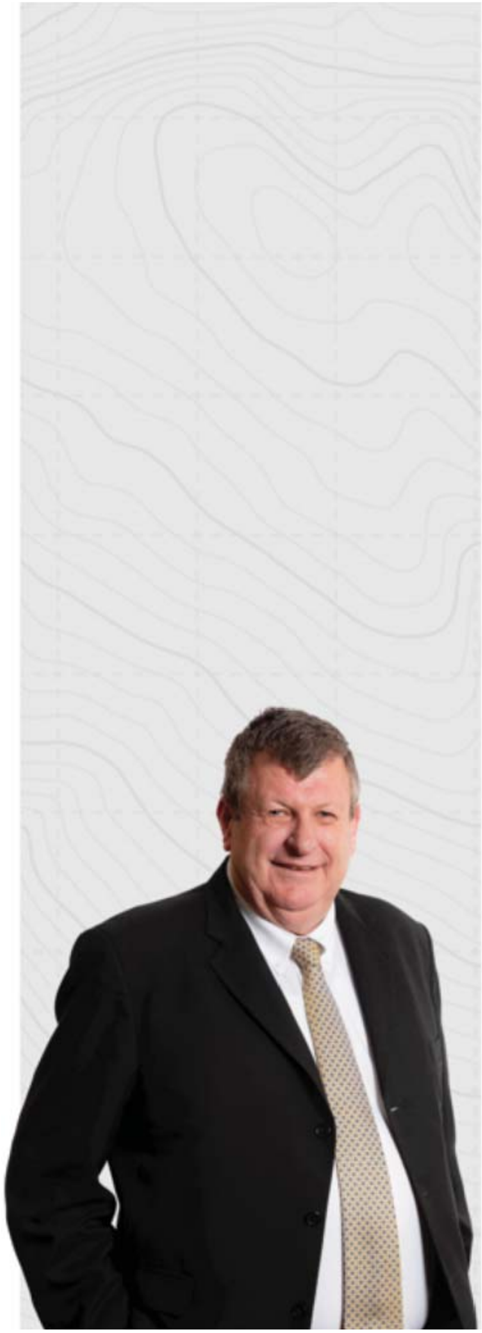

# CHIEF EXECUTIVE OFFICER'S REVIEW

**Operational excellence, combined with well-established sustainable mining and ESG practices, have resulted in an overall lowered risk profile and increased margins.**

Safety is our first priority, and we are encouraged that the group's LTIFR remained below 6 per million hours worked for the third consecutive year – a significant achievement for the business.

Harmony's exemplary performance was driven by our demonstrated capabilities to operate in our host countries and our investments in higher-quality gold ounces.

We have grouped our operations into four clear business areas, namely:

- South African underground optimised
- South African underground high-grade
- South African surface
- International gold and copper.

Each of these business areas has a vital role in our future success, and we have a clear capital allocation strategy to ensure we deliver the best possible returns from these assets.

Good mining discipline and excellent cost controls allowed us to exceed our operational targets for the year.

Total underground recovered grades increased by 6% to 6.11g/t while total production increased by 6% to 48 578kg (1.56Moz) for FY24. This was mainly due to the outperformance at Mponeng, Hidden Valley and Mine Waste Solutions.

Costs remained under control, with our AISC being well below guidance at R901 550/kg (US$1 500/oz) for the financial year.

Total capital expenditure was R8.3 billion (US$ 445 million), marginally below the guided R8.6 billion (US$473 million), as we allocate capital towards growing our South African high-grade underground and high-margin surface retreatment operations and taking our copper projects up the value curve.

Higher grades combined with a 16% increase in the average gold price to R1 201 653/kg (US$1 999/oz) resulted in a 23% increase in gold revenue and a 132% increase in headline earnings per share.

### Improved safety performance

- Group LTIFR[1] at 5.53 from 5.49 in FY23 and 7.21 from FY17.

