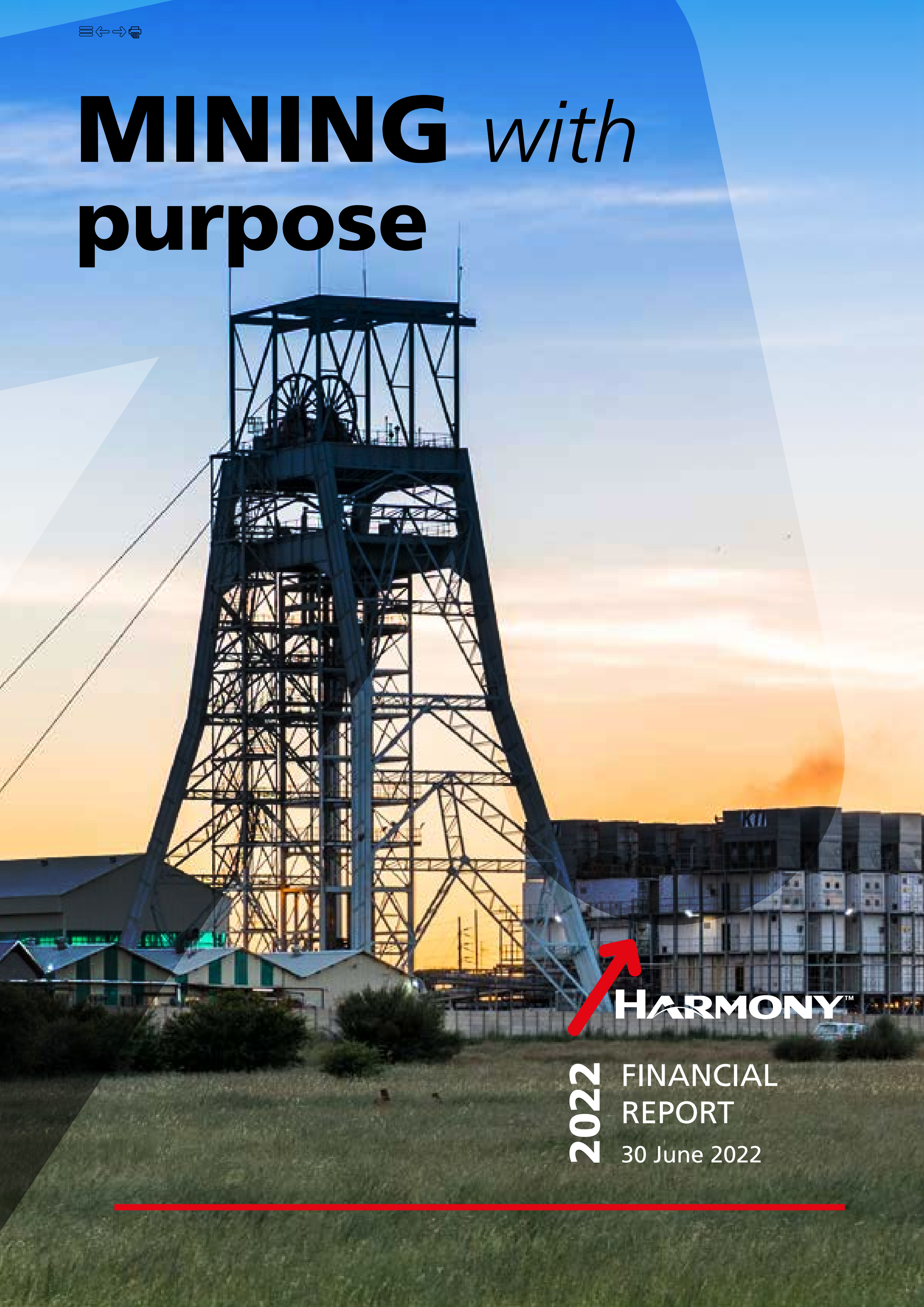
MINING *with* purpose



HARMONY™

2022

FINANCIAL REPORT

30 June 2022

Content

About this report

This Financial Report 2022 covers the financial year ended 30 June 2022 (FY22) and presents the complete consolidated and company annual financial statements (collectively the annual financial statements) for Harmony Gold Mining Company Limited (Harmony) for the period.

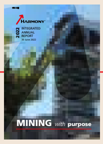
These annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations Committee (IFRIC) Interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa.

The Harmony board of directors is responsible for the preparation, integrity and fair presentation of these annual financial statements. The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. See the Directors' statement of responsibility on page 24. These annual financial statements were audited by PricewaterhouseCoopers Inc – see their report on page 25.

Mining with purpose

Our 2022 reporting suite

This report is supplemented by and should be read with our full reporting suite, comprising:

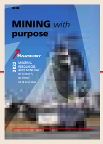


Integrated annual report

The report is the primary platform we use to provide our stakeholders with a balanced, holistic and transparent overview of our business model, strategy, performance and value creation.

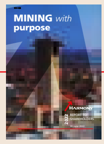
ESG report

This report provides insight into our ESG performance for 2022 and over the past five years, along with our aspirations. It is intended as a useful guide to support analysis and provides information about our shared value.



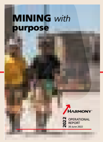
Mineral Resources and Mineral Reserves

We produce the statement of Harmony's Mineral Resources and Mineral Reserves (South Africa and Papua New Guinea) in accordance with SAMREC and section 12.13 of the JSE Listings Requirements (as updated from time to time).



Report to shareholders

We outline our contributions to key stakeholders and recent developments impacting these relationships in this report. It also includes the consolidated financial statements, notice of annual general meeting and proxy form.



Operational report

We provide detailed technical and operational information about our operations in this report.

Form 20-F

This is an annual report filed with the United States Securities and Exchange Commission, in compliance with the listing requirements of the New York Stock Exchange.

Climate-related financial disclosures*

Harmony made a strategic decision to align its annual reporting with international best practice in terms of global climate reporting. We use this report to disclose our TCFD governance, risk management, strategy and metrics and targets.

* *Referred to in our reporting suite as TCFD report.*

These reports and supporting documents are available at **www.harmony.co.za**.

Mining with purpose is how we create shared value. It is the golden thread that connects our goals, strategy and business model. Shared value drives our pursuit of operational excellence, includes stakeholders and determines the way we manage our capitals. Guided by sustainable development principles in delivering our strategic objectives, we preserve shared value by ensuring the sustainability and profitability of our business.

Scan QR code to download our full suite of 2022 annual reports.

Feedback

We welcome your feedback on these reports.

If you have any comments or suggestions on this report, contact our reporting team at: **IARreports@harmony.co.za**

Referencing

Cross reference to information elsewhere in the report.

Information online at **www.harmony.co.za**.

Our operations

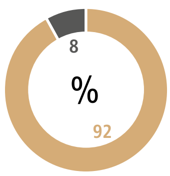
With operations in South Africa and Papua New Guinea, Harmony is a profitable, sustainable gold producer creating shared value for all stakeholders and leaving a lasting positive legacy – delivering high-impact and greener gold through embedding ESG in everything we do. With an abundance of opportunities to deploy capital across the world, we carefully determine which projects will deliver optimal shareholder returns on the basis of where we operate, how we manage risk and what skills we can leverage.

We have actively pursued opportunities to extend the life of some of our larger and higher-grade assets, adding lower-risk, higher-margin ounces to our portfolio. This included re-engineering our portfolio between 2017 and 2021 through the Hidden Valley, Moab Khotsong and Mponeng acquisitions, reducing our debt and identifying substantial opportunities in our existing portfolio through exploration and brownfield projects. On 6 October 2022, we entered into an agreement with Copper Mountain Corporation, to acquire its wholly-owned Eva Copper Project in Queensland, Australia. The total consideration is up to US$230 million, and includes an upfront cash payment as well as two contingent payments based on various criteria. The closing of the transaction is still subject to certain customary conditions but has received approval from the South African Reserve Bank.

To demonstrate our commitment to good ESG practices and achieving a low-carbon future, we are accelerating the expansion and rollout of numerous renewable energy projects. Refer to **Environment** in the **ESG report** for more information.

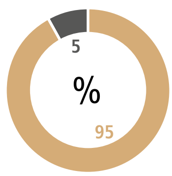
A summary of our operations is presented below and detailed information can be found in the **Operational report**.

Production (Moz)



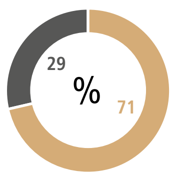
South African operations
Papua New Guinea operations

Total workforce (47 373 employees)



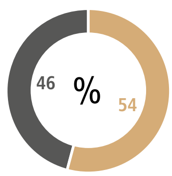
South African operations
Papua New Guinea operations

Group Mineral Resources



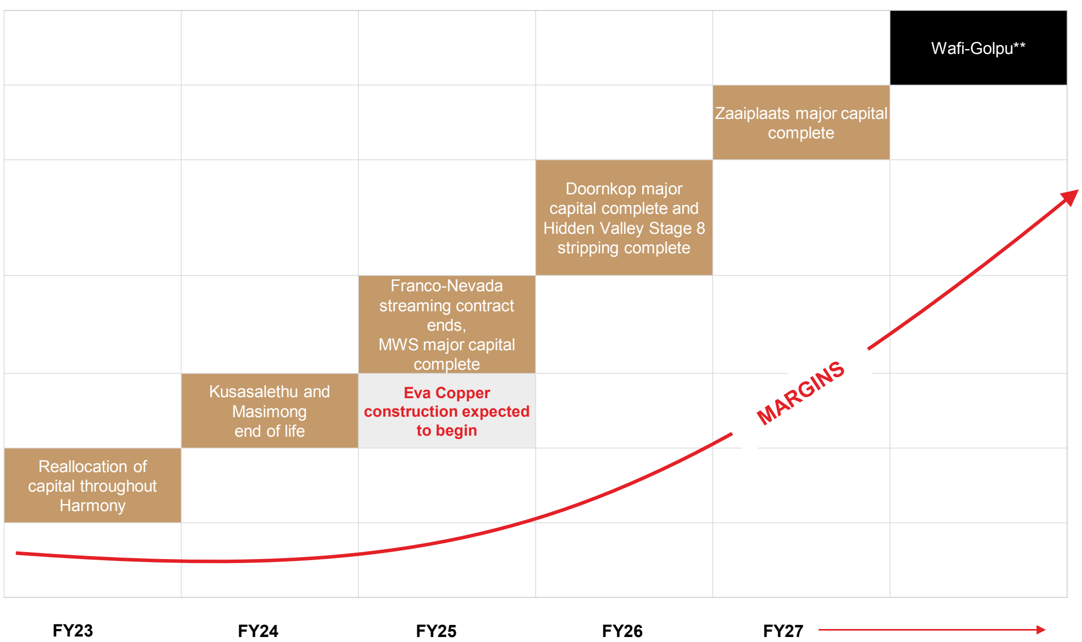
South African operations
Papua New Guinea operations

Group Mineral Reserves

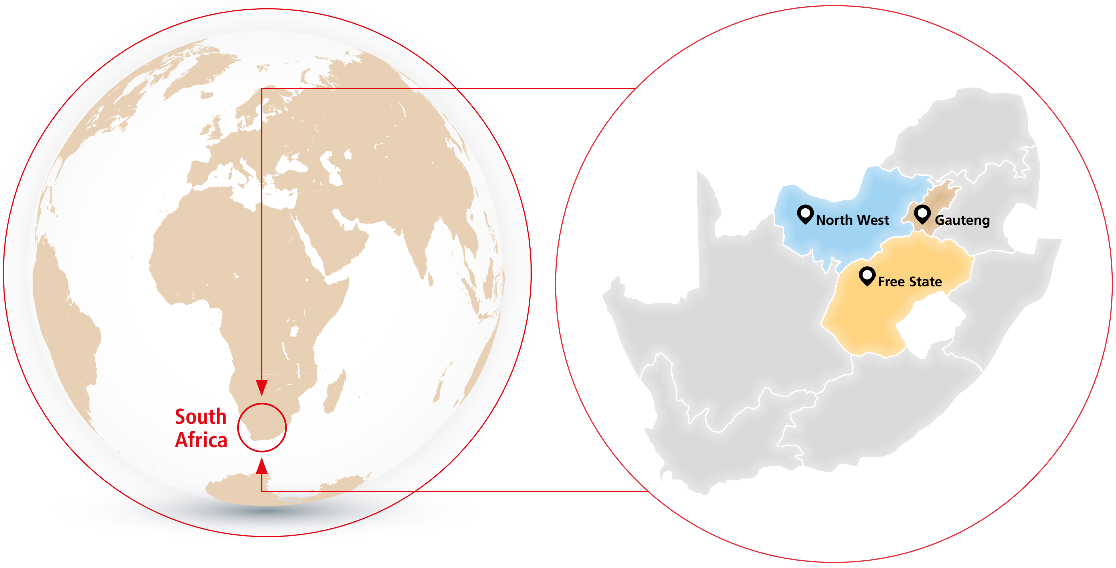


South African operations
Papua New Guinea operations

Eva copper capital to dovetail existing capital profile*



* *Based on FY23 planning and upon completion of Eva Copper feasibility studies.*
** *Funding solutions to be considered once special mining lease in place.*



South African operations

Location: Witwatersrand Basin and Kraaipan Greenstone Belt
Production: 1.37Moz (92%) (FY21: 1.38Moz (90%))
Total workforce: 45 002
Assets:

- **Eight** underground operations*
- **One** open-pit mine
- **Several** surface source operations.

We have grouped our underground assets based on grade and life-of-mine (LoM) as follows:

- High-grade, long-life assets: Moab Khotsong and Mponeng
- Short to medium-life assets with a focus on free-cash generation: Tshepong Operations*, Doornkop, Joel, Target 1, Kusasalethu and Masimong.

Major capital allocation for our underground assets will be determined by grade and returns.

Our high-margin surface assets comprise Mine Waste Solutions, Phoenix, Central Plant reclamation and dumps.

At 30 June 2022, our South African operations accounted for 71% of group Mineral Resources and 54% of group Mineral Reserves, both inclusive of gold and gold equivalent ounces.

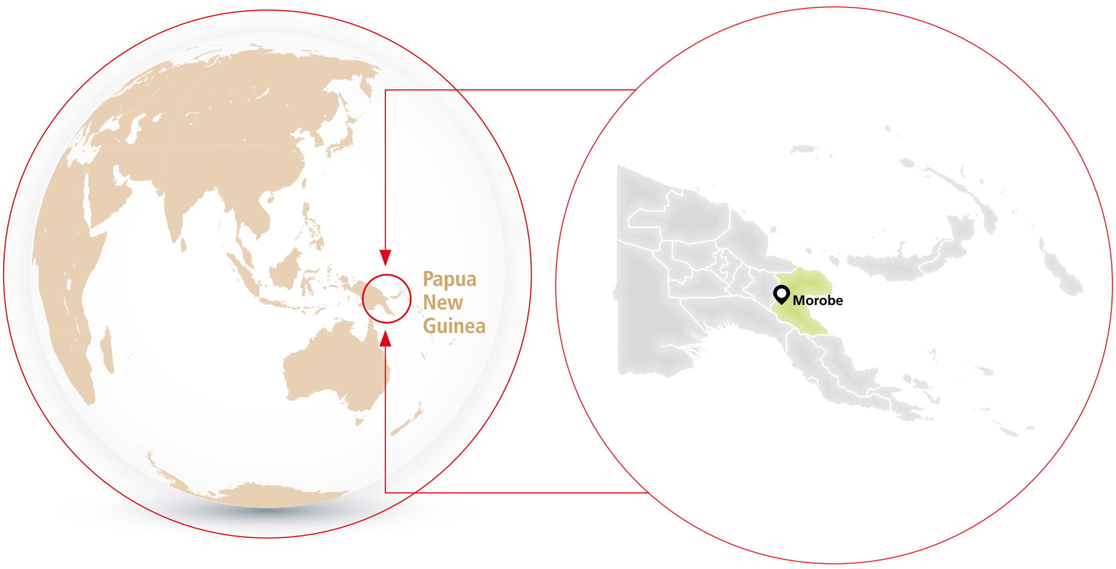
* *At 30 June 2022, includes Tshepong Operations, which will be restructured in FY23 and reported as Tshepong North and Tshepong South.*

Papua New Guinea operations

Location: New Guinea Mobile Belt in Morobe
Production: 0.12Moz (8%) (FY21: 0.15Moz (10%))
Total workforce: 2 306
Assets:

- **Hidden Valley** (open-pit gold and silver mine)
- **Wafi-Golpu** project (significant copper-gold portfolio)
- **Multiple** exploration areas.

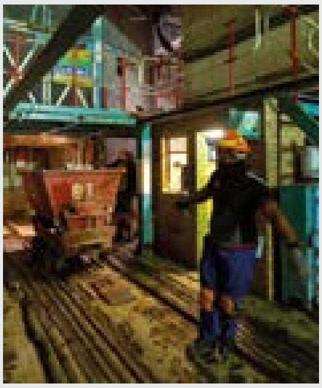
At 30 June 2022, our Papua New Guinea operation accounted for 29% of group Mineral Resources and 46% of group Mineral Reserves, both inclusive of gold and gold equivalent ounces.



South Africa

Underground

North West | West Rand[1]



Moab Khotsong	Doornkop	Kusasalethu	Mponeng
6 518	4 093	4 127	5 287
209 237oz 6.79g/t grade	110 726oz 3.94g/t grade	146 833oz 7.52g/t grade	195 669oz 7.25g/t grade
22 years[2] 10.2Moz Resources 4.0Moz Reserves	**16 years** 7.4Moz Resources 1.9Moz Reserves	**2 years** 3.9Moz Resources 0.3Moz Reserves	**7 years** 24.3Moz Resources 1.9Moz Reserves

Free State

Tshepong Operations[3]	Target 1	Joel	Masimong
9 074	1 859	2 063	2 033
225 763oz 4.50g/t grade	57 872oz 3.96g/t grade	50 026oz 3.59g/t grade	61 407oz 3.93g/t grade
8 years 25.6Moz Resources 1.7Moz Reserves	**6 years** 3.5Moz Resources 0.6Moz Reserves	**8 years** 3.0Moz Resources 0.6Moz Reserves	**2 years** 0.8Moz Resources 0.1Moz Reserves

WORKFORCE *(includes permanent employees and contractors)*

PRODUCTION

LOM

[1] *Border between Gauteng and North West.*
[2] *Includes Zaaiplaats.*
[3] *From FY23, Tshepong Operations will be reported on separately as Tshepong North and Tshepong South.*

Surface

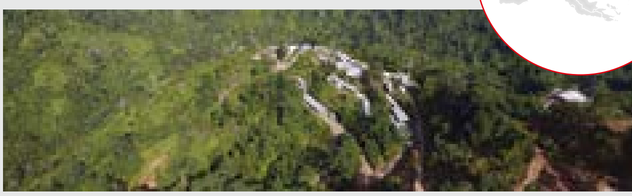
Surface	Waste rock dumps		
			
Kalgold	**Free State**	**North West**	**West Rand**
684	431*	766*	1 031*
36 555oz 0.79g/t grade	20 834oz 0.37g/t grade	20 062oz 0.35g/t grade	49 576oz 0.28g/t grade
11 years 2.0Moz Resources 0.8Moz Reserves	**±1 year** 0.25Moz Resources	**±1 year** 0.05Moz Resources	**±1 year** 0.02Moz Resources

* *Some of this material is treated along with reef, while some is treated at dedicated waste rock treatment plants. The numbers for the Free State, North West and West Rand facilities above exclude MWS, Phoenix, CPR and Kalgold.*

Tailings

North West	Free State	
		
Mine Waste Solutions (MWS)	**Phoenix**	**Central Plant Reclamation (CPR)**
1 425	359	248
93 205oz 0.12g/t grade	24 659oz 0.12g/t grade	18 840oz 0.15g/t grade
17 years 2.7Moz Resources 2.2Moz Reserves	**6 years** 0.5Moz Resources 0.3Moz Reserves	**13 years** 0.4Moz Resources 0.4Moz Reserves

Papua New Guinea

Surface	Project
	
Hidden Valley	**Wafi-Golpu Project**
2 191	59
119 182oz 1.15g/t grade	n/a
5 years 3.1Moz Resources 1.2Moz Reserves	**27 years** 37.7Moz Resources 17.0Moz Reserves

How we performed

FIVE-YEAR SUMMARY

		FY22	FY21[5]	FY20	FY19	FY18
Operating performance						
Ore milled	000t	**53 801**	49 253	25 429	25 976	22 441
Gold produced[1]	kg	**46 236**	47 755	37 863	44 734	38 193
	000oz	**1 487**	1 535	1 217	1 438	1 228
Operating costs	R/kg	**701 024**	600 592	553 513	439 722	421 260
	US$/oz	**1 434**	1 213	1 099	965	1 018
All-in sustaining costs	R/kg	**835 891**	723 054	651 356	550 005	508 970
	US$/oz	**1 709**	1 460	1 293	1 207	1 231
Underground grade	g/t	**5.37**	5.51	5.45	5.59	5.48
Financial performance						
Revenue	Rm	**42 645**	41 733	29 245	26 912	20 452
Production costs	Rm	**33 099**	29 774	22 048	20 324	15 084
Production profit	Rm	**9 546**	11 959	7 197	6 588	5 368
Operating margin	%	**22**	29	25	24	26
Net profit/(loss) for the year	Rm	**(1 012)**	5 124	(850)	(2 607)	(4 473)
Total headline earnings/(loss) per share	SA cents	**499**	987	(154)	204	171
Capital expenditure	Rm	**6 214**	5 142	3 610	5 036	4 687
Exploration spend[2]	Rm	**214**	177	205	148	135
Dividend paid	Rm	**414**	677	—	—	154
Net debt	Rm	**(757)**	(542)	(1 361)	(4 922)	(4 908)
Market performance						
Average gold price received	R/kg	**894 218**	851 045	735 569	586 653	570 709
	US$/oz	**1 829**	1 719	1 461	1 287	1 380
Total market capitalisation	Rbn	**32.0**	32.5	43.3	17.1	10.6
	US$bn	**2.0**	2.3	2.5	1.2	0.8
Average exchange rate	R/US$	**15.21**	15.40	15.66	14.18	12.85
Reserves						
Gold and gold equivalents	Moz	**39.8**	42.5	36.5	36.5	36.9
Geographical distribution						
– South Africa	%	**54**	58	48	47	46
– Papua New Guinea	%	**46**	42	52	53	54
Safety						
Number of loss-of-life incidents		**13**	11	6	11	13
Group FIFR – fatal injury frequency rate	per million hours worked	**0.13**	0.11	0.08	0.12	0.16
Group LTIFR – lost-time injury frequency rate[3]	per million hours worked	**5.65**	6.18	6.33	6.16	6.26
Health (South Africa)						
– Shifts lost due to injury		**26 761**	28 943	25 205	25 388	23 769
– Silicosis cases certified[4]		**184**	54	67	58	179

[1] *Gold production of 2 068kg (66 499oz) capitalised in FY18. Zero gold production capitalised for all other years.*
[2] *As per income statement.*
[3] *FY22 assured by independent assurance providers. Please refer to the assurance report and to the glossary of terms on the website at www.harmony.co.za. The assured indicators include the results of Mponeng for the period 1 October 2020 to 30 June 2021. The Mponeng results were not assured in FY21 and detailed assurance work was performed for FY22.*
[4] *The number of cases of pure silicosis confirmed by South Africa's Medical Bureau of Occupational Diseases.*
[5] *On 1 October 2020, Harmony acquired AngloGold Ashanti Limited's remaining South African operations (Mponeng operations and related assets). FY21 therefore only contains nine months of metrics and is not directly comparable to FY22 of FY20.*

		FY22	FY21[9]	FY20[9]	FY19	FY18
People						
Total employees and contractors[6]		**47 373**	48 112	39 582	39 773	40 686
South Africa: Employees		**35 989**	36 873	31 502	31 201	32 520
South Africa: Contractors		**9 013**	8 860	5 841	6 159	5 951
Papua New Guinea: Employees		**1 555**	1 536	1 434	1 675	1 397
Papua New Guinea: Contractors		**751**	778	748	738	818
Employment equity (historically disadvantaged South Africans in management)[3]	%	**67**	65	64	62	60
Number of people in single rooms[3, 7]		**8 057**	8 547	8 008	8 019	6 739
Number of people sharing accommodation[3]		**—**	—	—	—	—
Number attending critical skills training[3]		**96**	83	81	109	106
Community						
South Africa – local economic development[3]	Rm	**66**	60	65	56	20
Papua New Guinea – socio-economic investment	Rm	**2**	4	36	14	1
Total group community spend	Rm	**68**	65	101	70	21
Group procurement	Rm	**25 093**	26 659	14 321	12 060	9 416
South Africa						
Total discretionary spend	Rm	**14 300**	10 667	7 682	8 470	6 436
Preferential procurement (BEE-compliant spend)[3]	Rm	**11 210**	7 938	5 600	6 340	5 120
Preferential procurement spend	%	**78**	74	73	75	80
Papua New Guinea						
Total spend	Rm	**2 324**	3 890	3 900	3 590	2 980
Expenditure in country	Rm	**1 107**	2 316	2 470	2 200	1 600
Expenditure in Morobe Province	Rm	**558**	489	697	1 100	1 100
Environment						
Mineral waste (volume disposed)[3, 8]	000t	**76 989**	71 014	51 817	52 691	50 798
Total electricity use (purchased)[3]	000MWh	**4 253**	4 123	3 171	3 326	2 517
CO_2 emissions						
– Scope 1[3]	000t CO_2e	**180**	136	126	133	131
– Scope 2[3]	000t CO_2e	**4 568**	4 251	3 316	3 193	2 442
– Scope 3[3, 10]	000t CO_2e	**1 065**	871	570	533	440
Water used for primary activities[3]	000m³	**33 417**	30 306	19 692	23 158	15 473
Funding/guarantees for rehabilitation and closure	Rm	**7 126**	6 865	4 416	3 923	4 255

6 *FY18 includes employees from the Moab Khotsong operations. Excludes employees from the Wafi-Golpu Joint Venture.*
7 *The number of single rooms only represent hostels which are 100% converted.*
8 *The year-on-year increase in mineral waste in FY18 was due to waste stripping of cutbacks at Hidden Valley.*
9 *Total calculation errors on employee complement for FY21 and FY20 corrected.*
10 *FY21 Scope 3 value restated from 748 016 to 870 851 due to an update in calculation methodology in Chemwes (Mine Waste Solutions) sodium cyanide and caustic soda figures.*

Salient features

Guided by our strategy: To produce safe, profitable ounces and improve margins through operational excellence and value-accretive acquisitions

Responsible stewardship

- Embedded ESG
- Sustainability-linked loans secured
- Green loan for renewable energy projects
- Net-zero target set.

Operational excellence

Financial indicators

- ↓ 20.2% decrease in **production profit** to **R9.5 billion** (US$628 million) (2021: R12.0 billion (US$777 million))
- ↑ **Average gold price** received increased by 5% to **R894 218/kg** (US$1 829/oz)
- ↑ Group **all-in sustaining cost** increased by 15.6% to **R835 891/kg** (US$1 709/oz).

Operational indicators

- ↓ 3.2% decrease in **production to 46 236kg** (1 486 517oz) (2021: 47 755kg (1 535 352oz))
- Underground recovered grade of 5.37g/t.

Cash certainty

↑ **Revenue** increased by 2% to **R42.6 billion** (US$2.8 billion) (2021: R41.7 billion (US$2.7 billion)).

↓ **Operating free cash** of **R2.9 billion** (US$191 million) (2021: R6.5 billion (US$424 million)).

The **derivative** programme stood at a net positive value of **R645 million** (US$40 million) (2021: R1.6 billion (US$111 million)).

Effective capital allocation

- Approved **capital** of **R8 billion** (US$528 million) and **spent R6.2 billion** (US$407 million).

- **Total dividend** of **62 SA cents** (4.0 US cents) per share declared (2021: 137 SA cents (9.5 US cents)).

- **Total dividend yield** of 1.1%[#] (2021: 2.4%).

[#] *As at 25 August 2022.*

Financial director's report

Financial highlights

- **2%** increase in revenue to **R42 645 million** (US$2 804 million) mainly due to the higher rand gold price received and the hedging gains compared to losses in the prior year
- Production profit of **R9 546 million** (US$628 million) down 20% from the prior year's R11 958 million (US$777 million)
- Operating free cash flow decreased **55%** from **R6 528 million** (US$424 million) to **R2 905 million** (US$191 million)
- **49%** decrease in headline earnings per share to **499 SA cents** (33 US cents) from 987 SA cents (64 US cents) in the prior year
- Net debt to EBITDA remained stable at **0.1x**
- Declaration of an interim and final dividend of **40 SA cents** (2.7 US cents) and **22 SA cents** (1.3 US cents) per share respectively.

Strategic changes to the business

Harmony's objective to deliver safe, profitable ounces was the driving force behind two key strategic decisions during the year. The first was closing Bambanani at the end of this financial year instead of during FY24 as higher seismicity compromised the mine's safe operation. The second tough decision, precipitated by the need for profitable production, was to restructure Tshepong Operations. As a result, our gold production is split across a more profitable and de-risked portfolio.

Our **CEO**, Peter, delves deeper into these strategic decisions in the **Integrated annual report 2022**.

Financial performance against strategic objectives

The key features of our financial performance in FY22 are unpacked below in terms of our four strategic pillars:

- Responsible stewardship
- Operational excellence
- Cash certainty
- Effective capital allocation.

Responsible stewardship

During the last quarter of FY22, we refinanced our funding facilities to include new sustainability-linked and green loan facilities through a syndicate of banks. The facilities :

- US$300 million sustainability-linked revolving credit facility (RCF)
- R2.5 billion sustainability-linked RCF
- US$100 million sustainability-linked term loan
- R1.5 billion green loan.

The rand RCF, US dollar RCF and US dollar term loan are linked to certain sustainability-linked key performance indicators (ESG KPIs), which will be measured annually for the next three financial years and will result in changes to interest rate margins. The ESG KPIs will be greenhouse gas emissions, renewable energy as a percentage of total energy consumed at our South African operations and potable water consumed.

Read more about our **Renewable energy programme** in the **ESG report 2022**.

Operational excellence

Despite challenges in FY22 due to geotechnical issues and breakdowns at Hidden Valley together with some operational hurdles at our South African operations, we achieved our revised production guidance. The group's all-in sustaining costs have increased by 16% to R835 891/kg (US$1 709/oz) mainly due to lower-than-expected production at several operations, specifically Hidden Valley, Tshepong Operations, Doornkop, Bambanani and Moab Khotsong.

The group's gold production and sales decreased by 3% to 46 236kg (1 486 517oz) and 46 153kg (1 483 853oz) respectively from 47 755kg (1 535 352oz) and 47 353kg (1 522 431oz).

Underground grade regressed slightly to 5.37g/t (down 3% from 5.51g/t in FY21) and surface grade (excluding Hidden Valley) decreased by 5% from 0.20g/t to 0.19g/t.

Cash certainty

We had headroom of R8 202 million (US$504 million) at year end available through cash and facilities to achieve our strategic and growth objectives.

EBITDA decreased by 18% from R9 752 million (US$633 million) in FY21 to R7 951 million (US$489 million) as at 30 June 2022. However, our total net debt to EBITDA remained stable at 0.1x. Facilities entered into will guide Harmony towards further cash certainty by decreasing our carbon footprint through renewable energy projects, resulting in reduced costs as well as organic and other growth opportunities.

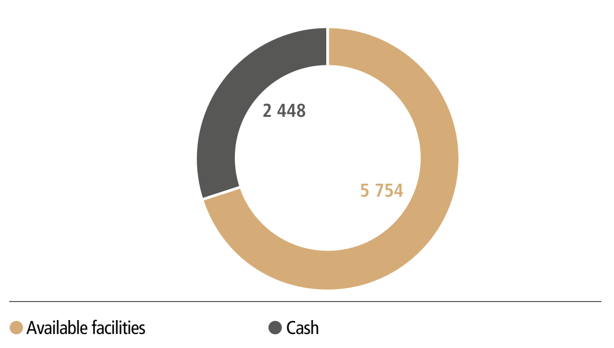
The following repayments/drawdowns were made during the year:

- R450 million repayment of the retired R2 billion facility
- R3 057 million (US$200 million) repayment of the retired US$400 million facility
- R94 million repayment of the Westpac fleet loan
- R3 057 million (US$200 million) drawdown of the US$400 million sustainability-linked facility.

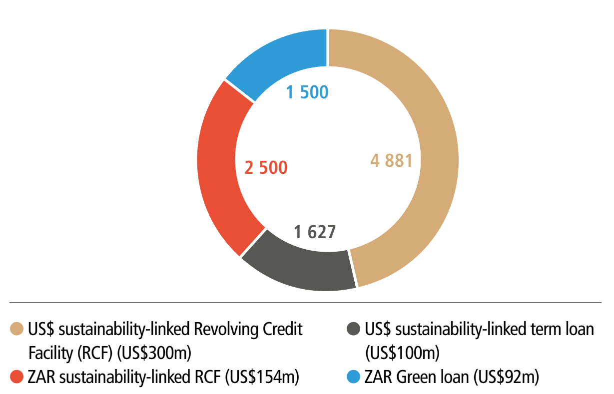
Loan covenants tests were performed for the old and new loan facilities in FY21 and FY22, and no breaches were noted. For FY22, the group's interest cover ratio was 43.4 times (FY21: 42.8 times) while the group's leverage was 0.1 (FY21: 0.1). The tangible net worth to total net debt ratio was removed as a loan covenant during FY22 (FY21: 57.8). Management believes that it is very likely that the covenant requirements will be met in the foreseeable future given the current earnings and interest levels.

Harmony's headroom

Net headroom (R million)



Total outstanding loans (R million)



Effective capital allocation

Our capital and exploration spend increased to R6 428 million (US$423 million) from R5 319 million (US$345 million). Key projects were the Zaaiplaats project at Moab Khotsong, the Kareerand extension at Mine Waste Solutions and the Doornkop 207/212 project. The Target 1 recapitalisation project is expected to be completed by 31 December 2022.

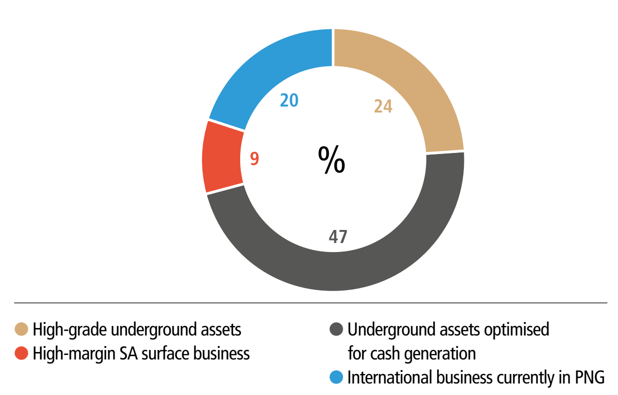
Our main exploration focus is the pursuit of brownfield exploration targets close to existing infrastructure to drive short to medium-term Ore Reserve replacement. Several projects are underway in South Africa as well as the development of new satellite resource areas near Hidden Valley in Papua New Guinea. As a result, our exploration expenditure increased by 21% to R214 million (US$14 million) from R177 million (US$11 million) during the year.

Harmony declared interim and final dividends of 40 SA cents (2.7 US cents) per share and 22 SA cents (approximately 1.3 US cents) per share respectively. This translates to a full-year dividend yield of 1.1%.

We are certain that dividend payments are sustainable and will not inhibit future expansion opportunities. When declaring a dividend, the board of directors considers that it will be 20% of net free cash subject to future major capital expenditure, net debt to EBITDA is not greater than 1.0x, and solvency and liquidity requirements comply with the Companies Act and current banking covenants.

Harmony maintained a healthy balance sheet aligned with our objective to create long-term value for our stakeholders.

Capital expenditure (FY22 actual)



Derivatives and hedging

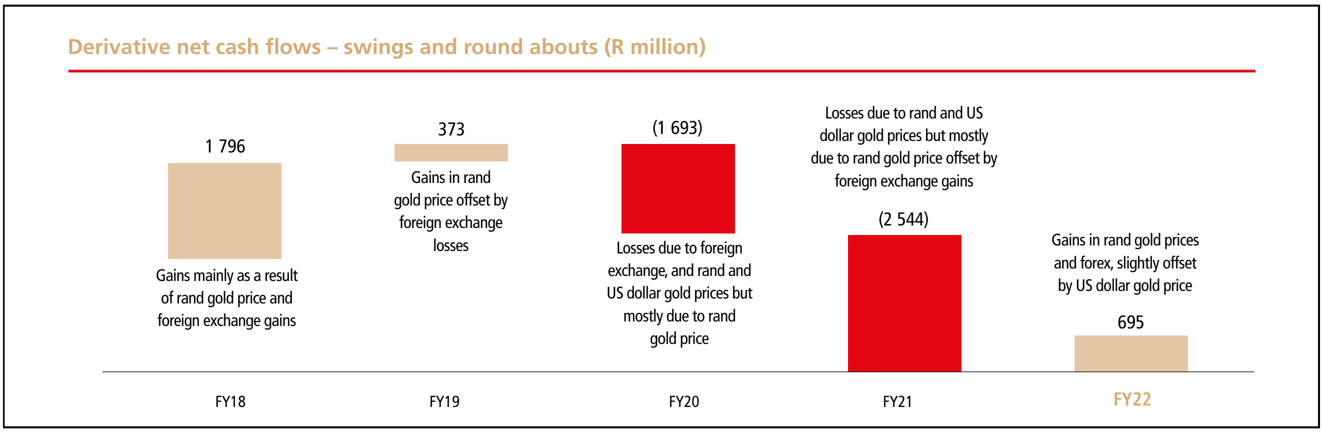
Harmony continues to enjoy favourable commodity and foreign exchange pricing on the unhedged portion of its exposure while locking in available higher prices as part of our derivative programme.

Our hedging policy allows for a maximum of 20% and 50% of annual production to be hedged for gold and silver respectively over a maximum of 24 months. Harmony may execute the hedging strategy when we achieve a 25% margin above-inflation adjusted cost parameter.

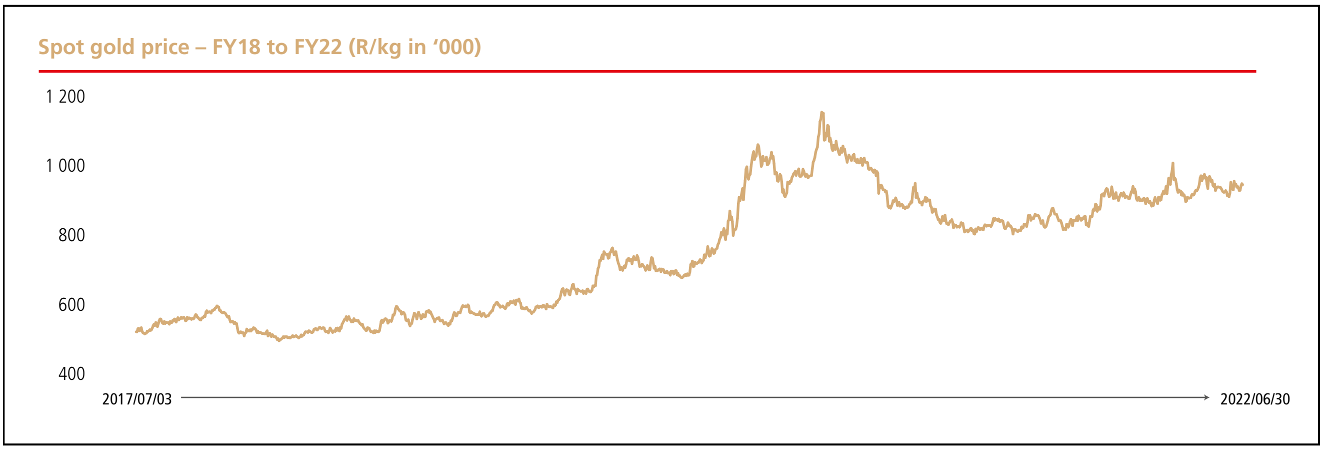
Harmony's derivative programme had a net asset value of R645 million (US$40 million) at 30 June 2022 compared to R1 587 million (US$111 million) in FY21. This is mainly due to hedges that matured as well as the reduction in open positions of foreign exchange derivatives at 30 June 2022 compared to 30 June 2021.

Revenue includes a realised hedging gain of R497 million (US$33 million) in FY22 and a realised loss of R2 296 million (US$149 million) in FY21, relating to the realised effective portion of hedge-accounted gold derivatives. FY22 includes a net gain on derivatives of R53 million (US$3 million) compared to a net gain of R1 022 million (US$66 million) in the prior year due to spot rate at the reporting dates relative to the floor and cap rates as well as the reduction in open positions held at year end.

Overall, the group's derivatives recorded a net realised cash inflow of R695 million (US$46 million) mainly due to a R503 million (US$33 million) cash inflow on rand gold derivatives. A total cash inflow of R404 million (US$26 million) has been realised since the inception of the hedging programme.



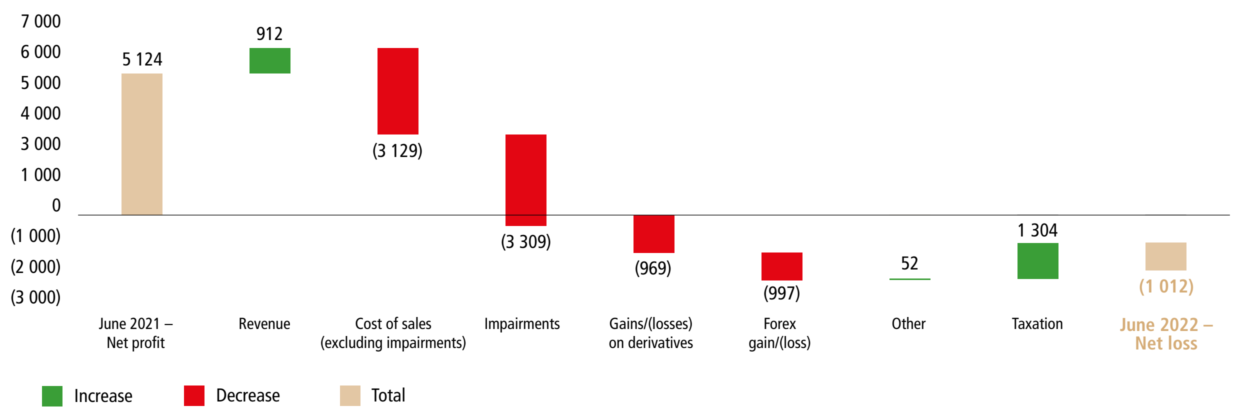
Closing prices at reporting date



Key drivers of financial performance

		Year ended 30 June 2022	Year ended 30 June 2021	Change %
Gold produced	kg	**46 236**	47 755	(3)
	oz	**1 486 517**	1535 352	(3)
Underground grade	g/t	**5.37**	5.51	(3)
Gold price received	R/kg	**894 218**	851 045	5
	US$/oz	**1 829**	1 719	6
All-in sustaining costs	R/kg	**835 891**	723 054	(16)
	US$/oz	**1 709**	1 460	(17)
Production profit	R million	**9 546**	11 958	(20)
	US$ million	**628**	777	(19)
Net debt	R million	**757**	542	(40)
	US$ million	**47**	38	(24)
Net debt to EBITDA ratio[1]	times	**0.1**	0.1	
Average exchange rate	R:US$	**15.21**	15.40	(1)

[1] *The calculation of EBITDA is based on definitions included in our debt facility agreements, which exclude certain exceptional items such as impairments, translation differences and gains/losses on derivatives.*



Revenue
Revenue increased by R912 million or 2% to R42 645 million, mainly due to the hedging loss of R2 296 million in FY21 becoming a gain of R497 million in FY22. The received gold price increased by 5% to R894 218/kg, which helped to offset lower production. In US dollar terms, revenue increased by US$94 million or 3% to US$2 804 million. The average received gold price increased by 6% to US$1 829/oz from US$1 719/oz in FY21.

Production costs
Production costs increased by R3 325 million or 11% to R33 099 million during FY22, predominantly due to global inflationary pressure, supply chain issues and annual price increases. These costs increased further with the inclusion of Mponeng and related assets for a full year of production compared to nine months in FY21. In US dollar terms, production costs increased by US$243 million or 13% to US$2 176 million.

Amortisation and depreciation
Amortisation and depreciation decreased by R192 million or 5%, mainly due to impairments recognised in FY21 and at 31 December 2021, resulting in smaller depreciable values relative to the previous year. Further, extension of the life-of-mine plans for certain operations decreased recognised depreciation. In US dollar terms, amortisation and depreciation decreased by US$10 million to US$242 million.

Impairment of assets
Loss of assets impairment was R4 433 million (US$273 million), attributable to Tshepong North, Tshepong South, Moab Khotsong, Kusasalethu and Bambanani. We attributed the R333 million impairment of goodwill to Moab Khotsong and Bambanani. The recoverable amounts were below net asset values due to increased costs and planned capital, higher discount rates and changes to the life-of-mine plans for various operations.

Refer to **Accounting considerations for material transactions**.

Gains and expenses included in operating profit
A foreign exchange translation loss of R327 million (US$21 million) compared to a R670 million (US$44 million) gain in FY21 was predominantly caused by unfavourable translations on US dollar-denominated loan balances. The rand weakening against the US dollar was evident in a closing exchange rate of R16.27/US$ (FY21: R14.27/US$).

Also included in operating profit is the net gain on derivatives of R53 million (US$3 million) compared to a net gain of R1 022 million (US$66 million) in FY21. Other operating expenses also decreased due to a lower loss on scrapping (FY22: R7 million versus FY21: R161 million) as well as a silicosis provision adjustment (FY22: R24 million versus FY21: R80 million).

Taxation
The group's taxation expense decreased to a tax credit of R46 million (US$3 million) from an expense of R1 258 million (US$82 million). A decrease in taxable profits resulting from lower-than-planned production, decreased gains on derivatives and a foreign exchange translation loss from a gain in the prior year contributed to the tax credit. The deferred tax moved from an expense in the prior year to a credit for FY22, mainly due to the impact of deferred tax rate decreases on certain statutory companies across the group as well as the impacts of impairment on the net carrying values of statutory companies.

Net profit/(loss)
Harmony's financial performance reflects a decrease of 120% to a loss of R1 012 million (US$48 million) compared to a net profit of R5 124 million (US$326 million) in the previous year. Headline earnings declined by 49% to 499 SA cents per share (33 US cents) compared with a headline earnings of 987 SA cents (64 US cents) per share in FY21.

Outlook
Our growth journey continues, building on the successes of recent years through the acquisition of Moab Khotsong and the Mponeng operations and related assets as well as further investment in Papua New Guinea. However, we cannot celebrate our achievements with unacceptable loss of lives. Reconsidering our resource allocation includes ongoing investment in safe production while we strive to address production gaps, replace ounces and increase life-of-mine through value-accretive acquisitions and organic growth. Harmony will thus transition from a high-risk, purely gold portfolio to a lower-cost copper-gold mining company.

Mandatory audit firm rotation
In compliance with the Independent Regulatory Board for Auditors requirements, requiring firms with long-standing audit relationships (more than 10 years) to change auditors after 1 April 2023, we recommended EY for election at the upcoming AGM.

We look forward to working with the EY team.

Acknowledgement
In closing, I would like to thank our finance team for their support throughout the year, which enables financial reporting of the highest standard. True to Harmony's values, this connectedness continues to enable us to create value for our colleagues and external stakeholders.

Boipelo Lekubo
Financial director

25 October 2022

Accounting considerations for material transactions

The impairment assessment of property, plant and equipment, and goodwill

For the year ended 30 June 2022, management performed an assessment of the property, plant and equipment, and goodwill with the audit and risk committee considering the following:

- Assessed whether an indicator of potential impairment existed at the reporting dates
- Assessed recoverable amounts of the assets determined by using discounted estimated after-tax future cash flows as well as resource values
- Calculated the recoverable amount for each cash generating unit (CGU) using a discounted cash flow model
- The Tshepong Operations were disaggregated into two separate CGUs being the Tshepong North CGU and the Tshepong South (also known as the Phakisa section) CGU, for impairment testing at 30 June 2022. This is due to the decision taken during the FY23 budget process to reinvest in the two individual operations to maximise individual profitability following the change to Tshepong North's life-of-mine with the sub-75 decline project being halted. Based on the forward-looking nature of the impairment assessment, a separate impairment calculation was prepared for each of the CGUs. The disaggregation of CGUs did not have an impact on reportable segments in terms of IFRS 8 *Operating Segments* as disclosed in the segment report, since information reported to the chief operating decision maker for the 2022 financial year was still for the combined Tshepong Operations
- Considered the excess of recoverable amount over the carrying value for each CGU.

Management concluded an impairment loss of assets of R4 433 million (US$273 million) for the following operations:

- Tshepong North (R2 296 million) (US$141 million)
- Tshepong South (R1 326 million) (US$82 million)
- Moab Khotsong (R522 million) (US$32 million)
- Kusasalethu (R145 million) (US$9 million)
- Bambanani (R144 million) (US$9 million).

