

ANGLO PLATINUM MARKETING LIMITED

(Registration Number: 06726161)

ANNUAL REPORT

For the financial year ended 31 December 2020

ANGLO PLATINUM MARKETING LIMITED
(Registration Number: 06726161)

ANNUAL REPORT
For the financial year ended 31 December 2020

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ANGLO PLATINUM MARKETING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

For the financial year ended 31 December 2020

Directors

H C Ingram
P G Whitcutt
B G C Oeyen
C W Miller
D L Christianson (Resigned on 31 March 2021)
N Viljoen (Appointed on 1 April 2020)
H P Tanner (Appointed on 3 June 2020; Resigned 30 June 2021)
H A Hansen (Appointed on 31 July 2020)
J Eastwood (Appointed on 12 October 2020)
C I Griffith (Resigned on 18 March 2020)
R J B Price (Resigned on 31 July 2020)
A Schmitt (Resigned on 30 September 2020)
C Howard (Appointed on 31 March 2021)

Secretary

Anglo American Corporate Secretary Limited

Registered Office

17 Charterhouse Street
London EC1N 6RA
United Kingdom

Bankers

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HB
United Kingdom

The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay
#09-01 HSBC Building
Singapore 049320

Solicitors

Linklaters
1 Silk Street
London EC2Y 8HQ
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
Statutory Auditor
1 Embankment Place
London, WC2N 6RH

ANGLO PLATINUM MARKETING LIMITED

STRATEGIC REPORT

For the financial year ended 31 December 2020

Introduction

Anglo Platinum Marketing Limited ("the Company"), is a wholly owned subsidiary of Rustenburg Platinum Mines Limited, a company incorporated in South Africa.

The principal activities of the Company comprise the sale of platinum group metals and associated by-products to international customers.

A branch of the Company ("the Branch") was registered in Singapore on 3 May 2012 to expand the Company's activities into the Asia Pacific region. The Branch's financial results are included in these financial statements.

The directors present their strategic report on the Company for the year ended 31 December 2020.

Business review

The principal activity of Anglo Platinum Marketing Limited comprises the sale of platinum group metals and associated by-products to international customers. The Company seeks to maximise sale prices for its goods by making use of its broad network of customers.

The Company continues to make strategic investments in companies pursuing technological developments to improve the global demand for Platinum. There are no changes to the principal activity of the Company planned for the foreseeable future.

PGM prices were strong in 2020. The achieved basket price increased by 51% year on year to \$2,035 per PGM ounce (2019: \$1,347 per ounce), helped particularly by a strong rhodium price. Individually, all three main PGMs (platinum, palladium and rhodium) recorded higher average prices than in 2019. The platinum price ended the year at \$1,075 per ounce, 11% higher than at the beginning of the year, while the average price over the year rose by 2% to \$885 per ounce (2019: \$864 per ounce). The palladium price climbed by 43% to average \$2,197 per ounce (2019: \$1,539 per ounce), while the rhodium price increased by a remarkable 187% to a record average of \$11,220 per ounce (2019: \$3,914 per ounce), having repeatedly set all-time highs during the year.

As in the previous year, all three major PGMs saw a market deficit (demand exceeding supply) in 2020. Compared to 2019, however, in 2020 both supply and demand for each metal were considerably lower, a consequence of the COVID-19 pandemic and unprecedented government responses worldwide, including widespread restrictions on socialising and mobility, while the temporary closure of the Anglo Converter Plant (ACP) also affected supplies of metal.

ANGLO PLATINUM MARKETING LIMITED

STRATEGIC REPORT

For the financial year ended 31 December 2020

Business review (continued)

The negative demand impact began in the first quarter of 2020, as China confronted the pandemic, but was most pronounced in the second quarter, when governments imposed severe lockdowns in most key consuming countries, shutting auto factories, car dealers and jewellery stores. By then, the pandemic was also affecting PGM supply, especially for platinum and rhodium, as the South African lockdown (27 March – 1 May) initially saw all non-surface and non-mechanised mines close. PGM demand began to recover late in the second quarter and continued to do so through the second six months. Global auto sales, led by China, were almost back to normal by July, with auto production, where recovery was slightly slower, following soon after, and bringing with it higher automotive PGM demand. This recovery was aided by an increase in loadings to meet emissions legislation, as well as a growing preference for personal transportation over public transportation seen in many countries. The broader industrial economy also bounced back strongly as the virus receded and working practices were overhauled, underpinning PGM industrial offtake. The recovery in platinum jewellery demand was slower in starting, as retail and other service sectors remained subdued, though it too gradually improved, with some signs that spending that would otherwise have gone on travel going towards this sector.

PGM supply also recovered from mid-2020 onwards. South African underground mines reopened, and while social distancing kept output slightly lower than normal, near-normal production soon resumed. Russian PGM mine output, more important in the case of palladium, continued to show little impact from the pandemic.

For geographical and sectoral reasons, platinum was the most affected of the three major PGMs by the pandemic. Total platinum demand was 18% lower than in 2019, though this was more than offset by a 19% fall in total supply. As such, platinum not only remained in deficit, but, at 400,000 ounces, the deficit was larger than the 300,000 ounces recorded in 2019. The 20% fall in total refined platinum supply was driven by a corresponding 20% drop in refined mine supply, largely a consequence of platinum's dependence on South Africa, where refined mine supply was 27% lower. Platinum autocatalyst recycling declined by 17% as fewer diesel vehicles were scrapped.

The impact on platinum demand was more varied than on platinum supply. Gross automotive demand was 22% lower, while gross jewellery demand decreased by 23%, both hit hard by the pandemic. Industrial offtake, aided by a resilient manufacturing sector, decreased by a smaller 8%, while investment demand declined by 20% but still saw a historically impressive performance.

