

Exxaro Resources Limited

Reviewed condensed group
annual financial statements
and unreviewed production and
sales volumes information
for the year ended
31 December

2022

exxaro

POWERING POSSIBILITY



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DISCLAIMER

Opinions expressed herein are by nature subjective to known and unknown risks and uncertainties. Changing information or circumstances may cause the actual results, plans and objectives of Exaro Resources Limited (the company) to differ materially from those expressed or implied in the forward-looking statements. Financial forecasts and data given herein are estimates based on the reports prepared by experts who in turn relied on management estimates. Undue reliance should not be placed on such opinions, forecasts or data. No representation is made as to the completeness or correctness of the opinions, forecasts or data contained herein. Neither the company, nor any of its affiliates, advisers or representatives accepts any responsibility for any loss arising from the use of any opinion expressed or forecast or data herein. Forward-looking statements apply only as of the date on which they are made and the company does not undertake any obligation to publicly update or revise any of its opinions or forward-looking statements whether to reflect new data or future events or circumstances.

Highlights

GROUP FINANCIAL PERFORMANCE

R46.4 billion

Revenue, up 41%

R19.0 billion

EBITDA, up 78%

R57.13 per share

Attributable earnings, up 11%

R18.9 billion

Cash generated by operations, up 79%

R11.36 per share

Final dividend

R60.16 per share

Headline earnings, up 28%

SUSTAINABLE OPERATIONS

LTIFR of 0.05

OPERATIONAL PERFORMANCE

43.1 Mt

Coal production volumes

42.1 Mt

Coal sales volumes

671 GWh

Renewable energy generation

SIOC

R4.9 billion

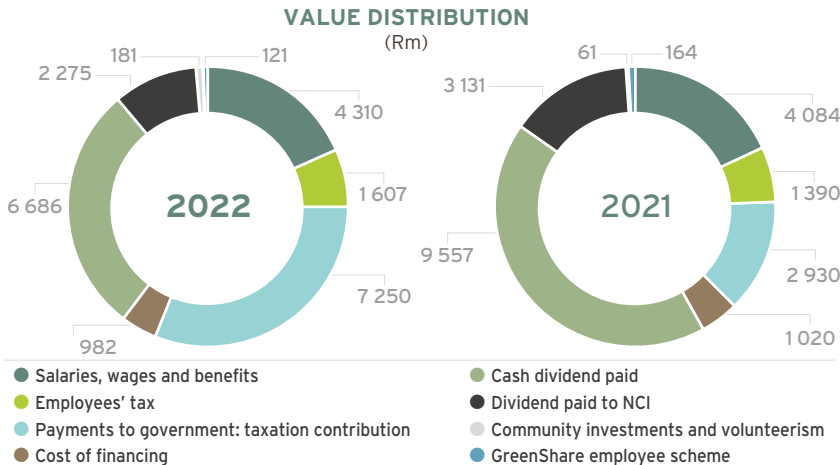
Adjusted¹ equity-accounted income

R1.4 billion

Exxaro's share of final dividend declared

¹ Adjusted for non-core items.

VALUE DISTRIBUTION



Commentary

For the year ended 31 December 2022

Comments below are based on a comparison between the financial years ended 31 December 2022 and 2021 (FY22 and FY21), respectively. Any forward-looking financial information and/or performance measures contained in these results are the responsibility of the directors and have not been reviewed or reported on by Exxaro's independent external auditor.

SAFETY

By 31 December 2022, Exxaro had recorded seven LTI's across the group, bringing the LTIFR to 0.05 against a set target of 0.06. The seven LTI's translates to a 37.5% improvement compared to the same period in FY21. However, the HPI's of the group increased to five against one in FY21.

Regrettably, after a record safety performance of sixty-five months without a fatality, on 15 August 2022, Exxaro recorded a fatality at our Belfast mine. One of our colleagues was fatally injured at the hard park area, a dedicated area where all haul trucks are parked between shifts. An investigation into the circumstances that led to the accident has been concluded. Learnings from the investigation have been implemented across our operations.

GROUP FINANCIAL RESULTS

Comparability of results

For a better understanding of the comparability of results between the two reporting years, we have adjusted our earnings for non-recurring items (referred to as non-core adjustments) to derive our adjusted earnings. The non-core adjustments in both FY22 and FY21 are the same as the headline earnings adjustments, resulting in no change in EBITDA and headline earnings, respectively.

Group revenue and EBITDA

| | Revenue | | | EBITDA ¹ | | |
|--------------------------|---------|--------|--------|---------------------|--------|--------|
| | FY22 | FY21 | Change | FY22 | FY21 | Change |
| | Rm | Rm | % | Rm | Rm | % |
| Coal | 44 971 | 31 395 | 43 | 19 023 | 10 671 | 78 |
| Energy | 1 159 | 1 193 | (3) | 828 | 913 | (9) |
| Ferrous | 224 | 168 | 33 | 56 | 24 | 133 |
| Other² | 15 | 15 | | (905) | (937) | 3 |
| Total | 46 369 | 32 771 | 41 | 19 002 | 10 671 | 78 |

¹ EBITDA is calculated by adjusting net operating profit before tax with depreciation, amortisation, impairment charges or reversals and net losses or gains on the disposal of assets and investments (including translation differences recycled to profit or loss).

² Relates mainly to the corporate office and smaller operations (refer note 6).

Group revenue increased 41% to R46 369 million (FY21: R32 771 million), mainly due to the exceptional performance of the coal business driven by higher export and domestic sales prices, despite the ongoing logistical challenges.

The revenue contribution from our energy business was 3% lower than FY21 due to persisting low wind conditions experienced during the past twelve months.

The increase in group revenue was the main driver for the 78% increase in group EBITDA to R19 002 million (FY21: R10 671 million), which is discussed in more detail under the coal business performance.

Commentary continued

For the year ended 31 December 2022

GROUP FINANCIAL RESULTS continued

Adjusted equity-accounted income

| | Adjusted equity-accounted income/(loss) | | | Dividends received | | |
|--|--|--------------|-------------|--------------------|--------------|-------------|
| | FY22 | FY21 | Change | FY22 | FY21 | Change |
| | Rm | Rm | % | Rm | Rm | % |
| Coal: Mafube | 1 902 | 375 | 407 | 750 | | 100 |
| Coal: Tumelo ¹ | | 29 | (100) | | | |
| Coal: RBCT | (9) | (18) | 50 | | | |
| Ferrous: SIOC | 4 902 | 9 035 | (46) | 5 153 | 9 991 | (48) |
| TiO₂: Tronox SA ² | | 54 | (100) | | | |
| Other: Black Mountain | 578 | 352 | 64 | | | |
| Other: LightApp | (70) | 16 | (538) | | | |
| Total | 7 303 | 9 843 | (26) | 5 903 | 9 991 | (41) |

¹ Disposed on 3 September 2021 as part of the ECC disposal transaction.

² FY21 equity-accounted income up to the date of disposal on 24 February 2021.

Group earnings

Headline earnings increased by 26% to R14 558 million (FY21: R11 568 million), driven mainly by the 78% increase in group EBITDA, which was partially offset by the 26% decrease in equity-accounted income. SIOC's adjusted equity-accounted income was 46% lower as a result of lower iron ore prices and volumes as well as higher operating expenses, which were partly offset by a weaker currency. The significant increase in our equity-accounted income from Mafube was driven by higher coal sales volumes as well as higher prices.

There was a decrease in the WANOS to 242 million (FY21: 247 million) due to the shares that were bought back in FY21 as part of the share repurchase programme.

The increase in earnings, together with the lower WANOS translates to basic HEPS of 6 016 cents per share, (FY21: 4 683 cents per share), 28% higher than FY21.

Cash flow and funding

Cash flow generated by our operations increased by 79% to R18 863 million (FY21: R10 552 million) and, together with the dividends received from our equity-accounted investments of R5 903 million (FY21: R9 991 million), were sufficient to fund capital expenditure, taxation paid and ordinary dividends paid.

Total capital expenditure decreased by 33% to R1 652 million (FY21: R2 471 million). The capex for FY22 comprised R1 401 million sustaining capex and R251 million expansion capex.

Debt exposure

Our strong cash generation resulted in a net cash position of R9 653 million (excluding Cennergi's net debt of R4 412 million) compared to a net cash position of R764 million (excluding Cennergi's net debt of R4 482 million) at 31 December 2021.

Commentary

For the year ended 31 December 2022

COAL BUSINESS PERFORMANCE

Unreviewed coal production and sales volumes

| | Production | | | Sales | | |
|---------------------------------------|-------------|-------------|--------|-------------|-------------|--------|
| | FY22 | FY21 | Change | FY22 | FY21 | Change |
| | '000 tonnes | '000 tonnes | % | '000 tonnes | '000 tonnes | % |
| Thermal | 41 136 | 40 351 | 2 | 41 402 | 41 803 | (1) |
| Commercial – Waterberg | 27 849 | 25 335 | 10 | 26 800 | 25 698 | 4 |
| Commercial – Mpumalanga | 7 130 | 9 113 | (22) | 3 231 | 2 574 | 26 |
| Exports | | | | 5 214 | 7 632 | (32) |
| Tied ¹ | 6 157 | 5 903 | 4 | 6 157 | 5 899 | 4 |
| Metallurgical | 1 988 | 1 894 | 5 | 691 | 956 | (28) |
| Commercial – Waterberg | 1 988 | 1 894 | 5 | 691 | 956 | (28) |
| Total coal (excluding buy-ins) | 43 124 | 42 245 | 2 | 42 093 | 42 759 | (2) |
| Thermal coal buy-ins | 20 | 232 | (91) | | | |
| Total coal (including buy-ins) | 43 144 | 42 477 | 2 | 42 093 | 42 759 | (2) |

¹ Matla mine supplying its entire production to Eskom.

A substantial increase in gas prices, the reduction of gas supply from Russia, coupled with the implementation of a European Union embargo on Russian coal imports, contributed to the tightness of high CV coal supply sustaining the strong pricing of high CV coal through 3Q22. The low water levels in the Rhine River (Europe), high gas and coal inventories at European power utilities, as well as milder winter temperatures in October and November sent the coal prices on a downward trajectory since the start of 4Q22. Export tonnages continued to be negatively affected by lacklustre rail performance. This resulted in Exxaro exporting 5.2 Mt in FY22 compared to 7.6 Mt in FY21, a decrease of 32%. To mitigate rail performance, Exxaro used road transport and exported coal through alternative ports.

Domestic demand for our high CV coal was stable and we expect this segment to continue to perform well. As a result of ongoing constraints on the rail logistics, we sold export coal in the domestic market to exporters that have access to export capacity.

The average benchmark API4 RBCT export price of US\$271 per tonne was 118% higher (FY21: US\$124 per tonne), resulting in a 161% increase in the average realised export price for Exxaro of US\$251 per tonne (FY21: US\$96 per tonne).

Commentary continued

For the year ended 31 December 2022

COAL BUSINESS PERFORMANCE continued

Production and sales volumes

Overall coal **production** volumes (excluding buy-ins) increased by 879 kt (+2%). The increase is mainly attributed to higher production at Grootegeluk, Leeuwpan and Matla offset by the lower production at Belfast due to the fatality in August 2022, as well as the divestment of ECC on 3 September 2021. Overall **sales** were 666 kt (-2%) lower, mainly on exports, due to logistical constraints linked to lower rail performance, partly offset by higher domestic sales due to export coal being diverted to the local market.

THERMAL COAL

Commercial Waterberg

Thermal coal **production** at Grootegeluk increased by 2 514 kt (+10%) mainly due to the commissioning of the GG6 plant in 1H22. The 1 102 kt (+4%) increase in sales is mainly due to the increase in demand from Eskom.

Commercial Mpumalanga

Thermal coal **production** at commercial Mpumalanga mines decreased by 1 983 kt (-22%), mainly attributable to the divestment of ECC 2 789 kt (-100%), lower production at Belfast by 84 kt (-3%), as production was ceased for a month after the fatality, as well as a slower subsequent ramp-up when production resumed. The decrease was partly offset by higher buy-ins from Mafube of 643 kt (+46%) and increased production at Leeuwpan of 247 kt (+10%).

Thermal coal **sales** from commercial Mpumalanga mines increased by 657 kt (+26%), mainly due to increased sales to local customers to counter the logistical constraints to export. Belfast sold 406 kt (+99%) more coal to the local market to offset the decrease in export sales. A portion of the buy-ins from Mafube (454 kt) was sold in the domestic market due to the logistical challenges.

Exports commercial

Export **sales** decreased by 2 418 kt (-32%), mainly driven by lower rail performance and the disposal of ECC (-1 243 kt). We are pursuing alternative markets and logistics channels to mitigate this negative impact.

Tied

Thermal coal **production** and **sales** at Matla increased by 4% based on the improved performance at the Mine 2 and Mine 3 sections. The performance was satisfactory, but partly offset by unfavourable geological conditions as well as equipment break downs at Mine 2's shortwall.

METALLURGICAL COAL

Grootegeluk's metallurgical coal **production** increased by 94 kt (+5%) due to the consistent performance of GG1 plant.

Sales decreased by 265 kt (-28%), mainly due to rail challenges. Road transport was however used to mitigate this negative impact.

Commentary continued
For the year ended 31 December 2022

COAL BUSINESS PERFORMANCE continued

Coal revenue and EBITDA

| | Revenue | | | EBITDA | | |
|-------------------------|---------------|---------------|-----------|---------------|---------------|-----------|
| | FY22 | FY21 | Change | FY22 | FY21 | Change |
| | Rm | Rm | % | Rm | Rm | % |
| Commercial – Waterberg | 23 613 | 16 852 | 40 | 13 229 | 8 627 | 53 |
| Commercial – Mpumalanga | 15 797 | 9 439 | 67 | 6 006 | 2 120 | 183 |
| Tied ¹ | 5 561 | 5 089 | 9 | 165 | 157 | 5 |
| Other | | 15 | (100) | (377) | (233) | (62) |
| Coal | 44 971 | 31 395 | 43 | 19 023 | 10 671 | 78 |

¹ Matla mine supplying its entire production to Eskom.

Coal revenue increased by 43%, largely driven by an increase in revenue from our commercial mines as we achieved higher sales prices in all markets. Higher domestic sales volumes were offset by lower export volumes.

Coal EBITDA of R19 023 million (FY21: R10 671 million) increased 78%, at an EBITDA margin of 42%, due to:

- Higher commercial revenue (+R14 866 million)
- Realised and unrealised exchange rate gains (+R441 million)

The increase was partly offset by:

- Inventory drawdown and higher buy-ins costs from Mafube mainly due to the higher prices in line with the high price (-R2 248 million)
- Inflationary pressures (-R1 952 million), driven by diesel, explosive and electricity tariff increases which were significantly above the PPI inflation rate
- Higher royalties (-R786 million), in line with higher revenue and lower capex
- Higher selling and distribution costs (-R788 million), due to the use of road transport and alternative ports
- ECC divestment in September 2021 (-R261 million)

Equity-accounted investments

Mafube, our 50% joint venture with Thungela, recorded adjusted equity-accounted income of R1 902 million (FY21: R375 million). This significant increase is mainly due to higher export prices realised on higher sales volumes.