### Total gold produced

- 48 578kg (1.56Moz)
- Exceeded our FY24 production guidance, following its upward revision.

### Underground recovered grades

- +6% to 6.11g/t
- Exceeded the upper end of our upward revised guidance of 6g/t.

### AISC[2]

- R901 550/kg (US$1 500/oz)
- Costs contained.

### Growth capital spent

- R8.3 billion (US$445 million) allocated towards projects.

### Operating free cash flow

- +111% to R12.7 billion (US$681 million)
- 22% margin.

### Strong balance sheet

- Net debt: EBITDA[3] ratio of <1x.

### Final dividend

- 94 SA cents
- 5 US cents[4].

[1] *LTIFR: lost-time injury frequency rate.*
[2] *AISC: All-in sustaining cost.*
[3] *EBITDA: earnings before interest, taxes, depreciation and amortisation.*
[4] *Illustrative equivalent based on the closing exchange rate of R17.82/US$1 as at 30 August 2024.*

# Chief executive officer's review continued

We maintain our control over costs despite a challenging inflationary environment. This disciplined approach, combined with higher production and improved grades, led to a 111% increase in operating free cash flow – the highest operating free cash flow ever generated at Harmony.

Harmony's capital allocation framework ensured that we maintained a healthy balance sheet. We ended the year with a net cash position, providing us the flexibility to pursue future growth opportunities while continuing to reward our shareholders.

Basic earnings per share increased by 78% to 1 386 SA cents (FY23: 780 SA cents), and headline earnings per share surged by 132% to 1 852 SA cents per share (FY23: 800 SA cents).

To achieve our growth objectives and ensure each mine or project delivers safe, profitable ounces and increased margins, our strategic decision making is guided and informed by four interlinked pillars:

| | |
|---|---|
| **Responsible stewardship** | **Cash certainty** |
| **Operational excellence** | **Effective capital allocation** |

## Responsible stewardship

Our sustainable development framework outlines how we aim to reduce risk, maximise opportunities, and leave a lasting positive impact while creating shared value. Our strategic direction and decision making are guided by clear, measurable goals while keeping our stakeholders' needs and interests in mind. As such, responsible stewardship is embedded in our operating model.

In recognition of our ESG practices, we were included in the FTSE4Good Index for the seventh consecutive year, ranking in the top 5% of the sub-sector. We were also included in the Bloomberg Gender-Equality Index for five consecutive years, demonstrating our commitment to embracing gender diversity and inclusivity and treating our employees fairly, without bias or prejudice.

**Safety is more than a strategic priority; it is a core value that underpins every aspect of what we do.**

Having all our stakeholders involved in every aspect of safety demonstrates a unified commitment to preventing accidents through our ongoing humanistic culture transformation journey, now in its eighth year and 80% complete.

As a company, we have embraced a learning culture and strive for continuous improvement. We focus on effective risk management, strong leadership and employee engagement, comprehensive safety training programmes, and adopting new technologies to improve the monitoring and management of safety risks.

While we have implemented comprehensive systems and controls, our responsibility as Harmonites ultimately remains to work safely at all times. We take personal ownership of our own safety and that of our fellow Harmonites.

We have adopted a proactive approach to safety using leading indicators. We have a centralised operational risk management team supporting all our operations in using leading indicators to help drive further safety improvements. Through digitisation and modernisation, we have real-time dashboards to monitor and continuously improve these leading indicators. We are currently tracking over nine million golden control data points. This ensures we prevent significant unwanted events before they occur. We conduct regular visible felt leadership engagements and other safety awareness initiatives across our operations.

Our teams are equipped through ongoing leadership development and training programmes.

Our employees' unwavering commitment to safety has resulted in noteworthy milestones:

- Joel (2 287 days), Moab Khotsong (687 days) and Masimong (2 416 days) each achieved over three million loss-of-life free shifts
- Target 1 (1 243 days) achieved over one million loss-of-life free shifts
- 23 million loss-of-life free shifts achieved at our South African surface operations, and eight consecutive years without a loss of life achieved at our Hidden Valley operation in Papua New Guinea.

