGM held on 25 June 2020.

At the date of this report, the board comprises:

- Norman Mbazima (chairman)
- Peter Mageza (lead independent director)
- Natascha Viljoen (chief executive)
- Craig Miller (finance director)
- Mark Cutifani
- Roger Dixon
- Thabi Leoka
- Stephen Pearce
- Anthony O'Neill
- Nombulelo Moholi
- Dhanasagree Naidoo
- John Vice

The board is supported by the company secretary, Elizna Viljoen. The board conducted its annual review of her performance as per paragraph 3.84 (h) of the JSE Listings Requirements.

## INTERESTS OF DIRECTORS

The directors did not hold any beneficial interest in the company's issued ordinary shares at 31 December 2020.

In terms of the Long-Term Incentive Plan, executive directors held 37,450 awards to acquire shares in the company and 2,540 bonus share plan awards. There have been no changes to directors' beneficial interests between year end and the date of this report. There were no arrangements to which the company was a party at the end of the financial year, or at any time during the year, that would have enabled the directors or their families to benefit from acquiring shares in the company. There were no contracts of any significance during or at the end of the financial year in which any directors or alternate directors of the company were materially interested. No changes were made to directors interests between the end of the financial year and date of approval of Annual financial statements.

## AUDITORS

PricewaterhouseCoopers Inc (PwC) and Mr JFM Kotzé (practice number 901121) as individual designated auditor were appointed as auditors.

## SPONSOR

Merrill Lynch South Africa Proprietary Limited acted as sponsor to the company for the financial year ended 31 December 2020.

## TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited serves as the South African registrar of the company.

## ADMINISTRATION AND SERVICES

To provide more efficient services at lower cost, Amplats has outsourced a number of its non-core activities to fellow subsidiary companies in Anglo American plc. Service-level agreements ensure that services provided are of appropriate quality. These include general accounting, human resources, internal audit, company secretarial, treasury, technical services, corporate finance, insurance, legal, IT, tax and certain risk management services.

## SUBSIDIARY COMPANIES

Details of major subsidiary companies in which the company has a direct or indirect interest are set out in annexure B.

## EVENTS SUBSEQUENT TO 31 DECEMBER

Refer to note 42.

## GOING CONCERN

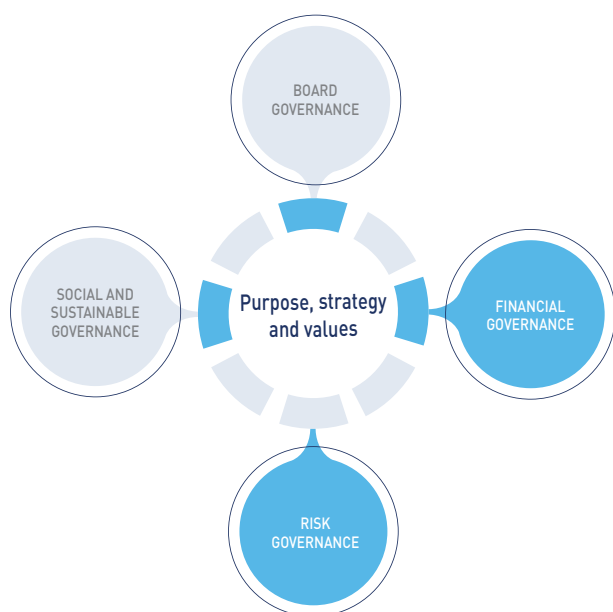
The board believes the group has adequate financial resources to continue operating for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis. The board is not aware of any material changes that may adversely impact the group or any material non-compliance with statutory or regulatory requirements.

# AUDIT AND RISK COMMITTEE REPORT



The committee's main objective is to assist the board in discharging its duties. It makes recommendations to the board on safeguarding assets, operating adequate financial and related systems, internal control and reporting processes, and preparing accurate reporting and financial statements in compliance with all applicable legal and regulatory requirements and accounting standards.

**John Vice**  
Chairman



We are pleased to present the audit and risk committee report for the year ended 31 December 2020. This report has been prepared in line with the requirements of the South African Companies Act 71 2008, as amended (the Act), King Code of Governance for South Africa (King IV), JSE Listings Requirements and other applicable regulatory requirements.

# AUDIT AND RISK COMMITTEE REPORT CONTINUED

## COMPOSITION AND GOVERNANCE

This is a statutory committee, duly constituted under section 94 of the Act. Its members satisfy the requirements to serve in terms of the Act and King IV, and have the knowledge and experience to carry out their duties. All members are independent non-executive directors. Membership and attendance are set out below:

| Members       | Committee member       | Board status                                                     | Meeting attendance |
|---------------|------------------------|------------------------------------------------------------------|--------------------|
| Richard Dunne | to 25 June 2020        | Committee chairman (outgoing)                                    | 1/1                |
| JM Vice       | since 30 November 2012 | Independent non-executive director (committee chairman incoming) | 3/3                |
| PN Mageza     | since 1 July 2013      | Independent non-executive director                               | 3/3                |
| D Naidoo      | since 1 July 2013      | Independent non-executive director                               | 3/3                |

Richard Dunne retired by rotation as director and therefore as chairman of the committee at the AGM on 25 June 2020. He was succeeded by John Vice who has been a member of the committee for eight years. The chairman of the board, chief executive officer, finance director, company secretarial, head: risk and assurance, finance controller, senior manager: financial reporting and external auditors attend by invitation to provide a coordinated approach to all assurance activities. The internal and external auditors have unrestricted access to the committee, and meet with committee members without management being present.

The performance of the committee is reviewed as part of the board and committee evaluation process. Its terms of reference are reviewed annually by the board. It executes its duties and responsibilities in line with these terms of reference for the company's accounting, financial reporting practices and finance function, external audit, internal audit and internal control, integrated reporting, risk management and information and technology (IT) governance.

## KEY AUDIT MATTER

The committee notes the key audit matter set out in the Independent auditor's report (page 4  of the annual financial statements), namely:

- Quantities and measurement of metal inventory.

The committee addressed the matter by receiving reports from the chairman of the stocktake verification group, the head of metal accounting, confirming the 2020 physical stocktake values to be used in the theoretical stock calculation and to understand whether in-situ inventory levels were in line with the primary theoretical levels. It further approved the implementation of quarterly oversight of the in-situ stock determinations by the stocktake verification group, comprising of corporate technical experts, during the period of abnormal stock levels due to the ACP shutdown.

## ACTIVITIES OF THE COMMITTEE

During the year, the committee fulfilled the following duties:

| Adding value in 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2021 and beyond                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Annual financial statements (AFS)/interim and integrated reporting process</b></p> <p><b>The committee is responsible for reviewing all published financial reports and information, including the integrated report, prior to submission and approval by the board.</b></p> <ul style="list-style-type: none"> <li>– Ensured appropriate financial reporting procedures are established and operating</li> <li>– Reviewed and discussed the AFS and interim report and related disclosures, considered the accounting treatment, significant or unusual transactions, and accounting estimates and judgements; confirmed the AFS had been prepared on a going-concern basis and recommended the AFS and interim report to the board for approval</li> <li>– Considered and noted the general proactive monitoring report issued by the JSE in February 2020 as well as the combined findings of the JSE proactive monitoring of financial statements done in 2011 to 2018, and the thematic review for compliance to IFRS 9 and 15 issued at the end of 2019. The committee is satisfied that all such findings and focus areas are adequately addressed in the annual financial statements</li> <li>– Considered the integrated report and assessed its consistency with operational, financial and other information known to committee members, and for consistency with the AFS. The committee is satisfied that the integrated report is materially accurate, complete and reliable and consistent with the AFS. At its meeting on 17 February 2021, it recommended the integrated report for the year ended 31 December 2020 for approval by the board</li> <li>– Approved the mineral resource and reserve report. In its assessment, the committee considered assurance procedures on estimate quality, compliance to reporting requirements and reconciliation of resource and reserve estimates.</li> <li>– Considered solvency and liquidity tests as and when required by the Act, to provide financial assistance to subsidiaries and/or proposals to pay interim and final dividends.</li> <li>– Reviewed implementation of the CEO and CFO attestation process to provide assurance on the effectiveness of internal financial controls, systems and processes</li> </ul> | <ul style="list-style-type: none"> <li>– Ongoing focus on ensuring that the group's financial systems, processes and controls are operating effectively, are consistent with the group's complexity and are responsive to changes in the environment and industry</li> <li>– Monitoring developments on changes in disclosure</li> <li>– Monitoring the implementation of the amended JSE Listings Requirements, including the effectiveness of internal financial controls, systems and processes in the group in support of the CEO and CFO attestation</li> </ul> |
| <p><b>External audit</b></p> <p><b>The committee is responsible for the appointment, remuneration and oversight of the external auditors.</b></p> <ul style="list-style-type: none"> <li>– Monitored the transition and onboarding of the new audit firm PricewaterhouseCoopers Inc., as well as finalisation of the 2019 year-end with the previous auditors Deloitte &amp; Touche to ensure a continued high-quality audit</li> <li>– Ensured that the appointment of the external auditors complied with the Act and all other regulatory and legal requirements. Prior to making its nomination, the committee considered all information in terms of the JSE Listings Requirements in assessing the auditor and designated auditor's suitability for appointment, and the approval of its audit fees for the review period. This is aligned to the Independent Regulatory Board for Auditors (IRBA) and Anglo American plc requirements for mandatory audit-firm rotation</li> <li>– Considered and recommended to shareholders the appointment of PricewaterhouseCoopers Inc. for the 2021 financial year</li> <li>– Approved the auditor's annual plan and scope of work, monitored the effectiveness of external auditors for audit quality, expertise and independence</li> <li>– Considered the key audit matter noted in the integrated report</li> <li>– Determined the nature and extent of all non-audit services provided by the external auditor and pre-approved these</li> <li>– Received necessary representations from the auditors confirming their independence.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>– Continue support for the new external auditors to ensure minimal disruptions to the 2021 year-end audit process</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>Internal audit and control</b></p> <p><b>The committee is responsible for monitoring the effectiveness of internal audit, ensuring that the roles and functions of external audit and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the group's systems of internal control and reporting. Internal audit services are currently provided by the Anglo business assurance services department (ABAS) of Anglo Corporate Services South Africa (Pty) Ltd.</b></p> <ul style="list-style-type: none"> <li>– Ensured that internal audit performed an independent assurance function. Monitored the effectiveness of the internal audit function in terms of its assurance scope, plan execution, independence and overall performance of the function and its head</li> <li>– Approved the assurance plan, budget and assurance scope for the ensuing year</li> <li>– Assessed the group's systems of internal control including financial controls, business risk management and maintaining effective internal control systems</li> <li>– Monitored audit findings, risk areas and, where appropriate, challenged management on its actions</li> <li>– Based on the above, concluded there were no material breakdowns in internal control, including financial controls, business risk management and maintaining effective material control systems.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>– Implement an updated data analytics strategy</li> <li>– Embed a holistic governance, risk and compliance technology system to support the delivery of comprehensive risk and assurance activities</li> <li>– Further enhance the link between risk and assurance by implementing a holistic risk and assurance governance policy and end-to-end framework aligned to the updated IIA three-lines model (released July 2020)</li> </ul>                                                                                      |
| <p><b>IT governance</b></p> <p><b>The board has formally delegated responsibility for IT governance to this committee. Amplats has adopted the methodology of the IT Governance Institute and the control objectives for information and related technology (COBIT) framework to meet King IV requirements for IT governance. Reports following this framework are submitted to the committee biannually.</b></p> <ul style="list-style-type: none"> <li>– Received reports of the effective information management control environment to manage programmes and projects</li> <li>– Reviewed IT risks and control environment</li> <li>– Received management reports on results of disaster-recovery tests and security management</li> <li>– Considered the impact of cybercrime and reviewed information security capability in the organisation</li> <li>– Reviewed reports on the effectiveness of IT risk management as part of group risk management</li> <li>– Reviewed digital transformation initiatives aligned to the group's strategic priorities.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>– Review internal control environment for information management</li> <li>– Review multi-year strategic projects, benefit realisation and impairment of obsolete technology</li> </ul>                                                                                                                                                                                                                                                                                                                                        |

# AUDIT AND RISK COMMITTEE REPORT CONTINUED

| Adding value in 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2021 and beyond                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Risk management</b></p> <p>The board has delegated the function of risk management to this committee, which regularly reviews significant risks and mitigating strategies. It reports to the board on material changes in the group's risk profile and an annual board risk workshop is held. The risk management process is facilitated by ABAS, but overall accountability and responsibility for risk management rests with the Amplats board, platinum management committee and other officers.</p> <ul style="list-style-type: none"> <li>– Held a board workshop to review and consider principal, material and emerging risks facing the company</li> <li>– The impact of Covid-19 was considered on existing risks as well as new risks raised by the pandemic which were included in the executive risk report.</li> <li>– In addition to the risks currently considered, opportunities were also considered and presented to the board.</li> <li>– Received a written assessment of the effectiveness of the company's system of internal controls and risk management from ABAS.</li> </ul> | <ul style="list-style-type: none"> <li>– Continued enhancements to risk reporting to align risk management to strategy</li> <li>– Continue to monitor the impact of Covid-19 on Amplats, particularly impacts on existing and new risks</li> <li>– Further automation of aspects in the risk-reporting process is being explored</li> </ul>                                           |
| <p><b>Sustainability</b></p> <p>The committee is responsible for reviewing the material issues reported to shareholders and other stakeholders, and considers the scope and conclusion of independent assurance providers for those reports.</p> <ul style="list-style-type: none"> <li>– Considered IBIS Consulting assurance scope and schedule of key material issues for the 2020 integrated report</li> <li>– Received necessary assurances through this process that material disclosures are reliable and do not conflict with financial information.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>– Consider the identification of material issues</li> <li>– Determine audit scope for material issues</li> </ul>                                                                                                                                                                                                                               |
| <p><b>Marketing</b></p> <p>The committee receives updates and approves the marketing division's mandate on the sale, purchase and trading of metals to ensure appropriate risk management processes are in place</p> <ul style="list-style-type: none"> <li>– Received an update on trading performance and noted planned activities in the areas of governance, risk and compliance. Approved amendments to the marketing mandate to actively manage price risk for base metals and option trading for all PGMs in cleared markets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>– Continue to monitor trading performance within value-at-risk limits</li> </ul>                                                                                                                                                                                                                                                               |
| <p><b>Legal</b></p> <p>All material legal matters are brought to the committee's attention to evaluate the legal risk or any reputational exposure.</p> <ul style="list-style-type: none"> <li>– Reviewed, with management, legal matters that could have a reputational or material financial impact on the group.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>– Monitor developments from changes in legislation and progress of legal activities that may impact the annual financial statements</li> </ul>                                                                                                                                                                                                 |
| <p><b>Combined assurance</b></p> <p>The committee oversees that a combined assurance model is applied to provide a coordinated approach to all assurance activities.</p> <ul style="list-style-type: none"> <li>– Reviewed the combined assurance framework that categorises each provider of assurance into different lines of defence in the organisation: management, internal and external assurance providers</li> <li>– Reviewed the level of assurance provided by the combined assurance framework and concluded this was appropriate for identified business risks and exposures</li> <li>– Reviewed plans and work outputs of external and internal auditors and concluded these were adequate to address all significant financial risks facing the business.</li> </ul>                                                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>– Continued alignment of internal and external assurance providers to ensure the combined assurance framework is effective</li> <li>– Further enhancements through the implementation of a holistic risk and assurance governance policy and end to end framework aligned to the updated IIA three lines model (released July 2020)</li> </ul> |

## FINANCE DIRECTOR AND FINANCE FUNCTION

The committee has reviewed an internal assessment of the skills, expertise and experience of Craig Miller, the finance director, and is satisfied he has the appropriate expertise and experience to meet his responsibilities. The evaluation also considered the appropriateness of the expertise, continuous improvement and adequacy of resources of the finance function.

## CONCLUSION

The audit and risk committee is satisfied that it has considered and discharged its responsibilities in line with its terms of reference in the review period.



**John Vice**  
Chairman

Johannesburg

18 February 2021

# SIGNIFICANT ACCOUNTING PRINCIPLES

for the year ended 31 December 2020

The significant accounting principles applied in the presentation of the group's and company's financial statements are set out on the following pages. The complete set of group and company accounting policies adopted is detailed in Annexure C: Principal Accounting Policies.

## BASIS OF PREPARATION

The consolidated and separate financial statements are in compliance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the JSE Limited Listings Requirements and the Companies Act of South Africa.

These financial statements were authorised for issue by the board of directors on 22 February 2021.

The financial statements for the year ended 31 December 2020 are prepared under the supervision of the finance director, Mr Craig Miller (CA)SA.

The financial statements are prepared on the historical cost basis except for certain financial instruments, derivatives and third-party metal inventory that are stated at fair value.

Significant details of the group's and company's accounting policies are set out below and are consistent with those applied in the previous year, except where otherwise indicated.

The following principal accounting policy elections in terms of IFRS have been made:

- Operating cash flows are presented on the direct method; and
- Property, plant and equipment are measured on the historic cost model.

## COVID-19

On 23 March 2020, South Africa's President Cyril Ramaphosa declared a national lockdown to curb the spread of Covid-19 and ensure national preparedness for the pandemic. It was then announced that the country would be taking a risk adjusted strategy to opening the economy. This saw the country move from a hard lockdown (Level 5) which, with respect to mining, only allowed certain open-pit mining operations and processing facilities to operate, to the next level down (Level 4) from 1 May. At Level 4, mining activity resumed in a phased approach at 50% of normal capacity for underground mines and a 100% for open-pit and processing facilities. From 1 June, the country moved to Level 3, and all mining operations were permitted to operate at full capacity, provided effective Covid-19 safety measures and protocols were in place. Mogalakwena and Kroondal mines returned to 100% of operating capacity in June whilst Mototolo reached this level in July. Amandelbult and Modikwa took longer to return to normal levels reaching this at the end of the third quarter.

On 28 March 2020, Zimbabwe's President Emmerson Mnangagwa also declared a national lockdown. The lockdown was subsequently extended indefinitely. However, permission remains in place for mining and processing activities at Unki to continue at full capacity. Mining operations restarted on 7 April 2020.

To ensure the safety of employees, their families and communities, strict return to work protocols were maintained throughout. This was done through screening, testing and ensuring social distancing of workers at all times.

The period of lockdown had a significant impact on global financial markets and impacted the group's operations and financial results for the year ended 31 December 2020 as follows:

|                                               |              |
|-----------------------------------------------|--------------|
| Lost production                               | 712koz PGMs  |
| Additional Covid-19 related cost <sup>1</sup> | R0,5 billion |

<sup>1</sup> These costs relate to cost incurred on communities, isolation facilities and testing.

The lost production had a negative impact on EBITDA of the group. In addition, non-productive labour costs were incurred for salaries paid to employees that were not able to work and those classified as vulnerable employees. Capex spend was not significantly impacted as project deliveries and scope were adjusted to ensure delivery of key projects without cancellation and to minimise financial impacts.

In addition the following impacts were incorporated into valuation assumptions:

- The inventory valuation was adjusted for abnormal production during the months of February 2020 to July 2020, resulting from the ACP plant shutdown and Covid-19. These months were excluded when determining the 12-month rolling average cost of mined volumes.
- The price and foreign exchange rate assumptions used to forecast future cash flows for valuation purposes have been updated to consider both the short term observable impact of Covid-19 and the forecast medium and longer term impact on the world economy and commodity prices.

## FUNCTIONAL CURRENCY

The financial statements are presented in South African rand, which is the presentation currency of the group and the functional currency of the company and its most significant operating subsidiary, namely Rustenburg Platinum Mines Limited. All amounts are rounded to the nearest million, unless otherwise indicated.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements in terms of IFRS, management is required to make certain estimates and assumptions that may materially affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period and the related disclosures. Critical accounting estimates and judgements have been disclosed below.

### Critical accounting estimates

Those estimates and assumptions that may result in material adjustments to the carrying amount of assets and liabilities and related disclosures within the next financial year are discussed below:

#### Metal inventory

Work-in-progress metal inventory is valued at the lower of net realisable value (NRV) and the average cost of production or purchase less net revenue from sales of other metals (by-products), in the ratio of the contribution of these metals to gross sales revenue.

For own-mined production and purchased concentrate from third parties, platinum, palladium, rhodium and nickel (joint products) inventory is measured by allocating total production costs to each joint product in the ratio of each metal's contribution to gross sales revenue. The allocated production costs per metal are then divided by the output per metal to arrive at a unit cost per metal. Production costs are determined on a 12-month rolling average basis and own-mined production costs and processing costs are adjusted for periods of prolonged abnormal production.

Purchase of concentrate (POC) agreements are provisionally priced contracts to acquire inventory. The final price of the inventory is only determined three months into the future when quantities and prices are confirmed. Changes in prices include impacts of changes in US dollar metal price as well as foreign exchange rates, as the final price is determined in ZAR. Changes in pricing between the delivery date and the date that prices are confirmed is capitalised to inventory as it is forms part of the cost directly related to bringing the inventory to its present location and condition.

# SIGNIFICANT ACCOUNTING PRINCIPLES CONTINUED

The quantity of ounces of joint products in work-in-progress is calculated based on the following factors:

- The theoretical inventory at that point in time, which is calculated by adding the inputs to the previous physical inventory and then deducting the outputs for the inventory period.
- The inputs and outputs include estimates due to the delay in finalising analytical values.
- The estimates are subsequently trued up to the final metal accounting quantities when available.
- The theoretical inventory is then converted to a refined equivalent inventory by applying appropriate recoveries depending on where the material is within the production pipeline. The recoveries are based on actual results as determined by the inventory count and are in line with industry standards.
- Unrealised profits and losses are excluded from the inventory valuation before determining the lower of NRV and cost calculation.

Other than at the precious metal refinery, an annual physical count of work in progress is done, usually around February of each year. The precious metal refinery is subject to a physical count usually every three years, but this could occur more frequently by exception. The most recent physical count of the precious metal refinery was in February 2019. The annual physical count is limited to once per annum due to the dislocation of production required to perform the physical inventory count and the in-process inventories being contained in tanks, pipes and other vessels. Once the results of the physical count are finalised, the variance between the theoretical count and actual count is investigated and recorded. Thereafter the physical quantity forms the opening balance for the theoretical inventory calculation. Consequently, the estimates are refined based on actual results over time. The nature of the production process inherently limits the ability to precisely measure recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the variables used in the process are refined based on actual results over time.

## Deferred consideration

Deferred consideration is treated as a financial instrument to the extent that it constitutes a right or obligation to receive cash from or deliver cash to a counterparty. The deferred consideration is revalued bi-annually with changes recognised in profit or loss. Deferred consideration has arisen as a result of the disposal of Rustenburg Mine, Union Mine, Southridge Mineral Rights, the group's equity-accounted investments in Pandora, and acquisition of control in the Mototolo Platinum Mine business.

The key assumptions used in arriving at the discounted cash flows of the deferred consideration include: estimated future cash flows based on assumptions of future metal prices, foreign exchange rates, costs and capital expenditure; the counterparty cost of borrowing and weighted average cost of capital; and the group's cost of borrowing. Refer to note 38 for further details.

## Fair value measurement

The group makes use of fair value measurement on an ongoing basis for derivative instruments; investments in equity securities; concentrate receivables; embedded derivatives related to concentrate payables; third-party-sourced trading metal inventory and metal borrowings. The group assesses the assumptions and data used to fair value such items and accordingly classifies the fair value as Level 1, Level 2 or Level 3 in accordance with the fair value hierarchy of IFRS 13 Fair Value Measurement. In the event that fair value cannot be determined from publicly available information, the group makes use of relevant valuation techniques that make maximum use of observable market inputs. The group determines fair value using the following techniques: unadjusted quoted prices in active markets (Level 1); valuations using quoted prices for similar assets and liabilities as well as relevant market-corroborated inputs (Level 2); and valuations using unobservable inputs along with group assumptions of risk, cash flows and discount rates (Level 3).

## Decommissioning and rehabilitation obligations

The group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Management estimates, with the assistance of independent experts, the group's expected total spend for the rehabilitation, management and remediation of negative environmental impacts at closure at the end of the lives of the mines and processing operations. The estimation of future costs of environmental obligations relating to decommissioning and rehabilitation is particularly complex and requires management to make estimates, assumptions and judgements relating to the future. These estimates are dependent on a number of factors including assumptions around environmental legislation, life of mine, cost and escalation percentages, and discount rates.

## Critical accounting judgements

The following accounting policies have been identified as being particularly complex or involving subjective judgements or assessments:

### Cash-generating unit and impairment assessment

Due to the vertically integrated operations of the group and the fact that there is no active market for the group's intermediate products, the group's operations as a whole constitute the smallest cash-generating unit.

The recoverable amount of the group is the higher of: the group's market capitalisation, adjusted for the carrying amounts of assets that are tested for impairment separately – including financial assets, investments in associates and other assets that are excluded from the single platinum cash-generating unit owing to their probability of being recovered through sale; and the value-in-use of the group. In practice the market capitalisation significantly exceeds the carrying value, hence no value-in-use calculation is performed.

### Stripping costs

The costs of stripping activity is accounted for in accordance with the principles of IAS 2 *Inventories* to the extent that the benefit from the stripping activity is realised in the form of inventory produced.

The costs of stripping activity which provides a benefit in the form of improved access to the PGM ore body is recognised as a non-current 'stripping activity asset' in accordance with IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*. The current mine planning systems allow management to identify the components of the pit at the Mogalakwena mine that are being mined thereby allowing management to accurately allocate the associated costs.

"Component of the ore body" refers to a specific volume of the ore body that is made more accessible as a result of the stripping activity. The determination of components is driven by review of an operation's mine plan. The following factors are considered when identifying components:

- The grouping of cuts in each region, where each cut is dependent on a previous cut in accessing the specific identified volume of the ore body.
- The supporting mine strategy provided in the mine plan which separates the ore body into the manageable components.
- Expansion phases requiring specific separate board approvals.

Based on the horizontal dispersions of the ore body, the shape of the ore body means that the stripping activity is performed via three distinct components made up of a grouping of interdependent cuts over a period of time. Within each component, each interdependent cut aids in providing access to the component of ore that will be extracted in future cuts, and as such it is considered that cuts within each of the identified components provide improved access to the relevant ore body. Consequently, the pit is considered to have three distinct components, ie north, central and south.

The stripping activity asset is initially measured at cost and subsequently carried at cost less depreciation and impairment losses. Depreciation is calculated on the units of production method on a reducing balance

basis over the expected useful life of the identified component that becomes more accessible as a result of the stripping activity. The depreciation is calculated using actual 4E production during the period over the expected 4E production over the remaining life of the component.

#### Ore stockpiles

Low grade ore stockpiles are only recognised to the extent that they arise during the period and there is a reasonable expectation of their utilisation, in line with available capacity over the five-year budget period. Where life of mine plans change, or alternative capacity is identified, this may have an impact on the volume of ore stockpiles recognised.

#### Foreign currency prepayment

Prepayments are made in respect of variable price contracts where the price is not fixed at inception but calculated upon physical delivery, 6

months later. Amounts prepaid by the customer represents an obligation to transfer metal to the customer at the end of a 6-month period. This obligation meets the recognition criteria of a contract liability under IFRS 15 and accounted for as such. The transactions are designated in US Dollars, which is different than the functional currency of the entity within the Group. The cost of the metal delivered is calculated at the end of the 6-month period by using the contractually agreed quantity and market price of metal at the delivery date. Any resulting difference between the amount payable on delivery and the prepayment value is settled as a top-up payment or refund resulting in a variable price contractual arrangement. The contract liability therefore meets the definition of a monetary item as it represents an obligation to deliver a fixed quantity of metal for a variable amount of USD.

## NEW AND AMENDED ACCOUNTING STANDARDS

### Impact of standards and interpretations not yet adopted

At the reporting date, 31 December 2020, the following relevant new accounting standards were in issue but not yet effective:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Effective for annual periods commencing on or after |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| IFRS 17 Insurance Contracts – requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.                                                                                           | 1 January 2023                                      |
| Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – deal with situations where there is a sale or contribution of assets between an investor and its associates or joint ventures.                                                                                                                                                                                                                                         | Optional, indefinitely deferred                     |
| Amendment to IFRS 16 COVID-19-Related Rent Concessions The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. However, this is not applicable to Anglo American Platinum as the group did not have any COVID-19 rent concessions.                                                                                                                                                       | 1 June 2020                                         |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 – the amendments address practical expedients and specific relief post-IBOR reform.                                                                                                                                                                                                                                                                                                             | 1 January 2021                                      |
| Amendments to IAS 37 – Onerous Contracts Cost of Fulfilling a Contract – clarifies that the “cost of fulfilling a contract” when assessing whether a contract is onerous comprise both incremental costs and an allocation of direct costs.                                                                                                                                                                                                                                                     | 1 January 2022                                      |
| Annual Improvements to IFRS Standards 2018-2020 – the improvements include amendments to IFRS 1 First-time adoption of IFRS, IFRS 9 Financial instruments, IFRS 16 Leases and IAS 41 Agriculture.                                                                                                                                                                                                                                                                                               | 1 January 2022                                      |
| Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use – The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. | 1 January 2022                                      |
| IFRS 3 Business Combinations – amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.                                                                                                                                                                                                                                                                                              | 1 January 2022                                      |
| IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.                                                                                                                                                                                                                                                                         | 1 January 2023                                      |

The above standards and amendments are not expected to have a material effect for the group, however the group will continually assess potential impacts thereof.

### Impact of standards issued and effective on 1 January 2020 and adopted by the group

*Amendments to References to Conceptual Framework in IFRS Standards* – the Group has adopted the amendments for the first time in the current year.

*Definition of a Business (Amendments to IFRS 3)* – the Group has adopted the amendments for the first time in the current year.

*Definition of Material (Amendments to IAS 1 and IAS 8)* – the Group has adopted the amendments for the first time in the current year.

*Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)* – the Group has adopted the amendments for the first time in the current year.

*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)* – the Group has adopted the amendments for the first time in the current year.