Commentary continued

For the year ended 31 December 2022

COAL BUSINESS PERFORMANCE continued

Coal Capex and projects

Coal Capex

| | FY22 | FY21 | Change |
|-------------------------|-------|-------|--------|
| | Rm | Rm | % |
| Sustaining | 1 374 | 1 564 | (12) |
| Commercial – Waterberg | 1 117 | 1 285 | (13) |
| Commercial – Mpumalanga | 252 | 261 | (3) |
| Other | 5 | 18 | (72) |
| Expansion | 231 | 836 | (72) |
| Commercial – Waterberg | 231 | 705 | (67) |
| Commercial – Mpumalanga | | 131 | (100) |
| Total coal capex | 1 605 | 2 400 | (33) |

The coal business's capex decreased by 33%, driven by 72% lower spend on expansion capital as we completed the construction of the GG6 plant. Sustaining capital decreased by 12% due to less spend at Grootegeluk and Belfast. We are starting to realise the benefit of our Capital Excellence journey which is a combination of project savings and improved timing on project execution.

ENERGY BUSINESS PERFORMANCE

Cennergi generated 671 GWh of electricity in FY22 (FY21: 724 GWh). The decrease in generation resulted from persistent low wind conditions. In South Africa and regions such as Europe, wind farms have experienced below-normal wind conditions over the past twelve months. Our average equipment availability of 97.9% was better than contracted levels of 97.0%.

Cennergi's EBITDA margin was 80% (FY21:83%), showing the consistency of earnings underpinned by the long-term offtake agreements.

The Cennergi project financing of R4 554 million (FY21: R4 700 million) will mature and be fully settled by the end of 2031. It has no recourse to the Exxaro balance sheet and is hedged through interest rate swaps at an effective rate of 12.3% (FY21:11.9%).

FERROUS BUSINESS PERFORMANCE

Equity-accounted investment

The 46% decrease in adjusted equity-accounted income from SIOC to R4 902 million (FY21: R9 035 million), was primarily driven by lower market prices and volumes, as well as higher operating expenses, which were partially offset by a weaker currency.

An interim dividend of R2 498 million was received from our investment in SIOC in August 2022 (2H21: R6 329 million). SIOC declared a final dividend to its shareholders in February 2023. Exxaro's share of the dividend amounts to R1 419 million, which is 43% lower than the interim dividend received. The dividend will be accounted for in 1H23.

PORTFOLIO OPTIMISATION

Exxaro initiated the Leeuwpan divestment process as part of its ongoing portfolio optimisation strategy to ensure the future resilience of our coal business. Unfortunately progress on the divestment stalled and the process was stopped in 3Q22 to ensure stability at the mine. Exxaro will continue to review its coal assets and projects in line with its strategic goals.

Exxaro continues to evaluate its options to dispose of its 26% shareholding in Black Mountain.

PERFORMANCE AGAINST NEW B-BBEE CODES

Our current B-BBEE scorecard reflects a recognition Level 3. The FY22 audit is still in progress and the certificate will be published as soon as the audit is concluded.

SUSTAINABLE DEVELOPMENT

Climate change response strategy implementation

Our transition strategy to a clean energy and low-carbon future was presented in September 2021. We are aiming for carbon neutrality by 2050, and shorter-term goals include reducing our Scope 1 and Scope 2 carbon emissions by 43% in 2025. The strategy for Scope 3 carbon emissions reduction is still under development while we consult key stakeholders to align on objectives, impact, and outcomes. In addition, the decarbonisation plan includes climate adaptation and resilience for our operations and host communities, to minimise the impacts of physical risks associated with climate change.

Exxaro received a B score for the 2022 Climate Change (in the management band) Carbon Disclosure Project (CDP) as well as the Water Security CDP. Exxaro's climate change CDP score is higher than the average performance for the coal mining sector (C), the Africa average (B-) and the global average (C). Exxaro's water security CDP score is higher than the Africa regional average (B-) and the Coal mining sector average of (B-). There were no A list companies in the Coal Mining Activity Group for the water security and climate change CDPs.

SUSTAINABLE DEVELOPMENT continued

Community investment and development

FY22 was characterised by some challenges, and several pleasing results and milestones. A major challenge was experienced with implementing our SLPs, due to poor capacity of local service providers. This resulted in iterations to obtain replacement contractors, resulting in delays to execute projects. Representative Stakeholder Fora are critical for efficient and effective community engagement. However, the challenge remains in achieving an acceptable structure that will fulfil all stakeholder expectations. Despite this challenge, we established a stakeholder forum at our Grootegeuk operations, and our other operations are pursuing the same.

A major milestone was the board approval of the Social Impact Strategy, which provides a "direction of travel" in terms of areas of investment (aligned to the remaining life of coal and energy generation operations in education, land use and management, and SMME development) for community upliftment and transition. The strategy is a major shift from compliance to a market-based approach and will also address skills shortages within communities, targeting women, youth, and people with disabilities.

We were pleased with the following achievements from our community development activities.

Coal business operations in the Waterberg and Mpumalanga regions

- We achieved a local procurement spend of R1 097 million, 11% of discretionary expenditure compared to our target of 10%, which empowered over 246 local black women-owned and black youth-owned SMMEs
- We approved ESD funding of R214 million, a year-on-year improvement of 63%, to 23 SMMEs employing 575 people, contributing to the achievement of our procurement spend
- Despite an under-performance in our SLPs, the overall Socio-Economic Development (SED) spend, in addition to the above, amounted to R178.8 million, supporting education, agriculture, welfare and disaster relief initiatives. Given the multiplier effect of these investments, 1.2 million community members benefitted, including 666 employment opportunities being created
- Exxaro partnered with two service providers through Youth Employment Service and created 259 employment opportunities for youths at the cost of R12.4 million at our host communities.

Energy business operations in the Eastern Cape

Both the Amakhala Emoyeni and Tsitsikamma wind farms spent R24.1 million, in terms of the Renewable Independent Power Producer Programme commitments, on several SED and Enterprise Development (ED) initiatives within communities affected by the generation units.

- R5.4 million was spent on a water solution project, farmworkers housing, Wi-Fi for the Amamfengu communities, Wittekleibos community hall and Cookhouse sports infrastructure. Eleven local SMMEs created 131 temporary jobs within the seven host communities and more than 10 000 beneficiaries were positively impacted
- R0.5 million was spent towards the fencing and paving of the Mzamomhle clinic in Bedford. A total of 32 temporary jobs were created and two local SMMEs benefitted
- A partnership with the SAICA, Enterprise Development and experienced local agricultural consultants provided business mentoring, financial management and coaching support programmes to local Agripreneurs and other business owners. To date, we have spent R5.8 million on various ED initiatives. Our ESD programme has created approximately 30 new jobs over the past two years
- To develop a pipeline of future talent, a total of R10.7 million was spent on various education initiatives, such as an Early Childhood Development (ECD) programme, construction of a new ECD centre in Adelaide, renovation of Cookhouse Secondary School, Adopt-a-school Programme and Information and Communications Technology (ICT) learning and support. A bursary programme, which currently supports 34 students from the seven communities, was also in place. In 2022, we created temporary jobs for 12 unemployed teachers, 20 ECD practitioners, six ECD cooks and two ICT practitioners

MINING AND PROSPECTING RIGHTS

Belfast's water use licence for the Belfast dam was granted in December 2022.

The following applications remain in process at the DMRE:

- The execution of Grootegeluk's section 102 application amending the mining right boundary
- The execution of Leeuwpán's section 102 application combining the two mining rights into a single mining right
- A section 102 application amending Matla's mining right to swap Coal Reserves with Seriti Resources as part of a commercial transaction

The group's compliance to valid licences or authorisations is at 96%. Projects to get the group to 100% compliance are being implemented. Where rights and other licences are nearing expiry dates, renewal applications are submitted timeously.

COAL RESOURCES AND COAL RESERVES

The change in Exxaro's total or attributable Coal Resources and Coal Reserves for the reporting year was immaterial, as the change was below 10%.

Material changes within the total Coal Resources and Coal Reserves at individual operations are reported at the Mafube and Leeuwpán operations. The inclusion of the Rooipán area after the submission of the integrated water use licence in the updated life of mine plan (LoMP) resulted in material increases in both Coal Resources and Coal Reserves at Mafube. A material decrease in Coal Resources at Leeuwpán is primarily due to mining as well as disposals resulting from re-interpretations and subsequent reclassification of coal material outside the LoMP during the geological modelling process.

For all the other coal operations and projects, other than normal LoM depletion, no material changes to their total or attributable estimates are reported.

Both Coal Resource and Coal Reserve lead Competent Persons are in the full-time employment of Exxaro: Henk Lingenfelder (Bachelor of Science: geology (Honours), Certified Professional Natural Scientist, Pr Sci Nat: 400038/11) as the group manager: geosciences and Chris Ballot (Bachelor of Engineering (mining), Engineering Council of South Africa (ECSA), 20060040) as the group manager: mining. Both persons have approved the information, in writing in advance of this publication.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant matter or circumstances arising after the reporting period up to the date of this report.

OUTLOOK

Economic context

The aggressive nature of the interest rate increases by central banks globally, on the back of stubbornly high inflation rates, has moderated the global economic outlook for 2023 to fall short of the potential growth levels. The UK and broader Europe specifically run the risk of a recession, and any new major economic shocks could tip the world economy into a global recession. However, the relaxation of China's strict COVID-19 and real estate sector policies are expected to support the Chinese and global economic activity.

South Africa's subdued economic performance in 2022 reflected the lingering effects of the unrest in July 2021, the extensive flooding in April 2022 and slowing global growth, alongside the structural constraint of inadequate electricity supply. Energy reforms are underway, with tangible commitments expressed by potential investors. Speedy and judicious implementation could raise private investment, aiding economic activity.

The rand/US\$ exchange rate is expected to remain volatile during 1H23.

Commodity markets and price

The heightened European interest in South African thermal coal is expected to remain well into 2023, as Europe continues to find solutions to be independent from Russian-energy sources. South African thermal coal exports into high CV markets, such as South Korea and Japan, present further opportunities for Exxaro. The expected global gas trade flows and market prices, post the European winter months, are expected to remain supportive of seaborne thermal coal demand and prices. Stronger demand from the Pacific is expected as South African coal continues to trade at a discount to Australian coal.

Supply tightness and higher prices in the seaborne thermal coal markets spilled over into the South African domestic market and are expected to support domestic prices into 2023. The domestic market demand for both sized and unsized product is still strong, despite declines in export pricing. Although pricing has held up compared to the export market, indications of pricing pressures are seen for products destined for export. Consequently, domestic market participants are experiencing margin squeeze when trucking coal to alternative ports, as export prices are declining.

For the iron ore market, increasing steel demand and the seasonal low iron ore supply from Australia and Brazil, due to rainy weather, will support seaborne prices in 1Q23. In the latter part of 1H23, further support is expected from the positive market sentiment amid China's economic revival.

Operational performance

Given the ongoing challenges with rail performance, the business continues to respond with our Market to Resource optimisation strategy, ensuring continued operations and diversified export flows by trucking coal to alternative loading stations and ports. We continue to evaluate alternative logistical options to evacuate our export product.

FINAL DIVIDEND

We will remain prudent in our capital allocation framework, in terms of returning cash to shareholders, managing debt, and selectively reinvesting for the growth of our business.

Our dividend policy is based on the following two components:

- A targeted cover ratio of 2.5 times to 3.5 times Adjusted Group Earnings; and
- Pass-through of the SIOC dividend

Exxaro continues to target a gearing ratio of below 1.5 times net debt (excluding ring-fenced project financing) to EBITDA.

The board of directors has declared a cash dividend, comprising:

- 2.5 times Adjusted Group Earnings; and
- Pass through of SIOC dividend of R1 419 million

Commentary continued

For the year ended 31 December 2022

FINAL DIVIDEND continued

Notice is hereby given that a gross final cash dividend, number 40 of 1 136 cents per share, for the year ended 31 December 2022 was declared from income reserves and is payable to shareholders of ordinary shares.

For details of the final dividend, please refer note 5 of the reviewed condensed group annual financial statements for the year ended 31 December 2022. The details will also be published on our website at www.exxaro.com.

Salient dates for payment of the final dividend are:

- Last day to trade cum dividend on the JSE Tuesday, 2 May 2023
- First trading day ex dividend on the JSE Wednesday, 3 May 2023
- Record date Friday, 5 May 2023
- Payment date Monday, 8 May 2023

No share certificates may be dematerialised or re-materialised between Wednesday, 3 May 2023 and Friday, 5 May 2023, both days inclusive. Dividends for certificated shareholders will be transferred electronically to their bank accounts on payment date. Shareholders who hold dematerialised shares will have their accounts at their central securities depository participant or broker credited on Monday, 8 May 2023.

CHANGES TO THE BOARD OF DIRECTORS

In compliance with paragraph 3.59 of the Listings Requirements and paragraph 6.39 of the Debt Listings Requirements, shareholders were advised of the changes to the board of directors during the six-month period ended 31 December 2022.

On 1 December 2022, the board appointed and welcomed Ms Nondumiso Medupe as the independent director and audit committee member effective 3 January 2023.

On 15 March 2023, the Company announced that Mr. Vuyisa Nkonyeni and Mr. Isaac Mophatlane, will retire by rotation, as independent non-executive directors of Exxaro with effect from the date of the annual general meeting, being 18 May 2023.

GENERAL

Additional information on financial and operational results for the year ended 31 December 2022, and the accompanying presentation can be accessed on our website on www.exxaro.com.