Despite these achievements and our continued efforts to improve, we are deeply saddened by the loss of seven of our colleagues during FY24. We extend our sincerest and heartfelt condolences to the families, friends and colleagues of the Harmonites who lost their lives.

These incidents are a stark reminder that more needs to be done to ensure zero harm, and we remain dedicated to continuous improvement in our safety practices. Reinforcing our proactive safety culture and driving personal accountability across the business remain critical focus areas.

I am confident we have the correct safety strategy and firmly believe that zero loss of life is possible.

| In memoriam | |
|---|---|
| Amahle Nodangala | Kusasalethu Mine – contractor |
| Luvuyo Sangeni | Kusasalethu Mine – contractor |
| Mlandelwa Zide | Tshepong Mine – scraper winch operator |
| Santos Ernesto Uenzane | Mponeng Mine – mine overseer |
| Thabiso Gladwin Makunye | Mponeng Mine – development team member |
| Sekono Jonase Moeketsi | Doornkop Mine – rock drill operator |
| Kaya Ernest Nkala | Phakisa Mine – miners' assistant |

**Harmony effectively navigates the challenges and opportunities presented by the global shift to a low-carbon economy by decarbonising the business.**

We are systematically reducing our energy consumption and reliance on grid-supplied electricity, diversifying our energy mix, and enhancing our resilience and adaptation to climate change.

Since 2016, we have reduced our energy consumption by a cumulative 1.9TWh, translating into energy savings of R2.2 billion (US$143 million) or 2.1Mt$CO_2$e.

# Chief executive officer's review continued

We are expanding our renewable energy programme in response to various LoM extensions. We are aiming for 583MW of capacity by 2028, with the potential for an additional 200MW through short-term power purchase agreements. The next phase of this programme will commence in FY25 with the construction of a 100MW solar photovoltaic (PV) plant at Moab Khotsong.

We remain committed to reducing our absolute scope 1 and 2 emissions by 63% by FY36, and I am pleased with our progress as we ramp up our renewable energy programme.

**We contribute to the resilience and prosperity of our host communities, making us a partner of choice in the regions where we operate.**

Our firm commitment to our communities is evident in this year's investment of R381 million (US$20 million) in community development projects. Through our corporate social investment (CSI) initiatives, we have positively impacted the lives of over 731 000 community members.

## Operational excellence

Through our ongoing investment and commitment to operational excellence and improved operational flexibility, we met our production, cost and grade guidance as we continued to manage factors within our control.

At Harmony, everything begins with safety, with a strong safety and operational culture. A safe mine is a profitable mine. We have worked hard to transform our safety culture, which has helped deliver consistent and predictable production as we maintain momentum at our mines. We have a track record of delivery, achieving adjusted guidance for the ninth consecutive year.

Planning is essential, and our investments in operational flexibility and good mining discipline paid off. Part of the turnaround plan implemented in 2016 was to improve infrastructure reliability and avoid unnecessary stoppages. Our business improvement initiatives also help with further safety and productivity enhancements.

Our portfolio quality has improved significantly, as evidenced by our higher recovered grades. Quality Mineral Reserves deliver improved free cash flows. Through good grade controls, we will continue to maximise value and reduce risk across our operations.

Maintaining strong cost controls remains a core focus for Harmony, particularly in the face of rising labour costs and electricity tariffs. Our costs remain predictable and stable, with over 90% of our operating costs in South African rand.

This has provided further benefits due to the rand's depreciation against the US dollar.

Additionally, labour costs, representing 50% of our operating expenses, remain predictable due to the five-year wage agreement concluded in April 2024. Renewable energy is further mitigating escalating electricity tariffs in South Africa.

Against this backdrop, we managed to achieve a standout cost performance.