A total impairment of goodwill of R333 million (US$21 million) included in the impairment loss above, was recognised attributable to:

- Moab Khotsong (R302 million) (US$19 million)
- Bambanani (R31 million) (US$2 million).

Audit and risk committee: Chairperson's report

Dear shareholder

I am pleased to present the audit and risk committee report for the financial year ended 30 June 2022 (FY22).

This report considers those material matters on which the audit and risk committee (the committee) deliberated during the reporting period. These matters extend beyond statutory compliance and relate to the committee's role in supporting value creation and delivery on Harmony's strategic objectives.

Introduction

This committee is an independent, statutory committee whose members are appointed annually by Harmony's shareholders in compliance with section 94 of the South African Companies Act of 2008, as amended (the Act), and the principles of good governance. In addition to this Act, the committee's duties are guided by the JSE Listings Requirements, the King IV Code on Corporate Governance™* 2016 (King IV) and its terms of reference. Furthermore, the board of directors delegates oversight of specific functions to the committee.

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Terms of reference and discharge of responsibilities

The formal board approved committee terms of reference (available on our corporate website, **www.harmony.co.za**), are reviewed and updated annually (or more frequently if required) by both the committee and the board. The committee is satisfied that, during FY22, it has conducted its affairs and discharged its legal and other responsibilities in accordance with its terms of reference.

Composition and function

Members: J Wetton (Chairperson); K Nondumo; G Sibiya; B Nqwababa; M Prinsloo.

Following the retirement of Ms De Buck and Dr Lushaba at the 7 December 2021 annual general meeting, Mr Bongani Nqwababa and Mr Martin Prinsloo were since appointed as independent non-executive directors and members of this committee effective 18 May 2022. The rest of the members were re-elected by shareholders at the 2021 annual general meeting. All members have the appropriate academic qualifications, financial literacy, business and financial acumen. As at the date of this report, the committee has five members, all of whom are independent non-executive directors.

For further detail on their qualifications, expertise and experience, refer to our website at **https://www.harmony.co.za/about/board/**.

Refer to **Directors' report** for further detail.

The chairman of the board is not a member of the committee but may attend meetings by invitation. Board members are entitled to attend committee meetings as observers. However, non-committee members are not entitled to participate without the consent of the chair, do not have a vote and are not entitled to fees for attendance.

The group chief executive officer (CEO) and financial director (FD) – together with members of the executive team and senior managers representing areas relevant to the discussions at the committee, as well as the external auditors, the chief audit executive and assurance providers attend meetings either by standing invitation or as and when required.

The internal and external auditors have unlimited access to the chairperson of the committee. The chief audit executive reports directly to the committee.

Audit and risk committee: Chairperson's report continued

Responsibilities

The responsibilities of the committee are set out in the committee terms of reference and include, among others:

- To ensure the integrity of financial statements and related reporting, that they comply with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides and other relevant regulatory bodies stated above and fairly represent the financial position of the group, the company and our operations
- To monitor internal controls, the internal audit function, combined assurance and matters pertaining to the external auditors
- To oversee corporate governance, particularly in relation to legislative and regulatory compliance
- To oversee the management of risk, as well as information technology (IT) governance and cyber security.

The committee believes that it complied with its legal, regulatory and other responsibilities during the past financial year. No major concerns were raised in FY22.

For more on the committee and its activities during the year, see **Board committees** in our **ESG report 2022**.

Reporting

The committee reviewed the appropriateness of the following FY22 reports and their related processes:

- Integrated annual report and its related suite of reports
- Mineral Resource and Mineral Reserve statement
- Annual financial statements and accounting practices
- Annual report filed on Form 20-F with the United States Securities and Exchange Commission.

The committee submits that these reports represent a fair view of the group's performance for FY22 and recommended them to the board for approval.

Duties discharged in FY22

- Reviewed the company's quarterly and annual financial results
- Ensured it has access to all the financial information of Harmony to allow the company to effectively prepare and report on its financial statements
- Monitored the internal control environment in Harmony and found it to be effective
- Discussed the appropriateness of accounting principles, critical accounting policies, management's judgements, estimates and impairments, all of which were found to be appropriate
- Executed its responsibility by ensuring that Harmony has established the appropriate financial reporting procedures and these procedures are operating. These procedures, include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information to allow Harmony to effectively prepare and report on its financial statements
- Considered the JSE's latest report on the proactive monitoring of financial statements
- Considered the appointment of the external auditor, PricewaterhouseCoopers Inc. (PwC), as the registered independent auditor for the ensuing year*
- Considered the mandatory audit firm rotation*
- Ensured that the appointment of PwC as the external audit firm for the financial year ending 30 June 2023, and the appointment of Ernst & Young Incorporated (EY), as the external audit firm for the financial year commencing on 1 July 2023, are presented and included as resolutions at the forthcoming annual general meeting*
- Considered the suitability, and satisfied itself, of the external audit partner firm following assessment of the information provided by that firm, in terms of paragraph 3.84(g)(iii) and paragraph 22.15(h) of the JSE Listings Requirements, to determine the suitability of its appointment as the external audit firm and of the designated individual partner
- Ensured that the appointment of the external audit firm is presented and included as a resolution at the annual general meeting
- Satisfied itself that the external audit firm, PwC, was suitable and independent from the company
- Reviewed and approved external audit plans, terms of engagement and fees, as well as the nature and extent of non-audit services rendered by the external auditors
- Evaluated the independence and effectiveness of the internal audit function
- Reviewed and approved internal audit budget, the internal audit charter and risk-based plans
- Evaluated and coordinated the internal audit, external audit and sustainability assurance processes
- Received and considered reports from the external and internal auditors
- Considered the appropriateness, expertise and experience of the FD and the finance function – both were found to be adequate and appropriate
- Evaluated and considered Harmony's risks, and measures taken to mitigate those risks
- Considered whether IT risks are adequately addressed and whether appropriate controls are in place to address these risks. The committee oversees and monitors the governance of IT on behalf of the board, a task it views as a critical aspect of risk management
- Considered and confirmed the company as a going concern
- Considered and approved the company's non-audit services policy
- Reviewed and recommended changes to the committee's terms of reference to the board for approval
- Reviewed the adequacy of the group's insurance coverage
- Reviewed legal matters that could have a significant impact on the company's business.

* *Refer to audit firm rotation process in the external auditor section below.*

Key focus areas in FY22

Interim and annual financial statements

The annual financial statements have been prepared in accordance with IFRS, SAICA Financial Reporting Guides, the requirements of the South African Companies Act 71 of 2008, the Listings Requirements of the JSE Limited and the recommendations of King IV.

In terms of paragraph 3.84(k) of the JSE Listings Requirements, the committee reviewed and assessed the process implemented by management to enable the CEO and the FD to pronounce on the annual financial statements and the system of internal control over financial reporting. The results from the process were communicated to the committee. The committee considered any deficiencies as well as the appropriateness of management's response including remediation, reliance on compensating controls and additional review procedures. The committee, on behalf of the board, has noted the final confirmation of the CEO and FD.

The **Chief executive officer and financial director confirmation** appears in this report.

External auditor – appointment, independence and tenure

Having considered the external auditor's previous appointments and the extent of other work undertaken for the group, the committee is satisfied that PwC is independent of the group, as per section 94(8) of the Act. The committee also satisfied itself as to the suitability of PwC and the designated audit partner.

A formal procedure has been adopted to govern the process whereby the external auditor may be considered for non-audit services and the extent of these services is closely monitored by the committee. Total fees approved for the external auditor for the year were R52 million, of which R45 million was for audit services, R6 million for audit-related services and R1 million for non-audit services.

PwC has been Harmony's external auditor for 72 years. At the 2021 annual general meeting, PwC was reappointed as the independent external auditor and undertook to hold office until the end of the 2022 annual general meeting on 29 November 2022.

Mr S Masondo remained the registered lead audit partner responsible for the audit for the financial year ended 30 June 2022.

As part of Harmony's commitment to transformation, PwC continued to partner on its audit with Ngubane & Co, a level 1 broad-based black economic empowerment company. To facilitate the transfer of skills in the audit of mining companies and registrants on the Securities and Exchange Commission in the United States, Ngubane & Co assisted PwC on the audit of our South African operations. PwC had overall responsibility for the audit and signed off the financial statements.

Audit firm rotation

As audit firm rotation will be mandatory from the financial year beginning on or after 1 April 2023, this will apply from the 2024 financial year for the company.

In compliance with paragraph 3.75 to 3.78 of the JSE Listings Requirements, and in accordance with the mandatory audit firm rotation rule issued by the Independent Regulatory Board for Auditors, shareholders were advised on 1 July 2022 that Harmony intends to appoint EY as the external auditor for the company with effect from the financial year commencing 1 July 2023, being the 2024 financial year. The committee has recommended, and the board endorsed, the proposed appointment following the conclusion of a comprehensive and rigorous tender process. The appointment will be subject to shareholder approval at the forthcoming annual general meeting to be held on 29 November 2022.

PwC will continue to act as external auditors of the company for the 2022 and 2023 financial years, subject to shareholder approval at the 29 November 2022 annual general meeting.

The company, again, thanks PwC for their services over the years and looks forward to beginning a new chapter with EY.

Refer to **Notice of the annual general meeting** in our **Report to shareholders**.

Internal controls and internal audit

Having reviewed the design, implementation and effectiveness of the group's system of internal financial controls, the committee is satisfied that these are effective and form a reliable basis for the preparation of the financial statements. No findings came to the attention of the committee to indicate any material breakdown in internal controls during the past financial year.

In terms of internal audit, the committee is responsible for:

- Ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority within the group to enable it to perform its duties
- Overseeing cooperation between internal audit and the external auditors, and serving as a link between the board of directors and these functions.

In line with King IV and its recommendations, the committee has confirmed the effectiveness of the group chief audit executive, Ms Besky Maluleka-Ngunjiri, and is satisfied that she has the appropriate expertise and experience to meet the responsibilities of this position. The chief audit executive reports quarterly, or as necessary, to the committee on internal audit and has direct access to the committee, primarily through its chairperson.

The committee is satisfied that internal audit follows an approved risk-based internal audit plan and regularly reviews the group's risk profile. Internal audit submits an overall statement on the effectiveness of the group's governance, risk management and control processes.

Audit and risk committee: Chairperson's report continued

Combined assurance

The combined assurance framework was refined during the course of the year.

The committee is satisfied that the group has optimised the assurance coverage obtained from management, and internal and external assurance providers. The committee is also satisfied that the various external assurances that are obtained and related systems and procedures are effective in achieving the following objectives:

- Enabling an effective internal control environment
- Supporting the integrity of information used for internal decision-making by management, the board and its committees
- Supporting the integrity of external reports
- Minimising assurance fatigue.

Governance of risk

The committee fulfils a dual function – as an audit committee and as a risk committee. Internal audit conducts regular and full assessments of the risk management function and framework, on which it reports to the committee. The committee is satisfied with the effectiveness of its oversight of risk governance in the group.

A detailed report on risk and its management, as recommended in King IV, is contained in our **Integrated annual report** in the **Our risks and opportunities** section. A report on risk is also shared with the board on a quarterly basis.

In the past year, the committee continued to monitor the newly developed enterprise risk management and resilience policy, risk management guidelines and risk management framework to ensure continued focus on the company's material risks. The board further approves the group's risk appetite and tolerance framework.

Appropriateness and experience of FD and effectiveness of the finance function

The committee confirms that it is satisfied that Ms Boipelo Lekubo, the current FD, possesses the appropriate expertise and experience to meet the responsibilities of this position. The finance function was also considered and the committee found the expertise and experience to be adequate and appropriate.

Oversight of derivative programme

The committee also monitors and reviews the group's derivative and hedging strategy. The derivative programmes currently in place were introduced in FY16. In terms of these programmes, up to 20% of gold production may be hedged while transactions for up to 25% of foreign exchange exposure may be entered into.

For more on how these derivative programmes have performed, see the **Financial director's report** in this report.

Technology and information governance

We recognise the increasing importance of technology as both a source of future opportunities and a means by which we conduct our business and improve organisational efficiencies. Accordingly, this committee monitors the governance of technology and information quarterly.

The committee has delegated responsibility to management for digitising the company, implementing enterprise-wide technology and information management policy, and embedding it into the organisation's day-to-day, medium- and long-term decision-making activities and culture. This ensures operational excellence and delivery on our first strategic pillar.

Given the multiple critical information system changes implemented simultaneously across the organisation, this was a major focus area for the committee during the year. Progress was closely monitored, with management providing detailed quarterly updates on this and on challenges encountered and the steps taken to address such challenges.

In particular, during the past year, as part of the process to digitise the company, the committee oversaw management's implementation of two significant upgrade projects aimed at improving our operating and business efficiencies. The company completed the first phase of the centralised human resource management system (HRMS) focused on core human resource (HR) processes. Furthermore, the second and third phases were initiated to improve human capital management (HCM) efficiencies. In addition, the upgrade of the enterprise resource planning (ERP) system was completed, with no material issues or risks realised.

Due to the nature of ever-changing cybercrime attack vectors, significant effort and focus is required to keep pace and abreast of cyber-related threats. To this end, it is imperative to balance the risks, controls and investment associated with these threats, which is a major focus area for the committee. As a result, effectiveness is closely monitored, with management providing detailed quarterly updates.

Dividend policy and dividends declaration

The board declared an interim ordinary dividend of 40 cents for the year ended 30 June 2022, with R247 million paid on 11 April 2022. And further declared a final ordinary dividend of 22 SA cents for the year ended 30 June 2022, paid on 17 October 2022. In addition, dividend payments were made in 2021 and 2022 to the non-controlling interest holders in Tswelopele Beneficiation Operation of R7 million and R16 million, respectively.

Harmony declared an annual preference share dividend to the Harmony Gold Community Trust (the Trust). The board declared a preference dividend of R9 million and it was paid to the Trust on 11 August 2022 (2021: R9 million on 10 August 2021).

In considering the payment of dividends, the board, with the assistance of the audit and risk committee, took into account the current financial status of the company and the payment of a proposed dividend subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act of 2008.

The company's dividend policy remains to pay a return of 20% on net free cash generated to shareholders, at the discretion of the board of directors.

Going concern

The committee has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of the group.

The board's statement on the going concern status of the group, as supported by the committee, appears in the **Directors' report**.

Integrated annual report

The committee has overseen the integrated reporting process, reviewed the report and has recommended the 2022 Integrated annual report and consolidated financial statements for approval by the board.

Events post year end

- On 29 August 2022, a final dividend of 22 SA cents per ordinary share was declared, paid on 17 October 2022
- During the budgeting process for the 2023 financial year, a decision was taken to restructure the Tshepong Operations into two separate operations, being the Tshepong North and the Tshepong South operations. This decision was taken to create immediately profitable operations and had the impact of reducing the life-of-mine of Tshepong North from 19 years to seven years. From 1 July 2022, the operations will be reported on separately to the chief operating decision maker and as a result be disclosed as two reportable segments
- On 6 October 2022, Harmony entered into an agreement with Copper Mountain Mining Corporation (Copper Mountain), to acquire its wholly owned Eva Copper Project and its 2 295km^2 exploration land package in Queensland, Australia (collectively the acquired assets) for a total consideration of up to US$230 million.

  Under the terms of the transaction, the acquisition consideration consists of the following:
  - US$170 million in upfront cash payable on closing of the transaction
  - Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain 10% of the incremental revenue generated from the acquired assets which is above revenue based on a US$3.80/lb copper price
  - Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain US$0.03 per pound of contained copper for any SAMREC copper resource discovered and declared on a new deposit within the acquired assets after the closing of the transaction.

Harmony plans to fund the upfront purchase price using available cash and revolving credit facilities.

The closing of the transaction is subject to certain customary conditions, including approval from the Foreign Investment Review Board in Australia and Copper Mountain bondholder approval. The transaction has received approval from the South African Reserve Bank.

Management will assess the accounting treatment upon the closure of the transaction.

In closing

I wish to thank my fellow committee members for discharging their duties professionally and in accordance with the committee mandate, terms of reference and statutory responsibilities.

John L Wetton
Chairperson: audit and risk committee

25 October 2022

Directors' report

Nature of business
The Harmony group of companies conducts gold mining and exploration in South Africa and Papua New Guinea.

A general review of the group's business and operations is provided in the **Integrated annual report 2022**, and with more detail available in the **ESG report 2022** and **Operational report 2022**.

The company's primary listing is in South Africa on the JSE. Harmony's ordinary shares are also listed in the form of American depositary receipts (ADRs) on the New York Stock Exchange.

Integrated annual report
As required by the King IV report and the JSE Listings Requirements, the board has reviewed and approved the Integrated annual report 2022 on the recommendation of the audit and risk committee, supported by the social and ethics committee.

The **Integrated annual report 2022** is at **www.harmony.co.za**.

Statement by the board
The annual financial statements are drawn up in accordance with the Companies Act, JSE Listings Requirements, IFRS and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, and the Financial Pronouncements, as issued by Financial Reporting Standards Council.

The board of directors is of the opinion that the Integrated annual report 2022 and the accompanying consolidated financial statements fairly reflect the true financial position of the group at 30 June 2022 and its performance for the year.

Audit and risk committee and social and ethics committee reports
The **Audit and risk committee: chairperson's report** is on page 15 of this report and that of the **Social and ethics committee: chairperson's report** in the **ESG report**.

Company secretary
The group company secretary is Ms Shela Mohatla. Her business and postal addresses appear on the inside back cover. The certificate by the group company secretary is on page 24. Ms Mohatla was appointed group company secretary with effect from 14 August 2020, subsequent to her appointment in an acting capacity on 27 January 2020.

Board of directors
Changes to the composition of Harmony's board of directors during the review period included:
- Retirement of Dr Simo Lushaba and Ms Fikile De Buck as independent non-executive directors with effect from 7 December 2021
- Resignation of Mr Modise Motloba as a non-independent non-executive director and deputy chairman of the board with effect from 27 June 2022
- Appointment of Messrs Bongani Nqwababa and Martin Prinsloo as independent non-executive directors with effect from 18 May 2022
- Appointment of Ms Karabo Nondumo as deputy chairman of the board with effect from 18 August 2022.

Biographical details of current directors appear at **www.harmony.co.za**.

In terms of the company's Memorandum of Incorporation (MOI), the directors of the company shall rotate in accordance with the following provisions:
- At each AGM, one-third (1/3) of the non-executive directors for the time being, or if their number is not three (3) or a multiple of 3, the number nearest to 1/3, but not less than 1/3, shall retire from office, provided that if a director is appointed as an executive director or as an employee of the company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the retirement of directors by rotation
- The non-executive directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot
- A retiring director shall be eligible for re-election.

As part of Harmony's board composition transitional plan, Mr Joaquim Chissano and Mr Andre Wilkens, who retire by rotation this year, although eligible, will not be seeking re-election to the board effective as of the conclusion of the 2022 Annual General Meeting.

Refer to **Governance** in our **ESG report 2022** for further information.

Directors and associates' interests

At 30 June 2022, the CEO Peter Steenkamp held 772 589 shares, FD Boipelo Lekubo held 15 988 shares, executive director Harry Mashego held 14 875 shares and non-executive director André Wilkens held 101 301 shares in Harmony.

None of the directors' and associates held any direct or indirect shareholding in the company's issued share capital. No other director held or acquired any shares in the company, other than through share incentive schemes (executive directors only) during FY22.

Refer to the **Remuneration report** in the **Report to shareholders** for details of share incentives awarded to executive directors.

Going concern

The annual financial statements have been prepared on a going concern basis.

In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the board is of the opinion that the company has adequate resources and that the:

- Company's assets, fairly valued, exceed the fair value of its liabilities
- Company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 30 June 2022.

Financial results

The audited consolidated and company annual financial statements as well as the discussion on the group's financial performance are included in this report. Confirmation of the financial statements by the CEO and FD appears in this report.

Share capital

During the June 2022 year, 473 505 shares were issued to settle the exercise of share options by employees relating to Harmony's management share option schemes.

Full details of the authorised, issued and unissued share capital of the company as at 30 June 2022 are set out in this report.

Shareholders

The company does not have a controlling shareholder. Information on shareholder spread, the range of shareholdings and public shareholders, as well as major shareholders, is presented in the shareholders' information section in this report.

Dividend policy

The company's dividend policy is to pay a return of 20% on net free cash generated to shareholders, at the discretion of the board of directors.

Dividends declared

The board declared an interim dividend of 40 SA cents and a final ordinary dividend of 22 SA cents for the year ended 30 June 2022. Harmony declared an annual preference share dividend of R9 million (2021: R9 million) to the Harmony Gold Community Trust (the Trust). As the Trust is consolidated by Harmony, the dividend is eliminated on consolidation.

Investments

A schedule of investments in subsidiaries, associates and joint arrangements appears in **Annexure A – Statement of group companies** in this report.

Contingencies

None of Harmony's properties is the subject of pending material legal proceedings. We are involved in legal and arbitration proceedings that are incidental to the normal conduct of our business.

Refer to note 38 of the **consolidated financial statements** for further discussion.

Borrowings

Borrowing powers are detailed in the company's memorandum of incorporation.

Movement in borrowings: see note 32 of the **consolidated financial statements**

Disposals

There were no material disposals in FY22.

Acquisitions

There were no material acquisitions in FY22.

Related-party transactions

None of the directors or major shareholders of Harmony or, to Harmony's knowledge, their families, had an interest, directly or indirectly, in any transaction during the review period or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as discussed below.

Mr Modise Motloba, Harmony's former deputy chairman and non-independent non-executive director (resigned from the company with effect 27 June 2022), is a director of Tysys (Proprietary) Limited (Tysys). Tysys entered into a contract with the group in February 2017 to provide services relating to the group's small- and medium-enterprise development projects. The contract has a value of up to R5 million per annum. Approximately R5 million (2021: R5 million) was paid in the 2022 financial year relating to services rendered in the current and prior financial years. The contract has a 30-day notice period.

Material transactions with associates, joint arrangements and structured entities

Refer to note 37 of the **consolidated financial statements** for details on transactions conducted during the period under review.

Compliance with the laws and memorandum of incorporation

The board believes that during the period 1 July 2021 to 30 June 2022, Harmony has complied with the provisions of the Companies Act and operated in conformity with its memorandum of incorporation and/or relevant constitutional documents.

Events subsequent to 30 June 2022

- On 29 August 2022, a final dividend of 22 SA cents was declared, paid on 17 October 2022
- During the budgeting process for the 2023 financial year, a decision was taken to restructure the Tshepong Operations into two separate operations, being the Tshepong North and the Tshepong South operations. This decision was taken to create immediately profitable operations and had the impact of reducing the life-of-mine of Tshepong North from 19 years to seven years. From 1 July 2022, the operations will be reported on separately to the chief operating decision maker and as a result be disclosed as two reportable segments.
- On 6 October 2022, Harmony entered into an agreement with Copper Mountain Mining Corporation (Copper Mountain), to acquire its wholly-owned Eva Copper Project and its 2 295km^2 exploration land package in Queensland, Australia (collectively the acquired assets) for a total consideration of up to US$230 million.

  Under the terms of the transaction, the acquisition consideration consists of the following:
  - US$170 million in upfront cash payable on closing of the transaction
  - Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain 10% of the incremental revenue generated from the acquired assets which is above revenue based on a US$3.80/lb copper price
  - Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain US$0.03 per pound of contained copper for any SAMREC copper resource discovered and declared on a new deposit within the acquired assets after the closing of the transaction.

  Harmony plans to fund the upfront purchase price using available cash and revolving credit facilities.

  The closing of the transaction is subject to certain customary conditions, including approval from the Foreign Investment Review Board in Australia and Copper Mountain bondholder approval. The transaction has received approval from the South African Reserve Bank.

  Management will assess the accounting treatment upon the closure of the transaction.

Chief executive officer and financial director confirmation

Each of the directors, whose names are stated below, after due, careful and proper consideration, hereby confirm that:

- the annual financial statements set out on pages 33 to 163, fairly present in all material respects the financial position, financial performance and cash flows in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Harmony and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the company;
- the internal financial controls are adequate and effective and can be relied upon in the compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for the implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls; and
- we are not aware of any fraud involving directors.

Peter Steenkamp
Chief executive officer
25 October 2022

Boipelo Lekubo
Financial director
25 October 2022

Directors' statement of responsibility

FINANCIAL STATEMENTS

The directors have the pleasure in presenting the consolidated and company annual financial statements (collectively the annual financial statements) for the year ended 30 June 2022 and the summarised consolidated financial statements (included in the Report to shareholders) for the same period. The annual financial statements were audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office. The summarised consolidated financial statements are extracted from the audited financial statements, but are not themselves audited.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations Committee (IFRIC) Interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa.

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the company and its subsidiaries. The annual financial statements have been prepared by Harmony Gold Mining Company Limited's corporate reporting team, headed by Michelle Kriel CA(SA). This process was supervised by the financial director, Boipelo Lekubo CA(SA). The directors take full responsibility for the preparation of the summarised report and the financial information has been correctly extracted from the underlying consolidated annual financial statements.

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the annual financial statements, and to prevent and detect material misstatement and loss.

Nothing has come to the attention of the board that caused it to believe that the systems of internal controls and risk management are not effective for the period under review and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The board's opinion is underpinned by the audit and risk committee's statement.

The annual financial statements have been prepared on a going concern basis and the directors believe that the company and group will continue to be in operation in the foreseeable future.

APPROVAL

The annual financial statements were approved by the board of directors and signed on its behalf by:

PW Steenkamp
Chief executive officer
Randfontein
South Africa

BP Lekubo
Financial director
Randfontein
South Africa

25 October 2022

Group company secretary's certificate

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended (the Act), I certify that for the year ended 30 June 2022, Harmony Gold Mining Company Limited, to the best of my knowledge and belief, has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Act, and that all such returns and notices appear to be true, correct and up to date.

Shela Mohatla
Group company secretary

25 October 2022

pwc

Independent auditor's report

To the Shareholders of Harmony Gold Mining Company Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Harmony Gold Mining Company Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Harmony Gold Mining Company Limited's consolidated and separate financial statements set out on pages 33 to 163 comprise:

- the group and company balance sheets as at 30 June 2022;
- the group and company income statements for the year then ended;
- the group and company statements of comprehensive income for the year then ended;
- the group and company statements of changes in shareholders' equity for the year then ended;
- the group and company cash flow statements for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

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T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

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

Our audit approach

Overview

Overall group materiality

- Overall group materiality: R320 million, which represents 0.75% of consolidated revenue

Group audit scope

- We conduct full scope audit procedures at eight components and limited scope audit procedures at one component

Key audit matter

- Impairment of property, plant and equipment and goodwill and investments in subsidiaries

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

Materiality

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

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

Overall group materiality	R320 million
How we determined it	0.75% of consolidated revenue
Rationale for the materiality benchmark applied	We selected consolidated revenue as our materiality benchmark because, in our view, it reflects the activity levels of the Group and it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a key driver of the Group's business. We chose 0.75% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using consolidated revenue as a benchmark in calculating materiality.

How we tailored our group audit scope

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

The Group operates in two countries: South Africa and Papua New Guinea, with ten operating gold mining companies, of which silver is a by-product. Uranium is a by-product only at Moab Khotsong. The operating gold mining companies are split into separate mining operations, namely South Africa Underground, South Africa Surface and International operations – refer to segment information (note 41 to the Group financial statements).

We identified six components within the operating gold mining companies as significant components. We also performed full scope audits at two other components and limited scope procedures at one component, to obtain an appropriate level of audit coverage.

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

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

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
This key audit matter relates to Group and Company financial statements. ***Impairment of property, plant and equipment and goodwill*** Refer note 2.5 (Accounting policies), note 6 (Cost of sales), note 15 (Property, plant and equipment) and note 16 (Intangible assets) to the Group financial statements on pages 42, 46, 61 and 70, respectively. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Management conducts an impairment test for other non-financial assets whenever events or changes in circumstances indicate that the carrying amount for cash generating units ("CGUs") exceeds its recoverable amount. Due to the group's net asset value (prior to any impairments being recognised) exceeding its market capitalisation as at 30 June 2022, the recoverable amounts for all CGUs were calculated. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For all CGUs the fair value less costs of disposal method was used to estimate the recoverable amount. The recoverable amount of CGUs is determined utilising real discounted future cash flows (post-tax), or attributable resource values in the case of undeveloped properties and certain resource bases. The key input assumptions to the discounted cash flow models used in determining the recoverable amounts are commodity prices, marketable discount rates, exchange rates and forecasted annual life-of-mine plans. Where valuations are based on resource values, the key input assumptions are the resources available and the attributable resource value assumption applied.	***Impairment of property, plant and equipment and goodwill*** We held discussions with management to obtain an understanding of management's process for identifying impairment indicators, as well as their conclusions reached. We further gained an understanding as to how impairments were considered by management across the CGUs as well as the methodologies and models used in determining the fair value less costs of disposal. We evaluated the design, implementation and operating effectiveness of the relevant internal controls over management's process to develop their estimates of the recoverable amounts of all CGUs, including controls over the preparation, review and approval of the impairment calculations and significant assumptions used in the calculations. Management engaged external and internal experts to assess the reserves and resources declared and used in the impairment calculations for reasonability. Through inspection of curriculum vitae, membership certificates from professional bodies and competent persons reports, we assessed the objectivity, competence and experience of management's experts. Based on the procedures performed, no areas requiring additional consideration were noted. Using our corporate finance and financial modelling expertise, we evaluated management's discounted cash flow models for the respective CGUs against life-of-mine plans and our understanding of the operations, and tested the key estimates and assumptions used by management in each discounted cash flow model selected for testing by performing procedures which included:

The annual life- of- mine plans are based on the proved and probable reserves as included in the Reserve Declaration, which are determined in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC), as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

Impairment losses of R4 433 million (of which R333 million related to goodwill) were recognised within the Group during the current financial year.

Impairment of investments in subsidiaries

Refer note 15 (Investments in subsidiaries and loans to/ from subsidiaries) to the Company financial statements on page 135.

The recoverable amount of an investment in a subsidiary is the higher of the investment's fair value less costs of disposal and value in use. The fair value less costs of disposal method was used to estimate the recoverable amount for all investments in subsidiaries and is consistent with the recoverable amounts of the calculated CGUs mentioned above or the aggregation thereof, to the extent applicable.

The recoverable amounts of applicable CGUs as described above (individually or in aggregate, as appropriate) are allocated to recover firstly any loans to subsidiaries and thereafter to the investments in subsidiaries.

An impairment loss of R1 509 million was recognised against the investments in subsidiaries during the current financial year.

These impairment assessments were considered matters of most significance to our current year audit due to the significant judgement involved in determining the recoverable amounts of CGUs, as well as the magnitude of the impairments recognised in the current year.

- We assessed the valuation model used by management in their impairment assessment, by comparing it to industry norms and acceptable valuation methodology. We found that it was consistent with industry norms and acceptable valuation methodology;

- We assessed the reasonableness of management's future forecasts of annual production volumes, recovery grade, capital expenditure and operating costs included in the cash flow forecasts by comparing them to current and historical operational results, Reserves and Resources signed off by the Group's Competent Person and final approved long-term business plans. We further performed a retrospective comparison of the forecasted cash flows to actual past performance and previous forecasts. We evaluated differences noted against relevant documentation and explanations obtained from management;

- We used our valuations expertise to test the short-, medium and long-term real commodity prices and exchange rates (R/ US$ and PGK/ US$) by benchmarking them against external market and third-party data. Based on the work performed, we accepted management's assumptions;

- We independently calculated a range of discount rates, including using relevant independent third-party sources and data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/ equity ratios, the beta of comparable companies, as well as the impact of economic and industry factors. In cases where discount rates determined by us differed from those used by management we gained an understanding of the differences and assessed there to be no material impact on the impairment assessment; and

- Using the assumptions tested above, we recalculated the results of management's discounted cash flow models by using independently obtained key input assumptions such as commodity prices, exchange rates and market discount rates and found management's final recoverable amounts to be within a reasonable range of possible outcomes.

We evaluated management's resource valuations by performing procedures which included:

● We reconciled the outside life-of-mine resource ounces used within the valuation calculation of the resource base values in the CGUs, to the total resources signed off by the Group's Competent Person and found these to be comparable;

● For undeveloped properties and certain additional resource bases, we agreed the resources used in management's valuation to the ounces as signed off by the Group's Competent Person, without exception; and

● We used our valuations expertise to assess the reasonableness of the attributable resource value assumptions used by management by benchmarking these against recent transactions within the gold mining industry, and noted no matters for further consideration.

Impairment of investments in subsidiaries

Following a similar approach as described above, we assessed the recoverable amounts of the investment in subsidiaries (including the underlying assumptions and calculations as described above). We compared the recoverable amounts to the carrying amount of investments in subsidiaries, and noted no material differences in the impairment recognised.

We evaluated the disclosures included within the notes to the consolidated and separate financial statements against the requirements of International Financial Reporting Standards and noted no material matters for further consideration.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Harmony Financial Report 30 June 2022", which includes the Directors' Report, the Audit and Risk Committee: Chairperson's Report and the Group Company Secretary's Certificate as required by the Companies Act of South Africa, and the documents titled "Harmony Integrated Annual Report 30 June 2022", "Harmony ESG Report 30 June 2022", "Harmony Mineral Resources and Mineral Reserves at 30 June 2022", "Harmony Report to Shareholders 30 June 2022", "Harmony Operational Report 30 June 2022", and "Harmony Climate-Related Financial Disclosures 2022". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Harmony Gold Mining Company Limited for seventy-two years.

PricewaterhouseCoopers Inc

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

25 October 2022

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

Group income statement

For the year ended 30 June 2022

		SA Rand		
Figures in million	Notes	**2022**	2021	2020
Revenue	5	**42 645**	41 733	29 245
Cost of sales	6	**(41 927)**	(35 489)	(25 908)
Production costs		**(33 099)**	(29 774)	(22 048)
Amortisation and depreciation		**(3 683)**	(3 875)	(3 508)
Impairment of assets		**(4 433)**	(1 124)	—
Other items		**(712)**	(716)	(352)
Gross profit		**718**	6 244	3 337
Corporate, administration and other expenditure	7	**(984)**	(1 068)	(611)
Exploration expenditure		**(214)**	(177)	(205)
Gains/(losses) on derivatives	19	**53**	1 022	(1 678)
Foreign exchange translation gain/(loss)	8	**(327)**	670	(892)
Other operating expenses	9	**(1)**	(241)	(309)
Operating profit/(loss)		**(755)**	6 450	(358)
Gain on bargain purchase	14	**—**	303	—
Acquisition-related costs	14	**—**	(124)	(45)
Share of profits from associate	21	**63**	83	94
Investment income	10	**352**	331	375
Finance costs	11	**(718)**	(661)	(661)
Profit/(loss) before taxation		**(1 058)**	6 382	(595)
Taxation	12	**46**	(1 258)	(255)
Net profit/(loss) for the year		**(1 012)**	5 124	(850)
Attributable to:				
Non-controlling interest		**40**	37	28
Owners of the parent		**(1 052)**	5 087	(878)
Earnings/(loss) per ordinary share (cents)				
Total earnings/(loss)	13	**(172)**	842	(164)
Diluted earnings/(loss) per ordinary share (cents)				
Total earnings/(loss)	13	**(172)**	825	(166)

The accompanying notes are an integral part of these consolidated financial statements. For the separate financial statements of the company, refer to page 121 to 163.

Group statement of comprehensive income

For the year ended 30 June 2022

		SA Rand		
Figures in million	Notes	**2022**	2021	2020
Net profit/(loss) for the year		**(1 012)**	5 124	(850)
Other comprehensive income for the year, net of income tax		**202**	3 251	(1 958)
Items that may be reclassified subsequently to profit or loss	25	**171**	3 233	(1 998)
Foreign exchange translation gain/(loss)		**742**	(1 234)	1 199
Remeasurement of gold hedging contracts		**(571)**	4 467	(3 197)
Items that will not be reclassified to profit or loss	25	**31**	18	40
Total comprehensive income for the year		**(810)**	8 375	(2 808)
Attributable to:				
Non-controlling interest		**40**	58	12
Owners of the parent		**(850)**	8 317	(2 820)

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

Group balance sheet

As at 30 June 2022

		SA Rand	
Figures in million	Notes	**At 30 June 2022**	At 30 June 2021
Assets			
Non-current assets			
Property, plant and equipment	15	**32 872**	33 597
Intangible assets	16	**48**	365
Restricted cash and investments	17	**5 555**	5 232
Investments in associates	21	**125**	126
Deferred tax assets	12	**203**	272
Other non-current assets	18	**374**	332
Derivative financial assets	19	**137**	328
Total non-current assets		**39 314**	40 252
Current assets			
Inventories	23	**2 818**	2 542
Restricted cash and investments	17	**27**	67
Trade and other receivables	20	**1 682**	1 652
Derivative financial assets	19	**519**	1 471
Cash and cash equivalents		**2 448**	2 819
Total current assets		**7 494**	8 551
Total assets		**46 808**	48 803
Equity and liabilities			
Share capital and reserves			
Attributable to equity holders of the parent company		**30 039**	31 160
Share capital and premium	24	**32 934**	32 934
Other reserves	25	**6 744**	6 399
Accumulated loss		**(9 639)**	(8 173)
Non-controlling interest		**78**	54
Total equity		**30 117**	31 214
Non-current liabilities			
Deferred tax liabilities	12	**1 586**	2 178
Provision for environmental rehabilitation	26	**5 013**	4 662
Other provisions	27	**932**	926
Borrowings	32	**3 180**	2 974
Contingent consideration liability	29	**356**	417
Other non-current liabilities	30	**268**	178
Derivative financial liabilities	19	**3**	6
Streaming contract liability	31	**378**	695
Total non-current liabilities		**11 716**	12 036
Current liabilities			
Other provisions	27	**139**	175
Borrowings	32	**25**	387
Trade and other payables	33	**4 494**	4 389
Derivative financial liabilities	19	**8**	206
Streaming contract liability	31	**309**	396
Total current liabilities		**4 975**	5 553
Total equity and liabilities		**46 808**	48 803

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

Group statement of changes in shareholders' equity

For the year ended 30 June 2022

	Number of ordinary shares issued	Share capital and premium	Accumulated loss	Other reserves	Non-controlling interest	Total
Notes	24	24		25		
Figures in million (SA Rand)						
Balance – 30 June 2019	539 841 195	29 551	(11 710)	4 773	—	22 614
Issue of shares						
– Shares issued and fully paid	60 278 260	3 386	—	—	—	3 386
– Exercise of employee share options	3 023 251	—	—	—	—	—
Share-based payments	—	—	—	186	—	186
Recognition of non-controlling interest	—	—	5	—	(5)	—
Net loss for the year	—	—	(878)	—	28	(850)
Other comprehensive income for the year	—	—	—	(1 942)	(16)	(1 958)
Dividends paid	—	—	—	—	(3)	(3)
Balance – 30 June 2020	603 142 706	32 937	(12 583)	3 017	4	23 375
Issue of shares						
– Exercise of employee share options	12 909 491	—	—	—	—	—
Share issue costs	—	(3)	—	—	—	(3)
Share-based payments	—	—	—	156	—	156
Partial purchase of non-controlling interest	—	—	—	(4)	(1)	(5)
Net profit for the year	—	—	5 087	—	37	5 124
Other comprehensive income for the year	—	—	—	3 230	21	3 251
Dividends paid	—	—	(677)	—	(7)	(684)
Balance – 30 June 2021	616 052 197	32 934	(8 173)	6 399	54	31 214
Issue of shares						
– Exercise of employee share options	**473 505**	**—**	**—**	**—**	**—**	**—**
Share-based payments	**—**	**—**	**—**	**143**	**—**	**143**
Net profit/(loss) for the year	**—**	**—**	**(1 052)**	**—**	**40**	**(1 012)**
Other comprehensive income for the year	**—**	**—**	**—**	**202**	**—**	**202**
Dividends paid	**—**	**—**	**(414)**	**—**	**(16)**	**(430)**
Balance – 30 June 2022	**616 525 702**	**32 934**	**(9 639)**	**6 744**	**78**	**30 117**

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

Group cash flow statement

For the year ended 30 June 2022

		SA Rand		
Figures in million	Notes	**2022**	2021	2020
Cash flow from operating activities				
Cash generated by operations	34	**7 378**	9 741	5 031
Dividends received		**74**	85	—
Interest received		**87**	171	86
Interest paid		**(319)**	(234)	(370)
Income and mining taxes paid		**(296)**	(584)	(24)
Cash generated by operating activities		**6 924**	9 179	4 723
Cash flow from investing activities				
Increase in restricted cash and investments	17	**(128)**	(48)	(21)
Amounts refunded from restricted cash and investments	17	**53**	34	5
Redemption of preference shares from associates	21	**—**	36	59
Acquisition of Mponeng operations and related assets	14	**—**	(3 363)	—
ARM BBEE Trust loan repayment	18	**65**	264	—
ARM BBEE Trust loan advanced	18	**—**	(264)	—
Capital distributions from investments	18	**—**	8	7
Proceeds from disposal of property, plant and equipment		**24**	11	2
Additions to property, plant and equipment		**(6 214)**	(5 142)	(3 610)
Cash utilised by investing activities		**(6 200)**	(8 464)	(3 558)
Cash flow from financing activities				
Borrowings raised	32	**3 057**	—	6 541
Borrowings repaid	32	**(3 601)**	(3 491)	(5 661)
Proceeds from the issue of shares		**—**	—	3 466
Partial repurchase of non-controlling interest		**—**	(5)	—
Dividend paid	13	**(430)**	(684)	(3)
Lease payments	28	**(177)**	(119)	(38)
Cash generated/(utilised) from financing activities		**(1 151)**	(4 299)	4 305
Foreign currency translation adjustments		**56**	46	(106)
Net increase/(decrease) in cash and cash equivalents		**(371)**	(3 538)	5 364
Cash and cash equivalents – beginning of year		**2 819**	6 357	993
Cash and cash equivalents – end of year		**2 448**	2 819	6 357

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

Notes to the group financial statements

For the year ended 30 June 2022

1 General information

Harmony Gold Mining Company Limited (the company) and its subsidiaries (collectively Harmony or the group) are engaged in gold mining and related activities, including exploration, extraction and processing. Gold bullion, the group's principal product, is currently produced at its operations in South Africa and Papua New Guinea (PNG). Uranium and silver are produced as by-products.

The company is a public company, incorporated and domiciled in South Africa. The address of its registered office is Randfontein Office Park, Corner Main Reef Road and Ward Avenue, Randfontein, 1759.

The consolidated financial statements were authorised for issue by the board of directors on 25 October 2022.

2 Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied in all years presented, except for the changes as described under "Recent accounting developments" below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) Interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Listing Requirements and the Companies Act of South Africa.

The consolidated financial statements have been prepared on a going concern basis.

During the year ended 30 June 2022, Mine Waste Solutions (MWS) was identified as a separate reportable segment as a result of it exceeding the quantitative threshold of 10% of total reported profit as set out in IFRS 8 *Operating Segments*. This resulted in MWS's segment information being disaggregated from the All other surface operations segment. In accordance with the requirements of IFRS, the June 2021 comparative information has been re-presented in the segment report.

Note 37 includes the revised figures for certain prescribed officers' shares held at 30 June 2021.

The consolidated financial statements have been prepared to the nearest million and rounding may cause differences.

Recent accounting developments

New standards, amendments to standards and interpretations to existing standards adopted by the group

During the financial year, the following new standards, amendments to standards and interpretations to existing standards were adopted by the group. No other standards and amendments to standards that became effective during the 2022 year were relevant to the consolidated financial statements.

IFRS 7 *Financial Instrument: Disclosures* and IFRS 9 *Financial Instruments* (Amendment)

The IASB has published 'Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) with amendments that address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The IASB has made amendments to the requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- Changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities
- Hedge accounting
- Disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. After consideration of all areas impacted, Harmony concluded that the amendments did not have a material impact on the group.

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

At the date of authorisation of these financial statements, the standards, amendments to standards and interpretations listed below were in issue but not yet effective. These new standards and interpretations have not been early adopted by the group and the group plans on adopting these standards, amendments to standards and interpretations on the dates when they become effective.

IFRS 9 *Financial Instruments* (Amendment)

The amendment to IFRS 9 clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. This amendment is effective for annual periods beginning on or after 1 January 2022. The amendment is not expected to have a material impact on the group.

2 Accounting policies continued

Recent accounting developments continued

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

IAS 1 *Presentation of Financial Statements* (Amendment)

The IASB issued amendments to IAS 1 *Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities in the statement of financial position. The amendments are effective from annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the group.

IAS 1 *Presentation of Financial Statements* (Amendment)

The IASB amended paragraphs 117 – 122 of IAS 1 to require entities to disclose their material accounting policy information rather than their significant accounting policies. The amendments are effective from annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the group.

IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* (Amendment)

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the group.

IAS 12 *Income taxes* (Amendment)

The IASB issued *Deferred tax related to Assets and Liabilities arising from a Single Transaction* (Amendment to IAS 12) to narrow the scope of IAS 12 recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the group.

IAS 16 *Property, Plant and Equipment* (Amendment)

The IASB issued *Property, Plant and Equipment—Proceeds before Intended Use*, which prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss. This amendment is effective for annual periods beginning on or after 1 January 2022. Management has performed an assessment and, going forward, any major project where incidental gold is mined during the development phase will no longer have a credit to capital expenditure while it is an asset under construction. Cost associated with the extraction and treatment thereof will be included in production costs. This is not expected to impact on the assessment of the production start date. No impact is expected on the current financial year, which will be the comparative year when this amendment becomes effective for Harmony.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendment)

The IASB issued *Onerous Contracts–Cost of Fulfilling a Contract*, which specifies which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. This amendment is effective for annual periods beginning on or after 1 January 2022. The amendment is not expected to have a material impact on the group.

Measurement basis

The financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities which are measured at fair value through profit or loss or other comprehensive income – refer to note 39.

Group accounting policies

Accounting policies are included in the relevant notes to the consolidated financial statements and have been highlighted between red lines in the notes to the consolidated financial statements. The accounting policies that follow are applied throughout the financial statements.

2.1 Consolidation

The group recognises that control is the single basis for consolidation for all types of entities in accordance with IFRS 10 *Consolidated Financial Statements*. The consolidated financial information includes the financial statements of the company, its subsidiaries, interest in associates and joint arrangements and structured entities. Where the group has no control over an entity, that entity is not consolidated.

Control

The group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the investee. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

2 Accounting policies continued

Group accounting policies continued

2.1 Consolidation continued

(i) Subsidiaries

Subsidiaries are entities over which the group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the group up until when that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of an acquiree is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

The excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement below operating profit or loss.

(ii) Associates

Associates are entities in which the group has significant influence, but not control, over operational and financial policies. This may be when there is a shareholding of between 20% and 50% of the voting rights or when significant influence can be otherwise demonstrated, for example where the group has the right of representation on the board of directors, or other governing body, of the entity.

Investments in associates are accounted for by using the equity method of accounting, and are initially recognised at cost. The group’s investment in associates includes goodwill identified on acquisition. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The group’s share of the associates’ post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movement in reserves is recognised in other reserves. When the group’s share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The carrying value of an associate is reviewed on a regular basis and, if impairment in the carrying value has occurred, it is written off in the period in which such impairment is identified.

Accounting policies of associates have been reviewed to ensure consistency with the policies adopted by the group.

(iii) Joint arrangements

Joint arrangements are arrangements of which two or more parties have joint control and are contractually bound. The joint arrangement can either be a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement and have the right to the assets, and obligations for the liabilities, relating to the arrangement. These parties are called joint operators. A joint venture is a joint arrangement where the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

For interest in joint operations, the group includes its share of the joint operations' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group’s financial statements.

Where an additional interest in a joint operation is acquired, the principles of IFRS 3 are applied to account for the transaction.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint operation that is attributable to the other joint operators. The group does not recognise its share of profits or losses from the joint operation that results from the purchase of assets by the group from the joint operation until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

The group recognises its interest in a joint venture as an investment and accounts for it using the equity accounting method.

(iv) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The accounting treatment for a structured entity will fall into one of the aforementioned categories (i to iii) depending on whether the group has control over that structured entity.

2 Accounting policies continued
Group accounting policies continued
2.2 Foreign currency translation
(i) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand, which is the group's presentation currency.

References to "A$" refers to Australian currency, "R" to South African currency, "$" or "US$" to United States currency and "PGK" or "Kina" to Papua New Guinean currency.

(ii) Transactions and balances
Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. This includes the gains and losses on the translation of the US$-denominated facilities.

(iii) Group companies
The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet while equity items are translated at historic rates
- Income and expenses for each income statement are translated at average exchange rates (the rate on the date of the transaction is used if the average is not a reasonable rate for the translation of the transaction)
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold or control is otherwise lost, exchange differences that were recorded in other comprehensive income are recognised in profit or loss in the period of the disposal or change in control. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.3 Derivatives and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The difference between the fair value of the derivative at initial recognition and expected forward transaction price is deferred and recognised as a day one gain or loss. The day one gain or loss is amortised over the derivative contract period and recognised in profit or loss in gains/losses on derivatives.

The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months; it is classified as a current asset or liability when the remaining maturity is less than 12 months.