On behalf of the board of directors

Geoffrey Qhena
Chairperson

Dr Nombasa Tsengwa
Chief executive officer

Riaan Koppeschaar
Finance director

16 March 2023

Exxaro Resources Limited

Reviewed condensed
group annual financial
statements

2022

exxaro

POWERING POSSIBILITY



Condensed group statement of comprehensive income

For the year ended 31 December

| | 2022 Reviewed Rm | 2021 Audited Rm |
|---|------------------------|-----------------------|
| Revenue (note 8) | 46 369 | 32 771 |
| Operating expenses (note 9) | (30 148) | (24 343) |
| Operating profit | 16 221 | 8 428 |
| Loss on disposal of subsidiaries (note 11) | (1) | (947) |
| Impairment charges of non-current operating assets (note 12) | | (21) |
| Net operating profit | 16 220 | 7 460 |
| Finance income (note 13) | 694 | 239 |
| Finance costs (note 13) | (1 052) | (860) |
| Income from financial assets | 6 | 55 |
| Share of income of equity-accounted investments (note 14) | 6 477 | 9 790 |
| Impairment charges of equity-accounted investments (note 12) | (53) | |
| Profit before tax | 22 292 | 16 684 |
| Income tax expense | (4 287) | (2 203) |
| Profit for the year from continuing operations | 18 005 | 14 481 |
| Profit for the year from discontinued operations (note 7) | | 1 892 |
| Profit for the year | 18 005 | 16 373 |
| Other comprehensive income/(loss), net of tax | 384 | (913) |
| <i>Items that will not be reclassified to profit or loss:</i> | 14 | 40 |
| – Remeasurement of retirement employee obligations | 3 | |
| – Changes in fair value of equity investments at FVOCI | 10 | 49 |
| – Share of OCI of equity-accounted investments | 1 | (9) |
| <i>Items that may subsequently be reclassified to profit or loss:</i> | 300 | 302 |
| – Unrealised exchange differences on translation of foreign operations | 34 | 39 |
| – Changes in fair value on cash flow hedges | 113 | 84 |
| – Share of OCI of equity-accounted investments | 153 | 179 |
| <i>Items that have subsequently been reclassified to profit or loss:</i> | 70 | (1 255) |
| – Recycling of unrealised exchange differences on translation of foreign operations | | (482) |
| – Recycling of changes in fair value on cash flow hedges | 70 | 105 |
| – Recycling of share of OCI of equity-accounted investments | | (878) |
| Total comprehensive income for the year | 18 389 | 15 460 |
| Profit attributable to: | | |
| Owners of the parent | 13 826 | 12 667 |
| – Continuing operations | 13 826 | 11 202 |
| – Discontinued operations | | 1 465 |
| Non-controlling interests | 4 179 | 3 706 |
| – Continuing operations | 4 179 | 3 279 |
| – Discontinued operations | | 427 |
| Profit for the year | 18 005 | 16 373 |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 14 113 | 11 954 |
| – Continuing operations | 14 113 | 11 169 |
| – Discontinued operations | | 785 |
| Non-controlling interests | 4 276 | 3 506 |
| – Continuing operations | 4 276 | 3 277 |
| – Discontinued operations | | 229 |
| Total comprehensive income for the year | 18 389 | 15 460 |
| Attributable earnings per share | cents | cents |
| Aggregate | | |
| – Basic | 5 713 | 5 128 |
| – Diluted | 5 713 | 5 128 |
| Continuing operations | | |
| – Basic | 5 713 | 4 535 |
| – Diluted | 5 713 | 4 535 |
| Discontinued operations | | |
| – Basic | | 593 |
| – Diluted | | 593 |

14 Reviewed condensed group annual financial statements and unreviewed production and sales volumes information for the year ended 31 December 2022

Condensed group statement of financial position

At 31 December

| | 2022 Reviewed Rm | (Re-presented) ¹ 2021 Audited Rm |
|--|------------------------|--|
| ASSETS | | |
| Non-current assets | 63 357 | 63 298 |
| Property, plant and equipment | 37 446 | 38 351 |
| Intangible assets | 2 760 | 2 927 |
| Right-of-use assets | 352 | 401 |
| Inventories | 176 | 145 |
| Equity-accounted investments (note 16) | 18 060 | 17 322 |
| Financial assets (note 23) | 3 539 | 3 237 |
| Deferred tax | 254 | 369 |
| Other assets (note 17) | 770 | 546 |
| Current assets | 21 788 | 12 419 |
| Inventories | 1 728 | 1 606 |
| Financial assets (note 23) | 376 | 311 |
| Trade and other receivables (note 23) | 4 199 | 2 701 |
| Cash and cash equivalents (note 23) | 14 812 | 7 042 |
| Current tax receivables ¹ | 101 | 24 |
| Other assets ¹ (note 17) | 572 | 735 |
| Total assets | 85 145 | 75 717 |
| EQUITY AND LIABILITIES | | |
| Capital and other components of equity | | |
| Share capital | 983 | 983 |
| Other components of equity | 1 700 | 1 560 |
| Retained earnings | 44 136 | 37 007 |
| Equity attributable to owners of the parent | 46 819 | 39 550 |
| Non-controlling interests | 12 560 | 10 548 |
| Total equity | 59 379 | 50 098 |
| Non-current liabilities | 20 574 | 20 841 |
| Interest-bearing borrowings (note 18) | 8 378 | 9 255 |
| Lease liabilities (note 19) | 438 | 470 |
| Other payables (note 23) | 25 | 53 |
| Provisions (note 21) | 2 762 | 2 201 |
| Retirement employee obligations | 165 | 159 |
| Financial liabilities (note 23) | 112 | 406 |
| Deferred tax | 8 668 | 8 271 |
| Other liabilities (note 22) | 26 | 26 |
| Current liabilities | 5 192 | 4 778 |
| Interest-bearing borrowings (note 18) | 715 | 1 000 |
| Lease liabilities (note 19) | 40 | 34 |
| Trade and other payables (note 23) | 3 340 | 2 230 |
| Provisions (note 21) | 179 | 101 |
| Financial liabilities (note 23) | 5 | |
| Overdraft (note 20) | | 1 |
| Current tax payables ¹ | 143 | 418 |
| Other liabilities ¹ (note 22) | 770 | 994 |
| Total liabilities | 25 766 | 25 619 |
| Total equity and liabilities | 85 145 | 75 717 |

¹ Current tax receivables have been reclassified as a separate line item from other assets. Similarly, current tax payables have been reclassified as a separate line item from other liabilities. These reclassifications have been made to disaggregate these items on the face of the statement of financial position to provide a better presentation of assets and liabilities for users.

Condensed group statement of changes in equity

| | Other components of equity | | | |
|---|----------------------------|--|---|--------------------------|
| | Share capital Rm | Foreign currency translation Rm | Financial instruments revaluation Rm | Equity- settled Rm |
| At 31 December 2020 (Audited) | 1 021 | 1 869 | (255) | 903 |
| <i>Total comprehensive (loss)/income</i> | | (882) | 138 | |
| – Profit for the year | | | | |
| – Other comprehensive (loss)/income for the year | | (882) | 138 | |
| <i>Transactions with owners</i> | (38) | | | (307) |
| Contributions and distributions | (38) | | | (122) |
| – Dividends paid (note 5) | | | | |
| – Distributions to NCI share option holders | | | | |
| – Share-based payments movement | | | | (122) |
| – Shares repurchased and cancelled | (38) | | | |
| – Share repurchase expenses | | | | |
| – Transfer of fair value adjustments on disposal of equity investment at FVOCI to retained earnings | | | | |
| Changes in ownership interest | | | | (185) |
| – Disposal of associates | | | | (185) |
| – Disposal of subsidiaries | | | | |
| At 31 December 2021 (Audited) | 983 | 987 | (117) | 596 |
| <i>Total comprehensive income</i> | | 139 | 136 | 1 |
| – Profit for the year | | | | |
| – Other comprehensive income for the year | | 139 | 136 | 1 |
| <i>Transactions with owners</i> | | | | (147) |
| Contributions and distributions | | | | (147) |
| – Dividends paid (note 5) | | | | |
| – Distributions to NCI share option holders | | | | |
| – Share-based payments movement | | | | (147) |
| Changes in ownership interest | | | | |
| – Recognition of NCI ¹ | | | | |
| At 31 December 2022 (Reviewed) | 983 | 1 126 | 19 | 450 |

¹ Relates to the recognition of the 9% NCI share option holder in Tsitsikamma SPV as true NCI upon the exercise of the share option.

Foreign currency translation

Arises from the translation of financial statements of foreign operations within the group, as well as the share of equity-accounted investments' foreign currency translation reserves.

Financial instruments revaluation

Comprises the group's cash flow hedge reserves as well as the share of equity-accounted investments' hedging reserves.

Equity-settled

Represents the fair value, net of tax, of services received from employees and settled by equity instruments granted.

Retirement employee obligations

Comprises remeasurements, net of tax, on the retirement employee obligations as well as the share of equity-accounted investments' retirement employee obligations reserves.

Financial asset FVOCI revaluation

Comprises the fair value adjustments, net of tax, on the financial assets classified at FVOCI as well as the share of equity-accounted investments' financial asset FVOCI revaluation reserves.

| Retirement employee obligations Rm | Financial asset FVOCI revaluation Rm | Other Rm | Retained earnings Rm | Attributable to owners of the parent Rm | Non- controlling interests Rm | Total equity Rm |
|---|--|-------------|----------------------------|---|--|-----------------------|
| (21) | (5) | 4 | 35 265 | 38 781 | 9 340 | 48 121 |
| 1 | 30 | | 12 667 | 11 954 | 3 506 | 15 460 |
| | | | 12 667 | 12 667 | 3 706 | 16 373 |
| 1 | 30 | | | (713) | (200) | (913) |
| 55 | 30 | | (10 925) | (11 185) | (2 298) | (13 483) |
| | 20 | | (11 045) | (11 185) | (3 131) | (14 316) |
| | | | (9 557) | (9 557) | (3 124) | (12 681) |
| | | | | | (7) | (7) |
| | | | (1 462) | (122) | | (122) |
| | | | (6) | (1 500) | | (1 500) |
| | | | | (6) | | (6) |
| | 20 | | (20) | | | |
| 55 | 10 | | 120 | | 833 | 833 |
| 55 | | | 130 | | | |
| | 10 | | (10) | | 833 | 833 |
| 35 | 55 | 4 | 37 007 | 39 550 | 10 548 | 50 098 |
| 3 | 8 | | 13 826 | 14 113 | 4 276 | 18 389 |
| | | | 13 826 | 13 826 | 4 179 | 18 005 |
| 3 | 8 | | | 287 | 97 | 384 |
| | | | (6 697) | (6 844) | (2 264) | (9 108) |
| | | | (6 686) | (6 833) | (2 275) | (9 108) |
| | | | (6 686) | (6 886) | (2 274) | (8 960) |
| | | | | | (1) | (1) |
| | | | (11) | (147) | | (147) |
| | | | (11) | (11) | 11 | |
| | | | (11) | (11) | 11 | |
| 38 | 63 | 4 | 44 136 | 46 819 | 12 560 | 59 379 |

Condensed group statement of cash flows

For the year ended 31 December

| | 2022 Reviewed Rm | 2021 Audited Rm |
|---|------------------------|-----------------------|
| Cash flows from operating activities | 14 410 | 8 432 |
| Cash generated by operations (note 10) | 18 863 | 10 552 |
| Interest paid | (982) | (1 017) |
| Interest received | 650 | 217 |
| Tax paid | (4 121) | (1 320) |
| Cash flows from investing activities | 3 990 | 13 419 |
| Property, plant and equipment acquired (note 15) | (1 652) | (2 471) |
| Proceeds from disposal of property, plant and equipment | 4 | 11 |
| Cash received from financial assets at amortised cost | 90 | 72 |
| ESD loans granted | (112) | (101) |
| ESD loans settled | 50 | 61 |
| Settlement of deferred consideration | 94 | |
| Portfolio investments acquired | (400) | |
| Loan to associate settled | | 3 |
| Lease receivables settled | 15 | 15 |
| Increase in environmental rehabilitation funds | (8) | (79) |
| Proceeds from disposal of subsidiaries | | 99 |
| Proceeds from disposal of associate (note 7) | | 5 763 |
| Dividend income received from equity-accounted investments | 5 903 | 9 991 |
| Dividend income received from financial assets | 6 | 55 |
| Cash flows from financing activities | (10 617) | (18 032) |
| Interest-bearing borrowings raised (note 20) | | 4 725 |
| Interest-bearing borrowings repaid (note 20) | (1 181) | (8 076) |
| Lease liabilities paid (note 19) | (34) | (36) |
| Loan from NCI repaid | | (69) |
| Dividends paid to owners of the parent (note 5) | (6 686) | (9 557) |
| Dividends paid to NCI BEE Parties | (2 237) | (3 119) |
| Dividends paid to NCI of Tsitsikamma SPV | (37) | (5) |
| Distributions to NCI share option holders | (1) | (7) |
| Shares acquired in the market to settle share-based payments | (441) | (382) |
| Shares repurchased including transaction expenses | | (1 506) |
| Net increase in cash and cash equivalents | 7 783 | 3 819 |
| Cash and cash equivalents at beginning of the year | 7 041 | 3 187 |
| Translation difference on movement in cash and cash equivalents | (12) | 35 |
| Cash and cash equivalents at end of the year | 14 812 | 7 041 |
| Cash and cash equivalents | 14 812 | 7 042 |
| Overdraft | | (1) |

Notes to the reviewed condensed group annual financial statements

1. CORPORATE BACKGROUND

Exxaro, a public company incorporated in South Africa, is a diversified resources group with interests in the coal (controlled and non-controlled), energy (controlled) and ferrous (controlled and non-controlled) markets. These reviewed condensed group annual financial statements as at and for the year ended 31 December 2022 (condensed annual financial statements) comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and joint ventures.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed annual financial statements have been prepared in accordance with and contain the information required by the JSE Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS (as issued by the IASB), the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee) and Financial Pronouncements (as issued by the Financial Reporting Standards Council). As a minimum, preliminary reports must contain the information required by IAS 34 *Interim Financial Reporting*.

The condensed annual financial statements have been prepared under the supervision of Mr PA Koppeschaar CA(SA), SAICA registration number: 00038621.

The condensed annual financial statements should be read in conjunction with the group annual financial statements as at and for the year ended 31 December 2021, which have been prepared in accordance with IFRS. The condensed annual financial statements have been prepared on the historical cost basis, except for financial instruments, share-based payments and biological assets, which are measured at fair value.

The condensed annual financial statements of the Exxaro group were authorised for issue by the board of directors on 14 March 2023.

2.2 Judgements and estimates

Management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements and the key source of estimation uncertainty were similar to those applied to the group annual financial statements as at and for the year ended 31 December 2021.

3. ACCOUNTING POLICIES AND OTHER COMPLIANCE MATTERS

The accounting policies applied are in terms of IFRS and are consistent with those of the group annual financial statements as at and for the year ended 31 December 2021. A number of new or amended IFRS standards became effective for the current year. The group did not have to make any significant changes to its accounting policies nor make retrospective adjustments as a result of adopting these standards.

3.1 Income tax

The reduction of the statutory income tax rate from 28% to 27% was substantively enacted on 23 February 2022 and is effective for years of assessment beginning on or after 1 April 2022. As a result, the relevant deferred tax balances have been remeasured. The impact of the change in the statutory income tax rate has been recognised in the income tax expense line item, amounting to R316 million, except to the extent that it relates to items previously recognised directly in equity or other comprehensive income. For the group, such items include the equity-settled share-based payment reserves, financial assets FVOCI revaluation reserves and cash flow hedge reserves.