ANGLO PLATINUM MARKETING LIMITED

STRATEGIC REPORT

For the financial year ended 31 December 2020

Business review (continued)

Palladium was in deficit for the ninth consecutive year in 2020, though, at 600,000 ounces the deficit was considerably smaller than 2019's 900,000 ounces. COVID-19 had a sizeable effect on palladium supply and demand, although not as significant as in platinum's case. Total supply, which was 12% lower, was much less affected than for platinum, both because mine production declined by a smaller 13% owing to the greater importance of Russian palladium output, but also as autocatalyst recycling decreased by only 8%. Total gross palladium demand declined by 13%. A 12% fall in gross palladium automotive demand was less than the 16% decline in light duty vehicle production as new emission rules in China and Europe drove palladium loadings per vehicle higher. Despite the pandemic, gross palladium automotive offtake of 8.5 million ounces was high, with only that of 2018 and 2019 surpassing it.

The rhodium price had a remarkable 2020, averaging \$11,220 per ounce, an increase of 187%, and setting repeated all-time highs, both in nominal and real terms. It closed the year above \$17,000 per ounce, another new record. This performance reflected rhodium's supply and demand dynamics – a combination of platinum's much weaker supply and palladium's more robust demand – which led to rhodium's record deficit of 80,000 ounces (2019: 40,000 ounces). Rhodium supply decreased by 18%, driven by a 23% fall in mine supply. This was the result of a dependence on underground South African mines, which temporarily closed during the South African lockdown and saw a relatively slow re-opening. Rhodium autocatalyst recycling supply did much better, declining by only 5%, as high prices incentivised collection and processing. Total gross rhodium demand decreased by 13%, with automotive demand declining by 10%, outperforming a 16% fall in global vehicle production on higher rhodium loadings in Europe and China as the need for the metal's superior nitrogen oxide (NOx) control outweighed high prices.

The iridium price increased in 2020 to an average of \$1,628 per ounce (2019: \$1,480 per ounce). In December, the price rose to nearly \$3,000 per ounce, an all-time high for the metal. The stronger price was driven by a combination of lower supply and stronger demand from the electronics sector, particularly for iridium crucibles for chemical operations. The ruthenium price increased slightly to an average of \$264 per ounce (2019: \$258 per ounce). Demand for ruthenium was slightly weaker year on year owing to a slower pace of capacity expansion of chemical plants in China.

Principal risks and uncertainties and financial risk management

The Company's activities expose it to a number of financial risks including price risk and credit risk. Whilst the Company must operate within its available intercompany facility limits, its exposure to liquidity risk and cash flow risk is not deemed material for the assessment of assets, liabilities and the financial statements.

The operations and profitability of the Company are dependent on the ability of other Group companies to continue in operation and provide supply for onward sales, the principal risks and uncertainties for these other Group companies are included in the Anglo American Platinum Limited Group financial statements (see note 26 for details).

ANGLO PLATINUM MARKETING LIMITED

STRATEGIC REPORT

For the financial year ended 31 December 2020

Principal risks and uncertainties and financial risk management (continued)

The Company's risk profile evolved in 2020, largely as a result of the COVID-19 pandemic, which continues to have a significant impact on global society. No new significant risks were identified as a result of the pandemic. The development of several successful vaccines towards the end of 2020 has given hope that restrictions in many countries can be reduced in 2021, with a consequent recovery in economic activity. Activity may be further boosted by a release of pent-up demand in a number of sectors. The IMF expects a 5.5% expansion in global GDP in 2021.

Credit risk

The Company's principal financial assets are cash and cash equivalents and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The assessment for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are either banks, with high credit-ratings assigned by international credit rating agencies, or Anglo American Capital plc, which is part of the Anglo American plc group of companies.

Price risk

The Company is exposed to commodity price risk via its sales and purchases contracts, as well as its inventory holdings. Price risk is managed by the Company's sales team actively monitoring the markets in which it operates and entering into floating price sale and purchase contracts, derivatives using future and swap contracts and through constant monitoring of the markets in which it operates. The Company is also exposed to equity securities price risk arising from the Company's investment in Ballard Power Systems Inc which is classified as financial assets at FVOCI. If the price for the equity security listed in the United States had increased / (decreased) by 10% with all other variables including tax rate being held constant, the effects on other comprehensive income would have been USD8,100k and USD(8,100k) respectively.

Key performance indicators

The key performance indicators for the Company are the volume of Platinum Group Metals shipped and the operating margin. These were as follows:

| | 2020 | 2019 |
|---|-----------|-----------|
| Revenue (US\$'000) | 7,914,283 | 6,409,631 |
| Volume of Platinum Group Metals sold (million ounces) | 3.8 | 4.9 |
| Operating profit margin (%) | 3.5% | 2.9% |

The Platinum Group Metals consist of platinum, palladium, rhodium, iridium, ruthenium and osmium.

ANGLO PLATINUM MARKETING LIMITED

STRATEGIC REPORT

For the financial year ended 31 December 2020

Section 172 statement

The Anglo Platinum Marketing Limited Board ("the Board") is cognisant of its legal duty to act in good faith and to promote the success of the Company for the benefit of its shareholders and with regard to the interests of a broad range of. These include the likely consequences of any decisions we make over different time horizons; the need to foster the relationships we have with all our stakeholders; the interests of our employees; the impact our operations have on the environment and local communities; and the desire to maintain a reputation for high standards of business conduct. New directors appointed to the Board in 2020 received tailored, individual briefings on these duties, and the Board received updates in 2020.

As a part of a major global mining company, the Board understands that our wide range of stakeholders is integral to the sustainability of our business, underpinning our licence to operate. In addition, the Board is conscious that expectations around our performance and contribution to society- from local to global – are both diverse and continuously evolving.