(i) Cash flow hedge
The group designates certain derivatives as hedges of a particular risk associated with the cash flows of highly probable forecast transactions (cash flow hedges). At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within gains/losses on derivatives.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the forecast sale that is hedged takes place and affects profit or loss. The gain or loss relating to the effective portion of the Rand and US$ gold forward sales contracts is recognised in profit or loss within revenue.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction that was hedged is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

2 Accounting policies continued

Group accounting policies continued

2.3 Derivatives and hedging activities continued

(ii) Derivatives not designated for hedge accounting purposes

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value as well as gains and losses on expiry, disposal or termination of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in gains/losses on derivatives.

2.4 Exploration expenditure

The group has elected to expense all exploration and evaluation expenditures until it is concluded that the project is technically feasible and commercially viable, and that future economic benefits are therefore probable. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body as set out below.

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until the technical and commercial viability of the project has been demonstrated usually through the completion of a final feasibility study. However, in certain instances, the technical and commercial viability of the deposit may be demonstrated at an earlier stage, for example where an extended feasibility study is conducted and the underlying feasibility study in respect of specific components of the mineral deposit has advanced to such a stage that significant commercially viable reserves has been established, and the other criteria for the recognition of an asset have been met. At this point the expenditure is capitalised as mine development cost to the extent that future economic benefits are expected.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the group is able to demonstrate that future economic benefits are probable through the completion of a feasibility study, after which the expenditure is capitalised as mine development cost to the extent that future economic benefits are expected. A "feasibility study" consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the group to conclude that the project is technically feasible and commercially viable.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a feasibility study. This economic evaluation is distinguished from a feasibility study in that some of the information that would normally be determined in a feasibility study is instead obtained from the existing mine or development. This information, when combined with existing knowledge of the mineral property already being mined or developed, allows the directors to conclude that the project is technically feasible and commercially viable.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation and are tested annually for impairment or when there is an indication of impairment.

Assets that are subject to amortisation are reviewed annually on 30 June for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating unit or CGU). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent from the cash flows of other shafts and assets belonging to the group.

Fair value less cost to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected commodity prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine (LoM) plans. Future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. Refer to note 15 for detail.

The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from reserves and resources and all related exploration stage mineral interests (except for other mine-related exploration potential and greenfields exploration potential discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related exploration stage mineral interests will be risk adjusted based on management's relative confidence in such materials.

2 Accounting policies continued

Group accounting policies continued

2.5 Impairment of non-financial assets continued

In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. Except for other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex.

In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties, if any. Assumptions underlying future cash flow estimates are subject to significant risks and uncertainties.

Impairment losses on goodwill are recognised immediately in the income statement and are not reversed. The impairment testing is performed annually on 30 June or when events or changes in circumstances indicate that it may be impaired.

Non-financial assets other than goodwill that suffered an impairment are reviewed annually for possible reversal of the impairment at 30 June. Reversal of impairments is also considered when there is objective evidence to indicate that the asset is no longer impaired. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not higher than the carrying value that would have been determined had no impairment been recognised in prior years.

2.6 Operating profit

The group defines operating profit as the profit earned from the normal core mining operations. In reporting operating profit in the income statement, transactions for capital transactions involving subsidiaries, joint arrangements and associates are excluded from operating profit as these are not considered to be part of the mining operations of the Harmony group. Any gains or losses on capital transactions are presented below the operating profit line.

3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Key accounting estimates and assumptions applied:

- Estimate of taxation – note 12
- Recognition of deferred tax asset – note 12
- Valuation of cash generating units acquired – note 14
- Fair value of identifiable net assets acquired – note 14
- Streaming contract liability – note 14 and 31
- Estimate of deferred tax rates on acquisition date – note 14
- Gold mineral reserves and resources – note 15
- Production start date – note 15
- Stripping activities – note 15
- Impairment of assets – note 15
- Depreciation of property plant and equipment – note 15
- Exploration and evaluation assets – note 15
- Impairment of goodwill – note 16
- Estimate of exposure and liabilities with regard to rehabilitation costs – note 26
- Estimate of provision for silicosis settlement – note 27
- Valuation of contingent consideration liability – note 29
- Fair value of share-based payments – note 36
- Assessment of contingencies – note 38
- Valuation of derivative financial instruments – note 39.

Other accounting estimates and assumptions applied:

- Valuation of interest in associate – note 21
- Provision for stock obsolescence – note 23
- Estimate of employee benefit liabilities – note 27
- Leases – note 28.

4 Impact of changes in global operating and economic environment

Covid-19

In South Africa, the national lockdown that began on 27 March 2020 to curb the spread of the Coronavirus (Covid-19) came to an end during April 2022. This led to the discontinuance of all Covid-19 regulations which had been put in place. In Papua New Guinea, where the Hidden Valley operation is located, significant decreases in positive cases have been experienced for the first part of the 2022 calendar year. In prior years, the group had been able to carry out its operations in Papua New Guinea during the state of emergency which had been imposed by the government.

The virus will still be prevalent in normal day-to-day living. However, unlike before, a significant percentage of the population has been vaccinated against Covid-19. This puts Harmony in a favourable position to manage Covid-19 as part of normal day-to-day activities and as a result management does not expect any further disruptions.

Cost and inflationary pressures

During the second half of the 2022 financial year, Harmony experienced heightened input costs driven by inflationary pressures related to global supply chain constraints due to the Covid-19 pandemic, which was then further exacerbated by Russia's invasion of Ukraine. The effect has been especially pronounced on certain key items such as oil (directly affecting diesel supply and cost), steel and certain chemical reagents used by the treatment plants. These cost pressures had an impact on, among others, the FY23 budget and life-of-mine planning process, determination of deferred tax rates for the group's mining entities and impairment assessments performed for the group's cash generating units. Refer to notes 12 and 15 respectively for further disclosure.

Discount rates

In recent months, central banks globally have been increasing interest rates as a measure of combating rising inflation. In the current financial year, the US Federal Reserve has increased interest rates by 150 basis points, while the South African Reserve Bank (SARB) has raised the repurchase interest rate by 125 basis points for the same period. This contributed to increased bond yields realised in the market, which resulted in an increased cost of equity, as used for purposes of impairment assessments, and risk-free rates used for discounting of the provision for environmental rehabilitation. Refer to note 15 and 26 respectively for further disclosure.

Commodity prices and exchange rates

Gold traded within a range of US$1 726/oz and US$2 052/oz (2021: US$1 681/oz and US$2 063/oz) during the current financial year, reaffirming its safe haven status with investors during times of global uncertainty and market volatility. These uncertainties have also resulted in increased volatility in the R/US$ and R/A$ exchange rates. The currencies traded in ranges of R14.15/US$1 to R16.30/US$1 (2021: R13.43/US$1 to R17.68/US$1) and R10.43/A$1 to R11.63/A$1 (2021: R10.41/A$1 to R12.66/A$1) respectively during the current financial year. Management believes this volatility could be a reflection of growing concern in market sentiment fears surrounding recessions in key economies and current and/or further geopolitical tensions.

As part of the underlying assumptions used in valuing certain line items, management used a consensus of market analysts' forecasts in determining short-, medium- and long-term commodity prices and exchange rates. These economic assumptions are used in certain fair value calculations. Based on the consensus forecasts used, a marked increase was seen in US$ gold price and R/US$ exchange rate assumptions applied. Refer to note 15 for disclosed assumptions.

ESG and climate change-related financial disclosures

Due to the increased focus on sustainability, Environmental, Social and Governance (ESG) matters and climate change, various regulators have released guidance or proposed regulations for required disclosures during the year. In March 2022, the newly formed International Sustainability Standards Board (ISSB) released exposure drafts on general requirements of sustainability reporting and climate-related disclosures. During March 2022, the Securities and Exchange Commission (SEC) issued proposed rules that are intended to provide more consistent, comparable and reliable information so that investors can better evaluate the impact of climate-related matters on entities. During June 2022, the Johannesburg Stock Exchange (JSE) released its Sustainability and Climate Disclosure guidance.

The comment periods on the SEC and ISSB proposals have closed and the regulators are continuing with their processes. It is expected that the proposals will affect the information reported as "other information" by entities and may include specific requirements on assurance of certain ESG key performance indicators. However, the SEC's proposal included certain disclosures in the financial statements. It is unknown at this stage if these will be retained in the final regulation.

Management will continue to monitor announcements made by the ISSB, SEC and JSE that will affect the reporting by the group.

5 Revenue

Accounting policy

Revenue from metal sales include the sale of gold, silver and uranium. Revenue from metal sales is recognised when the group satisfies its performance obligations under its contract with the customer, by transferring such metals to the customer's control. Transfer of control is generally determined to be when the risk and title to the metals passes to the customer. Revenue is measured based on the consideration specified in the contract with the customer and is driven by the quoted market prices of the metals.

The effective portion of gains or losses on the derivatives designated as cash flow hedging items (forecast sales transactions) are recognised in revenue when the forecast sales transactions occur. See the accounting policy for derivatives and hedging activities in note 2.

	SA Rand		
Figures in million	**2022**	2021	2020
Revenue from contracts with customers	**41 677**	43 632	30 642
Gold (a)	**40 774**	42 597	29 704
Silver (b)	**663**	857	839
Uranium (c)	**240**	178	99
Consideration from streaming contract[1]	**471**	397	—
Hedging gain/(loss)[2]	**497**	(2 296)	(1 397)
Total revenue[3]	**42 645**	41 733	29 245

[1] Relates to the recognition of non-cash consideration recognised as part of revenue for the streaming arrangement. Refer to note 31 for further information.
[2] Relates to the realised effective portion of the hedge-accounted gold derivatives. Refer to note 19 for further information.
[3] A geographical analysis of revenue is provided in the segment report. Refer to note 41 for further information.

Revenue from contracts with customers

The points of transfer of control are as follows:

Gold: South Africa (excluding streaming contract)	Gold is delivered and a certificate of sale is issued.
Gold and silver: Hidden Valley	Metal is collected from Hidden Valley and a confirmation of collection is sent to and accepted by the customer.
Uranium	Confirmation of transfer is issued.
Streaming contract	Gold is delivered and credited into the Franco-Nevada designated gold account.

(a) The decrease in gold revenue during the 2022 financial year is mainly due to the decrease in gold production by 3% to 46 236kg from 47 755kg in 2021. The decrease is a result of mining constraints at Doornkop, Moab Khotsong and Tshepong Operations resulting in lower grade recovered, the seismic issues experienced at Bambanani as well as the geotechnical instability affecting Stage 6 and a conveyor belt failure at Hidden Valley. In addition, the average gold spot price received decreased by 2% from R899 563/kg in the 2021 year to R883 453/kg in 2022. The decrease was partially offset by an increase in production at Mponeng and Mine Waste Solutions as they contributed for the full year compared to nine months in 2021.

The increase in gold revenue during the 2021 financial year is mainly due to the acquisition of the Mponeng operations and related assets and a higher gold price. The acquired operations contributed R7.5 billion in revenue during the period. In addition, the average gold spot price received increased by 17% to R899 563/kg in 2021.

(b) Silver is derived from the Hidden Valley mine in Papua New Guinea. Silver produced decreased by 12% to 59 489kg from 67 295kg in 2021 as a result of operational issues experienced at Hidden Valley, as mentioned above. The average silver price decreased by 10% to R11 293/kg in 2022.

Silver produced decreased by 31% to 67 295kg in 2021 from 97 332kg in 2020, however the average silver price increased by 49% to R12 602/kg in 2021.

(c) Uranium is derived from the Moab Khotsong operation. Uranium produced increased by 11% to 167 696kg from 150 778kg in 2021 and the average uranium price increased by 50% to R1 514/kg in 2022.

Uranium produced increased by 10% to 150 778kg in 2021 from 137 298kg in 2020 and the average uranium price increased by 15% to R1 010/kg in 2021.

5 Revenue continued

Below are the average commodity prices received for the financial years:

	2022	2021	2020
Gold[1]			
– US$ per ounce (US$/oz)	**1 829**	1 719	1 461
– Rand per kilogram (R/kg)	**894 218**	851 045	735 569
Silver			
– US$ per ounce (US$/oz)	**23.09**	25.45	16.85
– Rand per kilogram (R/kg)	**11 293**	12 602	8 485
Uranium			
– US$ per pound (US$/lb)	**45.14**	29.76	25.34
– Rand per kilogram (R/kg)	**1 514**	1 010	875

[1] *The gold price includes the realised effective portion of the hedge-accounted gold derivatives.*

6 Cost of sales

	SA Rand		
Figures in million	**2022**	2021	2020
Production costs (a)	**33 099**	29 774	22 048
Amortisation and depreciation of mining assets (b)	**3 622**	3 777	3 409
Amortisation and depreciation of assets other than mining assets (b)	**61**	98	99
Rehabilitation expenditure (c)	**136**	135	47
Care and maintenance costs of restructured shafts (d)	**273**	144	146
Employment termination and restructuring costs (e)	**218**	332	40
Share-based payments (f)	**143**	114	130
Impairment of assets (g)	**4 433**	1 124	—
Other	**(58)**	(9)	(11)
Total cost of sales	**41 927**	35 489	25 908

(a) Production costs include mine production, transport and refinery costs, applicable general administrative costs, movement in inventories and ore stockpiles, ongoing environmental rehabilitation costs and transfers for stripping activities. Employee termination costs are included, except for employee termination costs associated with major restructuring and shaft closures, which are separately disclosed.

Production costs increased by R3 325 million (11% year on year) during 2022. These costs increased mainly due to the inclusion of the Mponeng operations and related assets for a full financial year, and inflationary pressures on costs including labour, electricity and consumables. This was partially offset by a reduction in the royalty expense in the current year due to lower profits which impacted the rates at which the royalties are calculated.

Production costs increased by R7 726 million (35% year on year) during the 2021 year. These costs increased mainly as a result of the acquisition of the Mponeng operations and related assets, which contributed R5 230 million to the increase. The remaining increase is mainly attributable to higher utilities and labour costs as a result of annual increases. Also contributing is the royalty expense which increased due to increased profitability as a result of the higher gold prices, which also impacted on the rates at which royalties are calculated.

Production costs, analysed by nature, consist of the following:

	SA Rand		
Figures in million	**2022**	2021	2020
Labour costs, including contractors	**19 350**	17 585	13 004
Consumables	**8 581**	7 218	5 441
Water and electricity	**6 009**	5 138	3 664
Change in inventory	**21**	69	(70)
Capitalisation of mine development costs	**(2 576)**	(2 117)	(1 485)
Stripping activities	**(1 096)**	(1 047)	(675)
Royalty expense	**360**	637	327
Other	**2 450**	2 291	1 842
Total production costs	**33 099**	29 774	22 048

6 Cost of sales continued

(b) The decrease for the 2022 year is predominantly as a result of the operational challenges experienced at the Hidden Valley operation, which resulted in lower production and therefore a decrease in depreciation year on year of R651 million. This was partially offset by increased depreciation at the other operations. Notably, Mine Waste Solutions had a year-on-year increase of R227 million, primarily due to new assets being brought into use. Mponeng also recorded an increase, due to the consolidation for the full year for 2022 compared to nine months for 2021, amounting to R54 million. With the closure of Bambanani earlier than initially planned, additional depreciation of R56 million was recorded due to the shortened life of the operation.

The increase for the 2021 year is as a result of the operations running for the entire year with no lockdown while the charge for 2020 was impacted by lower production due to the closure of underground operations as a result of the Covid-19 pandemic. The inclusion of the Mponeng operations and related assets in the asset base also contributes to the increase year on year.

Amortisation and depreciation of assets other than mining assets includes the amortisation of intangible assets.

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 26. This expense includes the change in estimate for the rehabilitation provision where an asset no longer exists as well as costs related to the rehabilitation process. For 2022, R65 million (2021: R15 million) (2020: R47 million) was spent on rehabilitation in South Africa. Refer to note 26.

The acquisition of the Mponeng operations and related assets resulted in Harmony taking on the rehabilitation liability for these operations, resulting in a R80 million increase in the rehabilitation provision expense for the 2021 year, as compared with 2020.

(d) The increase in the 2022 year is mainly due to the Vaal River surface operations and Kopanang gold plant being placed on care and maintenance at the end of the 2021 year, which contributed R117 million to the total.

(e) During 2021, a new programme for voluntary and medical severance packages was offered to employees, partially related to the closure of Unisel. The decrease in 2022 is due to a lower number of employees taking up voluntary severance packages year on year. The employment termination and restructuring expenditure for 2020 relates to the voluntary severance programme in place to reduce labour costs.

(f) Refer to note 36 for details on the share-based payment schemes implemented by the group.

(g) Management performed an assessment for indicators of impairment as well as indicators of reversal of previously recorded impairment losses at 30 June 2022. Due to the net asset value (before any impairments recognised) exceeding the market capitalisation of Harmony as at 30 June 2022, as well as increased operating costs, the recoverable amounts for all cash generating units (CGUs) were calculated. The recoverable amounts for these assets were determined on a fair value less cost to sell basis using assumptions per note 15 in the discounted cash flow models and attributable resource values. These are fair value measurements classified as level 3. Based on the impairment tests performed, impairments were recorded on certain operations for the 2022 year.

Where CGUs had previously been impaired, management considered whether the impairment loss (or the contributors to the previously recognised impairment loss) no longer exists or might have decreased. Management considered general and specific factors for each CGU and concluded that although overall the gold price environment had improved from the time that the impairment losses had been recognised, the specific circumstances that led to the original impairments had not reversed. Furthermore, the service potential of the asset has not increased. Management therefore resolved it to be appropriate for no reversal of previously recognised impairment losses to be recorded for the year ended 30 June 2022. There also was no reversal of impairment for the 2021 or 2020 financial years.

Refer to note 15 for further information.

The impairment of assets consists of the following:

	SA Rand		
Figures in million	**2022**	2021	2020
Tshepong Operations	**3 622**	759	—
Moab Khotsong	**522**	—	—
Kusasalethu	**145**	—	—
Bambanani	**144**	187	—
Target 3	**—**	178	—
Total impairment of assets	**4 433**	1 124	—

6 Cost of sales continued

(g) Impairment of assets **continued**

The Tshepong Operations were disaggregated into two separate CGUs being the Tshepong North CGU and the Tshepong South (also known as the Phakisa section) CGU, for impairment testing at 30 June 2022. This is due to the decision taken during the FY23 budget process in June 2022, to reinvest in the two individual operations to maximise individual profitability following the change to Tshepong North's life-of-mine with the sub-75 decline project being halted. Based on the forward-looking nature of the impairment assessment, a separate impairment calculation was prepared for each of the CGUs. The disaggregation of CGUs did not have an impact on reportable segments in terms of IFRS 8 *Operating Segments* as disclosed in the segment report, since information reported to the chief operating decision maker for the 2022 financial year was still for the combined Tshepong Operations. Going forward, however, Tshepong North and Tshepong South will be disclosed as separate reportable segments.

The recoverable amounts of the CGUs where impairments were recognised as at 30 June 2022 are as follows:

	SA Rand Recoverable amount		
Figures in million	Life-of-mine plan	Resource base	Total
Tshepong Operations			
For Tshepong South, the individual life-of-mine plan included additional capital to address flexibility constraints at the operation. Costs also increased significantly as a result of inflationary pressures. These changes along with a higher post-tax discount rate of 11.67% (2021: 10.11% for Tshepong Operations), negatively affected the discounted cash flows used to determine the recoverable amount of the operation.	**1 645**	**—**	**1 645**
The impairment of Tshepong North was as a result of increased cost of both production and capital expenditure and an increased post-tax discount rate of 11.67% (2021: 10.11% for Tshepong Operations). The recoverable amount was also affected by the reclassification of production for the sub-75 level from reserves in the life-of-mine plan to the resource base, which is subject to a higher discount rate of 13.72% (2021: 12.02%).	**1 088**	**850**	**1 938**
Moab Khotsong			
The updated life-of-mine plan included an increase in working and capital costs as a result of inflationary pressures. The updated life-of-mine plan also includes additional capital expenditure which relates to the Zaaiplaats project after finalisation of its detailed design plan during the current financial year. This impacted the discounted cash flows used to determine the recoverable amount of the operation. The recoverable amount was further impacted by an increased post-tax discount rate of 10.44% (2021: 9.35%).	**3 748**	**—**	**3 748**
Kusasalethu			
A decrease in tonnes combined with a decrease in grade over the remainder of the life-of-mine of the operation lead to a decrease in gold production. The reduction is due to an updated plan to mitigate safety risks that exist at the operation.	**806**	**—**	**806**
Bambanani			
The life-of-mine plan of the operation was revised in the period ended 31 December 2021, bringing the closure of the operation forward from June 2024 to June 2022. This was as a result of the increased seismicity and related risk increasing as pillars were mined out. At 31 December 2021, the post-tax recoverable amount was derived from expected cash flows as per the life-of-mine plans and amounted to R36 million. The recoverable amount is now Rnil, as the operation was closed down during June 2022. The assumptions used in the December impairment assessment included a gold price of US$1 782/oz, an exchange rate of R15.36/US$1, a final gold price of R880 000/kg and a post-tax real discount rate of 12.59%. This resulted in a post-tax recoverable amount of R36 million at 31 December 2021.	**—**	**—**	**—**

6 Cost of sales continued

(g) Impairment of assets **continued**

The recoverable amounts of the CGUs where impairments were recognised as at 30 June 2021 are as follows:

	SA Rand Recoverable amount		
Figures in million	Life-of-mine plan	Resource base	Total
Tshepong Operations			
The updated life-of-mine plan included a reduction in planned gold resulting from lower grade. There was also a change in the mining profile in the revised life-of-mine plan, which impacted on the timing of cash flows, which were then later than in comparison to the prior-year plan. These changes affected the discounted cash flows used to determine the recoverable amount of the operation.	**4 847**	**936**	**5 783**
Bambanani			
The impairment of goodwill on Bambanani was mainly as a result of a reduction in grade over the remainder of the operation's life. The reduction in grade is due to unexpected changes in the orebody and a lower mine call factor.	**341**	**—**	**341**
Target 3			
Previous plans to explore the sale of the operation have been abandoned and further development is not a viable option at this stage. Therefore management has determined a recoverable amount of Rnil.	**—**	**—**	**—**

During the financial year ended 30 June 2020 no impairments were recognised.

7 Corporate, administration and other expenditure

	SA Rand		
Figures in million	**2022**	2021	2020
Professional and legal fees	**61**	52	45
Compliance and assurance costs	**62**	51	39
Corporate business development (a)	**39**	221	19
Corporate office expenditure (b)	**797**	707	486
Other corporate and administration expenses	**25**	37	22
Total corporate, administration and other expenditure	**984**	1 068	611

(a) The decrease in corporate business development in 2022 is largely attributable to integration costs incurred in 2021 of R205 million (2020: R4 million) which were incurred in relation to the acquisition of Mponeng operations and related assets. These expenses were not incurred in the 2022 financial year. Refer to note 14 for further detail.

(b) The increase in corporate office expenditure in 2021 is mainly due to the increase in remuneration costs and employee incentive payments from a reduced base in the 2020 year following group-wide pay cuts in response to the Covid-19 pandemic.

8 Foreign exchange translation gain/(loss)

	SA Rand		
Figures in million	**2022**	2021	2020
Borrowings (a)	**(411)**	894	(970)
Other items (b)	**84**	(224)	78
Total foreign exchange translation gain/(loss)	**(327)**	670	(892)

(a) The loss in 2022 is predominantly caused by unfavourable translations on US dollar loan balances. The unfavourable translations on US dollar loans are attributable to the Rand weakening against the US dollar, evidenced by a closing exchange rate of R16.27/US$1 (2021: R14.27/US$1) (2020: R17.32/US$1). However, the average exchange rate improved marginally from the prior financial year to R15.21/US$1 (2021: R15.40/US$1) (2020: R15.66/US$1).

(b) This relates mainly to the translation of metal trade receivables and cash from a foreign currency to the functional currencies of the operating entities.

9 Other operating expenses

	SA Rand		
Figures in million	**2022**	2021	2020
Social investment expenditure	**145**	126	143
Loss on scrapping of property, plant and equipment (a)	**7**	161	62
Silicosis settlement provision (b)	**23**	80	36
Loss allowance	**22**	47	63
Remeasurement of contingent consideration (c)	**(61)**	(127)	—
Income from third-party toll treatment fee (d)	**(25)**	—	—
Other (income)/expense – net (e)	**(110)**	(46)	5
Total other operating expenses	**1**	241	309

(a) These losses arise from the derecognition of property, plant and equipment that is no longer in use. No future economic benefits are expected from the use or disposal of these assets. Refer to note 15 for further detail on the accounting policy as well as the amounts per asset category.

(b) Refer to note 27 for details on the movement in the silicosis settlement provision.

(c) Refer to note 29 for details on the remeasurement of the contingent consideration

(d) The amount relates to fees received from a third party for the treatment of ore at the Doornkop plant.

(e) The increase for the 2022 year is mainly attributable to insurance claim proceeds of R83 million and profit on the sale of property, plant and equipment of R24 million.

10 Investment income

Accounting policy

Interest income is recognised on the effective interest method, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group. Dividend income is recognised when the shareholder's right to receive payment is established. This is recognised at the last date of registration.

Cash flows from interest and dividends received are classified under operating activities in the cash flow statement.

	SA Rand		
Figures in million	**2022**	2021	2020
Interest income from financial assets at amortised cost	**276**	265	257
Dividend income[1]	**24**	23	—
Net gain on financial instruments[2]	**52**	43	118
Total investment income	**352**	331	375

[1] Comprises R10 million (2021: R18 million) received from Rand Mutual Assurance and R14 million (2021: R5 million) received from equity investments held by environmental trusts (refer to note 17).

[2] Primarily relates to the environmental trust funds (refer to note 17) and the ARM BBEE Trust loan (refer to note 18). In 2021 the gains were offset by a day one expense of R87 million on the refinancing of the ARM BBEE Trust loan.

11 Finance costs

Accounting policy

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use. These costs are capitalised until the asset moves into the production phase. Other borrowing costs are expensed. The foreign exchange translation loss is included in the borrowing cost calculation to the extent that it is considered to be a part of interest. In a year where a foreign exchange gain is recognised on the borrowings' translation, the potential impact thereof on the rate as well as the borrowing costs is disregarded.

11 Finance costs continued

	SA Rand		
Figures in million	**2022**	2021	2020
Financial liabilities			
Borrowings	**238**	228	424
Other creditors and liabilities	**22**	14	9
Total finance costs from financial liabilities	**260**	242	433
Non-financial liabilities			
Time value of money for other provisions	**79**	74	88
Streaming arrangements	**67**	71	—
Time value of money and inflation component of rehabilitation costs	**377**	296	194
Total finance costs from non-financial liabilities	**523**	441	282
Total finance costs before interest capitalised	**783**	683	715
Interest capitalised (a)	**(65)**	(22)	(54)
Total finance costs	**718**	661	661

(a) The capitalisation rate used to determine capitalised borrowing costs is:

	Percent (%)		
	2022	2021	2020
Capitalisation rate	**6.8**	3.8	9.4

The capitalisation rate for 2022 and 2020 includes the impact of the foreign exchange loss for the year where the Rand equivalent rate is used. The decrease in the capitalisation rate for 2021 is due to the exclusion of the foreign exchange gain for the year.

12 Taxation

Accounting policy

Taxation is made up of current and deferred taxation. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised on temporary differences existing at each reporting date between the tax base of all assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred taxation, except to the extent that deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect the accounting or taxable profit or loss at the time of the transaction. Deferred tax is charged to profit or loss, except where the tax relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary differences arise from amortisation and depreciation on property, plant and equipment, provisions, unutilised tax losses, unutilised capital allowances carried forward and unrealised gains and losses on the gold forward sale contracts. Deferred tax assets relating to the carry forward of unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profit will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Critical accounting estimates and judgements

The group is subject to income tax in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse. At the group's South African operations, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on the current estimate of future profitability of an operation when temporary differences will reverse, based on tax rates and tax laws that have been enacted at the balance sheet date. The future profitability of each mine, in turn, is determined by reference to the life-of-mine (LoM) plan for that operation. The LoM plan is influenced by factors as disclosed in note 15, which may differ from one year to the next and normally result in the deferred tax rate changing from one year to the next.

Management has to exercise judgement with regard to deferred tax assets. Where it is not probable that future taxable income may flow against which these assets can be offset, the deferred tax assets are not recognised.

12 Taxation continued

The taxation (expense)/credit for the year is as follows:

	SA Rand		
Figures in million	**2022**	2021	2020
SA taxation			
Mining tax (a)	**(182)**	(464)	(56)
– current year	**(194)**	(467)	(61)
– prior year	**12**	3	5
Non-mining tax (b)	**(125)**	(80)	(2)
– current year	**(121)**	(81)	(2)
– prior year	**(4)**	1	—
Deferred tax (c)	**353**	(714)	(197)
– current year	**353**	(714)	(197)
Total taxation (expense)/credit	**46**	(1 258)	(255)

(a) Mining tax on gold mining taxable income in South Africa is determined according to a formula, based on the taxable income from mining operations. 5% of total revenue is exempt from taxation, while the remainder is taxable at a higher rate (up to a maximum of 34%) than non-mining income (28%) as a result of applying the gold mining formula. Mining and non-mining income of Australian and PNG entities are taxed at a standard rate of 30%.

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss. Accounting depreciation is eliminated when calculating the South African mining taxable income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income. The group has several tax paying entities in South Africa. In terms of the mining ring-fencing application, each ring-fenced mine is treated separately and deductions can normally only be utilised against mining income generated from the relevant ring-fenced mine.

The movement in foreign exchange translation from gains in the 2021 year to losses in 2022 and a decline in mining taxable income resulted in the decrease in the current tax expense during the 2022 year. The movement in foreign exchange translation from losses in the 2020 year to gains in 2021, as well as higher mining taxable income due to the increase of revenue, resulted in the increase in the current tax expense during the 2021 year. This was also impacted by certain companies within the group using their unredeemed capital allowances as well as assessed losses during 2021.

(b) Non-mining taxable income of mining companies and the taxable income for non-mining companies are taxed at the statutory corporate rate of 28%.The expense for the 2022 and 2021 financial years relates to non-mining tax arising from derivative gains (realised and unrealised) recognised on the foreign currency derivatives as well as the realised gains on the commodity forward sale contracts. During 2020, the losses on the derivative contracts resulted in non-mining tax losses. Refer to note 19 for details on the group's derivative gains and losses recorded.

(c) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at the balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year.

Following the completion of the annual life-of-mine plans, management revised the weighted average deferred tax rates for all the South African operations. As part of the determination of the deferred tax rates, consideration was given to the amended corporate income tax rate of 27% from 28% as well as the change in the mining tax rate from 34% to 33% for the 2023 financial year. The annual limitation of assessed loss utilisation to 80% of taxable income was incorporated in the calculation. The changes were considered to be substantively enacted at 30 June 2022 and would affect forecast tax estimations or cash flows. They were also taken into account in the determination of recoverable amounts for impairment purposes. Refer to note 15.

Changes to the deferred income tax rates were significant for the following entities:

	Percent (%)		
	2022	2021	2020
Harmony	**25.1**	27.4	29.8
Freegold (Harmony) (Proprietary) Limited	**7.0**	12.1	11.4
Randfontein Estates Limited (Randfontein)	**8.7**	5.1	10.1
Harmony Moab Khotsong Operations (Proprietary) Limited (Moab)	**14.7**	17.6	17.3
Golden Core Trade and Invest (Proprietary) Limited (Mponeng)	**12.8**	11.3	n/a

12 Taxation continued

(c) Deferred tax **continued**

These changes, together with changes in the temporary differences, had the following impacts:

- The change in rates, with majority decreasing year on year at the individual company level (other than hedge accounted derivatives), resulted in a decrease in the deferred tax expense and liability to the amount of R386 million (2021: R55 million increase)
- The impact of impairments at the individual CGU level resulted in a decrease in the deferred tax expense and liability of R312 million
- Unwinding of temporary differences related to unredeemed capital expenditure balances resulted in an increase of R86 million in the deferred tax expense (2021: R301 million)
- The Rand weakened during the 2022 year and the number of outstanding Rand gold contracts at 30 June 2022 decreased, resulting in a negative impact on the valuation of the Rand gold derivatives at year end. Refer to notes 19 and 39 for detail. The temporary differences related to the Rand gold derivatives therefore also decreased, resulting in a R170 million decrease in the deferred tax liability and deferred tax expense (2021: R782 million increase). Management assessed the rates at which the temporary differences are expected to reverse and revised the rate for the vast majority of the companies from the previous non-mining tax rate of 28% rate to the non-mining tax rate of 27% which will be applicable from 2023 onwards.

Income and mining tax rates

The tax rate remained unchanged for the 2020, 2021 and 2022 years.

Major items causing the group's income tax provision to differ from the South African mining statutory tax rate of 34% were:

	SA Rand		
Figures in million	**2022**	2021	2020
Tax (expense)/credit on net profit/loss at the mining statutory tax rate	**360**	(2 170)	202
Non-allowable deductions and non-taxable items	**(328)**	(153)	(221)
Equity-settled share-based payments	**(49)**	(49)	(62)
Gain on bargain purchase	**—**	102	—
Acquisition- and integration-related costs	**—**	(75)	—
Impairment of goodwill	**(114)**	(64)	—
Exploration expenditure	**(79)**	(15)	(55)
Finance costs	**(52)**	(50)	(76)
Other	**(34)**	(2)	(28)
Movement in temporary differences related to property, plant and equipment[1]	**(1 447)**	378	(355)
Movements in temporary differences related to other assets and liabilities	**(174)**	(465)	(452)
Difference between effective mining tax rate and statutory mining rate on mining income	**125**	145	10
Difference between non-mining tax rate and statutory mining rate on non-mining income	**26**	17	—
Effect on temporary differences due to changes in effective tax rates[2]	**386**	(55)	(469)
Prior-year adjustment	**10**	(4)	5
Capital allowances[3]	**973**	860	766
Deferred tax asset not recognised[4]	**115**	189	34
Deferred tax asset previously not recognised now recorded[5]	**—**	—	225
Income and mining taxation (expense)/credit	**46**	(1 258)	(255)
Effective income and mining tax rate (%)	**4**	20	(43)

[1] The change in 2022 is mainly as a result of the decrease in the net carrying value of Freegold and Moab's assets due to the impairment recognised (refer to note 6) as well as an increase in the unredeemed capital expenditure balance of Avgold.

[2] Refer to (c) above for detail of the deferred tax rate changes.

[3] This relates to the additional capital allowance that may be deducted from taxable income from mining operations in South Africa. A significant portion relates to Avgold Limited (Avgold) which has a 0% effective tax rate.

[4] This relates to tax losses and deductible temporary differences for which future taxable profits are uncertain and are not considered probable.

[5] In 2020, the assessment on whether there would be future profits for Harmony Company as well as taxable temporary differences, which the deductible temporary differences can be reversed against, was performed. Management concluded that there would be and therefore the deferred tax asset not recognised in the 2019 year was recognised at 30 June 2020.

12 Taxation continued

Deferred tax

The analysis of deferred tax assets and liabilities is as follows:

	SA Rand	
Figures in million	2022	2021
Deferred tax assets	(1 183)	(1 202)
Deferred tax asset to be recovered after more than 12 months	(1 091)	(522)
Deferred tax asset to be recovered within 12 months	(92)	(680)
Deferred tax liabilities	2 566	3 108
Deferred tax liability to be recovered after more than 12 months	2 192	2 713
Deferred tax liability to be recovered within 12 months	374	395
Net deferred tax liability	**1 383**	1 906

Deferred tax liabilities and assets on the balance sheet as of 30 June 2022 and 30 June 2021 relate to the following:

	SA Rand	
Figures in million	2022	2021
Gross deferred tax liabilities	2 566	3 108
Amortisation and depreciation[1]	2 375	2 807
Derivative financial instruments	143	276
Other	48	25
Gross deferred tax assets	(1 183)	(1 202)
Unredeemed capital expenditure[2]	(3 863)	(3 540)
Provisions, including non-current provisions	(1 133)	(1 157)
Contingent consideration liability	(39)	(47)
Streaming contract liability	(86)	(140)
Other	(3)	—
Tax losses[3]	(1 524)	(1 151)
Deferred tax asset not recognised[4]	5 465	4 833
Net deferred tax liability	**1 383**	1 906

[1] *The decrease in amortisation and depreciation year on year is mainly as a result of the impairments recognised during 2022.*
[2] *Unredeemed capital expenditure mainly consists of Hidden Valley R3 521 million (2021: R3 157 million) and Mponeng R125 million (2021: R146 million).*
[3] *The majority of the amount relates to Hidden Valley's tax losses of R1 417 million (2021: R1 089 million).*
[4] *The deferred tax asset not recognised relates to Harmony's PNG operations.*

Movement in the net deferred tax liability recognised in the balance sheet is as follows:

	SA Rand	
Figures in million	2022	2021
Balance at beginning of year	1 906	465
Expense/(credit) per income statement	(353)	714
Acquisition of Mponeng operations and related assets	—	(55)
Tax directly charged to other comprehensive income	(170)	782
Balance at end of year	**1 383**	1 906
Deferred tax assets per balance sheet	**(203)**	(272)
Deferred tax liabilities per balance sheet	**1 586**	2 178

A deferred tax asset continues to be recognised for both Harmony Gold Mining Company Limited (Harmony Company) and Chemwes (Proprietary) Limited (Chemwes Company) at 30 June 2022. The net deferred tax asset balance of Harmony company has increased to R179 million (2021: R175 million), while Chemwes Company's net deferred tax asset has decreased to R24 million (2021: R97 million). At 30 June 2022, it is considered probable that sufficient future taxable profits will be available against which the remaining deductible temporary differences existing at the reporting date can be utilised.

12 Taxation continued

Deferred tax continued

	SA Rand	
Figures in million	**2022**	2021
As at 30 June, the group had the following potential future tax deductions:		
Unredeemed capital expenditure available for utilisation against future mining taxable income[1]	**45 408**	41 184
Tax losses carried forward utilisable against mining taxable income[2]	**7 445**	5 746
Capital gains tax (CGT) losses available to be utilised against future CGT gains[4]	**583**	570
As at 30 June, the group has not recognised the following deferred tax asset amounts relating to the above:	**15 978**	13 820
The unrecognised temporary differences are:		
Unredeemed capital expenditure[3]	**42 859**	37 667
Tax losses[2]	**6 471**	4 832
CGT losses[4]	**583**	570

[1] *Includes Avgold R27 133 million (2021: R24 161 million), Randfontein R502 million (2021: R1 268 million), Freegold R557 million (2021: R42 million), Mponeng R978 million (2021: R1 296 million), Chemwes R260 million (2021: R419 million) and Hidden Valley R15 725 million (2021: R13 506 million). These have an unlimited carry-forward period.*
[2] *Relates mainly to Hidden Valley R4 718 million (2021: R3 629 million), Randfontein R708 million (2021: R796 million), and Avgold R1 761 million (2021: R1 184 million). These have an unlimited carry-forward period.*
[3] *Relates to Avgold and Hidden Valley.*
[4] *The CGT losses relate to the gross CGT losses available to be utilised against future CGT gains.*

Dividend tax (DT)

The withholding tax on dividends remained unchanged at 20%.

13 Earnings/(loss) per share

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net income attributable to shareholders by the weighted number of ordinary shares in issue during the year.

	2022	2021	2020
Ordinary shares in issue (000)	**616 526**	616 052	603 143
Adjustment for weighted number of ordinary shares in issue (000)	**(121)**	(5 582)	(61 306)
Weighted number of ordinary shares in issue (000)	**616 405**	610 470	541 837
Adjustment for weighted number of treasury shares (000)[1]	**(3 950)**	(6 184)	(6 501)
Basic weighted average number of ordinary shares in issue (000)	**612 455**	604 286	535 336

		SA Rand	
	2022	2021	2020
Total net profit/(loss) attributable to shareholders (million)	**(1 052)**	5 087	(878)
Total basic earnings/(loss) per share (cents)	**(172)**	842	(164)

[1] *These are the weighted number of treasury shares for the years presented. Refer to note 24 for the actual number of treasury shares that are in issue.*

13 Earnings/(loss) per share continued

Diluted earnings/(loss) per share

For diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2022	2021	2020
Weighted average number of ordinary shares in issue (000)	**612 455**	604 286	535 336
Potential ordinary shares (000)[1]	**2 159**	12 099	11 858
Weighted average number of ordinary shares for diluted earnings per share (000)[1]	**614 614**	616 385	547 194

	SA Rand		
	2022	2021	2020
Total diluted earnings/(loss) per share (cents)[2]	**(172)**	825	(166)

[1] Due to net loss attributable to the shareholders in 2022 and 2020, the inclusion of the share options as potential ordinary shares had an anti-dilutive effect on the loss, therefore the diluted loss per share was set at the basic loss per share for these years. The issue price and the exercise of share options issued to the employees include the fair value of any services to be supplied to the entity in the future under the share option or other share-based payment arrangements.

[2] The dilution in 2020 is as a result of the potential reduction in earnings attributable to equity holders of the parent company as a result of the exercise of the Tswelopele Beneficiation Operation (TBO) option. TBO contributed a profit and therefore the reduction in earnings attributable to Harmony would increase the loss and loss per share. Following the vesting of the option in December 2019, there has been no further impact.

Headline earnings/(loss) per share

The calculation of headline earnings/(loss), net of tax, per share is based on the basic earnings/(loss) per share calculation adjusted for the following items:

	SA Rand		
Figures in million	**2022**	2021	2020
Net profit/(loss) attributable to shareholders	**(1 052)**	5 087	(878)
Adjusted for:			
Impairment of assets[1]	**4 433**	1 124	—
Taxation effect on impairment of assets	**(312)**	(93)	—
Gain on bargain purchase[2]	**—**	(303)	—
Profit on sale of property, plant and equipment	**(24)**	(11)	(2)
Taxation effect on profit on sale of property, plant and equipment	**4**	2	—
Loss on scrapping of property, plant and equipment	**7**	161	62
Taxation effect on loss on scrapping of property, plant and equipment	**(1)**	(8)	(10)
Headline earnings/(loss)	**3 055**	5 959	(828)
Basic headline earnings/(loss) per share (cents)	**499**	987	(154)
Diluted headline earnings/(loss) per share (cents)[3]	**497**	967	(157)

[1] This total includes the impairment of goodwill, which does not have a tax effect.

[2] There is no taxation effect on this item.

[3] Due to the net loss attributable to shareholders, the inclusion of the share options as potential ordinary shares had an anti-dilutive effect on the earnings per share in 2020 (2022 and 2021: dilutive effect on the headline earnings per share). The 2020 diluted headline loss per share also includes the potential impact of exercising the Tswelopele Beneficiation Operation option as explained above.

Notes to the group financial statements continued

For the year ended 30 June 2022

13 Earnings/(loss) per share continued

Dividends

Accounting policy

Dividends declared are recognised in the period in which they are approved by the board of directors. Dividends are payable in South African Rand.

Cash flows from dividends paid are classified under financing activities in the cash flow statement.

- The board declared an interim ordinary dividend of 40 SA cents for the year ended 30 June 2022 (2021:110 SA cents). R247 million was paid on 11 April 2022 (2021: R677 million was paid on 19 April 2021). A final dividend of 27 SA cents for the 2021 year was declared by the board, amounting to R167 million which was paid on 18 October 2021. No dividends were paid on ordinary shares by Harmony during 2020.
- The board declared a final ordinary dividend of 22 SA cents for the year ended 30 June 2022, paid on 17 October 2022.
- Harmony declares an annual preference share dividend to the Harmony Gold Community Trust (the Trust). The board declared a preference dividend of R9 million and was paid to the Trust on 11 August 2022 (2021 and 2020: R9 million on 10 August 2021 and 6 August 2020 respectively).
- During 2022, dividend payments of R16 million were made to the non-controlling interest holders in Tswelopele Beneficiation Operation (2021: R7 million) (2020: R3 million).

	SA Rand		
	2022	2021	2020
Dividends declared (millions)	**414**	677	—
Dividend per share (cents)	**67**	110	—

14 Acquisitions and business combinations

Acquisition of AngloGold Ashanti's remaining South African operations

On 12 February 2020, Harmony announced that it had reached an agreement with AngloGold Ashanti Limited (AGA) to purchase the Mponeng operations and related assets. Harmony's primary goal with the acquisition was to improve the group's overall recovered grade and increase cash flow margins. The transaction included the following assets and liabilities:

- The Mponeng, Tau Tona and Savuka mines and associated rock-dump and tailings storage facility reclamation sites, mine rehabilitation and closure activities located in the West Wits region and their associated assets and liabilities
- Certain rock-dump reclamation, mine rehabilitation and closure activities located in the Vaal River region and their associated assets and liabilities (the VR Remaining assets)
- 100% of the share capital of First Uranium (Proprietary) Limited which owns Mine Waste Solutions (Proprietary) Limited and Chemwes (Proprietary) Limited as well as associated tailings assets and liabilities (the FUSA Group)
- 100% of the share capital of Covalent Water Company (Proprietary) Limited (CWC), AGA Security Services (Proprietary) Limited and Masakhisane Investments (Proprietary) Limited.

The last condition precedent for the acquisition was fulfilled during September 2020, resulting in an acquisition date of 1 October 2020.

Cash generating units identified

Based on management's assessment, the transaction met the definition of a business combination as defined by IFRS 3. The following cash generating units (CGUs) were identified in the acquisition:

- The Mponeng business, consisting of the Mponeng, Tau Tona and Savuka mines, forming a single complex, and their associated assets and liabilities, including CWC
- The West Wits closure business, consisting of the Savuka plant and associated rock-dump and tailings storage facility reclamation sites, mine rehabilitation and closure activities located in the West Wits region and the associated assets and liabilities
- Mine Waste Solutions
- The Vaal River closure business, consisting of certain rock-dump reclamation, mine rehabilitation and closure activities located in the Vaal River region and their associated assets and liabilities.

14 Acquisitions and business combinations continued

Acquisition of AngloGold Ashanti's remaining South African operations continued

Consideration transferred

Consideration for the transaction amounted to a cash payment of R3.4 billion (US$200 million), paid on 30 September 2020, and contingent consideration subject to the following criteria:

- US$260 per ounce payable on all underground production from the Mponeng, Savuka and Tau Tona mines in excess of 250 000 ounces per year for six years commencing 1 January 2021
- US$20 per ounce payable on underground production from the Mponeng, Savuka and Tau Tona mines sourced from levels developed in the future below the current infrastructure.

As at 1 October 2020, the contingent consideration was valued at R544 million by using the discounted cash flows valuation method, discounted at a post-tax real rate of 10.6%. The fair value calculated for the contingent consideration is level 3 in the fair value hierarchy due to the use of unobservable inputs. The contingent consideration attributable to the below infrastructure ounces of gold was valued at Rnil at 1 October 2020. Refer to note 29 for subsequent measurement disclosure.

Acquisition and integration costs

The total of R124 million (2020: R45 million) for acquisition costs for the year ended 30 June 2021 relates to various costs directly attributable to the acquisition process. These costs include attorney and advisory fees. There were also costs incurred for the integration of the acquired assets into Harmony's existing structures and systems. These costs include project management and consultancy fees and software licensing costs required to interface with the Harmony systems. These costs amounted to R205 million (2020: R4 million) for the 2021 year and were included in Corporate, administration and other expenditure.

Identifiable assets acquired and liabilities assumed

Critical accounting estimates and judgements

Key assumptions for the valuation of the respective CGUs are the gold prices, market discount rates, exchange rates and life-of-mine plans. Due to the volatility associated with the potential upside driven by the higher gold prices in the short to medium term, management opted to adopt conservative gold price assumptions in order to accommodate for this, which is still in line with a market participant's view. Management has considered the impact of the Covid-19 pandemic on the valuations performed and made adjustments to the production and cost estimates for the respective CGUs.

The fair value of the identifiable net assets acquired was determined on the expected discounted cash flows based on the life-of-mine plans of the Mponeng business (Mponeng), West Wits closure business (WW), Mine Waste Solutions (MWS) and the Vaal River closure business (VR). The post-tax real discount rates used ranged from 8.5% to 11.6%, real exchange rates ranged between R14.41/US$1 and R16.75/US$1, while real gold prices ranged between US$1 308/oz and US$1 784/oz over the valuation period. The valuation was performed as at 1 October 2020.

As part of determining the fair value of the provision for environmental rehabilitation the pre-tax risk-free rates used for discounting ranged between 5.1% and 11.5%, while inflation of 5.0% was used for cost escalation.

The fair value of the unfavourable contract liability, which forms part of the streaming arrangement with Franco-Nevada, was measured at the difference between a market analyst consensus of gold prices and the fixed cash consideration to be received for gold delivered. A post-tax real rate of 11.6% was used to discount the liability over the expected period of delivery to settle the contract.

The deferred tax rates used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at acquisition date. The calculated deferred tax rates as at 1 October 2020 were 15.0% for Mponeng and WW, 20.8% for VR and 18.4% for MWS.

Notes to the group financial statements continued

For the year ended 30 June 2022

14 Acquisitions and business combinations continued

Acquisition of AngloGold Ashanti's remaining South African operations continued

Fair value determination of acquired operations

Management considers the purchase price allocation to be final and the accounting for the acquisition to be concluded as at 30 June 2021. The final amounts for the identifiable assets acquired and liabilities assumed have been included below.