3.2 Impact of new, amended or revised standards issued but not yet effective

New accounting standards, amendments to accounting standards and interpretations issued, that are relevant to the group, but not yet effective on 31 December 2022, have not been early adopted. The group continuously evaluates the impact of these standards and amendments. On adopting the amendment to IAS 1 *Presentation of financial statements* (IAS 1) effective on 1 January 2023, Exxaro plan to early adopt the subsequent amendment to IAS 1, effective 1 January 2024, regarding the classification of current and non-current liabilities.

3.3 Impact of the Russian-Ukraine conflict

The financial reporting impact of the Russian-Ukraine conflict has been assessed by management and factored in as a consideration in making relevant estimates and assumptions, in particular impairment assessments.

The coal price and rand/US\$ exchange rate assumptions used to forecast future cash flows for impairment assessment purposes have been updated to consider the short-term observable impact of the Russian-Ukraine conflict, as well as the forecasted medium and longer-term impact on the world economy and commodity prices.

Notes to the reviewed condensed group annual financial statements continued

4. RECONCILIATION OF GROUP HEADLINE EARNINGS

| | Gross Rm | Tax Rm | NCI Rm | Net Rm |
|---|----------|--------|--------|---------|
| For the year ended 31 December 2022 (Reviewed) | | | | |
| Profit attributable to owners of the parent | | | | 13 826 |
| Adjusted for: | 1 285 | (333) | (220) | 732 |
| – IFRS 10 Loss on disposal of subsidiary | 1 | | | 1 |
| – IAS 16 Net losses on disposal of property, plant and equipment | 97 | (27) | (17) | 53 |
| – IAS 28 Loss on dilution of investment in associate | 2 | | | 2 |
| – IAS 28 Share of equity-accounted investments' separately identifiable remeasurements ¹ | 1 132 | (306) | (191) | 635 |
| – IAS 36 Impairment charges of non-current assets | 53 | | (12) | 41 |
| Headline earnings | | | | 14 558 |
| Continuing operations | | | | 14 558 |
| ¹ Includes Exxaro's share of SIOC's impairment charge recognised on the Kolomela assets, amounting to R626 million (net of tax and NCI). | | | | |
| For the year ended 31 December 2021 (Audited) | | | | |
| Profit attributable to owners of the parent | | | | 12 667 |
| Adjusted for: | (1 684) | 266 | 319 | (1 099) |
| – IFRS 10 Loss on disposal of subsidiaries | 947 | (93) | (196) | 658 |
| – IAS 16 Net losses on disposal of property, plant and equipment | 46 | (14) | (7) | 25 |
| – IAS 21 Net gains on translation differences recycled to profit or loss on disposal of investment in foreign associate | (876) | | 197 | (679) |
| – IAS 21 Net gains on translation differences recycled to profit or loss on deregistration of foreign subsidiaries | (482) | | 111 | (371) |
| – IAS 28 Net gains on disposal of associates | (1 339) | 379 | 217 | (743) |
| – IAS 28 Share of equity-accounted investments' separately identifiable remeasurements | (1) | | | (1) |
| – IAS 36 Impairment charges of non-current assets | 21 | (6) | (3) | 12 |
| Headline earnings | | | | 11 568 |
| Continuing operations | | | | 11 512 |
| Discontinued operations | | | | 56 |

Notes to the reviewed condensed group annual financial statements continued

4. RECONCILIATION OF GROUP HEADLINE EARNINGS continued

| | For the year ended 31 December | |
|------------------------------------|-----------------------------------|--------------------------|
| | 2022 Reviewed cents | 2021 Audited cents |
| Headline earnings per share | | |
| Aggregate | | |
| – Basic | 6 016 | 4 683 |
| – Diluted | 6 016 | 4 683 |
| Continuing operations | | |
| – Basic | 6 016 | 4 660 |
| – Diluted | 6 016 | 4 660 |
| Discontinued operations | | |
| – Basic | | 23 |
| – Diluted | | 23 |

Refer note 5 for details regarding the number of shares.

Notes to the reviewed condensed group annual financial statements continued

5. DIVIDEND DISTRIBUTIONS

An interim cash dividend, number 39, for 2022 of 1 593 cents per share (R3 848 million to external shareholders) was declared on 16 August 2022 and paid on 3 October 2022.

A final cash dividend, number 40, for 2022 of 1 136 cents per share, was approved by the board of directors on 14 March 2023. The dividend is payable on 8 May 2023 to shareholders who will be on the register on 5 May 2023. This final dividend, amounting to approximately R2 744 million (to external shareholders), has not been recognised as a liability in these condensed annual financial statements. It will be recognised in shareholders' equity in the first half of the year ending 31 December 2023.

The final dividend declared from income reserves, will be subject to a dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of dividend withholding tax. The net local dividend payable to shareholders, subject to dividend withholding tax at a rate of 20% amounts to 908.80000 cents per share.

The number of ordinary shares in issue at the date of this declaration is 349 305 092. Exxaro company's tax reference number is 9218/098/14/4.

| | For the year ended 31 December | |
|--|-----------------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Dividends paid | 6 686 | 9 557 |
| Final dividend (relating to prior year) | 2 838 | 3 119 |
| Special dividend | | 1 363 |
| Interim dividend (relating to current year) | 3 848 | 5 075 |
| | cents | cents |
| Dividend paid per share | 2 768 | 3 863 |
| Final dividend (relating to prior year) | 1 175 | 1 243 |
| Special dividend | | 543 |
| Interim dividend (relating to current year) | 1 593 | 2 077 |
| | | |
| | At 31 December | |
| | 2022 Reviewed | 2021 Audited |
| Issued share capital (number of shares) ¹ | 349 305 092 | 349 305 092 |
| Ordinary shares (millions) | | |
| – Weighted average number of shares | 242 | 247 |
| – Diluted weighted average number of shares | 242 | 247 |

¹ Includes treasury shares of 107 770 244 (2021: 107 770 244).

Notes to the reviewed condensed group annual financial statements continued

6. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the reportable operating segments. The chief operating decision maker has been defined as the executive committees of the group. Segments reported are based on the group's different commodities and operations.

In line with reporting trends, emphasis is placed on controllable costs. Indirect corporate costs are reported on a gross level in the other reportable segment.

The segments, as described below, offer different goods and services, and are managed separately based on commodity, location and support function grouping. The group executive committees review internal management reports on these operating segments at least quarterly.

The comparative segmental information has been re-presented for the equity interest in LightApp, which has been reclassified from the energy segment to the other segment, in line with the revised strategic focus of the group.

Coal

The coal operations produce thermal coal, metallurgical coal and SSCC and are made up of the following reportable segments:

Commercial Waterberg: Comprising mainly of the Grootegeluk operation.

Commercial Mpumalanga: Comprising the Belfast and Leeuwpan operations, as well as the 50% (2021: 50%) joint venture in Mafube with Thungela. The ECC operation, including the 49% equity interest in Tumelo, formed part of this reportable segment until the effective date of disposal on 3 September 2021.

Tied: Comprising of the Matla mine supplying its entire coal supply to Eskom.

Other: Comprising of the other coal affiliated operations, including mines in closure and a 10.26% (2021: 10.26%) equity interest in RBCT.

The export revenue and related export cost items are allocated between the coal reportable segments and disclosed based on the origin of the initial coal production.

Energy

The energy operations generate energy (electricity) from renewable energy technology. The energy reportable segment comprises mainly of the Cennergi controlled operation.

Ferrous

The ferrous operations are made up of the following reportable segments:

Alloys: Comprising of the FerroAlloys operation which manufactures ferrosilicon.

Other: Comprising mainly of the 20.62% (2021: 20.62%) equity interest in SIOC.

TiO₂

Following the disposal of Tronox Holdings plc and Tronox SA during 2021, the TiO₂ reportable segment has been discontinued (refer note 7).

Other

The other operations of the group are made up of the following reportable segments:

Base metals: Comprising of the 26% (2021: 26%) equity interest in Black Mountain.

Other: Comprising mainly of the corporate office (rendering corporate management services), the Ferroland agricultural operation, the 25.85% (2021: 25.85%) equity interest in Insect Technology and the 28.01% (2021: 28.59%) equity interest in LightApp.

Notes to the reviewed condensed group annual financial statements continued

6. SEGMENTAL INFORMATION continued

The following table presents a summary of the group's segmental information:

| For the year ended 31 December 2022 (Reviewed) | Coal | | | | |
|--|----------------------|-----------------------|------------|-------------|--------------|
| | Commercial | | Tied Rm | Other Rm | Energy Rm |
| | Water- berg Rm | Mpuma- langa Rm | | | |
| External revenue (note 8) | 23 613 | 15 797 | 5 561 | | 1 159 |
| Segmental net operating profit/(loss) | 11 731 | 5 323 | 151 | (389) | 437 |
| External finance income (note 13) | 24 | 4 | | 5 | 20 |
| External finance costs (note 13) | (58) | (91) | | (62) | (503) |
| Income tax (expense)/benefit | (3 178) | (1 307) | (61) | 473 | 60 |
| Depreciation and amortisation (note 9) | (1 490) | (609) | (14) | (6) | (391) |
| Net losses on disposal of property, plant and equipment (note 9) | (9) | (72) | | (7) | |
| Impairment charges of equity-accounted investments (note 12) | | | | | |
| Loss on disposal of subsidiary (note 11) | | | | | |
| Loss on dilution of investment in associate (note 9) | | | | | |
| Share of income/(loss) of equity-accounted investments (note 14) | | 1 902 | | (10) | |
| Cash generated by/(utilised in) operations | 12 874 | 6 539 | 267 | (1 459) | 837 |
| Capital spend on property, plant and equipment (note 15) | (1 348) | (252) | | (5) | (20) |
| At 31 December 2022 (Reviewed) | | | | | |
| Segmental assets and liabilities | | | | | |
| Deferred tax ¹ | | | | | 1 |
| Equity-accounted investments (note 16) | | 2 999 | | 2 024 | |
| External assets | 30 897 | 6 068 | 1 213 | 3 258 | 8 614 |
| Total assets | 30 897 | 9 067 | 1 213 | 5 282 | 8 615 |
| External liabilities | 1 857 | 2 577 | 1 301 | 1 143 | 4 804 |
| Deferred tax ¹ | 6 997 | 978 | (56) | (108) | 884 |
| Total liabilities | 8 854 | 3 555 | 1 245 | 1 035 | 5 688 |

¹ Offset per legal entity and tax authority.

Notes to the reviewed condensed group annual financial statements continued

6. SEGMENTAL INFORMATION continued

| For the year ended 31 December 2022 (Reviewed) | Ferrous | | Other | | Total Rm |
|--|--------------|------------------------|----------------------|-------------|-------------|
| | Alloys Rm | Other ferrous Rm | Base metals Rm | Other Rm | |
| External revenue (note 8) | 224 | | | 15 | 46 369 |
| Segmental net operating profit/(loss) | 49 | (1) | | (1 081) | 16 220 |
| External finance income (note 13) | | | | 641 | 694 |
| External finance costs (note 13) | (1) | | | (337) | (1 052) |
| Income tax (expense)/benefit | (5) | | | (269) | (4 287) |
| Depreciation and amortisation (note 9) | (7) | | | (164) | (2 681) |
| Net losses on disposal of property, plant and equipment (note 9) | | | | (9) | (97) |
| Impairment charges of equity-accounted investments (note 12) | | | | (53) | (53) |
| Loss on disposal of subsidiary (note 11) | | | | (1) | (1) |
| Loss on dilution of investment in associate (note 9) | | | | (2) | (2) |
| Share of income/(loss) of equity-accounted investments (note 14) | | 4 077 | 578 | (70) | 6 477 |
| Cash generated by/(utilised in) operations | (22) | (1) | | (172) | 18 863 |
| Capital spend on property, plant and equipment (note 15) | (1) | | | (26) | (1 652) |
| At 31 December 2022 (Reviewed) | | | | | |
| Segmental assets and liabilities | | | | | |
| Deferred tax ¹ | 11 | 1 | | 241 | 254 |
| Equity-accounted investments (note 15) | | 11 104 | 1 933 | | 18 060 |
| External assets | 421 | 25 | | 16 335 | 66 831 |
| Total assets | 432 | 11 130 | 1 933 | 16 576 | 85 145 |
| External liabilities | 26 | 1 | | 5 389 | 17 098 |
| Deferred tax ¹ | | | | (27) | 8 668 |
| Total liabilities | 26 | 1 | | 5 362 | 25 766 |

¹ Offset per legal entity and tax authority.

Notes to the reviewed condensed group annual financial statements continued

6. SEGMENTAL INFORMATION continued

| For the year ended 31 December 2021 (Audited) (Re-presented) ¹ | Coal | | | | |
|--|---------------|---------------|---------|----------|-----------|
| | Commercial | | Tied Rm | Other Rm | Energy Rm |
| | Water-berg Rm | Mpumalanga Rm | | | |
| External revenue (note 8) | 16 852 | 9 439 | 5 089 | 15 | 1 193 |
| Segmental net operating profit/(loss)¹ | 7 137 | 534 | 147 | (235) | 525 |
| – Continuing operations | 7 137 | 534 | 147 | (235) | 525 |
| – Discontinued operations | | | | | |
| External finance income (note 13) | 23 | 2 | | 11 | 12 |
| External finance costs (note 13) | (50) | (116) | | (51) | (503) |
| Income tax (expense)/benefit | (2 160) | (208) | (45) | 272 | (26) |
| – Continuing operations | (2 160) | (208) | (45) | 272 | (26) |
| – Discontinued operations | | | | | |
| Depreciation and amortisation (note 9) | (1 447) | (636) | (14) | (4) | (388) |
| Net losses on disposal of property, plant and equipment (note 9) | (22) | (3) | 4 | | |
| Impairment charges of non-current operating assets (note 12) | (21) | | | | |
| Net gains on disposal of associates | | | | | |
| – Discontinued operations (note 7) | | | | | |
| Loss on disposal of subsidiaries | | (946) | | | |
| Share of income/(loss) of equity-accounted investments ¹ | | 404 | | (19) | |
| – Continuing operations (note 14) | | 404 | | (19) | |
| – Discontinued operations (note 7) | | | | | |
| Cash generated by/(utilised in) operations | 8 533 | 1 481 | 127 | (297) | 904 |
| Capital spend on property, plant and equipment (note 15) | (1 990) | (392) | (1) | (17) | (1) |
| At 31 December 2021 (Audited) (Re-presented)¹ | | | | | |
| Segmental assets and liabilities | | | | | |
| Deferred tax ² | | 51 | 33 | 118 | 38 |
| Equity-accounted investments (note 16) | | 1 780 | | 2 034 | |
| External assets | 30 880 | 6 391 | 1 216 | 2 167 | 8 516 |
| Total assets¹ | 30 880 | 8 222 | 1 249 | 4 319 | 8 554 |
| External liabilities | 2 122 | 1 744 | 1 212 | 547 | 5 239 |
| Deferred tax ² | 7 220 | 180 | | 1 | 920 |
| Total liabilities | 9 342 | 1 924 | 1 212 | 548 | 6 159 |

¹ LightApp has been reclassified from the energy segment to the other segment.