By listening to, understanding and engaging with our stakeholders, the Board endeavours to live up to their expectations, by staying true to the Purpose and making decisions in accordance with our Values, and delivering our strategy.

Our Purpose and Values

The Board recognises the role of the Company's business in society and within the Anglo American Group ("the Group"). In 2017, the Group began to formalise that role by validating its underlying purpose with employees, while also consulting stakeholders and shareholders, culminating in a Board discussion to encapsulate that Purpose as 're-imaging mining to improve people's lives', and the Company is focused on achieving that purpose.

The Group's Values: Safety; Care and Respect; Integrity; Accountability; Collaboration; and Innovation guide our behaviour and shape our culture, and are fundamental to creating enduring benefit for all our employees, shareholders, and stakeholders in a way that demonstrably improves people's lives.

Engaging our stakeholders

Healthy stakeholder relationships help us to better communicate how our business decisions, activities and performance are likely to affect or be of significant interest to our stakeholders, and provide the opportunity to co-create effective and lasting solutions to business and other challenges.

The Company's stakeholders include our governments, employees, customers, business partners, multinational organisations, industry peers, broader civil society, trade associations and suppliers, in addition to our shareholder.

ANGLO PLATINUM MARKETING LIMITED

STRATEGIC REPORT

For the financial year ended 31 December 2020

Section 172 statement (continued)

Long Term Decision Making

The Board took a range of factors and stakeholder considerations into account when making decisions in the year. Decisions are made within the context of the long term factors that may impact the Company and its stakeholders.

Understanding our employees and helping our people thrive

The Company knows that our people are critical to everything we do. The Group creates safe, inclusive and diverse working environments that encourage and support high performance and innovative thinking. The Company acknowledges that to get the best from our people, there is a need to understand their viewpoints and address any concerns that may be raised.

To deliver on our strategic business objectives, we rely on a capable and engaged workforce that behaves ethically and responsibly, consistent with Anglo American's Values and Code of Conduct- essential for us to maintain our social licence to operate. We aim to foster a purpose-led high performance, inclusive culture, through an organisational structure that is fit for purpose, resourcing this structure by attracting and retaining the best talent and empowering leadership to deliver the desired outcomes.

As the Company considers workforce engagement to be a priority for every leader at Anglo American, regular surveys are run to identify areas that more must be done to ensure colleagues feel cared and respected. In 2019, the Group set up a Global Workforce Advisory Panel, made up of 12 employee representatives and chaired by a senior independent director, with the intention of giving employees more of a voice in the boardroom so that their views can be better understood and considered when decisions are being made about the future of the business.

As part of our overall strategy of managing the COVID-19 pandemic, the Group has implemented an extensive health awareness and support programme called WeCare. It has been designed specifically to help protect the health and well-being of our people and host communities. WeCare is helping colleagues and communities better understand how to protect themselves and others from catching the virus, monitor their health to pick up early symptoms, and to manage their well-being.

ANGLO PLATINUM MARKETING LIMITED

STRATEGIC REPORT

For the financial year ended 31 December 2020

Section 172 statement (continued)

Relationships with Suppliers and Customers

The Company engages with suppliers through several channels, in line with the Group's sustainable and responsible supplier programme. The Company also engages with customers through direct personal engagements and via business and industry forums.

This report was approved by the Board of Directors and signed on its behalf by:



Matthew Loosley
For and on behalf of Anglo American Corporate Secretary Limited
Company Secretary
21 September 2021

ANGLO PLATINUM MARKETING LIMITED

DIRECTORS' REPORT

For the financial year ended 31 December 2020

The directors present their annual report on the affairs of the Company together with the audited financial statements and auditors' report for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ANGLO PLATINUM MARKETING LIMITED

DIRECTORS' REPORT

For the financial year ended 31 December 2020

Disclosure of information to auditors (continued)

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Results and dividends

The profit after tax for the year is \$244,683,000 (2019: \$159,048,000).

Interim dividends of \$86,000,000 were declared and paid in 2020 (2019: \$140,000,000). No final dividends declared.

On 31 March 2021, an interim dividend of US\$50,000,000 (US\$12.50 per share) was approved by the Board of Directors of the Company. On 5 July 2021, an interim dividend of US\$45,000,000 (US\$11.25 per share) was approved by the Board of Directors of the Company. On 6 September 2021, an interim dividend of US\$100,000,000 (US\$25.00 per share) was approved by the Board of Directors of the Company. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as a distribution of retained earnings in the financial year ending 31 December 2021.

Directors

The following served as directors throughout the year, and except as shown, to the present time:

| | |
|------------------|--|
| H C Ingram | |
| P G Whitcutt | |
| B G C Oeyen | |
| C W Miller | |
| D L Christianson | (Resigned on 31 March 2021) |
| N Viljoen | (Appointed on 1 April 2020) |
| H P Tanner | (Appointed on 3 June 2020; Resigned on 30 June 2021) |
| H A Hansen | (Appointed on 31 July 2020) |
| J Eastwood | (Appointed on 12 October 2020) |
| C I Griffith | (Resigned on 18 March 2020) |
| R J B Price | (Resigned on 31 July 2020) |
| A Schmitt | (Resigned on 30 September 2020) |
| C Howard | (Appointed on 31 March 2021) |

Going concern

The directors have considered the Company's cash flow forecasts for the period to the end of 2022. This included assessing the impact of uncertainty due to COVID-19 on the wider macro-economic environment, Anglo American's commodity production, demand for the Company's products and realised prices.