The adoption of these standards had an immaterial impact for the group.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

|                                                                                           | Notes | 2020<br>Rm      | 2019<br>Rm |
|-------------------------------------------------------------------------------------------|-------|-----------------|------------|
| <b>Gross revenue</b>                                                                      | 1     | <b>137,804</b>  | 99,571     |
| Commissions paid                                                                          |       | (14)            | (20)       |
| <b>Net revenue</b>                                                                        | 2     | <b>137,790</b>  | 99,551     |
| <b>Cost of sales</b>                                                                      | 3     | <b>(98,067)</b> | (72,738)   |
| <b>Gross profit</b>                                                                       |       | <b>39,723</b>   | 26,814     |
| Fair value measurements of other financial assets and liabilities                         |       | <b>3,780</b>    | 248        |
| Other income <sup>1</sup>                                                                 | 5     | <b>2,051</b>    | 109        |
| Finance income <sup>2</sup>                                                               | 6     | <b>513</b>      | 349        |
| Share of profit/(loss) from equity-accounted entities <sup>3</sup>                        | 16    | <b>340</b>      | (108)      |
| Dividends received                                                                        |       | <b>47</b>       | —          |
| Provision for expected credit losses                                                      |       | <b>(43)</b>     | —          |
| Impairment of financial assets                                                            |       | <b>(85)</b>     | (77)       |
| Finance costs <sup>2</sup>                                                                | 7     | <b>(448)</b>    | (572)      |
| Impairment and scrapping of property, plant and equipment                                 |       | <b>(476)</b>    | (173)      |
| Market development and promotional expenditure                                            |       | <b>(871)</b>    | (788)      |
| Other expenditure <sup>1</sup>                                                            | 5     | <b>(3,673)</b>  | (497)      |
| <b>Profit before taxation</b>                                                             | 8     | <b>40,858</b>   | 25,305     |
| Taxation                                                                                  | 9     | <b>(10,455)</b> | (6,736)    |
| <b>Profit for the year</b>                                                                |       | <b>30,403</b>   | 18,569     |
| <b>Other comprehensive income, post tax</b>                                               |       | <b>1,233</b>    | 33         |
| <b>Items that may be reclassified subsequently to profit or loss</b>                      |       | <b>235</b>      | (192)      |
| Foreign exchange translation gains/(losses)                                               |       | <b>235</b>      | (192)      |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                 |       | <b>998</b>      | 225        |
| Net gains on equity investments at fair value through other comprehensive income (FVTOCI) |       | <b>1,175</b>    | 279        |
| Tax effects                                                                               |       | <b>(177)</b>    | (54)       |
| <b>Total comprehensive income for the year</b>                                            |       | <b>31,636</b>   | 18,603     |
| <b>Profit attributed to:</b>                                                              |       |                 |            |
| Owners of the Company                                                                     |       | <b>30,342</b>   | 18,497     |
| Non-controlling interests                                                                 |       | <b>61</b>       | 72         |
|                                                                                           |       | <b>30,403</b>   | 18,569     |
| <b>Total comprehensive income attributed to:</b>                                          |       |                 |            |
| Owners of the Company                                                                     |       | <b>31,575</b>   | 18,531     |
| Non-controlling interests                                                                 |       | <b>61</b>       | 72         |
|                                                                                           |       | <b>31,636</b>   | 18,603     |
| <b>EARNINGS PER SHARE</b>                                                                 |       |                 |            |
| Earnings per ordinary share (cents)                                                       | 10    |                 |            |
| – Basic                                                                                   |       | <b>11,553</b>   | 7,046      |
| – Diluted                                                                                 |       | <b>11,519</b>   | 7,021      |

<sup>1</sup> Other net income/(expenditure) was previously presented as one line item.<sup>2</sup> The operating profit subtotal was removed and certain line items renamed for better presentation<sup>3</sup> Losses from associates and losses from joint ventures were previously presented separately, this has been changed for better presentation

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

|                                                                       | Notes | 2020<br>Rm     | 2019<br>Rm |
|-----------------------------------------------------------------------|-------|----------------|------------|
| <b>ASSETS</b>                                                         |       |                |            |
| <b>Non-current assets</b>                                             |       | <b>68,176</b>  | 57,177     |
| Property, plant and equipment                                         | 12    | 46,139         | 43,504     |
| Capital work-in-progress                                              | 13    | 10,989         | 8,501      |
| Other financial assets                                                | 14    | 7,716          | 2,558      |
| Inventories                                                           | 19    | 1,147          | 1,006      |
| Investments in associates and joint ventures                          | 16    | 908            | 413        |
| Investments held by environmental trusts                              | 15    | 829            | 798        |
| Goodwill                                                              | 18    | 397            | 397        |
| Deferred taxation                                                     | 24    | 51             | —          |
| <b>Current assets</b>                                                 |       | <b>76,201</b>  | 46,843     |
| Inventories                                                           | 19    | 45,370         | 22,446     |
| Cash and cash equivalents                                             | 20    | 19,991         | 18,546     |
| Other financial assets                                                | 14    | 5,207          | 2,532      |
| Other assets                                                          | 22    | 3,146          | 1,633      |
| Trade and other receivables                                           | 21    | 2,339          | 1,686      |
| Taxation                                                              | 35    | 148            | —          |
| <b>Total assets</b>                                                   |       | <b>144,377</b> | 104,020    |
| <b>EQUITY AND LIABILITIES</b>                                         |       |                |            |
| <b>Share capital and reserves</b>                                     |       |                |            |
| Share capital                                                         | 23    | 26             | 27         |
| Share premium                                                         |       | 22,604         | 22,691     |
| Retained earnings                                                     |       | 51,711         | 35,039     |
| Foreign currency translation reserve                                  |       | 2,687          | 2,452      |
| Remeasurements of equity investments irrevocably designated at FVTOCI |       | 1,322          | 441        |
| Non-controlling interests                                             |       | 184            | 192        |
| <b>Shareholders' equity</b>                                           |       | <b>78,534</b>  | 60,842     |
| <b>Non-current liabilities</b>                                        |       | <b>19,110</b>  | 14,646     |
| Deferred taxation                                                     | 24    | 13,141         | 11,120     |
| Other financial liabilities                                           | 26    | 3,536          | 924        |
| Environmental obligations                                             | 25    | 1,824          | 1,898      |
| Lease liabilities                                                     | 27    | 377            | 404        |
| Interest-bearing borrowings                                           | 28    | 209            | 281        |
| Employee benefits                                                     | 29    | 23             | 19         |
| <b>Current liabilities</b>                                            |       | <b>46,733</b>  | 28,532     |
| Trade and other payables                                              | 30    | 23,260         | 16,246     |
| Other liabilities                                                     | 31    | 20,270         | 11,306     |
| Other financial liabilities                                           | 26    | 1,943          | 609        |
| Taxation                                                              | 35    | 923            | 96         |
| Lease liabilities                                                     | 27    | 210            | 164        |
| Share-based payment provision                                         | 29    | 50             | 69         |
| Interest-bearing borrowings                                           | 28    | 47             | 42         |
| Provisions                                                            |       | 30             | —          |
| <b>Total equity and liabilities</b>                                   |       | <b>144,377</b> | 104,020    |

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

|                                                                             | Notes | 2020<br>Rm      | 2019<br>Rm |
|-----------------------------------------------------------------------------|-------|-----------------|------------|
| <b>Cash flows from operating activities</b>                                 |       |                 |            |
| Cash receipts from customers                                                |       | 137,369         | 98,715     |
| Cash paid to suppliers and employees                                        |       | (105,938)       | (66,499)   |
| <b>Cash generated from operations</b>                                       | 33    | <b>31,431</b>   | 32,216     |
| Taxation paid                                                               | 35    | (7,941)         | (3,349)    |
| Interest paid (net of interest capitalised)                                 |       | (290)           | (429)      |
| <b>Net cash from operating activities</b>                                   |       | <b>23,200</b>   | 28,438     |
| <b>Cash flows used in investing activities</b>                              |       |                 |            |
| Purchase of property, plant and equipment (includes interest capitalised)   | 36    | (9,471)         | (8,600)    |
| Deferred consideration receipts                                             |       | 3,348           | 348        |
| Interest received                                                           |       | 508             | 342        |
| Proceeds from partial disposal of shares held in Ballard Power Systems Inc. |       | 158             | —          |
| Proceeds from loan repayments by ARM Mining Consortium Limited              |       | 107             | —          |
| Dividends received                                                          |       | 55              | —          |
| Proceeds from sale of plant and equipment                                   |       | 43              | 38         |
| Growth in environmental trusts                                              | 15    | 5               | 7          |
| Proceeds from disposal of RA Gilbert                                        |       | 3               | —          |
| Investment in AP Ventures                                                   | 16    | (90)            | (59)       |
| Advances made to Plateau Resources Proprietary Limited                      |       | (85)            | (93)       |
| Shareholder funding capitalised to investment in associates                 |       | (82)            | (68)       |
| Additions to investment in associates                                       |       | (55)            | —          |
| Other advances                                                              |       | (13)            | (4)        |
| Additions to FVTOCI investments                                             |       | (6)             | —          |
| Purchase of AA plc shares for the Bonus Share Plan                          |       | (2)             | (1)        |
| Purchases of financial assets investments                                   |       | —               | (24)       |
| <b>Net cash used in investing activities</b>                                |       | <b>(5,577)</b>  | (8,114)    |
| <b>Cash flows used in financing activities</b>                              |       |                 |            |
| Dividends paid                                                              |       | (13,779)        | (4,921)    |
| Deferred consideration payments                                             |       | (598)           | (184)      |
| Purchase of treasury shares for the BSP and ESOP                            |       | (310)           | (232)      |
| Repayment of lease obligation                                               |       | (122)           | (67)       |
| Cash distributions to non-controlling interests                             |       | (69)            | (111)      |
| Repayment of interest-bearing borrowings                                    |       | (66)            | (5,793)    |
| Repurchase of shares                                                        |       | (1)             | —          |
| <b>Net cash used in financing activities</b>                                |       | <b>(14,945)</b> | (11,308)   |
| <b>Net increase in cash and cash equivalents</b>                            |       | <b>2,678</b>    | 9,015      |
| Cash and cash equivalents at beginning of year                              |       | 18,546          | 9,541      |
| Foreign exchange differences on cash and cash equivalents                   |       | (1,227)         | (10)       |
| Decrease in cash and cash equivalents due to RA Gilbert disposal            |       | (6)             | —          |
| <b>Cash and cash equivalents at end of year</b>                             | 20    | <b>19,991</b>   | 18,546     |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

|                                                                           | Share capital<br>Rm | Share premium<br>Rm | Retained earnings<br>Rm | Foreign currency translation reserve (FCTR)<br>Rm | Remeasurements of equity investments irrevocably designated at FVTOCI<br>Rm | Non-controlling interests<br>Rm | Total<br>Rm   |
|---------------------------------------------------------------------------|---------------------|---------------------|-------------------------|---------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------|---------------|
| <b>Total equity at 1 January 2019</b>                                     | 27                  | 22,746              | 21,428                  | 2,644                                             | 216                                                                         | 231                             | 47,292        |
| Profit for the year                                                       |                     |                     | 18,497                  |                                                   |                                                                             | 72                              | 18,569        |
| Other comprehensive income for the year                                   |                     |                     |                         | (192)                                             | 279                                                                         |                                 | 87            |
| Total comprehensive income for the year                                   |                     |                     | 18,497                  | (192)                                             | 279                                                                         | 72                              | 18,656        |
| Deferred taxation charged to equity                                       |                     |                     | 33                      |                                                   | (54)                                                                        |                                 | (21)          |
| Cash distributions to non-controlling interests                           |                     |                     |                         |                                                   |                                                                             | (111)                           | (111)         |
| Shares acquired in terms of the BSP – treated as treasury shares          | (–)*                | (232)               |                         |                                                   |                                                                             |                                 | (232)         |
| Shares vested in terms of the BSP                                         | –*                  | 177                 | (177)                   |                                                   |                                                                             |                                 | –             |
| Equity-settled share-based compensation                                   |                     |                     | 188                     |                                                   |                                                                             |                                 | 188           |
| Shares forfeited to cover tax expense on vesting                          |                     |                     | (7)                     |                                                   |                                                                             |                                 | (7)           |
| Dividends paid**                                                          |                     |                     | (4,921)                 |                                                   |                                                                             |                                 | (4,921)       |
| Retirement benefit                                                        |                     |                     | (2)                     |                                                   |                                                                             |                                 | (2)           |
| <b>Balance at 31 December 2019</b>                                        | 27                  | 22,691              | 35,039                  | 2,452                                             | 441                                                                         | 192                             | 60,842        |
| Profit for the year                                                       |                     |                     | <b>30,342</b>           |                                                   |                                                                             | <b>61</b>                       | <b>30,403</b> |
| Other comprehensive income for the year                                   |                     |                     |                         | <b>235</b>                                        | <b>998</b>                                                                  |                                 | <b>1,233</b>  |
| <b>Total comprehensive income for the year</b>                            |                     |                     | <b>30,342</b>           | <b>235</b>                                        | <b>998</b>                                                                  | <b>61</b>                       | <b>31,636</b> |
| Deferred taxation charged to equity                                       |                     |                     | (3)                     |                                                   |                                                                             |                                 | (3)           |
| Dividends paid**                                                          |                     |                     | (13,779)                |                                                   |                                                                             |                                 | (13,779)      |
| Retirement benefit                                                        |                     |                     | 17                      |                                                   |                                                                             |                                 | 17            |
| Cash distributions to non-controlling interests                           |                     |                     |                         |                                                   |                                                                             | (69)                            | (69)          |
| Shares acquired in terms of the BSP and ESOP – treated as treasury shares | (–)*                | (310)               |                         |                                                   |                                                                             |                                 | (310)         |
| Shares vested in terms of the BSP                                         | –*                  | 223                 | (223)                   |                                                   |                                                                             |                                 | –             |
| Equity-settled share-based compensation                                   |                     |                     | 211                     |                                                   |                                                                             |                                 | 211           |
| Transfer of reserve on disposal of investments                            |                     |                     | 117                     |                                                   | (117)                                                                       |                                 | –             |
| Shares repurchased                                                        | (1)                 |                     |                         |                                                   |                                                                             |                                 | (1)           |
| Shares forfeited to cover tax expense on vesting                          |                     |                     | (10)                    |                                                   |                                                                             |                                 | (10)          |
| <b>Balance at 31 December 2020</b>                                        | <b>26</b>           | <b>22,604</b>       | <b>51,711</b>           | <b>2,687</b>                                      | <b>1,322</b>                                                                | <b>184</b>                      | <b>78,534</b> |
| * Less than R500,000.                                                     |                     |                     |                         |                                                   |                                                                             |                                 | Rm            |
| ** Dividends paid                                                         |                     |                     |                         |                                                   |                                                                             |                                 | Per share (R) |
| Final 2019                                                                |                     |                     |                         |                                                   |                                                                             |                                 | 41.60         |
| Interim 2020                                                              |                     |                     |                         |                                                   |                                                                             |                                 | 10.23         |
|                                                                           |                     |                     |                         |                                                   |                                                                             |                                 | 13,779        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

## 1. GROSS REVENUE

|                                                              | 2020<br>Rm     | 2019<br>Rm |
|--------------------------------------------------------------|----------------|------------|
| Sales revenue emanated from the following principal regions: |                |            |
| <b>Precious metals</b>                                       | <b>131,089</b> | 91,176     |
| Asia                                                         | 68,368         | 36,862     |
| Europe                                                       | 56,036         | 48,650     |
| North America                                                | 6,595          | 4,448      |
| South Africa                                                 | 90             | 1,216      |
| <b>Base metals</b>                                           | <b>4,539</b>   | 5,719      |
| Asia                                                         | 1,781          | 3,062      |
| Europe                                                       | 2,264          | 2,003      |
| Rest of the world                                            | 260            | 426        |
| South Africa                                                 | 234            | 228        |
| <b>Other</b>                                                 | <b>1,175</b>   | 1,563      |
| Asia                                                         | 513            | 751        |
| Europe                                                       | 127            | 453        |
| Rest of the world                                            | —              | 9          |
| South Africa <sup>2</sup>                                    | 535            | 350        |
|                                                              | <b>136,803</b> | 98,458     |
| <b>Gross sales revenue by metal</b>                          |                |            |
| Platinum                                                     | 23,699         | 28,200     |
| Palladium                                                    | 57,237         | 39,258     |
| Rhodium                                                      | 43,395         | 17,668     |
| Nickel                                                       | 3,384          | 4,427      |
| Other <sup>2</sup>                                           | 9,088          | 8,905      |
|                                                              | <b>136,803</b> | 98,458     |
| <b>Revenue from services</b>                                 |                |            |
| Toll refining <sup>2</sup>                                   | 1,001          | 1,113      |
| <b>Gross revenue</b>                                         | <b>137,804</b> | 99,571     |
| <b>Gross sales revenue by country<sup>1</sup></b>            |                |            |
| Japan                                                        | 49,614         | 25,178     |
| United Kingdom                                               | 32,987         | 33,153     |
| China                                                        | 21,276         | 13,756     |
| Germany                                                      | 20,308         | 15,481     |

<sup>1</sup> These are countries that individually contributed at least 10% to the total group revenue in the current and prior year.

<sup>2</sup> Prior year toll refining has been separately presented in line with 2020 for better presentation.

## 2. SEGMENTAL INFORMATION

### 2.1 Segment revenue and results

|                                                       | Net sales revenue |               | Adjusted EBITDA <sup>1</sup> |               |
|-------------------------------------------------------|-------------------|---------------|------------------------------|---------------|
|                                                       | 2020<br>Rm        | 2019<br>Rm    | 2020<br>Rm                   | 2019<br>Rm    |
| <b>Operations</b>                                     |                   |               |                              |               |
| Mogalakwena Mine                                      | 28,317            | 25,845        | 17,447                       | 14,375        |
| Amandelbult Mine                                      | 18,248            | 17,424        | 7,809                        | 5,132         |
| Mototolo Platinum Mine                                | 5,348             | 4,506         | 2,740                        | 1,956         |
| Unki Platinum Mine                                    | 4,963             | 4,403         | 2,290                        | 1,520         |
| Modikwa Platinum Mine <sup>2</sup>                    | 3,156             | 2,988         | 1,807                        | 1,080         |
| Kroondal Platinum Mine <sup>2</sup>                   | 6,267             | 5,824         | 3,869                        | 2,499         |
| Other mined                                           | —                 | —             | 273                          | (462)         |
| <b>Total – mined</b>                                  | <b>66,299</b>     | <b>60,989</b> | <b>36,235</b>                | <b>26,099</b> |
| Tolling and purchase of concentrate                   | 29,620            | 30,708        | 6,960                        | 4,392         |
| Trading <sup>3</sup>                                  | 41,871            | 7,854         | 622                          | 247           |
| Market development and promotional expenditure        | —                 | —             | (871)                        | (788)         |
| Foreign currency gains/losses <sup>4</sup>            | —                 | —             | (684)                        | —             |
| COVID-19 costs                                        | —                 | —             | (528)                        | —             |
| Restructuring costs                                   | —                 | —             | (151)                        | —             |
|                                                       | <b>137,790</b>    | <b>99,551</b> | <b>41,583</b>                | <b>29,950</b> |
| Depreciation                                          |                   |               | (4,456)                      | (4,441)       |
| Marketing development and promotional expenditure     |                   |               | 871                          | 788           |
| Other income and expenses                             |                   |               | 702                          | 409           |
| Share of (profit)/loss from equity accounted entities |                   |               | (340)                        | 108           |
| Foreign currency gains/losses                         |                   |               | 684                          | —             |
| COVID-19 costs                                        |                   |               | 528                          | —             |
| Restructuring                                         |                   |               | 151                          | —             |
| <b>Gross profit</b>                                   |                   |               | <b>39,723</b>                | <b>26,814</b> |

<sup>1</sup> Earnings before interest, tax, depreciation and amortisation adjusted to exclude scrapping of assets and the related insurance claim income, profit on sale of assets and remeasurements of loans and receivables.

<sup>2</sup> The group's share (excluding purchase of concentrate).

<sup>3</sup> Includes purchases and leasing of third-party refined metal.

<sup>4</sup> Non-mining related foreign exchange gains/ losses.

Information reported to the Executive Committee, referred to as Platinum Management Committee, of the group for purposes of resource allocation and assessment of segment performance is done on a mine-by-mine basis.

Although revenue and costs are allocated to mines on a rational basis for internal reporting and segment reporting, the mines do not independently generate revenue. The marketing and sales of precious metals does not differentiate between the source of the refined metal owing to the homogenous and fungible nature of the product which is refined to predetermined industry certified standards. Sales are not differentiated on the basis of the source of the mined group ore.

The group's mining, smelting and refining operations are all located in South Africa with the exception of Unki Platinum Mine and smelter, which is located in Zimbabwe.

### 2.2 Information about customers

Included in net sales revenue, is revenue from customers that represents the following percentages of the total net sales revenue:

|                         | 2020<br>% | 2019<br>% |
|-------------------------|-----------|-----------|
| Customer A              | 30        | 19        |
| Customer B <sup>1</sup> | 11        | 7         |

<sup>1</sup> Customer B is not the same Customer B that was presented in the Audited Annual Financial Statements for 2019. The above Customer B meets the current year disclosure as the % in the current year is above 10% of total net sales revenue despite the 2019 % being below 10%. The old Customer B did not meet the 10% disclosure requirement in the current year and was therefore removed from the list.

### 2.3 Non-current assets<sup>1</sup>

|                | 2020<br>Rm    | 2019<br>Rm    |
|----------------|---------------|---------------|
| South Africa   | 51,482        | 46,645        |
| Zimbabwe       | 6,151         | 5,805         |
| United Kingdom | 851           | 365           |
|                | <b>58,484</b> | <b>52,816</b> |

<sup>1</sup> Excludes investments held by environmental trusts, other financial assets, deferred tax assets and inventories.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

## 3. COST OF SALES

|                                                              | 2020<br>Rm      | 2019<br>Rm |
|--------------------------------------------------------------|-----------------|------------|
| <b>Cash operating costs</b>                                  | <b>33,421</b>   | 33,612     |
| <b>On-mine<sup>1</sup></b>                                   | <b>25,160</b>   | 25,624     |
| Labour                                                       | 10,146          | 9,554      |
| Stores                                                       | 8,243           | 8,533      |
| Utilities                                                    | 2,490           | 2,404      |
| Contracting                                                  | 1,349           | 1,307      |
| Sundry                                                       | 2,932           | 3,826      |
| <b>Smelting</b>                                              | <b>4,451</b>    | 4,159      |
| Labour                                                       | 869             | 769        |
| Stores                                                       | 939             | 871        |
| Utilities                                                    | 1,665           | 1,745      |
| Sundry                                                       | 978             | 774        |
| <b>Treatment and refining</b>                                | <b>3,810</b>    | 3,829      |
| Labour                                                       | 1,194           | 1,127      |
| Stores                                                       | 860             | 1,103      |
| Utilities                                                    | 412             | 454        |
| Contracting                                                  | 128             | 102        |
| Sundry                                                       | 1,216           | 1,044      |
| <b>Purchase of metals and leasing activities<sup>2</sup></b> | <b>77,564</b>   | 30,384     |
| <b>Depreciation</b>                                          | <b>4,390</b>    | 4,441      |
| On-mine                                                      | 2,969           | 3,051      |
| Smelting                                                     | 747             | 685        |
| Treatment and refining                                       | 674             | 705        |
| <b>Increase in metal inventories</b>                         | <b>(22,481)</b> | (910)      |
| <b>(Increase)/decrease in ore stockpiles</b>                 | <b>(482)</b>    | 137        |
| <b>Other costs<sup>3</sup></b>                               | <b>5,655</b>    | 5,073      |
| Corporate related costs                                      | 1,123           | 1,021      |
| Corporate costs                                              | 717             | 564        |
| Corporate costs – Anglo American <sup>4</sup>                | 181             | 133        |
| Share-based payments                                         | 84              | 116        |
| Research                                                     | 123             | 109        |
| Community social investment                                  | 8               | 73         |
| Exploration                                                  | 10              | 26         |
| Operational related costs                                    | 1,902           | 1,918      |
| Transport of metals                                          | 772             | 836        |
| Technical and sustainability – Anglo American <sup>4</sup>   | 499             | 506        |
| Community social investment                                  | 228             | 175        |
| Share-based payments                                         | 170             | 141        |
| Studies                                                      | 119             | 121        |
| Research – Anglo American <sup>4</sup>                       | 85              | 83         |
| Exploration                                                  | 23              | 39         |
| Other                                                        | 6               | 17         |
| Royalties and carbon tax                                     | 2,630           | 2,134      |
|                                                              | <b>98,067</b>   | 72,738     |

<sup>1</sup> On-mine costs comprise mining and concentrating costs.

<sup>2</sup> Consists of purchased metals in concentrate, secondary metals, refined metals and other metals.

<sup>3</sup> Excluded from costs of inventories expensed during the period.

<sup>4</sup> Services provided by Anglo American plc and its subsidiaries.

**4. DEPRECIATION OF PLANT AND EQUIPMENT**

|                                                                                   | 2020<br>Rm | 2019<br>Rm |
|-----------------------------------------------------------------------------------|------------|------------|
| Depreciation of property, plant and equipment comprises the following categories: |            |            |
| Operating assets                                                                  | 4,390      | 4,441      |
| On-mine                                                                           | 2,969      | 3,051      |
| Smelting                                                                          | 747        | 685        |
| Treatment and refining                                                            | 674        | 705        |
| Depreciation included in other costs                                              | 66         | 13         |
|                                                                                   | 4,456      | 4,454      |

**5. OTHER INCOME AND EXPENDITURE**

|                                                                                                     | 2020<br>Rm | 2019<br>Rm |
|-----------------------------------------------------------------------------------------------------|------------|------------|
| Other income comprises the following principal categories:                                          |            |            |
| Foreign exchange gain on contract liability (note 31) <sup>1</sup>                                  | 1,415      | —          |
| Insurance proceeds                                                                                  | 354        | 22         |
| Royalties received                                                                                  | 139        | 87         |
| Profit on sale of Southridge Mineral Rights                                                         | 70         | —          |
| Profit on disposal of plant, equipment and conversion rights                                        | 65         | —          |
| Leasing income                                                                                      | 8          | —          |
|                                                                                                     | 2,051      | 109        |
| Other expenditure comprises the following principal categories:                                     |            |            |
| Realised and unrealised foreign exchange loss                                                       | (2,404)    | (156)      |
| Foreign exchange loss on cash and cash equivalents relating to the customer prepayment <sup>1</sup> | (963)      | (477)      |
| Foreign exchange gain on contract liability (note 31) <sup>1</sup>                                  | —          | 466        |
| Other foreign exchange losses                                                                       | (1,441)    | (145)      |
| Covid-19 costs                                                                                      | (528)      | —          |
| Project maintenance costs <sup>2</sup>                                                              | (224)      | (153)      |
| Restructuring and other related costs                                                               | (151)      | (42)       |
| Legal settlement                                                                                    | (140)      | —          |
| Impairment of investments in associates                                                             | (54)       | —          |
| Loss on disposal of investments                                                                     | (5)        | —          |
| Loss on disposal of plant, equipment and conversion rights                                          | —          | (2)        |
| Other                                                                                               | (167)      | (144)      |
|                                                                                                     | (3,673)    | (497)      |

<sup>1</sup> This cash was designated as a hedging instrument against the contract liability in 2019. Refer to note 31. Hedge accounting ceased on 1 January 2020. As hedge accounting ceased, the foreign exchange gain on the contract liability is no longer offset against the foreign exchange loss on the hedging instrument, cash and cash equivalents relating to the customer prepayment.

<sup>2</sup> Project maintenance costs comprise costs incurred to maintain land held for future projects and costs to keep projects on care and maintenance. It also includes the costs of the operations put onto care and maintenance once the decision was made.

**6. FINANCE INCOME**

|                                                   | 2020<br>Rm | 2019<br>Rm |
|---------------------------------------------------|------------|------------|
| <b>Finance income</b>                             |            |            |
| <b>Finance income on financial assets</b>         |            |            |
| Finance income                                    | 508        | 342        |
| Growth in environment trust investments (note 15) | 5          | 7          |
|                                                   | 513        | 349        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 7. FINANCE COST

|                                                                  | 2020<br>Rm   | 2019<br>Rm |
|------------------------------------------------------------------|--------------|------------|
| <b>Finance costs</b>                                             |              |            |
| <b>Finance costs on financial liabilities</b>                    | <b>(176)</b> | (304)      |
| Interest paid on financial liabilities                           | (334)        | (520)      |
| Less: Capitalised (note 36) <sup>1</sup>                         | 158          | 216        |
| <b>Time value of money adjustment to environment obligations</b> | <b>(162)</b> | (194)      |
| Decommissioning costs (note 25)                                  | (61)         | (102)      |
| Restoration costs (note 25)                                      | (101)        | (92)       |
| <b>Interest paid on lease liabilities (note 34)</b>              | <b>(71)</b>  | (74)       |
| <b>Other finance cost</b>                                        | <b>(39)</b>  | —          |
|                                                                  | <b>(448)</b> | (572)      |

<sup>1</sup> The rate used to capitalise borrowing costs was 6.42% (2019: 9.68%).

## 8. PROFIT BEFORE TAXATION

|                                                               | 2020<br>Rm | 2019<br>Rm |
|---------------------------------------------------------------|------------|------------|
| Profit before taxation is arrived at after taking account of: |            |            |
| Increase in provision for stores obsolescence                 | 50         | 28         |
| Auditors' remuneration – current year audit fees              | 17         | 17         |
| Net profit on disposal of property, plant and equipment       | (28)       | (3)        |
| Profit on exchange of equipment                               | (56)       | —          |
| Fair value changes on hedge accounting                        | —          | (11)       |

## 9. TAXATION

|                                  | 2020<br>Rm    | 2019<br>Rm |
|----------------------------------|---------------|------------|
| Current (note 35)                | 8,666         | 3,841      |
| Deferred (note 24)               | 1,789         | 2,895      |
|                                  | <b>10,455</b> | 6,736      |
| Comprising:                      |               |            |
| South African normal taxation    | 9,761         | 6,351      |
| Current year                     | 9,741         | 6,406      |
| Prior year                       | 20            | (55)       |
| Foreign and withholding taxation | 694           | 385        |
| Current year                     | 667           | 390        |
| Prior year                       | 27            | (5)        |
|                                  | <b>10,455</b> | 6,736      |

**9. TAXATION CONTINUED**

|                                                                                                                                                                               | 2020<br>%   | 2019<br>%   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| A reconciliation of the standard rate of South African normal taxation compared with that charged in the statement of comprehensive income is set out in the following table: |             |             |
| South African normal tax rate                                                                                                                                                 | 28.0        | 28.0        |
| Disallowable items that are individually immaterial                                                                                                                           | 0.6         | 0.3         |
| Impairment of financial assets                                                                                                                                                | 0.1         | 0.1         |
| Prior year underprovision/(overprovision)                                                                                                                                     | 0.1         | (0.2)       |
| Impairment of investments in associates                                                                                                                                       | —           | (0.1)       |
| Deferred consideration fair value remeasurements                                                                                                                              | (2.3)       | (0.6)       |
| Difference in tax rates of subsidiaries                                                                                                                                       | (0.6)       | (1.0)       |
| Effect of after-tax share of (profits)/losses from equity accounted entities                                                                                                  | (0.2)       | 0.1         |
| Disallowable provisions                                                                                                                                                       | (0.1)       | (0.2)       |
| Other                                                                                                                                                                         | —           | 0.2         |
| <b>Effective taxation rate</b>                                                                                                                                                | <b>25.6</b> | <b>26.6</b> |

**10. EARNINGS PER ORDINARY SHARE**

The calculation of basic earnings and headline earnings per ordinary share is based on a basic earnings of R30,342 million and headline earnings of R30,346 million respectively (2019: earnings of R18,497 million and headline earnings of R18,603 million) and a weighted average of 262,638,487 (2019: 262,515,452) ordinary shares in issue during the year.

The calculation of diluted earnings per ordinary share, basic and headline, is based on basic earnings of R30,342 million and headline earnings of R30,346 million respectively (2019: basic earnings of R18,497 million and headline earnings of R18,603 million). Refer below for weighted average number of potential diluted ordinary shares in issue during the year.

|                                                                                      | 2020               | 2019               |
|--------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Weighted average number of potential diluted ordinary shares in issue</b>         |                    |                    |
| Weighted average number of ordinary shares in issue                                  | 262,638,487        | 262,515,452        |
| Dilutive potential ordinary shares relating to share option schemes                  | 767,999            | 947,977            |
| <b>Weighted average number of potential diluted ordinary shares in issue – basic</b> | <b>263,406,486</b> | <b>263,463,429</b> |

The weighted average number of ordinary shares in issue has been adjusted to exclude the ordinary shares issued as part of the community economic empowerment transaction. The Lefa La Rona Trust is consolidated and therefore shares held by the Trust are treasury shares. Refer to note 23.

