









CHIEF EXECUTIVE OFFICER'S REVIEW



Peter Steenkamp
Chief executive officer

“Harmony truly demonstrated resilience and dedication to mining with purpose this year despite a challenging operating landscape – building incredible momentum and successfully delivering on our strategy.”

Improve safety performance	Total gold produced	Underground recovered grade	AISC ²
 <ul style="list-style-type: none"> Group LTIFR¹ at 5.49 from 5.65 in FY22 	 <ul style="list-style-type: none"> 45 651kg 1 467 715/oz <p>Met upper end of guidance</p>	 <ul style="list-style-type: none"> +8% to 5.78g/t Exceeded guidance of 5.45 – 5.65g/t 	 <ul style="list-style-type: none"> R889 766kg US\$1 558/oz <p>Within guidance</p>

Growth capital spent	Operating free cash flow	Strong balance sheet	Final dividend
 <ul style="list-style-type: none"> R2 billion allocated towards high-margin growth projects 	 <ul style="list-style-type: none"> >100% to R6.0 billion 13% OFCF³ margin 	 <ul style="list-style-type: none"> Net debt/EBITDA⁴ 0.2X 	 <ul style="list-style-type: none"> 75 SA cents ~4 US cents⁵

¹ LTIFR lost time injury frequency rate.

² AISC all-in sustaining cost.

³ OFCF: operating free cash flow.

⁴ EBITDA: earnings before interest, taxes, depreciation and amortisation.

⁵ Illustrative equivalent based on the closing exchange rate of R18.63/US\$1 as at 25 August 2023.

This financial year was a landmark year for Harmony. We achieved what we promised – improving our safety performance, delivering against all guidance metrics, expanding into near-term copper and investing in our organic growth. Overall, Harmony achieved an excellent operational and financial performance.

Our commitment to operational excellence ensured that we achieved an improved safety performance and an outstanding full-year operational performance with strong cash flows. The group's LTIFR remained below six per million hours worked for the second consecutive year, a major achievement for us as a business.

Our operational performance was boosted by high recovered grades at our South African underground mines with good momentum across the portfolio. This, coupled with a 14.9% increase in average gold price, resulted in a 14.1% increase in gold revenue and 60.3% increase in headline earnings per share. On the back of our strong performance and solid free cash flows, we are pleased to declare a full-year dividend for this reporting period.

The excellent performance this year was mostly driven and supported by our dedicated management teams, disciplined mining and operational flexibility. We are consistently meeting production, cost and grade guidance. We have maintained a stable and predictable cost base in a high inflationary environment as result of the strong grades and good cost controls. We have a well-sequenced capital profile to ensure we can execute each project affordably, which will ultimately lead to higher quality ounces and improved margins.

Our existing portfolio and pipeline of projects present substantial opportunities to convert our Resources into quality Reserves. These projects will ensure our long-term sustainability and profitability. We are allocating growth capital towards high-margin, long-life operating assets, adding higher-quality ounces and improving our margins while lowering our overall risk profile. We are also growing internationally by investing in copper – a key future-facing metal in the transition to a low-carbon economy. In addition our projects currently in execution, our two key international projects, namely Eva Copper in Queensland, Australia and the Tier 1 Wafi-Golpu copper-gold project in


Chief executive officer's review *continued*

Papua New Guinea, will transform Harmony into a global gold-copper producer once operational.

Using our strong technical skills and extensive institutional knowledge (built up during our 73 years in operation), we continue to create long-term value by extending the operating lives of our mining assets and taking our comprehensive growth pipeline up the value curve.

With 39.3Moz Mineral Reserves (31.0% copper) and over 137.8Moz in Mineral Resources, Harmony offers an attractive investment case. As South Africa's largest gold producer by volume, we offer geared exposure to gold and early entry into two prospective copper projects which will transform Harmony into a low-cost global gold-copper producer in the long term.

Key to Harmony's success this year has been transforming the business into a higher-quality gold and copper producer by carefully considering the capital we allocated across our four business areas.