ANGLO PLATINUM MARKETING LIMITED

DIRECTORS' REPORT

For the financial year ended 31 December 2020

Going concern (continued)

In all of the scenarios modelled, the Company maintains sufficient liquidity throughout the period of assessment without the use of mitigating actions. The Board is satisfied that the Company's forecasts and projections, taking account of modelled changes in trading performance, show that the Company will be able to remain in operation for the period assessed. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

Principal risks and uncertainties

The financial risk management policies of the Company are disclosed in the Strategic Report.

Political and Charitable Donations

The Company made no political and charitable donations during the year (2019: \$nil).

Directors' interests

The directors did not have any interest in the share capital of the Company or of the immediate parent company during the year. The directors did not have any material interest during the year in a contract which is significant in relation to the Company's business.

Independent Auditors

At the 2020 Annual General Meeting of Anglo American plc, the Company's ultimate parent company, PricewaterhouseCoopers LLP ("PWC") were appointed as external auditors to the Group. Under section 487(2) of the Companies Act 2006, PWC will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Approved by the Board of Directors and signed on its behalf by:



Matthew Loosley
For and on behalf of Anglo American Corporate Secretary Limited
Company Secretary
21 September 2021



Independent auditors' report to the members of Anglo Platinum Marketing Limited

Report on the audit of the financial statements

Opinion

In our opinion, Anglo Platinum Marketing Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2020; the income statement; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 (UK) 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to international tax regulations and anti-bribery and corruption laws, and we considered



the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias included within significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Review of Board minutes, discussions with management, internal audit and the legal function, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Assessing significant judgements and estimates, in particular those relating to the classification of commodity contracts and the fair value of financial instruments, and the disclosure of these items.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark King (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 September 2021

ANGLO PLATINUM MARKETING LIMITED

INCOME STATEMENT

For the financial year ended 31 December 2020

| | Note | 2020 US\$'000 | 2019 US\$'000 |
|--------------------------------------|------|-----------------------|-----------------------|
| Revenue | 3 | 7,914,283 | 6,409,631 |
| Cost of sales | | <u>(7,628,831)</u> | <u>(6,200,906)</u> |
| Gross profit | | 285,452 | 208,725 |
| Administrative expenses | | (11,585) | (22,655) |
| Other operating income | | <u>471</u> | <u>432</u> |
| Operating profit | 5 | 274,338 | 186,502 |
| Other income | 6 | 2,511 | - |
| Other expenses | 7 | (2,846) | (12,925) |
| Finance costs | 8 | (379) | (1,479) |
| Finance income | 9 | <u>7,325</u> | <u>14,715</u> |
| Profit before tax | | 280,949 | 186,813 |
| Income tax expense | 10 | <u>(36,266)</u> | <u>(27,765)</u> |
| Profit for the financial year | | <u>244,683</u> | <u>159,048</u> |

Revenue and operating profits are all derived from continuing operations in the UK and Singapore.

The accompanying notes form an integral part of these financial statements.

ANGLO PLATINUM MARKETING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

| | Note | 2020 US\$'000 | 2019 US\$'000 |
|--|------|------------------|------------------|
| Profit for the financial year | | 244,683 | 159,048 |
| Items that will not be reclassified to profit or loss: | | | |
| Revaluation gain on investment in equity instruments, net of tax | 13 | 59,627 | 18,932 |
| Transfer of revaluation gain on disposal of investment, net of tax | 13 | (6,611) | - |
| Other comprehensive income for the year, net of tax | | 53,016 | 18,932 |
| Total comprehensive income for year attributable to the owners of the Company | | 297,699 | 177,980 |

The accompanying notes form an integral part of these financial statements.

ANGLO PLATINUM MARKETING LIMITED

BALANCE SHEET

As at 31 December 2020

| | Note | 2020 US\$'000 | 2019 US\$'000 |
|--|------|--------------------|------------------|
| Non-current assets | | | |
| Investment in associates and joint ventures | 12 | 29,525 | 24,522 |
| Investments in financial assets | 13 | 97,619 | 34,190 |
| Total non-current assets | | 127,144 | 58,712 |
| Current assets | | | |
| Inventories | 14 | 390,829 | 261,510 |
| Trade and other receivables | 15 | 132,177 | 54,911 |
| Other financial assets | 16 | 151,412 | 1,078 |
| Cash and cash equivalents | 17 | 1,161,858 | 824,045 |
| Total current assets | | 1,836,276 | 1,141,544 |
| Total assets | | 1,963,420 | 1,200,256 |
| Current liabilities | | | |
| Trade and other payables | 18 | (241,804) | (302,372) |
| Other financial liabilities | 19 | (16,200) | (1,190) |
| Contract liabilities | 20 | (1,262,555) | (667,078) |
| Current tax liabilities | | (213) | (16,367) |
| Total current liabilities | | (1,520,772) | (987,007) |
| Net current assets | | 315,504 | 154,537 |
| Total assets less current liabilities | | 442,648 | 213,249 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 21 | (15,494) | (4,639) |
| Total non-current liabilities | | (15,494) | (4,639) |
| Total liabilities | | (1,536,266) | (991,646) |
| Net assets | | 427,154 | 208,610 |
| Equity | | | |
| Called up share capital | 22 | 4,001 | 4,001 |
| Share premium account | | 96,019 | 96,019 |
| Capital contribution reserve | | 5,281 | 5,047 |
| Revaluation reserve | | 75,663 | 22,647 |
| Retained earnings | | 246,190 | 80,896 |
| Total equity | | 427,154 | 208,610 |

These financial statements of Anglo Platinum Marketing Limited, registered number 06726161, were approved by the board of directors and authorised for issue on 21 September 2021. Signed on behalf of the Board of Directors by:

C Howard
Director



The accompanying notes form an integral part of these financial statements.