² Offset per legal entity and tax authority.

Notes to the reviewed condensed group annual financial statements continued

6. SEGMENTAL INFORMATION continued

| For the year ended 31 December 2021 (Audited)(Re-presented) ¹ | Ferrous | | Other | | Total Rm | |
|---|--------------|------------------------|------------------------|-------------------------------|-------------|--------|
| | Alloys Rm | Other ferrous Rm | TiO ₂ Rm | Base metals Other Rm | | |
| External revenue (note 8) | 168 | | | 15 | 32 771 | |
| Segmental net operating profit/(loss)¹ | 14 | | 2 217 | (662) | 9 677 | |
| – Continuing operations | 14 | | | (662) | 7 460 | |
| – Discontinued operations | | | 2 217 | | 2 217 | |
| External finance income (note 13) | | 2 | | 189 | 239 | |
| External finance costs (note 13) | (1) | | | (139) | (860) | |
| Income tax (expense)/benefit | | | (379) | (36) | (2 582) | |
| – Continuing operations | | | | (36) | (2 203) | |
| – Discontinued operations | | | (379) | | (379) | |
| Depreciation and amortisation (note 9) | (10) | | | (178) | (2 677) | |
| Net losses on disposal of property, plant and equipment (note 9) | | | | (25) | (46) | |
| Impairment charges of non-current operating assets (note 12) | | | | | (21) | |
| Net gains on disposal of associates | | | 1 339 | | 1 339 | |
| – Discontinued operations (note 7) | | | 1 339 | | 1 339 | |
| Loss on disposal of subsidiaries | | | | (1) | (947) | |
| Share of income/(loss) of equity-accounted investments ¹ | | 9 037 | 54 | 352 | 16 | 9 844 |
| – Continuing operations (note 14) | | 9 037 | | 352 | 16 | 9 790 |
| – Discontinued operations (note 7) | | | 54 | | | 54 |
| Cash generated by/(utilised in) operations | (41) | (3) | | (152) | 10 552 | |
| Capital spend on property, plant and equipment (note 15) | (1) | | | (69) | (2 471) | |
| At 31 December 2021 (Audited) (Re-presented)¹ | | | | | | |
| Segmental assets and liabilities | | | | | | |
| Deferred tax ² | 18 | | | 111 | 369 | |
| Equity-accounted investments ¹ (note 16) | | 12 037 | | 1 350 | 121 | 17 322 |
| External assets | 358 | 26 | | 8 472 | 58 026 | |
| Total assets¹ | 376 | 12 063 | | 1 350 | 8 704 | 75 717 |
| External liabilities | 28 | 1 | | 6 455 | 17 348 | |
| Deferred tax ² | | | | (50) | 8 271 | |
| Total liabilities | 28 | 1 | | 6 405 | 25 619 | |

¹ LightApp has been reclassified from the energy segment to the other segment.

² Offset per legal entity and tax authority.

Notes to the reviewed condensed group annual financial statements continued

7. DISCONTINUED OPERATIONS

The discontinued operations related to Tronox SA and Tronox Holdings plc.

Financial information relating to the discontinued operations is set out below:

| | For the year ended 31 December |
|--|--------------------------------------|
| | 2021 Audited Rm |
| Financial performance | |
| Net gains on translation differences recycled to profit or loss on disposal of investment in foreign associate | 876 |
| Gain on financial instruments revaluations recycled to profit or loss | 2 |
| Operating profit | 878 |
| Net gains on disposal of associates ¹ | 1 339 |
| – Total disposal consideration | 7 781 |
| – Carrying amount of investments sold | (6 442) |
| Net operating profit | 2 217 |
| Share of income of equity-accounted investment | 54 |
| Profit before tax | 2 271 |
| Income tax expense | (379) |
| Profit for the year from discontinued operations | 1 892 |
| Other comprehensive loss, net of tax | (878) |
| <i>Items that have subsequently been reclassified to profit or loss:</i> | (878) |
| – Recycling of share of OCI of equity-accounted investments | (878) |
| Total comprehensive income for the year | 1 014 |
| Cash flow information | |
| Cash flow attributable to investing activities | |
| – Proceeds from disposal of associate | 5 763 |
| Cash flow attributable to discontinued operations | 5 763 |

¹ Comprises a loss of R664 million on the disposal of Tronox SA and a gain of R2 003 million on the disposal of Tronox Holdings plc.

Notes to the reviewed condensed group annual financial statements continued

8. REVENUE

Revenue is derived from contracts with customers. Revenue has been disaggregated based on timing of revenue recognition, major type of goods and services, major geographic area and major customer industries.

| | Coal | | | | Ferrous | | Other | Total Rm |
|---|---------------|---------------|---------|----------|-----------|-----------|----------|----------|
| | Commercial | | | | Energy Rm | Alloys Rm | Other Rm | |
| | Water-berg Rm | Mpumalanga Rm | Tied Rm | Other Rm | | | | |
| For the year ended 31 December 2022 (Reviewed) | | | | | | | | |
| Segmental revenue reconciliation | | | | | | | | |
| Segmental revenue ¹ | 23 613 | 15 797 | 5 561 | | 1 159 | 224 | 15 | 46 369 |
| Export sales allocated to selling entity ² | (7 621) | (13 769) | | 21 390 | | | | |
| Total revenue | 15 992 | 2 028 | 5 561 | 21 390 | 1 159 | 224 | 15 | 46 369 |
| By timing and major type of goods and services | | | | | | | | |
| Revenue recognised at a point in time | 15 992 | 2 028 | 4 311 | 21 390 | | 220 | 13 | 43 954 |
| Coal | 15 992 | 2 028 | 4 311 | 21 390 | | | | 43 721 |
| Ferrosilicon | | | | | | 220 | | 220 |
| Biological goods | | | | | | | 13 | 13 |
| Revenue recognised over time | | | 1 250 | | 1 159 | 4 | 2 | 2 415 |
| Renewable energy | | | | | 1 159 | | | 1 159 |
| Stock yard management services | | | | 125 | | | | 125 |
| Project engineering services | | | | 1 125 | | | | 1 125 |
| Transportation services | | | | | | 2 | | 2 |
| Other services | | | | | | 2 | 2 | 4 |
| Total revenue | 15 992 | 2 028 | 5 561 | 21 390 | 1 159 | 224 | 15 | 46 369 |
| By major geographic area of customer³ | | | | | | | | |
| Domestic | 15 992 | 2 028 | 5 561 | | 1 159 | 224 | 14 | 24 978 |
| Export | | | | 21 390 | | | 1 | 21 391 |
| Europe ⁴ | | | | 16 984 | | | | 16 984 |
| Asia ⁵ | | | | 3 899 | | | 1 | 3 900 |
| Other | | | | 507 | | | | 507 |
| Total revenue | 15 992 | 2 028 | 5 561 | 21 390 | 1 159 | 224 | 15 | 46 369 |
| By major customer industries | | | | | | | | |
| Public utilities | 13 287 | | 5 561 | 940 | 1 159 | | | 20 947 |
| Merchants | 315 | 1 363 | | 19 840 | | | | 21 518 |
| Steel | 1 317 | 125 | | | | | | 1 442 |
| Mining | 242 | 44 | | | | 180 | | 466 |
| Manufacturing | 407 | 6 | | 213 | | 44 | | 670 |
| Food and beverage | 145 | | | | | | 1 | 146 |
| Cement | 223 | | | 158 | | | | 381 |
| Chemicals | | 481 | | | | | | 481 |
| Other | 56 | 9 | | 239 | | | 14 | 318 |
| Total revenue | 15 992 | 2 028 | 5 561 | 21 390 | 1 159 | 224 | 15 | 46 369 |

¹ Coal segmental revenue is based on the origin of coal production.

² Relates to revenue sold by export distribution entity.

³ Determined based on the customer supplied by Exxaro.

⁴ Relates mainly to Switzerland and UK.

⁵ Relates mainly to Singapore and Japan.

Notes to the reviewed condensed group annual financial statements continued

8. REVENUE continued

| For the year ended 31 December 2021 (Audited) | Coal | | | | Ferrous | | Other | Total Rm |
|---|----------------------|-----------------------|--------------|---------------|--------------|--------------|-------------|---------------|
| | Commercial | | | | Energy Rm | Alloys Rm | Other Rm | |
| | Water- berg Rm | Mpuma- langa Rm | Tied Rm | Other Rm | | | | |
| Segmental revenue reconciliation | | | | | | | | |
| Segmental revenue ¹ | 16 852 | 9 439 | 5 089 | 15 | 1 193 | 168 | 15 | 32 771 |
| Export sales allocated to selling entity ² | (2 495) | (6 328) | | 10 823 | | | | |
| Total revenue | 14 357 | 1 111 | 5 089 | 10 838 | 1 193 | 168 | 15 | 32 771 |
| By timing and major type of goods and services | | | | | | | | |
| Revenue recognised at a point in time | 14 357 | 1 111 | 3 953 | 10 823 | | 162 | 14 | 30 420 |
| Coal | 14 357 | 1 111 | 3 953 | 10 823 | | | | 30 244 |
| Ferrosilicon | | | | | | 162 | | 162 |
| Biological goods | | | | | | | 14 | 14 |
| Revenue recognised over time | | | 1 136 | 15 | 1 193 | 6 | 1 | 2 351 |
| Renewable energy | | | | | 1 193 | | | 1 193 |
| Stock yard management services | | | 177 | | | | | 177 |
| Project engineering services | | | 959 | | | | | 959 |
| Other mine management services | | | | 15 | | | | 15 |
| Transportation services | | | | | | 2 | | 2 |
| Other services | | | | | | 4 | 1 | 5 |
| Total revenue | 14 357 | 1 111 | 5 089 | 10 838 | 1 193 | 168 | 15 | 32 771 |
| By major geographic area of customer³ | | | | | | | | |
| Domestic | 14 357 | 1 111 | 5 089 | 15 | 1 193 | 168 | 14 | 21 947 |
| Export | | | | 10 823 | | | 1 | 10 824 |
| Europe | | | | 7 092 | | | 1 | 7 093 |
| Asia | | | | 2 955 | | | | 2 955 |
| Other | | | | 776 | | | | 776 |
| Total revenue | 14 357 | 1 111 | 5 089 | 10 838 | 1 193 | 168 | 15 | 32 771 |
| By major customer industries | | | | | | | | |
| Public utilities | 12 031 | | 5 089 | | 1 193 | | | 18 313 |
| Merchants | 235 | 752 | | 10 449 | | | | 11 436 |
| Steel | 1 147 | 119 | | 15 | | | | 1 281 |
| Mining | 165 | 153 | | 52 | | 134 | | 504 |
| Manufacturing | 364 | | | | | 34 | | 398 |
| Food and beverage | 197 | | | | | | 5 | 202 |
| Cement | 175 | 3 | | | | | | 178 |
| Chemicals | | 80 | | | | | | 80 |
| Other | 43 | 4 | | 322 | | | 10 | 379 |
| Total revenue | 14 357 | 1 111 | 5 089 | 10 838 | 1 193 | 168 | 15 | 32 771 |

¹ Coal segmental revenue is based on the origin of coal production.

² Relates to revenue sold by export distribution entity.

³ Determined based on the customer supplied by Exxaro.

Notes to the reviewed condensed group annual financial statements continued

9. SIGNIFICANT ITEMS INCLUDED IN OPERATING EXPENSES

| | For the year ended 31 December | |
|---|-----------------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Raw materials and consumables ¹ | (7 620) | (4 339) |
| Staff costs | (5 862) | (5 583) |
| Royalties | (1 821) | (970) |
| Contract mining | (812) | (1 675) |
| Repairs and maintenance | (2 785) | (2 628) |
| Railage and transport | (3 019) | (2 175) |
| Legal and professional fees | (387) | (491) |
| Movement in provisions (note 21) | (474) | (4) |
| Depreciation and amortisation | (2 681) | (2 677) |
| – Depreciation of property, plant and equipment | (2 457) | (2 445) |
| – Depreciation of right-of-use assets | (58) | (65) |
| – Amortisation of intangible assets | (166) | (167) |
| Hedge ineffectiveness on cash flow hedges (note 23.2) | (13) | (10) |
| Net losses on disposal of property, plant and equipment | (97) | (46) |
| Net realised and unrealised currency exchange differences | 777 | 64 |
| Net gains on translation differences recycled to profit or loss on deregistration of foreign subsidiaries | | 482 |
| Gain on derecognition of financial assets at FVOCI | | 175 |
| Loss on dilution of investment in associate | (2) | |
| Expected credit losses ((impairment losses)/reversal of impairment losses) ² | (79) | 57 |

¹ Relates mainly to increased coal buy-ins from Mafube.

² Relates mainly to the recognition of an ECL on the ESD loans amounting to R64 million.