**11. RECONCILIATION BETWEEN PROFIT AND HEADLINE EARNINGS**

|                                                                  | 2020<br>Rm    | 2019<br>Rm    |
|------------------------------------------------------------------|---------------|---------------|
| <b>Profit attributable to shareholders</b>                       | <b>30,342</b> | <b>18,497</b> |
| Adjustments                                                      |               |               |
| Impairment and scrapping of property, plant and equipment        | 476           | 173           |
| Tax effect thereon                                               | (133)         | (48)          |
| Insurance proceeds on loss of assets                             | (354)         | (22)          |
| Tax effect thereon                                               | 99            | 6             |
| Profit on sale of Southridge Mineral Rights                      | (70)          | —             |
| Tax effect thereon                                               | 4             | —             |
| Profit on exchange of equipment                                  | (56)          | —             |
| Loss on sale of RA Gilbert                                       | 7             | —             |
| Tax effect thereon                                               | (3)           | —             |
| Impairment of investment in associates                           | 54            | —             |
| Net profit on disposal of property, plant and equipment (note 8) | (28)          | (3)           |
| Tax effect thereon                                               | 8             | —             |
| <b>Headline earnings</b>                                         | <b>30,346</b> | <b>18,603</b> |
| Attributable headline earnings per ordinary share (cents)        |               |               |
| Headline                                                         | 11,554        | 7,087         |
| Diluted                                                          | 11,521        | 7,061         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 12. PROPERTY, PLANT AND EQUIPMENT

The carrying amount of property, plant and equipment can be reconciled as follows:

|                                               | Carrying<br>amount at<br>beginning<br>of year<br>Rm | Additions<br>Rm | Reclassi-<br>fications/<br>transfers<br>Rm | Impairments,<br>disposals<br>and<br>scrapping<br>Rm |
|-----------------------------------------------|-----------------------------------------------------|-----------------|--------------------------------------------|-----------------------------------------------------|
| <b>2020</b>                                   |                                                     |                 |                                            |                                                     |
| <b>Owned and leased assets</b>                |                                                     |                 |                                            |                                                     |
| Mining development and infrastructure – owned | 23,407                                              | 3,619           | 14                                         | —                                                   |
| Mining development and infrastructure         | 22,513                                              | 3,516           | 73                                         | —                                                   |
| Exploration and evaluation assets             | 894                                                 | 103             | (59)                                       | —                                                   |
| Plant and equipment – owned                   | 15,309                                              | 2,929           | (15)                                       | (280)                                               |
| Land and buildings – owned                    | 3,674                                               | 55              | 1                                          | (22)                                                |
| Right of use assets <sup>1</sup>              | 462                                                 | 140             | —                                          | —                                                   |
| Plant and equipment                           | 357                                                 | 66              | —                                          | —                                                   |
| Land and buildings                            | 105                                                 | 74              | —                                          | —                                                   |
| Motor vehicles                                | 429                                                 | 225             | —                                          | (2)                                                 |
| Furniture, fittings and equipment             | 122                                                 | 48              | —                                          | —                                                   |
|                                               | 43,403                                              | 7,016           | —                                          | (304)                                               |
| Decommissioning asset                         | 101                                                 | 71              | —                                          | —                                                   |
| <b>Total</b>                                  | <b>43,504</b>                                       | <b>7,087</b>    | <b>—</b>                                   | <b>(304)</b>                                        |
| <b>2019</b>                                   |                                                     |                 |                                            |                                                     |
| <b>Owned and leased assets</b>                |                                                     |                 |                                            |                                                     |
| Mining development and infrastructure – owned | 21,795                                              | 3,306           | (460)                                      | —                                                   |
| Mining development and infrastructure         | 20,832                                              | 3,239           | (460)                                      | 104                                                 |
| Exploration and evaluation assets             | 963                                                 | 67              | —                                          | (104)                                               |
| Plant and equipment – owned                   | 13,742                                              | 4,068           | 135                                        | (10)                                                |
| Land and buildings – owned                    | 3,578                                               | 250             | 51                                         | (20)                                                |
| Right of use assets <sup>1</sup>              | —                                                   | 485             | 92                                         | —                                                   |
| Plant and equipment                           | —                                                   | 358             | 92                                         | —                                                   |
| Land and buildings                            | —                                                   | 127             | —                                          | —                                                   |
| Motor vehicles                                | 304                                                 | 194             | 182                                        | (7)                                                 |
| Furniture, fittings and equipment             | 134                                                 | 42              | —                                          | 4                                                   |
|                                               | 39,553                                              | 8,345           | —                                          | (33)                                                |
| Decommissioning asset                         | 155                                                 | (7)             | —                                          | —                                                   |
| <b>Total</b>                                  | <b>39,708</b>                                       | <b>8,338</b>    | <b>—</b>                                   | <b>(33)</b>                                         |

<sup>1</sup> The corresponding lease liabilities and the movements thereof are included in note 27.

### Useful lives of assets

|                                       | 2020                | 2019                |
|---------------------------------------|---------------------|---------------------|
| Mining development and infrastructure | Units of production | Units of production |
| Plant and equipment                   | 2 to 20 years       | 2 to 20 years       |
| Buildings                             | 10 to 50 years      | 10 to 50 years      |
| Motor vehicles                        | 4 to 5 years        | 4 to 5 years        |
| Furniture, fittings and equipment     | 2 to 10 years       | 2 to 10 years       |
| Decommissioning asset                 | Life of mine        | Life of mine        |

| Depreciation<br>Rm | Foreign<br>currency<br>translation<br>differences<br>Rm | Carrying<br>amount at<br>end<br>of year<br>Rm | Cost<br>Rm | Accumulated<br>depreciation<br>Rm |
|--------------------|---------------------------------------------------------|-----------------------------------------------|------------|-----------------------------------|
| (1,062)            | 117                                                     | 26,095                                        | 37,198     | (11,103)                          |
| (1,019)            | 117                                                     | 25,200                                        | 35,894     | (10,694)                          |
| (43)               |                                                         | 895                                           | 1,304      | (409)                             |
| (2,707)            | 114                                                     | 15,350                                        | 43,500     | (28,150)                          |
| (185)              | 61                                                      | 3,584                                         | 6,196      | (2,612)                           |
| (166)              | —                                                       | 436                                           | 745        | (309)                             |
| (115)              | —                                                       | 308                                           | 544        | (236)                             |
| (51)               | —                                                       | 128                                           | 201        | (73)                              |
| (226)              | 16                                                      | 442                                           | 2,393      | (1,951)                           |
| (53)               | —                                                       | 117                                           | 466        | (349)                             |
| (4,399)            | 308                                                     | 46,024                                        | 90,498     | (44,474)                          |
| (57)               | —                                                       | 115                                           | 275        | (160)                             |
| (4,456)            | 308                                                     | 46,139                                        | 90,773     | (44,634)                          |
| (1,265)            | 31                                                      | 23,407                                        | 33,215     | (9,808)                           |
| (1,233)            | 31                                                      | 22,513                                        | 31,555     | (9,042)                           |
| (32)               |                                                         | 894                                           | 1,660      | (766)                             |
| (2,526)            | (100)                                                   | 15,309                                        | 42,374     | (27,065)                          |
| (197)              | 12                                                      | 3,674                                         | 6,107      | (2,433)                           |
| (115)              | —                                                       | 462                                           | 606        | (144)                             |
| (93)               | —                                                       | 357                                           | 479        | (122)                             |
| (22)               | —                                                       | 105                                           | 127        | (22)                              |
| (246)              | 2                                                       | 429                                           | 2,293      | (1,864)                           |
| (60)               | 2                                                       | 122                                           | 424        | (302)                             |
| (4,409)            | (53)                                                    | 43,403                                        | 85,019     | (41,616)                          |
| (45)               | (2)                                                     | 101                                           | 194        | (93)                              |
| (4,454)            | (55)                                                    | 43,504                                        | 85,213     | (41,709)                          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 13. CAPITAL WORK-IN-PROGRESS

|                                           | 2020<br>Rm    | 2019<br>Rm   |
|-------------------------------------------|---------------|--------------|
| Opening balance                           | 8,501         | 7,780        |
| Additions at cost (note 36)               | 9,286         | 8,107        |
| Transfer to property, plant and equipment | (6,616)       | (7,125)      |
| Scrapping of capital work in progress     | (188)         | (175)        |
| Foreign currency translation differences  | 6             | (86)         |
| <b>Closing balance</b>                    | <b>10,989</b> | <b>8,501</b> |

## 14. OTHER FINANCIAL ASSETS

### Non-current financial assets

|                                                                                                               | 2020<br>Rm   | 2019<br>Rm   |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Loans carried at amortised cost</b>                                                                        |              |              |
| Other                                                                                                         | —            | 100          |
|                                                                                                               | —            | 100          |
| <b>Equity investments irrevocably designated at fair value through other comprehensive income<sup>1</sup></b> |              |              |
| Investment in Ballard Power Systems Inc.                                                                      | 1,433        | 480          |
| Investment in Wesizwe Platinum Limited <sup>2</sup>                                                           | 106          | 108          |
| Investment in SA SME Fund                                                                                     | 38           | 40           |
| Investment in Anglo American plc shares                                                                       | 13           | 17           |
| Investment in Rand Mutual Holdings Limited                                                                    | 96           | —            |
|                                                                                                               | 1,686        | 644          |
| <b>Other financial assets mandatorily measured at fair value through profit or loss</b>                       |              |              |
| Deferred consideration on sale of Rustenburg Mine <sup>3</sup>                                                | 4,838        | 1,566        |
| Deferred consideration on sale of Union Mine <sup>3</sup>                                                     | 913          | —            |
| Deferred consideration on sale of Pandora <sup>3</sup>                                                        | 247          | 181          |
| Deferred consideration on sale of Southridge Mineral Rights <sup>3</sup>                                      | 25           | —            |
| Loan to ARM Mining Consortium Limited <sup>4</sup>                                                            | 7            | 68           |
|                                                                                                               | 6,030        | 1,814        |
| <b>Total other financial assets – non-current</b>                                                             | <b>7,716</b> | <b>2,558</b> |

<sup>1</sup> These are irrevocably designated at fair value because they are equity instruments not held for trading and there is no recycling of the reserve to profit or loss but within equity on derecognition. 591 069 shares in Ballard Power Systems Inc were disposed of during the year (2019: Rnil).

<sup>2</sup> The group holds 13% in Wesizwe Platinum Limited.

<sup>3</sup> The deferred considerations result from the discounted deferred purchase price for the disposal of Rustenburg Mine, Pandora, Southridge Mineral Rights and Union Mine. Refer to note 38 for further details.

<sup>4</sup> This advance is interest free and the repayment thereof is dependent on the free cash flows from Modikwa Platinum Mine. The advance was fair valued on initial recognition by discounting the expected cash flows using a market-related interest rate. At each reporting date the cash flows are reassessed and the value updated accordingly. As security for the repayment of the advance, ARM Mining Consortium Limited ("ARMMC") has ceded its right to payments from Modikwa Platinum Mine to the group (related party transaction). The loan has been reclassified from amortised cost to FVTPL as it was previously incorrectly classified as at amortised cost.

### Current financial assets

|                                                                                         | 2020<br>Rm   | 2019<br>Rm   |
|-----------------------------------------------------------------------------------------|--------------|--------------|
| <b>Loan at amortised cost</b>                                                           |              |              |
| Metal borrowing                                                                         | 2,056        | —            |
|                                                                                         | 2,056        | —            |
| <b>Other financial assets mandatorily measured at fair value through profit or loss</b> |              |              |
| Fair value of derivatives                                                               | 168          | 19           |
| Deferred consideration on sale of Rustenburg Mine – short-term portion                  | 2,117        | 673          |
| Deferred consideration on sale of Union Mine – short-term portion                       | 851          | —            |
| Deferred consideration on sale of Southridge Mineral Rights – short-term portion        | 15           | —            |
| Deferred consideration on sale of BRPM – short-term portion                             | —            | 1,840        |
|                                                                                         | 3,151        | 2,532        |
| <b>Total other financial assets – current</b>                                           | <b>5,207</b> | <b>2,532</b> |

**15. INVESTMENTS HELD BY ENVIRONMENTAL TRUSTS**

|                                                                   | 2020<br>Rm | 2019<br>Rm |
|-------------------------------------------------------------------|------------|------------|
| <b>Movement in total investments held by environmental trusts</b> |            |            |
| Opening balance                                                   | <b>798</b> | 1,183      |
| Investment attributable to Rustenburg Mine transferred to Sibanye | —          | (317)      |
| Investment attributable to Union Mine transferred to Siyanda      | —          | (144)      |
| Remeasurements                                                    | <b>26</b>  | 69         |
| Growth in environmental trusts (note 6)                           | <b>5</b>   | 7          |
| <b>Closing balance</b>                                            | <b>829</b> | 798        |
| These investments consist of:                                     |            |            |
| Cash and cash equivalents <sup>1</sup>                            | <b>227</b> | 219        |
| Equities <sup>1</sup>                                             | <b>602</b> | 579        |
|                                                                   | <b>829</b> | 798        |

<sup>1</sup> The investments were incorrectly presented as one line item in the prior year and presented as measured at FVTPL. The investments were subsequently disaggregated based on the nature of the underlying investments. The cash portion is measured at amortised cost and the equities portion measured at FVTPL.

These funds may only be utilised for purposes of settling decommissioning and environmental liabilities relating to existing mining operations. All income earned on these funds is reinvested or spent to meet these obligations. These obligations are included in environmental obligations (note 25).

**Platinum Producers' Environmental Trust**

The Platinum Producers' Environmental Trust was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the group's mines. The group funds its environmental obligations through a combination of funding the Platinum Producers' Environmental Trust and providing guarantees to the Department of Mineral Resources. Contributions are determined on the basis of the estimated environmental obligation over the life of a mine. Contributions made are reflected in non-current investments held by the Platinum Producers' Environmental Trust if the investments are not short term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

### A. ASSOCIATES

|                                                                           | 2020<br>Rm | 2019<br>Rm |
|---------------------------------------------------------------------------|------------|------------|
| <b>Unlisted</b>                                                           |            |            |
| Peglerae Hospital Proprietary Limited                                     |            |            |
| Carrying value of investment                                              | 57         | 57         |
| Bokoni Platinum Holdings Proprietary Limited (Bokoni Holdco) <sup>1</sup> |            |            |
| Carrying value of investment                                              | —          | —          |
| Furuya Eco-Front Technology Co., Ltd <sup>1</sup>                         |            |            |
| Carrying value of investment                                              | —          | —          |
| Lion Battery Technologies Inc. <sup>1</sup>                               |            |            |
| Carrying value of investment                                              | —          | —          |
| Primus Power <sup>1</sup>                                                 |            |            |
| Carrying value of investment                                              | —          | —          |
| Suzhou Yibai Environmental Protection Technologies Co., Ltd <sup>1</sup>  |            |            |
| Carrying value of investment                                              | —          | —          |
|                                                                           | 57         | 57         |

<sup>1</sup> Equity investments and further advances were impaired during the current and prior years.

|                                                                                          | 2020<br>Rm | 2019<br>Rm |
|------------------------------------------------------------------------------------------|------------|------------|
| <b>The movement for the year in the group's investment in associates was as follows:</b> |            |            |
| Opening balance                                                                          | 57         | 64         |
| Share of loss from associates (after taxation)                                           | (75)       | (56)       |
| Additional funding provided to associates                                                | 83         | 75         |
| Additions to investment in associates                                                    | 55         | —          |
| Dividends received                                                                       | (9)        | —          |
| Impairment of investment in associates                                                   | (54)       | —          |
| Foreign exchange translation losses                                                      | —          | (18)       |
| Repayments of loans to associates                                                        | —          | (7)        |
| <b>Closing balance</b>                                                                   | <b>57</b>  | <b>57</b>  |

**16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES** CONTINUED**B. JOINT VENTURES****Unlisted investment: AP Ventures (APV)**

On 17 July 2018 AAP announced that its wholly owned subsidiary, Anglo Platinum Marketing Limited (APML), had subscribed for interests in two UK-based venture capital funds (the Funds), with a total aggregate commitment equivalent to USD100 million. AAP's commitment to the Funds is matched by a USD100 million commitment from South Africa's Public Investment Corporation SOC Limited (PIC). APML and the PIC comprise the Limited Partners (LPs).

APV comprises two funds, APV Fund I and APV Fund II. Fund I is closed to other investors with APML and PIC holding equal ownership interest of 49.5% each and 1% held by General Partners, who have power and authority over APV. APV is a legally separate entity from the Limited Partners. The two Limited Partners invested R328 million each into Fund I on 21 September 2018.

APV is independently managed by the General Partners. The General Partners (GPs) are responsible for the day-to-day investment, disinvestments, financing and distribution decisions.

The GPs are required to hold at all times the 1% of the capital contributed by the LPs. The removal of the GPs require 75% of committed capital by Limited Partners to approve the decision. The LPs can remove the GPs without cause (no-fault removal). This demonstrates that the Limited Partners require unanimous consent to remove the General Partners and therefore the investment in Fund I is that of a joint venture and is equity accounted by APML from 1 October 2018.

APV has a 31 March year end, measures its investments at fair value through profit or loss and therefore internal valuations as at 30 November 2020 were used for equity accounting purposes.

**The movement for the year in the group's investment in joint ventures was as follows:**

|                                                             | <b>2020</b> | 2019 |
|-------------------------------------------------------------|-------------|------|
|                                                             | <b>Rm</b>   | Rm   |
| Opening balance                                             | <b>355</b>  | 343  |
| Share of profit/(loss) from joint ventures (after taxation) | <b>415</b>  | (52) |
| Investment in AP Ventures                                   | <b>90</b>   | 59   |
| Foreign exchange translation (loss)/gain in FCTR            | <b>(9)</b>  | 5    |
| <b>Closing balance</b>                                      | <b>851</b>  | 355  |
| <b>Total balance for associates and joint ventures</b>      | <b>908</b>  | 413  |

|                                                                          | <b>2020</b>  | 2019  |
|--------------------------------------------------------------------------|--------------|-------|
|                                                                          | <b>Rm</b>    | Rm    |
| <b>Summarised financial information of AP Ventures as at 30 November</b> |              |       |
| Capital drawn down                                                       | <b>1,248</b> | 909   |
| Net cumulative allocated profit/(loss) attributable to LPs               | <b>597</b>   | (181) |
| <b>Capital balance</b>                                                   | <b>1,845</b> | 728   |

AP Ventures carries its investments as at fair value and therefore the summarised financial information is based on the reporting by AP Ventures.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 17. JOINT ARRANGEMENTS

### Joint operations

The group has classified all the joint arrangements to which it is a party to as joint operations, except for AP Ventures, as they are unincorporated and the group has rights to the assets and obligations for the liabilities of the arrangements. The classification was made in line with the requirements of IFRS 11 *Joint Arrangements*.

These joint operations have additional separate legal entities, as detailed in Annexure B. The group is of the opinion that the substance of these joint operations must be given prominence over their legal form. In most cases, the separate legal entities have been formed to hold legal title to mineral and surface rights as well as to legally employ employees working at the joint operation. The substance is that these companies are mere extensions of the main joint operation to which they relate and consequently should be accounted for in the same manner, namely as a joint operation.

### Modikwa Platinum Mine

The group and ARM Mining Consortium Limited (ARMMC) established a 50:50 joint operation, known as the Modikwa Platinum Mine Joint Venture (Modikwa). Modikwa operates a mine and a processing plant on the Eastern Limb of the Bushveld Complex, which is managed by Modikwa.

### Kroondal Platinum Mine

The group and Kroondal Operations (South Africa) Proprietary Limited (Kroondal), a subsidiary of Sibanye Platinum Limited (Sibanye), have pooled certain mineral rights and infrastructure via a pooling-and-sharing agreement. The parties share 50:50 in the profits or losses from the jointly operated mine and processing plant located on the Western Limb of the Bushveld Complex, which is managed by Kroondal.

## 18. GOODWILL

|                                         | 2020<br>Rm | 2019<br>Rm |
|-----------------------------------------|------------|------------|
| The movement in goodwill is as follows: |            |            |
| <b>Cost</b>                             |            |            |
| Opening balance                         | 397        | 397        |
| Movements during the year               | —          | —          |
| <b>Carrying amount</b>                  | <b>397</b> | <b>397</b> |

The goodwill is attributed to the single CGU. The CGU's recoverable amount has been determined based on a market capitalisation calculation which indicated no impairment to goodwill.

## 19. INVENTORIES

|                                                          | 2020<br>Rm | 2019<br>Rm |
|----------------------------------------------------------|------------|------------|
| Refined metals                                           | 5,305      | 4,466      |
| At cost                                                  | 3,198      | 3,778      |
| At net realisable values                                 | 1,554      | 688        |
| At fair value                                            | 553        | —          |
| Work-in-process                                          | 35,952     | 14,310     |
| At cost                                                  | 22,937     | 12,685     |
| At net realisable values                                 | 13,015     | 1,625      |
| Total metal inventories                                  | 41,257     | 18,776     |
| Ore stockpiles                                           | 2,602      | 2,119      |
| Stores and materials at cost less obsolescence provision | 2,658      | 2,557      |
|                                                          | 46,517     | 23,453     |
| Less: Non-current inventories (ore stockpiles)           | (1,147)    | (1,006)    |
|                                                          | 45,370     | 22,446     |

There are no inventories pledged as security to secure any borrowings of the group.

**20. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash on hand and balances with banks.

|                                          | 2020<br>Rm | 2019<br>Rm |
|------------------------------------------|------------|------------|
| Cash on deposit and on hand <sup>1</sup> | 19,493     | 18,169     |
| Restricted cash <sup>2</sup>             | 498        | 377        |
|                                          | 19,991     | 18,546     |

<sup>1</sup> Includes cash on deposit of R16,446 million held in a foreign currency relating to the prepayment transaction (note 31). R17,672 million is held with group companies.

<sup>2</sup> Restricted cash includes cash held in trust of R461 million and initial margins on futures deposits of R37 million. Cash held in trust comprises funds which may only be utilised for purposes of community development activities and villages resettlements. All income earned on these funds is reinvested or spent to meet these obligations.

**21. TRADE AND OTHER RECEIVABLES**

|                   | 2020<br>Rm | 2019<br>Rm |
|-------------------|------------|------------|
| Trade receivables | 1,250      | 829        |
| Other receivables | 1,089      | 857        |
|                   | 2,339      | 1,686      |

The average credit period on sale of precious metals is seven days and base metals is 30 days. Interest is charged at market-related rates on the overdue balances.

Before accepting any new customers, the group uses a credit bureau or performs a credit assessment to assess the potential customer's credit quality and credit limits. The credit limits are reviewed on a regular basis throughout the year due to the volatility in commodity price movements which necessitates the frequent review of credit limits.

Trade receivables that are measured at amortised cost are reviewed on a regular basis and a loss allowance is raised when they are not considered recoverable based on an expected credit loss assessment. The Group transacts exclusively with a limited number of large international institutions and other organisations with strong credit ratings and a negligible historical level of customer default. The financial conditions of these companies and the countries in which they operate are regularly reviewed. Expected credit losses of R4 million were raised on trade receivables and no loss allowance has been recognised on remaining trade receivable and other receivable balances as the expected credit losses on those are considered immaterial. Refer to note 38 for disclosure of expected credit loss information.

The fair value of trade and other receivables is not materially different from the carrying values presented due to the short term to maturity (refer to note 38). There are no trade receivables pledged as security to secure any borrowings of the group.

**22. OTHER ASSETS**

|                            | 2020<br>Rm | 2019<br>Rm |
|----------------------------|------------|------------|
| VAT receivable and rebates | 2,410      | 1,153      |
| Prepayments                | 472        | 292        |
| Other                      | 264        | 188        |
|                            | 3,146      | 1,633      |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 23. SHARE CAPITAL

| 2019<br>Number of<br>shares | 2020<br>Number of<br>shares |                                                                                                                                                          | 2020<br>Rm | 2019<br>Rm |
|-----------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| 413,595,651                 | <b>413,595,651</b>          | <b>Authorised</b><br>Ordinary shares of 10 cents each                                                                                                    | <b>41</b>  | 41         |
| 269,681,886                 | <b>265,292,206</b>          | <b>Issued and fully paid – Ordinary shares</b><br>Ordinary shares of 10 cents each                                                                       | <b>26</b>  | 27         |
| 854,112                     | <b>1,185,745</b>            | <b>Treasury shares held within the group</b><br>Ordinary shares held by the group in terms of certain share schemes                                      | —*         | —          |
| 6,290,365                   | <b>1,400,685</b>            | <b>Alchemy shares</b><br>Ordinary shares in AAPL issued to a Trust at 10 cents each for the purposes of community development. The Trust is consolidated | —*         | —          |

\* Less than R1,000,000.

### Ordinary shares

3% of authorised but unissued ordinary shares are under the control of the directors until the forthcoming annual general meeting.

### Reconciliation of treasury shares

|                                                  | 2020<br>Number of<br>shares | 2019<br>Number of<br>shares |
|--------------------------------------------------|-----------------------------|-----------------------------|
| Balance on 1 January                             | <b>854,112</b>              | 978,316                     |
| Acquisition of shares for employee share schemes | <b>749,899</b>              | 287,229                     |
| Shares vested in terms of employee share schemes | <b>(418,266)</b>            | (411,433)                   |
| <b>Balance at 31 December</b>                    | <b>1,185,745</b>            | 854,112                     |

In 2011, 6,290,365 shares were issued to the Alchemy Community Share Scheme, held by the Lefa La Rona Trust, as part of a Notional Vendor Funding (NVF) arrangement. On 27 July 2020 a trigger event occurred where the equity trigger value plus the outstanding NVF balance per share was less than the AAP VWAP share price and AAP subsequently repurchased 4 889 680 shares from Lefa La Rona on 22 September 2020 to settle the outstanding NVF balance. 4 389 680 shares were withdrawn from AAP's issued share capital effective 29 September 2020 and the remaining 500 000 shares were retained as treasury shares. The balance of 1 400 685 shares held by the Lefa La Rona Trust are now unencumbered but restricted until the end of 2021. The Trust is consolidated and therefore the shares are treated as treasury shares.

**24. DEFERRED TAXATION**

|                                                            | 2020<br>Rm    | 2019<br>Rm |
|------------------------------------------------------------|---------------|------------|
| <b>Opening balance</b>                                     | <b>11,120</b> | 8,238      |
| Released to the statement of comprehensive income (note 9) | <b>1,789</b>  | 2,895      |
| Charged to equity                                          | <b>180</b>    | 20         |
| Other                                                      | <b>1</b>      | (33)       |
| <b>Closing balance</b>                                     | <b>13,090</b> | 11,120     |

**Further information:**

Where there is a right of offset of deferred taxation balances within the same tax jurisdiction, IAS 12 requires these to be presented after such offset in the consolidated statement of financial position. The closing deferred taxation balances before this offset are as follows:

|                                                                                           |                |         |
|-------------------------------------------------------------------------------------------|----------------|---------|
| <b>Deferred taxation liabilities before offset</b>                                        | <b>15,251</b>  | 12,838  |
| Mining property, plant and equipment                                                      | <b>14,303</b>  | 12,152  |
| Other (payments in advance, toll refining, fair value adjustments, unrealised forex Unki) | <b>948</b>     | 686     |
| <b>Deferred taxation assets before offset</b>                                             | <b>(2,161)</b> | (1,718) |
| Unrealised loss on metal inventory                                                        | <b>(983)</b>   | (420)   |
| Accrual for leave pay                                                                     | <b>(327)</b>   | (280)   |
| Other provisions (diesel rebate, obsolete stock)                                          | <b>(205)</b>   | (155)   |
| Environmental liabilities                                                                 | <b>(199)</b>   | (195)   |
| Other (24C adjustment, calculated tax losses)                                             | <b>(179)</b>   | (105)   |
| Bonus provision                                                                           | <b>(136)</b>   | (184)   |
| Net deferred considerations on acquisition/disposal of businesses                         | <b>(58)</b>    | (345)   |
| Net lease liabilities                                                                     | <b>(42)</b>    | —       |
| Share-based payment provision                                                             | <b>(29)</b>    | (27)    |
| Post-retirement medical aid benefits                                                      | <b>(3)</b>     | (7)     |
| <b>Net position as at 31 December</b>                                                     | <b>13,090</b>  | 11,120  |

The closing deferred tax balances after offset are as follows:

|                          | 2020<br>Rm    | 2019<br>Rm |
|--------------------------|---------------|------------|
| Deferred tax assets      | <b>(51)</b>   | —          |
| Deferred tax liabilities | <b>13,141</b> | 11,120     |
|                          | <b>13,090</b> | 11,120     |

Unrecognised tax losses, capital in nature, at 31 December 2020 amounted to R9,689 million (2019: R10,051 million).

Unki has retained earnings of R4.7 billion (2019: R2.7 billion) that would attract withholding tax of 14.5% if they were to distribute it as at 31 December 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 25. ENVIRONMENTAL OBLIGATIONS

|                                                                                                                       | 2020<br>Rm   | 2019<br>Rm |
|-----------------------------------------------------------------------------------------------------------------------|--------------|------------|
| <b>Provision for decommissioning costs</b>                                                                            | <b>715</b>   | 653        |
| Opening balance                                                                                                       | 653          | 795        |
| Charged to finance costs (note 7)                                                                                     | 61           | 102        |
| Reduction in discounted amount for decommissioning                                                                    | (72)         | (235)      |
| Increase/(reduction) in decommissioning asset (note 12)                                                               | 71           | (7)        |
| Foreign currency translation differences                                                                              | 2            | (2)        |
| <b>Provision for restoration costs</b>                                                                                | <b>1,109</b> | 1,245      |
| Opening balance                                                                                                       | 1,245        | 1,130      |
| Charged to finance cost (note 7)                                                                                      | 101          | 92         |
| Discounted amount for (decrease)/ increase in restoration obligation charged to the statement of comprehensive income | (241)        | 25         |
| Foreign currency translation differences                                                                              | 4            | (1)        |
| <b>Environmental obligations before funding</b>                                                                       | <b>1,824</b> | 1,898      |
| Less: Environmental trusts (note 15)                                                                                  | (829)        | (798)      |
| <b>Unfunded environmental obligations</b>                                                                             | <b>995</b>   | 1,100      |
| Real pretax risk-free discount rate (South African rand)                                                              |              | 4.00%      |
| 10 Years                                                                                                              | 4.30%        |            |
| 20 Years                                                                                                              | 4.90%        |            |
| 30 Years                                                                                                              | 4.80%        |            |
| 35 Years                                                                                                              | 4.80%        |            |
| 65 Years                                                                                                              | 4.80%        |            |
| Real pretax risk-free discount rate (US dollar)                                                                       | —%           | 1.50%      |
| Undiscounted amount of environmental obligations in real terms                                                        | 6,412        | 6,268      |

Refer to note 37 with respect to details on guarantees provided to the Department of Mineral Resources in this regard.

During the annual review of environmental liabilities, the discount rates for the SA operations were changed from 4.00% in 2019 to a range of 4.30% to 4.90% in 2020 and for the Zimbabwe operations it was changed from 1.50% to 0.00%. Different discount rates were applied to the operations according to their life of mine. The change resulted in an overall decrease in the group's environmental obligations. This was accounted for as a change in estimate and therefore adjusted prospectively. The impact is as follows:

### SA operations

The increase in discount rate reduced the obligation at year end by R307 million (R106 million relating to decommissioning cost and R201 million to restoration cost). The decrease in the decommissioning cost was first recognised as a reduction in the related decommissioning asset of R8 million to reduce it to a balance of Rnil. The remainder of the reduction was recognised in profit and loss. The decrease in the restoration cost was recognised in profit or loss.

### Zimbabwe operations

The decrease in the discount rate resulted in an increase in the provision for decommissioning cost and the decommissioning asset of R40 million and an increase in the provision for restoration cost of R59 million. The increase in restoration cost was recognised in profit or loss.

**25. ENVIRONMENTAL OBLIGATIONS** CONTINUED**Sensitivity analysis on environmental obligations**

Assumed expected cash flows, discount rates and life of mine have a significant impact on the amounts recognised in the statement of financial position and statement of comprehensive income. A 10% change in expected cash flows, five-year change in the expected life of mine and a 0.50% change in the discount rates would have the following impact:

|                     | Profit or loss |            | Decommissioning asset |            | Environmental obligations |            |
|---------------------|----------------|------------|-----------------------|------------|---------------------------|------------|
|                     | 2020<br>Rm     | 2019<br>Rm | 2020<br>Rm            | 2019<br>Rm | 2020<br>Rm                | 2019<br>Rm |
| Expected cash flows |                |            |                       |            |                           |            |
| 10% Reduction       | 147            | 151        | (41)                  | (42)       | (188)                     | (193)      |
| 10% Increase        | (137)          | (143)      | 51                    | 50         | 188                       | 193        |
| Discount rates      |                |            |                       |            |                           |            |
| 0.5% Reduction      | (186)          | (276)      | —                     | 2          | 186                       | 277        |
| 0.5% Increase       | 159            | 232        | —                     | (2)        | (159)                     | (234)      |
| Life of mine        |                |            |                       |            |                           |            |
| 5 Year reduction    | (287)          | (286)      | 113                   | 102        | 400                       | 388        |
| 5 Year increase     | 262            | 265        | (55)                  | (56)       | (317)                     | (321)      |

**26. OTHER FINANCIAL LIABILITIES**

|                                                                         | 2020<br>Rm | 2019<br>Rm |
|-------------------------------------------------------------------------|------------|------------|
| <b>Financial liabilities carried at fair value</b>                      |            |            |
| Deferred consideration payable on acquisition of Mototolo Platinum Mine | 3,536      | 924        |
| <b>Non-current</b>                                                      | 3,536      | 924        |
| <b>Financial liabilities carried at fair value</b>                      |            |            |
| Deferred consideration payable on acquisition of Mototolo Platinum Mine | 1,706      | 592        |
| Fair value of derivatives                                               | 237        | 17         |
| <b>Current</b>                                                          | 1,943      | 609        |
| <b>Total other financial liabilities</b>                                | 5,479      | 1,533      |

**27. LEASE LIABILITIES**

The group holds leases at its various operations with various lease terms. These are disclosed as follows:

|                                                              | 2020<br>Rm | 2019<br>Rm |
|--------------------------------------------------------------|------------|------------|
| Lease liabilities <sup>1</sup>                               | 587        | 568        |
| Less: Short-term portion included in current liabilities     | (210)      | (164)      |
| <b>Long-term portion included in non-current liabilities</b> | 377        | 404        |
| <b>Amounts recognised in profit or loss</b>                  |            |            |
| Expenses relating to leases of low-value assets              | 13         | 2          |

<sup>1</sup> The corresponding right-of-use assets and the movement thereof are disclosed in note 12. The movement in the lease liability is disclosed in note 34.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 28. INTEREST-BEARING BORROWINGS

|                                                   | 2020<br>Facility<br>amount<br>Rm | 2020<br>Utilised<br>amount<br>Rm | 2019<br>Facility<br>amount<br>Rm | 2019<br>Utilised<br>amount<br>Rm |
|---------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| The group has the following borrowing facilities: |                                  |                                  |                                  |                                  |
| Committed facilities                              | 20,936                           | 256                              | 20,540                           | 323                              |
| ABSA Bank Limited                                 | 1,600                            | —                                | 1,600                            | —                                |
| Anglo American SA Finance Limited                 | 9,100                            | —                                | 9,100                            | —                                |
| BNP Paribas                                       | 1,000                            | —                                | 1,000                            | —                                |
| FirstRand Bank Limited                            | 2,657                            | —                                | 2,657                            | —                                |
| Nedbank Limited                                   | 3,579                            | 179                              | 3,623                            | 223                              |
| Rand Merchant Bank                                | 800                              | 77                               | 360                              | 100                              |
| Standard Bank of South Africa Limited             | 2,200                            | —                                | 2,200                            | —                                |
| Uncommitted facilities                            | 6,468                            | —                                | 6,403                            | —                                |
| Anglo American SA Finance Limited                 | 5,000                            | —                                | 5,000                            | —                                |
| Bank of Nova Scotia                               | 587                              | —                                | 561                              | —                                |
| Nedbank London                                    | 881                              | —                                | 842                              | —                                |
| <b>Total facilities</b>                           | <b>27,404</b>                    | <b>256</b>                       | 26,943                           | 323                              |
| Current interest-bearing borrowings               |                                  | 47                               |                                  | 42                               |
| Non-current interest-bearing borrowings           |                                  | 209                              |                                  | 281                              |
|                                                   |                                  | 256                              |                                  | 323                              |
| Weighted average borrowing rate (%)               |                                  | 6.42                             |                                  | 9.67                             |

### Borrowing powers

The borrowing powers in terms of the memorandum of incorporation of the holding company and its subsidiaries are unlimited. Committed facilities are defined as the bank's and Anglo American SA Finance's obligation to provide funding until maturity of the facility, by which time the renewal of the facility is negotiated.