ANGLO PLATINUM MARKETING LIMITED

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

| | Note | Called up Share capital US\$'000 | Share premium account US\$'000 | Capital contribution reserve US\$'000 | Revaluation reserve US\$'000 | Retained earnings US\$'000 | Total US\$'000 |
|---|------|---|---|--|------------------------------------|----------------------------------|-------------------|
| At 1 January 2019 | | 4,001 | 96,019 | 2,819 | 3,715 | 61,848 | 168,402 |
| Profit for the financial year | | - | - | - | - | 159,048 | 159,048 |
| Other comprehensive income for the year | | - | - | - | 18,932 | - | 18,932 |
| | | <u>4,001</u> | <u>96,019</u> | <u>2,819</u> | <u>18,932</u> | <u>159,048</u> | <u>177,980</u> |
| Transaction with owners, recognised directly in equity | | | | | | | |
| - Dividends | 11 | - | - | - | - | (140,000) | (140,000) |
| - Equity settled share- based payments | 5 | - | - | 2,228 | - | - | 2,228 |
| At 31 December 2019 | | <u>4,001</u> | <u>96,019</u> | <u>5,047</u> | <u>22,647</u> | <u>80,896</u> | <u>208,610</u> |
| Profit for the financial year | | - | - | - | - | 244,683 | 244,683 |
| Transfer of reserve upon disposal of investments | | - | - | - | (6,611) | 6,611 | - |
| Other comprehensive income for the year | | - | - | - | 59,627 | - | 59,627 |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>53,016</u> | <u>251,294</u> | <u>304,310</u> |
| Transaction with owners, recognised directly in equity | | | | | | | |
| - Dividends | 11 | - | - | - | - | (86,000) | (86,000) |
| - Equity settled share- based payments | 5 | - | - | 234 | - | - | 234 |
| At 31 December 2020 | | <u>4,001</u> | <u>96,019</u> | <u>5,281</u> | <u>75,663</u> | <u>246,190</u> | <u>427,154</u> |

The accompanying notes form an integral part of these financial statements.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

1. General information

Anglo Platinum Marketing Limited is a privately owned Company limited by shares incorporated under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 9 to 11.

These financial statements are presented in United States dollars as it is the currency of the primary economic environment in which the Company operates.

The Company is exempt, by virtue of section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements, because it is included in the group financial statements of Anglo American Platinum Limited. The group financial statements of Anglo American Platinum Limited are available to the public and can be obtained as set out in Note 26.

2. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

Basis of preparation

The financial statements have been prepared in accordance with the requirements of Financial Reporting Standards 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see below).

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

The company has taken advantage of the following disclosure exemptions under FRS 101: (continued)

- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS36 Impairment of Assets.

The Company may take FRS 101 exemptions as it is a member of a group where the parent prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss and the Company is included in that consolidation.

Adoption of new and revised Standards

On 1 January 2020, the Company has adopted all the new and revised IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) that are effective from that date and are relevant to its operations. The adoption of these new/revised IFRS and new Interpretations does not result in changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior years, except as follows:

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Adoption of new and revised Standards (continued)

IFRIC Agenda March 2019 (Physical settlement of contracts to buy or sell a non-financial item (IFRS 9))

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

Going concern

The directors have considered the Company's cash flow forecasts for the period to the end of 2022. This included assessing the impact of uncertainty due to COVID-19 on the wider macro-economic environment, Anglo American's commodity production, demand for the Company's products and realised prices.

In all of the scenarios modelled, the Company maintains sufficient liquidity throughout the period of assessment without the use of mitigating actions. The Board is satisfied that the Company's forecasts and projections, taking account of modelled changes in trading performance, show that the Company will be able to remain in operation for the period assessed. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

Functional and presentation currency

The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements of the Company are presented in United States Dollars, which is the functional currency of the Company. All financial information presented in United States Dollars have been rounded to the nearest thousand, unless stated otherwise.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Functional and presentation currency (continued)

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Revenue recognition

Revenue is recognised in a manner that depicts the pattern of the transfer of goods and services to customers. The amount recognised reflects the amount to which the Company expects to be entitled in exchange for those goods and services. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. The transactional price is the amount of consideration due in exchange for transferring the promised goods or services to the customer, and is allocated against the performance obligations and recognised in accordance with whether control is recognised over a defined period or at a specific point in time. The Company's payment terms are generally consistent with market practice for the relevant commodity markets and hence sales contracts do not contain any significant financing components.

Revenue represents the net invoice value of goods in the normal course of business to third parties, related and associate companies after deducting any sales and value added taxes. Principal sales are recognised when control has been transferred to the customer.

Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date, normally ranging from 30 to 120 days, based on movements in quoted markets or contractual prices up to the date of final pricing. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. These sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. Revenue on provisionally priced sales is recognised at the forward market price when control passes to the customer and is classified as revenue from contracts with customers. Subsequent mark-to-market adjustments are recognised in revenue from other sources in the income statement.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Revenue recognition (continued)

Commodity based (own use) contracts that meet the scope exemption in IFRS 9 are recognised in earnings when they are settled by physical delivery and revenue from these contracts are shown as revenue from contracts with customers. Commodity contracts which do not meet the own use criteria are accounted for as derivatives prior to settlement and the related fair value gains and losses are shown as revenue from other sources.

Revenue from services is recognised over time in line with the policy above. When the Company acts in the capacity of an agent, the revenue recognised is the net amount of commission earned. Revenue from intracompany transfer pricing adjustments is recognised in accordance with approved transfer pricing arrangements.

Finance income

Finance income comprises interest income on deposits with a related company. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Defined contribution pension schemes

Amounts paid in respect of defined contribution pension schemes are recognised in the income statement in accordance with International Accounting Standard 19 "Employee benefits". There are no defined benefit schemes.

Share-based payments

The Company makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share awards issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income, in which case the tax is also recognised outside profit or loss (directly in other comprehensive income).