Notes to the reviewed condensed group annual financial statements continued

10. CASH GENERATED BY OPERATIONS

| | For the year ended 31 December | |
|--|-----------------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Net operating profit | 16 220 | 9 677 |
| – Continuing operations | 16 220 | 7 460 |
| – Discontinued operations | | 2 217 |
| <i>Non-cash movements:</i> | | |
| Depreciation and amortisation | 2 681 | 2 677 |
| Impairment charges of non-current operating assets | | 21 |
| ECLs on financial assets at amortised cost | 79 | (57) |
| Write-off of trade and other receivables and ESD loans | 4 | 92 |
| Movement in provisions | 474 | 4 |
| Movement in retirement employee obligation | 9 | 12 |
| Net currency exchange differences | 32 | (27) |
| Fair value adjustments on financial instruments | (51) | (232) |
| Gain on termination of lease | (3) | |
| Loss on termination of right-of-use asset | 1 | |
| Net losses on disposal of property, plant and equipment | 97 | 46 |
| Loss on disposal of subsidiaries | 1 | 947 |
| Gain on derecognition of financial asset at FVOCI | | (175) |
| Loss on dilution of investment in associate | 2 | |
| Net gains on disposal of associates | | (1 339) |
| Indemnification asset movement | (5) | |
| Share-based payment expense | 207 | 246 |
| Hedge ineffectiveness on cash flow hedges | 13 | 10 |
| Translation of net investment in foreign operations | (8) | (3) |
| Translation of foreign currency items | (351) | (147) |
| Amortisation of transaction costs prepaid | 4 | 5 |
| Non-cash recoveries | (194) | 8 |
| Net gains on translation differences recycled to profit or loss on deregistration of foreign subsidiaries | | (482) |
| Net gains on translation differences recycled to profit or loss on disposal of investment in foreign associate | | (876) |
| Gain on financial instruments revaluations recycled to profit or loss on disposal of associate | | (2) |
| Other non-cash movements | 5 | 2 |
| Cash generated from operations before working capital movements | 19 217 | 10 407 |
| <i>Working capital movements</i> | | |
| Decrease/(increase) in inventories | 1 | (113) |
| (Increase)/decrease in trade and other receivables | (1 312) | 266 |
| Increase in trade and other payables | 999 | 40 |
| Utilisation of provisions | (42) | (48) |
| Cash generated by operations | 18 863 | 10 552 |

Notes to the reviewed condensed group annual financial statements continued

11. LOSS ON DISPOSAL OF SUBSIDIARIES

| | For the year ended 31 December | |
|---|-----------------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Disposal of Aquicure | (1) | |
| Disposal of ECC operation | | (946) |
| Disposal of ADX | | (1) |
| Total loss on disposal of subsidiaries | (1) | (947) |

12. IMPAIRMENT CHARGES OF NON-CURRENT ASSETS

| | For the year ended 31 December | |
|--|-----------------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Thabametsi | | |
| Impairment charges | | (21) |
| – Property, plant and equipment | | (21) |
| Total impairment charges of non-current operating assets | | (21) |
| Investments in associates | | |
| Impairment charges | (53) | |
| – LightApp | (53) | |
| Total impairment charges of equity-accounted investments | (53) | |
| Net impairment charges of non-current assets | (53) | (21) |
| Net tax effect | | 6 |
| Net effect on attributable earnings | (53) | (15) |

LightApp

Exxaro's investment in LightApp was identified not to be a strategic fit for Exxaro. As such, Exxaro did not participate in LightApp's request for bridge funding and decided to dispose of its interest in LightApp at an appropriate time. Despite LightApp receiving some financing from other shareholders and a grant to alleviate some cash-flow constraints, the sustainability of the business remains under pressure.

On 31 December 2022, the equity interest in LightApp was impaired to nil.

Notes to the reviewed condensed group annual financial statements continued

13. NET FINANCING COSTS

| | For the year ended 31 December | |
|--|-----------------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Finance income | 694 | 239 |
| Interest income | 692 | 232 |
| Reimbursement of interest income on environmental rehabilitation funds | (6) | (4) |
| Finance lease interest income | 7 | 8 |
| Commitment fee income | 1 | 3 |
| Finance costs | (1 052) | (860) |
| Interest expense | (783) | (745) |
| Net fair value loss on interest rate swaps designated as cash flow hedges recycled from OCI: | (97) | (146) |
| – Realised fair value loss | (163) | (201) |
| – Unrealised fair value gain | 66 | 55 |
| Unwinding of discount rate on rehabilitation costs | (228) | (242) |
| Recovery of unwinding of discount rate on rehabilitation costs | 30 | 32 |
| Interest expense on lease liabilities | (50) | (53) |
| Amortisation of transaction costs | (6) | (13) |
| Borrowing costs capitalised ¹ | 82 | 307 |
| Total net financing costs | (358) | (621) |
| ¹ Borrowing costs capitalisation rate (%) | 6.09 | 6.14 |

14. SHARE OF INCOME OF EQUITY-ACCOUNTED INVESTMENTS

| | For the year ended 31 December | |
|--|-----------------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Associates | 4 575 | 9 415 |
| SIOC | 4 077 | 9 037 |
| RBCT | (10) | (19) |
| Black Mountain | 578 | 352 |
| Tumelo | | 29 |
| LightApp | (70) | 16 |
| Joint ventures | 1 902 | 375 |
| Mafube | 1 902 | 375 |
| Share of income of equity-accounted investments | 6 477 | 9 790 |

Notes to the reviewed condensed group annual financial statements continued

15. CAPITAL SPEND AND CAPITAL COMMITMENTS

| | At 31 December | |
|--|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Capital spend | | |
| To maintain operations | 1 401 | 1 635 |
| To expand operations | 251 | 836 |
| Total capital spend on property, plant and equipment | 1 652 | 2 471 |
| Capital commitments | | |
| Contracted | 2 481 | 2 071 |
| – Contracted for the group (owner-controlled) | 1 614 | 1 313 |
| – Share of capital commitments of equity-accounted investments | 867 | 758 |
| Authorised, but not contracted (owner-controlled) | 2 322 | 1 402 |

16. EQUITY-ACCOUNTED INVESTMENTS

| | At 31 December | |
|---|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Associates | 15 061 | 15 542 |
| SIOC | 11 104 | 12 037 |
| RBCT | 2 024 | 2 034 |
| Black Mountain | 1 933 | 1 350 |
| LightApp ¹ | | 121 |
| Joint ventures | 2 999 | 1 780 |
| Mafube | 2 999 | 1 780 |
| Total net carrying value of equity-accounted investments | 18 060 | 17 322 |

¹ On 31 December 2022, the investment in LightApp was impaired to nil. Refer note 12.

17. OTHER ASSETS

| | At 31 December | |
|-----------------------------|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Non-current | 770 | 546 |
| Reimbursements ¹ | 605 | 388 |
| Biological assets | 38 | 27 |
| Lease receivables | 38 | 45 |
| Other | 89 | 86 |
| Current | 572 | 735 |
| VAT | 31 | 351 |
| Diesel rebates | 100 | 113 |
| Royalties | 95 | 1 |
| Prepayments | 283 | 208 |
| Lease receivables | 8 | 7 |
| Other | 55 | 55 |
| Total other assets | 1 342 | 1 281 |

¹ Amounts recoverable from Eskom in respect of the rehabilitation, environmental expenditure and retirement employee obligations of the Matia operation at the end of LoM.

Notes to the reviewed condensed group annual financial statements continued

18. INTEREST-BEARING BORROWINGS

| | At 31 December | |
|---|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Non-current¹ | 8 378 | 9 255 |
| Loan facility | 3 391 | 4 061 |
| Project financing ² | 4 344 | 4 551 |
| Bonds ³ | 643 | 643 |
| Current¹ | 715 | 1 000 |
| Loan facility | 502 | 491 |
| Project financing ² | 210 | 149 |
| Bonds ³ | 3 | 360 |
| Total interest-bearing borrowings | 9 093 | 10 255 |
| <i>Summary of interest-bearing borrowings by period of redemption:</i> | | |
| Less than six months | 377 | 694 |
| Six to 12 months | 338 | 306 |
| Between one and two years | 1 361 | 652 |
| Between two and three years | 795 | 1 361 |
| Between three and four years | 2 947 | 795 |
| Between four and five years | 554 | 3 172 |
| Over five years | 2 721 | 3 275 |
| Total interest-bearing borrowings | 9 093 | 10 255 |
| ¹ Reduced by the amortisation of transaction costs: | | |
| – Non-current | (9) | (14) |
| – Current | (5) | (6) |
| ² Interest-bearing borrowings relating to Cennergi. | | |
| ³ The R357 million senior unsecured floating rate note matured in June 2022. | | |
| Overdraft | | |
| Bank overdraft | | 1 |

The bank overdraft is repayable on demand. Interest is based on current South African money market rates.

Refer note 20 for the amounts repaid and raised in relation to interest-bearing borrowings.

There were no defaults or breaches in terms of interest-bearing borrowings during the reporting periods.

The loan facility is subject to the following financial covenants:

- Ratio of consolidated net debt¹ to equity of the group for any measurement period shall be less than 0.8:1
- Ratio of consolidated EBITDA (excluding non-cash BEE credential costs) to net interest paid of the group for any measurement period shall not be less than 4:1
- Ratio of consolidated net debt¹ to consolidated EBITDA (excluding non-cash BEE credential costs, including dividends received from equity-accounted investments) of the group for any measurement period shall be less than 3:1.

¹ For purposes of financial covenants, net debt is adjusted for project financing, pending litigation and other claims as well as other financial guarantees (refer note 24.1).

Notes to the reviewed condensed group annual financial statements continued

18. INTEREST-BEARING BORROWINGS continued

The performance against these financial covenants was as follows:

| | At 31 December | |
|--------------------------------|------------------|-----------------|
| | 2022 Reviewed | 2021 Audited |
| Net (cash)/debt: equity (%) | | |
| – Target | <80 | <80 |
| – Actual | (15.99) | (1) |
| EBITDA: interest cover (times) | | |
| – Target | >4 | >4 |
| – Actual ¹ | | 35 |
| Net debt: EBITDA (times) | | |
| – Target | <3 | <3 |
| – Actual ² | | |

¹ 2022: Exxaro (excluding Cennergi project financing) is in a net finance income position.

² Exxaro (excluding Cennergi's net debt) is in a net cash position.

Below is a summary of the salient terms and conditions of the facilities at 31 December 2022:

| | Loan facility | | |
|--|--|---|--|
| | Bullet term loan | Amortised term loan | Revolving credit facility |
| Aggregate nominal amount available (Rm) | 2 500 | 1 350 | 3 250 |
| Undrawn portion (Rm) | nil | nil | 3 250 |
| Issue date | 26 April 2021 | 26 April 2021 | 26 April 2021 |
| Maturity date | 26 April 2026 | 26 April 2026 | 26 April 2026 |
| Capital payments | The total outstanding amount is payable on final maturity date | Repay each loan in full in equal consecutive semi-annual instalments on the last business day of April and October of each year | The total outstanding amount is payable on final maturity date |
| Duration (months) | 60 | 60 | 60 |
| Secured or unsecured | Unsecured | Unsecured | Unsecured |
| Interest | | | |
| Interest payment basis | Floating rate | Floating rate | Floating rate |
| Interest payment period | Three months | Three months | Monthly |
| Interest rate | | | |
| – Base rate | 3-month JIBAR | 3-month JIBAR | 1-month JIBAR |
| – Margin | 240 basis points (2.40%) | 230 basis points (2.30%) | 265 basis points (2.65%) |
| Effective interest rates for the transaction costs | 0.11% | 0.14% | N/A |

Notes to the reviewed condensed group annual financial statements continued

18. INTEREST-BEARING BORROWINGS continued

| | Project financing | | |
|---|--|--|--|
| | Tsitsikamma SPV loan facility | Amakhala SPV loan facilities | Amakhala SPV loan facilities |
| Remaining nominal amount outstanding (Rm) | 1 801 | 2 610 | 141 |
| Undrawn portion (Rm) | 137 | 273 | nil |
| Debt assumed date | 1 April 2020 | 1 April 2020 | 1 April 2020 |
| Maturity date | 31 December 2030 | 30 June 2031 | 30 June 2031 |
| Capital payments | Semi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount | Semi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount | Semi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount |
| Duration (months) | 129 | 135 | 135 |
| Secured or unsecured ¹ | Secured | Secured | Secured |
| Interest | | | |
| Interest payment basis | Floating rate ² | Floating rate ² | Fixed rate ³ |
| Interest payment period | Semi-annual | Semi-annual | Semi-annual |
| Interest rate | | | |
| – Base rate | 3-month JIBAR | 3-month JIBAR | 9.46% up to 30 June 2026, thereafter 3-month JIBAR |
| – Margin/all in margin range | 278 basis points (2.78%) | 371 to 685 basis points (3.71% to 6.85%) | 360 to 670 basis points (3.60% to 6.70%) |

¹ Security held over the assets and share capital of Tsitsikamma SPV and Amakhala SPV respectively.

² Interest payments are hedged from a floating rate to a fixed rate (refer note 23.2).

³ The facility will become a floating rate facility from 30 June 2026.

Notes to the reviewed condensed group annual financial statements continued

18. INTEREST-BEARING BORROWINGS continued

| | DMTN Programme (bonds) |
|-------------------------------|---|
| | R643 million senior unsecured floating rate note |
| Aggregate nominal amount (Rm) | 643 |
| Issue date or draw down date | 13 June 2019 |
| Maturity date | 13 June 2024 |
| Capital payments | No fixed or determined payments, the total outstanding amount is payable on final maturity date |
| Duration (months) | 60 |
| Secured or unsecured | Unsecured |
| Interest | |
| Interest payment basis | Floating rate |
| Interest payment period | Three months |
| Interest rate | |
| – Base rate | 3-month JIBAR |
| – Margin | 189 basis points (1.89%) |

Notes to the reviewed condensed group annual financial statements continued

19. LEASE LIABILITIES

| | At 31 December | |
|--|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Non-current | 438 | 470 |
| Current | 40 | 34 |
| Total lease liabilities | 478 | 504 |
| <i>Summary of lease liabilities by period of redemption:</i> | | |
| Less than six months | 19 | 16 |
| Six to 12 months | 21 | 18 |
| Between one and two years | 51 | 43 |
| Between two and three years | 62 | 53 |
| Between three and four years | 66 | 53 |
| Between four and five years | 81 | 66 |
| Over five years | 178 | 255 |
| Total lease liabilities | 478 | 504 |
| Analysis of movement in lease liabilities | | |
| At beginning of the year | 504 | 522 |
| New leases | | 1 |
| Lease terminations | (3) | |
| Reclassification to non-current liabilities held-for-sale | | 5 |
| Lease remeasurement adjustments | 10 | 12 |
| Interest not paid (accrued) | 1 | |
| Capital repayments | (34) | (36) |
| – Lease payments | (83) | (89) |
| – Interest charges | 49 | 53 |
| At end of the year | 478 | 504 |

The lease liabilities relate to the right-of-use assets. Interest is based on incremental borrowing rates ranging between 8.97% and 10.43% (2021: 6.09% and 10.43%).