The fair values as at the acquisition date are as follows:

	SA Rand
Figures in million	2021
Non-current assets	
Property, plant and equipment	6 024
Restricted cash and investments	1 268
Deferred tax assets	222
Current assets	
Inventories	454
Trade and other receivables[1]	47
Cash and cash equivalents	3
Non-current liabilities	
Deferred tax liabilities	(167)
Provision for environmental rehabilitation	(1 856)
Other non-current liabilities	(41)
Streaming contract liability	(938)
Current liabilities	
Trade and other payables	(324)
Streaming contract liability	(479)
Fair value of net identifiable assets acquired at 1 October 2020	4 213

[1] *The gross contractual amounts receivable is equal to the fair value of the receivables at acquisition date*

Groundwater pollution liability

During an assessment of the environmental liabilities associated with the acquisition, a risk related to the potential decant and pollution of groundwater from the tailings storage facilities was identified. Harmony performed an initial assessment and plans on using physo-remediation to assist in mitigating the risk.

A contingent liability acquired in a business combination is recognised in the acquisition accounting if it is a present obligation and its fair value can be measured reliably. Based on Harmony's assessment, a liability of R230 million was raised as part of the provision for environmental rehabilitation assumed in the business combination.

Gain on bargain purchase

The gain on bargain purchase was calculated as follows:

	SA Rand
Figures in million	2021
Consideration paid	
– Cash consideration	3 366
– Contingent consideration	544
Fair value of net identifiable assets acquired	(4 213)
Gain on bargain purchase	(303)

The gain on bargain purchase realised can be attributed to the higher gold prices and R/US$ exchange rate assumptions that were used in the business valuations performed as at 1 October 2020 when compared to the assumptions used when the transaction was negotiated. The gold price and exchange rate assumptions were impacted by the market uncertainty surrounding the Covid-19 pandemic, which has had a significant impact on the short- and medium-term assumptions that were included in the valuations.

Gain on bargain purchase has been included as a separate line item in the income statement.

15 Property, plant and equipment

	SA Rand	
Figures in million	**2022**	2021
Mining assets	**25 320**	26 487
Mining assets under construction	**3 132**	2 732
Undeveloped properties	**4 004**	3 988
Other non-mining assets	**416**	390
Total property, plant and equipment	**32 872**	33 597

Mining assets

Accounting policy

Mining assets, including mine development costs and mine plant facilities, are initially recorded at cost, whereafter they are measured at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

The net assets of operations placed on care and maintenance are impaired to their recoverable amount. Expenditure on the care and maintenance of these operations is charged against income, as incurred. Mineral and surface use rights represent mineral and surface use rights for parcels of land, both owned and not owned by the group.

Mineral and surface rights include acquired mineral use rights in production, development and exploration phase properties. The amount capitalised related to a mineral and surface right, either as an individual asset purchase or as part of a business combination, is the fair value at acquisition.

The group's mineral use rights are enforceable regardless of whether proved or probable reserves have been established. In certain limited situations, the nature of use changes from an exploration right to a mining right upon the establishment of proved and probable reserves. The group has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proved and probable reserves and/or undeveloped mineral interests.

Depreciation

Depreciation of mining assets is computed principally by the units-of-production method over life-of-mine based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

In most instances, proved and probable reserves provide the best indication of the useful life of the group's mines (and related assets). However, in some instances, proved and probable reserves may not provide a realistic indication of the useful life of the mine (and related assets). This may be the case, for example, where management is confident that further inferred resources will be converted into measured and indicated resources and if they are economically recoverable, they can also be classified as proved and probable reserves. Management is approaching economic decisions affecting the mine on this basis, but has chosen to delay the work required to designate them formally as reserves.

In assessing which resources to include so as to best reflect the useful life of the mine, management considers resources that have been included in the life-of-mine plan. To be included in the life-of-mine plan, resources need to be above the cut-off grade set by management, which means that the resource can be economically mined and is therefore commercially viable. This consistent systematic method for inclusion in the life-of-mine plan takes management's view of the gold price, exchange rates as well as cost inflation into account.

In declaring the resource, management would have had to obtain a specified level of confidence of the existence of the resource through drilling as required by the South African Code for Reporting Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Additional confidence in the existence, commercial viability and economical recovery of such resources may be based on historical experience and available geological information, such as geological information obtained from other operations that are contiguous to the group's operations, as well as where the group mines continuations of these other operations' orebodies and reefs. This is in addition to the drilling results obtained by the group and management's knowledge of the geological setting of the surrounding areas, which would enable simulations and extrapolations to be done with a reasonable degree of accuracy.

15 Property, plant and equipment continued

Mining assets continued

Accounting policy continued

In instances where management is able to demonstrate the economic recovery of such resources with a high level of confidence, such additional resources, which may also include certain, but not all, of the inferred resources, as well as the associated future development costs of accessing those resources, are included in the calculation of depreciation. The future development costs are those costs that need to be incurred to access these inferred resources, for example the costs to complete a decline or level, which may include infrastructure and equipping costs. These amounts have been extracted from the cash flow projections for the life-of-mine plans.

Mineral rights associated with production phase mineral interests are amortised over the life-of-mine using the units-of-production method in order to match the amortisation with the expected underlying future cash flows.

Impairment

Testing for impairment is done in terms of the group policy as discussed in note 2.5.

Scrapping of assets

Where significant adverse changes have taken place relating to the useful life of an asset, that asset is tested for impairment in terms of the group policy as discussed in note 2.5. Whether or not an impairment is recognised, it is then necessary to review the useful lives and residual values of the assets within the CGU – this is reviewed at least annually. Where necessary, the useful lives and residual values of the individual assets are revised.

Where the useful life of an asset is nil as a result of no future economic benefit expected from the use or disposal of that asset, it is necessary to derecognise the asset. The loss arising from the derecognition is included in profit or loss in the period in which the asset was derecognised.

Stripping activities

The removal of overburden and other mine waste materials is often necessary during the initial development of an opencast mine site, in order to access the mineral ore deposit. The directly attributable cost of this activity is capitalised in full within mining assets under construction, until the point at which the mine is considered to be capable of commercial production. The removal of waste material after the point at which a mine is capable of commercial production is referred to as production stripping.

When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are charged to the income statement as operating costs in accordance with the principles of IAS 2 ***Inventories***.

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion which benefits future ore extraction is capitalised within stripping and development capital expenditure. If the amount to be capitalised cannot be specifically identified, it is determined based on the volume of waste extracted compared to expected volume for the identified component of the orebody. Components are specific volumes of a mine's orebody that are determined by reference to the life-of-mine plan.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production. The cost of this waste removal is capitalised in full.

All amounts capitalised in respect of waste removal are depreciated using the units-of-production method based on proved and probable ore reserves of the component of the orebody to which they relate.

The effects of changes to the life-of-mine plan on the expected cost of waste removal or remaining reserves for a component are accounted for prospectively as a change in estimate.

Notes to the group financial statements continued

For the year ended 30 June 2022

15 Property, plant and equipment continued

Mining assets continued

Critical accounting estimates and judgements – Gold Mineral Reserves and Resources

Gold mineral reserves and resources are estimates of the amount of ounces that can be economically and legally extracted from the group's properties. In order to calculate the gold mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates. Estimating the quantities and/or grade of the reserves and resources requires the size, shape and depth of the orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate the gold mineral reserves and resources change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves and resources may change from year to year. Changes in the reserves and resources may affect the group's financial results and financial position in a number of ways, including:

- Asset carrying values may be affected due to changes in estimated cash flows
- Scrapping of assets to be recorded in the income statement following the derecognition of assets as no future economic benefit expected
- Depreciation and amortisation charged in the income statement may change as they are calculated on the units-of-production method
- Environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves
- Useful life and residual values may be affected by the change in mineral reserves.

At the end of each financial year, the estimate of proved and probable gold mineral reserves and resources is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

Critical accounting estimates and judgements – production start date

Various relevant criteria are considered in order to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- The level of capital expenditure compared to the total project cost estimates
- The ability to produce gold in a saleable form (where more than an insignificant amount of gold has been produced)
- The ability to sustain the ongoing production of gold.

Critical accounting estimates and judgements – stripping activities

The determination of the volume of waste extracted and the expected volume for the identified component of the orebody is dependent on an individual mine's design and life-of-mine plan and therefore changes to the design or life-of-mine plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the life-of-mine plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

Critical accounting estimates and judgements – impairment of assets

The recoverable amount of mining assets is generally determined utilising real discounted future cash flows (post tax). Management also considers such factors as the quality of the individual orebody, market risk, asset-specific risks and country risk in determining the fair value.

Key assumptions for the calculations of the mining assets' recoverable amounts are the commodity prices, resource values, market discount rates, costs to sell, exchange rates and the annual life-of-mine plans. In determining the commodity prices and resource values to be used, management assesses the long-term views of several reputable institutions on commodity prices and based on this, derives the commodity prices and resource values.

The life-of-mine plans are based on the proved and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC, as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

15 Property, plant and equipment continued

Mining assets continued

Critical accounting estimates and judgements – impairment of assets continued

During the year under review, the group calculated the recoverable amounts (generally fair value less costs to sell) based on updated life-of-mine plans and the following gold price, silver price, copper price and exchange rates assumptions:

	2022	2021	2020
US$ gold price per ounce			
– Year 1	**1 861**	1 805	1 610
– Year 2	**1 744**	1 673	1 558
– Year 3	**1 664**	1 582	1 469
– Long term (Year 4 onwards)	**1 546**	1 500	1 350
US$ silver price per ounce			
– Year 1	**23.85**	25.72	17.00
– Year 2	**22.42**	23.22	17.00
– Year 3	**21.46**	21.70	17.00
– Long term (Year 4 onwards)	**19.38**	20.70	17.00
US$ copper price per pound	**3.30**	3.00	3.00
Exchange rate (R/US$)			
– Year 1	**15.55**	14.54	16.72
– Year 2	**15.34**	14.36	15.47
– Year 3	**15.26**	14.44	15.29
– Long term (Year 4 onwards)	**15.35**	14.51	14.51
Exchange rate (PGK/US$)	**3.50**	3.50	3.45
Rand gold price (R/kg)			
– Year 1	**931 000**	843 000	865 000
– Year 2	**860 000**	772 000	775 000
– Year 3	**816 000**	735 000	722 000
– Long term (Year 4 onwards)	**763 000**	700 000	630 000

The following are the attributable gold resource value assumptions:

	South Africa			Hidden Valley		
US dollar per ounce	**2022**	2021	2020	**2022**	2021	2020
Underground resources						
Measured	**16.50**	16.50	25.00	**n/a**	n/a	n/a
Indicated	**9.00**	9.00	8.00	**n/a**	n/a	n/a
Inferred	**3.60**	3.60	2.80	**n/a**	n/a	n/a
Surface resources						
Measured	**30.00**	30.00	n/a	**n/a**	n/a	n/a
Indicated	**17.50**	17.50	n/a	**9.00**	9.00	8.00
Inferred	**8.00**	8.00	n/a	**n/a**	n/a	n/a

The recoverable amount of mining assets is determined utilising real discounted future cash flows or resource multiples in the case of undeveloped properties and certain resource bases. The underground resource value has been applied to Target North, Doornkop's Kimberly Reef and the Wafi-Golpu Project (refer to note 22). The surface resource values have been applied to the Mispah Tailings resource, Vaal River and West Wits surface sources.

One of the most significant assumptions that influence the group's operations' life-of-mine plans, and therefore the impairment assessment, is the expected commodity prices. Management continues to differentiate between short-, medium- and long-term assumptions used in the models. The long-term price was determined as part of the annual budgeting process and is used in the life-of-mine plans and is also the cut-off price for calculating reserves included in the declaration of reserves and resources in terms of SAMREC.

15 Property, plant and equipment continued
Mining assets continued

Critical accounting estimates and judgements – impairment of assets continued

The resource multiple values have remained consistent with the prior year, as no new market transactions have taken place in the South African gold mining industry that would provide more recent information compared with prior-year information. In 2021, the resource multiple values were updated based on the recent transaction between AGA and Harmony for the purchase of the Mponeng operations and related assets. The resource multiple was further updated to differentiate between underground operations and surface source operations due to the new information and applied to the relevant resource bases. Please refer to note 14 for further information on the acquisition.

Due to the volatilities experienced in the markets and the uncertainty in forecasting future cash flows as a result of the impact of the Covid-19 pandemic, management has used various probability scenarios in determining the recoverable amounts for the CGUs at 30 June 2021 and 2020. As discussed in note 4, the uncertainty that existed in prior years surrounding the potential impact of Covid-19 has dissipated and therefore management believes that it is no longer appropriate to apply Covid-adjusted probability scenarios in determining recoverable amounts for the CGUs at 30 June 2022.

The factors considered in the scenarios for 2020 and 2021 were:
- Infection rates and the timing of the expected peaks in the areas that Harmony's operations are situated in
- Expected disruptions to production together with the mitigation strategies management had in place
- Expectation of the completion date of the vaccination programme at Harmony and a governmental level
- Potential duration of the impact of the virus (prior and post vaccination) and the related restrictions in operations.

Estimates of the staffing costs for screening and monitoring employees at work and in quarantine, together with the cost of the vaccination programme, were included, while the scenarios used by management included further potential costs if vaccinations were required in the future at various intervals.

In preparing the various scenarios, management considered and varied:
- The potential impact on production and therefore on the revenue cash flows, based on historical trends that have been extrapolated to account for varying disruption levels
- The duration of potential disruptions to production, ranging from 12 months to 24 months
- The infection rates and associated costs as well as vaccination costs. This included impacts on production as well as considerations of the potential requirement to re-vaccinate in coming years.

The calculated cash flows were then weighted based on management's expectation of each of the scenarios occurring. The resulting amounts were discounted using the specific discount rate for each operation in order to determine the recoverable amount.

The post-tax real discount rate for Hidden Valley was 11.42% (2021: 10.30%) (2020: 9.02%) and the post-tax real discount rates for the South African operations ranged between 10.20% and 13.10% (2021: 9.40% and 12.00%) (2020: 9.62% and 11.53%), depending on the asset, were used to determine the recoverable amounts. Cash flows used in the impairment calculations are based on life-of-mine plans which exceed five years for the majority of the mines. Cash flows from potential projects, life-of-mine extensions and residual ounces can also be included in the impairment assessment where deemed appropriate. An additional risk premium is added to the post-tax real discount rates in these instances.

Refer to note 6 for details of impairment testing performed and impairments recorded.

Should management’s estimate of the future not reflect actual events, further impairments may be identified.

Factors affecting the estimates include:
- Changes to proved and probable ore reserves
- Economical recovery of resources
- The grade of the ore reserves may vary significantly from time to time
- Review of strategy
- Unforeseen operational issues at the mines
- Differences between actual commodity prices and commodity price assumptions
- Changes in the discount rate and foreign exchange rates
- Changes in capital, operating mining, processing and reclamation costs
- Mines' ability to convert resources into reserves
- Potential production stoppages for indefinite periods
- The impact of the Covid-19 pandemic
- Carbon tax.

15 Property, plant and equipment continued
Mining assets continued

Sensitivity analysis – impairment of assets

One of the most significant assumptions that influence the life-of-mine plans and therefore impairment assessments is the expected commodity prices. Management determined a reasonably possible long-term change of 10% in gold prices based on the standard deviation of both Harmony's long-term gold price assumption over the past five financial years and market analysts' forecasted long-term gold price assumptions. A 10% increase/decrease (pre-impairment and -scrapping recognition) in the gold price and resource values used, with the resultant adjustment to mining royalties (with all other variables held constant and not taking any actions, such as stopping capital projects, into account) would have resulted in the following post-tax impairment being recorded (including the impairments recorded in the current period) as at 30 June 2022:

	SA Rand	
Figures in million	**2022**	2021
-10% decrease		
Tshepong North[1]	**4 074**	n/a
Moab Khotsong[2]	**3 869**	1 916
Tshepong South[1]	**2 339**	n/a
Doornkop	**1 690**	1 914
Mponeng	**1 443**	2 249
Target 1	**1 121**	1 267
Joel	**762**	359
Kusasalethu	**689**	821
Mine Waste Solutions	**493**	96
Kalgold	**304**	390
Other assets	**208**	101
Hidden Valley	**96**	—
Central Plant Reclamation	**32**	—
West Wits	**—**	35
Tshepong Operations[1]	**n/a**	5 325
Bambanani[2]	**n/a**	413
Target 3	**n/a**	178
+10% increase		
Tshepong South[1]	**224**	n/a
Target 3	**n/a**	178

[1] *The Tshepong Operations have been tested separately for impairment at 30 June 2022. Refer to note 6 for details.*
[2] *The carrying amounts of these CGUs include goodwill and any impairment losses are allocated first to goodwill and then to the identifiable assets.*

At all other operations, a 10% increase in the gold price would have resulted in no impairments being recorded.

As a result of the significant increase in discount rates experienced during the current financial year, management opted to assess the sensitivity of a reasonably possible change in discount rates on impairments of assets for all CGUs. Management assessed an increase/decrease of 50 basis points to be a reasonably possible change, based on the standard deviation of the group's base weighted average cost of capital rate over the past five financial years. This change was factored into the individual CGUs' discount rates and did not result in a material impact on the impairment that would have been recognised for any CGUs.

15 Property, plant and equipment continued

Mining assets continued

The movement in the mining assets is as follows:

	SA Rand	
Figures in million	**2022**	2021
Cost		
Balance at beginning of year	**64 980**	59 736
Fully depreciated assets no longer in use derecognised	**(110)**	(989)
Additions (a)	**5 307**	4 518
Acquisitions (b)	**—**	5 887
Scrapping of assets (c)	**(1 752)**	(1 221)
Adjustment to rehabilitation asset (d)	**(248)**	(774)
Transfers and other movements (e)	**511**	545
Translation	**1 900**	(2 722)
Balance at end of year	**70 588**	64 980
Accumulated depreciation and impairments		
Balance at beginning of year	**38 493**	37 562
Fully depreciated assets no longer in use derecognised	**(110)**	(989)
Impairment of assets (f)	**3 429**	937
Scrapping of assets (c)	**(1 745)**	(1 060)
Depreciation	**3 627**	3 936
Translation	**1 574**	(1 893)
Balance at end of year	**45 268**	38 493
Net carrying value	**25 320**	26 487

(a) Included in additions for 2022 is an amount of R137 million (2021: R159 million) for capitalised depreciation associated with stripping activities at the Hidden Valley operations.

(b) Refer to note 14 for details on the fair value of assets acquired.

(c) Refer to note 9 for the total loss on scrapping recognised.

(d) Refer to note 26 for details on the adjustment to the rehabilitation asset.

(e) Transfer of assets mainly relates to assets under construction transferred to mining assets. During the 2022 year an amount of R513 million (2021: R541 million) was transferred to mining assets at Hidden Valley. This related to ongoing mining development costs.

(f) Refer to note 6 for details on the impairments recognised.

Stripping activities

Included in the balance for mining assets is an amount of R174 million (2021: R176 million) relating to Kalgold and R922 million (2021: R871 million) relating to Hidden Valley. Depreciation of R26 million (2021: R16 million) and R482 million (2021: R934 million) was recorded for Kalgold and Hidden Valley respectively.

15 Property, plant and equipment continued

Mining assets under construction

Accounting policy

At the group's surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proved and probable reserves, costs incurred to develop the property are capitalised as incurred until the mine is considered to have moved into the production phase. These costs include costs to further delineate the orebody and remove overburden to initially expose the orebody.

At the group's underground mines, all costs incurred to develop the property, including costs to access specific ore blocks or other areas of the underground mine, are capitalised to the extent that such costs will provide future economic benefits. These costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development.

Where a depreciable asset is used in the construction or extension of a mine, the depreciation is capitalised against the mine's cost.

Exploration properties acquired are recognised in the balance sheet within development cost and are shown at cost less provisions for impairment determined in accordance with the group's accounting policy on impairment of non-financial assets.

Mineral interests associated with development and exploration phase mineral interests are not amortised until such time as the underlying property is converted to the production stage.

Capitalisation of pre-production costs ceases when commercial levels of production are reached. Commercial levels of production are discussed under "production start date" above.

Critical accounting estimates and judgements – exploration and evaluation assets

The recoverability of exploration and evaluation expenditure is assessed at the end of each reporting period. Significant judgement is required as to whether an area of activity is to be carried forward on the balance sheet, or written off through the identification of areas of activity which have not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves, where there is no continuing significant activity plan in relation to the area.

The movement in the mining assets under construction is as follows:

	SA Rand	
Figures in million	**2022**	2021
Cost		
Balance at beginning of year	**2 732**	2 714
Additions[1]	**1 278**	924
Depreciation capitalised[2]	**4**	4
Finance costs capitalised[3]	**65**	22
Transfers and other movements	**(513)**	(541)
Translation	**236**	(391)
Balance at end of year	**3 802**	2 732
Accumulated impairments		
Balance at beginning of year	**—**	—
Impairment[2]	**670**	—
Balance at end of year	**670**	—
Net carrying value	**3 132**	2 732

[1] *Mainly relates to Great Noligwa Shaft Pillar project of R192 million (2021: R159 million), Zaaiplaats project of R184 million (2021: R27 million) and Tshepong Operations' Sub 75 Decline project of R170 million (2021: R91 million).*
[2] *Relates to Tshepong Operations.*
[3] *Refer to note 11 for further detail on the capitalisation rate applied.*

Wafi-Golpu development

Capitalisation of certain project expenses on Wafi-Golpu was halted from 1 July 2019 following delays in the permitting of the project (refer to note 22). All ongoing expenses since were for holding purposes and did not result in future economic benefit. These have been included in exploration expenditure in the income statement and amounted to R58 million (2021: R51 million) for the year.

Notes to the group financial statements continued

For the year ended 30 June 2022

15 Property, plant and equipment continued

Undeveloped properties

Accounting policy

Undeveloped properties are initially recognised at cost, which is generally based on the fair value of resources obtained through acquisitions. The carrying values of these properties are tested annually for impairment. Once development commences, these properties are transferred to mining assets and accounted for in accordance with the related accounting policy.

The movement in the undeveloped properties is as follows:

	SA Rand	
Figures in million	**2022**	2021
Cost		
Balance at beginning of year	**5 461**	5 499
Translation	**17**	(38)
Balance at end of year	**5 478**	5 461
Accumulated depreciation and impairments		
Balance at beginning of year	**1 473**	1 475
Translation	**1**	(2)
Balance at end of year	**1 474**	1 473
Net carrying value	**4 004**	3 988

Other non-mining assets

Accounting policy

Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses. Other non-mining fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- Vehicles at 20% per year
- Computer equipment at 33.3% per year
- Furniture and equipment at 16.67% per year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The movement in the non-mining assets is as follows:

	SA Rand	
Figures in million	**2022**	2021
Cost		
Balance at beginning of year	**821**	703
Fully depreciated assets no longer in use derecognised	**—**	(49)
Acquisitions	**—**	135
Additions	**74**	34
Translation	**—**	(2)
Balance at end of year	**895**	821

	SA Rand	
Figures in million	**2022**	2021
Accumulated depreciation and impairments		
Balance at beginning of year	**431**	429
Fully depreciated assets no longer in use derecognised	**—**	(49)
Depreciation	**47**	52
Impairment	**1**	—
Translation	**—**	(1)
Balance at end of year	**479**	431
Net carrying value	**416**	390

Notes to the group financial statements continued

For the year ended 30 June 2022

16 Intangible assets

Accounting policy

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The following are the main categories of intangible assets:

Goodwill

Goodwill is an intangible asset with an indefinite useful life which is not amortised but tested for impairment on an annual basis, or when there is an indication of impairment. The excess of consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill on acquisition of subsidiaries, joint operations and businesses is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates and tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more cash generating units to which goodwill has been allocated changes due to a re-organisation, the goodwill is re-allocated to the units affected.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Technology-based assets

Acquired computer software licences that require further internal development are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These technology-based assets are classified as intangible assets with a finite useful life. These assets are amortised on a straight-line basis over their estimated useful lives, which are reviewed annually, as follows:

- Computer software at 20% per year.

Critical accounting estimates and judgements – impairment of goodwill

Due to the wasting nature of mining assets and the finite life of a mine's reserves, the allocation of goodwill to a mine or cash generating unit will eventually result in an impairment charge for the goodwill. The group tests annually whether separately identifiable goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.5. These calculations use estimates as per note 15.

	SA Rand	
Figures in million	**2022**	2021
Goodwill	—	333
Technology-based assets	**48**	32
Total intangible assets	**48**	365

Goodwill

The movement in goodwill is as follows:

	SA Rand	
Figures in million	**2022**	2021
Cost		
Balance at beginning and end of year	**2 675**	2 675
Accumulated amortisation and impairments		
Balance at beginning of year	**2 342**	2 155
Impairment[1]	**333**	187
Balance at end of year	**2 675**	2 342
Net carrying value	**—**	333
The net carrying value of goodwill has been allocated to the following cash generating units:		
Bambanani	—	31
Moab Khotsong	—	302
Net carrying value	**—**	333

[1] *In 2022 the goodwill for the Bambanani and Moab Khotsong operations was impaired in full as the carrying value exceeded the recoverable amount of the related cash generating units. In 2021 the impairment related to Bambanani. Refer to note 6 for further details on the impairment assessment.*

Notes to the group financial statements continued

For the year ended 30 June 2022

Accounting policy – financial assets (applicable to notes 17, 18, 19 and 20)

Financial assets are initially recognised when the group becomes a party to their contractual arrangements. On initial recognition, a financial asset is classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI) or
- Fair value through profit or loss (FVTPL).

A financial asset is classified as measured at amortised cost if it is held within the business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group measures a financial asset initially at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed. The subsequent measurement of financial assets is discussed below.

Financial asset category	Description
Debt instruments at amortised cost	Financial assets at amortised cost consist of restricted cash, restricted investments, loans, trade receivables and cash and cash equivalents. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented in other operating expenses in the income statement.
Debt instruments at fair value through profit or loss	Equity-linked investments which are held to meet rehabilitation liabilities are classified as FVTPL. Debt instruments where the contractual cash flows fail to meet the solely payments of principal and interest (SPPI) criteria are also classified as FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within investment income in the period in which it arises. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in profit or loss.
Equity instruments designated at fair value through OCI	The group's equity investments are designated as FVTOCI. The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised when the group's right to receive payments is established either in profit or loss as other income or as a deduction against the asset if the dividend clearly represents a recovery of part of the cost of the investment. Residual values in OCI are reclassified to retained earnings on derecognition of the related FVTOCI instruments.

Impairment losses on financial assets at amortised cost are assessed using the forward-looking expected credit loss (ECL) approach. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (ie the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). At each reporting date, the group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is ''credit impaired'' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Trade receivable loss allowances are measured at an amount equal to lifetime ECLs. Loss allowances are deducted from the gross carrying amount of the assets.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

17 Restricted cash and investments

	SA Rand	
Figures in million	**2022**	2021
Restricted cash	**319**	216
Restricted investments	**5 263**	5 083
Total restricted cash and investments	**5 582**	5 299
Current portion of restricted cash and investments	**27**	67
Non-current portion of restricted cash and investments	**5 555**	5 232

Restricted cash

	SA Rand	
Figures in million	**2022**	2021
Non-current	**292**	149
Current	**27**	67
Total restricted cash	**319**	216

The restricted cash consist of funds set aside for:

	SA Rand	
Figures in million	**2022**	2021
Environmental guarantees and rehabilitation (a)	**152**	161
Guarantee - Tshiamiso Trust (b)	**116**	—
PNG operations (c)	**29**	33
Other	**22**	22
Total restricted cash	**319**	216

(a) The amount primarily relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources and Energy (DMRE) in South Africa for environmental and rehabilitation obligations. Refer to note 26. The funds are invested in short-term money market funds and call accounts, which require third-party approval for release.

(b) Refer to note 27 for details on the silicosis settlement and the arrangement with the trust.

(c) Relates to monies set aside for affected communities in the group's PNG operations.

Restricted investments

	SA Rand	
Figures in million	**2022**	2021
Investments held by environmental trust funds	**5 244**	5 064
Investments held by the Social Trust Fund	**19**	19
Total restricted investments (non-current)	**5 263**	5 083

Environmental trust funds

Accounting policy

Contributions are made to the group's environmental trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group's mines. The trusts are consolidated into the group as the group exercises control of the trusts. The measurement of the investments held by the trust funds is dependent on their classification under financial assets. Income received and gains are treated in accordance with these classifications. The equity-linked notes and investment in unit trusts are classified and measured at fair value through profit or loss, while the equity investments are classified and measured at fair value through other comprehensive income. Interest-bearing short-term investments as well as investment in government bonds are classified and measured as debt instruments at amortised cost.

17 Restricted cash and investments continued

Restricted investments continued

Environmental trust funds continued

The environmental trust funds are irrevocable trusts under the group's control. Contributions to the trusts are invested in various instruments which include the following: listed equity securities, unit trusts, government bonds, interest-bearing short-term and medium-term cash investments and medium-term equity-linked notes. The equity-linked notes are issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Top 40 index of the JSE. These investments provide for the estimated cost of rehabilitation at the end of the life of the group's mines. Income earned on the investments is retained in the funds and reinvested.

The environmental trust funds consist of:

	SA Rand	
Figures in million	**2022**	2021
Fixed deposits	**3 056**	3 091
Cash and cash equivalents	**528**	124
Equity-linked deposits	**1 094**	1 325
Government bonds	**225**	225
Equity investments	**292**	252
Collective investment scheme (unit trusts)	**49**	47
Total environmental trust funds	**5 244**	5 064

Reconciliation of the movement in the investments held by environmental trust funds:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**5 064**	3 513
Acquisition	**—**	1 268
Interest income	**185**	174
Fair value gain through profit and loss	**18**	116
Fair value gain through other comprehensive income	**15**	22
Dividend received	**14**	5
Equity-linked deposits acquired/(matured)	**(260)**	400
(Maturity)/acquisition of fixed deposits	**(21)**	(428)
Net transfer of cash and cash equivalents	**281**	28
Withdrawal of funds for rehabilitation work performed	**(52)**	(34)
Balance at end of year	**5 244**	5 064

The Social Trust Fund

The Social Trust Fund is an irrevocable trust under the group's control. The purpose of the trust is to fund the social plan to reduce the negative effects of restructuring on the group's workforce, to put measures in place to ensure that the technical and life skills of the group's workforce are developed and to develop the group's workforce in such a manner as to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

The Social Trust Fund investment comprises a unit trust portfolio that is exposed to the fair value changes in the equity market and is classified as a fair value through profit or loss investment.

18 Other non-current assets

	SA Rand	
Figures in million	**2022**	2021
Debt instruments	**163**	193
Loans to associates (a)	**116**	116
Loan to ARM BBEE Trust (b)	**148**	177
Other loans	**15**	16
Loss allowance (a)	**(116)**	(116)
Equity instruments	**75**	74
Rand Mutual Assurance (c)	**67**	65
Other investments	**8**	9
Inventories	**136**	65
Non-current portion of gold in lock-up (d)	**136**	65
Total other non-current assets	**374**	332

(a) A loan of R116 million (2021: R116 million) owed by Pamodzi Gold Limited (Pamodzi) which was placed into liquidation during 2009, was provided for in full. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

(b) During 2016, Harmony advanced R200 million to the ARM Broad-Based Economic Empowerment Trust (the ARM BBEE Trust), a shareholder of African Rainbow Minerals Limited (ARM). The trust is controlled and consolidated by ARM, who holds 12.12% of Harmony's shares at 30 June 2022. Harmony is a trustee of the ARM BBEE Trust. The loan was subordinated and unsecured. The interest on the loan was market-related (3 months JIBAR + 4.25%) and was receivable on the maturity of the loan on 31 December 2022. In the 2021 financial year, the loan to the ARM BBEE Trust was refinanced to allow a sufficient and sustainable repayment structure. Following the restructuring, Harmony advanced R264 million to the ARM BBEE Trust, which the Trust used for the repayment of the outstanding balance under the previous loan agreement. The loan under the revised loan agreement is interest-free and is receivable on the maturity of the loan on 30 June 2035. The loan is unsubordinated and unsecured.

Neither of the loans meet the requirements for amortised cost measurement as it fails the solely payments of principal and interest test and were therefore classified as fair value through profit and loss (refer to the fair value determination section in note 39 for detail). The group determined that the contractual terms include exposure to risk and volatility that is inconsistent with a basic lending arrangement. In making this assessment the group considered contingent events that would change the amount and timing of cash flows and potential limits on the group's claim to cash flows from specified assets (eg non-recourse asset arrangements).

The movement in the ARM BBEE Trust loan is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**177**	306
Fair value gain[1]	**36**	10
Repayment of interest	**—**	(52)
Repayment of loan	**(65)**	—
Settlement of original loan	**—**	(264)
Refinanced loan advanced	**—**	264
Day one expense[1, 2]	**—**	(87)
Balance at end of year	**148**	177

[1] *Included in net gain on financial instruments (refer to note 10).*
[2] *Relates to the refinancing of the loan.*

(c) On 5 August 2020, the group received a dividend of R8 million relating to the second and final tranche of the contingent consideration for the sale of shares in one of Rand Mutual Assurance's subsidiaries. The dividend was seen as a recovery of capital as it reduced Harmony's effective share in the investment. Refer to note 39 for the fair value valuation technique used to measure the investment. Refer to note 10 for details of additional dividends received.

(d) Refer to note 23 for further details on inventories.

19 Derivative financial instruments

The group has the following derivative financial instruments:

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold hedging contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Total
At 30 June 2022					
Derivative financial assets	**523**	**44**	**77**	**12**	**656**
Non-current	**113**	**18**	**6**	**—**	**137**
Current	**410**	**26**	**71**	**12**	**519**
Derivative financial liabilities	**—**	**(11)**	**—**	**—**	**(11)**
Non-current	**—**	**(3)**	**—**	**—**	**(3)**
Current	**—**	**(8)**	**—**	**—**	**(8)**
Net derivative financial instruments	**523**	**33**	**77**	**12**	**645**
Unrealised gains included in other reserves, net of tax	**441**	**39**	**—**	**—**	**480**
Movements for the year ended 30 June 2022					
Realised gains/(losses) included in revenue	**602**	**(105)**	**—**	**—**	**497**
Unrealised gains/(losses) on gold contracts recognised in other comprehensive income	**(292)**	**50**	**—**	**—**	**(242)**
Gains/(losses) on derivatives	**—**	**—**	**114**	**(16)**	**98**
Day one loss amortisation	**(39)**	**(6)**	**—**	**—**	**(45)**
Total gains/(losses) on derivatives	**(39)**	**(6)**	**114**	**(16)**	**53**
Hedge effectiveness					
Changes in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	**(292)**	**50**	**—**	**—**	**(242)**
Changes in the fair value of the hedged item used as the basis for recognising hedge ineffectiveness	**292**	**(50)**	**—**	**—**	**242**

19 Derivative financial instruments continued

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold hedging contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
At 30 June 2021						
Derivative financial assets	1 358	48	10	383	—	1 799
Non-current	279	40	9	—	—	328
Current	1 079	8	1	383	—	1 471
Derivative financial liabilities	(41)	(73)	(98)	—	—	(212)
Non-current	—	—	(6)	—	—	(6)
Current	(41)	(73)	(92)	—	—	(206)
Net derivative financial instruments	1 317	(25)	(88)	383	—	1 587
Unrealised gains/(losses) included in other reserves, net of tax	1 069	(18)	—	—	—	1 051
Movements for the year ended 30 June 2021						
Realised losses included in revenue	(2 023)	(273)	—	—	—	(2 296)
Unrealised gains/(losses) on gold contracts recognised in other comprehensive income	2 999	(7)	—	—	—	2 992
Gains/(losses) on derivatives	—	—	(256)	1 217	111	1 072
Day one loss amortisation	(42)	(8)	—	—	—	(50)
Total gains/(losses) on derivatives	(42)	(8)	(256)	1 217	111	1 022
Hedge effectiveness						
Changes in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	2 999	(7)	—	—	—	2 992
Changes in the fair value of the hedged item used as the basis for recognising hedge ineffectiveness	(2 999)	7	—	—	—	(2 992)

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold hedging contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
Movements for the year ended 30 June 2020						
Realised losses included in revenue	(1 263)	(134)	—	—	—	(1 397)
Unrealised losses on gold contracts recognised in other comprehensive income	(4 820)	(391)	—	—	—	(5 211)
Gains/(losses) on derivatives	—	—	6	(1 235)	(174)	(1 403)
Unrealised losses reclassified to profit or loss as a result of discontinuance of hedge accounting	(235)	—	—	—	—	(235)
Day one loss amortisation	(34)	(6)	—	—	—	(40)
Total gains/(losses) on derivatives	(269)	(6)	6	(1 235)	(174)	(1 678)

19 Derivative financial instruments continued

Hedge accounting

Harmony has entered into gold forward sale derivative contracts to hedge the risk of lower gold prices. Cash flow hedge accounting is applied to the majority of these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves – refer to note 25). Refer to note 39 for a summary of the risk management strategy applied and the balances relating to designated hedging instruments as at reporting date.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments. The group enters into gold forward contracts that have similar terms as the hedged item, such as notional amount, maturity date and reference gold spot price thereby ensuring that an economic relationship exists between the hedging instrument and the hedged item and resulting in a hedge ratio of 1:1. Potential sources of hedge ineffectiveness include counterparty and own credit risk, day one gains and losses, a mismatch in the timing of the derivative and underlying gold sale maturities, location differential and the refining margin. Hedge ineffectiveness is measured by comparing the change in the expected cash flows from a forward sale contract versus the sale of an equivalent quantity of gold in the open market. Ineffectiveness results when the changes in the fair values in the hedging instruments exceed the fair value changes in the hedged item. A negligible amount of hedge ineffectiveness was experienced in the years presented.

The gains and losses from derivative contracts to which hedge accounting is not applied is included in gains/(losses) on derivatives in profit or loss.

(a) Rand gold contracts

All Rand gold forward contracts entered into after 1 October 2020 were apportioned to the South African operations which included Mponeng and Mine Waste Solutions operation.

Discontinuance of hedge accounting

As a result of the original 21-day lockdown announced in South Africa, effective 27 March 2020, aimed to slow the spread of Covid-19, Harmony placed all deep-level underground mines in South Africa on care and maintenance. As a result, a significant volume of the underlying exposure that was originally intended to be hedged was delayed.

A total of 63 400 ounces of gold forwards were originally set to mature in the months of April and May 2020. After assessing forecasts of gold production at 1 April 2020, the hedged items, being the sales of gold, relating to 30 500 ounces of gold forwards were assessed to no longer be probable. The hedged items relating to the remaining balance of gold forwards were still considered to be highly probable.

Due to the fact that the occurrence of the forecast transactions/hedged items were no longer considered probable, there was no longer an effective hedging relationship and therefore hedge accounting for these hedges was discontinued. Unrealised losses relating to the hedges amounting to R48 million and R187 million of restructured contracts discussed below, previously recognised in other comprehensive income, were immediately reclassified to profit or loss as gains/losses on derivatives.

Restructuring of contracts

In response to the gold forwards' hedged items no longer being probable and in order to better match the cash flows relating to the underlying exposure, certain of the Rand gold forwards with maturities between 15 April 2020 and 31 May 2020 were effectively extended to mature between the periods July 2020 and March 2021.

The restructured gold forwards retained the pricing of the original forwards. They were not designated as hedging instruments as the difference in the costing structure would have required a different effectiveness assessment than currently used by management. Unrealised losses relating to the hedges amounting to R187 million, previously recognised in other comprehensive income, were immediately reclassified to profit or loss as gains/losses on derivatives. All subsequent gains and losses on the restructured hedges were recognised in profit or loss.

As at 30 June 2021, all the restructured gold forwards had matured.

(b) US$ commodity contracts

Harmony maintains a derivative programme for Hidden Valley by entering into commodity derivative contracts. The contracts comprise US$ gold forward sale contracts as well as silver zero cost collars which establish a minimum (floor) and maximum (cap) silver sales price. Hedge accounting is applied to all US$ gold forward sale contracts and these are shown separately from the silver zero cost collars that are not hedge accounted.

(c) Foreign exchange contracts

Harmony maintains a foreign exchange derivative programme in the form of zero cost collars, which sets a floor and cap Rand/US$ exchange rate at which to convert US dollars to Rands, and foreign exchange forward contracts. Hedge accounting is not applied to these contracts.

19 Derivative financial instruments continued

The following table shows the open position at the reporting date:

	2023				2024			TOTAL
	Q1	**Q2**	**Q3**	**Q4**	Q1	Q2	Q3	
Foreign exchange contracts								
Zero cost collars								
US$m	**42**	**18**	**—**	**—**	—	—	—	**60**
Average floor – R/US$	**15.90**	**16.18**	**—**	**—**	—	—	—	**15.98**
Average cap – R/US$	**17.90**	**18.18**	**—**	**—**	—	—	—	**17.98**
Forward contracts								
US$m	**6**	**—**	**—**	**—**	—	—	—	**6**
Average forward rate – R/US$	**16.84**	**—**	**—**	**—**	—	—	—	**16.84**
R/gold								
000 oz – cash flow hedge	**72**	**72**	**72**	**70**	44	32	16	**378**
Average R000/kg	**1033**	**999**	**1 019**	**1 039**	1 061	1 082	1107	**1035**
US$/gold								
000 oz – cash flow hedge	**9**	**9**	**9**	**9**	9	8	4	**57**
Average US$/oz	**1 911**	**1 867**	**1 826**	**1 836**	1 860	1 926	2 009	**1 880**
Total gold								
000 oz	**81**	**81**	**81**	**79**	53	40	20	**435**
US$/silver								
000 oz	**285**	**270**	**210**	**105**	30	30	20	**950**
Average floor - US$/oz	**24.39**	**25.97**	**25.62**	**25.49**	25.14	25.41	25.68	**25.31**
Average cap - US$/oz	**27.02**	**29.00**	**28.81**	**28.58**	28.14	28.41	28.68	**28.27**

Refer to note 39 for the details on the fair value measurements.

20 Trade and other receivables

	SA Rand	
Figures in million	**2022**	2021
Financial assets		
Trade receivables (metals)	**571**	738
Other trade receivables	**343**	292
Loss allowance	**(204)**	(179)
Trade receivables - net	**710**	851
Interest and other receivables	**213**	111
Employee receivables	**15**	17
Non-financial assets		
Prepayments	**160**	131
Value added tax and general sales tax	**545**	505
Income and mining taxes	**39**	37
Total trade and other receivables	**1 682**	1 652

The movement in the loss allowance for trade and other receivables during the year was as follows (refer to note 39 for details):

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**179**	135
Increase in loss allowance recognised during the year	**80**	64
Reversal of loss allowance during the year	**(55)**	(20)
Balance at end of year	**204**	179

The loss allowance for 2022 includes R67 million (2021: R80 million) relating to a mining company who is in financial difficulties. The remaining movement relates to various other individually immaterial debtors.

20 Trade and other receivables continued

The loss allowance for trade and other receivables stratified according to the ageing profile at the reporting date is as follows:

	SA Rand	
Figures in million	Gross	Loss allowance
30 June 2022		
Not past due[1]	**689**	**20**
Past due by 1 to 30 days	**26**	**11**
Past due by 31 to 60 days	**26**	**9**
Past due by 61 to 90 days	**8**	**5**
Past due by more than 90 days	**72**	**66**
Past due by more than 361 days	**93**	**93**
Total	**914**	**204**
30 June 2021		
Not past due[1]	828	26
Past due by 1 to 30 days	26	9
Past due by 31 to 60 days	13	5
Past due by 61 to 90 days	14	6
Past due by more than 90 days	68	62
Past due by more than 361 days	81	71
Total	1 030	179

[1] *The gross amount includes the full trade receivables (metals) balance, which has no attributable loss allowance.*

During 2021 and 2022 there was no renegotiation of the terms of any of the receivables. As at 30 June 2022 and 30 June 2021, there was no collateral pledged or held for any of the receivables.

21 Investments in associates

Critical accounting estimates and judgements

The investments in associates are evaluated for impairment by comparing the entire carrying value of the investment (including loans to associates and preference shares) to the recoverable amount, which is the higher of value in use or fair value less costs to sell. Discounted cash flow models are used to calculate the net present value of the investments. The cash flows in the models include expected interest and capital payments on loans, dividends, redemption amounts and proceeds on disposal.

(a) Harmony acquired a 32.40% interest in Pamodzi on 27 February 2008, initially valued at R345 million. Pamodzi was listed on the JSE and had interests in operating gold mines in South Africa. Pamodzi was placed in liquidation in March 2009. As at 30 June 2022, to the best of our knowledge, the liquidation process has not been concluded. Refer to note 18(a) for details of the loan and provision of impairment of the loan.

(b) Rand Refinery provides precious metal smelting and refining services in South Africa. Harmony holds a 10.38% share in Rand Refinery. This investment is a strategic investment for the group as Rand Refinery is the only company that provides such services in South Africa. Although the group holds less than 20% of the equity shares of Rand Refinery, the group is able to exercise significant influence by virtue of having a right to appoint a director on the board. Through the 10.38% shareholding and the right to appoint a director on the board, the investment has been accounted for as an associate.

In December 2014, Rand Refinery drew down on a shareholder's loan of which Harmony's portion thereof was R120 million. Following an amended loan agreement signed in June 2017, the loan was converted into cumulative redeemable preference shares of no par value. The preference shares have been fully redeemed in the 2021 financial year.

Rand Refinery has a 31 August financial year-end.
The movement in the investments in associates during the year is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**126**	146
Redemption of preference shares	**—**	(36)
Dividend received	**(64)**	(67)
Share of profit in associate	**63**	83
Balance at end of year	**125**	126

22 Investment in joint operations

The group has a 50% interest in certain mining and exploration assets located in the Morobe province, PNG. Newcrest Mining Limited owns the remaining 50% interest in these assets. The asset in the joint arrangement is the Wafi-Golpu project. The joint arrangement is accounted for as a joint operation.

State participation

Under the conditions of the Wafi-Golpu exploration tenements, the PNG government (the State) has reserved the right prior to the commencement of mining to take up an equity interest of up to 30% of any mineral discovery within the Wafi-Golpu tenements. The right is exercisable by the State once at any time prior to the commencement of mining. If the State exercises this right, the exercise price is a pro-rata share of the accumulated exploration expenditure. Once the right is exercised, the State is responsible for its proportionate share of ongoing exploration and project development costs. The State has indicated its intention to exercise its option in full, however, as at 30 June 2022, this option has not been exercised.

Permitting

Special Mining Lease

In August 2016, application was made to the Mineral Resources Authority for a Special Mining Lease (SML) under the PNG Mining Act 1992. The application was subsequently updated and amended in March 2018.

Notwithstanding that the Prime Minister has publicly stated the Wafi-Golpu project is of national importance and therefore the State's objective is to permit the project as soon as possible, there have been considerable delays in the permitting process. These include a judicial review instituted in 2019 by the Governor and Government of Morobe Province. This related to a memorandum of agreement entered into between the State of PNG and the project proponents in connection with the progress towards and terms of a Mining Development Contract (MDC) to be entered into under the PNG Mining Act, which review stayed the conduct of negotiations. The memorandum of agreement was subsequently withdrawn, however, meaningful negotiations with the PNG State Negotiating Team only recommenced in the second half of this financial year.

During the last quarter of the year, senior Harmony executives met with the Prime Minister, Hon James Marape MP. Harmony confirmed its continued commitment to invest and grow in PNG. At the request of the Prime Minister, a follow-up meeting took place during May 2022 between the project proponents, the Prime Minister, various members of the National Negotiating Team, the Minerals Policy Institute and the Mineral Resources Authority, and other senior bureaucrats.

Following the PNG national general election that ended in August 2022, Hon James Marape MP was reappointed for a further term of office and, in meetings with the project proponents, has indicated that it is the government's intention to permit the project by July 2023. It is envisaged that meaningful SML permitting negotiations will resume during the second quarter of the 2023 financial year.

Environment Permit

In July 2018, application was made to the Conservation and Environment Protection Authority for an Environment Permit under the PNG Environment Act 2000, by the submission under the Act of an Environmental Impact Statement. The Environment Permit was granted in December 2020.

During March 2021, the Governor and Government of the Morobe Province instituted a judicial review in the Lae National Court against the grant by the Minister for the Environment of the Environment Permit, pending the resolution of which review the grant of an SML was stayed. Following an appeal to the Supreme Court, the National Court stay order was itself stayed, and the Supreme Court will now set directions for a substantive hearing of the appeal. The project proponents are not parties to this proceeding.

Pursuant to the PNG national general election, a new Governor of the Morobe Province has been appointed, and he has publicly declared his intention to withdraw the legal proceedings instituted by his predecessor.

Carrying amount and impairment considerations

The carrying amount of the project amounts to R2.7 billion (2021: R2.4 billion). The change year on year relates to foreign exchange translation. Due to the group-wide trigger for impairment (refer to note 6), the recoverable amount of the Wafi-Golpu project was determined and an impairment assessment was performed in terms of IFRS 6. No impairment (2021: Rnil) has been recognised at 30 June 2022

The recoverable amount for the project was determined on a resource multiple valuation approach using the same values as those for South African underground resources. Refer to note 15 for the assumptions used in the valuation. This is a level 3 fair value measurement.