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Investments in associates

An associate is an entity over which the Company exercises significant influence, but which it does not control, through participation in the financial and operating policy decisions of the investee.

Investment in associates are stated in the Company's balance sheet at cost less accumulated impairment loss. The carrying values of associates are reviewed on a regular basis and if there is objective evidence that an impairment in value has occurred as a result of one or more events during the period, the investment is impaired.

Investment in joint arrangements

Under IFRS 11, joint arrangements are those that convey joint control, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company's joint ventures are accounted for at cost in accordance with IAS 27, less any provision for impairment as necessary.

The carrying values of joint ventures are reviewed on a regular basis and if there is objective evidence that an impairment in value has occurred as a result of one or more events during the period, the investment is impaired.

Inventories

Inventories of refined metals, which were purchased as refined metals, are valued at the lower of average cost and net realisable value.

Inventories of refined metals and work in progress, which were purchased in concentrates, are valued at the lower of average cost, and net realisable value. The cost per ounce or tonne is determined as follows:

- Platinum, palladium, rhodium and nickel are treated as joint products and are measured by dividing the output into total cost, determined on a 12-month rolling average basis, less net revenue from sales of other metals, in the ratio of the contribution of these metals to net revenue.
- Iridium, ruthenium, gold, copper, cobalt and osmium are not valued.

Impairment of assets

At each reporting date, a review for the potential impairment of an asset is carried out to determine if circumstances indicate that the carrying amount of the asset may not be recoverable. Such impairment reviews are performed in accordance with IAS 36; "Impairments of assets". Impairments thus arising are reported in the income statement.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Investments, other than investments in associates, are financial asset investments and are initially recognised at fair value. The Company's financial assets are classified into the following measurement categories: debt instruments at amortised cost, equity instruments and debt instruments designated at fair value through other comprehensive income (OCI), and debt instruments, derivatives and equity instruments at fair value through profit and loss. Financial assets are classified as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at fair value through other comprehensive income

Other investments are classified at fair value through OCI and subsequently measured at fair value.

The Company has elected to measure equity instruments, at fair value through OCI as this better reflects the strategic nature of the Company's equity investments.

For equity instruments at fair value through OCI, changes in fair value, including those related to foreign exchange, are recognised in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost and effective interest method

Under IFRS 9, trade and other receivables and cash and cash equivalents are classified as financial assets at amortised cost. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, the financial assets (including trade and other receivables and cash and cash equivalents) are measured at amortised cost using the effective interest rate method, less any identified impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial instrument, or where appropriate, a shorter period.

Cash and cash equivalents comprise cash at bank and cash on demand deposits with a Group company and cash balance in a margin facility that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. The cash held in the margin facility is considered to be restricted as it is required to cover initial margin on trading exchanges.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. Specifically, debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in profit or loss.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets not measured at fair value through profit or loss are assessed at each reporting period date to determine whether there is any objective evidence that it is impaired. The Company assesses on a forward looking basis the expected credit losses, as the difference between the contractual cash flows and the cash flows that are expected to be received, associated with its assets carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Derecognition of financial assets

The Company derecognises a financial asset only when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the income statement.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified and accounted for as financial liabilities or equity instruments according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument.

Trade and other payables

Trade and other payables are not initially measured at their fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

Contract liabilities

The Company enters into sales and leaseback transactions, which for accounting purposes is treated in accordance with its substance as revenue received in advance. The recognition of revenue is deferred until the significant risks and rewards of ownership have passed to the customer upon delivery in six months' after each individual contract has been entered into. Payment received in advance for the transactions will be recognised as contract liabilities on the balance sheet. Once the metals are delivered in six months' time, the contract liabilities are reduced and revenue is recorded in the income statement at the relevant market price prevailing at that stage.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments (continued)

Metal trading activities

The Company enters into leasing and borrowing activities for supply risk management purposes.

Leasing

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

Borrowing

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

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments

The Company enters into derivative instruments for price risk management and trading purposes. Derivative contracts are financial instruments such as swaps, futures and options contracts.

Non "own-use" forward and derivative contracts are measured by reference to market prices at the year end. The resulting unrealised losses, excluding contracts within any margining facilities are recorded as 'Derivative financial liabilities' in payables and unrealised profits are recorded as 'Derivative financial assets' in receivables. Changes in the assets and liabilities from these activities arising in the current period (resulting primarily from newly originated transactions and the impact of price movements on existing transactions) are recognised in the income statement as revenue. The market prices used to value these transactions take into account various factors including published forward prices.

Commodity-based (own-use) contracts that meet the scope exemption in IFRS 9 are recognised in the income statement when they are settled by physical delivery.

Derivatives are classified as current or non-current depending on the contractual maturity of the derivative. Changes in the fair value of any derivative instruments that are not designated in a hedge relationship are recognised immediately in the income statement.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with the International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Impact of COVID-19

The Company has considered the impact of COVID-19 on each of its significant accounting judgements and estimates. No further significant judgements or estimates have been identified as a result of COVID-19, although the pandemic has increased the level of uncertainty inherent in all future cash flow forecasts.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Critical judgements in applying the Company's accounting policies

Classification of commodity contract

The Company applies judgement in classifying its commodity contracts into either the trading or equity book. Classification in the trading book results in the contract being treated as a derivative and marked to market. Contracts classified into the equity book are entered into in accordance with the Company's expected sale or usage requirements and are consequently accounted for as executory contracts. The trading book contracts are distinguished from their equity book counterparts by the presence of net settlement clauses and/or the intention to enact effective net settlement. Equity source contracts used to settle contracts in trading book are accounted for as executory contracts. The contracts included in the equity book will remain economically unhedged, thus avoiding the risk of effective net settlement.