### South African underground high-grade operations

Mponeng and Moab Khotsong delivered a combined 15% improvement in underground recovered grades to 9.02g/t (FY23: 7.83g/t), and production increased by 9% to 15 350kg (493 512oz) (FY23: 14 117kg (453 871oz)).

Although AISC remained essentially flat year on year, increasing by 1%, operating free cash flow increased by 73% to R6.0 billion (US$320 million) (FY23: R3.4 billion (US$194 million)), mainly due to the higher recovered grades and the higher average gold price received.

The Mponeng life-of-mine (LoM) extension commenced in the first quarter of FY25. The extension to 20 years will access high-grade orebodies while avoiding lower-grade areas, adding 2.34Moz to our Mineral Reserves and securing a steady stream of high-quality ounces at a competitive cost.

Similarly, Moab Khotsong continued to perform exceptionally well, further validating our strategy of investing in high-grade, high-margin assets. Notably, uranium production at Moab Khotsong increased by 13%, reflecting our ability to maximise the value of by-products and further diversify our revenue streams.

### South African underground optimised operations

These assets generate meaningful returns at current gold prices and deliver significant socio-economic benefits.

Average underground recovered grades remained largely flat at 4.86g/t from 4.87g/t in FY23. Production decreased by 3% year on year at 19 061kg (612 826oz) (FY23: 19 641kg (631 474oz)).

Despite higher AISC, which was driven by inflation and lower production, operating free cash flow from these operations increased by 78% to R2.0 billion (US$106 million) (FY23: R1.1 billion (US$63 million)).

### South African surface operations

Surface operations delivered vastly improved operational metrics overall. Harmony continues to explore and capitalise on opportunities in tailings retreatment. This business area presents significant potential due to its lower-risk profile and high margins. With extensive resources in old gold tailings dams across the South African gold belt, we are conducting feasibility studies to convert 5.7Moz of Mineral Resources to Mineral Reserves in the Free State region. This initiative exemplifies our ability to allocate capital effectively, delivering commercial and ESG benefits.

AISC decreased by 8% due to a 17% increase in recovered grades to 0.21g/t (FY23: 0.18g/t).

Operating free cash flows generated by these operations increased by 210% to R2.6 billion (US$138 million) (FY23: R835 million (US$47 million)).

### International

Our Hidden Valley operation in Papua New Guinea had a standout year, with significant gold and silver production gains. Gold production increased by 17% to 5 101kg (164 000oz), while silver production rose by 41% to 110 195kg (3 542 852oz).

Hidden Valley, PNG

This strong performance was underpinned by a 33% increase in recovered grades that resulted from mining the higher grade areas of Kaveroi and Big Red, targeted investments in mining equipment and enhanced mining discipline.

In Australia, the Eva Copper feasibility study update is well underway.

# Chief executive officer's review continued

On 25 March 2024, the Queensland government declared the Eva Copper Project a prescribed project due to its strategic importance to the region. This designation underscores the project's significance, and we have received conditional grant funding of AU$20.7 million to accelerate its development. This grant is contingent upon Harmony reaching a favourable final investment decision by January 2026 and is earmarked for preparatory works at the project site. Since acquiring the project, we have drilled over 90 000 metres to grow the resource base, significantly derisking the project and enhancing confidence in resource estimates.

Negotiations are ongoing to secure the necessary mining lease for Wafi-Golpu. Securing the mining development contract and moving forward with this project will be a significant milestone in our strategy to expand our international footprint and transform into a global gold-copper producer.

## Cash certainty

Harmony maintained a meaningful net cash position with excellent liquidity, positioning the company well to fund our growth pipeline.

We ended the year with R12.6 billion (US$695 million) in available headroom through cash and undrawn facilities and repaid US$200 million (R3.7 billion) on a US$400 million facility during the financial year. Our balance sheet remains robust and flexible, with a net cash position of R2.9 billion (US$159 million). We aim to keep our net debt:EBITDA below 1x.