An amount of R979 million (2019: R17,240 million) of the facilities is committed for one to five years; R1,000 million (2019: R1,000 million) is committed for a rolling period of 364 days; R2,800 million (2019: R2,300 million) is committed for a rolling period of 18 months; R2,200 million (2019: Rnil) is committed for a rolling period of 24 months and R13,957 million (2019: Rnil) is committed for a rolling period of 36 months. The company has adequate committed facilities to meet its future funding requirements.

Uncommitted facilities are callable on demand.

**29. EMPLOYEE BENEFITS**

|                                                                                   | 2020<br>Rm | 2019<br>Rm |
|-----------------------------------------------------------------------------------|------------|------------|
| <b>Employees' service benefit obligations (non-current)</b>                       |            |            |
| Provision for post-retirement medical aid benefits                                | 4          | 19         |
| Share-based payments provision                                                    | 19         | —          |
| Total                                                                             | 69         | 69         |
| Less: Transferred to current liabilities                                          | (50)       | (69)       |
|                                                                                   | 23         | 19         |
| <b>Aggregate earnings</b>                                                         |            |            |
| The aggregate earnings of employees including directors were:                     |            |            |
| Salaries and wages and other benefits                                             | 12,373     | 11,678     |
| Retirement benefit costs                                                          | 783        | 702        |
| Medical aid contributions                                                         | 516        | 517        |
| Share-based compensation (note 3)                                                 | 254        | 257        |
| Equity-settled                                                                    | 215        | 193        |
| Cash-settled                                                                      | (6)        | 40         |
| Cash payments                                                                     | 45         | 24         |
|                                                                                   | 13,926     | 13,154     |
| <b>Termination benefits</b>                                                       |            |            |
| Voluntary separation costs (included in restructuring and other related costs)    | 106        | 16         |
| <b>Directors' emoluments</b>                                                      |            |            |
| <b>Remuneration for executives</b>                                                |            |            |
| Salaries, benefits, performance-related bonuses and other emoluments <sup>1</sup> | 64         | 51         |
| <b>Remuneration for non-executives</b>                                            |            |            |
| Fees                                                                              | 11         | 11         |
| Paid by holding company and subsidiaries                                          | 75         | 62         |
| Paid by subsidiaries                                                              | (64)       | (51)       |
| <b>Paid by holding company</b>                                                    | 11         | 11         |

<sup>1</sup> Prior period has been adjusted to include executive share awards.

Directors' remuneration is disclosed in Annexure D.

**Equity compensation benefits**

Annexure A provides details of share awards issued and vested during the year by participants as well as the disclosures required by IFRS 2 *Share-based Payments*. The details pertaining to share awards issued to and vested by directors during the year are disclosed in Annexure D.

**Retirement funds**

Separate funds, independent of the group, provide retirement and other benefits to all employees. These funds comprise defined contribution plans. All funds are subject to the Pension Funds Act, 1956. The Amplats Officials Pension Fund, the Amplats Employees Pension Fund and the MRR Pension Fund are in the process of being wound up.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 29. EMPLOYEE BENEFITS CONTINUED

### Defined contribution plans

Contributions are made to the following defined contribution plans:

|                              | Number of members | Employer contributions Rm | Market value of fund assets Rm |
|------------------------------|-------------------|---------------------------|--------------------------------|
| <b>2020</b>                  |                   |                           |                                |
| Old Mutual SuperFund         | 28,461            | 822                       | 13,654                         |
| Amplats Group Provident Fund | —                 | —                         | 389                            |
|                              | <b>28,461</b>     | <b>822</b>                | <b>14,043</b>                  |
| <b>2019</b>                  |                   |                           |                                |
| Old Mutual SuperFund         | 29,066            | 1,004                     | 9,967                          |
| Amplats Group Provident Fund | —                 | —                         | 2,977                          |
|                              | <b>29,066</b>     | <b>1,004</b>              | <b>12,944</b>                  |

All Amplats Group Provident Fund ("AGPF") members were transferred to the Old Mutual SuperFund ("OMSF") on 1 December 2018 with the last fund assets transferred early 2021. From 1 December 2018, AGPF had no remaining Anglo members and no further employer contributions were made. Prior period adjusted for the market value of AGPF fund assets held by Sanlam, pending transfer to OMSF previously excluded. Prior period was also adjusted to include fund assets relating to ex-Glencore employees following the acquisition of the Mototolo Platinum Mine.

## 30. TRADE AND OTHER PAYABLES

|                                                                      | 2020 Rm       | 2019 Rm       |
|----------------------------------------------------------------------|---------------|---------------|
| <b>Trade and other payables at amortised cost</b>                    |               |               |
| Trade payables                                                       | 18,400        | 11,512        |
| Purchase of concentrate liability <sup>1</sup>                       | 14,638        | 8,493         |
| Other trade payables                                                 | 3,762         | 3,019         |
| Other payables                                                       | 4,640         | 4,505         |
| Other payables                                                       | 4,358         | 4,343         |
| Related parties (note 32) <sup>2</sup>                               | 282           | 162           |
| <b>Trade and other payables at fair value through profit or loss</b> |               |               |
| Embedded derivative relating to purchase of concentrate <sup>1</sup> | 220           | 229           |
|                                                                      | <b>23,260</b> | <b>16,246</b> |

<sup>1</sup> The Purchase of concentrate liability and embedded derivative relating to purchase of concentrate were previously incorrectly presented as Purchase of concentrate liability measured at FVTPL. This liability has been separated into the liability at delivery date, measured at amortised cost, and an embedded derivative relating to movements in pricing between the delivery month and quotational month.

<sup>2</sup> The prior year related party disclosures were restated, refer to note 32.

The fair value of trade and other payables are not materially different to the carrying values presented due to the short term to maturity.

## 31. OTHER LIABILITIES

|                                 | 2020 Rm       | 2019 Rm       |
|---------------------------------|---------------|---------------|
| Contract liability <sup>1</sup> | 18,543        | 9,356         |
| Accrual for leave pay           | 1,184         | 1,037         |
| Other accruals <sup>2</sup>     | 543           | 913           |
|                                 | <b>20,270</b> | <b>11,306</b> |

<sup>1</sup> The contract liability represents a payment in advance for metal to be delivered in six months' time. An amount is received monthly on a rolling six-month basis over six years of the contract ending in March 2023. The increase in the current period is due to higher PGM prices and fluctuations in the ZAR/USD exchange rate. In 2019, US dollar cash and cash equivalents were held as a hedging instrument in respect of the foreign exchange risk of this liability, which is denominated in US dollars. The entity measures hedge effectiveness based on the movements in foreign exchange rates applied to the nominal amounts of the cash and cash equivalents and the contract liability. No hedge ineffectiveness is expected. Historically, foreign exchange risk represented all of the fair value movements in this liability. The nominal amounts of the contract liability and the cash and cash equivalents designated as a hedging instrument is \$667 million as at 31 December 2019. The contract liability included R389 million of remeasurements due to hedged foreign exchange differences. The Group ceased hedge accounting on 1 January 2020.

<sup>2</sup> Includes a provision of R – million (2019: R470 million) in respect of disputes with counterparties in sale and purchase agreements. Further disclosure is not provided because it would be seriously commercially prejudicial.

|                                                                                                                                               | 2020 Rm       | 2019 Rm      |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|
| <b>Reconciliation of contract liabilities</b>                                                                                                 |               |              |
| Carrying amount at beginning of period                                                                                                        | 9,356         | 6,127        |
| Prepayment received                                                                                                                           | 48,938        | 26,203       |
| Top up reclassification                                                                                                                       | —             | 13           |
| Foreign exchange differences                                                                                                                  | (1,415)       | (466)        |
| Delivery of metal – relates to performance obligations included in the contract liability balance at the beginning of the period <sup>1</sup> | (11,365)      | (6,072)      |
| Delivery of metal- performance obligations satisfied                                                                                          | (26,971)      | (16,449)     |
| <b>Carrying amount at end of period</b>                                                                                                       | <b>18,543</b> | <b>9,356</b> |

<sup>1</sup> Adjustments to the contract liability balance at the beginning of the period results from changes in exchange rates.

### 32. RELATED PARTY TRANSACTIONS

The company and its subsidiaries, in the ordinary course of business, enter into various sale, purchase, service and lease transactions with Anglo American South Africa Investments (Proprietary) Limited (parent company) and the ultimate holding company (Anglo American plc), their subsidiaries, joint arrangements and associates, as well as transactions with the group's associates. Certain deposits and borrowings are also placed with subsidiaries of the holding company. The group participates in the Anglo American plc insurance programme. Material related party transactions with subsidiaries and associates of Anglo American plc and the group's associates (as set out in note 16) and not disclosed elsewhere in the notes to the financial statements are as follows:

|                                                          | 2020<br>Rm | 2019<br>Rm |
|----------------------------------------------------------|------------|------------|
| Deposits (including interest receivable) <sup>1</sup>    | 17,672     | 16,783     |
| Purchase of goods from fellow subsidiaries:              | 1,611      | 1,445      |
| Technical and sustainability                             | 499        | 506        |
| Information management                                   | 232        | 185        |
| Corporate costs                                          | 182        | 133        |
| Marketing administration costs <sup>2</sup>              | 129        | 127        |
| Shared services                                          | 124        | 97         |
| Supply chain                                             | 119        | 91         |
| Shipping costs <sup>2</sup>                              | 110        | 110        |
| Research                                                 | 85         | 83         |
| Office costs                                             | 41         | 38         |
| Base metals sales commission <sup>2</sup>                | 40         | 7          |
| Routine analysis (sample testing)                        | 31         | 55         |
| Enterprise development                                   | 19         | 13         |
| Insurance paid for the year <sup>1</sup>                 | 508        | 431        |
| Sale of metals to fellow subsidiaries <sup>2</sup>       | 395        | 731        |
| Amounts receivable from fellow subsidiaries <sup>2</sup> | 351        | 113        |
| Insurance received for the year <sup>1</sup>             | 351        | 40         |
| Finance income for the year <sup>1</sup>                 | 284        | 253        |
| Amounts owed to fellow subsidiaries <sup>2</sup>         | 282        | 162        |
| Compensation paid to key management personnel            | 152        | 123        |
| Commitment fees paid for the year <sup>1</sup>           | 70         | 37         |
| Commitment fees owed to related parties <sup>1</sup>     | 43         | 32         |
| Finance cost for the year <sup>1</sup>                   | 11         | 376        |

#### Trade payables

Trade payables are settled on commercial terms.

#### Deposits

Deposits earn interest at market-related rates and are repayable on maturity.

#### Interest-bearing borrowings

Interest-bearing borrowings bear interest at market-related rates and are repayable on maturity.

#### Directors

Refer Annexure D.

#### Key management personnel

Refer Annexure D.

#### Shareholders

The principal shareholders of the company are detailed in the analysis of shareholders.

<sup>1</sup> Fellow subsidiaries.

<sup>2</sup> Prior period has been adjusted for transactions that were previously not included.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 33. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

|                                                                  | Notes | 2020<br>Rm      | 2019<br>Rm |
|------------------------------------------------------------------|-------|-----------------|------------|
| Profit before taxation                                           |       | <b>40,858</b>   | 25,305     |
| Adjustments for:                                                 |       |                 |            |
| Depreciation of property, plant and equipment                    | 4     | <b>4,456</b>    | 4,454      |
| Gains on remeasurement of other financial assets and liabilities |       | <b>(3,780)</b>  | (248)      |
| Foreign translation losses/(gains)                               |       | <b>961</b>      | (77)       |
| Finance income                                                   | 6     | <b>(508)</b>    | (342)      |
| Impairment and scrapping of property, plant and equipment        |       | <b>476</b>      | 173        |
| Share of (profit)/loss from equity accounted entities            | 16    | <b>(340)</b>    | 108        |
| Finance cost                                                     | 7     | <b>286</b>      | 378        |
| Net equity-settled share-based payments charge to reserves       |       | <b>215</b>      | 257        |
| Time value of money adjustment to environmental obligations      | 7     | <b>162</b>      | 194        |
| Impairment of financial assets                                   |       | <b>98</b>       | 80         |
| Profit on sale of Southridge Mineral Rights                      |       | <b>(70)</b>     | —          |
| Profit on exchange of equipment                                  |       | <b>(56)</b>     | —          |
| Impairment of investment in associates                           | 16    | <b>54</b>       | —          |
| Dividends received                                               |       | <b>(47)</b>     | —          |
| Provision for expected credit loss                               |       | <b>43</b>       | —          |
| Profit on disposal of property, plant and equipment              |       | <b>(28)</b>     | (3)        |
| Cash payment on vesting of cash-settled share based payments     |       | <b>(10)</b>     | (71)       |
| Other remeasurements                                             |       | <b>(5)</b>      | (90)       |
| Growth in environmental trusts                                   | 6     | <b>(5)</b>      | (7)        |
| Loss on disposal of investments                                  |       | <b>5</b>        | —          |
| Fair value adjustment on other financial assets and liabilities  |       | <b>4</b>        | (4)        |
| Other movements                                                  |       | <b>2</b>        | —          |
|                                                                  |       | <b>42,771</b>   | 30,107     |
| <b>Movement in non-cash items</b>                                |       | <b>(312)</b>    | (208)      |
| Decrease in provision for environmental obligations              |       | <b>(313)</b>    | (210)      |
| Increase in employees' service benefit obligations               |       | <b>1</b>        | 2          |
| <b>Working capital changes</b>                                   |       | <b>(11,028)</b> | 2,317      |
| Increase in metal inventories                                    |       | <b>(22,481)</b> | (911)      |
| Increase in other liabilities                                    |       | <b>8,966</b>    | 3,872      |
| Increase/(decrease) in trade and other payables                  |       | <b>7,097</b>    | (361)      |
| Increase in financial assets                                     |       | <b>(2,204)</b>  | —          |
| Increase in other assets                                         |       | <b>(1,520)</b>  | (135)      |
| Increase in trade and other receivables                          |       | <b>(518)</b>    | (275)      |
| (Increase)/decrease in ore stockpiles                            |       | <b>(483)</b>    | 137        |
| Increase in other financial liabilities                          |       | <b>221</b>      | —          |
| Increase in stores and materials                                 |       | <b>(137)</b>    | (50)       |
| Increase in provisions                                           |       | <b>30</b>       | —          |
| Increase in share-based payment provision                        |       | <b>1</b>        | 40         |
| <b>Cash generated from operations</b>                            |       | <b>31,431</b>   | 32,216     |

**34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

|                                                    | Opening balance | Cash flows     |               | Non-cash changes |                         |            | Closing balance |
|----------------------------------------------------|-----------------|----------------|---------------|------------------|-------------------------|------------|-----------------|
|                                                    |                 | Repayments     | Interest paid | Interest accrued | Fair value measurements | New leases |                 |
| <b>2020</b>                                        |                 |                |               |                  |                         |            |                 |
| Interest-bearing borrowings                        | 323             | (66)           | (334)         | 334              | —                       | —          | 256             |
| Lease liabilities                                  | 568             | (122)          | (71)          | 71               | —                       | 140        | 587             |
| Deferred consideration                             | 1,516           | (598)          | —             | —                | 4,324                   | —          | 5,242           |
| <b>Total liabilities from financing activities</b> | <b>2,407</b>    | <b>(786)</b>   | <b>(405)</b>  | <b>405</b>       | <b>4,324</b>            | <b>140</b> | <b>6,085</b>    |
| <b>2019</b>                                        |                 |                |               |                  |                         |            |                 |
| Interest-bearing borrowings                        | 6,167           | (5,793)        | (355)         | 304              | —                       | —          | 323             |
| Lease liabilities                                  | 117             | (67)           | (74)          | 43               | —                       | 550        | 568             |
| Deferred consideration                             | 938             | (184)          | —             | —                | 762                     | —          | 1,516           |
| <b>Total liabilities from financing activities</b> | <b>7,222</b>    | <b>(6,044)</b> | <b>(429)</b>  | <b>347</b>       | <b>762</b>              | <b>550</b> | <b>2,408</b>    |

**35. TAXATION PAID**

|                                                             | 2020<br>Rm   | 2019<br>Rm   |
|-------------------------------------------------------------|--------------|--------------|
| Net amount payable/(receivable) at beginning of year        | 96           | (379)        |
| Current taxation provided (note 9)                          | 8,666        | 3,841        |
| Tax effect of transfer of reserve on disposal of investment | 26           | —            |
| Foreign exchange differences                                | (72)         | (17)         |
| Net amount (payable)/receivable at end of year              | (775)        | (96)         |
| <b>Payments made</b>                                        | <b>7,941</b> | <b>3,349</b> |

**36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

|                                                 | 2020<br>Rm   | 2019<br>Rm   |
|-------------------------------------------------|--------------|--------------|
| Additions to capital work-in-progress (note 13) | 9,286        | 8,108        |
| Additions to plant and equipment                | 399          | 1,220        |
| <b>Total additions</b>                          | <b>9,685</b> | <b>9,328</b> |
| Right of use assets                             | (140)        | (486)        |
| Non-cash additions                              | (74)         | (242)        |
| <b>Cash purchases</b>                           | <b>9,471</b> | <b>8,600</b> |
| <b>Total additions are made up as follows:</b>  |              |              |
| Stay-in-business                                | 5,151        | 5,243        |
| Waste stripping                                 | 2,540        | 2,062        |
| Projects                                        | 1,836        | 1,807        |
| Interest capitalised (note 7)                   | 158          | 216          |
|                                                 | <b>9,685</b> | <b>9,328</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 37. COMMITMENTS AND CONTINGENT LIABILITIES

### Commitments

|                                      | 2020<br>Rm | 2019<br>Rm |
|--------------------------------------|------------|------------|
| <b>Property, plant and equipment</b> |            |            |
| Contracted for                       | 4,044      | 2,207      |
| Not yet contracted for               | 5,771      | 2,785      |
| Authorised by the directors          | 9,815      | 4,992      |
| Project capital                      | 3,533      | 1,572      |
| – Within one year                    | 2,748      | 773        |
| – Thereafter                         | 785        | 799        |
| Stay-in-business capital             | 6,282      | 3,420      |
| – Within one year                    | 4,584      | 2,166      |
| – Thereafter                         | 1,698      | 1,254      |

The group funded R82 million in respect of the care and maintenance of Bokoni Mine in 2020. In addition, the group committed to provide loan funding for Plateau's attributable 51% of the care and maintenance cost up to 30 June 2021 and a maximum of R195 million through a secured loan agreement. As at 31 December 2020 an amount of R85 million has been drawn down against the secured loan agreement.

### Contingent liabilities

Letters of comfort have been issued to financial institutions to cover banking facilities. There are no encumbrances of group assets.

The group has, in the case of some of its mines, provided the Department of Mineral Resources with guarantees that cover the difference between closure cost and amounts held in the environmental trusts. At 31 December 2020, these guarantees amounted to R3,978 million (2019: R2,973 million). Refer to note 25.

## 38. FINANCIAL INSTRUMENTS

### Capital risk management

The capital structure of the group consists of debt, which includes interest-bearing borrowings disclosed under note 28, cash and cash equivalents and equity attributable to equity holders of the parent company, which comprises issued share capital and premium and retained earnings disclosed in the consolidated statement of changes in equity.

The group's capital management objective is to safeguard the group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and continue as a going concern while achieving an optimal weighted average cost of capital.

The policy of the group is to achieve sufficient gearing so as to have an optimal weighted average cost of capital while also ensuring that at all times its creditworthiness is maintained.

The targeted level of gearing is determined after consideration of the following key factors:

- Current and forecast metal prices and exchange rates and their impact upon revenue and gearing under various scenarios
- The needs of the group to fund current and future capital expenditure
- The desire of the group to maintain its gearing within levels considered to be acceptable and consistent with a suitable credit standing, taking into account potential business volatility and position of the group in the business cycle.

On an annual basis the group updates its long-term business plan. These outputs are then incorporated into the budget process.

Should the group have excess capital, the group will consider returning this to shareholders (through dividends or share buybacks, whichever may be appropriate at the time). Alternatively, if additional capital is required, the group will look to source this from either the debt markets or from shareholders, whichever is most appropriate at the time so as to meet its policy objectives and based on market circumstances.

These decisions are evaluated by the group's corporate finance and treasury departments, before being approved by the Executive Committee and board, where required.

The group has entered into a number of debt facilities that dictate certain requirements in respect of capital management.

These covenants are a key consideration when the capital management strategies of the group are evaluated and include:

- Maximum net debt/tangible net worth ratios
- Maximum tangible net worth values
- An undertaking not to exceed a maximum value of guarantees, excluding guarantees provided to the Department of Mineral Resources.

The group has complied with these requirements. The group's overall strategy remains unchanged.

**38. FINANCIAL INSTRUMENTS** CONTINUED**Significant accounting policies**

Details of significant accounting policies, including the recognition criteria, the basis for measurement and the basis on which income and expenses are recognised, in respect of each category of financial asset, financial liability and equity instrument are disclosed under the note on accounting policies. Refer Annexure C.

**Categories of financial instruments**

|                                                       | Amortised<br>cost<br>Rm | FVTPL<br>Rm  | FVTOCI<br>Rm | Total<br>Rm   | Fair value<br>Rm |
|-------------------------------------------------------|-------------------------|--------------|--------------|---------------|------------------|
| <b>2020</b>                                           |                         |              |              |               |                  |
| <b>Financial assets</b>                               |                         |              |              |               |                  |
| Investments held by environmental trusts              | 227                     | 602          | —            | 829           | 829              |
| Other financial assets                                | 2,056                   | 9,181        | 1,686        | 12,923        | 12,923           |
| Trade and other receivables                           | 2,339                   | —            | —            | 2,339         | 2,339            |
| Cash and cash equivalents                             | 19,991                  | —            | —            | 19,991        | 19,991           |
|                                                       | <b>24,613</b>           | <b>9,783</b> | <b>1,686</b> | <b>36,081</b> | <b>36,081</b>    |
| <b>2019</b>                                           |                         |              |              |               |                  |
| <b>Financial assets</b>                               |                         |              |              |               |                  |
| Investments held by environmental trusts <sup>2</sup> | 219                     | 579          | —            | 798           | 798              |
| Other financial assets <sup>1</sup>                   | 100                     | 4,346        | 644          | 5,090         | 5,090            |
| Trade and other receivables                           | 1,685                   | —            | —            | 1,685         | 1,685            |
| Cash and cash equivalents                             | 18,546                  | —            | —            | 18,546        | 18,546           |
|                                                       | <b>20,550</b>           | <b>4,925</b> | <b>644</b>   | <b>26,119</b> | <b>26,119</b>    |

<sup>1</sup> The loan to ARMMC of R68 million has been reclassified from amortised cost to FVTPL as it was previously incorrectly classified as at amortised cost. Refer to note 14.

<sup>2</sup> The investments have been split between amortised cost and FVTPL based on the nature of the underlying investments, refer to note 16.

|                                         | Amortised<br>cost<br>Rm | FVTPL<br>Rm    | Total<br>Rm     | Fair value<br>Rm |
|-----------------------------------------|-------------------------|----------------|-----------------|------------------|
| <b>2020</b>                             |                         |                |                 |                  |
| <b>Financial liabilities</b>            |                         |                |                 |                  |
| Non-current interest-bearing borrowings | (209)                   | —              | (209)           | (209)            |
| Non-current lease liabilities           | (377)                   | —              | (377)           | (377)            |
| Current interest-bearing borrowings     | (47)                    | —              | (47)            | (47)             |
| Current lease liabilities               | (210)                   | —              | (210)           | (210)            |
| Trade and other payables                | (23,040)                | (220)          | (23,260)        | (23,260)         |
| Other financial liabilities             | —                       | (5,479)        | (5,479)         | (5,479)          |
|                                         | <b>(23,883)</b>         | <b>(5,699)</b> | <b>(29,582)</b> | <b>(29,582)</b>  |
| <b>2019</b>                             |                         |                |                 |                  |
| <b>Financial liabilities</b>            |                         |                |                 |                  |
| Non-current interest-bearing borrowings | (281)                   | —              | (281)           | (281)            |
| Non-current lease liabilities           | (404)                   | —              | (404)           | (404)            |
| Current interest-bearing borrowings     | (42)                    | —              | (42)            | (42)             |
| Current lease liabilities               | (164)                   | —              | (164)           | (164)            |
| Trade and other payables <sup>1</sup>   | (16,017)                | (229)          | (16,246)        | (16,246)         |
| Other financial liabilities             | —                       | (1,533)        | (1,533)         | (1,533)          |
|                                         | <b>(16,908)</b>         | <b>(1,762)</b> | <b>(18,670)</b> | <b>(18,670)</b>  |

<sup>1</sup> Refer to note 30 for a change in classification of certain trade payables

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 38. FINANCIAL INSTRUMENTS CONTINUED

### Fair value disclosures

The following is an analysis of the financial instruments that are measured subsequent to initial recognition at fair value. They are grouped into Levels 1 to 3 based on the extent to which the fair value is observable.

The levels are classified as follows:

- Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities
- Level 2 – fair value is determined using directly observable inputs other than Level 1 inputs
- Level 3 – fair value is determined on inputs not based on observable market data

|                                                                   | 31 December<br>2020 | Fair value measurement 31 December 2020 |               |                |
|-------------------------------------------------------------------|---------------------|-----------------------------------------|---------------|----------------|
|                                                                   | Rm                  | Level 1<br>Rm                           | Level 2<br>Rm | Level 3<br>Rm  |
| <b>Financial assets at fair value through profit or loss</b>      |                     |                                         |               |                |
| Investments held by environmental trusts                          | 602                 | —                                       | 602           | —              |
| Other financial assets                                            | 9,181               | —                                       | 168           | 9,013          |
| <b>Equity investments irrevocably designated at FVTOCI</b>        |                     |                                         |               |                |
| Other financial assets                                            | 1,686               | 119                                     | —             | 1,567          |
| <b>Non-financial assets at fair value through profit or loss</b>  |                     |                                         |               |                |
| Inventory at fair value                                           | 553                 | 553                                     | —             | —              |
| <b>Total</b>                                                      | <b>12,022</b>       | <b>672</b>                              | <b>770</b>    | <b>10,580</b>  |
| <b>Financial liabilities at fair value through profit or loss</b> |                     |                                         |               |                |
| Trade and other payables <sup>1</sup>                             | (220)               | —                                       | (220)         | —              |
| Other financial liabilities                                       | (5,479)             | —                                       | (237)         | (5,242)        |
| <b>Total</b>                                                      | <b>(5,699)</b>      | <b>—</b>                                | <b>(457)</b>  | <b>(5,242)</b> |

|                                                                   | 31 December<br>2019 | Fair value measurement 31 December 2019 |               |                |
|-------------------------------------------------------------------|---------------------|-----------------------------------------|---------------|----------------|
|                                                                   | Rm                  | Level 1<br>Rm                           | Level 2<br>Rm | Level 3<br>Rm  |
| <b>Financial assets at fair value through profit or loss</b>      |                     |                                         |               |                |
| Investments held by environmental trusts <sup>2</sup>             | 579                 | —                                       | 579           | —              |
| Other financial assets <sup>3</sup>                               | 4,346               | —                                       | 19            | 4,327          |
| <b>Equity investments irrevocably designated at FVTOCI</b>        |                     |                                         |               |                |
| Other financial assets                                            | 644                 | 125                                     | —             | 519            |
| <b>Total</b>                                                      | <b>5,569</b>        | <b>125</b>                              | <b>598</b>    | <b>4,846</b>   |
| <b>Financial liabilities at fair value through profit or loss</b> |                     |                                         |               |                |
| Trade and other payables <sup>1</sup>                             | (229)               | —                                       | (229)         | —              |
| Other financial liabilities                                       | (1,533)             | —                                       | (17)          | (1,516)        |
| <b>Total</b>                                                      | <b>(1,762)</b>      | <b>—</b>                                | <b>(246)</b>  | <b>(1,516)</b> |

<sup>1</sup> Represents the embedded derivative under purchase of concentrate agreements. Refer to note 30.

<sup>2</sup> This amount has been retrospectively reclassified from level 1 to level 2 in the fair value hierarchy. As the trust mainly invests in unit trust, level 2 classification is considered more appropriate.

<sup>3</sup> The loan to ARMMC of R68 million has been reclassified from amortised cost to FVTPL as it was previously incorrectly classified as at amortised cost. Refer to note 14.

There were no transfers between the levels during the year.

**38. FINANCIAL INSTRUMENTS** CONTINUED**Valuation techniques used to derive Level 2 fair values**

Level 2 fair values for other financial liabilities relate specifically to forward foreign exchange contracts and fixed price commodity contracts.

The valuation of forward foreign exchange contracts is a function of the ZAR:USD exchange rate at reporting date and the forward exchange rate that was fixed as per the forward foreign exchange rate contract. Fixed price commodity contracts are valued with reference to relevant quoted commodity prices at period end.

Level 2 fair values for trade and other payables relate specifically to the embedded derivative arising on the purchase of concentrate trade creditors. The settlement of these purchase of concentrate trade creditors takes place on average three to four months after the purchase has taken place. The fair value of the embedded derivative is a function of the expected ZAR:USD exchange rate and the metal prices at the time of settlement. The Level 2 fair value of liabilities for the return of metal is determined by multiplying the quantities of metal under open leases by the relevant commodity prices and ZAR:USD exchange rates.

**Level 3 fair value measurement of financial assets and financial liabilities at fair value**

The Level 3 fair value of other financial assets comprises investment in unlisted companies Ballard Power Systems Inc, SA SME Fund and Rand Mutual Holdings Limited. These investments are irrevocably designated at fair value through other comprehensive income per IFRS 9 *Financial Instruments* and the deferred consideration on the disposal of the Rustenburg Mine, Union Mine, Southridge Mineral Rights and Pandora which are classified as financial assets at fair value through profit or loss. The fair values of investments at fair value through other comprehensive income are based on unobservable market data, and estimated with reference to recent third-party transactions in the instruments of the company. The fair value of deferred consideration is based on the underlying discounted cash flows expected.

The Level 3 fair value of other financial liabilities comprises the components of the deferred consideration on the acquisition of control in Mototolo Platinum Mine business, which is classified as financial liabilities at fair value through profit or loss. The fair value is based on the underlying discounted cash flows expected.

**Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities at fair value**

|                                                                               | <b>2020<br/>Other<br/>financial<br/>assets<br/>Rm</b> | 2019<br>Other<br>financial<br>assets<br>Rm | <b>2020<br/>Other<br/>financial<br/>liabilities<br/>Rm</b> | 2019<br>Other<br>financial<br>liabilities<br>Rm |
|-------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| Opening balance <sup>1</sup>                                                  | <b>4,846</b>                                          | 3,931                                      | <b>(1,516)</b>                                             | (938)                                           |
| Remeasurements of deferred considerations through profit or loss <sup>2</sup> | <b>8,031</b>                                          | 918                                        | <b>(4,323)</b>                                             | (762)                                           |
| Total gains included in other comprehensive income                            | <b>1,261</b>                                          | 279                                        | —                                                          | —                                               |
| Deferred consideration on sale of Southridge Mineral Rights                   | <b>70</b>                                             | —                                          | —                                                          | —                                               |
| Foreign exchange translation                                                  | <b>(102)</b>                                          | 42                                         | —                                                          | —                                               |
| Payment (received)/made                                                       | <b>(3,455)</b>                                        | (348)                                      | <b>598</b>                                                 | 184                                             |
| Transfer to retained earnings on disposal of investments at FVTOCI            | <b>(117)</b>                                          | —                                          | —                                                          | —                                               |
| Remeasurement of loan to ARM Mining Consortium Limited <sup>1</sup>           | <b>46</b>                                             | 24                                         | —                                                          | —                                               |
| <b>Closing balance</b>                                                        | <b>10,580</b>                                         | 4,846                                      | <b>(5,241)</b>                                             | (1,516)                                         |

<sup>1</sup> The loan to ARMMC of R68 million has been reclassified from amortised cost to FVTPL as it was previously incorrectly classified as at amortised cost. Refer to note 14.

<sup>2</sup> These are included in fair value remeasurements of other financial assets in the statement of comprehensive income.

Deferred consideration terms are as follows:

**Rustenburg Mine**

Deferred consideration is calculated as 35% of the distributable free cash flows generated by Sibanye-Stillwater's Rustenburg Mine over a six-year period from inception in November 2016, subject to a minimum receipt of R3 billion. The maximum amount receivable is R20 billion. The movement for the current period relates to changes in cash flows and the discount rate.

**Pandora**

Deferred consideration is calculated as 20% of the distributable free cash flows generated by Pandora operations over a six-year period from inception in December 2017, subject to a minimum consideration of R400 million. The movement for the current period relates to changes in cash flows and the discount rate.

**Mototolo Platinum Mine**

Deferred consideration of R925 million is payable monthly over a period of 72 months from the effective date in November 2018 in monthly instalments, as well as annual top-up payments where applicable. The deferred consideration is remeasured based on the actual PGM 4E prices realised over the deferred consideration period. The maximum amount payable is limited to R22 billion. The movement for the period relates to increases in PGM prices and fluctuations in the ZAR:USD exchange rate.

**Union Mine**

Deferred consideration is calculated as 35% of the distributable free cash flows generated by Union Mine over an eleven-year period from inception in February 2018. In terms of the agreement if the cumulative deferred consideration is negative at the end of the eleven year period, AAP will be obligated to repay Siyanda the cumulative deferred consideration received. Based on current forecasts the cumulative deferred consideration is positive. The movement for the period relates to increases in PGM prices and fluctuations in the ZAR:USD exchange rate.

**Southridge Mineral Rights**

Deferred consideration of \$3 million is payable in equal tranches of \$1 million per annum over the deferred consideration period of 3 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 38. FINANCIAL INSTRUMENTS CONTINUED

### Level 3 fair value sensitivities

Assumed expected cash flows, discount rates and commodity prices have a significant impact on the amounts recognised in the statement of comprehensive income. Changes in the underlying key inputs and assumptions would have the following impact:

|                                                         | Financial assets           |            |
|---------------------------------------------------------|----------------------------|------------|
|                                                         | 2020<br>Rm                 | 2019<br>Rm |
| <b>Rustenburg Mine deferred consideration</b>           |                            |            |
| <b>10% change in exchange rates</b>                     |                            |            |
| Reduction to profit or loss                             | 1,043                      | 221        |
| Increase to profit or loss                              | 1,043                      | 862        |
| <b>10% change in PGM prices</b>                         |                            |            |
| Reduction to profit or loss                             | 1,043                      | 221        |
| Increase to profit or loss                              | 1,043                      | 862        |
| <b>0.5% change in discount rates</b>                    |                            |            |
| Reduction to profit or loss                             | 43                         | 28         |
| Increase to profit or loss                              | 43                         | 28         |
| <b>Pandora deferred consideration</b>                   |                            |            |
| <b>0.5% change in discount rates</b>                    |                            |            |
| Reduction to profit or loss                             | 3                          | 3          |
| Increase to profit or loss                              | 3                          | 3          |
| <b>Investment in equity instruments</b>                 |                            |            |
| <b>10% change in market price</b>                       |                            |            |
| Reduction to OCI                                        | 143                        | 49         |
| Increase to OCI                                         | 143                        | 49         |
| <b>Union Mine deferred consideration</b>                |                            |            |
| <b>10% change in the exchange rates</b>                 |                            |            |
| Reduction to profit or loss                             | 671                        | —          |
| Increase to profit or loss                              | 750                        | —          |
| <b>10% change in PGM prices</b>                         |                            |            |
| Reduction to profit or loss                             | 671                        | —          |
| Increase to profit or loss                              | 750                        | —          |
| <b>0.5% change in discount rates</b>                    |                            |            |
| Reduction to profit or loss                             | 13                         | —          |
| Increase to profit or loss                              | 13                         | —          |
| <b>Southridge Mineral Rights deferred consideration</b> |                            |            |
| <b>0.5% change in discount rates</b>                    |                            |            |
| Reduction to profit or loss                             | —*                         | —          |
| Increase to profit or loss                              | —*                         | —          |
|                                                         | <b>Financial liability</b> |            |
|                                                         | 2020<br>Rm                 | 2019<br>Rm |
|                                                         |                            |            |
| <b>Mototolo Platinum Mine deferred consideration</b>    |                            |            |
| <b>10% change in PGM prices</b>                         |                            |            |
| Reduction to profit or loss                             | 661                        | 461        |
| Increase to profit or loss                              | 661                        | 461        |
| <b>0.5% change in discount rates</b>                    |                            |            |
| Reduction to profit or loss                             | 29                         | 11         |
| Increase to profit or loss                              | 28                         | 11         |
| <b>10% change in exchange rate</b>                      |                            |            |
| Reduction to profit or loss                             | 661                        | 461        |
| Increase to profit or loss                              | 661                        | 461        |

\* Change below R500,000

**38. FINANCIAL INSTRUMENTS CONTINUED****Financial risk management**

The group trades in PGM financial instruments and in the normal course of its operations, the group is primarily exposed to currency, metal price, credit, interest rate, equity and liquidity risks. In order to manage these risks, the group may enter into transactions that make use of financial instruments. The group has developed a comprehensive risk management process to facilitate, control and monitor these risks. This process includes formal documentation of policies, including limits, controls and reporting structures.

**Managing risk in the group**

The Platinum Management Committee (PMC) and the board of directors are responsible for risk management activities within the group. Overall limits have been set by the board, while the PMC is responsible for setting individual limits. In order to ensure adherence to these limits, activities are marked to market on a daily basis and reported to the group treasury. The group treasury is responsible for monitoring currency, interest rate and liquidity risk within the limits and constraints set by the board. The marketing department is responsible for monitoring metal price risk, also within the limits and constraints set by the board.

**Currency risk**

The carrying amount of the group's foreign currency-denominated monetary assets and liabilities at 31 December is as follows:

|                                          | South<br>African rand<br>Rm | US dollar<br>Rm | Other<br>Rm  | Total<br>Rm     |
|------------------------------------------|-----------------------------|-----------------|--------------|-----------------|
| <b>2020</b>                              |                             |                 |              |                 |
| <b>Financial assets</b>                  |                             |                 |              |                 |
| Investments held by environmental trusts | 829                         | —               | —            | 829             |
| Other financial assets                   | 11,321                      | 1,601           | —            | 12,922          |
| Trade and other receivables              | 1,413                       | 917             | 9            | 2,339           |
| Cash and cash equivalents                | 2,840                       | 16,885          | 266          | 19,991          |
|                                          | <b>16,403</b>               | <b>19,403</b>   | <b>275</b>   | <b>36,081</b>   |
| <b>Financial liabilities</b>             |                             |                 |              |                 |
| Non-current interest-bearing borrowings  | (210)                       | —               | —            | (210)           |
| Non-current lease liabilities            | (377)                       | —               | —            | (377)           |
| Current interest-bearing borrowings      | (47)                        | —               | —            | (47)            |
| Current lease liabilities                | (209)                       | —               | —            | (209)           |
| Trade and other payables <sup>1</sup>    | (12,638)                    | (10,383)        | (239)        | (23,260)        |
| Other financial liabilities              | (5,241)                     | (238)           | —            | (5,479)         |
|                                          | <b>(18,722)</b>             | <b>(10,621)</b> | <b>(239)</b> | <b>(29,582)</b> |
|                                          | South African<br>rand<br>Rm | US dollar<br>Rm | Other<br>Rm  | Total<br>Rm     |
| <b>2019</b>                              |                             |                 |              |                 |
| <b>Financial assets</b>                  |                             |                 |              |                 |
| Investments held by environmental trusts | 798                         | —               | —            | 798             |
| Other financial assets                   | 4,592                       | 498             | —            | 5,090           |
| Trade and other receivables              | 832                         | 796             | 58           | 1,686           |
| Cash and cash equivalents                | 6,934                       | 11,546          | 65           | 18,546          |
|                                          | <b>13,156</b>               | <b>12,840</b>   | <b>123</b>   | <b>26,120</b>   |
| <b>Financial liabilities</b>             |                             |                 |              |                 |
| Non-current interest-bearing borrowings  | (281)                       | —               | —            | (281)           |
| Non-current lease liabilities            | (404)                       | —               | —            | (404)           |
| Current interest-bearing borrowings      | (42)                        | —               | —            | (42)            |
| Current lease liabilities                | (164)                       | —               | —            | (164)           |
| Trade and other payables <sup>2</sup>    | (10,336)                    | (5,690)         | (220)        | (16,246)        |
| Other financial liabilities              | (1,516)                     | (17)            | —            | (1,533)         |
|                                          | <b>(12,743)</b>             | <b>(5,707)</b>  | <b>(220)</b> | <b>(18,670)</b> |

<sup>1</sup> Trade and other payables denominated in US dollar includes amounts relating to POC agreements where the finalisation of prices include an exposure to changes in foreign exchange rates. This is as a result of metals only being priced in US dollar.

<sup>2</sup> Refer to note 30 for a change in classification of certain trade payables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 38. FINANCIAL INSTRUMENTS CONTINUED

### Foreign currency sensitivity

The US dollar is the primary foreign currency to which the group is exposed. The following table indicates the group's sensitivity at year end to the indicated movements in the US dollar on financial instruments:

|                            | US dollar             |                       |
|----------------------------|-----------------------|-----------------------|
|                            | Rm<br>10%<br>increase | Rm<br>10%<br>decrease |
| <b>2020</b>                |                       |                       |
| Profit/(loss)              | 881                   | (881)                 |
| Financial assets           | 1,967                 | (1,967)               |
| Financial liabilities      | (1,086)               | 1,086                 |
| <b>2019</b>                |                       |                       |
| Profit/(loss) <sup>1</sup> | 723                   | (723)                 |
| Financial assets           | 1,293                 | (1,293)               |
| Financial liabilities      | (570)                 | 570                   |

<sup>1</sup> The sensitivities have been adjusted for the impact of the change in presentation as mentioned above.

### Foreign exchange forward contracts

The group operates in the global business environment and many transactions are priced in a currency other than South African rand. Accordingly the group is exposed to the risk of fluctuating exchange rates and manages this exposure, when appropriate, through the use of financial instruments. These instruments typically comprise forward exchange contracts and options. Forward contracts are the primary instruments used to manage currency risk. Forward contracts require a future purchase or sale of foreign currency at a specified price.

Current policy prevents the use of option contracts without PMC's approval. Options provide the group with the right but not the obligation to purchase (or sell) foreign currency at a predetermined price, on or before a future date. No foreign currency options were entered into during the year.

### Metal price risk

Metal price risk arises from the risk of an adverse effect on current or future earnings or uncertainty resulting from fluctuations in metal prices. The ability to place forward contracts is restricted owing to the limited size of the financial market in PGMs. Financial markets in certain base metals are, however, well established. At the recommendation of the PMC, the group may place contracts where opportunities present themselves to increase/reduce the exposure to metal price fluctuations. At times historically, the group has made use of forward contracts to manage this exposure. Forward contracts enable the group to obtain a predetermined price for delivery at a future date. No such contracts existed at year end.

The carrying amount of the group's financial assets and liabilities at statement of financial position date that are subject to metal price risk is as follows:

|                                       | Subject to<br>metal price<br>movements<br>Rm | Not<br>impacted by<br>metal price<br>movements<br>Rm | Total<br>Rm |
|---------------------------------------|----------------------------------------------|------------------------------------------------------|-------------|
| <b>2020</b>                           |                                              |                                                      |             |
| <b>Financial assets</b>               |                                              |                                                      |             |
| Other financial assets                | 8,966                                        | 3,957                                                | 12,923      |
| Inventory at fair value               | 553                                          | —                                                    | 553         |
| <b>Financial liabilities</b>          |                                              |                                                      |             |
| Other financial liabilities           | (5,242)                                      | (237)                                                | (5,479)     |
| Trade and other payables              | (220)                                        | (23,040)                                             | (23,260)    |
| <b>2019</b>                           |                                              |                                                      |             |
| <b>Financial assets</b>               |                                              |                                                      |             |
| Other financial assets                | 2,420                                        | 2,670                                                | 5,090       |
| <b>Financial liabilities</b>          |                                              |                                                      |             |
| Other financial liabilities           | (1,516)                                      | (17)                                                 | (1,533)     |
| Trade and other payables <sup>1</sup> | (229)                                        | (16,017)                                             | (16,246)    |

<sup>1</sup> Refer to note 30 for a change in classification of certain trade payables.

**38. FINANCIAL INSTRUMENTS** CONTINUED**Metal price sensitivity**

The group is exposed primarily to movements in platinum, palladium, rhodium and nickel prices. The following table indicates the group's sensitivity at year end to the indicated movements in metal prices on financial instruments. The rates of sensitivity represent management's assessment of the possible change in metal price movements for trade and other payables. The sensitivity of other financial assets and other financial liabilities to metal price risk is demonstrated through the sensitivity to the changes in expected cash flows in Level 3 fair value sensitivities.

|                                              | 2020                  |                       | 2019                  |                       |
|----------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                              | Rm<br>10%<br>increase | Rm<br>10%<br>decrease | Rm<br>10%<br>increase | Rm<br>10%<br>decrease |
| <b>Platinum<sup>1</sup></b>                  |                       |                       |                       |                       |
| (Loss)/profit                                | (250)                 | 250                   | (201)                 | 201                   |
| (Increase)/decrease in financial liabilities | (250)                 | 250                   | (201)                 | 201                   |
| <b>Palladium<sup>1</sup></b>                 |                       |                       |                       |                       |
| (Loss)/profit                                | (273)                 | 273                   | (212)                 | 212                   |
| (Increase)/decrease in financial liabilities | (273)                 | 273                   | (212)                 | 212                   |
| <b>Rhodium<sup>1</sup></b>                   |                       |                       |                       |                       |
| (Loss)/profit                                | (492)                 | 492                   | (38)                  | 38                    |
| (Increase)/decrease in financial liabilities | (492)                 | 492                   | (38)                  | 38                    |
| <b>Nickel<sup>1</sup></b>                    |                       |                       |                       |                       |
| (Loss)/profit                                | (42)                  | 42                    | (25)                  | 25                    |
| (Increase)/decrease in financial liabilities | (42)                  | 42                    | (25)                  | 25                    |

<sup>1</sup> The sensitivities have been adjusted for the impact of the change in presentation as mentioned above.

**Interest rate risk**

During the year, the group was in a net cash position, while still maintaining some surplus cash on deposit. The size of the group's position exposes it to interest rate risk. This risk is managed through the term structure utilised when placing deposits or taking out borrowings. Furthermore, when appropriate, the group may also cover these exposures by means of derivative financial instruments subject to the approval of the PMC. During the period, the group did not use any forward rate agreements to manage this risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 38. FINANCIAL INSTRUMENTS CONTINUED

The carrying amount of the group's financial assets and liabilities at 31 December that are subject to interest rate risk is as follows:

|                                         | Subject to interest rate movements |             | Non-interest-bearing Rm | Total Rm |
|-----------------------------------------|------------------------------------|-------------|-------------------------|----------|
|                                         | Fixed Rm                           | Floating Rm |                         |          |
| <b>2020</b>                             |                                    |             |                         |          |
| <b>Financial assets</b>                 |                                    |             |                         |          |
| Investment held by environmental trusts | —                                  | 227         | 602                     | 829      |
| Other financial assets                  | —                                  | —           | 12,923                  | 12,923   |
| Trade and other receivables             | —                                  | —           | 2,339                   | 2,339    |
| Cash and cash equivalents               | —                                  | 19,991      | —                       | 19,991   |
|                                         | —                                  | 20,218      | 15,864                  | 36,082   |
| <b>Financial liabilities</b>            |                                    |             |                         |          |
| Non-current interest-bearing borrowings | —                                  | (209)       | —                       | (209)    |
| Non-current lease liabilities           | (377)                              | —           | —                       | (377)    |
| Current interest-bearing borrowings     | —                                  | (47)        | —                       | (47)     |
| Current lease liabilities               | (210)                              | —           | —                       | (210)    |
| Trade and other payables                | —                                  | —           | (23,260)                | (23,260) |
| Other current financial liabilities     | —                                  | —           | (5,479)                 | (5,479)  |
|                                         | (587)                              | (256)       | (28,739)                | (29,582) |
| <b>2019</b>                             |                                    |             |                         |          |
| <b>Financial assets</b>                 |                                    |             |                         |          |
| Investment held by environmental trusts | —                                  | 219         | 579                     | 798      |
| Other financial assets                  | —                                  | —           | 5,090                   | 5,090    |
| Trade and other receivables             | —                                  | —           | 1,685                   | 1,685    |
| Cash and cash equivalents               | —                                  | 18,546      | —                       | 18,546   |
|                                         | —                                  | 18,765      | 7,354                   | 26,119   |
| <b>Financial liabilities</b>            |                                    |             |                         |          |
| Non-current interest-bearing borrowings | —                                  | (281)       | —                       | (281)    |
| Non-current lease liabilities           | (404)                              | —           | —                       | (404)    |
| Current interest-bearing borrowings     | —                                  | (42)        | —                       | (42)     |
| Current lease liabilities               | (164)                              | —           | —                       | (164)    |
| Trade and other payables                | —                                  | —           | (16,246)                | (16,246) |
| Other current financial liabilities     | —                                  | —           | (1,533)                 | (1,533)  |
|                                         | (568)                              | (323)       | (17,779)                | (18,670) |

**38. FINANCIAL INSTRUMENTS CONTINUED****Interest rate sensitivity**

The group is sensitive to the movements in the ZAR and US dollar interest rates which are the primary interest rates to which the group is exposed. If the ZAR interest rate decreased by 50 basis points (2019: 50 basis points) and the US dollar interest rate decreased by 50 basis points (2019: 50 basis points) at year end, then income for the year would have decreased by R86 million (2019 decrease: R58 million) and decreased by R14 million (2019 decrease: R33 million) respectively.

**Liquidity risk**

Liquidity risk is the risk that the group will be unable to meet a financial commitment in any location or currency. This risk is minimised through the holding of cash balances and sufficient available borrowing facilities (refer to note 28). In addition, detailed cash flow forecasts are regularly prepared and reviewed by group treasury. The cash needs of the group are managed according to its requirements.

The following table details the group's remaining contractual maturity for its financial liabilities. The table has been compiled based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to repay the liability. The cash flows include both the principal and interest payments.

|                                             | Weighted<br>average<br>effective<br>interest<br>rate<br>% | Less than<br>12<br>months<br>Rm | One to<br>two years<br>Rm | Two to<br>five years<br>Rm | Greater<br>than five<br>years<br>Rm | Unearned<br>finance<br>charges<br>Rm | Total<br>Rm |
|---------------------------------------------|-----------------------------------------------------------|---------------------------------|---------------------------|----------------------------|-------------------------------------|--------------------------------------|-------------|
| <b>Non-derivative financial instruments</b> |                                                           |                                 |                           |                            |                                     |                                      |             |
| <b>2020</b>                                 |                                                           |                                 |                           |                            |                                     |                                      |             |
| Non-current interest-bearing borrowings     | 6.42                                                      | —                               | (57)                      | (85)                       | —                                   | 10                                   | (132)       |
| Non-current lease liabilities               | 9.66                                                      | —                               | (194)                     | (235)                      | (196)                               | 209                                  | (416)       |
| Current interest-bearing borrowings         | 6.42                                                      | (57)                            | —                         | —                          | —                                   | 9                                    | (48)        |
| Current lease liabilities                   | 9.66                                                      | (224)                           | —                         | —                          | —                                   | 57                                   | (167)       |
| Trade and other payables                    | n/a                                                       | (23,260)                        | —                         | —                          | —                                   | —                                    | (23,260)    |
| Other financial liabilities                 | 5.67                                                      | (1,711)                         | (1,741)                   | (2,426)                    | 214                                 | 422                                  | (5,242)     |
|                                             |                                                           | (25,252)                        | (1,992)                   | (2,746)                    | 18                                  | 707                                  | (29,265)    |
| <b>2019</b>                                 |                                                           |                                 |                           |                            |                                     |                                      |             |
| Non-current interest-bearing borrowings     | 9.67                                                      | —                               | (115)                     | (217)                      | —                                   | 51                                   | (281)       |
| Non-current lease liabilities               | 8.69                                                      | —                               | (192)                     | (300)                      | (206)                               | 295                                  | (403)       |
| Current interest-bearing borrowings         | 9.67                                                      | (60)                            | —                         | —                          | —                                   | 18                                   | (42)        |
| Current lease liabilities                   | 8.69                                                      | (228)                           | —                         | —                          | —                                   | 64                                   | (165)       |
| Trade and other payables                    | n/a                                                       | (16,246)                        | —                         | —                          | —                                   | —                                    | (16,246)    |
| Other financial liabilities                 | 8.06                                                      | (598)                           | (335)                     | (794)                      | —                                   | 211                                  | (1,516)     |
|                                             |                                                           | (17,132)                        | (642)                     | (1,311)                    | (206)                               | 639                                  | (18,653)    |
| <b>Derivative financial instruments</b>     |                                                           |                                 |                           |                            |                                     |                                      |             |
| <b>2020</b>                                 |                                                           |                                 |                           |                            |                                     |                                      |             |
| Other current financial assets              |                                                           | 168                             | —                         | —                          | —                                   | —                                    | 168         |
| Other current financial liabilities         | n/a                                                       | (237)                           | —                         | —                          | —                                   | —                                    | (237)       |
| <b>2019</b>                                 |                                                           |                                 |                           |                            |                                     |                                      |             |
| Other current financial assets              |                                                           | 19                              | —                         | —                          | —                                   | —                                    | 19          |
| Other current financial liabilities         | n/a                                                       | (17)                            | —                         | —                          | —                                   | —                                    | (17)        |

The non-derivative other financial liabilities and trade and other payables are subject to metal price risk that could significantly impact the amounts paid in the various periods. The exposure to metal price risk is disclosed in the metal price risk section of this note.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 38. FINANCIAL INSTRUMENTS CONTINUED

### Credit risk

Potential concentrations of credit risk consist primarily of short-term cash investments and trade and other receivables. Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously. The group minimises credit risk by ensuring that counterparties are banking institutions of the highest quality, that appropriate credit limits are in place for each counterparty and that short-term cash investments are spread among a number of different counterparties. Banking counterparty limits are reviewed annually by the board.

Trade receivables involve primarily a small group of international companies. Therefore, a significant portion of the group's revenue and trade receivables are from these major customers. The financial condition of these companies and the countries they operate in are reviewed annually by the PMC. At 31 December 2020, no trade receivables were past due and not impaired.

The carrying amount of the financial assets represents the group's maximum exposure to credit risk without taking into consideration any collateral provided:

|                                                    | Maximum credit risk |            |
|----------------------------------------------------|---------------------|------------|
|                                                    | 2020<br>Rm          | 2019<br>Rm |
| <b>Financial assets and other credit exposures</b> |                     |            |
| Investments held by environmental trusts           | 829                 | 798        |
| Other financial assets                             | 11,237              | 5,090      |
| Trade and other receivables                        | 2,339               | 1,686      |
| Cash and cash equivalents                          | 19,991              | 18,546     |
|                                                    | <b>34,395</b>       | 26,120     |

In addition, the group has provided facilities/guarantees to certain third parties. Refer to note 37.

### Impairment of financial assets

Financial assets of the group that are subject to the expected credit loss model consist of trade receivables from the sale of metal inventory, other receivables, other financial assets measured at amortised cost and cash and cash equivalents.

Impairment losses on financial assets recognised in profit or loss were as follows:

|                                                                              | 2020<br>Rm | 2019<br>Rm |
|------------------------------------------------------------------------------|------------|------------|
| Impairment losses on trade receivables arising from contracts with customers | 4          | —          |
| Impairment losses on financial assets at amortised cost                      | 39         | —          |
|                                                                              | <b>43</b>  | —          |

### Trade receivables

Trade receivables do not contain a significant financing component and have a short duration (less than 12 months), therefore measuring the loss allowance as a lifetime expected credit loss does not differ from measuring it as a 12-month expected credit loss.

The group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables.

Expected credit losses on trade receivables were determined for each customer. Probability of defaults were determined based on each individual customer's credit rating. Loss given default was assumed to be 100% as trade receivables are not collateralised or insured.

Expected credit losses of R4 million was raised on trade receivables.

### Movement in the allowance for impairment in respect of trade receivables were as follows:

|                                     | 2020<br>Rm | 2019<br>Rm |
|-------------------------------------|------------|------------|
| Balance at 1 January                | 37         | 41         |
| Amounts written-off                 | (1)        | (1)        |
| Amounts recovered                   | (3)        | (2)        |
| Net remeasurement of loss allowance | 4          | —          |
| Balance at 31 December              | <b>37</b>  | 37         |

**38. FINANCIAL INSTRUMENTS** CONTINUED**Other receivables**

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

No impairment has been recognised on other receivables as the expected credit losses are considered immaterial.

**Cash and cash equivalents**

Impairment of cash and cash equivalents was measured on a 12 month expected credit loss basis and reflects the short maturities of the exposures. The group considers that its cash and cash equivalents have low credit risk based on the external ratings of the counterparties. No impairment allowances were raised on cash and cash equivalents as it was considered immaterial. The minimum credit rating for financial institutions in South Africa where cash balances are held is BB-. Where cash is held at group companies, group treasury companies manage the external investment of cash in accordance with the Group Treasury Policy by investing in liquidity funds, bank deposits and government instruments. The group treasury companies are ultimately wholly-owned subsidiaries of AA plc which has a credit rating of BBB.

**Other financial assets at amortised cost**

Other financial assets at amortised cost consist of a loan and the metal borrowing position. This loan to African Pipeline is credit impaired, therefore the expected credit loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The metal borrowing is collateralised with inventory, with the exposure at default being nil, therefore no ECL is applicable on the metal borrowing position.

Movement in the allowance for impairment in respect of other financial assets at amortised cost:

|                                     | 2020<br>Rm | 2019<br>Rm |
|-------------------------------------|------------|------------|
| Balance at 1 January                | —          | —          |
| Amounts written-off                 | —          | —          |
| Net remeasurement of loss allowance | 39         | —          |
| Balance at 31 December              | 39         | —          |

The loan balance of R35 million and interest for the year of R4 million has been provided for as the loan is credit impaired. An amount of R65 million was written-off prior to 2019.

**Market equity risk**

The group has equity price risk on certain assets and liabilities. These financial instruments are held for strategic purposes and are managed on this basis.

|                                         | 2020<br>Rm | 2019<br>Rm |
|-----------------------------------------|------------|------------|
| Financial assets                        |            |            |
| Investment held by environmental trusts | 602        | 798        |
| Other financial assets                  | 1,686      | 645        |
|                                         | 2,288      | 1,443      |

**Equity price sensitivity**

The group is sensitive to the movements in equity prices on certain listed shares on the JSE. If the equity prices had been 10% higher at year end, then income for the year would have increased by R60 million (2019: R63 million) and other comprehensive income would have increased by R169 million (2019: R60 million). If the equity prices had been 10% lower at year end, then income for the year would have decreased by R60 million (2019: R63 million) and other comprehensive income would have decreased by R169 million (2019: R60 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 39. IMPAIRMENT OF ASSETS AND INVESTMENTS

### Equity investment in Bokoni Holdco and associated loans

AAP holds a 49% shareholding in Bokoni Holdco, which is equity accounted as an associate. The remaining 51% is held by Atlatsa Resources.

On 21 July 2017 Atlatsa Resources announced the placement of Bokoni Platinum Mine on care and maintenance, which was effected on 1 October 2017. AAP committed to support Bokoni while on care and maintenance until the end of December 2020. A total of R167 million was advanced during the year ended 31 December 2020.

All funding advanced has been impaired to the extent that it comprises a loan to Plateau for its 51% share of the funding requirements. The 49% effective shareholder contribution to Bokoni was capitalised to the investment. Equity-accounted losses were applied thereto.

### Bokoni

R82 million (49%) of the care and maintenance funding was capitalised to the investment in Bokoni and equity-accounted losses to the same value were applied against this amount. The equity-accounted losses impact headline earnings.

### Atlatsa

R85 million (51%) of the care and maintenance funding for 2020 was capitalised as a loan to Atlatsa. The full value hereof was impaired.

### Anglo Converter Plant

ACP Phase A at Waterval Smelter was damaged in an explosion within the converter on 10 February 2020. The Group announced on 6 March the temporary shutdown of its entire ACP plant and the need to declare force majeure.

Assets affected by the explosion in phase A of R264 million were scrapped in 2020.

An insurance claim of R351 million was received and recognised as other income in 2020. Refer to note 5.

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## 40. CHANGES IN ACCOUNTING ESTIMATES

### Change in estimate of quantities of inventory

#### Inventory

During the year, the group changed its estimate of the quantities of inventory based on the outcome of a physical count of in-process metals. The group runs a theoretical metal inventory system based on inputs, the results of previous counts and outputs. Due to the nature of in-process inventories being contained in weirs, pipes and other vessels, physical counts only take place once per annum, except in the Precious Metal Refinery, where the physical count is usually conducted every three years. The Precious Metals Refinery physical count was conducted in 2019.

This change in estimate has had the effect of decreasing the value of inventory disclosed in the financial statements by R782 million (31 December 2019: increasing of R961 million). This results in the recognition of an after-tax loss of R566 million (31 December 2019: after-tax gain of R692 million).

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**41. DISPOSAL TRANSACTIONS****Southridge Mineral Rights**

On 7 January 2020, the Company's wholly owned subsidiary, Southridge Limited, entered into a binding sale-and purchase agreement with Mimosa Mining (Private) Limited to dispose of certain of its mining claims in Zimbabwe for a total consideration of \$4.5 million. The sale was effective on 21 December 2020. The total consideration of \$4.5 million comprises an upfront payment of \$1.5 million which was received on 1 October 2020 and deferred consideration of \$3 million which is to be settled in three \$1 million tranches in January 2021, 2022 and 2023. The sale has given rise to a post-tax gain of R66 million which is excluded from headline earnings.

**42. POST-BALANCE SHEET EVENTS****Dividend declared**

A final dividend of R9.4 billion (R35.35 per share) for the year ended 31 December 2020 was declared after year end, payable on Monday, 15 March 2021 to shareholders recorded in the register at the close of business on Friday, 12 March 2021.