Key sources of estimation uncertainty

Revenue Recognition

Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date, normally ranging from 30 to 60 days, based on movements in quoted markets or contractual prices up to the date of final pricing. As is customary in the industry, provisionally priced sales are based on estimates of the consideration receivable at each reporting date using the forward price for the period equivalent to that outlined in the contract. This is based on the market forward price which may vary depending on the volatility in the market. This adjustment is recorded in the income statement.

Fair value of financial instruments

Certain of the Company's financial instruments, principally derivatives, are required to be measured on the balance sheet at fair value. Where a quoted market price for an identical instrument is not available, a valuation model is used to estimate the fair value based on the net present value of the expected cash flows under the contract. Valuation assumptions are usually based on observable market data (for example commodity price curves) where available. Changing certain estimated inputs to reasonably possible alternative assumptions do not change the fair value of Company's financial instruments significantly.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Revenue

| | 2020 US\$'000 | 2019 US\$'000 |
|-------------------------------|------------------|------------------|
| Sale of commodities | | |
| Revenue by destination | | |
| Asia | 4,240,650 | 2,700,424 |
| Europe | 3,234,624 | 3,369,320 |
| Americas | 433,458 | 333,111 |
| Rest of world | 5,551 | 6,776 |
| | <u>7,914,283</u> | <u>6,409,631</u> |
| Revenue by class | | |
| Platinum Group Metals | 7,452,890 | 5,813,150 |
| Gold | 150,938 | 167,247 |
| Other Metals | 310,455 | 429,234 |
| | <u>7,914,283</u> | <u>6,409,631</u> |

Revenue of \$7,914,283,000 (2019: \$6,409,631,000) for the year includes revenue with customers of \$7,937,687,000 (2019: \$6,404,417,000) and net loss (2019: net gain) from other sources of \$23,404,000 (2019: \$5,214,000) which relate to derivative financial instruments and gains and losses on provisionally priced receivables.

4. Staff costs

The average monthly number of employees (including directors) during the year was 20 (2019: 17).

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Staff costs for the above persons were as follows: | | |
| Wages and salaries | 5,513 | 6,187 |
| Social security costs | 733 | 956 |
| Pension costs | 422 | 428 |
| Share-based payment costs | 234 | 2,228 |
| Directors' emoluments were as follows: | | |
| Aggregate emoluments | 1,228 | 1,142 |
| Contributions to defined contribution pension scheme | 99 | 94 |

For the year ended 31 December 2020, there were two (2019: two) directors paid in respect of their services to the Company. The other directors are remunerated by their respective employing Company within the Anglo American Group of companies.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. Staff costs (continued)

The highest paid director of the Company received emoluments of \$712,000 (2019: \$683,000 and contributions to a defined contribution pension scheme of \$56,000 (2019: \$55,000). During the year ended 31 December 2020 and 31 December 2019, no director exercised share options.

For the year ended 31 December 2020, there were two (2019: two) directors who were members of a defined contribution pension scheme to which the Company contributed.

5. Operating profit

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Operating profit is stated after charging/(crediting): | | |
| Audit fees for the audit of the financial statements | 117 | 128 |
| Impairment losses on financial assets | 246 | - |
| Gain on foreign currency translation | <u>(10,353)</u> | <u>(1,382)</u> |

6. Other income

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| Dividend income from equity investments | <u>2,511</u> | <u>-</u> |

7. Other expenses

| | 2020 US\$'000 | 2019 US\$'000 |
|-----------------------------------|------------------|------------------|
| Impairment of associate (Note 12) | <u>(2,846)</u> | <u>(12,925)</u> |

8. Finance costs

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Bank interest and charges | 180 | 453 |
| Guarantee fee and charges with Group company | 188 | 1,026 |
| Interest on trade receivables | 11 | - |
| | <u>379</u> | <u>1,479</u> |

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

8. Finance costs (continued)

As part of the terms of the parental guarantees provided by Anglo American Platinum Limited (AAPL) on behalf of Anglo Platinum Marketing Limited (APML), the beneficiaries have a guarantee value of \$350,000,000.

9. Finance income

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Interest income from related company | 7,094 | 14,558 |
| Interest income from trade receivables | 91 | 55 |
| Other interest received | 140 | 102 |
| | <u>7,325</u> | <u>14,715</u> |

10. Income tax expense

(a) Analysis of charge for the year

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Current tax | | |
| Foreign tax | 5,089 | 3,147 |
| UK current tax on profits for the year | 32,366 | 24,983 |
| Foreign tax adjustment in respect of prior years | - | (193) |
| UK tax adjustment in respect of prior years | (1,171) | (185) |
| Others | (15) | - |
| Tax on profit | <u>36,269</u> | <u>27,752</u> |
| Deferred tax | (3) | 13 |
| Total tax per income statement | <u>36,266</u> | <u>27,765</u> |

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Income tax expense (continued)

(b) Numerical reconciliation of income tax expense

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| Profit before tax | <u>280,949</u> | <u>186,813</u> |
| Profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 53,380 | 35,494 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 437 | 1,987 |
| Income not taxable for tax purpose | (477) | - |
| Foreign tax | 5,088 | 3,148 |
| Foreign tax - prior year adjustment | - | (193) |
| Current tax - prior year adjustment | (1,171) | (172) |
| Deferred tax - prior year adjustment | (10) | - |
| Effect of changes in tax rates | (1) | - |
| Overseas amount exempt from UK tax | (20,965) | (12,499) |
| Other | (15) | - |
| | <u>36,266</u> | <u>27,765</u> |

(c) Factors affecting tax charge for the year

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019: 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the Company's deferred tax balances.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

11. Dividends

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Interim dividends declared and paid of \$21.49 per share (2019: \$34.99 per share) | <u>86,000</u> | <u>140,000</u> |