23 Inventories

Accounting policy

Inventories, which include bullion on hand, gold-in-process, gold in lock-up, ore stockpiles and consumables, are measured at the lower of cost and net realisable value. Net realisable value is assessed at each reporting date and is determined with reference to relevant market prices.

The cost of bullion, gold-in-process and gold in lock-up is determined by reference to production cost, including amortisation and depreciation at the relevant stage of production. Ore stockpiles are valued at average production cost. Stockpiles and gold in lock-up are classified as non-current assets where the stockpile's volume exceeds current processing capacity and where a portion of static gold in lock-up is expected to be recovered more than 12 months after balance sheet date.

Gold-in-process inventories represent materials that are currently in the process of being converted to a saleable product. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine or stockpile plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Gold-in-process includes gold in lock-up, which is generally measured from the plants onwards. Gold in lock-up is expected to be extracted when plants are demolished at the end of their useful lives, which is largely dependent on the estimated useful life of the operations feeding the plants.

At the group's open pit operations, gold-in-process represents production in broken ore form.

Consumables are valued at weighted average cost value after appropriate allowances for slow-moving and redundant items.

Critical accounting estimates and judgements

Judgement is applied in estimating the provision for stock obsolescence. The provision is recognised on items not considered critical as a percentage of the value of the inventory, depending on the period elapsed since the inventory was purchased or issued. Inventory held for longer than five years is written down to zero unless there is sufficient evidence of a recoverable amount.

	SA Rand	
Figures in million	**2022**	2021
Gold in lock-up (a)	**136**	65
Gold-in-process, ore stockpiles and bullion on hand	**1 054**	1 039
Consumables at weighted average cost (net of provision) (b)	**1 764**	1 503
Total inventories	**2 954**	2 607
Non-current portion of gold in lock-up and gold-in-process included in Other non-current assets	**(136)**	(65)
Total current portion of inventories	**2 818**	2 542
Included in the balance above is:		
Inventory valued at net realisable value	**136**	65

(a) The reduction of the life-of-mine of the Tshepong Operations (refer to note 6) and the increased gold price assumptions used (refer to note 15) impacted the discounting of the net realisable value. This led to an increased valuation at 30 June 2022.

(b) The increase year on year is mainly due to the impact of supply chain constraints on prices (refer to note 4). Increases above inflation have been seen in a number of key components of the operations such as steel, diesel, chemicals and reagentsl.

During the year, an increase of R115 million (2021: R39 million decrease) to the provision for slow-moving and redundant stock was made. The total provision at 30 June 2022 was R407 million (2021: R292 million).

24 Share capital

Accounting policy

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

The cost of treasury shares is eliminated against the share capital balance.

Authorised

1 200 000 000 (2021: 1 200 000 000) ordinary shares with no par value.
4 400 000 (2021: 4 400 000) convertible preference shares with no par value.

Issued

616 525 702 (2021: 616 052 197) ordinary shares with no par value. All issued shares are fully paid.
4 400 000 (2021: 4 400 000) convertible preference shares with no par value.

Share issues

Share issues relating to employee share options

An additional 473 505 (2021: 12 909 491) shares were issued to settle the exercise of share options by employees relating to Harmony's management share option schemes. Note 36 sets out the details in respect of the share option schemes.

Treasury shares

Included in the total of issued shares are the following treasury shares:

Number of shares	2022	2021
Ordinary shares		
Lydenburg Exploration Limited[1]	**335**	335
Kalgold Share Trust[2]	**47 046**	47 046
Harmony ESOP Trust[2 4]	**—**	5 894 081
Convertible preference shares		
Harmony Gold Community Trust[3]	**4 400 000**	4 400 000

[1] *A wholly-owned subsidiary.*
[2] *Trust controlled by the group.*
[3] *The issue of the convertible preference shares did not impact the group's consolidated financial statements as the Harmony Gold Community Trust is controlled by the group.*
[4] *On 15 January 2022, the lock-in period expired for the Harmony ESOP Trust (Sisonke Scheme). Settlements and share distributions were made and the shares are no longer classified as treasury shares.*

25 Other reserves

	SA Rand	
Figures in million	2022	2021
Foreign exchange translation reserve (a)	**3 097**	2 355
Hedge reserve (b)	**480**	1 051
Share-based payments (c)	**3 249**	3 106
Post-retirement benefit actuarial gain/(loss) (d)	**(5)**	(18)
Acquisition of non-controlling interest in subsidiary (e)	**(381)**	(381)
Equity component of convertible bond (f)	**277**	277
Repurchase of equity interest (g)	**(98)**	(98)
Equity instruments designated at fair value through other comprehensive income (h)	**153**	135
Other	**(28)**	(28)
Total other reserves	**6 744**	6 399

(a) The balance of the foreign exchange translation reserve movement represents the cumulative translation effect of the group's off-shore operations.

25 Other reserves continued

(b) Harmony has entered into gold hedging contracts. Cash flow hedge accounting is applied to these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves). Refer to note 19 for further information.

The reconciliation of the hedge reserve is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**1 051**	(3 395)
Remeasurement of gold hedging contracts	**(571)**	4 467
Unrealised gain/(loss) on gold hedging contracts	**(242)**	2 992
Released to revenue on maturity of the gold hedging contracts	**(497)**	2 296
Foreign exchange translation	**(2)**	(39)
Deferred taxation thereon	**170**	(782)
Attributable to non-controlling interest	**—**	(21)
Balance at end of year	**480**	1 051
Attributable to:		
Rand gold hedging contracts	**441**	1 069
US dollar gold hedging contracts	**39**	(18)

(c) The reconciliation of the movement in the share-based payments is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**3 106**	2 950
Share-based payments expensed (i)	**143**	156
Balance at end of year	**3 249**	3 106

(i) The group issues equity-settled instruments to certain qualifying employees under an employee share option scheme and employee share ownership plan (ESOP) to award shares from the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the grant date and are expensed over the vesting period, based on the group's estimate of the shares that are expected to vest. Refer to note 36 for more details.

(d) The actuarial gains or losses related to the post-retirement benefit obligation will not be reclassified to the income statement Refer to note 27.

(e) On 15 March 2004, Harmony announced that it had made an off-market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle Limited, held by non-controlling interests. The excess of the purchase price of R579 million over the carrying amount of non-controlling interest acquired, amounting to R381 million, has been accounted for under other reserves.

(f) On 24 May 2004, the group issued a convertible bond. The amount representing the value of the equity conversion component is included in other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. The convertible bonds were repaid in 2009.

(g) On 19 March 2010, Harmony Gold Mining Company Limited concluded an agreement with African Vanguard Resources (Proprietary) Limited (AVRD), for the purchase of its 26% share of the mining titles of the Doornkop South Reef. The original sale of the 26% share in the mining titles was accounted for as an in-substance call option by AVRD over the 26% mineral right. The agreement to purchase AVRD's 26% interest during the 2010 financial year was therefore considered to be a repurchase of the option (equity interest). The 26% interest was transferred from AVRD to Harmony in exchange for Harmony repaying the AVRD Nedbank loan and the issue of 2 162 359 Harmony shares. The difference between the value of the shares issued of R152 million, the liability to the AVRD and transaction costs, have been taken directly to equity.

(h) Includes R112 million (2021: R110 million) related to the cumulative fair value movement of Harmony's interest in Rand Mutual Assurance. Refer to note 18.

Accounting policy – provisions (applicable to notes 26, 27, and 30)

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the net present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date. It is calculated using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The estimate takes into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

26 Provision for environmental rehabilitation

Accounting policy

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

Based on disturbances to date, the net present value of expected rehabilitation cost estimates is recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created is capitalised to mining assets against an increase in the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, impairment is assessed in accordance with the accounting policy dealing with impairments of non-financial assets (refer to note 2.5). Rehabilitation projects undertaken included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control pollution is charged against income as incurred. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset.

Critical accounting estimates and judgements

Significant judgement is applied in estimating the ultimate rehabilitation cost that will be required in future to rehabilitate the group's mines, related surface infrastructure and tailings dams. Ultimate cost may significantly differ from current estimates. The following rates were used in the calculation of the provision:

%	**2022**	2021	2020
South African operations			
Inflation rate			
– short term (Year 1)	**6.55**	5.11	4.50
– short term (Year 2)	**5.20**	4.99	4.50
– long term (Year 3 onwards)	**5.50**	5.25	5.00
Discount rates			
– 12 months	**5.50**	4.90	3.90
– one to five years	**8.30**	7.30	5.55
– six to nine years	**9.90**	9.00	8.20
– ten years or more	**10.90**	10.30	10.95
PNG operations			
Inflation rate	**5.33**	4.45	6.28
Discount rate	**8.45**	6.20	5.50

The group's mining and exploration activities are subject to extensive environmental laws and regulations. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

26 Provision for environmental rehabilitation continued

The following is a reconciliation of the total provision for environmental rehabilitation:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**4 662**	3 408
Change in estimate – Balance sheet[1]	**(248)**	(774)
Change in estimate – Income statement[1]	**136**	135
Utilisation of provision	**(65)**	(15)
Time value of money and inflation component of rehabilitation costs	**377**	296
Acquisitions[2]	**—**	1 856
Translation	**151**	(244)
Balance at end of year	**5 013**	4 662

[1] *Changes to life-of-mine plans for certain operations in 2021 and 2022 impacted the discounting of the cash flows. Also contributing to the movement in 2021 are the changes applied to the assumptions for Mponeng and the VR and WW closure businesses following the acquisition.*

[2] *This relates to the acquisition of Mponeng operations and related assets.*

The environmental provision for PNG amounts to R1 185 million (2021: R1 084 million) and is unfunded due to regulations in the operating country.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the total undiscounted cost for the operations, in current monetary terms, is as follows:

	SA Rand	
Figures in million	**2022**	2021
Future net undiscounted obligation		
Ultimate estimated rehabilitation cost	**7 126**	6 959
Amounts invested in environmental trust funds (refer to note 17)	**(5 244)**	(5 064)
Total future net undiscounted obligation	**1 882**	1 895

The group's South African mines are required to comply with the National Environmental Act's (NEMA) financial provision requirements. They are also required to substantively review and align their financial provision in accordance with these regulations during the relevant transitional period, which has now been extended to 19 September 2023. The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds as well as the proceeds on the sale of assets and gold from plant clean-up at the time of mine closure. The group has guarantees in place, some cash-backed, relating to some of the environmental liabilities. Refer to notes 17 and 38.

27 Other provisions

	SA Rand	
Figures in million	**2022**	2021
Provision for silicosis settlement (a)	**820**	854
Retirement benefit obligation (b)	**251**	247
Total other provisions	**1 071**	1 101
Current portion of other provisions	**139**	175
Non-current portion of other provisions	**932**	926

(a) Provision for silicosis settlement

Critical accounting estimates and judgements

Significant judgement is applied in estimating the cost that will be required in future to settle any claims against certain of the group's mines. The ultimate cost may differ from current estimates.

The provision amount was based on estimates of the number of potential claimants, levels of disease progression and take-up rates. These estimates were informed by historic information, published academic research and professional opinion. The key assumptions that were made in the determination of the provision amount include:

- Silicosis prevalence rates
- Estimated settlement per claimant
- Benefit take-up rates
- Disease progression rates
- Timing of cash flows.

A discount rate of 6.5% (2021: 6.2%) (2020: 7.6%) was used, based on South African government bonds with similar terms to the obligation.

There is uncertainty with regard to the rate at which potential claims would be reported as well as the benefit take-up rates. Refer to sensitivity analysis on the key assumptions below.

Harmony and certain of its subsidiaries (Harmony group), together with other mining companies, were named in a class action suit for silicosis and tuberculosis which was certified by the Johannesburg High Court in May 2016. On 26 July 2019, the Johannesburg High Court approved the settlement of the silicosis and tuberculosis class action suit between the Occupational Lung Disease Gold Working Group (the Working Group) – representing Gold Fields, African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Harmony and Sibanye Stillwater – and lawyers representing affected mineworkers (settlement agreement). The mandatory three-month period, during which potential beneficiaries could opt out of the settlement agreement and the audit thereof was completed in December 2019. The Tshiamiso Trust will oversee the tracking and tracing of class members, process all submitted claims, including the undertaking of benefit medical examinations, and pay benefits to eligible claimants. A jointly controlled Special Purpose Vehicle has been set up to act as an agent for the Working Group in relation to certain matters set out in the settlement agreement and trust deed.

During the 2021 financial year, the Working Group paid the legal costs of the claimants' attorneys and other initial amounts as set out in the settlement agreement. On 31 January 2020, the Working Group commenced the payment of their quarterly administration and benefit contributions to the Tshiamiso Trust to enable the trustees to settle benefits of eligible claimants. Those payments are revisited as necessary annually, based on activities and claims.

Harmony has provided for the estimated cost of the settlement based on actuarial assessments. A portion of the provision has been transferred to current liabilities. The nominal amount for Harmony group is R993 million.

The following is a reconciliation of the total provision for the silicosis settlement:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**854**	892
Change in estimate	**23**	80
Time value of money and inflation component	**52**	52
Payments[1, 2]	**(109)**	(170)
Balance at end of year	**820**	854
Current portion of silicosis settlement provision	**139**	175
Non-current portion of silicosis settlement provision	**681**	679

[1] These payments comprise mainly the administration and benefit contributions to the Tshiamiso Trust.
[2] The amount for 2021 includes the legal costs for the claimants' attorneys.

27 Other provisions continued

(a) Provision for silicosis settlement continued

Sensitivity analysis

Management has considered the information available regarding key assumptions, as well as the uncertainties and term of the projections, and determined variances for a reasonable (possible) range to apply to the key assumptions. Information considered included medical data and evidence from the silicosis claim process, which has not changed significantly since the liability was recognised. Management also considered the guidance provided by the actuarial specialists as to what could be a reasonably possible change for each item. The impact of these reasonable possible changes on the assumptions would increase or decrease the provision amount by the following amounts:

	SA Rand	
Figures in million	**2022**	2021
Effect of an increase in the assumption:		
Change in benefit take-up rate[1]	**91**	85
Change in silicosis prevalence[2]	**91**	85
Change in disease progression rates[3]	**49**	42
Effect of a decrease in the assumption:		
Change in benefit take-up rate[1]	**(91)**	(85)
Change in silicosis prevalence[2]	**(91)**	(85)
Change in disease progression rates[3]	**(49)**	(42)

[1] *Change in benefit take-up rate: the take-up rate does not significantly affect the administration fees, but a 10% change results in a proportionate change in the base compensation values.*
[2] *Change in the silicosis prevalence: the assumptions that will result in a change in the estimated number of cases are either a 10% change in the assumed labour numbers or a 10% change in the disease risk.*
[3] *Change in disease progression rates: a 10% shorter/longer disease progression period was used, which results in more advanced silicosis cases. This assumption is not applicable to the dependant or TB classes.*

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. A change in the settlement claim amount would result in a change in the provision amount on a Rand for Rand basis.

The ultimate outcome of this matter remains uncertain, with the number of eligible potential claimants successfully submitting claims and receiving compensation being uncertain. The provision recorded in the financial statements is consequently subject to adjustment or reversal in the future.

(b) Retirement benefit obligation

Accounting policy

The group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The healthcare obligation is measured at the present value of the estimated future cash outflows using government bond interest rates consistent with the terms and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognised in other comprehensive income (OCI) at revaluation date. Actuarial gains and losses recognised in OCI will not be recycled to profit or loss. The future liability for current and retired employees and their dependants is accrued in full based on actuarial valuations obtained annually.

Critical accounting estimates and judgements

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability include a discount rate of 12.3%, no increases in employer subsidies (in terms of the agreement), mortality rates according to the SA 1956/62 mortality table (SA "a mf" tables) (retirement age of 60) and a medical inflation rate of 9.0% (2021: discount rate of 11.2%, retirement age of 60 and 8.5% inflation rate) (2020: discount rate of 11.2%, retirement age of 60 and 8.5% inflation rate). Management determined the discount rate by assessing South African government bonds with similar terms to the liability. The changes to the discount rate and medical inflation rate are similar to changes in interest and inflation rates in South Africa.

27 Other provisions continued

(b) Retirement benefit obligation continued

Pension and provident funds

The group contributes to several pension and provident funds governed by the Pension Funds Act, 1956 for the employees of its South African subsidiaries. The pension funds are multi-employer defined contribution industry plans. The group's liability is therefore limited to its monthly determined contributions. The provident funds are funded on a "monetary accumulative basis" with the member's and employer's contributions having been fixed in the constitution of the funds. The Australian group companies make contributions to each employee's superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The SGS was set at a minimum of 10.0% of gross salary and wages for the 2022 year (2021: 9.5%). The fund is a defined contribution plan. The PNG Superannuation Act 2002 requires a compulsory employer contribution of 8.4% (2021: 8.4%) into an approved superannuation (pension) fund if an employee is appointed for a period of three months or more. The approved superannuation funds are defined contribution plans.

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2022 financial year amounted to R1 125 million (2021: R929 million).

Post-retirement benefits other than pensions

Harmony inherited post-retirement medical benefit obligations with the Freegold acquisition in 2002, the Moab Khotsong acquisition in 2018 and the Mponeng acquisition in 2021. Except for the above mentioned employees, Harmony has no other post-retirement benefit obligation for the other group employees.

The group's obligation is to pay a subsidy of 2% for every completed year of employment up to a maximum of 50% of total medical aid contributions, commencing on date of retirement. Should the employee die, either in service or after retirement, this benefit will transfer to his/her dependants. The medical aid tariffs are based on the Bestmed medical scheme (Bestmed) options.

The principal actuarial assumptions used to determine the present value of unfunded obligations are discussed above. In addition, the following was also considered:

- It is assumed that all Continuation and Widow Members (CAWMs) will remain on the current benefit option and income band. For employed members, post-employment contributions were assumed to be equal to the average payable for the current CAWMs membership
- It is assumed that not all employed members will remain employed until retirement therefore estimated resignation and ill-health retirement rates are also taken into account
- It is assumed that 90% of employed members will be married at retirement or earlier death and that wives are four years younger than their husbands.

Through the post-employment medical plan, the group is exposed to a number of risks, the most significant of which are discussed below:

- Change in bond yields: A decrease in the bond yields will increase the plan liability
- Inflation risk: The obligation is linked to inflation and higher inflation will lead to a higher liability
- Life expectancy: The obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

The liability is unfunded and will be settled out of cash and cash equivalents when it becomes due. The liability is based on an actuarial valuation conducted during the year ended 30 June 2022, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2023.

	SA Rand	
Figures in million	**2022**	2021
Present value of all unfunded obligations	**251**	247
Current employees	**99**	99
Retired employees	**152**	148
The movement in the retirement benefit obligation is as follows:		
Balance at beginning of year	**247**	193
Acquisition of Mponeng operations and related assets	**—**	27
Contributions paid	**(13)**	(12)
Other expenses included in staff costs/current service cost	**4**	1
Finance costs	**27**	22
Net actuarial (gain)/loss recognised in other comprehensive income during the year	**(14)**	16
Balance at end of year (non-current)	**251**	247

27 Other provisions continued

(b) Retirement benefit obligation continued

Post-retirement benefits other than pensions continued

The net actuarial gain for 2022 is due to the results of the higher real rate of discount assumed and used (2021: The net actuarial loss mainly resulted from the shortfall related to the take-on of the Mponeng operation medical benefit obligation).

	SA Rand	
Figures in million	**2022**	2021
The net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	**251**	247
Fair value of plan assets	**—**	—
Net liability of defined benefit plan	**251**	247

Management considered whether a reasonably possible change in any of the key assumptions would have a material impact on the obligation, service cost or finance costs. It was determined that changes would result in an immaterial increase or decrease.

The group expects to contribute approximately R14 million to the benefit plan in 2023. The weighted average duration of the defined benefit obligation is 11 years.

28 Leases

Accounting policy

The group assesses the presence of a lease in a contract as at the commencement date of the agreement. Having determined that a contract contains a lease asset (and respective contractual cash obligations), Harmony recognises a right-of-use asset and lease liability. The group discloses expensed amounts for contracts assessed as variable leases, low value asset leases and short-term leases. The disclosed value of these expensed leases is either determined on a straight-line basis over the duration of the lease or on a systematic basis that fairly indicates the consumption of the lease contract. All expensed lease contracts are recognised in production costs, corporate, administration and other expenditure in the income statement.

The group applies the following practical expedients when assessing lease contracts:
- The low value lease exemption – the group has elected to take the low value exemption with a value of R50 000 for the individual leased asset value and also applied its accounting policy on capitalisation of assets based on IAS 1 materiality assessment
- The short-term lease exemption – leases with a duration of less than a year will be expensed in the income statement on a straight-line basis
- Non-lease components – the group has applied the practical expedient not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component for the classes of the underlying asset where it is appropriate to do so.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. The group has applied the IFRS 16 portfolio approach in determining the discount rate for leases. As such, a single discount rate has been used for contracts that share similar characteristics. The group has determined that a portfolio of contracts that are denominated in the same currency may use a single discount rate. This rate has been determined using various factors including in-country borrowings as well as other sources of finance. The nature of the right-of-use assets was also considered.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The non-current and current portions of the lease liability is included in other non-current liabilities and trade and other payables in the balance sheet respectively.

28 Leases continued

Accounting policy continued

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, any initial direct costs and restoration costs as described below. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease term shall be determined as the non-cancellable period of a lease, together with:

- Periods covered by an option to extend the lease if management is reasonably certain to make use of that option and/or
- Periods covered by an option to terminate the lease, if management is reasonably certain not to make use of that option.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 ***Provisions, Contingent Liabilities and Contingent Assets***. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented in the property, plant and equipment line in the balance sheet. The group applies its existing accounting policy on impairment of non-financial assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss accordingly.

Critical accounting estimates and judgements

Key judgements applied in determining the right-of-use assets and lease liability were:

- Assessing whether an arrangement contains a lease: various factors are considered, including whether a service contract includes the implicit right to the majority of the economic benefit from assets used in providing the service
- Determining the lease term: management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The company applies the considerations for short-term leases where leases are modified to extend the period by 12 months or less on expiry and these modifications are assessed on a standalone basis
- Determining the discount rate: in determining the incremental borrowing rates, management considers the term of the lease, the nature of the asset being leased, in country borrowings as well as other sources of finance.

The movement in the right-of-use assets is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**262**	151
Acquisition of Mponeng operations and related assets[1]	**—**	11
Additions	**353**	174
Modifications	**(2)**	35
Depreciation	**(166)**	(80)
Terminations	**—**	(1)
Translation	**33**	(28)
Balance at end of year	**480**	262

[1] Refer to note 14 for further information on the acquisition.

28 Leases continued

The non-current and current portions of the lease liability is included in other non-current liabilities and trade and other payables in the balance sheet respectively.

The movement in the lease liabilities is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**261**	141
Acquisition of Mponeng operations and related assets[1]	**—**	40
Additions	**315**	135
Modifications	**(2)**	35
Interest expense on lease liabilities	**19**	13
Lease payments made	**(177)**	(80)
Terminations	**—**	(1)
Translation	**26**	(22)
Balance at end of year	**442**	261
Current portion of lease liabilities	**197**	107
Non-current portion of lease liabilities	**245**	154

[1] *Refer to note 14 for further information on the acquisition.*

The maturity of the group's undiscounted lease payments is as follows:

	SA Rand	
Figures in million	**2022**	2021
Less than and including one year	**206**	112
Between one and five years	**205**	225
Five years and more	**133**	—
Total	**544**	337

The amounts included in the income statement relating to leases:

	SA Rand	
Figures in million	**2022**	2021
Depreciation of right-of-use assets[1]	**166**	80
Interest expense on lease liabilities[2]	**19**	13
Short-term leases expensed[3]	**134**	187
Leases of low value assets expensed[3]	**21**	15
Variable lease payments expensed[3, 4]	**1 050**	883

[1] *Included in depreciation and amortisation.*
[2] *Included in finance costs.*
[3] *Included in production costs and corporate, administration and other expenditure.*
[4] *These payments relate mostly to mining and drilling contracts. Variable lease payments comprise 76% of the total lease payments made during the period. The majority of the variable lease payments made relate to the contracting of specialists for mining operations at Harmony's open-pit mines and are determined on a per tonne or square metre basis.*

The total cash outflows for leases are:

	SA Rand	
Figures in million	**2022**	2021
Lease payments made for lease liabilities	**177**	80
Short-term lease payments	**134**	187
Lease payments of low value assets leased	**21**	15
Variable lease payments	**1 050**	883
Total cash outflows for leases	**1 382**	1 165

During 2022, Harmony reached financial close on power purchase agreements for the procurement of electricity from 30 MW photovoltaic generation facilities. These agreements constitute variable lease contracts that Harmony is committed to but which have not yet commenced as at 30 June 2022. The variable lease payments from these contracts are to be determined with reference to the quantity of megawatt hours (MWh) generated by the facilities.

29 Contingent consideration

Accounting policy
The contingent consideration liability was initially recognised at fair value on 1 October 2020 in accordance with IFRS 3. The liability was included as part of the consideration transferred for the acquisition of the Mponeng operations and related assets (refer to note 14). Changes in the fair value of the liability subsequent to initial recognition are included in other operating expenses.

Critical accounting estimates and judgements
The contingent consideration liability was initially valued using the discounted cash flow valuation method, discounted at a post-tax real rate of 10.6%.Other assumptions are the forecast Rand/US dollar exchange rate and life-of-mine plans. Refer to note 14 for details. Subsequent to initial recognition, the assumptions applied for the valuation of the liability were updated. As at 30 June 2022, the contingent consideration was valued using a post-tax real discount rate of 10.2% (2021: 10.3%). Refer to note 15 for exchange rate assumptions and other estimates used in the life-of-mine plans. The fair value calculated for the contingent consideration is level 3 in the fair value hierarchy due to the use of unobservable inputs. As at 1 October 2020, and the financial years ended 30 June 2021 and 30 June 2022, the contingent consideration attributable to the below infrastructure ounces of gold was valued at Rnil, as no ounces from below infrastructure sections of the orebody have been included in the life-of-mine plan of Mponeng.

The movement in the contingent consideration liability is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**417**	—
Initial recognition as at 1 October 2020	**—**	544
Remeasurement of contingent consideration[1]	**(61)**	(127)
Balance at end of year	**356**	417

[1] *The remeasurement of the liability relates primarily to a change in the production profile, which is based on Harmony's life-of-mine plan for the Mponeng operation.*

30 Other non-current liabilities

	SA Rand	
Figures in million	**2022**	2021
Sibanye Beatrix ground swap royalty[1]	**18**	19
Lease liability – non-current[2]	**245**	154
Provision for Harmony Education Benefit Fund	**5**	5
Total non-current liabilities	**268**	178

[1] *The decrease is mainly due to the estimated gold allocation decreasing from 2 068kg to 1 820kg based on approved life-of-mine plans.*
[2] *Refer to note 28 for an analysis of the lease liability.*

31 Streaming arrangements

Accounting policy
The streaming contract was assessed and has been accounted for as an own-use customer contract. At acquisition, the streaming contract was initially recognised at a fair value (refer to note 14) of R1.4 billion in accordance with IFRS 3. The fair value of the contract took into consideration the existing unfavourable gold price terms at acquisition, in relation to the comparative market gold price.

The obligation to deliver the contractually stipulated ounces over the remaining term of the agreement results in a significant financing component. The interest accrues on the contract liability over the remaining contractual term. As the performance obligation to deliver gold is met, the contract liability unwinds into revenue classified as "consideration from streaming contract" in note 5.

The current portion of the liability is determined with reference to the current production profile of the operation for the next 12 months.

Critical accounting estimates and judgements
Refer to note 14 for the critical estimates and judgements relating to the initial recognition of the streaming contract liability. Changes in the production plan will affect the subsequent measurement prospectively. This is the only input that is considered for subsequent measurement. Harmony's cost of debt of 7.7% was used to impute the finance cost for the significant financing component recognised on the streaming contract liability.

31 Streaming arrangements continued

Streaming arrangement with Franco-Nevada Barbados

Harmony's subsidiary, Chemwes, which owns the Mine Waste Solutions operation (MWS), has a contract with Franco-Nevada Barbados (Franco-Nevada). Franco-Nevada is entitled to receive 25% of all the gold produced through MWS. As part of the acquisition of MWS (refer to note 14), Harmony assumed the obligations enforced by the Franco-Nevada contract.

The contract is a streaming agreement that commenced on 17 December 2008 for which Franco-Nevada paid US$125 million upfront for the right to purchase 25% of the gold production through MWS for a fixed amount of consideration until the balance of gold cap is delivered. As at 1 October 2020, the US$125 million upfront payment has been settled. The gold cap is a provision included in the contract, which stipulates the maximum quantity of gold to be sold to Franco-Nevada over the term of the agreement. The consideration is determined as the lower of the quoted spot gold price as per the London Metals Exchange or US$400 per ounce, adjusted with an annual escalation adjustment.

Contract liability and gold delivered

Reconciliation of the ounces owed to Franco-Nevada:

Figures in ounces (oz)	2022	2021
Balance at beginning of year	**84 429**	—
Initial recognition as at 1 October 2020	**—**	100 686
Delivered	**(23 272)**	(16 257)
Balance at end of year	**61 157**	84 429

The contract price receivable in US$/oz for each ounce of gold delivered is as follows:
- 1 October 2020 – 16 December 2020: US$433/oz
- 17 December 2020 – 16 December 2021: US$437/oz
- 17 December 2021 – 30 June 2022: US$442/oz.

Reconciliation of the streaming contract liability:

	SA Rand	
Figures in million	2022	2021
Balance at beginning of year	**1 091**	—
Initial recognition as at 1 October 2020	**—**	1 417
Finance costs related to significant financing component	**67**	71
Non-cash consideration for delivery of gold ounces (included in Revenue)	**(471)**	(397)
Balance at end of year	**687**	1 091
Current portion of streaming contract liability	**309**	396
Non-current portion of streaming contract liability	**378**	695

Accounting policy – financial liabilities (applicable to notes 32 and 33)

Financial liabilities are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial liabilities, except for financial liabilities classified at fair value through profit or loss. The subsequent measurement of financial liabilities is discussed below. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The group classifies financial liabilities as follows:

- Borrowings are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost, comprising original debt less principal payments and amortisation, using the effective yield method. Any difference between proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method. Extension options of borrowings facilities are treated as loan commitments.

  Fees paid on the establishment of the loan facilities are capitalised as a pre-payment and amortised over the period of the facility to which it relates, to the extent it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed.

  Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

- Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within a year or less. If not, they are presented as non-current liabilities.

Notes to the group financial statements continued

For the year ended 30 June 2022

32 Borrowings

Summary of facilities' terms

	Commenced	Tenor (years)	Matures	Secured	Security	Interest payment basis	Interest charge	Repayment term	Repaid
Existing									
R2.5 billion revolving credit facility – sustainability linked	May 2022	Three years	May 2025[2]	Yes	Unsecured	Variable	JIBAR + 2.40%	On maturity	n/a
US$400 million facility – sustainability linked	May 2022	Three years	May 2025[2]	Yes	Unsecured	Variable		On maturity	n/a
- US$100 million term facility							SOFR + 2.85%[4]		
- US$300 million revolving credit facility							SOFR + 2.70%[4]		
R1.5 billion facility (green term loan)[1]	May 2022	Six years, six months	November 2028	Yes	Unsecured	Variable	JIBAR + 2.65%	Bi-annual[3]	n/a
US$24 million Westpac loan	July 2018	Four	July 2022	Yes	Cession and pledge of vehicles and machinery	Variable	LIBOR + 3.20%	Quarterly instalments	n/a

[1] *This facility can only be drawn down from November 2022.*
[2] *Does not take into account the two extension options of 12 months each.*
[3] *Ten equal bi-annual instalments starting from May 2024 with the final instalment on maturity.*
[4] *Secured Overnight Financing Rate. The SOFR is a secured interbank overnight interest rate that has been established as an alternative to LIBOR. Please refer to note 39 for more detail.*

Borrowings continued

Summary of facilities' terms continued

	Commenced	Tenor (years)	Matures	Secured	Security	Interest payment basis	Interest charge	Repayment term	Repaid
Matured									
R2 billion facility	November 2018	Four years	November 2022	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable			May 2022
- R600 million term loan							JIBAR + 2.9%	Eight equal quarterly instalments starting from February 2021 with the final instalment on maturity	
- R1.4 billion revolving credit facility							JIBAR + 2.8%	On maturity	
US$400 million facility	September 2019	Three years	September 2023[5]	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	May 2022
- US$200 million revolving credit facility		Extendable by one year					LIBOR + 2.9%		
- US$200 million term loan							LIBOR + 3.1%		

[5] *The syndicate of lenders for the US$400 million facility agreed to the one-year extension during July 2020, extending the maturity date to September 2023.*

Notes to the group financial statements continued

For the year ended 30 June 2022

32 Borrowings continued

Refinancing of facilities

During May 2022, Harmony refinanced its facilities, replacing its existing R2 billion and US$400 million facility with the following facilities held with a syndicate of local and international lenders:

- R2.5 billion revolving credit facility (Rand RCF)
- US$100 million term facility (US$ term loan)
- US$300 million revolving credit facility (US$ RCF)
- R1.5 billion green term loan (Green loan)

The Green loan can only be used for eligible renewable energy projects as defined in the agreement.

The Rand RCF, US$ RCF and US$ term loans are linked to certain sustainability-linked key performance indicators (ESG KPIs), which will be measured annually for the next three financial years and will result in changes to interest rate margins. The adjustments to interest rate margins for each financial year's ESG performance would impact the following financial year. The respective ESG KPIs are as follows:

KPI	Unit of measurement	Scope	Sustainability performance targets		
			FY23	FY24	FY25
Greenhouse gas emissions	000 tonnes of Scope 1 and Scope 2 CO_2e emissions	All operations	4 485	4 279	4 074
Renewable energy	Renewable energy consumption as % of total electricity consumed	SA operations	2%	8%	20%
Water consumption	Potable water consumed (Mℓ)	SA operations	20 453	19 833	19 436

Depending on Harmony's performance in relation to these ESG KPIs, the potential change in interest rate margin is as follows:

Cumulative benefit/penalty for each financial year (basis points)	FY23	FY24	FY25
KPI			
Greenhouse gas emissions	1	2	3
Renewable energy	1	2	3
Water consumption	1	2	3

Debt covenants

The debt covenant tests for both the Rand and US dollar facilities are as follows:

- The group's interest cover ratio shall be more than five times (EBITDA[1]/ Total interest paid)
- Leverage[2] shall not be more than 2.5 times.

[1] *Earnings before interest, taxes, depreciation and amortisation (EBITDA), as defined in the agreement, excludes unusual items such as impairment and restructuring cost.*
[2] *Leverage is defined as total net debt to EBITDA.*

During the refinancing process, the tangible net worth to total net debt ratio that was relevant to the previous facilities has been removed as a debt covenant, while the interest cover and leverage ratios remained unchanged.

Loan covenants tests were performed for both the old and new loan facilities for the 2022 and 2021 financial years and no breaches were noted. For the 2022 financial year, the group's interest cover ratio was 43.4 times (2021: 42.8 times), while the group's leverage was 0.1 (2021: 0.1). As mentioned above, the tangible net worth to total net debt ratio was removed as a loan covenant during the current financial year (2021: 57.8). Management believes that it is very likely that the covenant requirements will be met in the foreseeable future given the current earnings and debt levels.

The cash flows from the refinancing process were directed by Harmony and are therefore reflected in the cash flow statement. The transaction costs of R172 million are included as part of the interest paid line in the cash flow statement.

32 Borrowings continued

Interest-bearing borrowings

	SA Rand	
Figures in million	**2022**	2021
Non-current borrowings		
R2 billion facility	—	153
Balance at beginning of year	**153**	1 351
Repayments	**(450)**	(1 050)
Transferred (to)/from current liabilities	**300**	(150)
Amortisation of issue cost	**(3)**	2
Westpac fleet loan	—	22
Balance at beginning of year	**22**	132
Repayments	**(94)**	(96)
Transferred from current liabilities	**62**	18
Translation	**10**	(32)
R2.5 billion facility – sustainability linked	—	—
Balance at beginning of year	—	—
Issue costs	**(26)**	—
Reclassification to prepayments (Trade receivables)	**26**	—
R1.5 billion term facility (Green loan)	—	—
Balance at beginning of year	—	—
Issue costs	**(15)**	—
Reclassification to prepayments (Trade receivables)	**15**	—
US$400 million facility – sustainability linked	**3 180**	—
Balance at beginning of year	—	—
Draw down	**3 057**	—
Issue cost	**(76)**	—
Amortisation of issue costs	**1**	—
Translation	**198**	—
US$400 million facility	—	2 799
Balance at beginning of year	**2 799**	5 980
Issue cost	—	(11)
Repayments	**(3 057)**	(2 347)
Amortisation of issue costs	**55**	39
Translation	**203**	(862)
Total non-current borrowings	**3 180**	2 974

	SA Rand	
Figures in million	**2022**	2021
Current borrowings		
R2 billion facility	—	300
Balance at beginning of year	**300**	150
Transferred (to)/from non-current liabilities	**(300)**	150
Westpac fleet loan	**25**	87
Balance at beginning of year	**87**	105
Transferred to non-current liabilities	**(62)**	(18)
Total current borrowings	**25**	387
Total interest-bearing borrowings	**3 205**	3 361

32 Borrowings continued

Interest-bearing borrowings continued

	SA Rand	
Figures in million	**2022**	2021
The maturity of borrowings is as follows:		
Current	**25**	387
Between one to two years	**—**	175
Between two to three years	**3 180**	2 799
	3 205	3 361

	SA Rand	
Figures in million	**2022**	2021
Undrawn committed borrowing facilities		
Expiring within one year	**—**	—
Expiring after one year	**7 254**	4 254
	7 254	4 254

	2022	2021
Effective interest rates (%)		
R2 billion facility	**6.7**	6.6
Westpac fleet loan	**3.4**	3.4
US$400 million facility	**3.4**	4.0
US$400 million – sustainability linked	**4.3**	—

33 Trade and other payables

Accounting policy

The group accrues for the cost of the leave days granted to employees during the period in which the leave days accumulate.

	SA Rand	
Figures in million	**2022**	2021
Financial liabilities		
Trade payables	**1 266**	1 269
Lease liability – current[1]	**197**	107
Other liabilities	**328**	129
Non-financial liabilities		
Payroll accruals	**832**	847
Leave liabilities (a)	**770**	731
Shaft-related liabilities	**841**	928
Other accruals	**92**	211
Value added tax	**156**	163
Income and mining tax	**12**	4
Total trade and other payables	**4 494**	4 389

[1] *Refer to note 28 for an analysis of the lease liability.*

33 Trade and other payables continued

(a) Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**731**	537
Benefits paid	**(762)**	(583)
Total expense per income statement	**787**	630
Translation (gain)/loss	**14**	(25)
Acquisitions[1]	**—**	172
Balance at end of year	**770**	731

[1] *Acquisition of the Mponeng operations and related assets. Refer to note 14 for detail.*

34 Cash generated by operations

	SA Rand		
Figures in million	**2022**	2021	2020
Reconciliation of profit/(loss) before taxation to cash generated by operations			
Profit/(loss) before taxation	**(1 058)**	6 382	(595)
Adjustments for:			
Amortisation and depreciation	**3 683**	3 877	3 508
Impairment of assets	**4 433**	1 124	—
Share-based payments	**145**	160	180
Net decrease in provision for post-retirement benefits	**(14)**	(13)	(12)
Net increase in provision for environmental rehabilitation	**71**	135	—
Profit on sale of property, plant and equipment	**(24)**	(11)	(2)
Loss on scrapping of property, plant and equipment	**7**	161	62
Profit from associates	**(63)**	(83)	(94)
Investment income	**(352)**	(244)	(375)
ARM BBEE day one expense	**—**	(87)	—
Finance costs	**718**	661	661
Inventory revaluation adjustments	**21**	69	(70)
Foreign exchange translation difference	**338**	(810)	989
Non-cash portion of (gains)/losses on derivatives	**252**	(1 204)	1 382
Day one loss amortisation	**(49)**	(47)	40
Streaming contract revenue	**(471)**	(397)	—
Silicosis settlement provision – net	**(86)**	(90)	(119)
Gain on bargain purchase	**—**	(303)	—
Contingent consideration remeasurement	**(61)**	(127)	—
Provision for obsolete stock	**82**	10	7
Increase in gold in lock-up	**(71)**	(17)	(4)
Loss allowance	**22**	47	63
Other non-cash adjustments	**14**	(43)	(42)
Effect of changes in operating working capital items			
(Increase)/decrease in Receivables	**21**	(339)	(349)
Increase in Inventories	**(232)**	(37)	(150)
Increase/(decrease) in Payables	**52**	967	(49)
Cash generated by operations	**7 378**	9 741	5 031

34 Cash generated by operations continued

Additional cash flow information

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received. Investment income from restricted investments is considered non-cash for the purposes of the cash flow statement. Included in investment income is interest earned from restricted investments of R185 million (2021: R174 million) (2020: R163 million).

At 30 June 2022, R7 254 million (2021: R4 254 million) (2020: R1 336 million) of borrowing facilities had not been drawn and are therefore available for future operational activities and future capital commitments. Refer to note 32.

(a) Principal non-cash transactions

Share-based payments (refer to note 36).

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35 Employee benefits

Accounting policy

- Pension, provident and medical benefit plans are funded through monthly contributions. The group pays fixed contributions into a separate entity in terms of the defined contribution pension, provident and medical plans which are charged to the income statement in the year to which they relate. The group's liability is limited to its monthly determined contributions and it has no further liability, legal or constructive, if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Refer to note 27 for details of the post-retirement medical benefit plan.
- Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

	2022	2021
Number of permanent employees as at 30 June:		
South African operations	**35 989**	36 860
International operations[1]	**1 620**	1 599
Total number of permanent employees	**37 609**	38 459

	SA Rand	
Figures in million	**2022**	2021
Aggregate earnings		
The aggregate earnings of employees including executive directors were:		
Salaries and wages and other benefits (excluding share-based payments)	**15 485**	14 079
Retirement benefit costs	**1 125**	929
Medical aid contributions	**363**	316
Total aggregated earnings[2]	**16 973**	15 324

[1] *The Wafi-Golpu joint operation's employees included in the total is 56 (2021: 59).*
[2] *These amounts have been included in cost of sales, corporate expenditure and capital expenditure.*

The increase during the 2022 financial year is mainly due to the inclusion of employee costs for the Mponeng operations and related assets as they contributed for the full year compared to nine months in 2021. Annual inflationary increases also impact on the total.

During the 2022 financial year, R227 million (2021: R371 million) was included in the payroll costs for termination costs. Termination costs include the cost relating to the voluntary retrenchment and restructuring process as well as retrenchments due to shaft closures.

36 Share-based payments

Accounting policy

The group operates the following employee share incentive plans where the group granted share options to certain employees in exchange for services received:

- The 2006 equity-settled share-based payments plan (2006 share plan)
- The equity-settled Sisonke Employee Share Ownership Plan (Sisonke ESOP) initially awarded in 2019
- The equity-settled Management Deferred Share Plan (DSP) initially awarded in 2020.

Equity-settled share-based payments are measured at fair value that includes market performance conditions but excludes the impact of any service and non-market performance conditions of the equity instruments at the date of the grant. The share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. The group used an appropriate option pricing model in determining the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimates of the number of options that are expected to become exercisable are revised.

The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity. The proceeds received (if any) net of any directly attributable transaction costs are credited to share capital and premium when the options are exercised.

Critical accounting estimates and judgements

The fair value of options granted under the 2006 plan was determined using a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk-free interest rate, volatility, price on date of grant and dividend yield. There were no options granted under the 2006 plan in the current financial period.

The fair value of the options granted under the Sisonke ESOP was based on the Harmony spot share price of R28.29 at grant date as there were no market conditions attached to the grant.

The fair value of options granted under the DSP:

	Fair value
18 September 2019 - First issue	**R45.89 - R56.87**
18 September 2020 - Second issue	**R74.90**
20 September 2021 - Third issue	**R45.58 - R57.93**

The fair value of the first and second issue of options granted under the DSP was based on the Harmony spot share price at each grant date, as there were no market conditions attached to the grant. The fair value of the third issue of options granted under the DSP was determined using a Monte Carlo valuation model. The significant inputs into the model are:

	DSP
20 September 2021 - Third issue	
Risk-free interest rate	**5.71% - 6.93%**
Expected volatility	**59.59% - 62.51%**
Expected dividend yield	**2.02% - 3.41%**
Spot price on grant date	**R54.06 - R62.43**
Vesting period (from grant date)[1]	**3/5 years**

[1] *Please refer to Vesting under Options granted under the Management Deferred Share Plan below.*

Employee share-based payments

The objective of these schemes is to recognise the contributions of employees to the group's financial position and performance and to retain key employees.

Executive management is encouraged to retain shares when they vest and a minimum shareholding requirement has been introduced to achieve this. This shareholding is meant to align shareholder and executive objectives to grow total shareholder return.

36 Share-based payments continued

Employee share-based payments continued

The total cost relating to employee share-based payments is made up as follows:

	SA Rand	
Figures in million	**2022**	2021
2006 share plan	—	26
Sisonke ESOP	**109**	61
Management DSP	**91**	69
Total employee share-based payments	**200**	156

The directors are authorised to issue up to 60 011 669 ordinary shares to participants who have received awards in accordance with Harmony's employee share incentive schemes. Subsequent to the annual general meeting held on 1 December 2010, 53 482 588 shares have been issued in terms of the various share schemes. At 30 June 2021, no share option awards are outstanding for the 2006 share plan. At 30 June 2022, no share option awards are outstanding for the Sisonke ESOP Plan.

In December 2018, the board approved the new Total Incentive Plan for management which includes deferred shares. The first allocations under the new plan occurred in October 2019, the second and third allocation occurring in October 2020 and 2021, respectively. Our shareholders have authorised up to 25 000 000 shares of the issued share capital to be used for this plan.

The 2006 share plan consists of share appreciation rights (SARs), performance shares (PS) and restricted shares (RS). The share plan is equity-settled.

Award	Vesting	Performance criteria
SARs	SARs will vest in equal thirds in year three (33.33%), four (33.33%) and five (33.33%), subject to the performance conditions having been satisfied. The SARs will have an expiry date of six years from the grant date and the offer price equals the closing market prices of the underlying shares on the trading date immediately preceding the grant.	*2014 allocation:* The group's headline earnings per share must have grown since the allocation date by more than the South African Consumer Price Index (CPI).
PS	The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied.	*2017 allocation:* • 50% of the number of rights awarded are linked to the total shareholder return of the group on an absolute basis. • 50% of the number of rights awarded are linked to the total shareholder return of the group as compared to that of the South African gold index.
RS	The RS will vest after three years from grant date.	The participant is still employed within the group.

Termination of employees' participation in the share plan is based on "no fault" and "fault" definitions:

- Fault — All unvested and unexercised SARs and all PS and RS not yet vested are lapsed and cancelled
- No fault — Accelerated vesting occurs and all unvested and unexercised share options are settled in accordance with the rules of the plan.

Activity on share options

	SARs		PS
Activity on options and rights granted but not yet exercised	Number of options and rights	Weighted average option price (SA Rand)	Number of rights
For the year ended 30 June 2021			
Balance at beginning of year	377 333	18.41	12 415 024
Options exercised	(371 008)	18.41	(11 928 241)
Options forfeited and lapsed	(6 325)	18.41	(486 783)
Balance at end of year	—	—	—

There were no SARS, RS and PS balances during the 2022 financial year and no RS balances during the 2021 financial year.

	SA Rand	
Figures in million	**2022**	2021
Gain realised by participants on options and rights traded during the year	—	807
Fair value of options and rights exercised during the year	—	807

36 Share-based payments continued

Options granted under the Sisonke ESOP

In December 2017, Harmony approved the establishment of the Sisonke ESOP with the aim to facilitate beneficial interest and ownership by non-managerial employees in South Africa (the beneficiaries) of Harmony shares in order to:

- Facilitate economic empowerment of Harmony's employees
- Incentivise Harmony's employees, so as to promote the shared interests of employees and shareholders in the value growth of Harmony
- Further align the interests of the Harmony shareholders and those of the employees of Harmony.

The shares were issued to the Harmony ESOP Trust (the Trust) on 15 January 2019, which is also the date on which the required service period of three years commenced. Each beneficiary under the scheme was awarded 225 Participation Units (PU). The Sisonke ESOP is equity-settled.

Award	Vesting	Performance criteria
PU*	The PU will vest after three years from the date on which the service period commenced.	The participant is still employed within the group.

** The term Participation Units means the vested rights of a beneficiary to an equal number of Harmony shares held by the Trust.*

Termination of employees' participation in the share scheme is based on "no fault" and "fault" definitions:

- Fault — All unvested and unexercised PU not yet vested are lapsed and cancelled
- No fault — Accelerated vesting occurs and all unvested and unexercised PU are settled in accordance with the rules of the plan.