20. NET CASH/(DEBT)

| | At 31 December | |
|---|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Net cash/(debt) is presented by the following items on the statement of financial position: | | |
| Non-current interest-bearing debt | (8 816) | (9 725) |
| Interest-bearing borrowings | (8 378) | (9 255) |
| Lease liabilities | (438) | (470) |
| Current interest-bearing debt | (755) | (1 034) |
| Interest-bearing borrowings | (715) | (1 000) |
| Lease liabilities | (40) | (34) |
| Net cash and cash equivalents | 14 812 | 7 041 |
| Cash and cash equivalents | 14 812 | 7 042 |
| Overdraft | | (1) |
| Total net cash/(debt) | 5 241 | (3 718) |

Notes to the reviewed condensed group annual financial statements continued

20. NET CASH/(DEBT) continued

Analysis of movement in net cash/(debt):

| | Liabilities arising from financing activities | | | Total Rm |
|--|---|---|-------------------------------------|----------|
| | Cash and cash equivalents/ (overdraft) Rm | Non-current interest-bearing debt Rm | Current interest-bearing debt Rm | |
| Net debt at 31 December 2020 (Audited) | 3 187 | (7 954) | (6 200) | (10 967) |
| Cash flows | 3 819 | (2 750) | 6 137 | 7 206 |
| Operating activities | 8 432 | | | 8 432 |
| Investing activities | 13 419 | | | 13 419 |
| Financing activities | (18 032) | (2 750) | 6 137 | (14 645) |
| – Interest-bearing borrowings raised | 4 725 | (4 725) | | |
| – Interest-bearing borrowings repaid | (8 076) | 1 975 | 6 101 | |
| – Distributions to NCI share option holders | (7) | | | (7) |
| – Dividends paid to NCI of Tsitsikamma SPV | (5) | | | (5) |
| – Loan from NCI repaid | (69) | | | (69) |
| – Lease liabilities paid | (36) | | 36 | |
| – Dividends paid to owners of the parent (note 5) | (9 557) | | | (9 557) |
| – Shares acquired in the market to settle share-based payments | (382) | | | (382) |
| – Shares repurchased including transaction expense | (1 506) | | | (1 506) |
| – Dividends paid to NCI BEE Parties | (3 119) | | | (3 119) |
| Non-cash movements | | 979 | (971) | 8 |
| Amortisation of transaction costs | | (3) | (10) | (13) |
| Interest accrued | | | 19 | 19 |
| Lease remeasurements and modifications | | (12) | | (12) |
| Disposal of lease liabilities | | 7 | 8 | 15 |
| New leases | | (1) | | (1) |
| Transfers between non-current and current liabilities | | 988 | (988) | |
| Translation difference on movement in cash and cash equivalents | 35 | | | 35 |
| Net debt at 31 December 2021 (Audited) | 7 041 | (9 725) | (1 034) | (3 718) |

Notes to the reviewed condensed group annual financial statements continued

20. NET CASH/(DEBT) continued

| | Liabilities arising from financing activities | | | Total Rm |
|--|---|---|-------------------------------------|----------|
| | Cash and cash equivalents/ (overdraft) Rm | Non-current interest-bearing debt Rm | Current interest-bearing debt Rm | |
| Net debt at 31 December 2021 (Audited) | 7 041 | (9 725) | (1 034) | (3 718) |
| Cash flows | 7 783 | 225 | 990 | 8 998 |
| Operating activities | 14 410 | | | 14 410 |
| Investing activities | 3 990 | | | 3 990 |
| Financing activities | (10 617) | 225 | 990 | (9 402) |
| – Interest-bearing borrowings repaid | (1 181) | 225 | 956 | |
| – Distributions to NCI share option holders | (1) | | | (1) |
| – Dividends paid to NCI of Tsitsikamma SPV | (37) | | | (37) |
| – Lease liabilities paid | (34) | | 34 | |
| – Dividends paid to owners of the parent (note 5) | (6 686) | | | (6 686) |
| – Shares acquired in the market to settle share-based payments | (441) | | | (441) |
| – Dividends paid to NCI BEE Parties | (2 237) | | | (2 237) |
| Non-cash movements | | 684 | (711) | (27) |
| Amortisation of transaction costs | | | (6) | (6) |
| Interest accrued | | (1) | (13) | (14) |
| Lease remeasurements and modifications | | (7) | | (7) |
| Transfers between non-current and current liabilities | | 692 | (692) | |
| Translation difference on movement in cash and cash equivalents | (12) | | | (12) |
| Net cash at 31 December 2022 (Reviewed) | 14 812 | (8 816) | (755) | 5 241 |

Notes to the reviewed condensed group annual financial statements continued

21. PROVISIONS

| | Environmental rehabilitation | | | Other site closure cost Rm | Other Rm | Total Rm |
|--|------------------------------|--------------------|--------------------|----------------------------|-----------|--------------|
| | Restoration Rm | Decommissioning Rm | Residual impact Rm | | | |
| At 31 December 2022 (Reviewed) | | | | | | |
| At beginning of the year | 1 479 | 350 | 407 | 56 | 10 | 2 302 |
| Charge/(reversal) to operating expenses (note 9) | 81 | (72) | 385 | 80 | | 474 |
| – Additional provisions | 116 | | 390 | 80 | | 586 |
| – Unused amounts reversed | (35) | (72) | (5) | | | (112) |
| Unwinding of discount rate on rehabilitation costs (note 13) | 148 | 37 | 43 | | | 228 |
| Provisions capitalised to property, plant and equipment | | (10) | | | | (10) |
| Utilised during the year | (15) | | (3) | (18) | (6) | (42) |
| Utilised but not yet paid | (11) | | | | | (11) |
| Total provisions at end of the year | 1 682 | 305 | 832 | 118 | 4 | 2 941 |
| – Non-current | 1 565 | 305 | 800 | 92 | | 2 762 |
| – Current | 117 | | 32 | 26 | 4 | 179 |
| At 31 December 2021 (Audited) | | | | | | |
| At beginning of the year | 1 420 | 295 | 323 | 79 | 14 | 2 131 |
| (Reversal)/charge to operating expenses (note 9) | (46) | (11) | 63 | (1) | (1) | 4 |
| – Additional provisions | 122 | 10 | 109 | | | 241 |
| – Unused amounts reversed | (168) | (21) | (46) | (1) | (1) | (237) |
| Unwinding of discount rate on rehabilitation costs (note 13) | 161 | 36 | 44 | | 1 | 242 |
| Provisions capitalised to property, plant and equipment | | 32 | | | | 32 |
| Utilised during the year | (14) | | (6) | (24) | (4) | (48) |
| Reclassification to non-current liabilities held-for-sale | (42) | (2) | (17) | 2 | | (59) |
| Total provisions at end of the year | 1 479 | 350 | 407 | 56 | 10 | 2 302 |
| – Non-current | 1 408 | 350 | 398 | 43 | 2 | 2 201 |
| – Current | 71 | | 9 | 13 | 8 | 101 |

Notes to the reviewed condensed group annual financial statements continued

22. OTHER LIABILITIES

| | At 31 December | |
|--------------------------------|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Non-current | 26 | 26 |
| Income received in advance | 26 | 26 |
| Current | 770 | 994 |
| Termination benefits | | 82 |
| Leave pay | 234 | 241 |
| Bonuses ¹ | 362 | 481 |
| VAT | 61 | 26 |
| Royalties | | 73 |
| Carbon tax | 3 | 2 |
| Customer advance payments | 3 | |
| Other | 107 | 89 |
| Total other liabilities | 796 | 1 020 |

¹ From 1 January 2022, Exxaro implemented a new short-term incentive scheme, which comprises the group incentive scheme (GIS) and line of sight (LOS) incentive schemes.

23. FINANCIAL INSTRUMENTS

The group holds the following financial instruments:

| | At 31 December | |
|---|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Non-current | | |
| Financial assets | | |
| <i>Financial assets at FVOCI</i> | 474 | 446 |
| Equity: unlisted – Chifeng | 474 | 446 |
| <i>Financial assets at FVPL</i> | 2 607 | 2 173 |
| Debt: unlisted – environmental rehabilitation funds | 2 187 | 2 173 |
| Debt: unlisted – portfolio investments | 420 | |
| <i>Financial assets at amortised cost</i> | 447 | 618 |
| ESD loans ¹ | 102 | 91 |
| – Gross | 108 | 99 |
| – Impairment allowances | (6) | (8) |
| Vendor finance loan ² | 173 | 293 |
| – Gross | 173 | 300 |
| – Impairment allowance | | (7) |
| Other financial assets at amortised cost | 172 | 234 |
| – Environmental rehabilitation funds | 99 | 94 |
| – Deferred pricing receivable ³ | 76 | 145 |
| – Impairment allowances | (3) | (5) |
| <i>Derivative financial assets designated as hedging instruments</i> | 11 | |
| Cash flow hedge derivatives: interest rate swaps ⁴ | 11 | |
| Financial liabilities | | |
| <i>Financial liabilities at amortised cost</i> | (8 403) | (9 308) |
| Interest-bearing borrowings | (8 378) | (9 255) |
| Other payables | (25) | (53) |
| <i>Derivative financial liabilities designated as hedging instruments</i> | (112) | (406) |
| Cash flow hedge derivatives: interest rate swaps ⁴ | (112) | (406) |

¹ Interest-free loans advanced to successful applicants in terms of the Exxaro ESD programme.

² Vendor finance loan granted to Overlooked Colliery as part of the disposal of the ECC operation. The repayment terms were revised during 2022. The loan is unsecured, repayable from 1 October 2022 and bears interest at:

- Prime Rate for the period 3 September 2021 to 30 September 2024
- Prime Rate plus 1 for the period 1 October 2024 to 30 September 2025
- Prime Rate plus 2 for the period 1 October 2025 to 30 September 2026
- Prime Rate plus 3 for the period 1 October 2026 to 30 September 2027.

³ Relates to a deferred pricing adjustment which arose during 2017. The amount receivable will be settled over seven years (ending 2024) and bears interest at Prime Rate less 2%.

⁴ Refer note 23.2.

44 Reviewed condensed group annual financial statements and unreviewed production and sales volumes information for the year ended 31 December 2022

Notes to the reviewed condensed group annual financial statements continued

23. FINANCIAL INSTRUMENTS continued

| | At 31 December | |
|--|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Current | | |
| Financial assets | | |
| <i>Financial assets at amortised cost</i> | 19 330 | 10 050 |
| ESD loans ¹ | 76 | 90 |
| – Gross | 166 | 114 |
| – Impairment allowances | (90) | (24) |
| Vendor finance loan ² | 121 | 7 |
| Other financial assets at amortised cost | 122 | 210 |
| – Deferred pricing receivable ³ | 70 | 67 |
| – Deferred consideration receivable ⁴ | 56 | 150 |
| – Employee receivables | 4 | 4 |
| – Impairment allowances | (8) | (11) |
| Trade and other receivables | 4 199 | 2 701 |
| Trade receivables | 4 124 | 2 626 |
| – Gross | 4 150 | 2 647 |
| – Impairment allowances | (26) | (21) |
| Other receivables | 75 | 75 |
| – Gross | 122 | 101 |
| – Impairment allowances | (47) | (26) |
| Cash and cash equivalents | 14 812 | 7 042 |
| <i>Financial assets at FVPL</i> | 57 | 4 |
| Derivative financial assets | 57 | 4 |
| Financial liabilities | | |
| <i>Financial liabilities at amortised cost</i> | (4 055) | (3 231) |
| Interest-bearing borrowings | (715) | (1 000) |
| Trade and other payables | (3 340) | (2 230) |
| – Trade payables | (1 559) | (999) |
| – Other payables | (1 781) | (1 231) |
| Overdraft | | (1) |
| <i>Financial liabilities at FVPL</i> | (5) | |
| Derivative financial liabilities | (5) | |

¹ Interest-free loans advanced to successful applicants in terms of the Exxaro ESD programme.

² Vendor finance loan granted to Overlooked Colliery as part of the disposal of the ECC operation. The repayment terms were revised during 2022. The loan is unsecured, repayable from 1 October 2022 and bears interest at:

- Prime Rate for the period 3 September 2021 to 30 September 2024
- Prime Rate plus 1 for the period 1 October 2024 to 30 September 2025
- Prime Rate plus 2 for the period 1 October 2025 to 30 September 2026
- Prime Rate plus 3 for the period 1 October 2026 to 30 September 2027.

³ Relates to a deferred pricing adjustment which arose during 2017. The amount receivable will be settled over seven years (ending 2024) and bears interest at Prime Rate less 2%.

⁴ Relates to deferred consideration receivable which arose on the disposal of the ECC operation.

The group has granted the following loan commitments:

| | At 31 December | |
|---|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Total loan commitments¹ | 96 | 250 |
| Mafube ² | | 250 |
| ESD applicants ³ | 96 | |

¹ The loan commitments were undrawn for the reporting periods.

² The revolving credit facility which was available for five years, ending 2023, was cancelled early during June 2022.

³ Loans approved and awarded to successful ESD applicants.

Notes to the reviewed condensed group annual financial statements continued

23. FINANCIAL INSTRUMENTS continued

23.1 Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities.

These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are either directly or indirectly observable.

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

| At 31 December 2022 (Reviewed) | Fair value Rm | Level 2 Rm | Level 3 Rm |
|---|--------------------------|-----------------------|-----------------------|
| Financial assets at FVOCI | 474 | | 474 |
| Equity: unlisted – Chifeng | 474 | | 474 |
| Financial assets at FVPL | 2 607 | 2 607 | |
| Non-current debt: unlisted – environmental rehabilitation funds | 2 187 | 2 187 | |
| Non-current debt: unlisted – portfolio investments | 420 | 420 | |
| Derivative financial assets designated as hedging instruments | 11 | 11 | |
| Non-current cash flow hedge derivatives: interest rate swaps | 11 | 11 | |
| Derivative financial assets | 57 | 57 | |
| Current derivative financial assets | 57 | 57 | |
| Derivative financial liabilities | (5) | (5) | |
| Current derivative financial liabilities | (5) | (5) | |
| Derivative financial liabilities designated as hedging instruments | (112) | (112) | |
| Non-current cash flow hedge derivatives: interest rate swaps | (112) | (112) | |
| Net financial assets held at fair value | 3 032 | 2 558 | 474 |
| | | | |
| At 31 December 2021 (Audited) | Fair value Rm | Level 2 Rm | Level 3 Rm |
| Financial assets at FVOCI | 446 | | 446 |
| Equity: unlisted – Chifeng | 446 | | 446 |
| Financial assets at FVPL | 2 173 | 2 173 | |
| Non-current debt: unlisted – environmental rehabilitation funds | 2 173 | 2 173 | |
| Derivative financial assets | 4 | 4 | |
| Current derivative financial assets | 4 | 4 | |
| Derivative financial liabilities designated as hedging instruments | (406) | (406) | |
| Non-current cash flow hedge derivatives: interest rate swaps | (406) | (406) | |
| Net financial assets held at fair value | 2 217 | 1 771 | 446 |

Notes to the reviewed condensed group annual financial statements continued

23. FINANCIAL INSTRUMENTS continued

23.1 Fair value hierarchy continued

Reconciliation of financial assets and financial liabilities within Level 3 of the hierarchy:

| | Chifeng Rm | Total Rm |
|---|---------------|-------------|
| At 31 December 2020 (Audited) | 222 | 222 |
| <i>Movement during the year</i> | | |
| Gains recognised in OCI (pre-tax effect) ¹ | 49 | 49 |
| Disposal ² | (217) | (217) |
| Acquisition ² | 392 | 392 |
| At 31 December 2021 (Audited) | 446 | 446 |
| <i>Movement during the year</i> | | |
| Gains recognised in OCI (pre-tax effect) ¹ | 28 | 28 |
| At 31 December 2022 (Reviewed) | 474 | 474 |

¹ Tax on Chifeng amounts to R17.61 million (31 December 2021: nil).

² During 2021, the four Chifeng refinery companies embarked on a process to consolidate the separate companies into one consolidated entity. The investments in the separate companies for certain of the phases were derecognised and the investment in the consolidated entity, which includes all phases of the Chifeng refinery, was recognised on the consolidation date. Exxaro holds an 8.81% shareholding in Chifeng.