 Our trade-offs and disciplined capital allocation **Guided by our strategy**

Through well-considered capital allocation decisions, we will achieve our growth objectives and ensure each mine or project positively contributes to our overall success. These decisions are guided and informed by our four interlinked strategic pillars – we cannot deliver sustained value creation without:



Responsible stewardship

Demonstrating true sustainability



Cash certainty

Consistently delivering positive operating free cash flow



Operational excellence

Delivering on our operational plans



Effective capital allocation

Continually improving the quality of our portfolio

Responsible stewardship

At Harmony, we believe in actions over words. True sustainability is embedded in all our decisions that are informed by our sustainable development framework, which balances environmental, social and governance matters. Taking care of the Harmony family requires a holistic approach to safety and health. Our people's safety is paramount, so too is the health and wellbeing of each of our employees and our host communities. Protecting and preserving the natural ecosystems surrounding our operations and the environment ensures we leave a lasting positive legacy wherever we operate. Harmony's leadership team and strong governance structures support every effort we make to ensure every Harmonite is a responsible steward of the environment and society at large.

This financial year marks seven years since we embarked on our safety transformation journey to embed a proactive safety culture. We have seen a marked improvement in our overall safety performance through continuous risk management, regular visible felt leadership engagements and other safety awareness initiatives across our operations. We also continue to equip our teams with ongoing leadership development and training.

Group LTIFR per million hours worked improved to 5.49, which has remained below 6 for two consecutive financial years, a first in our 73-year history. This is a significant achievement for deep-level mining in South Africa and affirms our commitment to improving safety. Our South African surface operations celebrated 3.6 million loss-of-life-free shifts and our Hidden Valley operation in Papua New Guinea had no loss of life for the sixth consecutive year.

Safety will always take precedence over production, so despite these achievements and Harmony's continued efforts, we are deeply saddened by the loss of our six colleagues. This is an unacceptable outcome for us, as one life lost is one too many. We extend our sincerest and heartfelt condolences to the families, friends and colleagues of the Harmonites who lost their lives.

 Further reading: **Safety** chapter in the **ESG report**.

In memoriam


• Juliao Antonio Macamo	Moab Khotsong, stope team leader
• Ernesto Euseblo Macuacua	Tshepong North, equipping team leader
• Bongile Mcuntula	Kusasaletu, driller
• Luyanda Nkwane	Tshepong North, underground assistant
• Tshimane Matabane	Kusasaletu, stope team member
• Matli Bernard Nyama	Kusasaletu, stope shift team leader

We lost three of our colleagues after year-end. Luvuyo Sangeni, a development team member (Kusasaletu), Amahle Nodangala, rock drill operator (Kusasaletu), Mlandelwa Zide, scrapper winch operator (Tshepong North).

I firmly believe that zero loss of life is possible. Having all of our stakeholders involved in every aspect of safety at Harmony demonstrates a unified commitment to prevent accidents through our ongoing humanistic transformation safety journey.

We remain diligently focused on embedding risk management to create a more engaged and proactive safety culture.

Harmony's decarbonisation strategy is guiding our operations to net zero GHG emissions by 2045 with a transition pathway. The pathway includes energy efficiency, portfolio re-engineering, improving our electricity mix, adaptation and decarbonising our transportation and value chain.

 Further reading: **Climate change, energy and emissions management** chapter in the **ESG report**.

We are committed to achieving net zero carbon emissions and reducing pressure on the South African grid through alternative energy sources and energy efficiency programmes. We took another big step to achieving this goal this year when we completed Phase 1 of our renewable energy programme, with Phase 2 to commence in FY24. We have also implemented over 200 energy efficiency initiatives at our operations to date. Additionally, our emission reduction targets have been approved by the SBTi.

I am pleased with our progress and how Harmony is effectively navigating the challenges and opportunities presented by the global shift to a low-carbon economy by decarbonising.

Chief executive officer's review *continued*

Delivering on our social compact is inextricably linked to how we are supporting the circular economy as a business. Harmony is the largest producer of gold from the retreatment of old tailings dams, making us a major player in the circular economy.