Activity on share options

	Number of PU	
Activity on PU granted but not exercised	**2022**	2021
Balance at beginning of year	**6 311 667**	6 768 562
Options granted	**40 064**	106 994
Options exercised	**(6 254 608)**	(441 548)
Options forfeited and lapsed	**(97 123)**	(122 341)
Balance at end of year	**—**	6 311 667

	2022	2021
Gain realised by participants on options exercised during the year (R million)	**397**	31
Weighted average share price at the date of exercise (SA Rand)	**58.20**	70.90
Remaining life (years)	**—**	0.5

Options granted under the Management Deferred Share Plan

Harmony implemented the Total Incentive Plan, comprising a long-term Deferred Share Plan (DSP) and a short-term annual cash payment with effect from 1 July 2019. The total incentive for each management-level employee is determined every year through a balanced scorecard calculation.

The balanced scorecard result includes a number of key short- and long-term company performance measures (to be measured over trailing three- and one-year periods). The measures are reviewed and defined annually with appropriate weightings. A portion of the total incentive is paid immediately in cash and the balance is settled by means of deferred shares.

Award	Vesting	Performance criteria
DS*	The awards will vest at a rate of 20% per annum over the following five years for executive directors and prescribed officers, and one-third per annum over the following three years for qualifying management.	The participant is still employed within the group.

** Deferred shares.*

During December 2021 shareholders approved the introduction of "no fault" termination effective 7 December 2021.

Termination of employees' participation in the share scheme is based on "no fault" and "fault" definitions:

- Fault — All unvested and unexercised DS not yet vested are lapsed and cancelled
- No fault — All unvested and unexercised DS will continue in force to vest on the original vesting dates in accordance with the rules of the plan.

The update of "no fault" termination will ensure that executives who leave the company in good standing, for example due to retirement, will continue to be exposed to the company share price for the remainder of the vesting periods of unvested awards. It will encourage and reward their focus on sustainability and succession during their tenure.

Notes to the group financial statements continued

For the year ended 30 June 2022

36 Share-based payments continued

Employee share-based payments continued

Options granted under the Management Deferred Share Plan continued

	2022	2021
18 September 2019 – 3 years		
Gain realised by participants on options exercised during the year (R million)	**13**	28
Weighted average share price at the date of exercise (SA Rand)	**47.24**	87.86
Remaining life (years)	**0.2**	1.2
18 September 2019 – 5 years		
Gain realised by participants on options exercised during the year (R million)	**2**	2
Weighted average share price at the date of exercise (SA Rand)	**51.74**	87.86
Remaining life (years)	**2.2**	3.2
18 September 2020 – 3 years		
Gain realised by participants on options exercised during the year (R million)	**13**	—
Weighted average share price at the date of exercise (SA Rand)	**47.24**	—
Remaining life (years)	**1.2**	—
18 September 2020 – 5 years		
Gain realised by participants on options exercised during the year (R million)	**2**	—
Weighted average share price at the date of exercise (SA Rand)	**49.55**	—
Remaining life (years)	**3.2**	—

Activity on share options

	Number of DS	
Activity on DS granted but not exercised	**2022**	2021
Balance at beginning of year	**2 102 523**	1 162 152
Options granted	**3 298 489**	1 356 715
Options exercised	**(641 562)**	(331 466)
Options forfeited and lapsed	**(310 159)**	(84 878)
Balance at end of year	**4 449 291**	2 102 523

List of options granted but not yet exercised (listed by grant date)	Number of options	Remaining life (years)
As at 30 June 2022		
Deferred shares		
18 September 2019 – 3 years	**284 525**	**0.2**
18 September 2019 – 5 years	**172 243**	**2.2**
18 September 2020 – 3 years	**570 777**	**1.2**
18 September 2020 – 5 years	**268 395**	**3.2**
20 September 2021 – 3 years	**2 369 559**	**2.2**
20 September 2021 – 5 years	**783 792**	**4.2**
Total options granted but not yet exercised	**4 449 291**	

37 Related parties

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had an interest, directly or indirectly, in any transaction from 1 July 2019 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

Directors and other key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group.

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37 Related parties continued

Directors and other key management continued

The directors' remuneration is as follows (refer to Annexure B):

	SA Rand	
Figures in million	Executive directors	Non-executive directors
2022		
Salaries	**21**	**—**
Retirement contributions	**3**	**—**
Bonuses	**14**	**—**
Exercise/settlement of share options	**2**	**—**
Directors' fees	**—**	**13**
Total	**40**	**13**
2021		
Salaries	24	—
Retirement contributions	3	—
Bonuses	16	—
Exercise/settlement of share options	105	—
Directors' fees	—	13
Total	148	13

On 7 December 2021, Harmony announced the retirement of Ms Fikile De Buck and Dr Simo Lushaba as independent non-executive directors with effect from 7 December 2021.

On 21 February 2022, Ms Melanie Naidoo-Vermaak and Mr Anton Buthelezi were appointed as senior executive: Sustainable Development and senior executive: Human Capital respectively and have been classified as prescribed officers.

On 19 May 2022, Harmony announced the appointment of Mr Bongani Nqwababa and Mr Martin Prinsloo to the board of directors of Harmony as independent non-executive directors with effect from 18 May 2022.

On 28 June 2022, Harmony announced the resignation of Mr Modise Motloba as a non-independent non-executive director with effect from 27 June 2022.

The following directors and prescribed officers owned shares in Harmony at year-end:

	Number of shares	
Name of director/prescribed officer	**2022**	2021*
Directors		
Peter Steenkamp[1]	**772 589**	746 085
Boipelo Lekubo[1]	**15 988**	3 581
Andre Wilkens	**101 301**	101 301
Harry 'Mashego' Mashego[1]	**14 875**	3 319
Prescribed officers		
Beyers Nel[1,4]	**110 207**	198 622
Philip Tobias[1,2,4]	**n/a**	321 084
Marian van der Walt[1,4]	**100 000**	159 438
Melanie Naidoo-Vermaak[1,3]	**7 966**	n/a
Johannes van Heerden[1,4]	**30 734**	6 156

** Certain figures have been revised. Refer to footnote 4 below.*

[1] The balance of shares held is attributable to shares held privately and in terms of the minimum shareholding requirement as set out in our remuneration policy.

[2] Philip Tobias resigned effective 14 November 2021.

[3] Melanie Naidoo-Vermaak classified as a prescribed officer effective 21 February 2022.

[4] During the year, a misstatement was identified in the balance of the shares owned by certain prescribed officers for the year ended 30 June 2021. The previously disclosed balance at 30 June 2021 did not consider shares traded in the prescribed officers' personal capacity, and as a result were misstated. These figures have been revised. Shares held at 30 June 2021 were previously disclosed as: Beyers Nel, 216 175 shares, Marian van der Walt, 139 356 shares, Philip Tobias, 347 462 shares and Johannes van Heerden, 166 156 shares.

37 Related parties continued

Modise Motloba, Harmony's former deputy chairman (refer above), is a director of Tysys (Proprietary) Limited (Tysys). Tysys entered into a contract with the group during the 2017 financial year to provide services relating to the group's small and medium enterprise development projects. The contract has a value of up to R5 million per annum. Approximately R5 million (2021: R5 million) was paid during the 2022 financial year relating to services rendered in the current and prior financial years. The contract has a 30-day notice period.

There were no other changes to the directors' interest between the reporting date and the date of the approval of the financial statements other than indicated above.

Other related parties

All the production of the group's South African operations is sent to Rand Refinery in which Harmony holds a 10.38% interest. Refer to note 21.

	SA Rand	
Figures in million	**2022**	2021
Sales and services rendered to related parties		
Joint operations	**4**	3
Total	**4**	3

	SA Rand	
Figures in million	**2022**	2021
Purchases and services acquired from related parties		
Directors	**5**	5
Associates	**51**	55
Total	**56**	60

38 Commitments and contingencies

Commitments and guarantees

	SA Rand	
Figures in million	**2022**	2021
Capital expenditure commitments		
Contracts for capital expenditure[1]	**1 839**	341
Share of joint operation's contracts for capital expenditure	**105**	32
Authorised by the directors but not contracted for	**6 300**	7 425
Total capital commitments	**8 244**	7 798

[1] *The increase year on year relates predominantly to the Kareerand Expansion project at MWS, for which regulatory approvals were obtained during June 2022.*

This expenditure will be financed from existing resources and, where appropriate, borrowings.

Contractual obligations in respect of mineral tenement leases amount to R16 million (2021: R17 million). This relates to the Wafi-Golpu joint operation.

	SA Rand	
Figures in million	**2022**	2021
Guarantees		
Guarantees and suretyships	**500**	481
Environmental guarantees[1]	**479**	479
Total guarantees	**979**	960

[1] *At 30 June 2022 R150 million (2021: R146 million) has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 17.*

38 Commitments and contingencies continued

Commitments and guarantees continued

Contingent liabilities

Critical accounting estimates and judgements

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which the suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the group could be materially affected by the outcome of the litigation.

The following contingent liabilities have been identified:

(a) On 1 December 2008, Harmony issued 3 364 675 Harmony shares to Rio Tinto Limited (Rio Tinto) for the purchase of Rio Tinto's rights to the royalty agreement entered into prior to our acquisition of the Wafi deposits in PNG. The shares were valued at R242 million on the transaction date. An additional US$10 million in cash will be payable when the decision to mine is made. Of this amount, Harmony is responsible for paying the first US$6 million, with the balance of US$4 million being borne equally by the joint operators.

(b) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. The group has initiated analytical assessments to identify, quantify and mitigate impacts if and when (or as and where) they arise. Numerous scientific, technical and legal studies are underway to assist in determining the magnitude of the contamination and to find sustainable remediation solutions. The group has instituted processes to reduce future potential seepage and it has been demonstrated that Monitored Natural Attenuation (MNA) by the existing environment will contribute to improvement in some instances. Water treatment facilities were successfully implemented at Doornkop, Tshepong Operations and Kusasalethu. These facilities are now assisting in reducing our dependency on state-supplied potable water and will be key in managing any post closure decant should it arise.

In terms of Free State operations, Harmony has taken the initiative to develop a comprehensive regional closure plan in addition to updating the regional water balance, which will ensure that there is sufficient water for our organic growth initiatives. The geohydrological studies confirm that there is no risk of decant in Welkom.

Should the studies result in different solutions than the ones initially proposed, or the regulators do not approve the proposed plans, which then results in the group being required to record and account for the contingencies as liabilities, it could then have a material impact on the financial statements of the group.

(c) Due to the interconnected nature of mining operations in South Africa, any proposed solution for potential flooding and potential decant risk posed by deep groundwater needs to be a combined one, supported by all the mines located in these goldfields. As a result, the Department of Mineral Resources and Energy and affected mining companies require the development of a regional mine closure strategy.

Harmony operations have conducted a number of specialist studies and the risk of surface decant due to rising groundwater levels has been obviated at the entire Free State region and Kalgold. Additional studies have been commissioned at Doornkop and Kusasalethu. Studies that have been conducted indicate that there is no risk of decant from Doornkop and Kusasalethu, but it is recommended that confirmatory studies be completed. In addition, the decant from the KOSH groundwater system tied with our Moab Khotsong operation has been managed through an appropriate groundwater closure plan and sufficient provision has been set aside for this. Therefore, there is no contingency arising from these operations.

Preliminary studies have also been completed to manage and mitigate the seepage from tailings facilities acquired as part of the Mponeng operations and related assets. Seepage is evident at these facilities and desktop studies have been completed to mitigate the seepage. An initial estimate to manage and mitigate the seepage based on these studies has been considered as part of the fair value exercise in terms of IFRS 3. Further feasibility studies will be conducted to refine these estimates in the future.

Should the additional studies result in different solutions than the ones initially proposed, or the regulators do not approve the proposed plans, it might result in a change in estimate to the recorded liabilities or the group recording liabilities over and above the current provisions.

Notes to the group financial statements continued

For the year ended 30 June 2022

38 Commitments and contingencies continued

Commitments and guarantees continued

Contingent liabilities continued

(d) The individual Harmony mining operations have applied for the respective National Water Act, Section 21 Water Use Licenses to the Department of Water and Sanitation (DWS). The respective Water Use License Applications have subsequently not yet been approved by DWS for our Free State operations and Doornkop. Notably, the Department issued a Water Use Licence for the expansion of the Kareerand Tailings Facility operated by Mine Waste Solutions. The Water Use Licence conditions for the respective operations without a Water Use License are subsequently not yet known and the subsequent potential water resource impact liability as part of the mine rehabilitation and closure process (to which DWS is an important participant and decision maker) is uncertain. All operations continue to operate legally and responsibly.

(e) In terms of the sale agreements entered into with Rand Uranium, Harmony retained financial exposure relating to environmental disturbances and degradation caused by it before the effective date, in excess of R75 million of potential claims. Rand Uranium is therefore liable for all claims up to R75 million and retains legal liability. The likelihood of potential claims cannot be determined presently and no provision for any liability has been made in the financial statements.

39 Financial risk management

The group's operating activities expose it to a variety of financial risks: market risk (including commodity price risk, foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The group may use derivative financial instruments to hedge certain risk exposures.

The group's financial assets and liabilities are classified as set out below:

	SA Rand					
Figures in million	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives designated as cash flow hedges	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2022						
Financial assets						
Restricted cash and investments	**4 128**	**292**	—	—	**1 162**	—
Other non-current assets	**15**	**75**	—	—	**148**	—
Non-current derivative financial instruments	—	—	**131**	**6**	—	—
– Rand gold hedging contracts	—	—	**113**	—	—	—
– US$ gold hedging contracts	—	—	**18**	—	—	—
– US$ silver contracts	—	—	—	**6**	—	—
Current derivative financial instruments	—	—	**436**	**83**	—	—
– Rand gold hedging contracts	—	—	**410**	—	—	—
– US$ gold hedging contracts	—	—	**26**	—	—	—
– Foreign exchange contracts	—	—	—	**12**	—	—
– US$ silver contracts	—	—	—	**71**	—	—
Trade and other receivables	**938**	—	—	—	—	—
Cash and cash equivalents	**2 448**	—	—	—	—	—
Financial liabilities						
Non-current derivative financial instruments	—	—	**3**	—	—	—
– US$ gold hedging contracts	—	—	**3**	—	—	—
Current derivative financial instruments	—	—	**8**	—	—	—
– US$ gold hedging contracts	—	—	**8**	—	—	—
Borrowings	—	—	—	—	—	**3 205**
Contingent consideration liability	—	—		—	**356**	—
Other non-current liabilities	—	—	—	—	—	**263**
Trade and other payables	—	—	—	—	—	**1 791**

39 Financial risk management continued

	SA Rand					
Figures in million	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives designated as cash flow hedges	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2021						
Financial assets						
Restricted cash and investments	3 656	252	—	—	1 391	—
Other non-current assets	16	74	—	—	177	—
Non-current derivative financial instruments	—	—	319	9	—	—
– Rand gold hedging contracts	—	—	279	—	—	—
– US$ gold hedging contracts	—	—	40	—	—	—
– US$ silver contracts	—	—	—	9	—	—
Current derivative financial instruments	—	—	1 087	384	—	—
– Rand gold hedging contracts	—	—	1 079	—	—	—
– US$ gold hedging contracts	—	—	8	—	—	—
– Foreign exchange contracts	—	—	—	383	—	—
– US$ silver contracts	—	—	—	1	—	—
Trade and other receivables	979	—	—	—	—	—
Cash and cash equivalents	2 819	—	—	—	—	—
Financial liabilities						
Non-current derivative financial instruments	—	—	—	6	—	—
– US$ silver contracts	—	—	—	6	—	—
Current derivative financial instruments	—	—	114	92	—	—
– Rand gold hedging contracts	—	—	41	—	—	—
– US$ gold hedging contracts	—	—	73	—	—	—
– US$ silver contracts	—	—	—	92	—	—
Borrowings	—	—	—	—	—	3 361
Contingent consideration liability	—	—	—	—	417	—
Other non-current liabilities	—	—	—	—	—	173
Trade and other payables	—	—	—	—	—	1 505

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close cooperation with the group's operating units. The audit and risk committee and the board provide written principles for overall risk management, as well as written policies covering specific areas, such as commodity price risk, foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

Market risk

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises when future commercial transactions or recognised financial assets or liabilities are denominated in a currency that is not the entity’s functional currency. Harmony’s revenues are sensitive to the R/US$ exchange rate as all revenues are generated by commodity sales denominated in US$. Harmony may enter into hedging transactions to reduce this risk. The limit currently set by the board is 25% of the group's foreign exchange risk exposure for a period of 24 months. Refer to note 19 and the fair value determination for financial assets and liabilities section below for details of the contracts. The audit and risk committee reviews the details of the programme quarterly.

The Rand weakened during the current financial year, from R14.27/US$1 on 30 June 2021 to close at R16.27/US$1 on 30 June 2022. The weakening negatively impacted on the derivative valuations of contracts that were outstanding at 30 June 2022.

39 Financial risk management continued

Market risk continued

Foreign exchange risk continued

The group is exposed to foreign exchange risk arising from borrowings and cash denominated in a currency other than the functional currency of that entity (refer to note 2.2 for details on the group's functional currencies). As of 1 October 2020, the contingent consideration liability has also been included. Refer to note 29 for details. These exposures are mainly to the US$. The Rand's levels impacted negatively on the translation of the US$ debt facilities at 30 June 2022. Refer to note 32 for further detail.

Translation of the international net assets was impacted by a weakening of the Rand against the Australian dollar from R10.72/A$1 at 30 June 2021 to R11.25/A$1 on 30 June 2022. A gain of R742 million has been recognised in other comprehensive income relating to the translation of the international net assets to Rand.

The group has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities in the exchange rates that would affect profit and loss:

- Rand/US$ exchange rate – 4% (2021: 6%) based on the standard deviation from a one-year forecast of various financial institution outlooks
- A$/US$ exchange rate – 4% (2021: 4%) based on the standard deviation from a one-year forecast of various financial institution outlooks
- PGK/US$ exchange rate – 0.1% (2021: 1%). The Papua New Guinean (PNG) government has fixed the exchange rate of the Kina to the US$ and adjusts it occasionally. These adjustments are very small and would not result in any significant impact on profit or loss.

	SA Rand	
Figures in million	**2022**	2021
Sensitivity analysis – borrowings		
Rand against US$		
Balance at 30 June	**3 180**	2 806
Strengthen by 4% (FY21: 6%)	**127**	168
Weaken by 4% (FY21: 6%)	**(127)**	(168)
Closing rate	**16.27**	14.27
US$ against Kina		
Balance at 30 June	**25**	109
Strengthen by 0.1% (FY21: 1%)	**—**	1
Weaken by 0.1% (FY21: 1%)	**—**	(1)
Closing rate	**0.28**	0.29
Sensitivity analysis – contingent consideration liability		
Rand against US$		
Balance at 30 June	**356**	417
Strengthen by 4% (FY21: 6%)	**14**	25
Weaken by 4% (FY21: 6%)	**(14)**	(25)
Closing rate	**16.27**	14.27

	SA Rand	
Figures in million	**2022**	2021
Sensitivity analysis – other financial instruments		
Rand against US$		
Balance at 30 June	**12**	383
Strengthen by 4% (FY21: 6%)	**19**	105
Weaken by 4% (FY21: 6%)	**(26)**	(127)
Closing rate	**16.27**	14.27
US$ against A$		
Balance at 30 June	**268**	723
Strengthen by 4% (FY21: 4%)	**10**	28
Weaken by 4% (FY21:4%)	**(11)**	(30)
Closing rate	**0.69**	0.75

39 Financial risk management continued

Market risk continued

Commodity price sensitivity

The profitability of the group's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold, and in the case of Hidden Valley, silver as well. Harmony entered into Rand gold and US dollar forward gold sale contracts to manage the variability in cash flows from the group's production to create cash certainty and protect the group against lower commodity prices. The general limit for gold hedging currently set by the board is 20% for a 24-month period. The limit set by the board is 50% of silver exposure over a 24-month period. Management continues to top up these programmes as and when opportunities arise to lock in attractive margins for the business, but are not required to maintain hedging at these levels. The audit and risk committee reviews the details of the programme quarterly.

The exposure to the variability in the price of gold is managed by entering into gold forward sales contracts for a portion of the group's production. A portion of the production of the South African operations is linked to Rand gold forward contracts and US$ gold forward contracts were entered into for the production from Hidden Valley. The exposure to the variability in the price of silver for Hidden Valley is managed by entering into US$/silver zero cost collars. These contracts have not been designated as hedging instruments for hedge accounting and the gains and losses are accounted for in the income statement. Refer to note 19 and the fair value determination for financial assets and liabilities section below for further detail on these contracts.

The Rand weakened during the year (as discussed above), which had the effect of decreasing the gains on the contracts that matured during the 2022 financial year as well as negatively impacting those that were outstanding at 30 June 2022.

The group has reviewed its exposure to commodity-linked instruments and identified a sensitivity of 9% (2021: 7%), based on the standard deviation of a one-year forecast gold price from various financial institution outlooks. The estimated sensitivity would affect other comprehensive income in the 2022 financial year.

Only material commodity balances were considered when determining the need for a sensitivity analysis and therefore management has not performed a sensitivity analysis on silver commodities.

	SA Rand	
Figures in million	**2022**	2021
Sensitivity analysis		
Rand gold derivatives		
Other comprehensive income		
Increase by 9% (FY21: 7%)	**(1 001)**	(481)
Decrease by 9% (FY21: 7%)	**998**	612
US$ gold derivatives		
Other comprehensive income		
Increase by 9% (FY21: 7%)	**152**	130
Decrease by 9% (FY21: 7%)	**(150)**	(128)

Other price risk

The group is exposed to the risk of fluctuations in the fair value of fair value through profit or loss financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

Certain of the restricted investments are linked to the Top 40 Index on the JSE. Management considered a sensitivity of 13% (2021: 15%) as appropriate, based on the continuing volatility in the market as well as the magnitude of fluctuations within the last year's historical data. A 13% increase in the Top 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by R97 million (2021: R105 million) and an equal change in the opposite direction would have decreased profit or loss by R79 million (2021: R127 million).

Interest rate risk

The group's interest rate risk arises mainly from borrowings. The group has variable interest rate borrowings. Variable rate borrowings expose the group to cash flow interest rate risk.

During the 2022 year, the US Federal Reserve increased the fund rate by 150 basis points. Similarly, the SARB increased the repo rate by 125 basis points causing the higher interest rates to have a non-favourable impact on the group's cost of debt. This was offset by lower debt balances. The SOFR (Secured Overnight Financing Rate) has been used for the refinanced US$ borrowings, as opposed to LIBOR (London Interbank Offered Rate) that was used for the historic borrowings. This is due to LIBOR being phased out. During the refinancing process, the group was able to secure slightly improved margins on its facilities.

39 Financial risk management continued

Market risk continued

Interest rate risk continued

Even though it can be expected that the increase in the repo rate will result in a higher cost of debt as financial institutions will increase their lending rates, the group has not entered into interest rate swap agreements. The audit and risk committee reviews the group's risk exposure quarterly.

Interest rate risk arising from borrowings is offset by cash and restricted cash and investments held at variable rates. As at 30 June 2022, management reasonably expects profit or loss before tax to increase/(decrease) by the following sensitivities:

- A 88 basis points (2021: 25 basis points) finance cost movement based on the average of a one-year forecast of the South African prime interest rate from various financial institution outlooks
- A 185 basis points (2021: 1 basis point) finance cost movement based on the average of a one-year forecast US Fed rate from various financial institution outlooks
- A 88 basis points (2021: 25 basis points) sensitivity on interest received based on an average of a one-year forecast of the South African prime interest rate from various financial institution outlooks.

The above analysis assumes that all other variables remain constant.

	SA Rand	
Figures in million	**2022**	2021
Sensitivity analysis – borrowings (finance costs)		
Rand-denominated borrowings		
Increase by 88 basis points (FY21: 25 basis points)	**—**	(1)
Decrease by 88 basis points (FY21: 25 basis points)	**—**	1
US$-denominated borrowings		
Increase by 185 basis point (FY21: 1 basis point)	**(59)**	—
Decrease by 185 basis points (FY21: 1 basis point)	**59**	—
Sensitivity analysis – financial assets (interest received)		
Increase by 88 basis points (FY21: 25 basis points)	**59**	16
Decrease by 88 basis points (FY21: 25 basis points)	**(59)**	(16)

Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations in a timely manner. Financial instruments that are subject to credit risk are restricted cash and investments, derivative financial instruments and cash and cash equivalents, as well as trade and other receivables (excluding non-financial instruments).

Assessment of credit risk

In assessing the creditworthiness of local institutions, management uses the national scale long-term ratings. The credit risk arising from cash and cash equivalents, restricted cash and investments, and derivative financial assets is managed by ensuring amounts are only invested with financial institutions of good credit quality based on external credit ratings and by assessing the underlying source of where the funds are invested. The group has policies that limit the amount of credit exposure to any one financial institution. The audit and risk committee reviews the exposure on a quarterly basis. Exposure to credit risk on trade and other receivables is monitored on a regular basis by management.

At 30 June 2022, the rating of major SA banks remained unchanged at AA+, which is in line with the group's credit risk policy. The credit rating of the group's Australian counterparts remained unchanged at A+, resulting in the assessed ECL on cash and cash equivalents as well as restricted cash and investments remaining immaterial.

An assessment of the expected credit losses for the financial assets measured at amortised cost at 30 June 2022 resulted in an immaterial amount for each instrument, in line with the assessment performed in 2021 (refer to the expected credit loss assessment below for further detail).

Management will continue to review the underlying strength of the South African economy as well as the creditworthiness of the financial institutions during this time and make any changes deemed necessary to safeguard the assets and reduce the credit risk.

The group’s maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R9 495 million as at 30 June 2022 (2021: R10 837 million).

The Social Trust Fund of R19 million (2021: R19 million) has been invested in unit trust investments comprising interest-bearing instruments and shares in listed companies (refer to note 17). The group has also acquired a collective investment scheme in unit trusts of R49 million (2021: R47 million) and equity investments of R292 million (2021: R252 million) from the Mponeng operations and related assets acquisition in 2021 (refer to note 14 and 17).

39 Financial risk management continued

Credit risk continued

Financial institutions' credit rating by exposure (source: Fitch Ratings and Global Credit Ratings)

	SA Rand	
Figures in million	**2022**	2021
Cash and cash equivalents		
AA+	**1 711**	1 738
AA	**737**	1 081
Total	**2 448**	2 819
Restricted cash and investments (refer to note 17)		
AAA	**225**	225
AA+	**4 997**	4 756
Total	**5 222**	4 981
Derivative financial assets (refer to note 19)		
AA+	**226**	629
AA	**115**	286
AA-	**110**	145
A+	**205**	739
Total	**656**	1 799

Expected credit loss assessment

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The group's debt instruments at amortised cost consist of cash and cash equivalents, a portion of restricted cash and investments and trade and other receivables. The assessment of ECLs for the different debt instruments is discussed below:

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions which are rated between AA and AA+ (see above). The ECL on cash and cash equivalents has been determined using the simplification that allows the group to assume that the credit risk on financial instruments determined to have low credit risk at the reporting date, has not increased significantly since initial recognition of the financial instrument. The ECL was estimated with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. The ECL was determined to be immaterial.

Restricted cash and investments

The restricted cash and investments relate largely to the environmental trust funds. These funds are held with banks and financial institutions that are rated AA+ (see above). As a result of the acquisition of Mponeng operations and related assets in 2021 (refer to note 14), the group obtained government bonds that are rated AAA (see above). Impairment of investments with investment-grade ratings has been determined using the simplification that allows the group to assume that the credit risk on financial instruments determined to have low credit risk at the reporting date, has not increased significantly since initial recognition of the financial instrument. The group considers that the majority of its restricted cash and investments have low credit risk based on the external credit ratings of the counterparties with which the funds are deposited. The ECL was estimated with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. Concentration of credit risk on restricted cash and investments is considered minimal due to the group's investment risk management and counterparty exposure risk management policies.

Trade and other receivables

The group's exposure to credit risk arising from trade receivables (metals) and other trade receivables is influenced mainly by the individual characteristics of each customer.

Trade receivables result largely from the sale of gold and are fully performing. Exposure to credit risk on receivables from gold sales is limited through payment terms of two to three days after recognition of revenue for gold sales. The majority of other receivables comprise a limited number of individually significant customers. The group determines the ECL on trade receivables and individually significant other receivable balances with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. The external credit ratings used range between BBB to AA-. The ECL was determined to be immaterial.

Loss allowances on individually insignificant other trade receivables has been determined using the simplified ECL approach using a provision matrix and reflects the short-term maturities of the exposures and past experienced credit judgement. Refer to note 20 for details on the amount of the loss allowance recognised and the stratification of trade and other receivables for purposes of the assessment.

Notes to the group financial statements continued

For the year ended 30 June 2022

39 Financial risk management continued

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure requirements. Management prepares cash flow forecasts weekly and ensures that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group maintains and refinances committed credit facilities as medium-term forecasts require. The audit and risk committee reviews the updated forecasts quarterly. The group is able to actively source financing at competitive rates. Where necessary, funds will be drawn from its revolving credit facilities (refer to note 32).

The following are the undiscounted contractual maturities of financial liabilities (including principal and interest payments assuming the closing R/US$ exchange rate and interest rate at year end):

	SA Rand			
Figures in million	**2022**		2021	
	Current	**More than 1 year**	Current	More than 1 year
Contingent consideration liability[1]	**—**	**515**	—	647
Other non-current liabilities[2]	**—**	**18**	—	19
Lease liability	**206**	**338**	112	225
Trade and other payables (excluding non-financial liabilities)[2,3]	**1 594**	**—**	1 398	—
Derivative financial liabilities[3]	**9**	**3**	285	11
Borrowings[3]:				
Due between 0 to six months	**97**	**—**	256	—
Due between six to 12 months	**68**	**—**	249	—
Due between one to two years	**—**	**137**	—	267
Due between two to three years[4]	**—**	**3 251**	—	2 877
Total	**1 974**	**4 262**	2 300	4 046

[1] *The majority of this balance is expected to be settled between four to five years.*
[2] *These balances exclude the lease liability as it has been disclosed separately.*
[3] *The group will utilise its cash generated from operations to settle outstanding obligations.*
[4] *Final repayment of capital amount of R3 126 million (2021: R2 854 million) in May 2025.*

Capital risk management

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that optimises the cost of capital and matches the current strategic business plan.

The group manages and makes adjustments to the capital structure, which consists of debt and equity, as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. In doing so, the group ensures it stays within the debt covenants agreed with lenders. The group may also sell assets to reduce debt or schedule projects to manage the capital structure.

The group's positive financial performance has resulted in generation of cash throughout the financial year, assisting in the repayment of old debt facilities (refer to note 32) and refinancing as mentioned in interest rate risk above. It remains the group's objective to adhere to a conservative approach to debt and maintain low levels of gearing.

Net debt is as follows:

	SA Rand	
Figures in million	**2022**	2021
Cash and cash equivalents	**2 448**	2 819
Borrowings	**(3 205)**	(3 361)
Net debt	**(757)**	(542)

There were no changes to the group's approach to capital management during the year.

39 Financial risk management continued

Fair value determination for financial assets and liabilities

The fair value levels of hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from other prices)

Level 3: Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

The following table sets out the group's assets and liabilities measured at fair value by level within the fair value hierarchy:

	SA Rand					
Figures in million	At 30 June 2022			At 30 June 2021		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Fair value through other comprehensive income						
Other non-current assets (a)	**—**	**—**	**75**	—	—	74
Restricted cash and investments (b)	**292**	**—**	**—**	252	—	—
Fair value through profit or loss						
Restricted cash and investments (b)	**—**	**1 162**	**—**	—	1 391	—
Derivative financial assets (c)	**—**	**656**	**—**	—	1 799	—
Derivative financial liabilities (c)	**—**	**(11)**	**—**	—	(212)	—
Loan to ARM BBEE Trust (d)	**—**	**—**	**148**	—	—	177
Contingent consideration liability (e)	**—**	**—**	**(356)**	—	—	(417)

(a) The majority of the balance relates to the equity investment in Rand Mutual Assurance. The fair value of the investment was estimated with reference to an independent valuation. A combination of the "Embedded Valuation" and "Net Asset Value" techniques were applied to revalue the investment at the reporting dates. In evaluating the group's share of the business, common practice marketability and minority discounts as well as additional specific risk discounts were applied. There are no inputs to the valuation that a reasonably possible change would result in a material change in the fair value of the investment.

(b) The majority of the level 2 valued assets are directly derived from the Top 40 index on the JSE, and are discounted at market interest rates. This relates to equity-linked deposits in the group's environmental rehabilitation trust funds. The level 1 valued assets comprise listed equity securities designated as fair value through other comprehensive income instruments. The remaining balance of the environmental trust funds is carried at amortised cost and therefore not disclosed here.

(c) The mark-to-market remeasurement of the derivative contracts was determined as follows:
- Foreign exchange contracts comprise zero cost collars and FECs: The zero cost collars were valued using a Black-Scholes valuation technique derived from spot Rand/US$ exchange rate inputs, implied volatilities on the Rand/US$ exchange rate, Rand/US$ inter-bank interest rates and discounted at a market interest rate (zero-coupon interest rate curve). The value of the FECs is derived from the forward Rand/US$ exchange rate and discounted at a market interest rate (zero coupon interest rate curve)
- Rand gold contracts (forward sale contracts): spot Rand/US$ exchange rate, Rand and dollar interest rates (forward points), spot US$ gold price, differential between the US interest rate and gold lease interest rate which is discounted at a market interest rate
- US$ gold contracts (forward sale contracts): spot US$ gold price, differential between the US interest rate and gold lease interest rate and discounted at a market interest rate
- Silver contracts (zero cost collars): a Black-Scholes valuation technique, derived from the spot US$ silver price, strike price, implied volatilities, time to maturity and interest rates and discounted at a market interest rate

(d) At 30 June 2022, the fair value movement was calculated using a discounted cash flow model, taking into account forecast dividend payments over the estimated repayment period of the loan at a rate of 9.3% (2021: 7.9%). A 99 basis points (2021: 74 basis points) change in the discount rate, which would represent a reasonably possible change based on expected movements in lending rates, would not cause a material change in the fair value of the loan. The loan balance forms part of other non-current assets in the balance sheet.

39 Financial risk management continued

Fair value determination for financial assets and liabilities continued

(e) The contingent consideration liability related to the Mponeng operation (refer to note 29) was determined using the expected gold production profile for Mponeng at a post-tax real rate of 10.2% (2021: 10.3%). Should the expected gold production profile increase by 7.6% or decrease by 7.6%, the contingent consideration liability would increase by R251 million (2021: R208 million at 7%) or decrease by R189 million (2021: R183 million at 7%) respectively. This represents reasonably expected changes which were determined based on the standard deviation of previous years' production of the Mponeng operation. No other reasonably expected changes in key unobservable inputs would have caused a material change in the fair value of the liability.

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values. This includes restricted cash and investments carried at amortised cost. The fair values of borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is at floating interest rates.

40 Subsequent events

(a) On 29 August 2022, a final dividend of 22 SA cents was declared, paid on 17 October 2022

(b) During the budgeting process for the 2023 financial year, a decision was taken to restructure the Tshepong Operations into two separate operations, being the Tshepong North and the Tshepong South operations. This decision was taken to create immediately profitable operations and had the impact of reducing the life-of-mine of Tshepong North from 19 years to seven years. From 1 July 2022, the operations will be reported on separately to the CODM and, as a result, be disclosed as two reportable segments.

(c) On 6 October 2022, Harmony entered into an agreement with Copper Mountain Mining Corporation (Copper Mountain), to acquire its wholly-owned Eva Copper Project and its 2 295 km^2 exploration land package in Queensland, Australia (collectively the acquired assets) for a total consideration of up to US$230 million.

Under the terms of the transaction, the acquisition consideration consists of the following:
- US$170 million in upfront cash payable on closing of the transaction
- Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain 10% of the incremental revenue generated from the acquired assets which is above revenue based on a US$3.80/lb copper price
- Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain US$0.03 per pound of contained copper for any SAMREC copper resource discovered and declared on a new deposit within the acquired assets after the closing of the transaction.

Harmony plans to fund the upfront purchase price using available cash and revolving credit facilities.

The closing of the transaction is subject to certain customary conditions, including approval from the Foreign Investment Review Board in Australia and Copper Mountain bondholder approval. The transaction has received approval from the South African Reserve Bank.

Management will assess the accounting treatment upon the closure of the transaction.

41 Segment report

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The chief operating decision maker has been identified as the CEO's office.

The group has one main economic product, being gold. In order to determine operating and reportable segments, management reviewed various factors, including geographical location as well as managerial structure. It was determined that an operating segment consists of a shaft or a group of shafts or open pit mine managed by an operational management team.

After applying the qualitative and quantitative thresholds from IFRS 8 ***Operating Segments***, the reportable segments were determined as: Tshepong Operations, Moab Khotsong, Bambanani, Joel, Doornkop, Target 1, Kusasalethu, Masimong, Unisel, Mponeng, Mine Waste Solutions (as of 1 July 2021) and Hidden Valley. All other operating segments have been grouped together under all other surface operations.

The CODM has been identified as the CEO's office consisting of the:

- Chief executive officer
- Financial director
- Executive director: Stakeholder relations and Corporate affairs
- Chief executive officer: South-east Asia
- Chief operating officer: South Africa operations
- Chief financial officer: Treasury
- Senior executive: Enterprise risk and Investor relations
- Senior executive: Sustainable Development
- Senior executive: Human Capital
- Executive: Ore Reserve Management.

When assessing profitability, the CODM considers the revenue and production costs of each segment. The net of these amounts is the production profit or loss. Therefore, production profit has been disclosed in the segment report as the measure of profit or loss. The CODM also considers capital expenditure, gold production and tonnes milled when assessing the overall economic sustainability of each segment. The CODM, however, does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report.

Segment assets consist of mining assets and mining assets under construction included under property, plant and equipment which can be attributed to the segment. Current and non-current group assets that are not allocated at a segment level form part of the reconciliation to total assets.

A reconciliation of the segment totals to the group financial statements has been included in note 42.

Notes to the group financial statements continued

For the year ended 30 June 2022

41 Segment report continued

	Revenue 30 June			Production cost 30 June			Production profit/(loss) 30 June			Segment assets 30 June			Capital expenditure# 30 June			Kilograms produced* 30 June			Tonnes milled* 30 June		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020
	Rand million			Rand million			Rand million			Rand million			Rand million			Kg			000t		
South Africa																					
Underground																					
Tshepong Operations	**6 351**	6 214	5 452	**5 084**	4 865	4 298	**1 267**	1 349	1 154	**3 779**	6 541	6 733	**1 514**	1 112	930	**7 022**	7 419	7 293	**1 561**	1 558	1 417
Moab Khotsong	**5 779**	6 048	5 008	**4 038**	3 842	3 344	**1 741**	2 206	1 664	**4 324**	4 008	3 842	**894**	633	498	**6 508**	7 166	6 592	**959**	903	746
Mponeng	**5 620**	4 750	—	**4 487**	2 938	—	**1 133**	1 812	—	**4 433**	4 321	—	**605**	493	—	**6 086**	5 446	—	**840**	683	—
Bambanani[1]	**1 286**	1 687	1 591	**1 163**	1 156	1 040	**123**	531	551	**—**	327	443	**25**	71	50	**1 433**	1 992	2 132	**176**	227	200
Joel	**1 411**	1 199	1 037	**1 308**	1 124	1 010	**103**	75	27	**1 244**	1 166	1 080	**225**	172	151	**1 556**	1 424	1 391	**434**	359	349
Doornkop	**3 106**	3 077	2 270	**2 453**	2 140	1 730	**653**	937	540	**3 222**	2 994	2 841	**491**	425	281	**3 444**	3 670	2 994	**874**	851	681
Target 1	**1 648**	1 410	1 524	**1 812**	1 667	1 499	**(164)**	(257)	25	**1 517**	1 367	1 276	**384**	368	347	**1 800**	1 603	2 244	**455**	488	543
Kusasalethu	**4 139**	3 400	2 293	**3 086**	2 955	2 577	**1 053**	445	(284)	**822**	1 057	1 253	**210**	205	188	**4 567**	3 999	3 015	**607**	708	615
Masimong	**1 733**	1 636	1 401	**1 504**	1 427	1 258	**229**	209	143	**17**	26	41	**49**	29	24	**1 910**	2 012	1 999	**486**	510	489
Unisel[2]	**—**	224	681	**—**	182	580	**—**	42	101	**—**	—	6	**—**	—	7	**—**	247	982	**—**	57	219
Surface																					
Mine Waste Solutions[3]	**2 642**	1 889	—	**1 588**	1 137	—	**1 054**	752	—	**1 027**	1 031	—	**264**	70	—	**2 899**	2 057	—	**23 443**	17 665	—
All other surface operations	**4 868**	5 136	3 302	**3 551**	3 587	2 135	**1 317**	1 549	1 167	**1 066**	890	745	**282**	265	118	**5 304**	6 031	4 349	**20 737**	21 824	16 264
Total South Africa	**38 583**	36 670	24 559	**30 074**	27 020	19 471	**8 509**	9 650	5 088	**21 451**	23 728	18 260	**4 943**	3 843	2 594	**42 529**	43 066	32 991	**50 572**	45 833	21 523
International																					
Hidden Valley	**3 159**	4 028	3 748	**2 122**	1 719	1 639	**1 037**	2 309	2 109	**4 141**	3 128	3 810	**1 249**	1 260	959	**3 707**	4 689	4 872	**3 229**	3 420	3 906
Total international	**3 159**	4 028	3 748	**2 122**	1 719	1 639	**1 037**	2 309	2 109	**4 141**	3 128	3 810	**1 249**	1 260	959	**3 707**	4 689	4 872	**3 229**	3 420	3 906
Total operations	**41 742**	40 698	28 307	**32 196**	28 739	21 110	**9 546**	11 959	7 197	**25 592**	26 856	22 070	**6 192**	5 103	3 553	**46 236**	47 755	37 863	**53 801**	49 253	25 429
Reconciliation of segment information to the consolidated income statement and balance sheet	**903**	1 035	938	**903**	1 035	938	**—**	—	—	**21 216**	21 947	22 622	**—**	—	—	**—**	—	—	**—**	—	—
	42 645	41 733	29 245	**33 099**	29 774	22 048	**9 546**	11 959	7 197	**46 808**	48 803	44 692	**6 192**	5 103	3 553	**46 236**	47 755	37 863	**53 801**	49 253	25 429

 # Capital expenditure for international operations excludes expenditure spent on Wafi-Golpu of R22 million (2021: R34 million) (2020: R54 million).
** Production statistics are unaudited.*
1 The Bambanani operation closed during June 2022.
2 The Unisel operation closed during October 2020.
3 The Mine Waste Solutions and All other surface operations line items were disaggregated as a result of Mine Waste Solutions meeting the 10% profit quantitative threshold for a reportable segment.

42 Reconciliation of segment information to consolidated income statement and balance sheet

	SA Rand		
Figures in million	**2022**	2021	2020
Reconciliation of production profit to consolidated profit/(loss) before taxation			
Revenue per segment report	**41 742**	40 698	28 307
Revenue per income statement	**42 645**	41 733	29 245
Other metal sales treated as by-product credits in the segment report	**(903)**	(1 035)	(938)
Production costs per segment report	**(32 196)**	(28 739)	(21 110)
Production costs per income statement	**(33 099)**	(29 774)	(22 048)
Other metal sales treated as by-product credits in the segment report	**903**	1 035	938
Production profit per segment report	**9 546**	11 959	7 197
Cost of sales items other than production costs	**(8 828)**	(5 715)	(3 860)
Amortisation and depreciation of mining assets	**(3 622)**	(3 777)	(3 409)
Amortisation and depreciation of assets other than mining assets	**(61)**	(98)	(99)
Rehabilitation expenditure	**(136)**	(135)	(47)
Care and maintenance cost of restructured shafts	**(273)**	(144)	(146)
Employment termination and restructuring costs	**(218)**	(332)	(40)
Share-based payments	**(143)**	(114)	(130)
Impairment of assets	**(4 433)**	(1 124)	—
Other	**58**	9	11
Gross profit	**718**	6 244	3 337
Corporate, administration and other expenditure	**(984)**	(1 068)	(611)
Exploration expenditure	**(214)**	(177)	(205)
Gains/(losses) on derivatives	**53**	1 022	(1 678)
Foreign exchange translation gain/(loss)	**(327)**	670	(892)
Other operating expenses	**(1)**	(241)	(309)
Operating profit/(loss)	**(755)**	6 450	(358)
Gain on bargain purchase	**—**	303	—
Acquisition-related costs	**—**	(124)	(45)
Share of profit from associate	**63**	83	94
Investment income	**352**	331	375
Finance costs	**(718)**	(661)	(661)
Profit/(loss) before taxation	**(1 058)**	6 382	(595)

42 Reconciliation of segment information to consolidated income statement and balance sheet continued

	SA Rand		
Figures in million	**2022**	2021	2020
Reconciliation of total segment assets to consolidated assets includes the following:			
Non-current assets			
Property, plant and equipment not allocated to a segment	**7 280**	6 741	7 116
Mining assets (a)	**943**	757	1 062
Undeveloped property (b)	**4 004**	3 989	4 025
Other non-mining assets	**510**	411	115
Assets under construction (c)	**1 823**	1 584	1 914
Intangible assets	**48**	365	536
Restricted cash and investments	**5 555**	5 232	3 642
Investments in associates	**125**	126	146
Deferred tax assets	**203**	272	531
Other non-current assets	**374**	332	435
Derivative financial assets	**137**	328	50
Current assets			
Inventories	**2 818**	2 542	2 421
Restricted cash and investments	**27**	67	62
Trade and other receivables	**1 682**	1 652	1 308
Derivative financial assets	**519**	1 471	18
Cash and cash equivalents	**2 448**	2 819	6 357
Total	**21 216**	21 947	22 622

(a) These balances relate to Wafi-Golpu assets and assets that provide services to several CGUs, such as Harmony One Plant.

(b) Undeveloped properties comprise the Target North property as well as Wafi-Golpu's undeveloped properties.

(c) Assets under construction consist of the Wafi-Golpu assets.

Company income statement

For the year ended 30 June 2022

		SA Rand	
Figures in million	Notes	**2022**	2021
Revenue	2	**3 159**	3 832
Cost of sales	3	**(2 791)**	(2 875)
Production costs		**(2 557)**	(2 539)
Amortisation and depreciation		**(133)**	(189)
Other items		**(101)**	(147)
Gross profit		**368**	957
Corporate, administration and other expenditure		**(48)**	(64)
Exploration expenditure		**(5)**	(5)
Gains/(losses) on derivatives	13	**(47)**	313
Foreign exchange translation gain/(loss)	4	**(371)**	727
Other expenses	5	**(245)**	(207)
Gain on redemption of preference shares from associate		**—**	36
(Impairment)/reversal of impairment of investments in subsidiaries	15	**(1 509)**	(10)
Loss on sale of investments in subsidiaries	15	**(7)**	—
Investment income	6	**302**	257
Finance costs	7	**(327)**	(307)
Profit/(loss) before taxation		**(1 889)**	1 697
Taxation	8	**23**	(570)
Profit/(loss) for the year		**(1 866)**	1 127

These are the separate financial statements of Harmony Gold Mining Company Limited. For the group financial statements, refer to page 33 to 120.