Transfers

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 and Level 2 nor between Level 2 and Level 3 of the fair value hierarchy.

Valuation process applied

The fair value computations of the investments are performed by the group's corporate finance department, reporting to the finance director, on a six-monthly basis. The valuation reports are discussed with the chief operating decision maker and the audit committee in accordance with the group's reporting governance.

Current derivative financial instruments

Level 2 fair values for simple over-the-counter derivative financial instruments are based on market quotes. These quotes are assessed for reasonability by discounting estimated future cash flows using the market rate for similar instruments at measurement date.

Environmental rehabilitation funds and portfolio investments

Level 2 fair values for debt instruments held in the environmental rehabilitation funds and portfolio investments are based on quotes provided by the financial institutions at which the funds are invested at measurement date.

Interest rate swaps

Level 2 fair values for interest rate swaps are based on valuations provided by the financial institutions with whom the swaps have been entered into, and take into account credit risk. The valuations are assessed for reasonability by discounting the estimated future cash flows based on observable ZAR swap curves.

Notes to the reviewed condensed group annual financial statements continued

23. FINANCIAL INSTRUMENTS continued

23.2 Hedge accounting: Cash flow hedges

The following tables detail the financial position and performance of the interest rate swaps outstanding at the end of the reporting period and their related hedged items.

23.2.1 Financial performance effects of hedging recognised during the year:

| | Line item in which recognised | For the year ended 31 December | |
|---|-------------------------------|--------------------------------|-----------------|
| | | 2022 Reviewed Rm | 2021 Audited Rm |
| Fair value losses resulting from hedge ineffectiveness | Operating expenses | (13) | (10) |
| Fair value losses on settlement of underlying swap (reclassified) | Finance costs | (97) | (146) |

23.2.2 Hedging reserves

The hedging reserve relates to the fair value movements on cash flow hedges of interest rate swaps. The reserve is included within the financial instruments revaluation reserve on the condensed group statement of changes in equity, which includes the group's share of movements in its equity-accounted investees' hedging reserves.

Financial instruments revaluation reserve composition:

| | At 31 December | |
|---|------------------|-----------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Cash flow hedge reserve – interest rate swaps | 64 | (119) |
| – Gross | 88 | (165) |
| – Deferred tax thereon | (24) | 46 |
| Balance of share of movements of equity-accounted investees | 5 | |
| Balance of NCI share of financial instruments revaluation reserve | (50) | 2 |
| Financial instruments revaluation reserve | 19 | (117) |

Movement analysis of cash flow hedge reserve – interest rate swaps:

| | Gross Rm | Tax Rm | Net Rm |
|---|----------|--------|--------|
| At 31 December 2020 (Audited) | (428) | 120 | (308) |
| <i>Movement during the year</i> | | | |
| Change in fair value of interest rate swaps recognised in OCI | 117 | (33) | 84 |
| Reclassified from OCI to profit or loss in finance costs | 146 | (41) | 105 |
| At 31 December 2021 (Audited) | (165) | 46 | (119) |
| <i>Movement during the year</i> | | | |
| Change in fair value of interest rate swaps recognised in OCI | 156 | (43) | 113 |
| Reclassified from OCI to profit or loss in finance costs | 97 | (27) | 70 |
| At 31 December 2022 (Reviewed) | 88 | (24) | 64 |

Notes to the reviewed condensed group annual financial statements continued

23. FINANCIAL INSTRUMENTS continued

23.2 Hedge accounting: Cash flow hedges continued

23.2.3 Hedging instruments

| | At 31 December | |
|--|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Hedged items: Cash flows on floating rate project financing linked to JIBAR | | |
| Nominal amount | 3 691 | 3 808 |
| Gross carrying amount in cash flow hedge reserve | 88 | (165) |
| Cumulative gain/(loss) in fair value used for calculating hedge ineffectiveness | 88 | (165) |
| Hedging instruments: Outstanding receive floating, pay fixed contracts | | |
| Nominal amount | 3 691 | 3 808 |
| Carrying amount | (101) | (406) |
| – Non-current financial asset | 11 | |
| – Non-current financial liability | (112) | (406) |
| Cumulative loss in fair value used for calculating hedge ineffectiveness | (130) | (354) |

The interest rate swaps settle on a semi-annual basis. The group settles the difference between the fixed and floating interest rate (three-month JIBAR) on a net basis. The three-month JIBAR is swapped out to a fixed rate as follows:

- Tsitsikamma SPV floating rate facility: 9.55% up to 30 June 2030. The swaps cover 60% of the remaining loan notional value.
- Amakhala SPV floating rate facilities:
 - IFC facilities: 8.42% up to 30 June 2031. The swaps cover 100% of the remaining loans notional values.
 - A and C banking facilities: 8.00% up to 30 June 2021. The swaps cover 100% of the remaining loans notional values.
- 9.46% up to 30 June 2026. The swaps cover 100% of the remaining loans notional values.

The interest rate swaps require settlement of net interest receivable or payable every six months. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

24.1 Contingent liabilities

| | At 31 December | |
|--|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Pending litigation and other claims ¹ | 313 | |
| Operational guarantees ² | 3 834 | 3 834 |
| – Financial guarantees ceded to the DMRE | 3 606 | 3 606 |
| – Other financial guarantees | 228 | 228 |
| Total contingent liabilities | 4 147 | 3 834 |

¹ Relates to commercial dispute of which the outcome is uncertain.

² Includes guarantees to banks and other institutions in the normal course of business from which it is anticipated that no material liabilities will arise.

The timing and occurrence of any possible outflows of the contingent liabilities are uncertain.

Share of equity-accounted investments' contingent liabilities

| | At 31 December | |
|---|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Share of contingent liabilities of equity-accounted investments | 1 354 | 1 564 |

Notes to the reviewed condensed group annual financial statements continued

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS continued

24.2 Contingent assets

| | At 31 December | |
|--------------------------------|------------------------|-----------------------|
| | 2022 Reviewed Rm | 2021 Audited Rm |
| Back-to-back guarantees | 134 | 134 |
| Other ¹ | 117 | 75 |
| Total contingent assets | 251 | 209 |

¹ 2022: Relates to performance guarantees issued to Exxaro in terms of various capital project agreements.

2021: Relates to guarantees issued to Exxaro which arose on the divestment of the ECC operation in terms of the SPA.

The timing and occurrence of any possible inflows of the contingent assets are uncertain.

25. RELATED PARTY TRANSACTIONS

The group entered into various sale and purchase transactions with associates and joint ventures during the ordinary course of business. These transactions were subject to terms that are no less, nor more favourable than those arranged with independent third parties.

26. GOING CONCERN

Based on the latest results for the year ended 31 December 2022, the latest board approved budget for 2023, as well as the available banking facilities and cash generating capability, Exxaro satisfies the criteria of a going concern in the foreseeable future.

27. EVENTS AFTER THE REPORTING PERIOD

Details of the final dividend are provided in note 5.

The directors are not aware of any other significant matter or circumstance arising after the reporting period up to date of this report, not otherwise dealt with in this report.

28. EXTERNAL AUDITOR'S REVIEW CONCLUSION

These reviewed condensed group annual financial statements for the year ended 31 December 2022, as set out on page 14 to 50, have been reviewed by the company's external auditor, KPMG Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report on the reviewed condensed group annual financial statements is available for inspection at Exxaro's registered office, together with the financial statements identified in the external auditor's report.

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

29. KEY MEASURES¹

| | At 31 December | |
|--|----------------|--------|
| | 2022 | 2021 |
| Closing share price (rand per share) | 217.31 | 152.87 |
| Market capitalisation (Rbn) | 75.91 | 53.40 |
| Average rand/US\$ exchange rate (for the year ended) | 16.37 | 14.78 |
| Closing rand/US\$ spot exchange rate | 16.98 | 15.94 |

¹ Non-IFRS numbers.

Corporate information

REGISTERED OFFICE

Exxaro Resources Limited
The connexXion
263B West Avenue
Die Hoewes, Centurion
0163
Tel: +27 12 307 5000

This report is available at: www.exxaro.com

DIRECTORS

Executive:

N Tsengwa (chief executive officer),
PA Koppeschaar (finance director)

Non-executive:

L Mbatha, VZ Mntambo, IN Malevu, MLB Msimang

Independent non-executive:

MG Qhena (chairperson), GJ Fraser-Moleketi (lead independent director), LI Mophatlane, V Nkonyeni, PCCH Snyders, CJ Nxumalo, P Mnganga, K Ireton, B Mawasha, B Magara, N Medupe

PREPARED UNDER THE SUPERVISION OF

PA Koppeschaar CA(SA)
SAICA registration number: 00038621

GROUP COMPANY SECRETARY

AT Ndoni

TRANSFER SECRETARIES

JSE Investor Services Proprietary Limited
One Exchange Square, Gwen Lane
Sandown
Sandton, 2196
PO Box 4844
Johannesburg, 2000

INVESTOR RELATIONS

MI Mthenjane +27 12 307 7393

LEAD EQUITY SPONSOR AND DEBT SPONSOR

Absa Bank Limited (acting through its Corporate and Investment Banking Division)
Barclays Sandton North
15 Alice Lane
Sandton, 2196

JOINT EQUITY SPONSOR

Tamela Holdings Proprietary Limited
Ground floor
Golden Oak House
35 Ballyclare drive
Bryanston, 2021

EXXARO RESOURCES LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 2000/011076/06
JSE share code: EXX
ISIN: ZAE000084992
ADR code: EXXAY
Bond code: EXX05
ISIN No: ZAG000160334
("Exxaro" or "the company" or "the group")

If you have any queries regarding your shareholding in Exxaro Resources Limited, please contact the transfer secretaries at +27 11 370 5000.

WEBCAST LINK:

<https://www.corpcam.com/Exxaro16032023>

CONFERENCE CALL DETAILS

Participants can register for the conference call by navigating to:

<https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=6401672&linkSecurityString=e24b63f08>

Conference replay details below with access code:

CONFERENCE REPLAY

| | |
|---------------------|-----------------|
| South Africa: | 010 500 4108 |
| UK: | 0 203 608 8021 |
| Australia: | 073 911 1378 |
| USA: | 1 412 317 0088 |
| International: | +27 10 500 4108 |
| Replay Access Code: | 43682# |
| End Date: | 2023-03-22 |

To access the replay using an international dial-in number, please select the link below.

<https://services.choruscall.com/ccforms/replay.html>

Participants will be required to state their name and company upon entering the call.

Replay is available 1 hour after the end of the conference. Participants will be required to state their name and company upon entering the call.

Annexure: Acronyms

| | |
|-------------------------|--|
| Adjusted Group Earnings | Group core net profit after tax (excluding SIOC core equity-accounting income) less NCI of Exxaro subsidiaries (excluding NCI of Eyesizwe) |
| ADX | K2018621183 (South Africa) Proprietary Limited |
| Amakhala SPV | Amakhala Emoyeni RE Project 1 (RF) Proprietary Limited |
| API4 | All publications index 4 (FOB Richards Bay 6000/kcal/kg) |
| Aquicure | Aquicure Proprietary Limited |
| B-BBEE | Broad-based black economic empowerment |
| BEE | Black economic empowerment |
| BEE Parties | External shareholders of Eyesizwe |
| Black Mountain | Black Mountain Proprietary Limited |
| Capex | Capital expenditure |
| Cennergi | Cennergi Proprietary Limited or Cennergi group of companies |
| CDP | Carbon Disclosure Project |
| Chifeng | Chifeng NFC Zinc Co. Limited |
| Companies Act | Companies Act of South Africa No 71 of 2008, as amended |
| CV | Calorific value |
| DMRE | Department of Mineral Resources and Energy |
| DMTN | Domestic Medium-Term Note |
| EBITDA | Net operating profit before interest, tax, depreciation, amortisation, impairment charges or impairment reversals and net losses or gains on the disposal of assets and investments (including translation differences recycled to profit or loss) |
| ECC | Exxaro Coal Central Proprietary Limited or ECC group of companies |
| ECL(s) | Expected credit loss(es) |
| ECD | Early childhood development |
| ED | Enterprise Development |
| ESD | Enterprise and supplier development |
| Exxaro | Exxaro Resources Limited |
| Eyesizwe | Eyesizwe (RF) Proprietary Limited, a special purpose private company which has a 30.81% shareholding in Exxaro |
| FerroAlloys | Exxaro FerroAlloys Proprietary Limited |
| Ferroland | Ferroland Grondtrust Proprietary Limited |
| FOB | Free on board |
| FVOCI | Fair value through other comprehensive income |
| FVPL | Fair value through profit or loss |
| GWh | Gigawatt hour |
| HEPS | Headline earnings per share |
| HPI(s) | High performance incident(s) |
| IAS | International Accounting Standard(s) |
| IASB | International Accounting Standards Board |
| ICT | Information and Communications Technology |
| IFRS | International Financial Reporting Standard(s) |
| Insect Technology | Insect Technology Group Holdings UK Limited |
| JIBAR | Johannesburg Interbank Average Rate |
| JSE | JSE Limited |
| JV | Joint venture |
| KPMG | KPMG Inc. |

Annexure: Acronyms continued

| | |
|-----------------------|---|
| kt | Kilo tonnes |
| LightApp | LightApp Technologies Limited |
| Listings Requirements | JSE Listings Requirements |
| LTI | Lost time injury |
| LoM | Life of mine |
| LoMP | Life of mine plan |
| LTIFR | Lost-time injury frequency rate |
| Mafube | Mafube Coal Proprietary Limited |
| Mt | Million tonnes |
| NCI(s) | Non-controlling interest(s) |
| OCI | Other comprehensive income |
| Overlooked Colliery | Overlooked Colliery Proprietary Limited |
| Prime Rate | South African prime bank rate |
| RBCT | Richards Bay Coal Terminal Proprietary Limited |
| Rbn | Rand billion |
| Rm | Rand million |
| SAICA | South African Institute of Chartered Accountants |
| SED | Socio-Economic Development |
| SIOC | Sishen Iron Ore Company Proprietary Limited |
| SLP(s) | Social and Labour Plan(s) |
| SMME(s) | Small, medium and micro-enterprises |
| SPA | Sale and purchase agreement |
| SSCC | Semi-soft coking coal |
| Thungela | Thungela Resources Limited, through its subsidiary South Africa Coal Operations Proprietary Limited |
| TiO ₂ | Titanium dioxide |
| Tronox SA | Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited |
| Tsitsikamma SPV | Tsitsikamma Community Wind Farm Proprietary Limited |
| Tumelo | Tumelo Coal Mines Proprietary Limited |
| UK | United Kingdom |
| US\$ | United States dollar |
| VAT | Value Added Tax |
| WANOS | Weighted average number of shares |