**43. EXCHANGE RATES TO THE SOUTH AFRICAN RAND**

|                                   | 2020<br>R | 2019<br>R |
|-----------------------------------|-----------|-----------|
| <b>Year-end rates</b>             |           |           |
| US dollar                         | 14.6866   | 14.0254   |
| British pound                     | 20.0611   | 18.4326   |
| <b>Average rates for the year</b> |           |           |
| US dollar                         | 16.4588   | 14.4497   |
| British pound                     | 21.1327   | 18.4483   |

**44. ADJUSTMENT TO PRIOR PERIOD****Foreign currency gains and losses on bank balances held in foreign currencies**

It was identified that the foreign exchange gains and losses on cash and cash equivalents held in foreign currencies in certain subsidiaries in the group were not presented as part of the reconciliation of the opening and closing cash and cash equivalent balances in the consolidated statement of cash flows. These were incorrectly presented in cash paid to suppliers and employees. The impact of this incorrect presentation on the December 2019 comparative period is not material and as a result the comparative period has not been restated. However, the relevant line items in the 30 June 2020 published interim results do require a restatement and as a result the comparatives in the 30 June 2021 interim financial statements will be restated when they are published.

Effect on 30 June 2020 interim results

The impact is as follows:

|                                                           | For the six months ended 30 June 2020<br>(Rm)* |            |          |
|-----------------------------------------------------------|------------------------------------------------|------------|----------|
|                                                           | Previously<br>stated                           | Adjustment | Restated |
| Cash paid to suppliers and employees                      | (46,962)                                       | (2,261)    | (49,223) |
| Cash generated from operations                            | 8,356                                          | (2,261)    | 6,095    |
| Net cash from operating activities                        | 6,852                                          | (2,261)    | 4,591    |
| Net increase in cash and cash equivalents                 | 5,021                                          | (2,261)    | 2,760    |
| Foreign exchange differences on cash and cash equivalents | (227)                                          | 2,261      | 2,034    |
| Cash and cash equivalents at end of year                  | 23,333                                         | —          | 23,333   |

\* The 30 June 2020 financial information has been reviewed but not audited by the external auditors

# ANNEXURES

for the year ended 31 December 2020

## ANNEXURE A

### EQUITY COMPENSATION BENEFITS

#### 1. Anglo American Platinum Long-term Incentive Plan (equity-settled)

|                                                     | 2020          |                      |                | 2019      |                      |           |
|-----------------------------------------------------|---------------|----------------------|----------------|-----------|----------------------|-----------|
|                                                     | Directors     | Employees and others | Total          | Directors | Employees and others | Total     |
| Outstanding at 1 January                            | 102,132       | 218,229              | 320,361        | 170,915   | 212,944              | 383,859   |
| Granted during the year                             | 25,957        | 50,615               | 76,572         | 29,413    | 67,037               | 96,450    |
| Exercised during the year                           | (32,767)      | (64,051)             | (96,818)       | (47,086)  | (57,405)             | (104,491) |
| Conditional forfeiture during the year <sup>1</sup> | (669)         | (1,308)              | (1,977)        | (2,766)   | (3,373)              | (6,139)   |
| Lapsed                                              | —             | (16,355)             | (16,355)       | (48,344)  | (974)                | (49,318)  |
| <b>Outstanding at 31 December</b>                   | <b>94,653</b> | <b>187,130</b>       | <b>281,783</b> | 102,132   | 218,229              | 320,361   |
| Number of awards allocated during the year:         | 25,957        | 50,615               | 76,572         | 29,413    | 67,037               | 96,450    |
| Expiry date                                         | 2,023         | 2023                 | 2023           | 2022      | 2022                 | 2022      |
| Fair value per share at grant date (R)              | 1,017.85      | 1,017.85             | 1,017.85       | 763.00    | 763.00               | 763.00    |

<sup>1</sup> The performance criteria were partially met.

| Vesting date  |                                                                                                                                                                                                          | 2020 Number    | 2019 Number |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|
|               | <b>Vesting after three years dependent on actual performance against indicated weighted targets</b>                                                                                                      |                |             |
| 13 April 2019 | 50% total shareholder return, 50% return on capital employed                                                                                                                                             | —              | —           |
| 13 April 2020 | 50% total shareholder return, 50% return on capital employed                                                                                                                                             | —              | 103,057     |
| 20 April 2021 | 70% total shareholder return, 10% return on capital employed, 10% attributable free cash flow, 10% Safety and Sustainable Development                                                                    | 111,919        | 121,828     |
| 15 April 2022 | 70% total shareholder return, 10% return on capital employed, 10% attributable free cash flow, 10% Safety and Sustainable Development                                                                    | 93,707         | 95,476      |
| 6 May 2023    | 50% total shareholder return, 15% return on capital employed, 15% attributable free cash flow, 5% energy efficiency, 5% CO <sub>2</sub> emissions, 5% water, 5% social sustainability and transformation | 76,157         | —           |
|               |                                                                                                                                                                                                          | <b>281,783</b> | 320,361     |

The LTIP consist of a conditional award of Anglo American Platinum Limited shares. These awards are made to certain Executive Heads and Directors of Anglo American Platinum Limited and its subsidiaries and qualifying band 4 employees. These awards are subject to performance conditions and vest after three years, provided that the employee is still in the group's employ.

For purposes of IFRS 2, the share-based payment expense is measured using the fair value of the conditional award issued and the proportion of shares that is expected to vest is based on management's expectation of achieving indicated targets. The fair value of the market condition (total shareholders' return) is measured using a Monte Carlo simulation. Expected volatility is based on historic volatility of 29.05% on average for 2020 (2019: 29.05%). The weighted average fair value of long-term incentive plan rights granted during the year is R989.61 (2019: R387.09). A risk-free rate of 7.89% (2019: 8.48%) and a dividend yield of 5.17% (2019: 1.5%) was applied.

## ANNEXURE A CONTINUED

### 2. Anglo American Platinum Long-term Incentive Plan – Non-conditional (equity-settled)

|                                             | Directors | 2020<br>Employees<br>and others | Total         | Directors | 2019<br>Employees<br>and others | Total    |
|---------------------------------------------|-----------|---------------------------------|---------------|-----------|---------------------------------|----------|
| <b>Outstanding at 1 January</b>             | —         | <b>45,577</b>                   | <b>45,577</b> | —         | 67,630                          | 67,630   |
| Granted during the year <sup>1</sup>        | —         | —                               | —             | —         | 1,281                           | 1,281    |
| Exercised during the year                   | —         | (21,632)                        | (21,632)      | —         | (21,577)                        | (21,577) |
| Lapsed                                      | —         | (964)                           | (964)         | —         | (1,757)                         | (1,757)  |
| <b>Outstanding at 31 December</b>           | —         | <b>22,981</b>                   | <b>22,981</b> | —         | 45,577                          | 45,577   |
| Number of awards allocated during the year: | —         | —                               | —             | —         | 1,281                           | 1,281    |
| Expiry date                                 | —         | —                               | —             | —         | 2021                            | 2021     |
| Fair value per share at grant date (R)      | —         | —                               | —             | —         | 317.10                          | 317.10   |

<sup>1</sup> There were no Long-term Incentive Non-conditional grants for 2020 however, there was a late 2018 grant in 2019.

#### Terms of the awards outstanding at 31 December

|               | 2020<br>Number | 2019<br>Number |
|---------------|----------------|----------------|
| Expiry date   |                |                |
| 13 April 2020 | —              | 18,594         |
| 13 April 2021 | <b>22,981</b>  | 26,983         |
|               | <b>22,981</b>  | 45,577         |

The LTIP Non-Conditional consist of a non-conditional award of Anglo American Platinum Limited shares. These awards are made to qualifying senior management employees. These grants have no performance or market conditions and vest after three years, provided that the employee is still in the group's employ. The last and final awards on the LTIP Non-Conditional share plan were granted in 2018.

### 3. Anglo American Platinum Bonus Share Plan (equity-settled)

|                                             | Directors       | 2020<br>Employees<br>and others | Total           | Directors | 2019<br>Employees<br>and others | Total     |
|---------------------------------------------|-----------------|---------------------------------|-----------------|-----------|---------------------------------|-----------|
| <b>Outstanding at 1 January</b>             | <b>60,941</b>   | <b>690,740</b>                  | <b>751,681</b>  | 89,203    | 821,962                         | 911,165   |
| Granted during the year                     | <b>2,540</b>    | <b>112,211</b>                  | <b>114,751</b>  | 14,031    | 154,145                         | 168,176   |
| Vested during the year                      | (18,732)        | (289,069)                       | (307,801)       | (19,044)  | (260,950)                       | (279,994) |
| Lapsed                                      | —               | (7,057)                         | (7,057)         | (23,249)  | (24,417)                        | (47,666)  |
| <b>Outstanding at 31 December</b>           | <b>44,749</b>   | <b>506,825</b>                  | <b>551,574</b>  | 60,941    | 690,740                         | 751,681   |
| Number of awards allocated during the year: | <b>2,540</b>    | <b>112,211</b>                  | <b>114,751</b>  | 14,031    | 154,145                         | 168,176   |
| Expiry date                                 | <b>2023</b>     | <b>2023</b>                     | <b>2023</b>     | 2022      | 2022                            | 2022      |
| Fair value per share at grant date (R)      | <b>1,217.84</b> | <b>1,217.84</b>                 | <b>1,217.84</b> | 639.52    | 639.52                          | 639.52    |

# ANNEXURES CONTINUED

## ANNEXURE A CONTINUED

### 3. Anglo American Platinum Bonus Share Plan (equity-settled) CONTINUED

#### Terms of the awards outstanding at 31 December

| Expiry date      | 2020<br>Number | 2019<br>Number |
|------------------|----------------|----------------|
| 16 April 2017    | —              | 405            |
| 13 April 2020    | —              | 273,526        |
| 15 February 2021 | 289,052        | 313,079        |
| 13 February 2022 | 154,012        | 164,671        |
| 12 February 2023 | 108,510        | —              |
|                  | <b>551,574</b> | 751,681        |

The Bonus Share Plan consists of a forfeitable award of Anglo American Platinum Limited shares based on the amount of the cash bonus received by an employee. The award will vest after three years, provided that the employee is still in the group's employ.

For purposes of IFRS 2, the grant is valued at grant date using the grant date fair market value of the instruments granted.

### 4. Unki Notional Bonus Share Plan (cash-settled)

|                                             | Directors | 2020<br>Employees<br>and others | Total    | Directors | 2019<br>Employees<br>and others | Total    |
|---------------------------------------------|-----------|---------------------------------|----------|-----------|---------------------------------|----------|
| Outstanding at 1 January                    | —         | 85,286                          | 85,286   | —         | 98,426                          | 98,426   |
| Granted during the year                     | —         | —                               | —        | —         | 18,212                          | 18,212   |
| Exercised during the year                   | —         | (30,827)                        | (30,827) | —         | (31,352)                        | (31,352) |
| Lapsed                                      | —         | —                               | —        | —         | —                               | —        |
| Outstanding at 31 December                  | —         | 54,459                          | 54,459   | —         | 85,286                          | 85,286   |
| Number of awards allocated during the year: | —         | —                               | —        | —         | 18,212                          | 18,212   |
| Expiry date                                 | —         | —                               | —        | —         | 2022                            | 2022     |
| Fair value per share at grant date (R)      | —         | —                               | —        | —         | 763                             | 763      |

#### Terms of the awards outstanding at 31 December

| Expiry date   | 2020<br>Number | 2019<br>Number |
|---------------|----------------|----------------|
| 13 April 2020 | —              | 30,827         |
| 13 April 2021 | 36,247         | 36,247         |
| 20 April 2022 | 18,212         | 18,212         |
|               | <b>54,459</b>  | 85,286         |

The Unki Notional Bonus Share Plan consists of a forfeitable award of notional Anglo American Platinum Limited shares based on the amount of the cash bonus received by an employee. The award will vest after three years, provided that the employee is still in the group's employ.

For purposes of IFRS 2, the grant is valued at grant date using the fair market value of the instruments granted and subsequently revalued to its latest fair value.

## ANNEXURE A CONTINUED

### 5. Employee Share Ownership Plan (equity-settled)

|                                             | Directors | 2020<br>Employees<br>and others | Total    | Directors | 2019<br>Employees<br>and others | Total  |
|---------------------------------------------|-----------|---------------------------------|----------|-----------|---------------------------------|--------|
| Outstanding at 1 January                    | —         | 85,377                          | 85,377   | —         | —                               | —      |
| Granted during the year                     | —         | 54,648                          | 54,648   | —         | 85,377                          | 85,377 |
| Exercised during the year                   | —         | (2,911)                         | (2,911)  | —         | —                               | —      |
| Lapsed                                      | —         | (12,663)                        | (12,663) | —         | —                               | —      |
| Outstanding at 31 December                  | —         | 124,451                         | 124,451  | —         | 85,377                          | 85,377 |
| Number of awards allocated during the year: | —         | 54,648                          | 54,648   | —         | 85,377                          | 85,377 |
| Expiry date                                 | —         | 2022                            | 2022     | —         | 2021                            | 2021   |
| Fair value per share at grant date (R)      | —         | 1,264.17                        | 1,264.17 | —         | 930.74                          | 930.74 |

#### Terms of the awards outstanding at 31 December

|                | 2020<br>Number | 2019<br>Number |
|----------------|----------------|----------------|
| Expiry date    |                |                |
| 31 August 2021 | 70,232         | 85,377         |
| 31 August 2022 | 54,219         | —              |
|                | 124,451        | 85,377         |

The Employee Share Ownership Plan consists of a forfeitable award of Anglo American Platinum Limited shares. Each participant is awarded the same value. The award will vest after two years, provided that the employee is still in the group's employ.

For purposes of IFRS 2, the grant is valued at grant date using the grant date fair market value of the instruments granted.

# ANNEXURES CONTINUED

## ANNEXURE B

### INVESTMENTS IN SUBSIDIARIES, JOINT ARRANGEMENTS AND ASSOCIATES

|                                                                    |                    | Number of shares held |             |
|--------------------------------------------------------------------|--------------------|-----------------------|-------------|
|                                                                    | Nature of business | 2020                  | 2019        |
| Direct investments <sup>13</sup>                                   |                    |                       |             |
| Anglo Platinum Management Services Proprietary Limited             | J                  | 23,250                | 23,250      |
| Mogalakwena Platinum Limited                                       | J                  | 129,762,372           | 129,762,372 |
| Rustenburg Platinum Mines Limited                                  | A, B, C, D         | 600,913               | 600,913     |
| Indirect investments                                               |                    |                       |             |
| Africa Pipe Industries North Proprietary Limited                   | B, K               | 510                   | 510         |
| Anglo Platinum Marketing Limited <sup>4</sup>                      | I                  | 4,000,350             | 4,000,350   |
| Automatic Trading Proprietary Limited (74% owned)                  | B, K               | 74                    | 74          |
| Blinkwater Farms 244 KR Proprietary Limited                        | C                  | 100                   | 100         |
| Erabas B.V. <sup>2</sup>                                           | E                  | 17,500                | 17,500      |
| Matthey Rustenburg Refiners Proprietary Limited                    | J                  | 1,360,000             | 1,360,000   |
| Micawber 146 Proprietary Limited                                   | J                  | 1                     | 1           |
| Mogalakwena Mine Solar Power Proprietary Limited                   | K                  | 100                   | —           |
| New Age Metals Inc. <sup>10</sup>                                  | K                  | 901,907               | 901,907     |
| Norsand Holdings Proprietary Limited                               | C                  | 11                    | 9           |
| PGI SA <sup>1</sup>                                                | I                  | 100                   | 100         |
| PGI KK <sup>3</sup>                                                | I                  | 40,000                | 40,000      |
| PGI (Shanghai) Co. Limited <sup>8</sup>                            | I                  | 100                   | 100         |
| PGI (United States of America) Jewelry Inc. <sup>7</sup>           | I                  | 100                   | 100         |
| PGI (Hong Kong) <sup>6</sup>                                       | I                  | 100                   | 100         |
| Platinum Guild India PVT Limited <sup>5</sup>                      | I                  | 10,005                | 10,005      |
| Platmed Properties Proprietary Limited                             | C                  | 100                   | 100         |
| Platmed Proprietary Limited                                        | H                  | 100                   | 100         |
| Precious Metal Refiners Proprietary Limited                        | J                  | 1,000                 | 1,000       |
| RA Gilbert Proprietary Limited                                     | H                  | —                     | 100         |
| Rustenburg Base Metal Refiners Proprietary Limited                 | J                  | 1,000                 | 1,000       |
| Sedibelo Platinum Mine Limited <sup>11</sup>                       | A, C               | 165,716,314           | 165,716,314 |
| The Work Expert Proprietary Limited                                | H                  | 60                    | —           |
| Unki Mines (Private) Limited <sup>12</sup>                         | A                  | 500,000               | 500,000     |
| Whiskey Creek Management Services Proprietary Limited              | G                  | 1,000                 | 1,000       |
| Trusts                                                             |                    |                       |             |
| Lefa La Rona Trust (the trust is consolidated by AAP)              |                    | —                     | —           |
| Joint operations                                                   |                    |                       |             |
| Kroondal Platinum Mine (Note 17)                                   | A                  |                       |             |
| Modikwa Platinum Mine (Note 17)                                    | A                  |                       |             |
| Modikwa Mining Personnel Services Proprietary Limited <sup>#</sup> | G                  |                       |             |
| Modikwa Platinum Mine Proprietary Limited <sup>#</sup>             | C                  |                       |             |

\* Refer to note 17 for details as to why these entities are assessed as joint operations.

| Carrying amount |         | Holding company loan account |         |                                                                                                         | Nature of business |
|-----------------|---------|------------------------------|---------|---------------------------------------------------------------------------------------------------------|--------------------|
| 2020 Rm         | 2019 Rm | 2020 Rm                      | 2019 Rm |                                                                                                         |                    |
| 1,214           | 1,214   | (1,255)                      | (1,255) | AP Ventures (Note 16) <sup>4</sup>                                                                      | K                  |
| 598             | 598     | (598)                        | (598)   | Bokoni Platinum Holdings Proprietary Limited (Note 16)                                                  | E                  |
| 69,825          | 69,779  | 27                           | 6,753   | Furuya Eco-Front Technology Co., Ltd (Note 16) <sup>3</sup>                                             | K                  |
| —               | —       | —                            | —       | Lexshell 49 General Trading Proprietary Limited                                                         | A, C               |
| —               | —       | —                            | —       | Lion Battery Technologies Inc. (Note 16) <sup>9</sup>                                                   | K                  |
| —               | —       | 2                            | 8       | Peglerae Hospital Proprietary Limited (Note 16)                                                         | H                  |
| —               | —       | —                            | —       | Primus Power (note 16) <sup>7</sup>                                                                     | K                  |
| —               | —       | —                            | —       | Sheba's Ridge Proprietary Limited                                                                       | A, C               |
| —               | —       | —                            | —       | Suzhou Yibai Environmental Protection Technologies Co., Ltd <sup>8</sup>                                | K                  |
| —               | —       | —                            | —       | <b>Nature of business</b>                                                                               |                    |
| —               | —       | —                            | —       | A – Mining                                                                                              |                    |
| —               | —       | —                            | —       | B – Treatment and refining                                                                              |                    |
| —               | —       | —                            | —       | C – Minerals and surface rights holding                                                                 |                    |
| —               | —       | —                            | —       | D – Metals trading                                                                                      |                    |
| —               | —       | —                            | —       | E – Intermediate holding                                                                                |                    |
| —               | —       | —                            | —       | F – Investment                                                                                          |                    |
| —               | —       | —                            | —       | G – Management/service                                                                                  |                    |
| —               | —       | —                            | —       | H – Medical facilities                                                                                  |                    |
| —               | —       | —                            | —       | I – Marketing                                                                                           |                    |
| —               | —       | —                            | —       | J – Dormant                                                                                             |                    |
| —               | —       | —                            | —       | K – Other                                                                                               |                    |
| —               | —       | —                            | —       | <i>All companies are incorporated in the Republic of South Africa except where otherwise indicated.</i> |                    |
| —               | —       | —                            | —       | <sup>1</sup> Incorporated in Switzerland                                                                |                    |
| —               | —       | —                            | —       | <sup>2</sup> Incorporated in the Netherlands                                                            |                    |
| —               | —       | —                            | —       | <sup>3</sup> Incorporated in Japan                                                                      |                    |
| —               | —       | —                            | —       | <sup>4</sup> Incorporated in the United Kingdom                                                         |                    |
| —               | —       | —                            | —       | <sup>5</sup> Incorporated in India                                                                      |                    |
| 4               | —       | —                            | —       | <sup>6</sup> Incorporated in Hong Kong                                                                  |                    |
| —               | —       | —                            | —       | <sup>7</sup> Incorporated in the United States of America                                               |                    |
| —               | —       | —                            | —       | <sup>8</sup> Incorporated in China                                                                      |                    |
| —               | —       | —                            | —       | <sup>9</sup> Incorporated in Canada                                                                     |                    |
| —               | —       | —                            | —       | <sup>10</sup> Incorporated in British Columbia; transferred to RPM upon Kaymin dissolving               |                    |
| —               | —       | —                            | —       | <sup>11</sup> Incorporated in Guernsey                                                                  |                    |
| —               | —       | —                            | —       | <sup>12</sup> Incorporated in Zimbabwe                                                                  |                    |
| —               | —       | —                            | —       | <sup>13</sup> All direct investments are 100% held                                                      |                    |
| 71,641          | 71,591  | (1,824)                      | 4,908   |                                                                                                         |                    |

# ANNEXURES CONTINUED

## ANNEXURE C

### PRINCIPAL ACCOUNTING POLICIES

#### 1. Consolidation

The consolidated financial statements include the results and financial position of Anglo American Platinum Limited, its subsidiaries, joint ventures and associates. Subsidiaries are entities which the group has power over and in respect of which it is exposed, or has rights, to variable returns from its involvement with these entities and has the ability to affect those returns through its power over those entities. The results of any subsidiaries acquired or disposed of during the year are included from the date control was obtained and up to the date control ceased to exist. Total comprehensive income of the subsidiary is attributed to owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a negative balance.

All intra-group transactions and balances are eliminated on consolidation. Unrealised profits that arise between group entities are also eliminated.

All changes in the parent's ownership interests that do not result in the loss of control are accounted for within equity. The carrying amount of the group's interest and the interest of the non-controlling shareholders is adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received are recognised directly in equity.

When an entity loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost and also derecognises the carrying amount of any non-controlling interests in the former subsidiary at that date. It recognises the fair value of any consideration received on the loss of control and recognises any of the investment retained in the former subsidiary at its fair value at the date when control is lost. Any resulting differences are reflected as a gain or loss in profit or loss attributable to the group.

#### 2. Investment in associates and joint ventures

An associate is an entity over which the group exercises significant influence, but which it does not control, through participation in the financial and operating policy decisions of the investee. The group is assumed to have significant influence over an investee if it holds, directly or indirectly, at least 20% of the voting power over it.

A joint venture is a joint arrangement whereby the parties that have joint control over the strategic, financial and operating decisions with one or more other venturers under a contractual agreement, have rights to the net assets of the joint arrangement.

These investments are accounted for using the equity method.

The carrying amount of the investment in an associate or joint venture in the statement of financial position represents the cost of the investment, including goodwill arising on acquisition, the group's share of post-acquisition retained earnings and any other movements in reserves as well as any long-term debt interests which in substance form part of the group's net investment in the associate or joint venture. Where the group's share of losses in the associates or joint venture is in excess of its interest in that associate or joint venture, these losses are not recognised unless the group has an obligation to fund such losses. The total carrying amount of the associate or joint venture is reviewed for impairment when there is objective evidence that the asset is impaired. If an impairment is identified, it is recorded in the period in which the circumstances arose.

When a group entity transacts with its associates or joint venture, any profits or losses arising on the transactions with the associate or joint

venture are recognised in the group's consolidated financial statements only to the extent of the interests in the associate or joint venture that are not related to the group.

When the group loses significant influence over an associate or joint venture, it recognises the fair value of any consideration received on the loss of significant influence and recognises any of the investment retained in the former associate or joint venture at its fair value at the date when significant influence is lost. Any resulting differences are reflected as a gain or loss in profit or loss attributable to the group.

#### 3. Investments in joint operations

A joint operation is a joint arrangement in which the group holds a long-term interest and shares joint control over the strategic, financial and operating decisions with one or more other venturers under a contractual agreement and has rights to the assets, and obligations for the liabilities, of the arrangement. The group's interest in joint operations, except when the investment is classified as held for sale and treated in accordance with IFRS 5, is accounted for as mentioned below.

The group recognises its share of the joint operations' individual income and expenses, assets and liabilities in the relevant components of its financial statements on a line-by-line basis.

When a group entity transacts with its joint operation, any profits or losses arising on the transactions with the joint operation are recognised in the group's consolidated financial statements only to the extent of the interests in joint operation that are not related to the group.

When the group loses joint control over a joint operation, it derecognises its share of the assets and liabilities of the joint operation at their carrying amounts at the date when joint control is lost. It also recognises the fair value of any consideration received on the loss of joint control and recognises any of the investment retained in the former joint operation at its fair value at the date when joint control is lost. Any resulting differences are reflected as a gain or loss in profit or loss attributable to the group.

#### 4. Property, plant and equipment

Mine development and infrastructure costs are capitalised to capital work in progress and transferred to property, plant and equipment when the mining venture reaches commercial production.

Property, plant and equipment is measured at historical cost less accumulated depreciation and any accumulated impairment losses.

Capitalised mine development and infrastructure costs include expenditure incurred to develop new mining operations and to expand the capacity of the mine. Costs include interest capitalised during the construction period, where qualifying expenditure is financed by borrowings, and the discounted amount of future decommissioning costs. Items of property, plant and equipment, excluding capitalised mine development and infrastructure costs, are depreciated on a straight-line basis over their expected useful lives. Capitalised mine development and infrastructure costs are depreciated on a unit-of-production basis on the reducing balance method. Depreciation is first charged on property, plant and equipment from the date on which they are available for use. Land and capital work in progress are not depreciated.

Items of property, plant and equipment that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and written off. Residual values and useful economic lives are reviewed at least annually and adjusted if, and where appropriate.

Revenue earned during the project phase is recognised in the statement of comprehensive income and an appropriate amount of development costs is charged against it.

With respect to open-pit operations, waste removal costs that are incurred in the open-pit operations during the production phase of these mines, which provide improved access to the ore, are recognised as stripping assets in non-current assets in either property, plant and equipment or capital work in progress. The costs of normal ongoing operational stripping activities are expensed as incurred or accrued. The stripping asset is depreciated on a unit-of-production basis over the life of the orebody to which it improves access.

#### Impairment

An impairment review of property, plant and equipment is carried out when there is an indication that these may be impaired by comparing the carrying amount thereof to its recoverable amount. Goodwill is tested annually for impairment. The group's operations as a whole constitute the smallest cash-generating unit. The recoverable amount thereof is the higher of: the group's market capitalisation, adjusted for the carrying amounts of financial assets and investments in associates that are tested for impairment separately; and the value in use of the group determined with reference to a discounted cash flow valuation. Specific asset impairment results from the disposal of assets within the group due to definitive sales agreements which result in the assets being able to be carved out of the group's operations. Individual assets may also be impaired by way of scrapping which only arises when a specific indicator event occurs which results in the individual asset no longer being able to be used as intended by management.

Where the recoverable amount is less than the carrying amount, the impairment charge is included in other net expenditure in order to reduce the carrying amount of property, plant and equipment to its recoverable amount. The adjusted carrying amount is depreciated on a straight-line basis over the remaining useful life of property, plant and equipment.

#### 5. Leases

Lease payments are allocated between finance costs and the capital repayments, using the effective interest method.

##### The group as a lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in substance fixed payments; variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the group is reasonably certain to exercise.

Right of use assets are depreciated over the shorter of the lease term or their useful lives. The lease liability is measured at amortised cost using

the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised fixed lease payment.

#### 6. Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment losses.

#### 7. Inventories

##### Own refined metals

Metal inventories are measured at the lower of cost, on the weighted average basis, or net realisable value. The cost per ounce or tonne is determined as follows:

- For own-mined production and purchased concentrate from third parties, platinum, palladium, rhodium and nickel (joint products) inventory is measured by allocating total production costs to each joint product in the ratio of each metal's contribution to gross sales revenue. The allocated production costs per metal are then divided by the output per metal to arrive at a unit cost per metal. Production costs are determined on a 12-month rolling average basis and own-mined production costs and processing costs are adjusted for periods of prolonged abnormal production.
- Gold, copper and cobalt sulphate are measured at net realisable value.
- Iridium and ruthenium are measured at a nominal value of R1 per ounce.

##### Third-party refined metals

To the extent of third-party metal arising from its trading activities, the group is considered to meet the commodity-broker exemption for inventory valuation, whereby inventories are valued at fair value less costs to sell. Fair value gains or losses are recognised in profit or loss.

##### Work in progress

Work in progress is valued at the average cost of production or purchase less net revenue from sales of other metals (by-products). Production cost is allocated to joint products in the same way as is the case for refined metals. Work in progress includes purchased and produced concentrate.

##### Stripping costs

The costs of stripping activity is accounted for in accordance with the principles of IAS 2 Inventories to the extent that the benefit from the stripping activity is realised in the form of inventory produced.

The costs of stripping activity which provides a benefit in the form of improved access to the PGM ore body is recognised as a non-current 'stripping activity asset' in accordance with IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. The current mine planning systems allow management to identify the components of the pit that are being mined thereby allowing management to accurately allocate the associated costs.

The stripping activity asset is initially measured at cost and subsequently carried at cost less depreciation and impairment losses. Depreciation is calculated on the units of production method over the expected useful life of the identified pit that becomes more accessible as a result of the stripping activity.

##### Ore stockpiles

Ore stockpiles are measured at the lower of cost and net realisable value on a weighted average basis. Volumes are expressed in tonnes. Production costs are allocated to ore stockpiles to the extent that there is a reasonable expectation of their utilisation, in line with available capacity over the five-year budget period. Low-grade ore stockpiles expected to be used over a period exceeding 12 months are presented as non-current in the statement of financial position.

# ANNEXURES CONTINUED

## Stores and materials

Stores and materials consist of consumable stores and are valued at cost on the first-in, first-out (FIFO) basis. Obsolete and redundant items are written off to operating costs.

## 8. Revenue recognition

- Revenue from contracts with customers is recognised when the performance obligation is satisfied at the amount of the transaction price that is allocated to the transaction price. The group's revenue arising from the sale of metals and intermediary products to customers is recognised when the goods are delivered to the agreed point of delivery. The point of delivery is the agreed destination where control over the goods is transferred to the customer. The group's revenue arising from toll refining is recognised over time based on an input method, being as and when the services are provided, ie as processing is done. A time proportion basis is used to recognise revenue. Gross sales revenue represents the invoiced amounts excluding value added tax.
- Dividends are recognised when the right to receive payment is established.
- Interest is recognised on a time proportion basis, which takes into account the effective yield on the asset over the period it is expected to be held.

## 9. Dividends declared

The liability for dividends and related taxation thereon is raised only when the dividend is declared.

## 10. Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## 11. Taxation

Taxation expense comprises current and deferred tax. The charge for current tax is based on the profit before tax for the year, as adjusted for items which are exempt or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Current and deferred tax is recognised in profit or loss, except when it relates to items credited or charged directly to other comprehensive income or to equity, in which case the taxation effect is also recognised in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period when the asset is realised and the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or assessed or calculated losses can be utilised. However, such assets or liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither the taxable income nor the accounting profit.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

## 12. Research and exploration cost

Research expenditure is written off when incurred. Exploration expenditure is written off when incurred, except when it is probable that a mining asset will be developed for commercial production as a result of the exploration work. In such cases, the capitalised exploration expenditure is depreciated on a unit-of-production basis over the expected useful life of the constructed mining asset.

Capitalisation of exploration expenditure ceases when the project is discontinued. Any previously capitalised costs are expensed.

## 13. Metal trading activities

### Leasing

When metal is leased in accordance with the trading activities of the group, a liability is recognised for the return of metal. This liability is measured at the fair value of the physical metal to be delivered to the counterparty. Fair value gains and losses arising on the remeasurement of the liability are included in profit or loss. Upon the sale of such leased metal, cost of sales is initially recognised at the fair value of the metal on the leased in date. Upon settlement of the lease with own metal, a gain arises which is partly attributed to cost of sales in order to normalise the margin on the sale of that metal, with the remainder being recognised in profit or loss as a realisation of trading gains or losses. Lease costs are included in profit or loss.

### Borrowing

When metal is borrowed in accordance with the trading activities of the group, the substance of the transaction is that of a financing arrangement giving rise to an interest-bearing financial asset. This financial asset is classified as a financial asset measured at amortised cost. Resultant interest is included in profit or loss. Upon sale of borrowed metal a liability is recognised for the return of metal. This liability comprises a provision and is measured at the fair value of the physical metal to be delivered to the counterparty to the borrowing. The cost of sales for the sale of borrowed metal amounts to the fair value of the metal on the date of sale. Fair value gains and losses arising on the remeasurement of the liability are included in profit or loss. Upon settlement of the borrowing with own metal, a gain arises which is attributed to cost of sales in order to normalise the margin on the sale of that borrowed metal.