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

Company statement of comprehensive income

For the year ended 30 June 2022

		SA Rand	
Figures in million	Notes	**2022**	2021
Net profit/(loss) for the year		**(1 866)**	1 127
Other comprehensive income for the year, net of income tax		**2**	5
Items that will not be reclassified to profit or loss		**2**	5
Total comprehensive income for the year		**(1 864)**	1 132

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

Company balance sheet

As at 30 June 2022

		SA Rand	
Figures in million	Notes	**At 30 June 2022**	At 30 June 2021
Assets			
Non-current assets			
Property, plant and equipment	9	**710**	680
Intangible assets	10	**48**	32
Restricted cash and investments	11	**748**	603
Investments in subsidiaries	15	**23 348**	24 071
Loans to subsidiaries	15	**262**	—
Deferred tax assets	8	**179**	175
Other non-current assets	14	**224**	252
Derivative financial instruments	13	**139**	333
Total non-current assets		**25 658**	26 146
Current assets			
Inventories	18	**399**	303
Loans to subsidiaries	15	**4 222**	6 421
Trade and other receivables	12	**716**	804
Derivative financial instruments	13	**528**	1 673
Cash and cash equivalents		**1 474**	1 662
Total current assets		**7 339**	10 863
Total assets		**32 997**	37 009
Equity and liabilities			
Share capital and reserves			
Share capital and premium	19	**32 934**	32 934
Other reserves	20	**3 080**	2 935
Accumulated loss		**(14 309)**	(12 029)
Total equity		**21 705**	23 840
Non-current liabilities			
Provision for environmental rehabilitation	21	**666**	634
Other provisions	22	**572**	555
Borrowings	24	**3 180**	2 952
Other non-current liabilities	23	**38**	39
Derivative financial instruments	13	**131**	311
Total non-current liabilities		**4 587**	4 491
Current liabilities			
Other provisions	22	**109**	137
Borrowings	24	**—**	300
Loans from subsidiaries	15	**4 952**	5 470
Trade and other payables	25	**1 147**	1 215
Derivative financial instruments	13	**497**	1 556
Total current liabilities		**6 705**	8 678
Total equity and liabilities		**32 997**	37 009

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

Company statement of changes in shareholders’ equity

For the year ended 30 June 2022

	Number of ordinary shares issued	Share capital and premium	Accumulated loss	Other reserves	Total
Notes	19	19		20	
Figures in million (SA Rand)					
Balance – 1 July 2020	603 142 706	32 937	(12 479)	2 769	23 227
Issue of shares					
– Exercise of employee share options	12 909 491	—	—	—	—
Share issue costs	—	(3)	—	—	(3)
Share-based payments	—	—	—	161	161
Net profit for the year	—	—	1 127	—	1 127
Dividends paid	—	—	(677)	—	(677)
Other comprehensive income for the year	—	—	—	5	5
Balance – 30 June 2021	616 052 197	32 934	(12 029)	2 935	23 840
Issue of shares					
– Exercise of employee share options	**473 505**	**—**	**—**	**—**	**—**
Share-based payments	**—**	**—**	**—**	**143**	**143**
Net loss for the year	**—**	**—**	**(1 866)**	**—**	**(1 866)**
Dividends paid[1]	**—**	**—**	**(414)**	**—**	**(414)**
Other comprehensive income for the year	**—**	**—**	**—**	**2**	**2**
Balance – 30 June 2022	**616 525 702**	**32 934**	**(14 309)**	**3 080**	**21 705**

[1] *Dividend per share is disclosed under the earnings per share note. Refer to note 13 of the group financial statements.*

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

Company cash flow statement

For the year ended 30 June 2022

		SA Rand	
Figures in million	Notes	**2022**	2021
Cash flow from operating activities			
Cash generated by operations	26	**193**	823
Interest received		**101**	220
Dividends received		**123**	104
Interest paid		**(298)**	(178)
Income and mining taxes paid		**—**	(267)
Cash generated by operating activities		**119**	702
Cash flow from investing activities			
Increase in restricted cash and investments	11	**(129)**	(37)
Decrease in amounts invested in restricted cash and investments	11	**18**	20
Increase/(decrease) in loans to subsidiaries		**776**	(727)
ARM BBEE Trust loan repayment	14	**65**	264
ARM BBEE Trust loan advanced	14	**—**	(264)
Partial repurchase of investment		**—**	(5)
Redemption of preference shares from associates		**—**	36
Capital distributions from investments		**—**	8
Additions to intangible assets	10	**(30)**	(21)
Additions to property, plant and equipment		**(140)**	(121)
Cash generated/(utilised) by investing activities		**560**	(847)
Cash flow from financing activities			
Borrowings raised	24	**3 057**	—
Borrowings paid	24	**(3 507)**	(3 397)
Dividends paid		**(414)**	(677)
Lease payments		**(3)**	(2)
Cash utilised by financing activities		**(867)**	(4 076)
Decrease in cash and cash equivalents		**(188)**	(4 221)
Cash and cash equivalents – beginning of year		**1 662**	5 883
Cash and cash equivalents – end of year		**1 474**	1 662

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

1 Accounting policies

The accounting policies applied in the company financial statements are consistent with the group accounting policies. Refer to note 2 of the group financial statements as well as the relevant notes for the detailed discussions.

New standards, amendments to standards and interpretations to existing standards adopted by the company

The new standards, amendments to standards and interpretations to existing standards that were adopted by the company, and the impact thereof, is consistent with those described in note 2 of the group financial statements.

2 Revenue

Revenue from contracts with customers is made up of the sale of gold and is recognised when gold is delivered and a certificate of sale is issued.

The decrease in gold revenue during the 2022 financial year is mainly due to the decrease in gold production as a result of the closure of Unisel in October 2020. The decrease was offset by the increase in the gold price of 7% from R840 618/kg in the prior year to R897 882/kg.

3 Cost of sales

	SA Rand	
Figures in million	**2022**	2021
Production costs (a)	**2 557**	2 539
Amortisation and depreciation of mining assets (b)	**87**	106
Amortisation and depreciation of assets other than mining assets (c)	**46**	83
Rehabilitation expenditure (d)	**12**	20
Care and maintenance costs of restructured shafts	**54**	48
Employment termination and restructuring costs (e)	**22**	67
Share-based payments (f)	**5**	7
Other	**8**	5
Total cost of sales	**2 791**	2 875

(a) Production costs include mine production and transport and refinery costs, applicable general administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs. Employee termination costs are included, except for employee termination costs associated with major restructuring and shaft closures, which are separately disclosed.

Production costs, analysed by nature, consist of the following:

	SA Rand	
Figures in million	**2022**	2021
Labour costs, including contractors	**1 370**	1 406
Consumables	**473**	430
Water and electricity	**293**	280
Transportation	**48**	48
Change in inventory	**(12)**	(17)
Capitalisation of mine development costs	**(41)**	(29)
Royalty expense	**40**	100
Other	**386**	321
Total production costs	**2 557**	2 539

Labour costs decreased due to the closure of Unisel.

(b) Depreciation is lower for the 2022 year, mainly as a result of the closure of the Unisel operation in 2021.

(c) Amortisation and depreciation of assets other than mining assets includes the amortisation of intangible assets.

(d) For the assumptions used to calculate the rehabilitation costs, refer to note 26 of the group financial statements. This expense includes the change in estimate for the rehabilitation provision where an asset no longer exists as well as rehabilitation costs incurred. During 2022, rehabilitation costs incurred amounted to R20 million (2021: R23 million). Refer to note 21.

3 Cost of sales continued

(e) During 2021, a new programme for voluntary and medical severance packages was offered to employees, partially related to the closure of Unisel. The decrease in 2022 is due to a lower number of employees taking up voluntary severance packages year on year.

(f) Refer to note 28 for details on the share-based payment schemes implemented by the company.

(g) There was no impairment or reversal of impairment recognised for the 2022 or 2021 financial years. Please see note 6 of the group financial statements for management's assessment of impairment triggers and impairment tests performed.

4 Foreign exchange translation gain/(loss)

	SA Rand	
Figures in million	**2022**	2021
Borrowings (a)	**(401)**	862
Other items (b)	**30**	(135)
Total foreign exchange translation gain/(loss)	**(371)**	727

(a) The loss in 2022 is predominantly caused by unfavourable translations on US dollar loan balances. The unfavourable translations on US dollar loans are attributable to the Rand weakening against the US dollar, evidenced by a closing exchange rate of R16.27/US$1 (2021: R14.27/US$1). However, the average exchange rate improved marginally from the prior financial period to R15.21/US$1 (2021: R15.40/US$1).

(b) This relates mainly to the translation of metal trade receivables.

5 Other expenses

	SA Rand	
Figures in million	**2022**	2021
Loss allowance (a)	**198**	93
Social investment expenditure	**25**	22
Silicosis settlement provision (b)	**18**	62
Other expenses – net	**4**	30
Total other expenses	**245**	207

(a) The increase in loss allowance is mainly attributable to an increase in the expected credit losses on loans to subsidiaries which was R192 million (2021: R79 million). Refer to note 15 for details on the loans to subsidiaries.

(b) Refer to note 22 for details on the movement in the silicosis settlement provision.

6 Investment income

	SA Rand	
Figures in million	**2022**	2021
Interest income from financial assets at amortised cost (a)	**137**	221
Dividend income (b)	**123**	104
Net gain/(loss) on financial instruments (c)	**42**	(68)
Total investment income	**302**	257

(a) Included in the total interest income are the following:
- An amount of R18 million (2021: R50 million) which related to interest on-charged to Harmony's subsidiaries at the relevant interest rate plus an additional margin of 0.5%. The interest has decreased since the prior year due to settlement of borrowings which directly impacts the interest on-charged to Harmony's subsidiaries. Refer to note 24
- Interest of R9 million (2021: R56 million) charged on a loan to Harmony Moab Khotsong Operations (Proprietary) Limited for the purchase of the Moab Khotsong assets (refer to note 15). Interest on the loan is calculated at JIBAR + 2.9% on the balance outstanding. The decrease in the interest was due to the lower interest rates and repayments during the year.

(b) Dividend income consists of the following:
- R10 million (2021: R18 million) received from Rand Mutual Assurance
- R64 million (2021: R67 million) received from Rand Refinery
- R49 million (2021: R20 million) received from TBO.

6 Investment income continued

(c) Includes the fair value movement of the ARM BBEE Trust loan. A gain of R36 million (2021: R10 million). In 2021 the gain was offset by a day one expense of R87 million on the refinancing of the ARM BBEE Trust loan (refer to note 14).

7 Finance costs

	SA Rand	
Figures in million	**2022**	2021
Financial liabilities		
Borrowings	**234**	222
Other creditors and liabilities	**5**	4
Total finance costs from financial liabilities	**239**	226
Non-financial liabilities		
Time value of money and inflation component of rehabilitation costs	**43**	37
Time value of money for other provisions	**45**	44
Total finance costs from non-financial liabilities	**88**	81
Total finance costs	**327**	307

8 Taxation

	SA Rand	
Figures in million	**2022**	2021
Mining tax (a)	**19**	(228)
– current year	**—**	(231)
– prior year	**19**	3
Non-mining tax (b)	**—**	(25)
– current year	**—**	(25)
Deferred tax (c)	**4**	(317)
– current year	**4**	(317)
Total taxation (expense)/credit	**23**	(570)

(a) Refer to note 12 of the group financial statements for details on mining tax legislation. The movement in foreign exchange translation from profits in the prior year to losses in the current year as well as lower mining taxable income due to a 18% decrease in revenue resulted in the decrease in current tax expense during the 2022 year.

(b) Non-mining taxable income is taxed at the statutory corporate rate of 28%.

(c) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at the balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year.

Following the completion of the annual life-of-mine plans, management revised the weighted average deferred tax rates for all the South African operations. Although the gold price assumption was higher in the long term, a decreased estimated profitability resulted in a lower deferred tax rate than in the prior year. Refer to note 15 of the group financial statements for the assumptions used. As part of the determination of the deferred tax rates, consideration was given to the amended corporate income tax rate of 27% from 28% as well as the change in the mining tax rate from 34% to 33% for the 2023 financial year. The annual limitation of assessed loss utilisation to 80% of taxable income was incorporated in the calculation. The changes were considered to be substantively enacted at 30 June 2022 and would affect forecast tax estimations or cash flows.

The Rand weakened during the year, which had the effect of creating a loss on the Rand gold contracts that matured during the 2022 financial year, while during 2021 a gain was realised on these contracts, as well as negatively impacting those that were outstanding at 30 June 2022. Refer to notes 13 and 31 for detail. The temporary differences related to the Rand gold derivatives reduced further, resulting in the liability recognised for the year being further decreased in the 2022 financial year.

8 Taxation continued

Income and mining tax rates

The tax rate remained unchanged for the 2022 and 2021 years. Major items causing the income statement provision to differ from the mining statutory tax rate of 34% were:

	SA Rand	
Figures in million	**2022**	2021
Tax (expense)/credit on net profit/loss at the mining statutory tax rate	**642**	(577)
Non-allowable deductions		
Donations	**(6)**	(1)
Dividends	**42**	48
Finance costs	**(52)**	(49)
Share-based payments	**(4)**	(5)
Loan-related cost	**(19)**	(14)
Acquisition- and integration-related costs	**—**	(19)
Loss allowance on loans to subsidiaries	**(68)**	(29)
Impairment of investments in subsidiaries	**(513)**	(27)
Other	**(22)**	(62)
Movements in temporary differences related to other assets and liabilities	**22**	38
Effect on temporary differences due to changes in effective tax rate[1]	**(18)**	57
Difference between non-mining tax rate and statutory mining rate on non-mining income	**—**	5
Difference between effective mining tax rate and statutory mining rate on mining income	**—**	65
Prior-year adjustment	**19**	—
Income and mining taxation (expense)/credit	**23**	(570)
Effective income and mining tax rate (%)	**(1)**	34

[1] *The deferred tax rate used for the 2022 financial year was 25.1% (2021: 27.4%).*

Deferred tax

The analysis of deferred tax assets and liabilities is as follows:

	SA Rand	
Figures in million	**2022**	2021
Deferred tax liabilities	**(113)**	(134)
Deferred tax liability to be recovered after more than 12 months	**(94)**	(8)
Deferred tax liability to be recovered within 12 months	**(19)**	(126)
Deferred tax assets	**292**	309
Deferred tax asset to be recovered after more than 12 months	**196**	54
Deferred tax asset to be recovered within 12 months	**96**	255
Net deferred tax asset	**179**	175

The net deferred tax asset on the balance sheet at 30 June 2022 and 30 June 2021 relate to the following:

	SA Rand	
Figures in million	**2022**	2021
Gross deferred tax liabilities	**(113)**	(134)
Amortisation and depreciation	**(98)**	(100)
Derivative financial instruments	**(10)**	(31)
Other	**(5)**	(3)
Gross deferred tax assets	**292**	309
Unredeemed capital expenditure	**3**	4
Provisions, including non-current provisions	**287**	305
Lease liability	**2**	—
Net deferred tax asset	**179**	175

The company's deferred tax asset balance remained stable at R179 million. A deferred tax asset continues to be recognised at 30 June 2022 as it is considered probable that sufficient future taxable profits will be available against which the remaining deductible temporary differences existing at the reporting date can be utilised.

8 Taxation continued

Deferred tax continued

Movement in the net deferred tax asset recognised in the balance sheet is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**175**	492
Total (expense)/credit per income statement	**4**	(317)
Balance at end of year	**179**	175

As at 30 June 2022 and 30 June 2021, the company has no mining tax and no non-mining tax losses, available for utilisation against future taxable income and future non-mining taxable income respectively.

As at 30 June 2022, the company has a capital gains tax (CGT) loss of R231 million (2021: R231 million) available for utilisation against future capital gains.

The recognised deferred tax asset arises from deductible temporary differences for which future taxable profits are considered probable. Refer to the discussion above for further detail.

Dividend tax (DT)

The withholding tax on dividends remains unchanged at 20% in 2021 and 2022.

9 Property, plant and equipment

	SA Rand	
Figures in million	**2022**	2021
Mining assets	**610**	609
Other non-mining assets	**100**	71
Total property, plant and equipment	**710**	680

Mining assets

	SA Rand	
Figures in million	**2022**	2021
Cost		
Balance at beginning of year	**4 058**	5 267
Fully depreciated assets no longer in use derecognised[1]	**—**	(906)
Additions[2]	**87**	55
Adjustment to rehabilitation asset	**(3)**	—
Scrapping of assets[3]	**(1)**	(358)
Balance at end of year	**4 141**	4 058
Accumulated depreciation and impairment		
Balance at beginning of year	**3 449**	4 599
Fully depreciated assets no longer in use derecognised[1]	**—**	(906)
Scrapping of assets[3]	**(1)**	(350)
Depreciation[4]	**83**	106
Balance at end of year	**3 531**	3 449
Net carrying value	**610**	609

[1] Relates primarily to the derecognition of the remainder of Unisel's assets.
[2] Includes R41 million (2021: R29 million) attributable to Doornkop JV.
[3] Relates to the abandonment of assets that were no longer core to the business or in use as well as unprofitable areas, resulting in derecognition of property, plant and equipment as no future economic benefits were expected from their use or disposal.
[4] Includes R18 million (2021: R18 million) attributable to Doornkop JV. Refer to note 17.

9 Property, plant and equipment continued

Other non-mining assets

	SA Rand	
Figures in million	**2022**	2021
Cost		
Balance at beginning of year	**218**	216
Fully depreciated assets no longer in use derecognised	**—**	(24)
Additions	**62**	26
Balance at end of year	**280**	218
Accumulated depreciation and impairment		
Balance at beginning of year	**147**	132
Fully depreciated assets no longer in use derecognised	**—**	(22)
Depreciation	**33**	37
Balance at end of year	**180**	147
Net carrying value	**100**	71

10 Intangible assets

Technology-based assets

	SA Rand	
Figures in million	**2022**	2021
Cost		
Balance at beginning of year	**68**	47
Additions	**30**	21
Balance at end of year	**98**	68
Accumulated amortisation and impairments		
Balance at beginning of year	**36**	31
Amortisation charge	**14**	5
Balance at end of year	**50**	36
Net carrying value	**48**	32

11 Restricted cash and investments

	SA Rand	
Figures in million	**2022**	2021
Restricted cash	**287**	146
Restricted investments	**461**	457
Total restricted cash and investments	**748**	603

Restricted cash

	SA Rand	
Figures in million	**2022**	2021
Environmental guarantees[1]	**149**	124
Guarantee – Tshiamiso Trust[2]	**116**	—
Other	**22**	22
Total restricted cash	**287**	146

[1] *The amount primarily relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources and Energy (DMRE) in South Africa for environmental and rehabilitation obligations. Refer to note 21.*
[2] *Relates to the silicosis settlement. Refer to note 22*

The funds are invested in short-term money market funds and call accounts, which require third-party approval for release.

11 Restricted cash and investments continued

Restricted investments

	SA Rand	
Figures in million	**2022**	2021
Investments held by environmental trust fund	**442**	438
Fixed deposits	**287**	291
Cash and cash equivalents	**50**	20
Equity-linked deposits	**105**	127
Investments held by the Social Trust Fund	**19**	19
Total restricted investments	**461**	457

Environmental trust fund

The environmental trust fund is an irrevocable trust under the company's control. Contributions to the trust are invested in interest-bearing short-term and medium-term cash investments and medium-term equity-linked notes issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Top 40 index of the JSE. These investments provide for the estimated cost of rehabilitation at the end of the life of the company's mines. Income earned on the investments is retained in the funds and reinvested.

Reconciliation of the movement in the investments held by environmental trust fund:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**438**	430
Interest income	**16**	16
Fair value gain	**7**	8
Equity-linked deposits acquired/(matured)	**(30)**	59
(Maturity)/acquisition of fixed deposits	**(20)**	(93)
Net transfer of cash and cash equivalents	**49**	35
Withdrawal of funds	**(18)**	(17)
Balance at end of year	**442**	438

Social trust fund

The Social Trust Fund is an irrevocable trust under the company's control. The purpose of the trust is to fund the social plan to reduce the negative effects of restructuring on the group's workforce, to put measures in place to ensure that the technical and life skills of the group's workforce are developed and to develop the group's workforce in such a manner as to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

The Social Trust Fund investment comprises a unit trust portfolio that is exposed to the fair value changes in the equity market and is classified as a fair value through profit or loss investment.

Notes to the company financial statements continued

For the year ended 30 June 2022

12 Trade and other receivables

	SA Rand	
Figures in million	**2022**	2021
Financial assets		
Trade receivables (metals)	**563**	710
Other trade receivables	**63**	73
Loss allowance	**(43)**	(39)
Trade receivables – net	**583**	744
Interest and other receivables	**32**	33
Employee receivables	**15**	—
Non-financial assets		
Prepayments	**53**	12
Income and mining taxes	**33**	15
Total trade and other receivables	**716**	804

The movement in the loss allowance for trade and other receivables during the year was as follows (refer to note 31 for details):

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**39**	25
Increase in loss allowance recognised during the year	**24**	21
Reversal of loss allowance during the year	**(20)**	(7)
Balance at end of year	**43**	39

The loss allowance for trade and other receivables stratified according to ageing profile at the reporting date is as follows:

	SA Rand	
Figures in million	**Gross**	**Loss allowance**
30 June 2022		
Not past due	**573**	**—**
Past due by 1 to 30 days	**2**	**—**
Past due by 31 to 60 days	**2**	**—**
Past due by 61 to 90 days	**1**	**—**
Past due by more than 90 days	**10**	**9**
Past due by more than 361 days	**38**	**34**
Total	**626**	**43**
30 June 2021		
Not past due	734	—
Past due by 1 to 30 days	3	—
Past due by 31 to 60 days	2	—
Past due by 61 to 90 days	1	—
Past due by more than 90 days	13	12
Past due by more than 361 days	30	27
Total	783	39

Refer to note 39 of the group financial statements for details on how the provision was calculated.

During the 2022 and 2021 years there was no renegotiation of the terms of any receivable. The company does not hold any collateral in respect of these receivables.

13 Derivative financial instruments

Figures in million (SA Rand)	Rand gold derivative contracts (a)	US$ gold contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Total
As at 30 June 2022					
Derivative financial assets	**523**	**55**	**77**	**12**	**667**
Non-current	**113**	**20**	**6**	**—**	**139**
Current	**410**	**35**	**71**	**12**	**528**
Derivative financial liabilities	**(485)**	**(55)**	**(77)**	**(11)**	**(628)**
Non-current	**(105)**	**(20)**	**(6)**	**—**	**(131)**
Current	**(380)**	**(35)**	**(71)**	**(11)**	**(497)**
Net derivative financial instruments	**38**	**—**	**—**	**1**	**39**
Movements for the year ended 30 June 2022					
Losses on derivatives	**(42)**	**—**	**—**	**(2)**	**(44)**
Day one loss amortisation	**(3)**	**—**	**—**	**—**	**(3)**
Total losses on derivatives	**(45)**	**—**	**—**	**(2)**	**(47)**

Figures in million (SA Rand)	Rand gold derivative contracts (a)	US$ gold contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Total
As at 30 June 2021					
Derivative financial assets	1 395	121	107	383	2 006
Non-current	279	40	14	—	333
Current	1 116	81	93	383	1 673
Derivative financial liabilities	(1 290)	(121)	(107)	(349)	(1 867)
Non-current	(257)	(40)	(14)	—	(311)
Current	(1 033)	(81)	(93)	(349)	(1 556)
Net derivative financial instruments	105	—	—	34	139
Movements for the year ended 30 June 2021					
Gains on derivatives	201	—	—	115	316
Day one loss amortisation	(3)	—	—	—	(3)
Total gains on derivatives	198	—	—	115	313

Harmony enters into derivative contracts with various financial institutions on behalf of its operations as well as those of its subsidiaries. The tables above show the gross position for Harmony as the counterparty with the financial institutions as well as its subsidiaries as at the reporting dates. Due to the position for the subsidiaries being the opposite to Harmony's position with the financial institutions, the net position shown relates to Harmony's own operations. As the movements through the income statement for the derivative contracts with the subsidiaries would be opposite to those for Harmony's derivative contracts with the financial institutions, the impact on gains/(losses) for derivatives is the net movement for Harmony's own operations. As hedge accounting is not applied to these contracts, the resulting gains and losses have been recorded in gains/(losses) on derivatives in the income statement.

Refer to note 31 for a summary of the risk management strategy applied and details of the fair value measurements as at reporting date. Refer to note 19 of the group financial statements for all open positions held.

Notes to the company financial statements continued

For the year ended 30 June 2022

13 Derivative financial instruments continued

(a) Rand gold contracts

Harmony has entered into Rand gold forward sale derivative contracts to manage the risk of lower gold prices. The following table shows the open position of Rand gold forward contracts at the reporting date relating to Harmony:

	Nominal value	Average forward sale price	Quarterly tranche average spread
Harmony's Rand gold forward contracts	762kg (26 878oz)	R1 035 371/kg	2 years

(b) US$ commodity contracts

Harmony maintains a derivative programme for Hidden Valley by entering into commodity derivative contracts. The contracts comprise US$ gold forward sale contracts as well as silver zero cost collars which establish a minimum (floor) and maximum (cap) silver sales price.

(c) Foreign exchange contracts

Included in the foreign exchange derivative contracts (forex derivative contracts) are zero cost collars and forward exchange contracts. The zero cost collars establish a floor and cap Rand/US$ exchange rate at which to convert US dollars to Rands. The nominal value of the open zero cost collars in Harmony at 30 June 2022 is US$4 million (2021: US$10 million). The weighted average prices for the forward exchange contracts are as follows: cap R17.98 and floor R15.98. The nominal value of open forex forwards at 30 June 2022 is US$0.4 million (2021: US$2 million) and the weighted average exchange rate is R16.84.

14 Other non-current assets

	SA Rand	
Figures in million	**2022**	2021
Non-current assets		
Debt instruments	**153**	183
Loans to associates (a)	**116**	116
Loan to ARM BBEE Trust (b)	**148**	177
Other loans receivable	**5**	6
Loss allowance (a)	**(116)**	(116)
Equity instruments	**71**	69
Rand Mutual Assurance (c)	**67**	65
Other	**4**	4
Total other non-current assets	**224**	252

(a) The balance relates to a loan of R116 million (2021: R116 million) owed by Pamodzi. Pamodzi was placed into liquidation during 2009 and the loan was provided for in full. The company is a concurrent creditor in the Pamodzi Orkney liquidation.

(b) During the 2021 financial year end, the loan to the ARM Broad-Based Economic Empowerment Trust (the ARM BBEE Trust), a shareholder of African Rainbow Minerals Limited (ARM), was refinanced to allow a sufficient and sustainable repayment structure. At 30 June 2022 the loan was remeasured to its fair value of R148 million (2021: R177 million) which resulted in a fair value gain which was included in Investment income. The refinancing resulted in a day one expense of R87 million in 2021, which is also included in Investment income (refer to note 6). Refer to note 18 in the group financial statements for further details on the loan to ARM BBEE Trust.

(c) Refer to note 18 in the group financial statements.

15 Investments in subsidiaries and loans to/from subsidiaries

Accounting policy

Investments in subsidiaries are accounted for at cost less impairment. Harmony charges its subsidiaries for the employee share incentive plans granted to the subsidiaries' employees. The movement in equity in the company's financial statements relating to the recharge of the share-based payments of subsidiaries is accounted for against investments in subsidiaries.

Investments in subsidiaries are tested annually for impairment or when there is an indication of impairment and an impairment loss is recognised for the amount by which the carrying amount of the investment in a subsidiary exceeds its recoverable amount. The recoverable amount of investments in subsidiaries are generally determined with reference to future cash generated by the subsidiaries. For further detail, see critical accounting estimates and judgements below. Any impairment losses are included in impairment of investments in subsidiaries in the income statement.

15 Investments in subsidiaries and loans to/from subsidiaries continued

Accounting policy continued

Loans to/from subsidiaries are measured initially at fair value. Loans to subsidiaries held within a business model with the objective to hold assets to collect contractual cash flows and with contractual terms giving rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost. All other loans to subsidiaries are measured subsequently at fair value. The company currently has no such loans. Loans from subsidiaries are subsequently measured at amortised cost. The loans to subsidiaries are subject to the expected credit loss model.

The recoverability of loans to subsidiaries are assessed at each reporting period using a forward-looking expected credit loss (ECL) approach. The ECL is measured as the probability-weighted estimate of credit losses, which is the present value of all cash shortfalls (ie the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive). Cash shortfalls on loans to subsidiaries would indicate a significant increase in credit risk since initial recognition of the relevant loan.

This was measured using the probability of default (PD), loss given default (LGD), exposure at default (EAD) methodology. The LGD depends on the expected cash flows generated by each operating subsidiary with reference to the approved life-of-mine plans of each operation. The estimations of future cash generated by subsidiaries takes into account forward-looking information as described under critical accounting estimates and judgements below. Any impairment losses are included in other expenses in the income statement.

Investments in and loans to dormant subsidiaries with no significant assets are written off as the carrying amount cannot be recovered and the counterparties do not have the capacity to meet their contractual obligations.

Critical accounting estimates and judgements

The recoverable amount of an investment in a subsidiary is the higher of the investment's fair value less cost to sell and value in use. Fair value less cost to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on the assumptions described below.Should actual events differ from estimates and judgements applied, material adjustments to the carrying amount of investments in subsidiaries may be realised in the future.

For loans to subsidiaries, as these loans are repayable on demand, the expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. Given the liquidity situations of most of the operating subsidiaries, the probability that the entities would not be able to repay immediately is almost certain, hence the expected manner of recovery was determined based on the ability to repay the loan over time, taking into account the future cash flows the company expects to receive.

Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine (LoM) plans. As part of the determination of these future cash flows, probability weighted outcomes are considered. Future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risk specific to the subsidiaries' operations. Refer to note 15 of the group financial statements for the detail on the critical accounting estimates and judgements applied in calculating the future cash flows.

Cash flows are allocated to recover, firstly, any loans to subsidiaries and thereafter the investments in subsidiaries.

	SA Rand	
Figures in million	**2022**	2021
Shares at cost less accumulated impairment (a) and (d)	**23 348**	24 071
Shares at cost	**30 595**	29 809
Accumulated impairment	**(7 247)**	(5 738)
Loans to subsidiaries - Non-current[1,2]	**262**	—
Loans to subsidiaries - Current[2]	**4 222**	6 421
Gross current loans to subsidiary companies (b)	**6 217**	8 228
Provision for expected credit losses (c)	**(1 995)**	(1 807)
Loans from subsidiaries[2]	**(4 952)**	(5 470)
Total investments in subsidiaries	**22 880**	25 022

[1] Relates to the non-current portion of the loan to Avgold Limited.
[2] Loans to/from subsidiaries will be settled through day-to-day activities.

(a) Includes amounts relating to the share-based payment expense for the subsidiary companies' employees

15 Investments in subsidiaries and loans to/from subsidiaries continued

(b) Included in the loans to subsidiary company is a loan of R426 million (2021: R1 052 million) to Harmony Moab Khotsong Operations (Proprietary) Limited (Moab Company). The loan was advanced for the purchase of assets in 2018. The loan is unsecured and repayable on demand. Interest on the loan is charged at JIBAR + 2.9%.

Further included in the loans to subsidiary companies is the loan to Golden Core Trade and Investment (Proprietary) Limited (Golden Core) for the acquisition of the Mponeng business and the West Wits closure business as well as Covalent Water Company (Proprietary) Limited in 2021. In addition, Harmony advanced a further loan to Moab Company for the acquisition of the Vaal River closure business in 2021. The purchase price was settled with cash raised through the equity issue in June 2020. The loans extended by Harmony are unsecured, interest-free and repayable on demand.

The loans are to be settled through the operating free cash flow generated by the companies on a quarterly basis. These loans are performing and there has not been a significant increase in credit risk since initial recognition. The balances outstanding at year-end were:

i. Golden Core – The opening balance of the loan was R1 036 million, which was fully settled in the current year.
ii. Moab Company – The opening balance of the loan was R335 million, while the closing balance as at 30 June 2022 is R316 million after repayments of R19 million.

Refer to note 14 of the group financial statements for more information on the transaction.

(c) Includes an increase in provision for expected credit losses on loans to Covalent Water Company (Proprietary) Limited of R203 million.

(d) An impairment of R1 319 million was recognised against the investment in African Rainbow Minerals Gold Limited (ARMGold) during 2022. This was mainly as a result of an impairment being recognised in Freegold (Harmony) (Proprietary) Limited for Tshepong Operations, where ARMGold holds 50% of the shares in the company. Additionally, an impairment of R200 million was recognised for the investment in Avgold Limited, which is attributable to the poor operational performance for the Target operation.

There was a R10 million reversal in the impairment which was recognised against the investment in West Rand Consolidated Mines during 2021. This was mainly as a result of a increase in the expected cash flows of Kalahari Goldridge Mining Company Limited due to a increase in the planned gold price combined with an increase in the expected production over the remaining life of mine.

The majority of the loans to/from subsidiaries are repayable on demand and therefore not past due. These loans are performing and there has not been a significant increase in credit risk since initial recognition. Refer to Annexure A for a detailed listing of the company's investments in subsidiaries and the loans to and from these companies.

16 Investments in associates

Accounting policy
Investments in associates are accounted for at cost and are adjusted for impairments where appropriate.

Critical accounting estimates and judgements
Refer to note 21 of the group financial statements for a discussion on the investments in associate.

17 Investment in joint operations

Doornkop South Reef agreement
During the 2010 financial year, Harmony and Randfontein Estates Limited, a subsidiary of Harmony, entered into a joint arrangement for the operation of the Doornkop mine following Harmony's purchase of a 26% interest in the Doornkop mining right from African Vanguard Resources (Proprietary) Limited (AVRD) for a purchase consideration of R398 million. Harmony recognised the cost of the mineral rights as part of property, plant and equipment. The agreement entitles the company to a 16% share of the production profit or loss of the Doornkop mine. Harmony recognises its interests in the Doornkop mine in accordance with the requirements of IFRS 11 *Joint Arrangements* for joint operations.

18 Inventories

	SA Rand	
Figures in million	**2022**	2021
Gold in-process and bullion on hand	**28**	27
Consumables at weighted average cost (net of provision)	**371**	276
Total current inventories	**399**	303

The total provision for slow-moving and redundant stock at 30 June 2022 was R30 million (2021: R27 million)

Notes to the company financial statements continued

For the year ended 30 June 2022

19 Share capital

Authorised

1 200 000 000 (2021: 1 200 000 000) ordinary shares with no par value.
4 400 000 (2021: 4 400 000) convertible preference shares with no par value.

Issued

616 525 702 (2021: 616 052 197) ordinary shares with no par value. All issued shares are fully paid.
4 400 000 (2021: 4 400 000) convertible preference shares with no par value.

Share issues

Share issues relating to employee share options

An additional 473 505 (2021: 12 909 491) shares were issued to settle the exercise of share options by employees relating to Harmony's management share option schemes.

Treasury shares

Included in the total of issued shares are the following treasury shares:

	Number of shares	
	2022	2021
Ordinary shares		
Lydenburg Exploration Limited[1]	**335**	335
Kalgold Share Trust[2]	**47 046**	47 046
Harmony ESOP Trust[2 4]	**—**	5 894 081
Convertible preference shares		
Harmony Gold Community Trust[3]	**4 400 000**	4 400 000

[1] *A wholly-owned subsidiary of Harmony.*
[2] *Trust controlled by the group of which Harmony is the parent company.*
[3] *Refer to note 23 for details on terms and conditions.*
[4] *On 15 January 2022, the lock-in period expired for the Harmony ESOP Trust (Sisonke Scheme). Settlements and share distributions were made and the shares are no longer classified as treasury shares.*

Refer to note 13 of the group financial statements for details on dividends declared and paid.

20 Other reserves

	SA Rand	
Figures in million	**2022**	2021
Equity instruments designated at fair value through other comprehensive income (a)	**113**	111
Repurchase of equity interest (b)	**3**	3
Equity component of convertible bond (c)	**277**	277
Share-based payments (d)	**2 681**	2 538
Post-retirement benefit actuarial gain (e)	**6**	6
Total other reserves	**3 080**	2 935

(a) Includes R112 million (2021: R110 million) related to the cumulative fair value movement of Harmony's interest in Rand Mutual Assurance. Refer to note 14.

(b) The sale of 26% of the AVRD mining titles resulted in a R3 million repurchase of a call option (equity interest) by the company. Refer to note 25 of the group financial statements.

(c) Refer to note 25 of the group financial statements.

20 Other reserves continued

(d) The reconciliation of the movement in share-based payments is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**2 538**	2 378
Share-based payments expensed (i)	**9**	11
Subsidiary employees share-based payments (ii)	**134**	149
Balance at end of year	**2 681**	2 538

i. Refer to note 36 in the group financial statements as well as note 28 in the company's financial statements.

ii. Awards offered to employees providing services related to their employment in the group results in an increase in investment in subsidiaries. Refer to note 15.

(e) The actuarial gains or losses related to the post-retirement benefit obligation will not be reclassified to the income statement.

21 Provision for environmental rehabilitation

The company's mining and exploration activities are subject to extensive environmental laws and regulations. The company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

The following is a reconciliation of the total provision for environmental rehabilitation:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**634**	600
Change in estimate – Balance sheet	**(3)**	—
Change in estimate – Income statement	**12**	20
Utilisation of provision	**(20)**	(23)
Time value of money and inflation component of rehabilitation costs	**43**	37
Balance at end of year	**666**	634

Refer to note 26 of the group financial statements for estimations and judgements used in the calculation.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the company has estimated its undiscounted cost for the operations, based on current environmental and regulatory requirements, as follows:

	SA Rand	
Figures in million	**2022**	2021
Future net undiscounted obligation		
Ultimate estimated rehabilitation cost	**758**	721
Amounts invested in environmental trust funds (refer to note 11)	**(442)**	(438)
Total future net undiscounted obligation	**316**	283

The group's mines are required to comply with the National Environmental Act's (NEMA) financial provision requirements. They are also required to substantively review and align their financial provision in accordance with these regulations during the relevant transitional period, which has now been extended to 19 September 2023. The company intends to finance the ultimate rehabilitation costs from the money invested with environmental trust funds, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The company has guarantees, some cash-backed, in place relating to some of the environmental liabilities. Refer to note 11 and 30.

22 Other provisions

	SA Rand	
Figures in million	**2022**	2021
Provision for silicosis settlement	**641**	668
Retirement benefit obligation	**40**	24
Total other provisions	**681**	692
Current portion of other provisions	**109**	137
Non-current portion of other provisions	**572**	555

Provision for silicosis settlement

Refer to note 27 of the group financial statements for a discussion on the settlement provision. The following is a reconciliation of the company's provision for the silicosis settlement:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**668**	698
Change in estimate	**18**	62
Time value of money and inflation component	**40**	41
Payments[1, 2]	**(85)**	(133)
Balance at end of year	**641**	668
Current portion of silicosis settlement provision	**109**	137
Non-current portion of silicosis settlement provision	**532**	531

[1] *These payments comprise mainly the administration and benefit contributions to the Tshiamiso Trust.*
[2] *The amount for 2021 includes the legal costs for the claimants' attorneys.*

The group's obligation has been allocated to the companies within the group that forms part of the court settlement agreement based on the number of employees at an operation over a period of time. As holding company of the group, Harmony is liable for and will be obligated to settle the portion for companies that no longer form a part of the group.

Sensitivity analysis

Management has considered the information available regarding key assumptions, as well as the uncertainties and term of the projections, and determined variances for a reasonable (possible) range to apply to the key assumptions. Information considered included medical data and evidence from the silicosis claim process, which has not changed significantly since the liability was recognised. Management also considered the guidance provided by the actuarial specialists as to what could be a reasonably possible change for each item. The impact of these reasonable possible changes on the assumptions would increase or decrease the provision amount by the following amounts:

	SA Rand	
Figures in million	**2022**	2021
Effect of an increase in the assumption:		
Change in benefit take-up rate[1]	**71**	66
Change in silicosis prevalence[2]	**71**	66
Change in disease progression rates[3]	**38**	33
Effect of a decrease in the assumption:		
Change in benefit take-up rate[1]	**(71)**	(66)
Change in silicosis prevalence[2]	**(71)**	(66)
Change in disease progression rates[3]	**(38)**	(33)

[1] *Change in benefit take-up rate: the take-up rate does not significantly affect the administration fees, but a 10% change results in a proportionate change in the base compensation values.*
[2] *Change in silicosis prevalence: the assumptions that will result in a change in the estimated number of cases are either a 10% change in the assumed labour number or a 10% change in the disease risk.*
[3] *Change in disease progression rates: a 10% shorter/longer disease progression period was used, which results in more advanced silicosis cases. This assumption is not applicable to the dependant or TB classes.*

Retirement benefit obligation

Pension and provident funds: Refer to note 27(b) of the group financial statements. Funds contributed by the company for the 2022 year amounted to R129 million (2021: R121 million).

Post-retirement benefits other than pensions: Refer to note 27(b) of the group financial statements for a discussion of the obligation, risks and assumptions used.

23 Other non-current liabilities

	SA Rand	
Figures in million	**2022**	2021
Financial liabilities		
Preference share liability (a)	**33**	39
Lease liability – non-current	**5**	—
Total other non-current liabilities	**38**	39

(a) In 2019, Harmony issued 4 400 000 convertible preference shares to the Harmony Community Trust. The shares carry a minimum preference dividend of R2 per annum for the duration of a lock-in period of ten years and are convertible into ordinary shares at Harmony's election after the expiry of the lock-in period. The liability represents the non-current portion of the present value of the future preference dividend payments. The current portion is included in trade and other payables.

Notes to the company financial statements continued

For the year ended 30 June 2022

24 Borrowings

Summary of facilities' terms

	Commenced	Tenor (years)	Matures	Secured	Security	Interest payment basis	Interest charge	Repayment term	Repaid
Existing									
R2.5 billion revolving credit facility – sustainability linked	May 2022	Three	May 2025[2]	Yes	Unsecured	Variable	JIBAR + 2.4%	On maturity	n/a
US$400 million facility – sustainability linked	May 2022	Three	May 2025[2]	Yes	Unsecured	Variable		On maturity	n/a
- US$100 million term facility							SOFR + 2.85%[4]		
- US$300 million revolving credit facility							SOFR + 2.70%[4]		
R1.5 billion facility (green term loan[1])	May 2022	Six and a half	November 2028	Yes	Unsecured	Variable	JIBAR + 2.65%	Bi-annual[3]	n/a
Matured									
R2 billion facility	November 2018	Four	November 2022	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable			May 2022
- R600 million term loan							JIBAR + 2.9%	Eight equal quarterly instalments starting from February 2021 with the final instalment on maturity	
- R1.4 billion revolving credit facility							JIBAR + 2.8%	On maturity	
US$400 million facility	September 2019	Three	September 2023[5]	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	May 2022
- US$200 million revolving credit facility		Extendable by one year					LIBOR + 2.9%		
- US$200 million term loan							JIBAR + 3.1%		

[1] *This facility can only be drawn down from November 2022.*
[2] *Does not take into account the two extension options of 12 months each.*
[3] *Ten equal bi-annual instalments starting from May 2024 with the final instalment on maturity.*
[4] *Secured Overnight Financing Rate. The SOFR is a secured interbank overnight interest rate that has been established as an alternative to LIBOR. Please refer to note 31 for more detail.*
[5] *The syndicate of lenders for the US$400 million facility agreed to the one-year extension during July 2020, extending the maturity date to September 2023.*

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24 Borrowings continued

Refinancing of facilities

During May 2022, Harmony refinanced its facilities, replacing its existing R2 billion and US$400 million facility with the following facilities held with a syndicate of local and international lenders:

- R2.5 billion ZAR revolving credit facility (Rand RCF)
- US$100 million term facility (US$ term loan)
- US$300 million revolving credit facility (US$ RCF)
- R1.5 billion green term loan (Green loan)

The Green loan can only be used for eligible renewable energy projects as defined in the agreement.

The Rand RCF, US$ RCF and US$ term loan are linked to certain sustainability-linked key performance indicators (ESG KPIs), which will be measured annually for the next three financial years and will result in changes to interest rate margins. The adjustments to interest rate margins for each financial year's ESG performance would impact the following financial year. The respective ESG KPIs are as follows:

KPI	Unit of measurement	Scope	Sustainability performance targets		
			FY23	FY24	FY25
Greenhouse gas emissions	000 tonnes of Scope 1 and Scope 2 CO_2e emissions	All operations	4 485	4 279	4 074
Renewable energy	Renewable energy consumption as % of total electricity consumed	SA operations	2%	8%	20%
Water consumption	Potable water consumed (Mℓ)	SA operations	20 453	19 833	19 436

Depending on Harmony's performance in relation to these ESG KPIs, the potential change in interest rate margin is as follows:

Cumulative benefit/penalty for each financial year (basis points)	FY23	FY24	FY25
KPI			
Greenhouse gas emissions	1	2	3
Renewable energy	1	2	3
Water consumption	1	2	3

Debt covenants

The debt covenant tests for both the Rand and US dollar revolving credit facilities are as follows:

- The group's interest cover ratio shall be more than five times (EBITDA[1]/Total interest paid)
- Leverage[2] shall not be more than 2.5 times.

[1] Earnings before interest, taxes, depreciation and amortisation (EBITDA) as defined in the agreement excludes unusual items such as impairment and restructuring cost.
[2] Leverage is defined as total net debt to EBITDA.

During the refinancing process, the tangible net worth to total net debt ratio that was relevant to the previous facilities has been removed as a debt covenant while the interest cover and leverage ratios remained unchanged.

Loan covenants tests were performed for both the old and new loan facilities for the 2022 and 2021 financial years and no breaches were noted. For the 2022 financial year, the group's interest cover ratio was 43.4 times (2021: 42.8 times), while the group's leverage was 0.1 (2021: 0.1). As mentioned above, the tangible net worth to total net debt ratio was removed as a loan covenant during the current financial year (2021: 57.8). Management believes that it is very likely that the covenant requirements will be met in the foreseeable future given the current earnings and debt levels.

The cash flows from the refinancing process were directed by Harmony and are therefore reflected in the cash flow statement. The transaction costs of R172 million are included as part of the interest paid line in the cash flow statement.

24 Borrowings continued

Interest-bearing borrowings

	SA Rand	
Figures in million	2022	2021
Non-current borrowings		
R2 billion facility	—	153
Balance at beginning of year	153	1 351
Repayments	(450)	(1 050)
Transferred (to)/from current liabilities	300	(150)
Amortisation of issue costs	(3)	2
R2.5 billion facility – sustainability linked	—	—
Balance at beginning of year	—	—
Issue costs	(26)	—
Reclassification to prepayments (Trade and other receivables)	26	—
R1.5 billion term facility (Green Loan)	—	—
Balance at beginning of year	—	—
Issue costs	(15)	—
Reclassification to prepayments (Trade and other receivables)	15	—
US$400 million facility – sustainability linked	3 180	—
Balance at beginning of year	—	—
Draw down	3 057	—
Issue cost	(76)	—
Amortisation of issue costs	1	—
Translation	198	—
US$400 million facility	—	2 799
Balance at beginning of year	2 799	5 980
Issue cost	—	(11)
Repayments	(3 057)	(2 347)
Amortisation of issue costs	55	39
Translation	203	(862)
Total non-current borrowings	**3 180**	**2 952**
Current borrowings		
R2 billion revolving credit facility	—	300
Balance at beginning of year	300	150
Transferred (to)/from non-current liabilities	(300)	150
Total current borrowings	**—**	**300**
Total interest-bearing borrowings	**3 180**	**3 252**

24 Borrowings continued

Interest-bearing borrowings continued

	SA Rand	
Figures in million	**2022**	2021
The maturity of borrowings is as follows:		
Current	**—**	300
Between one to two years	**—**	153
Between two to three years	**3 180**	2 799
Total	**3 180**	3 252
Undrawn committed borrowing facilities:		
Expiring within one year	**—**	—
Expiring after one year	**7 254**	4 254
Total	**7 254**	4 254

	2022	2021
Effective interest rates (%)		
R2 billion facility	**6.7**	6.6
US$400 million facility	**3.4**	4.0
US$400 million – sustainability linked	**4.3**	—

25 Trade and other payables

	SA Rand	
Figures in million	**2022**	2021
Financial liabilities		
Trade payables	**212**	332
Lease liability – current	**2**	1
Other liabilities	**72**	62
Non-financial liabilities		
Payroll accruals	**481**	505
Leave liability (a)	**103**	95
Shaft-related and other liabilities	**124**	58
Value added tax	**153**	162
Total trade and other payables	**1 147**	1 215

(a) Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

	SA Rand	
Figures in million	**2022**	2021
Balance at beginning of year	**95**	79
Benefits paid	**(85)**	(75)
Total expense per income statement	**93**	91
Balance at end of year	**103**	95

Notes to the company financial statements continued

For the year ended 30 June 2022

26 Cash generated/(utilised) by operations

	SA Rand	
Figures in million	**2022**	2021
Reconciliation of profit/(loss) before taxation to cash generated by operations:		
Profit/(loss) before taxation	**(1 889)**	1 697
Adjustments for:		
Amortisation and depreciation	**133**	189
Loss on scrapping of property, plant and equipment	**—**	8
Share-based payments	**8**	11
Net decrease in provision for environmental rehabilitation	**(8)**	(3)
Impairment of investments in subsidiaries	**1 509**	10
Net gain on financial instruments	**(42)**	68
ARM BBEE day one expense	**—**	(87)
Dividends received	**(123)**	(104)
Interest received	**(137)**	(134)
Finance costs	**327**	307
Inventory revaluation adjustments	**(2)**	(9)
Loss allowance	**198**	93
Silicosis settlement provision	**(67)**	(71)
Foreign exchange translation	**401**	(862)
Non-cash portion of gains on derivatives	**104**	(607)
Other non-cash adjustments	**2**	(57)
Effect of changes in operating working capital items		
Decrease in Receivables	**(46)**	219
(Increase)/decrease in Inventories	**(98)**	8
Increase/(decrease) in Payables	**(77)**	147
Cash generated by operations	**193**	823

Additional cash flow information

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.

At 30 June 2022, R7 254 million (2021: R4 254 million) of borrowing facilities had not been drawn down and is therefore available for future operating activities and future capital commitments. Refer to note 24.

Principal non-cash transactions

- Share-based payments (refer to note 28)
- Investment in subsidiaries arising from share-based payments (refer to note 15).

27 Employee benefits

	SA Rand	
Figures in million	**2022**	2021
Aggregate earnings		
The aggregate earnings of employees including executive directors were:		
Salaries and wages and other benefits (excluding share-based payments)	**1 681**	1 643
Retirement benefit costs	**129**	121
Medical aid contributions	**51**	48
Total aggregated earnings*	**1 861**	1 812
Number of permanent employees as at 30 June	**3 612**	3 799

** These amounts have been included in cost of sales, corporate expenditure and capital expenditure.*

Remuneration for directors and executive management is fully disclosed in Annexure B of this report.

During the 2022 financial year R23 million (2021: R72 million) was included in the payroll cost for termination costs. Termination costs include the costs relating to the voluntary retrenchment process as well as retrenchments due to shaft closures.