This financial strength will enable us to transform into a global gold-copper producer and pursue strategic investments that meet our strict investment criteria.

Harmony generated the highest operating free cash flow in the company's history in FY24. Operating free cash flow increased by 111% to R12.7 billion (US$681 million) as operating free cash flow margins rose to 22% from 13% in FY23. We believe these improved margins are sustainable due to higher recovered grades and the increased contribution from our high-margin surface source operations (under current gold price assumptions). We expect margins to increase further once our international copper-gold projects are in production.

As of 30 June 2024, Harmony hedged 638 000oz (19 844kg) at an average forward price of R1.37 million/kg. Our hedging strategy, which protects the group against adverse commodity and currency market fluctuations, reduces our market risk, and supports our capital and growth commitments, was expanded during FY24 to include gold collar hedging.

## Effective capital allocation

Group capital expenditure for FY24 increased by 10% to R8.3 billion (US$445 million), driven primarily by the Mine Waste Solutions expansion project and major capital investments in Moab Khotsong, Mponeng and Eva Copper.

Harmony's capital allocation framework is designed to balance growth aspirations with shareholder returns and is carefully sequenced to balance the extension of mine lives, optimisation of assets to maximise cash generation over the LoM and development of our international assets. We are allocating our capital strategically across our four business areas:

- Our South African underground high-grade assets are highly profitable and have a LoM of 20 years due to the approved extension projects. These mines have transformed the portfolio due to their high-quality ounces and resulting positive free cash flow generation
- Investing in our South African optimised operations plays an important role in maintaining our social licence to operate and in generating the internal capital needed to fund our high-grade projects
- Our surface operations present substantial opportunities to maximise our contribution to the circular economy. By reprocessing old tailings facilities we are able to not only move the tailings to an area that better accommodates our local communities but also build a much more secure structure. Creating a new asset with a finite mine life, we make use of processed and underground fissure water
- Lastly, international assets reduce our overall risk profile and secure funding for future growth initiatives while providing us with the diversification and scale needed to thrive in an increasingly competitive market and transform Harmony into a global gold-copper producer.

This disciplined approach to capital allocation ensures that we continue to enhance the quality of our assets while maintaining operational reliability and financial flexibility.

A final dividend of 94 SA cents (5 US cents) per share was declared, bringing the total cash returned to shareholders for this financial year to R1.4 billion (US$77 million).

## Looking ahead

Our focus remains on creating sustainable value for our shareholders and stakeholders while maintaining the highest standards of safety, environmental stewardship and community engagement.

Although this year was marked by an excellent operational and financial performance, we remain conservative in our planning assumptions.

The group's year-on-year production guidance remains between 1.4Moz and 1.5Moz at an AISC of between R1 020 000/kg and R1 100 000/kg. Underground recovered grade for FY25 is guided at above 5.8g/t.

We anticipate capital expenditure to increase to R10.8 billion (US$592 million) in FY25, driven by investments in major high-grade and surface retreatment projects and an increase in sustaining capital across our operations.

Our strategic priorities for 2025 and beyond include expanding our production in gold and copper, with a clear focus on delivering safe, profitable ounces.

As we look to the future, Harmony is well positioned to build on the past year's successes by focusing on critical projects and strategic initiatives that will drive long-term growth and value creation.

## In appreciation

Over the past nine years, we have navigated numerous challenges and achieved remarkable successes, transforming Harmony into a leading gold mining company with a growing copper footprint.

I am immensely proud of our progress in safety, sustainability and operational performance. These achievements result from the hard work and dedication of every member of the Harmony team. As I reflect on the past year, I am filled with pride and gratitude, and I am confident that we will continue to build on our strong foundation.

I sincerely thank our board, employees, unions, shareholders and stakeholders for their unwavering support and trust. A special thanks must go to our chairman for his direction and guidance throughout the year. It is an honour to lead Harmony, and I am excited to see the company continue to thrive in the years to come.

**Peter Steenkamp**
*CEO*

25 October 2024