We have a transformed board and executive team, which demonstrates the diversity of our management teams and the wealth of technical capabilities.

Land rehabilitation and management and **Empowering communities** chapters in the **ESG report**.

We understand that our activities and what we do to mitigate and manage our environmental impact have potential shared benefits for our host countries and communities. We are intentional in creating shared value opportunities, which makes Harmony a partner of choice. Harmony's waste management, such as our TSF projects, and water stewardship initiatives integrate environmental stewardship and socio-economic development imperatives in support of the circular economy.

We contribute to the resilience and prosperity of our host communities by sharing the benefits that our operations and activities create. In FY23, we invested R27 million (US\$1.5 million) (FY22: R18 million (US\$1.2 million)) in CSI projects with positive impacts on the lives of over 58 000 people in our host communities.

Our responsible ESG practices continue to inform our strategic direction and decision making. As guided by Harmony's sustainable development framework, we are successfully progressing in the delivery of our ESG commitments.

Further reading: **ESG in practice** chapter in the **ESG report**.

We received positive external recognition for our efforts in sustainability – a reflection of our dedication and commitment to keeping our promises. We were included in the FTSE4Good Index for the sixth consecutive year, placing us in the 95th percentile. Our inclusion in the Bloomberg Gender-Equality Index for the fifth consecutive year is testimony to how we foster gender diversity and inclusivity. We have also received a score of 'A' from the CDP for our best practice water management strategy.

Operational excellence

Over the past few years, our disciplined mining and management teams have been key in implementing business improvement initiatives, managing costs and creating operational flexibility. This is demonstrated in our operational resilience, and our ability to consistently deliver on our operational plans while prioritising safety throughout Harmony.

Further reading: Operational performance

Further reading: Modernising mining

Further reading: **Safety**, in the **ESG report**

A safe mine is a profitable mine and constantly striving to make further safety and productivity improvements. We are driving this through our S300 programme, which aims to achieve an average safe blasting of 300m² per crew per month. This, along with our Thibakotsi programme, will improve our safety performance and significantly enhance margins through various productivity and cost-saving initiatives.

Digitisation, data analysis and modernisation of mining all drive efficiency. Real-time monitoring of over 9 million golden controls and 135 million data points enables better informed decision making that supports our shift from a reactive to a proactive safety culture. It also provides insight into business improvement initiatives needed to not only ensure safety, but also improve productivity and efficiency.

Through successful project execution and improved operational flexibility, we met our production, cost and grade guidance as we continue to manage those factors that are within our control. As a result, we achieved a solid operational performance, despite operational headwinds, such as load curtailment.

We remain committed to maintaining operational excellence, ensuring all of our operations deliver to plan.

Cash certainty

Consistently delivering positive operating free cash flows enables Harmony to execute our growth objectives – investing in organic growth and value-accretive acquisitions – while delivering positive shareholder returns.

Further reading: **Financial director's report**.

Investing in higher quality ounces will reduce our all in sustaining costs, improve margins and ensure consistent positive operating free cash flows. Our responsible hedge strategy is aimed at locking in margins, ensuring we are well positioned to take our projects up the value curve while protecting against any adverse movements in the rand gold price.

To ensure we deliver superior returns and improve cash flow, we are investing in our high-grade underground assets, our low-risk high margin surface operations and our international copper-gold projects. Major capital allocation is prioritised in terms our capital allocation framework to ensure we mine safely and profitably.

While we are supported by a strong gold price, our stringent cost controls ensured that overall costs increases were aligned with what we had planned. Labour and electricity form the largest component of our cost base. Therefore, with planning foresight, our cost increases are predictable and controlled. On a per-unit basis, cash operating costs increased by 4.9% to R735 634/kg (US\$1 288/oz) from R701 024/kg (US\$1 434/oz) in FY22.

Key factors impacting our cash operating costs year on year include salary increases, electricity and water costs due to tariff increases, consumables due to the increased cyanide prices, and diesel usage at Hidden Valley. The closure of Bambanani at the end of FY22 reduced costs by R1 157 million (US\$76.1 million) year on year.