28 Share-based payments

The total cost relating to share-based payments for the company is made up as follows:

	SA Rand	
Figures in million	**2022**	2021
2006 share plan	**—**	3
Sisonke Employee Share Ownership Plan (Sisonke ESOP)	**3**	4
Management Deferred Share Plan (DSP)	**6**	4
Total share-based payments	**9**	11

Employee share-based payments

The objective of the group's share-based payment schemes is to recognise the contributions of employees to the group's financial position and performance and to retain key employees.

Options granted under the 2006 share plan

Refer to note 36 of the group financial statements for the information relating to the 2006 share plan. The following information relates specifically to the company:

Activity on share options

	SARs		PS
Activity on options and rights granted but not yet exercised	**Number of options and rights**	**Weighted average option price (SA Rand)**	**Number of rights**
For the year ended 30 June 2021			
Balance at beginning of year	205 103	18.41	7 901 709
Options exercised	(205 103)	18.41	(7 834 069)
Options forfeited and lapsed	—	—	(67 640)
Balance at end of year	—	—	—

There were no SARS, RS and PS balances during the 2022 financial year and no RS balances during the 2021 financial year.

	SA Rand	
Figures in million	**2022**	2021
Gain realised by participants on options and rights traded during the year	**—**	528
Fair value of options and rights exercised during the year	**—**	528

Options granted under the Sisonke ESOP

Refer to note 36 of the group financial statements for the information relating to the Sisonke ESOP. The following information relates specifically to the company:

Activity on share options

	Number of PU	
Activity on PU granted	**2022**	2021
Balance at beginning of year	**482 224**	707 930
Options granted and accepted	**1 013**	4 756
Options exercised	**(472 925)**	(63 987)
Transfers	**695**	(159 451)
Options forfeited and lapsed	**(11 007)**	(7 024)
Balance at end of year	**—**	482 224

	2022	2021
Gain realised by participants on options exercised during the year (R million)	**28**	4
Weighted average share price at the date of exercise (SA Rand)	**58.19**	69.73
Remaining life (years)	**—**	0.5

Notes to the company financial statements continued

For the year ended 30 June 2022

28 Share-based payments continued

Employee share-based payments continued

Options granted under the Management Deferred Share Plan

Refer to note 36 of the group financial statements for the information relating to the Deferred Share Plan. The following information relates specifically to the company:

	Number of DS	
Activity on DS granted but not exercised	**2022**	2021
Balance at beginning of year	**1 318 762**	633 825
Options granted	**2 150 088**	920 181
Options exercised	**(356 124)**	(169 741)
Options forfeited and lapsed	**(280 052)**	(65 503)
Balance at end of year	**2 832 674**	1 318 762

List of options granted but not yet exercised (listed by grant date)	Number of options	Remaining life (years)
As at 30 June 2022		
Deferred shares		
18 September 2019 – 3 years	**131 950**	**0.2**
18 September 2019 – 5 years	**122 991**	**2.2**
18 September 2020 – 3 years	**329 475**	**1.2**
18 September 2020 – 5 years	**213 201**	**3.2**
20 September 2021 – 3 years	**1 367 048**	**2.2**
20 September 2021 – 5 years	**668 009**	**4.2**
Total options granted but not yet exercised	**2 832 674**	

	2022	2021
18 September 2019 – 3 years		
Gain realised by participants on options exercised during the year (R million)	**6**	14
Weighted average share price at the date of exercise (SA Rand)	**47.24**	87.86
Remaining life (years)	**0.2**	1.2
18 September 2019 – 5 years		
Gain realised by participants on options exercised during the year (R million)	**1**	2
Weighted average share price at the date of exercise (SA Rand)	**52.80**	87.86
Remaining life (years)	**2.2**	3.2
18 September 2020 – 3 years		
Gain realised by participants on options exercised during the year (R million)	**8**	—
Weighted average share price at the date of exercise (SA Rand)	**47.24**	—
Remaining life (years)	**1.2**	—
18 September 2020 – 5 years		
Gain realised by participants on options exercised during the year (R million)	**2**	—
Weighted average share price at the date of exercise (SA Rand)	**49.98**	—
Remaining life (years)	**3.2**	—

29 Related parties

Refer to note 37 in the group financial statements for a discussion on related parties. The services rendered to the subsidiary companies relate primarily to general administration and financial functions. All the production of the company is sent to Rand Refinery in which Harmony holds a 10.38% interest. Refer to note 16.

	SA Rand	
Figures in million	**2022**	2021
Sales and services rendered to related parties		
Direct subsidiaries	**32 604**	31 034
Indirect subsidiaries	**3 066**	2 347
Total	**35 670**	33 381
Purchases and services acquired from related parties		
Indirect associates	**1**	1
Directors	**5**	5
Total	**6**	6

Annexure A of this report contains a full list of the loans to and from subsidiaries. Refer to note 15 for details of expected credit losses made against these loans. All loans except as stated otherwise are unsecured and interest-free and there are no special terms and conditions that apply.

	SA Rand	
Figures in million	**2022**	2021
Outstanding balances due by related parties		
Direct subsidiaries	**4 438**	6 003
Indirect subsidiaries	**46**	418
Total	**4 484**	6 421
Outstanding balances due to related parties		
Direct subsidiaries	**4 473**	4 910
Indirect subsidiaries	**479**	560
Total	**4 952**	5 470

Details of the derivative financial instruments are included in note 13. The balances and movements below relate to the derivative instruments where Harmony and the subsidiaries are the counterparties.

	SA Rand	
Figures in million	**2022**	2021
Derivative assets		
Direct subsidiaries	**—**	36
Indirect subsidiaries	**11**	172
Total assets	**11**	208
Derivative liabilities		
Direct subsidiaries	**456**	1 512
Indirect subsidiaries	**159**	142
Total liabilities	**615**	1 654
Gains/(losses) from back-to-back derivatives with related parties		
Direct subsidiaries	**(362)**	(1 753)
Indirect subsidiaries	**7**	348
Total	**(355)**	(1 405)

Notes to the company financial statements continued

For the year ended 30 June 2022

30 Commitments and contingencies

Commitments and guarantees

	SA Rand	
Figures in million	**2022**	2021
Capital expenditure commitments		
Contracts for capital expenditure[1]	**86**	10
Authorised by the directors but not contracted for	**109**	—
Total capital commitments	**195**	10

[1] *The increase year on year relates to the inclusion of Harmony's Phase 2 renewable energy projects and various feasibility studies conducted centrally for the group's operations.*

This expenditure will be financed from existing resources and, where appropriate, borrowings.

	SA Rand	
Figures in million	**2022**	2021
Guarantees		
Guarantees and suretyships	**7**	7
Environmental guarantees	**317**	317
Total guarantees	**324**	324

At 30 June 2022, R287 million (2021: R146 million) has been pledged as collateral for guarantees in favour of certain financial institutions. Refer to note 11.

Contingent liabilities

Refer to note 38 (b), (c) and (d) of the group financial statements for a discussion on contingent liabilities relevant to the company.

31 Financial risk management

The company's financial instruments expose it to a variety of financial risks: market risk (including commodity price risk, foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The company may use derivative financial instruments to hedge certain risk exposures. The company's financial assets and liabilities are set out below:

Figures in million (SA Rand)	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2022					
Financial assets					
Restricted cash and investments	624	—	—	124	—
Loans to subsidiaries	4 222	—	—	—	—
Other non-current assets	5	71	—	148	—
Non-current derivative financial instruments	—	—	139	—	—
– US$ gold contracts	—	—	20	—	—
– US$ silver contracts	—	—	6	—	—
– Rand gold derivative contracts	—	—	113	—	—
Current derivative financial instruments	—	—	528	—	—
– US$ gold contracts	—	—	35	—	—
– US$ silver contracts	—	—	71	—	—
– Foreign exchange contracts	—	—	12	—	—
– Rand gold derivative contracts	—	—	410	—	—
Trade and other receivables	630	—	—	—	—
Cash and cash equivalents	1 474	—	—	—	—
Financial liabilities					
Non-current derivative financial instruments	—	—	131	—	—
– US$ gold contracts	—	—	20	—	—
– US$ silver contracts	—	—	6	—	—
– Rand gold derivative contracts	—	—	105	—	—
Current derivative financial instruments	—	—	497	—	—
– US$ gold contracts	—	—	35	—	—
– US$ silver contracts	—	—	71	—	—
– Foreign exchange contracts	—	—	11	—	—
– Rand gold derivative contracts	—	—	380	—	—
Borrowings	—	—	—	—	3 180
Other non-current liabilities	—	—	—	—	38
Loans from subsidiaries	—	—	—	—	4 952
Trade and other payables	—	—	—	—	286

31 Financial risk management continued

Figures in million (SA Rand)	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2021					
Financial assets					
Restricted cash and investments	457	—	—	146	—
Loans to subsidiaries	6 421	—	—	—	—
Other non-current assets	6	69	—	177	—
Non-current derivative financial instruments	—	—	333	—	—
– US$ gold contracts	—	—	40	—	—
– US$ silver contracts	—	—	14	—	—
– Rand gold derivative contracts	—	—	279	—	—
Current derivative financial instruments	—	—	1 673	—	—
– US$ gold contracts	—	—	81	—	—
– US$ silver contracts	—	—	93	—	—
– Foreign exchange contracts	—	—	383	—	—
– Rand gold derivative contracts	—	—	1 116	—	—
Trade and other receivables	777	—	—	—	—
Cash and cash equivalents	1 662	—	—	—	—
Financial liabilities					
Non-current derivative financial instruments	—	—	311	—	—
– US$ gold contracts	—	—	40	—	—
– US$ silver contracts	—	—	14	—	—
– Rand gold derivative contracts	—	—	257	—	—
Current derivative financial instruments	—	—	1 556	—	—
– US$ gold contracts	—	—	81	—	—
– US$ silver contracts	—	—	93	—	—
– Foreign exchange contracts	—	—	349	—	—
– Rand gold derivative contracts	—	—	1 033	—	—
Borrowings	—	—	—	—	3 252
Other non-current liabilities	—	—	—	—	39
Loans from subsidiaries	—	—	—	—	5 470
Trade and other payables	—	—	—	—	395

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close cooperation with the group's operating units. The audit and risk committee and the board provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

Market risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised financial assets or liabilities are denominated in a currency that is not the entity's functional currency. There is foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Harmony's revenues are sensitive to the R/US$ exchange rate as all revenues are generated by gold sales denominated in US$.

Harmony maintains a foreign currency derivative programme in order to manage the foreign exchange risk. Refer to note 13 for details of the contracts. The audit and risk committee reviews the details of the programme quarterly.

31 Financial risk management continued

Market risk continued

Foreign exchange risk continued

The Rand weakened during the current financial year, from R14.27/US$1 on 30 June 2021 to close at R16.27/US$1 on 30 June 2022. The weakening negatively impacted on the derivative valuations of contracts that were outstanding at 30 June 2022.

The company is exposed to foreign exchange risk arising from borrowings and cash denominated in a currency other than the functional currency of the entity, primarily to the US$. The Rand's levels impacted negatively on the translation of the US$ debt facilities at 30 June 2022. Refer to note 24 for further detail.

The company has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities in the exchange rates that would affect profit and loss:

- Rand/US$ exchange rate – 4% (2021: 6%) based on the standard deviation from a one year forecast of various financial institution outlooks.

	SA Rand	
Figures in million	**2022**	2021
Sensitivity analysis – borrowings		
Rand against US$		
Balance at 30 June	**3 180**	2 806
Strengthen by 4% (FY21: 6%)	**127**	168
Weaken by 4% (FY21: 6%)	**(127)**	(168)
Closing rate	**16.27**	14.27
Sensitivity analysis – financial instruments		
Rand against US$		
Balance at 30 June	**1**	34
Strengthen by 4% (FY21: 6%)	**2**	11
Weaken by 4% (FY21: 6%)	**(2)**	(9)
Closing rate	**16.27**	14.27

Commodity price sensitivity

The profitability of the company's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold. Harmony entered into derivative contracts to manage the variability in cash flows from the company's production to create cash certainty and protect the company against lower commodity prices. The general limit for gold hedging currently set by the board is 20% for a 24-month period for the Harmony group. The audit and risk committee reviews the details of the programme quarterly. Management continues to top up these programmes as and when opportunities arise to lock in attractive margins for the business, but are not required to maintain hedging at these levels. Harmony enters into derivative contracts with various financial institutions on behalf of its operations and subsidiaries. Harmony then enters into back-to-back contracts with the subsidiaries. Refer to note 13 and the fair value determination for financial assets and liabilities section below for further detail on these contracts.

The Rand weakened during the year (as discussed above), which had the effect of decreasing the gains on the contracts that matured during the 2022 financial year as well as negatively impacting those that were outstanding at 30 June 2022.

The company has reviewed its exposure to commodity linked instruments and identified a sensitivity of 9% (2021: 7%) based on the standard deviation of a one-year forecast gold price from various financial institution outlooks. The estimated sensitivity would affect profit or loss in the 2022 financial year.

	SA Rand	
Figures in million	**2022**	2021
Sensitivity analysis		
Rand gold derivatives		
Profit or loss		
Increase by 9% (FY21: 7%)	**(73)**	(49)
Decrease by 9% (FY21: 7%)	**74**	39

Notes to the company financial statements continued

For the year ended 30 June 2022

31 Financial risk management continued

Market risk continued

Other price risk

The company is exposed to the risk of fluctuations in the fair value of the fair value through profit or loss financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

Certain of the restricted investments are linked to the Top 40 Index on the JSE. Management considered a sensitivity of 13% (2021: 15%) as appropriate, based on the continuing volatility in the market as well as the magnitude of fluctuations within the last year of historical data. A 13% increase in the Top 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by R7 million (2021: R10 million) and an equal change in the opposite direction would have decreased profit or loss by R6 million (2021: R8 million).

Interest rate risk

The company's interest rate risk arises mainly from borrowings. The company has variable interest rate borrowings. Variable rate borrowings expose the group to cash flow interest rate risk.

During the 2022 year the US Federal Reserve increased the fund rate by 150 basis points. Similarly the SARB increased the repo rate by 125 basis points causing the higher interest rates to have a non-favourable impact on the group's cost of debt. This was offset by lower debt balances. The SOFR (Secured Overnight Financing Rate) has been used for the refinanced US$ borrowings, as opposed to LIBOR (London Interbank Offered Rate) that was used for the historic borrowings. This is due to LIBOR being phased out. During the refinancing process, the group was able to secure slightly improved margins on its facilities. Even though it can be expected that the increase in the repo rate will result in a higher cost of debt as financial institutions will increase their lending rates, the group has not entered into interest rate swap agreements. The audit and risk committee reviews the group's risk exposure quarterly.

Interest rate risk arising from borrowings is offset by cash and restricted cash and investments held at variable rates. As at 30 June 2022, management reasonably expects profit or loss before tax to increase/(decrease) by the following sensitivities:

- A 88 basis points (2021: 25 basis points) finance cost movement based on the average of a one-year forecast of the South African prime interest rate from various financial institution outlooks
- A 185 basis points (2021: 1 basis point) finance cost movement based on the average of a one-year forecast US Fed rate from various financial institution outlooks
- A 88 basis points (2021: 25 basis points) sensitivity on interest received based on the average of a one-year forecast of the South African prime interest rate from various financial institution outlooks.

The above analysis assumes that all other variables remain constant.

	SA Rand	
Figures in million	**2022**	2021
Sensitivity analysis – borrowings (finance costs)		
Rand-denominated borrowings		
Increase by 88 basis points (FY21: 25 basis points)	**—**	(1)
Decrease by 88 basis points (FY21: 25 basis points)	**—**	1
US$-denominated borrowings		
Increase by 185 basis point (FY21: 1 basis point)	**(59)**	—
Decrease by 185 basis points (FY21: 1 basis point)	**59**	—
Sensitivity analysis – financial assets (interest received)		
Increase by 88 basis points (FY21: 25 basis points)	**19**	5
Decrease by 88 basis points (FY21: 25 basis points)	**(19)**	(5)

Notes to the company financial statements continued

For the year ended 30 June 2022

31 Financial risk management continued

Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations in a timely manner. Financial instruments that are subject to credit risk are restricted cash and investments, derivative financial instruments and cash and cash equivalents, as well as trade and other receivables (excluding non-financial instruments).

Assessment of credit risk

In assessing the creditworthiness of local institutions, management uses the national scale long-term ratings. The credit risk arising from cash and cash equivalents, restricted cash and investments and derivative financial assets is managed by ensuring amounts are only invested with financial institutions of good credit quality based on external credit ratings. The group has policies that limit the amount of credit exposure to any one financial institution. The audit and risk committee reviews the exposure on a quarterly basis. Exposure to credit risk on trade and other receivables is monitored on a regular basis by management. Refer to note 39 in the group financial statements for a discussion on South Africa's credit ratings.

The method of assessing the exposure to credit risk for the loans to the company's subsidiaries is detailed in note 15.

Financial institutions' credit rating by exposure (Source: Fitch Ratings and Global Credit Ratings)

	SA Rand	
Figures in million	**2022**	2021
Cash and cash equivalents		
AA+	**1 474**	1 662
Total	**1 474**	1 662
Restricted cash and investments		
AA+	**729**	584
Total	**729**	584
Derivative financial assets (a)		
AA+	**226**	629
AA	**115**	286
AA-	**110**	145
A+	**205**	739
Total	**656**	1 799

(a) The amounts disclosed in accordance with each counterparty's risk relate to the entire Harmony group. As at 30 June 2022, 6% (2021: 8%) is attributable to the Harmony company, while 94% (2021: 92%) is attributable to the subsidiaries of the group.

The Social Plan Trust fund of R19 million (2021: R19 million) has been invested in unit trusts comprising interest-bearing instruments and shares in listed companies.

The company's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R7 920 million as at 30 June 2022 (2021: R9 797 million).

Expected credit loss assessment

The company determines expected credit losses on cash and cash equivalents, restricted cash and investments, and trade and other receivables on the same basis as described in note 39 of the consolidated financial statements. Expected credit losses on loans to subsidiaries are determined as described in note 15 of the company financial statements. The majority of the loans to subsidiaries are repayable on demand and therefore not past due.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions which are rated AA+ (see above). The ECL on cash and cash equivalents has been determined using the simplification that allows the group to assume that the credit risk on financial instruments determined to have low credit risk at the reporting date, has not increased significantly since initial recognition of the financial instrument. The ECL was estimated with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. The ECL was determined to be immaterial.

31 Financial risk management continued

Credit risk continued

Restricted cash and investments

Restricted cash and investments relate largely to the environmental trust funds. These funds are held with banks and financial institutions that are rated AA+ (see above). Impairment of these investments has been determined using the simplification that allows the group to assume that the credit risk on financial instruments determined to have low credit risk at the reporting date, has not increased significantly since initial recognition of the financial instrument. The company considers that its restricted investments and cash have low credit risk based on the external credit ratings of the counterparties with which the funds are deposited. The ECL was estimated with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. Concentration of credit risk on restricted cash and investments is considered minimal due to the company's investment risk management and counterparty exposure risk management policies. The ECL was determined to be immaterial.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the company receives cash from its operations and is required to fund working capital and capital expenditure requirements. Management prepares cash flow forecasts weekly and ensures that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The company maintains and refinances committed credit facilities as medium-term forecasts require. The audit and risk committee reviews the updated forecasts quarterly. The company is able to actively source financing at competitive rates. Where necessary, funds will be drawn from its revolving credit facilities (refer to note 24).

The following are the undiscounted contractual maturities of financial liabilities (including principal and interest payments assuming the closing R/US$ exchange rate and interest rate at year-end):

	SA Rand			
Figures in million	**2022**		2021	
	Current	**More than 1 year**	Current	More than 1 year
Trade and other payables (excluding non-financial liabilities)[2]	**285**	**—**	395	—
Other non-current liabilities[2]	**—**	**38**	—	39
Derivative financial liabilities (a)[2]	**—**	**—**	6	—
Loans from subsidiaries[1]	**4 952**	**—**	5 470	—
Borrowings[2]:				
Due between 0 to six months	**72**	**—**	210	—
Due between six to 12 months	**68**	**—**	204	—
Due between one to two years	**—**	**137**	—	245
Due between two to three years[3]	**—**	**3 251**	—	2 877
Total	**5 377**	**3 426**	6 285	3 161

[1] Loans from subsidiaries are payable on demand. Refer to note 15 for details.
[2] The company will utilise its cash generated from operations to settle outstanding obligations.
[3] Final repayment of capital of 2022: R3 126 million (2021: R2 854 million) in May 2025.

(a) Derivative financial liabilities are a result of the following:

	SA Rand			
Figures in million	**2022**		2021	
	Current	**More than 1 year**	Current	More than 1 year
Derivative financial liabilities	**—**	**—**	6	—
Attributable to:				
Payable to external counterparties	**9**	**3**	285	11
Receivable from Harmony subsidiaries	**(9)**	**(3)**	(279)	(11)
Net	**—**	**—**	6	—

31 Financial risk management continued

Capital risk management

The primary objective of managing the company's capital is to ensure that there is sufficient capital available to support the funding requirements of the company, in a way that optimises the cost of capital and matches the current strategic business plan.

The company manages and makes adjustments to the capital structure, which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. In doing so, the company ensures it stays within the debt covenants agreed with lenders (refer to note 24 for details on the covenants). The company may also sell assets to reduce debt or schedule projects to manage the capital structure. It is the company's objective to adhere to a conservative approach to debt and maintain low levels of gearing.

Net debt is as follows:

	SA Rand	
Figures in million	**2022**	2021
Cash and cash equivalents	**1 474**	1 662
Borrowings	**(3 180)**	(3 252)
Net debt	**(1 706)**	(1 590)

There were no changes to the company's approach to capital management during the year.

Fair value determination of financial assets and liabilities

The fair value levels of hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from other prices)

Level 3: Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

The following table sets out the company's assets and liabilities measured at fair value by level within the fair value hierarchy:

	SA Rand			
Figures in million	**At 30 June 2022**		At 30 June 2021	
	Level 2	**Level 3**	Level 2	Level 3
Fair value through other comprehensive income				
Other non-current assets (a)	**—**	**71**	—	69
Fair value through profit or loss				
Restricted investments (b)	**124**	**—**	146	—
Derivative financial assets (c)	**667**	**—**	2 006	—
Derivative financial liabilities (c)	**(628)**	**—**	(1 867)	—
Loan to ARM BBEE Trust (d)	**—**	**148**	—	177

(a) The majority of the balance relates to the equity investment in Rand Mutual Assurance. The fair value of the investment was estimated with reference to an independent valuation. A combination of the "Embedded Valuation" and "Net Asset Value" techniques were applied to revalue the investment at the reporting dates. In evaluating the group's share of the business, common practice marketability and minority discounts, as well as additional specific risk discounts, were applied. There are no inputs to the valuation that a reasonably possible change would result in a material change in the fair value of the investment.

(b) The majority of the balance is directly derived from the Top 40 index on the JSE, and is discounted at market interest rate. This relates to equity-linked deposits in the group's environmental rehabilitation trust funds. The balance of the environmental trust funds is carried at amortised cost and therefore not disclosed here.

(c) The mark-to-market remeasurement of the derivative contracts was determined as follows:
- Foreign exchange contracts comprise zero cost collars and FECs: The zero cost collars were valued using a Black-Scholes valuation technique derived from spot Rand/US$ exchange rate inputs, implied volatilities on the Rand/US$ exchange rate, Rand/US$ inter-bank interest rates and discounted at market interest rate (zero-coupon interest rate curve). The value of the FECs is derived from the forward Rand/US$ exchange rate and discounted at market interest rate (zero-coupon interest rate curve)
- Rand gold contracts (forward sale contracts): spot Rand/US$ exchange rate, Rand and dollar interest rates (forward points), spot US$ gold price, differential between the US interest rate and gold lease interest rate which is discounted at market interest rate.

31 Financial risk management continued

Fair value determination of financial assets and liabilities continued

(d) At 30 June 2022, the fair value movement was calculated using a discounted cash flow model, taking into account forecast dividend payments over the estimated repayment period of the loan at a rate of 9.3% (2021: 7.9%). A 99 basis point change in the discount rate, which would represent a reasonably possible change based on expected movements in lending rates, would not cause a material change in the fair value of the loan. The loan balance forms part of other non-current assets in the balance sheet.

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values. This includes restricted cash and investments carried at amortised cost. The fair values of borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is at floating interest rates. The fair value of borrowings is based on discounted cash flows using a current borrowing rate. The determination of the fair values are level 3 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

32 Going concern

The financial statements are prepared on a going concern basis. Based on the directors analysis of future cash flow requirements and in accordance with the solvency and liquidity test in terms of section 4 of the Companies Act:

- the company's assets, fairly valued, exceeds its liabilities, fairly valued and
- the company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 30 June 2022.

The directors are comfortable that the company will be able to continue as a going concern and therefore support the preparation of the financial statements on a going concern basis.

33 Subsequent events

On 29 August 2022, a final dividend of 22 SA cents was declared, paid on 17 October 2022.

Annexure A

Statement of group companies at 30 June 2022

Company	Country incorporated in	Issued share capital R 000	Effective group interest 2022 %	Effective group interest 2021 %	Cost of investment by holding company 2022 Rm	Cost of investment by holding company 2021 Rm	Loans from/(to) holding company 2022 Rm	Loans from/(to) holding company 2021 Rm
Direct subsidiaries:								
Dormant								
AGA Security Services (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Coreland Property Management (Proprietary) Limited[1]	(a)	#	**100**	100	**—**	—	**—**	—
First Uranium (Proprietary) Limited	(a)	2	**100**	100	**—**	—	**90**	90
Harmony Engineering (Proprietary) Limited[1]	(a)	#	**100**	100	**2**	2	**(4)**	(4)
Harmony Gold (Management Services) (Proprietary) Limited[1]	(a)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Limited	(b)	#	**100**	100	**—**	—	**—**	—
Harmony Precision Casting Company (Proprietary) Limited[1]	(a)	358	**100**	100	**—**	—	**—**	—
Masakhisane Investment (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Musuku Beneficiation Systems (Proprietary) Limited[1]	(a)	#	**100**	100	**—**	—	**—**	—
Unisel Gold Mines Limited	(a)	23 136	**100**	100	**89**	89	**(89)**	(89)
Virginia Salvage (Proprietary) Limited[2]	(a)	2	**90**	90	**—**	—	**—**	—
Exploration								
Lydenburg Exploration Limited	(a)	42 792	**100**	100	**103**	103	**(106)**	(106)
Gold mining								
African Rainbow Minerals Gold Limited	(a)	96	**100**	100	**2 432**	3 750	**—**	—
Avgold Limited	(a)	6 827	**100**	100	**4 295**	4 488	**2 500**	1 825
Freegold (Harmony) (Proprietary) Limited	(a)	20	**100**	100	**870**	830	**(4 208)**	(4 678)
Golden Core Trade and Invest (Proprietary) Limited	(a)	#	**100**	100	**10**	—	**731**	920
Harmony Moab Khotsong Operations (Proprietary) Limited	(a)	#	**100**	100	**68**	45	**426**	1 230
Randfontein Estates Limited	(a)	19 882	**100**	100	**1 802**	1 776	**678**	1 457
Tswelopele Beneficiation Operation (Proprietary) Limited	(a)	5 996	**76**	76	**50**	50	**(66)**	(33)
Investment holding								
ARMgold/Harmony Joint Investment Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Bokamoso Claims Management Systems (Proprietary) Ltd	(a)	#	**100**	100	**—**	—	**—**	—
Harmony Copper Limited	(a)	12 955 523	**100**	100	**12 989**	12 340	**—**	480
Own Kind Mineral Resources (Proprietary) Limited	(d)	#	**100**	100	**—**	—	**—**	—
West Rand Consolidated Mines Limited	(a)	17 967	**100**	100	**321**	311	**13**	1
Property holding and development								
Coreland Property Development Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
La Riviera (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Lozitone (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—

Company	Country incorporated in	Issued share capital R 000	Effective group interest 2022 %	Effective group interest 2021 %	Cost of investment by holding company 2022 Rm	Cost of investment by holding company 2021 Rm	Loans from/(to) holding company 2022 Rm	Loans from/(to) holding company 2021 Rm
Indirect subsidiaries:								
Dormant								
Aurora Gold (WA) (Proprietary) Limited	(c)	163 115	**100**	100	**—**	—	**—**	—
Aurora Gold Australia (Proprietary) Limited	(c)	58	**100**	100	**—**	—	**—**	—
Australian Ores & Minerals (Proprietary) Limited	(c)	8 766	**100**	100	**—**	—	**—**	—
Carr Boyd Minerals (Proprietary) Limited	(c)	402 414	**100**	100	**—**	—	**—**	—
Harmony Gold Securities (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Harmony Gold WA (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Jeanette Gold Mines (Proprietary) Limited	(a)	#	**87**	87	**—**	—	**—**	—
Loraine Gold Mines Limited	(a)	#	**100**	100	**—**	—	**—**	—
Middelvlei Development Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Mine Waste Solutions (Proprietary) Limited	(a)	#	**100**	—	**—**	—	**29**	30
New Hampton Goldfields Limited	(c)	196 248	**100**	100	**—**	—	**—**	—
Potchefstroom Gold Areas Limited[1]	(a)	8 407	**100**	100	**—**	—	**—**	—
Potchefstroom Gold Holdings (Proprietary) Limited[1]	(a)	2	**100**	100	**—**	—	**—**	—
Remaining Extent and Portion 15 Wildebeestfontein (Proprietary) Limited[1]	(a)	#	**67**	67	**—**	—	**—**	—
Venda Gold Mining Company (Proprietary) Limited[2]	(a)	#	**100**	100	**—**	—	**—**	—
Exploration								
Harmony Gold (Exploration) (Proprietary) Limited	(a)	10	**100**	100	**—**	—	**(3)**	(3)
Harmony Gold (PNG) Exploration Limited	(e)	#	**100**	100	**—**	—	**—**	—
Morobe Exploration Limited	(e)	1 104	**100**	100	**—**	—	**—**	—
Gold mining								
Chemwes (Proprietary) Limited	(a)	3	**100**	100	**4**	—	**15**	187
Kalahari Goldridge Mining Company Limited	(a)	1 275	**100**	100	**64**	60	**(474)**	(557)
Investment								
Abelle Limited	(c)	488 062	**100**	100	**—**	—	**—**	—
Aurora Gold Finance (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Aurora Gold Limited	(c)	685 006	**100**	100	**—**	—	**—**	—
Aurora Gold (Wafi) (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Australia (Proprietary) Limited[3]	(c)	13 488 155	**100**	100	**249**	227	**—**	—
Harmony Gold Operations Limited	(c)	405 054	**100**	100	**—**	—	**—**	—
Mineral right investment								
Morobe Consolidated Goldfields Limited	(e)	#	**100**	100	**—**	—	**—**	—
Wafi Mining Limited	(e)	#	**100**	100	**—**	—	**—**	—
Property and development								
Quarrytown Limited	(a)	#	**100**	100	**—**	—	**—**	—

Annexure A continued

Company	Country incorporated in	Issued share capital R 000	Effective group interest 2022 %	Effective group interest 2021 %	Cost of investment by holding company 2022 Rm	Cost of investment by holding company 2021 Rm	Loans from/(to) holding company 2022 Rm	Loans from/(to) holding company 2021 Rm
Mining-related services								
Harmony Gold (PNG Services) (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Margaret Water Company NPC	(a)	#	**66**	66	**—**	—	**—**	—
Covalent Water Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	201
Other								
Harmony BEE SPV (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Nufcor Fuels Corporation of South Africa (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Total					**23 348**	24 071	**(468)**	951
Total investments							**22 880**	25 022
Joint venture – direct:								
Agent K (Proprietary) Limited[4]	(a)	2	**22**	22	**—**	—	**—**	—
Joint operations – indirect:								
Morobe Exploration Services Limited	(e)	$	**50**	50	**—**	—	**—**	—
Wafi Golpu Services Limited	(e)	$	**50**	50	**—**	—	**—**	—
Wafi Golpu Australia Services (Proprietary) Limited	(c)	$	**50**	50	**—**	—	**—**	—
Associate company – direct:								
Gold mining company								
Pamodzi Gold Limited	(a)	30	**32**	32	**—**	—	**—**	—
Associate company – indirect:								
Gold refining								
Rand Refinery	(a)	786	**10**	10	**—**	—	**—**	—
Exploration								
Jelani Resources (Proprietary) Limited	(a)	#	**35**	35	**—**	—	**—**	—

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

Investments in associates are accounted for by using the equity method of accounting. Equity accounting involves recognising in the income statement the group's share of associates' profit or loss for the period. The group's interest in the associate is carried on the balance sheet at an amount that reflects the cost of the investment, the share of post-acquisition earnings and other movement in the reserves.

[1] *Liquidation process commenced.*
[2] *In final stages of liquidation order.*
[3] *The R249 million (2021: R227 million) relates to the share-based payments from Harmony to employees of its indirect subsidiary, shown as an investment.*
[4] *This is a special purpose vehicle incorporated as the agent representing Harmony and the other settling companies' interests for purposes of the silicosis settlement agreement and trust deed. Joint control of this entity is established in accordance with the shareholders agreement. Refer to note 22 to note for further information on the silicosis settlement.*

$ Indicates a share in the joint venture's capital assets
 # Indicates issued share capital of R1 000 or less
(a) Incorporated in the Republic of South Africa
(b) Incorporated in the Isle of Man
(c) Incorporated in Australia
(d) Incorporated in Zimbabwe
(e) Incorporated in Papua New Guinea

Annexure B

Directors' emoluments (R 000)

Name	Directors' fees[1] 2022	Salaries and benefits 2022	Retirement savings & contributions during the year 2022	Bonuses paid[2] 2022	Total 2022	Total 2021
Non-executive						
Dr Patrice Motsepe	1 636	—	—	—	1 636	1 440
Joachim Chissano	724	—	—	—	724	636
Fikile De Buck[3]	637	—	—	—	637	1 382
Ken Dicks[4]	—	—	—	—	—	198
Dr Simo Lushaba[3]	591	—	—	—	591	1 160
Grathel Motau[5]	—	—	—	—	—	280
Modise Motloba[6]	1 494	—	—	—	1 494	1 550
Dr Mavuso Msimang	1 076	—	—	—	1 076	968
Karabo Nondumo	1 183	—	—	—	1 183	923
Bongani Nqwababa[7]	111	—	—	—	111	—
Vishnu Pillay	1 220	—	—	—	1 220	1 130
Martin Prinsloo[7]	111	—	—	—	111	—
Given Sibiya	820	—	—	—	820	676
Max Sisulu[8]	—	—	—	—	—	107
Peter Turner	977	—	—	—	977	329
John Wetton	1 310	—	—	—	1 310	1 084
Andre Wilkens	1 028	—	—	—	1 028	986
Executive						
Frank Abbott[9]	—	—	—	—	—	7 292
Boipelo Lekubo	—	6 713	390	4 135	11 238	10 713
Mashego Mashego	—	4 914	744	3 298	8 956	8 236
Peter Steenkamp	—	9 200	1 589	6 934	17 723	16 403
Prescribed officers						
Anton Buthelezi[10]	—	1 569	190	2 735	4 494	n/a
Melanie Naidoo-Vermaak[10]	—	1 560	196	2 809	4 565	n/a
Beyers Nel	—	5 530	912	3 392	9 834	8 520
Phillip Tobias[11]	—	5 408	313	3 588	9 309	9 141
Marian van der Walt	—	4 631	617	3 079	8 327	7 340
Johannes van Heerden[12]	—	8 037	304	3 715	12 056	12 010
Total	**12 918**	**47 562**	**5 255**	**33 685**	**99 420**	92 504

[1] Directors' remuneration excludes value added tax.
[2] Reflects amounts actually paid during the year.
[3] Retired as non-executive director effective 7 December 2021.
[4] Resigned as non-executive director effective 30 September 2020.
[5] Resigned as non-executive director effective 18 December 2020.
[6] Resigned as non-executive director on 27 June 2022.
[7] Appointed as non-executive director on 18 May 2022.
[8] Resigned as non-executive director effective 30 September 2020.
[9] Retired as executive director effect 30 September 2020.
[10] Classified as prescribed officer on 21 February 2022.
[11] Resigned as prescribed officer effective 14 November 2021.
[12] Salary is paid in A$ and the Rand equivalent is influenced by the weakening or strengthening of the Rand/A$ exchange rate.

Annexure B continued

Executive directors and management share incentives

As at 30 June 2022

Movements on share incentives	Executive directors: Peter Steenkamp – Number of awards	Peter Steenkamp – Average price (Rand)	Boipelo Lekubo – Number of awards	Boipelo Lekubo – Average price (Rand)	Mashego Mashego – Number of awards	Mashego Mashego – Average price (Rand)
Deferred management shares						
Opening balance at 1 July 2021	172 665	n/a	70 882	n/a	71 957	n/a
Awards granted	222 281	n/a	132 550	n/a	105 739	n/a
Awards exercised/vested	(17 267)	n/a	(12 443)	n/a	(7 528)	n/a
– Average sales price	—	47.61	—	47.61	—	47.61
– Gain realised on awards exercised and settled (SA Rand)		815 659		587 782		355 608
Awards forfeited and lapsed	—	n/a	—	n/a	—	n/a
Closing balance at 30 June 2022	**377 679**	**n/a**	**190 989**	**n/a**	**170 168**	**n/a**
Gain realised on awards exercised (SA Rand)		815 659		587 782		355 608
Outstanding awards (listed by allocation date)						
Deferred management shares	**377 679**		**190 989**		**170 168**	
18 September 2019	70 054	n/a	6 696	n/a	26 557	n/a
18 September 2020	85 344	n/a	51 743	n/a	37 872	n/a
20 September 2021	222 281	n/a	132 550	n/a	105 739	n/a
Closing balance at 30 June 2022	**377 679**		**190 989**		**170 168**	

Movements on share incentives	Prescribed officers: Anton Buthelezi – Number of awards	Anton Buthelezi – Average price (Rand)	Melanie Naidoo-Vermaak – Number of awards	Melanie Naidoo-Vermaak – Average price (Rand)	Beyers Nel – Number of awards	Beyers Nel – Average price (Rand)	Marian van der Walt – Number of awards	Marian van der Walt – Average price (Rand)	Johannes Van Heerden – Number of awards	Johannes Van Heerden – Average price (Rand)
Deferred management shares										
Opening balance at 1 July 2021	31 482	n/a	38 292	n/a	72 169	n/a	38 436	n/a	116 736	n/a
Awards granted	58 458	n/a	60 041	n/a	108 738	n/a	98 701	n/a	115 783	n/a
Awards exercised/vested	(12 189)	n/a	(14 888)	n/a	(7 547)	n/a	(14 949)	n/a	(12 290)	n/a
– Average sales price	—	47.61	—	47.61	—	47.61	—	47.61	—	47.61
– Gain realised on awards exercised and settled (SA Rand)		575 784		703 279		356 505		706 161		580 555
Awards forfeited and lapsed	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a
Closing balance at 30 June 2022	**77 751**	**n/a**	**83 445**	**n/a**	**173 360**	**n/a**	**122 188**	**n/a**	**220 229**	**n/a**
Gain realised on awards exercised (SA Rand)		575 784		703 279		356 505		706 161		580 555
Outstanding awards (listed by allocation date)										
Deferred management shares	**77 751**		**83 445**		**173 360**		**122 188**		**220 229**	
18 September 2019	5 086	n/a	6 374	n/a	26 380	n/a	6 411	n/a	49 252	n/a
18 September 2020	14 207	n/a	17 030	n/a	38 242	n/a	17 076	n/a	55 194	n/a
20 September 2021	58 458	n/a	60 041	n/a	108 738	n/a	98 701	n/a	115 783	n/a
Closing balance at 30 June 2022	**77 751**		**83 445**		**173 360**		**122 188**		**220 229**	

Movements on share incentives	Other: Other management – Number of awards	Other management – Average price (Rand)	Total – Number of awards	Total – Average price (Rand)
Deferred management shares				
Opening balance at 1 July 2021	1 489 904	n/a	2 102 523	n/a
Awards granted	2 396 198	n/a	3 298 489	n/a
Awards exercised/vested	(542 461)	n/a	(641 562)	n/a
– Average sales price	—	47.61	—	47.61
– Gain realised on awards exercised and settled (SA Rand)		25 861 218		30 542 551
Awards forfeited and lapsed	(310 159)	n/a	(310 159)	n/a
Closing balance at 30 June 2022	**3 033 482**	**n/a**	**4 449 291**	**n/a**
Gain realised on awards exercised (SA Rand)		25 861 218		30 542 551
Outstanding awards (listed by allocation date)				
Deferred management shares	**3 033 482**		**4 449 291**	
18 September 2019	259 958	n/a	456 768	n/a
18 September 2020	522 464	n/a	839 172	n/a
20 September 2021	2 251 060	n/a	3 153 351	n/a
Closing balance at 30 June 2022	**3 033 482**		**4 449 291**	

Shareholder information

Stock exchange listings and ticker codes

Harmony's primary listing is on the JSE. It is also quoted in the form of American depositary receipts on the New York Stock Exchange. Harmony's ticker codes on these exchanges are shown below:

JSE	**HAR**
New York Stock Exchange	**HMY**

Share information

Sector	Resources
Sub-sector	Gold
Issued share capital at 30 June 2022	616 525 702

Market capitalisation

at 30 June 2022	R32.0 billion or US$2.0 billion
at 30 June 2021	R32.5 billion or US$2.3 billion

Share price statistics – FY22

JSE:	12-month high	R82.65
	12-month low	R43.87
	Closing price as at 30 June 2022	R51.97
New York Stock Exchange:	12-month high	US$5.36
	12-month low	US$3.01
	Closing price as at 30 June 2022	US$3.13
Free float		100%
ADR ratio		1:1

Shareholder spread as at 30 June 2022

Shareholder spread	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 – 1 000 shares	11 498	85.27	1 377 752	0.22
1 001 – 10 000 shares	1 274	9.45	4 125 519	0.67
10 001 – 100 000 shares	508	3.77	18 244 106	2.96
100 001 – 1 000 000 shares	162	1.20	54 279 026	8.80
1 000 001 shares and above	42	0.31	538 499 299	87.35
Total	**13 484**	**100.00**	**616 525 702**	**100.00**

Analysis of ordinary shares as at 30 June 2022

Shareholder type	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
Public shareholders	13 479	99.96	476 302 077	77.26
Non-public shareholders*	5	0.04	140 223 625	22.74
Total	**13 484**	**100.00**	**616 525 702**	**100.00**
** Breakdown of non-public shareholders:*				
Share option schemes	*1*	*0.01*	*320 651*	*0.05*
Holdings of more than 10%	*4*	*0.03*	*139 902 974*	*22.69*
Directors[1]	*4*	—	*904 753*	—
Prescribed officers[2]	*4*	—	*248 907*	—
Subsidiaries	*1*	—	*335*	—

[1] *Held by Peter Steenkamp, Boipelo Lekubo, Mashego Mashego and André Wilkens.*
[2] *Held by Beyers Nel, Marian van der Walt, Melanie Naidoo-Vermaak and Johannes van Heerden.*

Ownership summary as at 30 June 2022 – top 10 shareholders (by group)

Rank	Institution	% of total shares outstanding 30 June 2022
1	African Rainbow Minerals Limited	12.12
2	Public investment Corporation	10.28
3	Van Eck Associates Corporation	8.98
4	Fairtree Asset Management Proprietary Limited	5.33
5	Exor Capital LLP	5.30
6	BlackRock Inc	4.69
7	The Vanguard Group Inc	3.31
8	Dimensional Fund Advisors	1.89
9	Baker Steel Capital Managers LLP	1.84
10	State Street Global Advisors Limited	1.74

Shareholders' diary

Financial year end	30 June 2022
Integrated annual report issued	25 October 2022
Form 20-F filed	31 October 2022
Annual general meeting	29 November 2022
Results presentations FY23*	
Interim results	February 2023
Full-year results	August 2023

** See website for diary updates.*

Contact

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Forward-looking statements

This report contains forward-looking statements within the meaning of the safe harbour provided by section 21E of the Exchange Act and section 27A of the Securities Act of 1933, as amended (the Securities Act), with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters.

These forward-looking statements, including among others, those relating to our future business prospects, revenues, and the potential benefit of acquisitions (including statements regarding growth and cost savings) wherever they may occur in this report and the exhibits to this report, are necessarily estimates reflecting the best judgement of our senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this report. All statements, other than statements of historical fact included in this report may be forward-looking statements. Forward-looking statements also often use words such as "will", "forecast", "potential", "estimate", "expect" and words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and should be considered in light of various important factors, including those set forth in this disclaimer. Readers are cautioned not to place undue reliance on such statements.

Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- Overall economic and business conditions in South Africa, Papua New Guinea, Australia and elsewhere
- The impact from, and measures taken to address, Covid-19 and other contagious diseases, such as HIV and tuberculosis
- Rising inflation, supply chain issues, volatile commodity costs and other inflationary pressures exacerbated by the Russian invasion of Ukraine and subsequent sanctions
- Estimates of future earnings, and the sensitivity of earnings to gold and other metals prices
- Estimates of future gold and other metals production and sales
- Estimates of future cash costs
- Estimates of future cash flows, and the sensitivity of cash flows to gold and other metals prices
- Estimates of provision for silicosis settlement
- Increasing regulation of environmental and sustainability matters such as greenhouse gas emission and climate change, and the impact of climate change on our operations
- Estimates of future tax liabilities under the Carbon Tax Act (South Africa)
- Statements regarding future debt repayments
- Estimates of future capital expenditures
- The success of our business strategy, exploration and development activities and other initiatives
- Future financial position, plans, strategies, objectives, capital expenditures, projected costs and anticipated cost savings and financing plans
- Estimates of reserves statements regarding future exploration results and the replacement of reserves
- The ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, as well as at existing operations
- Fluctuations in the market price of gold and other metals
- The occurrence of hazards associated with underground and surface gold mining
- The occurrence of labour disruptions related to industrial action or health and safety incidents
- Power cost increases as well as power stoppages, fluctuations and usage constraints
- Supply chain shortages and increases in the prices of production imports and the availability, terms and deployment of capital
- Our ability to hire and retain senior management, sufficiently technically skilled employees, as well as our ability to achieve sufficient representation of historically disadvantaged persons in management positions or sufficient gender diversity in management positions or at board level
- Our ability to comply with requirements that we operate in a sustainable manner and provide benefits to affected communities
- Potential liabilities related to occupational health diseases
- Changes in government regulation and the political environment, particularly tax and royalties, mining rights, health, safety, environmental regulation and business ownership including any interpretation thereof
- Court decisions affecting the mining industry, including the interpretation of mining rights
- Our ability to protect our information technology and communication systems and the personal data we retain
- Risks related to the failure of internal controls
- The outcome of pending or future litigation or regulatory proceedings
- Fluctuations in exchange rates and currency devaluations and other macro-economic monetary policies
- The adequacy of the group's insurance coverage
- Any further downgrade of South Africa's credit rating
- Socio-economic or political instability in South Africa, Papua New Guinea and other countries in which we operate.

For a more detailed discussion of such risks and other factors, see **Our risks and opportunities** in the **Integrated annual report** and the company's Form 20-F which is on file with the Securities and Exchange Commission, as well as the company's other Securities and Exchange Commission filings. The company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by law. All subsequent written or oral forward-looking statements attributable to the company or any person acting on its behalf are qualified by the statements above. The foregoing factors and others described under "Risk Factors" should not be construed as exhaustive. The forward-looking financial information has not been reviewed and reported on by the company's auditors.

Administrative and contact details

Harmony Gold Mining Company Limited
Harmony was incorporated and registered as a public company in South Africa on 25 August 1950
Registration number: 1950/038232/06

Corporate office
Randfontein Office Park
PO Box 2, Randfontein 1760, South Africa
Corner Main Reef Road and Ward Avenue,
Randfontein, 1759, South Africa

Telephone: +27 11 411 2000

Website: **www.harmony.co.za**

Directors
Dr PT Motsepe* (chairman)
KT Nondumo*^ (deputy chairman)
Dr M Msimang*^ (lead independent director)
PW Steenkamp** (chief executive officer)
BP Lekubo** (financial director)
HE Mashego** (executive director)
JA Chissano*#^
B Nqwababa*^
VP Pillay*^
M Prinsloo*^
GR Sibiya*^
PL Turner *^
JL Wetton*^
AJ Wilkens*

* *Non-executive*
** *Executive*
^ *Independent*
\# *Mozambican*

Investor relations
Email: **HarmonyIR@harmony.co.za**

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Company Secretariat
Email: companysecretariat@harmony.co.za

Telephone: +27 11 411 2359

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JP Morgan Equities South Africa (Proprietary) Limited
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Trading symbols
JSE: HAR
NYSE: HMY
ISIN: ZAE 000015228

Competent person's statement
The information in this report that relates to Mineral Resources and Mineral Reserves has been extracted from our Reserves and Resources statement published on 30 August 2022. Harmony confirms that it is not aware of any new information or data that materially affects the information included in the statement, in the case of Mineral Resources or Mineral Reserves, that all material assumptions and technical parameters underpinning the estimates in the original release continue to apply and have not materially changed. Harmony confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original release.

HARMONY

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