### Lending

When excess metal is lent to third parties in accordance with the trading activities of the group, the substance of the transaction is that of a financing arrangement giving rise to an interest-bearing financial liability. This financial liability is measured at amortised cost. Resultant interest is included in profit or loss.

### Other

Other trading strategies include the use of derivative instruments, which are measured at fair value through profit or loss in line with the accounting policy for financial instruments set out below.

## 14. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. The group's financial instruments consist primarily of the following financial assets: non-current receivables, cash and cash equivalents, trade and other receivables; other current and non-current financial assets; and the following financial liabilities: interest-bearing borrowings, trade and other payables, current and non-current financial liabilities and certain derivative instruments.

### Fair value

Where financial instruments are recognised at fair value, the instruments are measured at the amount for which an asset could be sold, or an amount paid to transfer a liability, in an orderly transaction in the principal or most advantageous market, at the measurement date under current market conditions regardless of whether this price is directly observable

or estimated using a valuation technique. Fair values have been determined as follows:

- Where market prices are available, these have been used.
- Where there are no market prices available, fair values have been determined using valuation techniques incorporating observable market inputs or discounting expected cash flows at market rates.

The fair value of the trade and other receivables, cash and cash equivalents, and trade and other payables approximates their carrying amount due to the short maturity period of these instruments.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the period of the instrument.

Effectively, this method determines the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

#### Financial assets

The group classifies financial assets into the following categories:

- Fair value through profit or loss (FVTPL);
- Amortised costs (AC); and
- Fair value through other comprehensive income (FVTOCI).

Financial assets are classified based on how their performance is managed, evaluated and their contractual cash flow characteristics (the business model) and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

Financial assets are presented as current if their maturity is within 12 months, otherwise they are presented as non-current.

#### Amortised cost

Financial assets are classified and measured as at amortised costs when the group holds them to collect contractual cash flows that have characteristics of principal amount and interest on the principal amount outstanding. Amortised cost is determined using the effective interest method.

Any subsequent movement in the loss allowance is included in provision for expected credit losses in the statement of comprehensive income.

#### Fair value through other comprehensive income

Financial assets that are equity instruments in their entirety are irrevocably designated, classified and measured as at FVTOCI by the group.

#### Fair value through profit or loss

The group classifies and measures at fair value through profit or loss financial assets that are not measured at amortised cost or fair value through other comprehensive income.

#### Impairments

The group recognises a loss allowance for expected credit losses on a financial asset measured at amortised cost. The recoverability of a financial asset is determined from the date it is recognised with a loss allowance recognised for expected losses determined at the initial recognition. The group measures the loss allowance at an amount equal to the life time expected losses if credit risk on the financial asset has increased significantly since initial recognition. Credit risk is considered to have significantly increased when supportable information available to the group indicate that the financial asset would not be recoverable as agreed.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as default or being more than 90 days past due;

- The restructuring of a loan or advance by the group on terms that the group would not consider otherwise;
- It is probable that the debtor will enter into bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that security because of financial difficulties.

For financial assets that the group determines the recoverability is unlikely, such that the credit quality has significantly deteriorated and are credit impaired, a life time expected credit loss is recognised and interest only accrues on the net amount.

For trade and other receivables, the group recognises a loss allowance as a life time expected credit loss due to their short-term nature. The group reassesses the life time expected credit losses at each reporting period and recognises any changes as an impairment gain or loss.

For trade receivables the group considers a financial asset to be in default if the debtor is unlikely to pay its credit obligations to the group in full, without recourse by the group; or if the trade receivable is 90 days past due.

Other receivables and other financial assets are outside the normal course of business and are considered to be in default if the counterparty is unlikely to pay its credit obligations to the group in full, without recourse.

#### Equity instruments

An equity instrument represents a contract that evidences a residual interest in the net assets of an entity. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### Financial liabilities

The group classifies financial liabilities between amortised costs and fair value through profit or loss. Financial liabilities are not reclassified.

Financial liabilities are classified as at amortised cost, using the effective interest method, by default except for derivative liabilities which are classified and measured as at fair value through profit or loss.

Financial liabilities which have been designated at FVTPL consist of deferred consideration payable to Glencore on acquisition of the Mototolo Platinum Mine business.

Purchase of concentrate (POC) agreements are provisionally priced contracts to acquire inventory. The final price of the inventory is only determined three months into the future when quantities and prices are confirmed. Changes in prices include impacts of changes in the US dollar metal price as well as foreign exchange rates, as the final price is determined in ZAR. Upon delivery, the purchase of concentrate liability is recognised at amortised cost. Any changes in pricing between the delivery date and the date that prices are confirmed is recognised as an embedded derivative. Changes in the fair value of the embedded derivative is capitalised to inventory as it forms part of the cost directly related to bringing the inventory to its present location and condition.

Payables arising from lending metal in the course of trading activities have also been classified as at FVTPL.

#### Other financial liabilities

These include borrowings, lease liabilities, and trade and other payables. They are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated taking into account any issue costs and any discount or premium on settlement.

#### Derivative instruments

In the ordinary course of its operations, the group is exposed to fluctuations in metal prices, volatility of exchange rates and changes in interest rates. From time to time portions of these exposures are

# ANNEXURES CONTINUED

managed through the use of derivative financial instruments. Derivatives are initially measured at fair value.

All derivatives are subsequently marked to market at financial reporting dates and any changes in their fair values are included in other net income/expenditure in the period to which they relate.

Commodity contracts that are included in the group's trading activities fall within the scope of IFRS 9 are recognised and measured at fair value.

Gains or losses arising on all other contracts not spanning a reporting interval are recognised and included in the determination of other net income/expenditure at the time that the contract expires.

## Hedge accounting

The group designates certain hedging instruments, which include derivatives and non-derivatives, in respect of foreign currency risk as fair value hedges.

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Hedge accounting was ceased on 1 January 2020.

## Fair value hedges

Changes in the fair value of derivative and non-derivative financial instruments that are designated and qualify as fair value hedges, together with any changes in the fair value of the hedged assets or liability that are attributable to the hedged risk, are recognised immediately in profit or loss for the period. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item "other net expenditure".

## Embedded derivatives

Derivatives embedded in other financial instruments or host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the profit or loss for the period. In the case of purchase of contract agreements the changes are recognised in inventory as detailed under the financial liabilities section above.

## Physical settlement of contracts to buy or sell a non-financial item

In March 2019, the International Financial Reporting IFRS Interpretations Committee (IFRS IC) issued an agenda decision on the Physical Settlement of Contracts to Buy or Sell a Non-Financial Item. The committee concluded that, for physical commodity trades within the scope of IFRS 9 Financial Instruments, entities should not reverse previously recognised unrealised marked-to-market movements on settlement of the contract and that the settlement entries should instead include an entry for the settlement of the previously recognised derivative asset or liability. The Group has now amended its accounting policies and processes to comply with the agenda decision. The impact of adopting the agenda decision is not material for either the current or comparative period and hence comparative period results have not been restated.

## Cash and cash equivalents

Certain of the group's short term cash deposits, included in cash and cash equivalents, are placed with subsidiaries of the ultimate holding company, and funds are drawn down from these entities when required. In determining the presentation of the cash deposits management considered and were satisfied that the criteria of IAS 7 were met. The funds are readily available and can be accessed and withdrawn within a period of one to two days. As a result, the group accounts for these short-term deposits as cash and cash equivalents within the consolidated financial statements.

## 15. Foreign currencies

The South African rand is the functional currency of all the operations of the group, except Unki Platinum Mine which has a US dollar functional currency.

Foreign currency transactions are recorded at the spot rate of exchange on the transaction date. At the end of the period, monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the reporting date. Non-monetary assets and liabilities carried at fair value are translated at the rate of exchange ruling at the date of determining the fair value. Non-monetary items that are denominated in foreign currencies and measured at historical cost are not retranslated. Foreign exchange differences arising on monetary items are reflected in profit or loss except in limited circumstances.

The financial position of the group's foreign operations is translated into rand, using the exchange rate ruling at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period. If the exchange rates fluctuate significantly, then the items are translated at the exchange rates ruling at the date of the transaction. All resulting exchange differences on the group's foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

## 16. Environmental rehabilitation provisions

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

## Decommissioning costs

When the asset reaches commercial production an estimate is made of future decommissioning costs. The discounted amount of estimated decommissioning costs that embody future economic benefits is capitalised as a decommissioning asset and concomitant provisions are raised. These estimates are reviewed annually and discounted using a pre-tax risk-free rate that reflects current market assessments of the time value of money. The increase in decommissioning provisions, due to the passage of time, is charged to finance cost. All other changes in the carrying amount of the provision subsequent to initial recognition are included in the determination of the carrying amount of the decommissioning asset. Decommissioning assets are amortised on a straight-line basis over the lesser of the actual life of mine (LoM) or the expected benefit period.

### Restoration costs

Changes in the discounted amount of estimated restoration costs are charged to profit or loss during the period in which such changes occur. Estimated restoration costs are reviewed annually and discounted using a pre-tax risk-free rate that reflects current market assessments of the time value of money. The increase in restoration provisions, owing to the passage of time, is charged to finance cost. All other changes in the carrying amount of the provision subsequent to initial recognition are included in profit or loss for the period in which they occur.

### Ongoing rehabilitation costs

Expenditure on ongoing rehabilitation costs is recognised as an expense when incurred.

### Platinum Producers' Environmental Trust

The Platinum Producers' Environmental Trust was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the group's mines. The group funds its environmental obligations through a combination of funding the Platinum Producers' Environmental Trust and providing guarantees to the Department of Mineral Resources. Contributions are determined on the basis of the estimated environmental obligation over the life of a mine. Contributions made are reflected in non-current investments held by the Platinum Producers' Environmental Trust if the investments are not short term.

### 17. Borrowing costs

Borrowing costs are charged to interest paid.

When borrowings are utilised to fund qualifying capital expenditure, such borrowing costs are capitalised in the period in which the capital expenditure and related borrowing costs are incurred.

### 18. Employee benefits

#### Short-term employee benefits

Remuneration paid to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Accruals are made for accumulated leave and are measured at the amount that the group expects to pay when the leave is used.

#### Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed to terminating the employment of an employee or group of employees before their normal retirement date.

#### Post-employment benefits

##### Defined contribution plans

##### Retirement, provident and pension funds

Contributions to defined contribution plans in respect of services rendered during a reporting period are recognised as an expense in that period.

### 19. Share-based payments

The group issues equity-settled and cash-settled share-based instruments to certain employees. They are measured at the fair value of the equity instruments at the date of grant. The fair values used in the model have been adjusted for those with performance and/or market conditions, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on management's estimate of shares that are expected to eventually vest.

For cash-settled share-based payments, a liability equal to the fair value of the equity instruments at the date of grant is recognised.

### 20. Net investment income – company

Dividends are recognised when the right to receive payment is established.

### 21. Treasury shares

The carrying value of the company's shares held by the company's subsidiaries in respect of the group's employee share schemes are reflected as treasury shares and shown as a reduction in shareholders' equity. The carrying value comprises the cost of purchasing these shares. When the shares vest, shareholders' equity increases by a commensurate amount.

### 22. Guarantees

A financial guarantee contract requires the issuer to reimburse the holder for a loss it incurs by the debtor failing to make payments when due in accordance with the agreed terms of the debt instrument.

On a transaction-by-transaction basis the group assesses whether such guarantees will be treated as financial instruments or as insurance contracts.

Where such a guarantee is explicitly stated as being an insurance contract by the group, the guarantee is only recognised and disclosed to the extent that such contract will need to be honoured.

### 23. Comparative figures

The comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements.

To the extent that restatements occur, the statement of financial position includes a third comparative period and the previous comparative period of the statements of comprehensive income, financial position, cash flow and changes in equity are re-adjusted accordingly. A note is included in the financial statements which explains the nature of the restatement as well as actions taken and an analysis comparing restated information to previously reported information, that were directly restated.

Certain additional disclosure has been provided in respect of the current year. To the extent practicable, comparative information has also been provided.

# ANNEXURES CONTINUED

## ANNEXURE D

### REMUNERATION OF KEY MANAGEMENT

#### Service contracts of executive directors and prescribed officers

All executive directors and prescribed officers have permanent employment contracts with Amplats or its subsidiaries. The contracts prescribe notice periods of 12 months for the CEO and six months for the finance director and prescribed officers. Executive directors and prescribed officers are subject to a restraint of trade period of six months from date of termination. Senior management's notice period was increased to three months as a retention mechanism. These contracts are regularly reviewed to ensure they remain aligned with governance and legislative requirements.

#### External appointments

Executive directors are not permitted to hold external directorships or offices without the approval of the committee. If approval is granted, directors may retain fees payable from one such appointment. The company policy on internal and external directorships stipulates that:

- The executive director may, as part of the non-executive directorship position, participate in one committee of that board
- Fees not retained by the executive director from both external and internal sources must be ceded to the company before accruing to the director.

#### Executive director total remuneration

The annual cash incentive and BSP award for the CEO, finance director and other prescribed officers are set out below.

#### 2020 annual cash incentive payments and BSPs to be awarded in 2021 relating to performance in 2020

| Name                              | Annual cash incentive<br>R | Percentage of base salary | BSPs awarded<br>R | Cash award in lieu of BSP | Percentage of basic salary |
|-----------------------------------|----------------------------|---------------------------|-------------------|---------------------------|----------------------------|
| <b>Executive directors</b>        |                            |                           |                   |                           |                            |
| N Viljoen <sup>1</sup>            | 5,418,923                  | 71.25%                    | 5,418,923         |                           | 71.25%                     |
| CW Miller                         | 3,343,584                  | 45.60%                    | 3,343,584         |                           | 45.60%                     |
| <b>Prescribed officers</b>        |                            |                           |                   |                           |                            |
| GA Humphries                      | 1,716,319                  | 32.40%                    | 1,716,319         |                           | 32.40%                     |
| R Blignaut <sup>2</sup>           | 913,680                    | 32.40%                    | 1,311,567         |                           | 46.51%                     |
| GL Smith <sup>3</sup>             | 1,727,796                  | 32.40%                    |                   | 1,727,796                 | 32.40%                     |
| LN Mogaki                         | 1,570,725                  | 32.40%                    | 1,570,725         |                           | 32.40%                     |
| P Moodliar                        | 1,485,459                  | 32.40%                    | 1,485,459         |                           | 32.40%                     |
| Y Mfola <sup>4</sup>              | 864,000                    | 32.40%                    | 1,202,977         |                           | 45.11%                     |
| <b>Former prescribed officers</b> |                            |                           |                   |                           |                            |
| S Macheli-Mkhabela <sup>5</sup>   | 370,454                    | 32.40%                    | —                 | —                         | —%                         |

<sup>1</sup> N Viljoen joined Amplats 1 April 2020.

<sup>2</sup> R Blignaut joined Amplats 1 May 2020, he received a pro-rated incentive bonus for the period within AAP, his BSP allocation is for the full 12 months of service within the group, as per the scheme policy.

<sup>3</sup> GL Smith is within two years of retirement and will receive the cash value equivalent in line with policy.

<sup>4</sup> Y Mfola joined Amplats 1 May 2020, she received a pro-rated incentive bonus for the period within AAP, her BSP allocation is for the full 12 months of service within the group, as per the scheme policy.

<sup>5</sup> S Macheli-Mkhabela left Amplats and moved within the group. BSP's will be awarded, as per the policy, by the new business unit.

2020 LTIP outcomes and awards

The annual share awards allocations for 2020 and performance outcomes for 2018 share awards (with performance period ended 31 December 2020) for the CEO and prescribed officers are set out below:

LTIP awards made in 2020

| Name                       | Number of LTIP awards | Market face value | % of base salary |
|----------------------------|-----------------------|-------------------|------------------|
| <b>Executive directors</b> |                       |                   |                  |
| N Viljoen                  | 16,695                | 16,521,450        | 150%             |
| CW Miller                  | 9,262                 | 9,165,525         | 125%             |
| <b>Prescribed officers</b> |                       |                   |                  |
| GA Humphries               | 5,353                 | 5,297,280         | 100%             |
| R Blignaut                 | 4,274                 | 4,230,000         | 100%             |
| LN Mogaki                  | 4,899                 | 4,847,916         | 100%             |
| P Moodliar                 | 4,478                 | 4,431,000         | 100%             |
| Y Mfolo                    | 4,042                 | 4,000,000         | 100%             |
| <b>Total</b>               | <b>49,003</b>         | <b>48,493,171</b> |                  |

# ANNEXURES CONTINUED

## Vesting of LTIP awards (2018 – performance period ended 31 December 2020)

The extent to which performance measures for the 2018 award were met is detailed below. These awards will vest on 20 April 2021 after a three-year vesting period has lapsed.

| LTIP measures                                | Below | Threshold | Target | Above |
|----------------------------------------------|-------|-----------|--------|-------|
| Total shareholder return (70%)               |       | •         |        |       |
| Return on capital employed (10%)             |       |           |        | •     |
| Cumulative attributable free cash flow (10%) | •     |           |        |       |
| Safety and sustainable development (10%)     |       | •         |        |       |
| <b>Resulting vesting LTIP award</b>          | 55.3% |           |        |       |

## Total remuneration outcomes

Total remuneration outcomes and mix between fixed and variable pay in 2020 for the CEO, finance director and prescribed officers are shown in the income statement below.

## Executive directors and prescribed officers

Total remuneration and detail on outstanding and settled long-term incentives of executive directors and prescribed officers for 2019 and 2020 are reflected in the income statement below. The format is aligned to the King IV recommended single total figure disclosure of remuneration.

## Total single figure of remuneration (income statement)

| Executive directors and prescribed officers | Financial year | Base salary <sup>1</sup><br>R | Retirement and medical aid <sup>2</sup><br>R | Cash incentive<br>R | BSP share or cash award <sup>3,4</sup><br>R | LTIP reflected <sup>5,6</sup><br>R | Other<br>R | Total single figure of remuneration<br>R |
|---------------------------------------------|----------------|-------------------------------|----------------------------------------------|---------------------|---------------------------------------------|------------------------------------|------------|------------------------------------------|
| <b>Executive directors</b>                  |                |                               |                                              |                     |                                             |                                    |            |                                          |
| N Viljoen <sup>7</sup>                      | 2020           | 7,605,506                     | 1,134,439                                    | 5,418,923           | 5,418,923                                   | —                                  | 856,634    | 20,434,425                               |
|                                             | 2019           | —                             | —                                            | —                   | —                                           | —                                  | —          | —                                        |
| CW Miller <sup>15</sup>                     | 2020           | 7,332,420                     | 1,142,034                                    | 3,343,584           | 3,343,584                                   | —                                  | —          | 15,161,622                               |
|                                             | 2019           | 5,212,620                     | 796,223                                      | 3,390,290           | 3,390,290                                   | —                                  | —          | 12,789,423                               |
| <b>Prescribed officers</b>                  |                |                               |                                              |                     |                                             |                                    |            |                                          |
| GA Humphries                                | 2020           | 5,297,280                     | 862,598                                      | 1,716,319           | 1,716,319                                   | 9,062,249                          | —          | 18,654,765                               |
|                                             | 2019           | 5,021,112                     | 800,507                                      | 2,169,120           | 3,036,769                                   | 12,150,694                         | —          | 23,178,202                               |
| R Blignaut <sup>8</sup>                     | 2020           | 2,820,000                     | 453,958                                      | 913,680             | 1,311,567                                   | —                                  | —          | 5,499,205                                |
|                                             | 2019           | —                             | —                                            | —                   | —                                           | —                                  | —          | —                                        |
| GL Smith <sup>9</sup>                       | 2020           | 5,332,704                     | 831,684                                      | 1,727,796           | 1,727,796                                   | 9,122,429                          | —          | 18,742,409                               |
|                                             | 2019           | 5,054,689                     | 787,345                                      | 2,183,624           | 3,057,073                                   | 12,231,867                         | —          | 23,314,598                               |
| LN Mogaki                                   | 2020           | 4,847,916                     | 782,056                                      | 1,570,725           | 1,570,725                                   | 9,122,429                          | —          | 17,893,851                               |
|                                             | 2019           | 4,595,172                     | 738,533                                      | 1,985,113           | 2,779,158                                   | 12,231,866                         | —          | 22,329,842                               |
| P Moodliar                                  | 2020           | 4,584,750                     | 742,249                                      | 1,485,459           | 1,485,459                                   | —                                  | —          | 8,297,917                                |
|                                             | 2019           | 3,500,000                     | 567,530                                      | 1,512,000           | 2,116,800                                   | —                                  | —          | 7,696,330                                |
| Y Mfolo <sup>10</sup>                       | 2020           | 2,666,664                     | 450,239                                      | 864,000             | 1,202,977                                   | —                                  | —          | 5,183,880                                |
|                                             | 2019           | —                             | —                                            | —                   | —                                           | —                                  | —          | —                                        |
| <b>Former directors</b>                     |                |                               |                                              |                     |                                             |                                    |            |                                          |
| CI Griffith <sup>11</sup>                   | 2020           | 9,778,971                     | 1,736,949                                    | 1,019,762           | 1,019,762                                   | 26,562,626                         | 5,166,719  | 45,284,789                               |
|                                             | 2019           | 9,044,327                     | 1,589,218                                    | 7,353,037           | 11,029,556                                  | 35,943,105                         | 1,076,719  | 66,035,962                               |
| I Botha <sup>12</sup>                       | 2019           | 1,190,990                     | 177,613                                      | —                   | —                                           | —                                  | —          | 1,368,603                                |
| <b>Former employees</b>                     |                |                               |                                              |                     |                                             |                                    |            |                                          |
| DW Pelsier <sup>13</sup>                    | 2020           | 5,279,373                     | 833,974                                      | 2,912,401           | 2,912,401                                   | 9,573,118                          | 7,643,138  | 29,154,405                               |
|                                             | 2019           | 5,459,064                     | 872,125                                      | 2,358,313           | 3,301,638                                   | 13,210,328                         | —          | 25,201,468                               |
| S Macheli-Mkhabela <sup>14</sup>            | 2020           | 1,143,378                     | 185,153                                      | 370,454             | —                                           | 8,605,823                          | —          | 10,304,808                               |
|                                             | 2019           | 4,335,072                     | 700,689                                      | 1,872,747           | 2,621,846                                   | 11,539,704                         | —          | 21,070,058                               |
| VP Pillay <sup>15</sup>                     | 2020           | —                             | —                                            | —                   | —                                           | 3,350,278                          | —          | 3,350,278                                |
|                                             | 2019           | —                             | —                                            | —                   | —                                           | 8,983,857                          | —          | 8,983,857                                |
| I Pillay <sup>16</sup>                      | 2020           | —                             | —                                            | —                   | —                                           | —                                  | —          | —                                        |
|                                             | 2019           | 2,726,456                     | 464,975                                      | —                   | —                                           | —                                  | 1,222,815  | 4,414,246                                |

## Notes

<sup>1</sup> Base salary is the aggregate of basic salary plus an optional car allowance and provision towards a 13th cheque.

<sup>2</sup> Benefits are reported as the sum of retirement and medical aid contributions.

<sup>3</sup> The value of the 2021 BSP shares awarded on the basis of performance for the 2020 financial year is reflected in the 2020 single figure of remuneration.

<sup>4</sup> The value of the 2020 BSP shares was awarded on the basis of performance for the 2019 financial year.

<sup>5</sup> The value of the 2018 LTIP with a performance period ending on 31 December 2020 is reflected in the 2020 single figure of remuneration at a 90-day VWAP of R1,222.76 per share.

<sup>6</sup> The value of the 2017 LTIP with a performance period ending on 31 December 2019 is reflected in the 2019 single figure of remuneration at a 90-day VWAP of R1,096.93 per share.

<sup>7</sup> N Viljoen has an offshore GBP component to her remuneration which has been converted at monthly exchange rates and reported in ZAR. The amount reported as "other" refers to the value of the use of a company vehicle for N Viljoen.

<sup>8</sup> R Blignaut joined Amplats on 1 May 2020.

<sup>9</sup> GL Smith falls within the two-year cut-off threshold as per the share award policy. LTIP and BSP are awarded as cash payments, conditional on remaining in service until the effective retirement date.

<sup>10</sup> Y Mfolo joined Amplats on 1 May 2020.

<sup>11</sup> CI Griffith received an exit agreement reported under bonus and BSP, separation payments (R3,000,000 and GBP50,000) all reported under other. CI Griffith's value of the use of the company vehicle is also reported as "other".

<sup>12</sup> I Botha resigned effective 28 February 2019.

<sup>13</sup> DW Pelsier left Amplats in November 2020 and received MSP agreement reported under other (R5,383,347 severance pay, R500,000 car benefit, R2,912,401 performance bonus, R2,912,401 BSP cash in lieu for 2020 and R1,759,791 LTIP pro-rated 35/36 months).

<sup>14</sup> S Macheli-Mkhabela transferred to Anglo American plc SA effective 1 April 2020.

Includes replacement awards for benefits lost on resignation from previous employer.

<sup>15</sup> In 2018 VP Pillay fell within the two-year cut-off threshold as per the share award policy. LTIP and BSP are awarded as cash payments, conditional on remaining in service until the effective retirement date, which was 31 December 2018.

<sup>16</sup> I Pillay resigned effective 31 August 2018.

# ANNEXURES CONTINUED

## Unvested long-term incentive awards and cash value of settled awards

| Incentive scheme    | Award date | Vest date | Value at grant date per share R | Vesting % | Number of awards/shares | Cash value on settlement in 2019 | Fair value on 31 Dec 2019 <sup>1</sup> | Cash value on settlement in 2020 | Fair value on 31 Dec 2020 <sup>2</sup> |
|---------------------|------------|-----------|---------------------------------|-----------|-------------------------|----------------------------------|----------------------------------------|----------------------------------|----------------------------------------|
| <b>N Viljoen</b>    |            |           |                                 |           |                         |                                  |                                        |                                  |                                        |
| LTIP                | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | —                       | —                                | —                                      | —                                | —                                      |
| LTIP                | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | —                       | —                                | —                                      | —                                | —                                      |
| LTIP                | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | —                       | —                                | —                                      | —                                | —                                      |
| LTIP                | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | —                       | —                                | —                                      | —                                | —                                      |
| LTIP                | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | 16,695                  | —                                | —                                      | —                                | 12,248,387                             |
| BSP                 | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | —                       | —                                | —                                      | —                                | —                                      |
| BSP                 | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | —                       | —                                | —                                      | —                                | —                                      |
| BSP                 | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | —                       | —                                | —                                      | —                                | —                                      |
| BSP                 | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | —                       | —                                | —                                      | —                                | —                                      |
| BSP                 | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | —                       | —                                | —                                      | —                                | —                                      |
| <b>Total</b>        |            |           |                                 |           | 16,695                  | —                                | —                                      | —                                | 12,248,387                             |
| <b>CW Miller</b>    |            |           |                                 |           |                         |                                  |                                        |                                  |                                        |
| LTIP                | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | —                       | —                                | —                                      | —                                | —                                      |
| LTIP                | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | —                       | —                                | —                                      | —                                | —                                      |
| LTIP                | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | —                       | —                                | —                                      | —                                | —                                      |
| LTIP                | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | 11,493                  | —                                | 7,564,210                              | —                                | 8,431,908                              |
| LTIP                | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | 9,262                   | —                                | —                                      | —                                | 6,795,122                              |
| BSP                 | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | —                       | —                                | —                                      | —                                | —                                      |
| BSP                 | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | —                       | —                                | —                                      | —                                | —                                      |
| BSP                 | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | —                       | —                                | —                                      | —                                | —                                      |
| BSP                 | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | —                       | —                                | —                                      | —                                | —                                      |
| BSP                 | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | 2,540                   | —                                | —                                      | —                                | 3,105,810                              |
| <b>Total</b>        |            |           |                                 |           | 23,295                  | —                                | 7,564,210                              | —                                | 18,332,840                             |
| <b>GA Humphries</b> |            |           |                                 |           |                         |                                  |                                        |                                  |                                        |
| LTIP                | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | —                       | —                                | —                                      | —                                | —                                      |
| LTIP                | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | 11,303                  | —                                | 7,439,160                              | 8,339,164                        | —                                      |
| LTIP                | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | 13,402                  | —                                | 8,129,684                              | —                                | 9,062,249                              |
| LTIP                | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | 6,643                   | —                                | 4,372,144                              | —                                | 4,873,677                              |
| LTIP                | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | 5,353                   | —                                | —                                      | —                                | 3,927,261                              |
| BSP                 | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | 2,466                   | 1,856,503                        | —                                      | —                                | —                                      |
| BSP                 | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | 3,415                   | —                                | 3,746,016                              | 2,570,949                        | —                                      |
| BSP                 | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | 7,580                   | —                                | 8,314,729                              | —                                | 9,268,521                              |
| BSP                 | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | 3,704                   | —                                | 4,063,029                              | —                                | 4,529,103                              |
| BSP                 | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | 2,275                   | —                                | —                                      | —                                | 2,781,779                              |
| <b>Total</b>        |            |           |                                 |           | 56,141                  | 1,856,503                        | 36,064,762                             | 10,910,113                       | 34,442,590                             |

| Incentive scheme  | Award date | Vest date | Value at grant date per share R | Vesting % | Number of awards/shares | Cash value on settlement in 2019 | Fair value on 31 Dec 2019 | Cash value on settlement in 2020 | Fair value on 31 Dec 2020 |
|-------------------|------------|-----------|---------------------------------|-----------|-------------------------|----------------------------------|---------------------------|----------------------------------|---------------------------|
| <b>R Blignaut</b> |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| LTIP              | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | —                       | —                                | —                         | —                                | —                         |
| LTIP              | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | —                       | —                                | —                         | —                                | —                         |
| LTIP              | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | —                       | —                                | —                         | —                                | —                         |
| LTIP              | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | —                       | —                                | —                         | —                                | —                         |
| LTIP              | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | 4,274                   | —                                | —                         | —                                | 3,135,646                 |
| BSP               | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP               | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP               | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP               | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP               | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| <b>Total</b>      |            |           |                                 |           | 4,274                   | —                                | —                         | —                                | 3,135,646                 |
| <b>GL Smith</b>   |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| LTIP              | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | 9,661                   | 6,869,665                        | —                         | —                                | —                         |
| LTIP              | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | 11,379                  | —                                | 7,489,180                 | 8,395,235                        | —                         |
| LTIP              | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | 13,491                  | —                                | 8,183,671                 | —                                | 9,122,429                 |
| LTIP              | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | 6,687                   | —                                | 4,401,103                 | —                                | 4,905,958                 |
| LTIP              | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | 5,389                   | —                                | —                         | —                                | 3,953,672                 |
| BSP               | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | 5,801                   | 4,367,225                        | —                         | —                                | —                         |
| BSP               | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP               | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP               | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP               | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| <b>Total</b>      |            |           |                                 |           | 52,408                  | 11,236,890                       | 20,073,954                | 8,395,235                        | 17,982,059                |
| <b>LN Mogaki</b>  |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| LTIP              | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | 9,661                   | 6,869,665                        | —                         | —                                | —                         |
| LTIP              | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | 11,379                  | —                                | 7,489,180                 | 8,395,235                        | —                         |
| LTIP              | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | 13,491                  | —                                | 8,183,671                 | —                                | 9,122,429                 |
| LTIP              | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | 6,079                   | —                                | 4,000,942                 | —                                | 4,459,895                 |
| LTIP              | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | 4,899                   | —                                | —                         | —                                | 3,594,181                 |
| BSP               | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | 5,414                   | 4,075,876                        | —                         | —                                | —                         |
| BSP               | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | 6,561                   | —                                | 7,196,958                 | 4,939,383                        | —                         |
| BSP               | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | 8,176                   | —                                | 8,968,500                 | —                                | 9,997,286                 |
| BSP               | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | 3,698                   | —                                | 4,056,447                 | —                                | 4,521,766                 |
| BSP               | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | 2,082                   | —                                | —                         | —                                | 2,545,786                 |
| <b>Total</b>      |            |           |                                 |           | 71,440                  | 10,945,541                       | 39,895,698                | 13,334,618                       | 34,241,343                |