Maintaining a robust and flexible balance sheet with strong liquidity is prudent as we expand internationally. With the acquisition of Eva Copper, net debt/EBITDA increased to 0.6 times. This was reduced to 0.2 times by the end of the financial year due to strong cash generation and repayment of debt.

Capital allocation

Since we embarked on our growth strategy in 2016, we have lowered the overall risk profile of our assets, improved the quality of our ounces and improved margins. Through effective capital allocation, we are continuously improving the quality of our portfolio, growing our Mineral Resources and improving the conversions of Mineral Reserves to free cash flows. We have demonstrated our ability to create value through value accretive acquisition. Our clear criteria ensures we continue creating shared value, extending not only the life of our mine, but ensuring the minerals we extract benefit the lives of our host communities and employee, demonstrated our ability to create shared value by continually improving the quality of our portfolio through effective capital allocation.

Chief executive officer's review *continued*

We continue creating value by:

- Continuously improving our safety performance and lowering our overall risk profile
- Improving margins and lowering our all-in sustaining costs
- Maintaining a strong balance sheet
- Delivering organic and inorganic growth
- Growing our copper footprint
- Converting Mineral Resources to quality Mineral Reserves
- Generating meaningful returns
- Returning capital to shareholders in line with our dividend policy and overall growth strategy.

 Further reading: [Guided by our strategy](#).

Our capital is strategically allocated to our organic and inorganic growth prospects, which include our emerging copper footprint in Papua New Guinea and Australia while we advance various mine life-extension projects and exploration drilling programmes across our international base. It is important that we invest now to deliver strong and sustainable future returns.

We are directing significant capital towards high-quality assets and projects which include our South African high-grade and optimised underground mines (delivering strong operating free cash flows) and our low-risk, high-margin South African retreatment operations in the Free State, West Wits and Vaal River regions (contributing to the circular economy).

In turn, these operations generate the finances we need to support our international copper-gold growth aspirations. We have advanced our investment in copper by concluding the acquisition of the Eva Copper Project. At the same time, we have continued to progress the Tier 1 Wafi-Golpu Project, one of the largest copper-gold block cave projects globally, representing approximately 45.5% of our Mineral Reserves.

Eva Copper and Wafi-Golpu provide an enviable global copper growth platform to deliver meaningful copper production into the critical minerals supply chain for decades. We are progressing well with project permitting for Wafi-Golpu. Signing the Framework MoU with the government of Papua New Guinea was a major step towards securing the mining development contract and special mining lease for Wafi-Golpu. The Eva Copper feasibility study updates are well underway, with a view to complete these before the end of 2023.

Future focus

We strive to become mine safety leaders, and as such, the group will continue to sustain the Thibakotsi programme as part of our DNA. Key to this will be further embedding integrated risk management across the business, effective engagements with our employees and behavioural risk awareness. Our leadership teams will continue driving Harmony's safety culture as we wholeheartedly believe that zero loss-of-life is possible.

We intend to operate for another seven decades by organically growing our Mineral Reserve base and pursuing acquisitions that enhance our value proposition. Harmony has a clear roadmap to drive margin expansion over the next few years and a strong growth pipeline to support this strategy. We are continuing discussions around Wafi-Golpu permitting and will announce the results of the Eva Copper and Mponeng extension feasibility studies in the next financial year.

Conclusion

As we embark on the next phase of our growth journey, we will continue to focus on successfully executing our four strategic pillars of responsible stewardship, operational excellence, cash certainty and effective capital allocation.

Building trust and partnering with our stakeholders remains paramount for long-term shared value creation and I am confident that we will achieve new heights in the year ahead.

We will continue to invest in our mines and our people as we transform into a global gold-copper company.

We will continue mining with purpose – creating shared value for all our stakeholders as we transform into a global gold-copper company.

I am tremendously proud of these achievements and would like to thank each Harmonite for their contribution, and our shareholders and many other stakeholders for your support and sharing in the Harmony story.

Peter Steenkamp
Chief executive officer

25 October 2023