# ANNEXURES CONTINUED

| Incentive scheme               | Award date | Vest date | Value at grant date per share R | Vesting % | Number of awards/shares | Cash value on settlement in 2019 | Fair value on 31 Dec 2019 | Cash value on settlement in 2020 | Fair value on 31 Dec 2020 |
|--------------------------------|------------|-----------|---------------------------------|-----------|-------------------------|----------------------------------|---------------------------|----------------------------------|---------------------------|
| <b>P Moodliar</b>              |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| LTIP                           | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | —                       | —                                | —                         | —                                | —                         |
| LTIP                           | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | —                       | —                                | —                         | —                                | —                         |
| LTIP                           | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | —                       | —                                | —                         | —                                | —                         |
| LTIP                           | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | —                       | —                                | —                         | —                                | —                         |
| LTIP                           | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | 4,478                   | —                                | —                         | —                                | 3,285,312                 |
| BSP                            | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP                            | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP                            | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP                            | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP                            | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | 1,586                   | —                                | —                         | —                                | 1,939,297                 |
| <b>Total</b>                   |            |           |                                 |           | 6,064                   | —                                | —                         | —                                | 5,224,609                 |
| <b>Y Mfolo</b>                 |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| LTIP                           | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | —                       | —                                | —                         | —                                | —                         |
| LTIP                           | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | —                       | —                                | —                         | —                                | —                         |
| LTIP                           | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | —                       | —                                | —                         | —                                | —                         |
| LTIP                           | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | —                       | —                                | —                         | —                                | —                         |
| LTIP                           | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | 4,042                   | —                                | —                         | —                                | 2,965,438                 |
| BSP                            | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP                            | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP                            | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP                            | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| BSP                            | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| <b>Total</b>                   |            |           |                                 |           | 4,042                   | —                                | —                         | —                                | 2,965,438                 |
| <b>Former director</b>         |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| <b>CI Griffith<sup>3</sup></b> |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| LTIP                           | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | 31,072                  | 22,094,348                       | —                         | —                                | —                         |
| LTIP                           | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | 33,436                  | —                                | 22,006,171                | 24,668,519                       | —                         |
| LTIP                           | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | 39,283                  | —                                | 23,829,158                | —                                | 26,562,626                |
| LTIP                           | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | 17,920                  | —                                | 11,794,191                | —                                | 13,147,116                |
| LTIP                           | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | —                       | —                                | —                         | —                                | —                         |
| BSP                            | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | 12,533                  | 9,435,344                        | —                         | —                                | —                         |
| BSP                            | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | 18,732                  | —                                | 20,547,693                | 14,102,199                       | —                         |
| BSP                            | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | 28,178                  | —                                | 30,909,294                | —                                | 34,454,931                |
| BSP                            | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | 14,031                  | —                                | 15,391,025                | —                                | 17,156,546                |
| BSP                            | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | —                       | —                                | —                         | —                                | —                         |
| <b>Total</b>                   |            |           |                                 |           | 195,185                 | 31,529,692                       | 124,477,532               | 38,770,718                       | 91,321,219                |

| Incentive scheme             | Award date | Vest date | Value at grant date per share R | Vesting % | Number of awards/shares | Cash value on settlement in 2019 | Fair value on 31 Dec 2019 | Cash value on settlement in 2020 | Fair value on 31 Dec 2020 |
|------------------------------|------------|-----------|---------------------------------|-----------|-------------------------|----------------------------------|---------------------------|----------------------------------|---------------------------|
| <b>Former employees</b>      |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| <b>DW Pelser<sup>4</sup></b> |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| LTIP                         | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | 10,434                  | 7,419,238                        | —                         | —                                | —                         |
| LTIP                         | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | 12,289                  | —                                | 8,088,104                 | 9,066,618                        | —                         |
| LTIP                         | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | 14,570                  | —                                | 8,838,195                 | —                                | 9,852,034                 |
| LTIP                         | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | 7,222                   | —                                | 4,753,217                 | —                                | 5,298,464                 |
| LTIP                         | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | —                       | —                                | —                         | —                                | —                         |
| BSP                          | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | 5,450                   | 4,102,978                        | —                         | —                                | —                         |
| BSP                          | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | 8,176                   | —                                | 8,968,500                 | 6,155,220                        | —                         |
| BSP                          | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | 8,241                   | —                                | 9,039,800                 | 9,295,246                        | —                         |
| BSP                          | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | 4,028                   | —                                | 4,418,434                 | 4,543,290                        | —                         |
| BSP                          | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | 2,474                   | —                                | —                         | 2,790,491                        | —                         |
| <b>Total</b>                 |            |           |                                 |           | 72,884                  | 11,522,216                       | 44,106,250                | 31,850,865                       | 15,150,498                |
| <b>S Macheli-Mhkabela</b>    |            |           |                                 |           |                         |                                  |                           |                                  |                           |
| LTIP                         | 13/4/2016  | 13/4/2019 | 399,00                          | 94,5%     | 9,114                   | 6,480,447                        | —                         | —                                | —                         |
| LTIP                         | 13/4/2017  | 13/4/2020 | 367,15                          | 98,0%     | 10,735                  | —                                | 7,065,326                 | 7,920,103                        | —                         |
| LTIP                         | 20/4/2018  | 20/4/2021 | 321,33                          | 55,3%     | 12,727                  | —                                | 7,720,227                 | —                                | 8,605,823                 |
| LTIP                         | 16/4/2019  | 16/5/2022 | 755,89                          | 60,0%     | 5,735                   | —                                | 3,774,536                 | —                                | 4,207,517                 |
| LTIP                         | 6/5/2020   | 13/5/2023 | 989,61                          | 60,0%     | —                       | —                                | —                         | —                                | —                         |
| BSP                          | 13/4/2016  | 13/4/2019 | 399,00                          | 100,0%    | 4,743                   | 3,570,720                        | —                         | —                                | —                         |
| BSP                          | 13/4/2017  | 13/4/2020 | 367,15                          | 100,0%    | 5,237                   | —                                | 5,744,622                 | 3,942,623                        | —                         |
| BSP                          | 15/2/2018  | 15/2/2021 | 321,33                          | 100,0%    | 6,685                   | —                                | 7,332,977                 | —                                | 8,174,151                 |
| BSP                          | 13/2/2019  | 13/2/2022 | 755,89                          | 100,0%    | 3,239                   | —                                | 3,552,956                 | —                                | 3,960,520                 |
| BSP                          | 12/2/2020  | 12/2/2023 | 989,61                          | 100,0%    | 1,965                   | —                                | —                         | —                                | 2,402,723                 |
| <b>Total</b>                 |            |           |                                 |           | 60,180                  | 35,190,644                       | 35,190,645                | 11,862,726                       | 27,350,734                |

Notes

<sup>1</sup> The 90-day volume-weighted average price (VWAP), for determining the fair value of unvested awards at 31 December 2019 is R1 096.93 per share.

<sup>2</sup> The 90-day volume-weighted average price (VWAP), for determining the fair value of unvested awards at 31 December 2020 is R1 222,76 per share.

<sup>3</sup> Cl Griffith did not receive a LTIP2020 nomination and his unvested BSP's will only vest on termination date 31 March 2021. LTIP's will vest on their normal vesting dates prorated for service.

<sup>4</sup> DW Pelser received LTIP2020 as cash in lieu prorated for service, BSP 2018, 2019 and 2020 were accelerated to termination date and vested at the November 2020 share price of R1,127.927.

# ANNEXURES CONTINUED

## NON-EXECUTIVE DIRECTORS' FEES

### Increase in non-executive director fees

Fees payable to non-executive directors are annually benchmarked to industry and size-based comparators. There is a significant disparity between non-executive director fees and competing industry rates, resulting in these fees significantly lagging the market median for each committee of the board. As communicated to shareholders at the 2017 AGM, the committee has incorporated a three-year catch-up strategy to align current fees to market levels. For 2020, non-executive director fees were adjusted in line with inflation, with an additional adjustment together capped at 20% to move closer to the market median. This process started a second three-year catch-up to the median, anticipated to be completed in 2022. Please refer to resolution 9 in the notice for the proposed adjustments approved by shareholders at the 2020 AGM. During the Covid-19 pandemic, the directors voluntarily contributed 30% of their fees to the Solidarity Fund and other Covid relief funds for Covid support.

The tables below reflect non-executive fees for 2019 and 2020.

### Non-executive directors' fees

| Current                          | Financial year<br>R | Directors' fees<br>R | Ad hoc committee meeting<br>R | Committee fees<br>R | Total remuneration<br>R |
|----------------------------------|---------------------|----------------------|-------------------------------|---------------------|-------------------------|
| M Cutifani <sup>3,8</sup>        | 2020                | 423,616              | 28,000                        | 130,510             | 582,126                 |
|                                  | 2019                | 425,000              | —                             | 120,667             | 545,667                 |
| RMW Dunne <sup>1,2,3,4,5,6</sup> | 2020                | 155,900              | 28,000                        | 470,500             | 654,400                 |
|                                  | 2019                | 425,000              | 23,000                        | 906,333             | 1,354,333               |
| N Mbazima <sup>2,3,5,6</sup>     | 2020                | 2,239,020            | 28,000                        | 621,453             | 2,888,473               |
|                                  | 2019                | 1,331,667            | —                             | 431,000             | 1,762,667               |
| V Moosa                          | 2020                | —                    | —                             | —                   | —                       |
|                                  | 2019                | 488,336              | —                             | 215,783             | 704,119                 |
| NP Mageza <sup>1,3,4</sup>       | 2020                | 1,287,491            | 28,000                        | 559,330             | 1,874,821               |
|                                  | 2019                | 978,609              | —                             | 361,000             | 1,339,609               |
| NT Moholi <sup>2,4,5,6</sup>     | 2020                | 467,913              | 28,000                        | 739,530             | 1,235,443               |
|                                  | 2019                | 425,000              | 23,000                        | 683,667             | 1,131,667               |
| D Naidoo <sup>1,2,4</sup>        | 2020                | 400,574              | 28,000                        | 442,365             | 870,939                 |
|                                  | 2019                | 425,000              | 23,000                        | 408,000             | 856,000                 |
| A O'Neill <sup>8</sup>           | 2020                | 433,242              | 28,000                        | —                   | 461,242                 |
|                                  | 2019                | 425,000              | —                             | —                   | 425,000                 |
| JM Vice <sup>1,4,6</sup>         | 2020                | 443,736              | 28,000                        | 538,682             | 1,010,418               |
|                                  | 2019                | 425,000              | 23,000                        | 419,333             | 867,333                 |
| S Pearce <sup>8</sup>            | 2020                | 433,242              | 28,000                        | —                   | 461,242                 |
|                                  | 2019                | 425,000              | —                             | —                   | 425,000                 |
| D Emmett <sup>5,6,9</sup>        | 2020                | —                    | —                             | 363,780             | 363,780                 |
|                                  | 2019                | —                    | —                             | 332,667             | 332,667                 |
| T Leoka <sup>2,4,5</sup>         | 2020                | 202,010              | —                             | 67,224              | 269,234                 |
|                                  | 2019                | —                    | —                             | —                   | —                       |
| R Dixon <sup>4,6</sup>           | 2020                | 202,010              | —                             | 47,633              | 249,643                 |
|                                  | 2019                | —                    | —                             | —                   | —                       |
| <b>Total</b>                     | <b>2020</b>         | <b>6,688,754</b>     | <b>252,000</b>                | <b>3,981,007</b>    | <b>10,921,761</b>       |

<sup>1</sup> Audit committee.

<sup>2</sup> Remuneration committee.

<sup>3</sup> Nomination committee.

<sup>4</sup> Corporate governance committee.

<sup>5</sup> Social, ethics and transformation committee.

<sup>6</sup> Safety and sustainable development committee.

<sup>7</sup> Directors' fees ceded to Anglo Operations Limited (AOL), a wholly owned subsidiary of Anglo American plc.

<sup>8</sup> Directors' fees ceded to Anglo American Services UK Limited, a wholly owned subsidiary of Anglo American plc.

<sup>9</sup> D Emmett is not a director but a committee member only.

# ANGLO AMERICAN PLATINUM LIMITED

for the year ended 31 December 2020

## SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

|                                                                                           | Notes | 2020<br>Rm   | 2019<br>Rm |
|-------------------------------------------------------------------------------------------|-------|--------------|------------|
| Net investment income                                                                     | 1     | 6,398        | 19         |
| Operating costs                                                                           |       | (26)         | (14)       |
| Reversal of impairment of loan to Rustenburg Platinum Mines (RPM)                         | 2     | 682          | 4,918      |
| <b>Profit before taxation</b>                                                             | 2     | <b>7,054</b> | 4,923      |
| Taxation expense                                                                          | 3     | (7)          | (1)        |
| <b>Profit for the year</b>                                                                |       | <b>7,047</b> | 4,922      |
| Net gains on equity investments at fair value through other comprehensive income (FVTOCI) |       | 96           | —          |
| <b>Total comprehensive income</b>                                                         |       | <b>7,143</b> | 4,922      |

## SEPARATE STATEMENT OF FINANCIAL POSITION

as at 31 December

|                                                                       | Notes | 2020<br>Rm    | 2019<br>Restated <sup>1</sup><br>Rm | 1 January<br>2019<br>Restated <sup>1</sup><br>Rm |
|-----------------------------------------------------------------------|-------|---------------|-------------------------------------|--------------------------------------------------|
| <b>ASSETS</b>                                                         |       |               |                                     |                                                  |
| <b>Non-current assets</b>                                             |       | <b>71,766</b> | 78,359                              | 78,391                                           |
| Investments                                                           | 4     | 71,641        | 71,591                              | 16,446                                           |
| Loans to subsidiaries (Annexure B)                                    | 5     | 29            | 6,761                               | 61,936                                           |
| Other financial assets                                                |       | 96            | —                                   | —                                                |
| Deferred taxation                                                     |       | —*            | 7                                   | 9                                                |
| <b>Current assets</b>                                                 |       | <b>3</b>      | —                                   | 6                                                |
| Cash and cash equivalents                                             |       | 3             | —                                   | 5                                                |
| Trade and other receivables*                                          |       | —             | *                                   | 1                                                |
| <b>Total assets</b>                                                   |       | <b>71,769</b> | 78,359                              | 78,397                                           |
| <b>EQUITY AND LIABILITIES</b>                                         |       |               |                                     |                                                  |
| <b>Share capital and reserves</b>                                     |       |               |                                     |                                                  |
| Share capital                                                         | 6     | 27            | 27                                  | 27                                               |
| Share premium                                                         |       | 23,112        | 23,112                              | 23,112                                           |
| Retained earnings                                                     |       | 46,667        | 53,360                              | 53,399                                           |
| Remeasurements of equity investments irrevocably designated at FVTOCI |       | 96            | —                                   | —                                                |
| <b>SHAREHOLDERS' EQUITY</b>                                           |       | <b>69,902</b> | 76,499                              | 76,538                                           |
| <b>Current liabilities</b>                                            |       | <b>1,867</b>  | 1,860                               | 1,859                                            |
| Loans from subsidiaries (Annexure B)                                  |       | 1,853         | 1,853                               | 1,853                                            |
| Other payables                                                        | 7     | 14            | 7                                   | 6                                                |
| <b>Total equity and liabilities</b>                                   |       | <b>71,769</b> | 78,359                              | 78,397                                           |

\* Less than R500,000.

<sup>1</sup> Refer to note 12

# ANGLO AMERICAN PLATINUM LIMITED CONTINUED

## SEPARATE STATEMENT OF CASH FLOWS

for the year ended 31 December

|                                                  | Notes | 2020<br>Rm      | 2019<br>Rm     |
|--------------------------------------------------|-------|-----------------|----------------|
| <b>Cash flows used in operating activities</b>   |       |                 |                |
| Cash used in operations                          | 8     | (28)            | (195)          |
| <b>Net cash used in operating activities</b>     |       | <b>(28)</b>     | <b>(195)</b>   |
| <b>Cash flows from investing activities</b>      |       |                 |                |
| Decrease in loans to subsidiaries                |       | 7,414           | 5,093          |
| Dividend received                                |       | 6,387           | —              |
| Guarantee fees received                          |       | 11              | 19             |
| <b>Net cash from investing activities</b>        |       | <b>13,812</b>   | <b>5,112</b>   |
| <b>Cash flows used in financing activities</b>   |       |                 |                |
| Dividends paid                                   |       | (13,781)        | (4,922)        |
| Repurchase of shares                             |       | —*              | —              |
| <b>Net cash used in financing activities</b>     |       | <b>(13,781)</b> | <b>(4,922)</b> |
| <b>Net decrease in cash and cash equivalents</b> |       | <b>3</b>        | <b>(5)</b>     |
| Cash and cash equivalents at beginning of year   |       | —               | 5              |
| <b>Cash and cash equivalents at end of year</b>  |       | <b>3</b>        | <b>—</b>       |

\* Less than R500,000.

## SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

|                                         | Share<br>capital<br>Rm | Share<br>premium<br>Rm | Remeasure-<br>ments of<br>equity<br>investments<br>irrevocably<br>designated<br>at FVTOCI<br>Rm | Retained<br>earnings<br>Rm | Total<br>Rm   |
|-----------------------------------------|------------------------|------------------------|-------------------------------------------------------------------------------------------------|----------------------------|---------------|
| <b>Balance as at 31 December 2018</b>   | 27                     | 23,112                 | —                                                                                               | 53,399                     | 76,538        |
| Total comprehensive profit for the year |                        |                        |                                                                                                 | 4,922                      | 4,922         |
| Share-based payments                    |                        |                        |                                                                                                 | 144                        | 144           |
| Shares issued to employees              |                        |                        |                                                                                                 | (183)                      | (183)         |
| Dividends paid                          |                        |                        |                                                                                                 | (4,922)                    | (4,922)       |
| <b>Balance as at 31 December 2019</b>   | 27                     | 23,112                 | —                                                                                               | 53,360                     | 76,499        |
| Total comprehensive profit for the year |                        |                        | 96                                                                                              | 7,047                      | 7,143         |
| Share-based payments                    |                        |                        |                                                                                                 | 220                        | 220           |
| Shares issued to employees              |                        |                        |                                                                                                 | (179)                      | (179)         |
| Shares repurchased                      | —*                     |                        |                                                                                                 |                            | —*            |
| Dividends paid                          |                        |                        |                                                                                                 | (13,781)                   | (13,781)      |
| <b>Balance as at 31 December 2020</b>   | <b>27</b>              | <b>23,112</b>          | <b>96</b>                                                                                       | <b>46,667</b>              | <b>69,902</b> |

\* Less than R500,000.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 December

**1. NET INVESTMENT INCOME**

|                      | 2020<br>Rm | 2019<br>Rm |
|----------------------|------------|------------|
| Guarantee fee income | 11         | 19         |
| Dividend income      | 6,387      | —          |
|                      | 6,398      | 19         |

**2. PROFIT BEFORE TAXATION**

|                                                               | 2020<br>Rm | 2019<br>Rm |
|---------------------------------------------------------------|------------|------------|
| Profit before taxation is arrived at after taking account of: |            |            |
| Reversal of impairment of loan to RPM (note 5)                | (682)      | (4,918)    |
| Directors' emoluments – remuneration as non-executives        | 12         | 11         |

**3. TAXATION**

|                                  | 2020<br>Rm | 2019<br>Rm |
|----------------------------------|------------|------------|
| Deferred taxation – current year | 4          | 1          |
| Deferred taxation – prior year   | 3          | —          |
|                                  | 7          | 1          |

**4. INVESTMENTS**

|                                                              | 2020<br>Rm | 2019<br>Rm |
|--------------------------------------------------------------|------------|------------|
| Investment in wholly owned subsidiaries at cost (Annexure B) | 71,641     | 71,591     |

During 2019, the company and RPM entered into a capitalisation and debt restructuring agreement, whereby the company subscribed for an additional 174,683 ordinary no par value shares at an aggregate subscription price of R55 billion. At the same time, the subscription price was automatically set-off against an equivalent amount owing by RPM to the company.

**5. LOANS TO SUBSIDIARIES**

|                                                                | 2020<br>Rm | 2019<br>Rm   |
|----------------------------------------------------------------|------------|--------------|
| Opening balance as at 1 January                                | 6,761      | 61,936       |
| Repayments                                                     | (7,414)    | (5,093)      |
| Repayment by RPM through issuing of additional shares (note 4) | —          | (55,000)     |
| Reversal of impairment losses                                  | 682        | 4,918        |
| <b>Closing balance as at 31 December (Annexure B)</b>          | <b>29</b>  | <b>6,761</b> |

During the prior years the amortised cost carrying value of the loan to RPM was partially impaired. Due to a significant improvement in the market, the subsidiary was able to repay amounts previously impaired. The recovery of amounts previously written off was recognised as a reversal of impairment losses.

The loan is interest free and its repayment is earlier of a change in control or the company providing RPM with a 12-month written notice to repay the loan.

# ANGLO AMERICAN PLATINUM LIMITED CONTINUED

## 6. SHARE CAPITAL

| 2019<br>Number of<br>shares | 2020<br>Number of<br>shares |                                                                   | 2020<br>Rm | 2019<br>Rm |
|-----------------------------|-----------------------------|-------------------------------------------------------------------|------------|------------|
| 413,595,651                 | <b>413,595,651</b>          | <b>Authorised</b><br>Ordinary shares of 10 cents each             | <b>41</b>  | 41         |
| 269,681,886                 | <b>265,292,206</b>          | <b>Issued ordinary shares</b><br>Ordinary shares of 10 cents each | <b>27</b>  | 27         |

3% of authorised but unissued ordinary shares are under the control of the directors until the forthcoming annual general meeting.

## 7. OTHER PAYABLES

|                                     | 2020<br>Rm | 2019<br>Rm |
|-------------------------------------|------------|------------|
| Other payables and accrued expenses | <b>14</b>  | 7          |

## 8. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH USED IN OPERATIONS

|                                                | 2020<br>Rm     | 2019<br>Rm |
|------------------------------------------------|----------------|------------|
| Profit before taxation                         | <b>7,054</b>   | 4,923      |
| Adjustments for:                               |                |            |
| Dividend received                              | <b>(6,387)</b> | —          |
| Reversal of impairment of loan to RPM (note 5) | <b>(682)</b>   | (4,918)    |
| Guarantee fee income (note 1)                  | <b>(11)</b>    | (19)       |
| Shares issued to employees                     | <b>(9)</b>     | (183)      |
|                                                | <b>(35)</b>    | (197)      |
| <b>Working capital changes</b>                 | <b>7</b>       | 2          |
| Decrease in trade and other receivables        | <b>—</b>       | 1          |
| Increase in trade and other payables           | <b>7</b>       | 1          |
| <b>Cash used in operations</b>                 | <b>(28)</b>    | (195)      |

## 9. RELATED PARTY TRANSACTIONS

|                                                                                                                                                                                                                                        | 2020<br>Rm     | 2019<br>Rm |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------|
| During the year the company, in the ordinary course of business, entered into various transactions with its direct subsidiaries. The effect of these transactions is included in the financial performance and results of the company. |                |            |
| Material related party transactions were as follows:                                                                                                                                                                                   |                |            |
| Guarantee fee received during the year                                                                                                                                                                                                 | <b>(4)</b>     | (15)       |
| Reversal of impairment of loan to RPM                                                                                                                                                                                                  | <b>682</b>     | 4,918      |
| Dividend income from RPM                                                                                                                                                                                                               | <b>(6,340)</b> | —          |
| Directors' emoluments are disclosed in Annexure D.                                                                                                                                                                                     |                |            |
| Key management personnel disclosure is in Annexure D.                                                                                                                                                                                  |                |            |

## 10. FINANCIAL INSTRUMENTS

### Capital risk management

The company manages its risk on a group-wide basis. Refer to note 38 of the group financial statements.

### Currency risk

There are no significant concentrations of foreign exchange risk.

### Interest rate risk

There is no significant exposure to interest rate risk as the loans to subsidiaries and loans from subsidiaries are interest free.

### Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously.

The carrying amount of the financial assets represents the group's maximum exposure to credit risk without taking into consideration any collateral provided:

|                           | Maximum credit risk |            |
|---------------------------|---------------------|------------|
|                           | 2020<br>Rm          | 2019<br>Rm |
| <b>Financial assets</b>   |                     |            |
| Loans to subsidiaries     | 29                  | 6,761      |
| Cash and cash equivalents | 3                   | —          |
|                           | <b>32</b>           | 6,761      |

### Loans to subsidiaries

No significant increases in credit risk related to loans to subsidiaries were identified and therefore the expected credit losses were measured as a 12-month expected credit loss applying the general approach. Probabilities of defaults were determined based on the credit rating of the individual company.

No impairment has been recognised on loans to subsidiaries as the expected credit losses are considered immaterial.

### Cash and cash equivalents

Impairment of cash and cash equivalents have been measured on a 12 month expected credit loss basis and reflects the short maturities of the exposures. The company considers that its cash and cash equivalents have low credit risk based on the external ratings of the counterparties. No impairment allowances were raised on cash and cash equivalents as they were considered immaterial.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding for its expected future cash flow. AAP's cash requirements are met by cash distributions, as well as from borrowing facilities of its subsidiary, RPM.

Trade and other payables are due within a 12-month period. The terms of the loans from subsidiaries are current, therefore the maturity analysis is 12 months.

## 11. POST-BALANCE SHEET EVENTS

A final dividend of R9.4 billion (R35.35 per share) for the year ended 31 December 2020 was declared after year end, payable on Monday, 15 March 2021 to shareholders recorded in the register at the close of business on Friday, 12 March 2021.

# ANGLO AMERICAN PLATINUM LIMITED CONTINUED

## 12. ADJUSTMENT TO PRIOR PERIOD

### Classification of loans from subsidiaries

It was identified that loans to subsidiaries was incorrectly presented as non-current liabilities in the Statement of Financial Position. The company does not have an unconditional right to defer payment beyond 12 months and therefore the intercompany loans must be disclosed as current liabilities as they are repayable on demand. The comparative period has been restated.

The impact is as follows:

| For the year ended 31 December 2019  |                   |            |          |
|--------------------------------------|-------------------|------------|----------|
| Rm                                   |                   |            |          |
|                                      | Previously stated | Adjustment | Restated |
| <b>Non-current liabilities</b>       |                   |            |          |
| Loans from subsidiaries (Annexure B) | 1,853             | (1,853)    | —        |
| <b>Current liabilities</b>           |                   |            |          |
| Loans from subsidiaries (Annexure B) | —                 | 1,853      | 1,853    |
| For the year ended 31 December 2018  |                   |            |          |
| Rm                                   |                   |            |          |
|                                      | Previously stated | Adjustment | Restated |
| <b>Non-current liabilities</b>       |                   |            |          |
| Loans from subsidiaries (Annexure B) | 1,853             | (1,853)    | —        |
| <b>Current liabilities</b>           |                   |            |          |
| Loans from subsidiaries (Annexure B) | —                 | 1,853      | 1,853    |

## 13. GOING CONCERN

As at 31 December 2020, as well as the comparative period (due to the prior period adjustment disclosed in note 12), the company's current liabilities exceeded its current assets. Management is of the view that the company is able to pay its debts as and when they fall due as the company will be able to source funding on the back of its 100% shareholding in Rustenburg Platinum Mines Limited. As a result these financial statements are prepared on a going concern basis.

## OTHER INFORMATION

### Analysis of shareholders

An analysis of the share register at year end showed the following:

#### Ordinary shares

|                                                            | 2020                   |                     | 2019                   |                     |
|------------------------------------------------------------|------------------------|---------------------|------------------------|---------------------|
|                                                            | Number of shareholders | % of issued capital | Number of shareholders | % of issued capital |
| <b>Size of shareholding</b>                                |                        |                     |                        |                     |
| 1 – 1,000                                                  | 12,508                 | 0.49                | 9,833                  | 0.43                |
| 1,001 – 10,000                                             | 1,191                  | 1.52                | 969                    | 1.24                |
| 10,001 – 100,000                                           | 410                    | 4.50                | 320                    | 3.70                |
| 100,001 – 1,000,000                                        | 73                     | 7.04                | 75                     | 7.05                |
| 1,000,001 – and over                                       | 11                     | 86.45               | 13                     | 87.58               |
|                                                            | <b>14,193</b>          | <b>100.00</b>       | <b>11,210</b>          | <b>100.00</b>       |
| <b>Category of shareholder</b>                             |                        |                     |                        |                     |
| Bank, nominee and finance companies                        | 555                    | 9.84                | 404                    | 9.57                |
| Companies                                                  | 372                    | 79.10               | 246                    | 77.71               |
| Individuals                                                | 10,505                 | 0.65                | 8,715                  | 0.62                |
| Insurance companies                                        | 192                    | 1.02                | 54                     | 0.87                |
| Pension and provident funds                                | 585                    | 5.75                | 302                    | 4.86                |
| Trust funds and investment companies                       | 1,845                  | 3.56                | 1,390                  | 6.27                |
| Other corporate bodies                                     | 139                    | 0.07                | 99                     | 0.10                |
|                                                            | <b>14,193</b>          | <b>100.00</b>       | <b>11,210</b>          | <b>100.00</b>       |
| <b>Shareholder spread</b>                                  |                        |                     |                        |                     |
| Public shareholders                                        | 14,182                 | 20.97               | 11,203                 | 22.39               |
| Non-public shareholders                                    | 11                     | 79.03               | 7                      | 77.61               |
| Directors and associates                                   | 5                      | 0.03                | 6                      | —                   |
| Persons interested, directly or indirectly, in 10% or more | 1                      | 78.56               | 1                      | 77.61               |
| Subsidiaries                                               | 5                      | 0.44                |                        |                     |
|                                                            | <b>14,193</b>          | <b>100</b>          | <b>11,210</b>          | <b>100</b>          |

#### Major shareholder

According to the company's share register at year end, the following shareholders held shares equal to or in excess of 5% of the issued ordinary share capital of the company:

|                                                             | Number of shares | %     | Number of shares | %     |
|-------------------------------------------------------------|------------------|-------|------------------|-------|
| Anglo American South Africa Investments Proprietary Limited | 208,417,151      | 78.91 | 208,417,151      | 77.28 |

#### Geographical analysis of shareholders

Resident shareholders held 240,444,619 shares (0.90%) (2019: 241,971,698) and non-resident shareholders held 24,847,587 shares (9.37%) (2019: 27,710,188) of the company's issued ordinary share capital of 265,292,206 shares at 31 December 2020 (2019: 269,681,886).

The treasury shares of 1,185,745 (2019: 854,112) held in terms of the Bonus Share Plan and other schemes, has been included in the shareholder analysis. The shareholder details above include the shares issued by the company in respect of the community economic empowerment transaction.

# ADMINISTRATION

## DIRECTORS

### Executive directors

N Viljoen (Chief executive officer)  
CW Miller (Finance director)

### Independent non-executive directors

NP Mageza (lead independent director)  
R Dixon  
L Leoka  
NT Moholi  
D Naidoo  
JM Vice

### Non-executive directors

N Mbazima (Non-executive chairman)  
M Cutifani (Australian)  
S Pearce (Australian)  
AM O'Neill (British)

## COMPANY SECRETARY

Elizna Viljoen  
elizna.viljoen@angloamerican.com

Telephone +27 (0) 11 638 3425  
Facsimile +27 (0) 11 373 5111

## FINANCIAL, ADMINISTRATIVE, TECHNICAL ADVISERS

Anglo Operations Proprietary Limited

## CORPORATE AND DIVISIONAL OFFICE, REGISTERED OFFICE AND BUSINESS AND POSTAL ADDRESSES OF THE COMPANY SECRETARY AND ADMINISTRATIVE ADVISERS

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+27 (0) 11 834 2379

## SPONSOR

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## REGISTRARS

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Bierman Avenue  
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Marshalltown 2107

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## AUDITORS

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Waterfall City  
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2090

## INVESTOR RELATIONS

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## LEAD COMPETENT PERSON

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Telephone +27 (0) 11 373 6334

## FRAUD LINE – SPEAKUP

Anonymous whistleblower facility  
0800 230 570 (South Africa)  
angloplat@anglospeakup.com

### HR-related queries

**Job opportunities:** [www.angloamericanplatinum.com/careers/job-opportunities](http://www.angloamericanplatinum.com/careers/job-opportunities)

**Bursaries, email:** [bursaries@angloplat.com](mailto:bursaries@angloplat.com)

**Career information:** [www.angloamericanplatinum.com/careers/working-at-anglo-american-platinum](http://www.angloamericanplatinum.com/careers/working-at-anglo-american-platinum)



**Anglo American Platinum Limited**

Incorporated in the Republic of South Africa

Date of incorporation: 13 July 1946

Registration number: 1946/022452/06

JSE code: AMS – ISIN: ZAE000013181

**[www.angloamericanplatinum.com](http://www.angloamericanplatinum.com)**

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