12. Investment in associates and joint ventures

| | 2020 US\$'000 | 2019 US\$'000 |
|-------------------------------|------------------|------------------|
| Investments in associates | 86 | - |
| Investments in joint ventures | <u>29,439</u> | <u>24,522</u> |
| | <u>29,525</u> | <u>24,522</u> |

(a) Associates

| | 2020 US\$'000 | 2019 US\$'000 |
|---------------------------------|------------------|------------------|
| Cost | | |
| At 1 January | 15,500 | 14,950 |
| Additions | <u>2,932</u> | <u>550</u> |
| At 31 December | <u>18,432</u> | <u>15,500</u> |
| Provision for impairment | | |
| At 31 December | <u>(18,346)</u> | <u>(15,500)</u> |
| Net book value | | |
| At 31 December | <u>86</u> | <u>-</u> |

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. Investment in associates and joint ventures (continued)

(a) Associates (continued)

Details of the Company's associates are as follows:

| <u>Name</u> | <u>Place of incorporation (or registration) and operation</u> | <u>Registered address</u> | <u>Proportion of ownership interest</u> % | <u>Proportion of voting power held</u> % |
|---|---|--|--|---|
| Primus Power Corporation | Delaware/California | 3967 Trust Way, Hayward, CA, 94545 United States | 17.98 | 20.00 |
| Lion Battery Technologies Inc | Canada | Suite 2600, Three Bentall Centre 595 Burrard Street P.O. Box 49314 Vancouver BC V7X 1L3 Canada | 42.30 | 33.33 |
| Suzhou Yibai Environmental Protection Technologies Co., Ltd | China | No. 558, Fenhu Avenue, Lili Town, Wujiang District, Suzhou, PRC | 15.88 | 33.33 |
| Furuya Eco-Front Technology Co., Ltd | Japan | 2-37-5 Minami Otsuka, Toshima-ku, Tokyo 170-0005 Japan | 40.00 | 40.00 |

The investments in associates are all stated at cost less provision for impairment. Within the year ended 31 December 2020, impairments of \$2,846,000 were recognised (2019: \$15,500,000, of which specific impairment of \$14,950,000 related to investments in Primus Power Corporation, which was taken up in view of liquidation).

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. Investment in associates and joint ventures (continued)

(b) Joint ventures

| | 2020 US\$'000 | 2019 US\$'000 |
|---------------------------------|------------------|------------------|
| Cost | | |
| At 1 January | 26,097 | 24,754 |
| Additions | 4,917 | 1,343 |
| At 31 December | <u>31,014</u> | <u>26,097</u> |
| Provision for impairment | | |
| At 31 December | <u>(1,575)</u> | <u>(1,575)</u> |
| Net book value | | |
| At 31 December | <u>29,439</u> | <u>24,522</u> |

On 17 July 2018, the Company subscribed for interests in two UK based venture capital funds under AP Ventures LLP, with an aggregate commitment of \$100,000,000. Our commitment to the funds is matched by a \$100,000,000 commitment from South Africa's Public Investment Corporation (PIC).

AP Ventures LLP comprises two funds, AP Ventures Fund I and AP Ventures Fund II. AP Ventures Fund I is closed to other investors with the Company and PIC holding equal ownership interest of 49.5% each and 1% held by General Partners, who have power and authority over AP Ventures LLP. AP Ventures LLP is a legally separate entity from the Limited Partners. The Company has ownership interest of 33.6% in AP Ventures Fund II as at 31 December 2020.

The investments in joint ventures are all stated at cost less provision for impairment. Provision for impairment amounting to \$1,575,000 relates to investment in AP Ventures Fund I, which was taken up in view of lower internal valuations.

13. Investments in financial assets

Details of the Company's other investments are as follows:

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| Investment in quoted equity instruments | 97,619 | 34,190 |
| Investment in unquoted equity instruments designated at fair value through other comprehensive income | 389 | - |
| Less: Provision for impairment | <u>(389)</u> | <u>-</u> |
| | <u>97,619</u> | <u>34,190</u> |

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Investments in financial assets (continued)

The financial reporting standard on financial instruments require that all investments in unquoted equities be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Fair value gains recognised in other comprehensive income, net of tax, for the financial year amounted to \$59,627,000 (2019: \$18,932,000). During the financial year ended 31 December 2020, the Company disposed listed equity securities which had a fair value of \$9,019,000 (2019: \$nil) at the date of disposal, and the cumulative gain on disposal amounted to \$6,611,000 (2019: \$nil), net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits.

The Company had the following investments as at 31 December 2020.

| <u>Name</u> | <u>Equity type</u> | <u>Registered address</u> | Proportion of ownership interest % | Proportion of voting power held % |
|----------------------------|--------------------|---|--|---|
| Ballard Power Systems Inc. | Quoted | Suite 1700, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8 | 1.68 | 1.68 |

14. Inventories

| | 2020 US\$'000 | 2019 US\$'000 |
|-------------------------------------|------------------|------------------|
| Raw materials and consumables | 5,010 | 25,594 |
| Work in progress | 173,894 | 161,942 |
| Finished goods and goods for resale | 211,925 | 73,974 |
| | <u>390,829</u> | <u>261,510</u> |

The cost of inventories recognised as an expense and included in cost of sales amounted to \$7,592,879,000 (2019: \$6,160,921,000).

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. Trade and other receivables

Amounts expected within one year:

| | 2020 US\$'000 | 2019 US\$'000 |
|--------------------------------|------------------|------------------|
| Trade receivables | 45,156 | 39,019 |
| Prepayments and accrued income | 1 | 269 |
| Other receivables | 87,020 | 15,623 |
| | <u>132,177</u> | <u>54,911</u> |

Trade receivables do not incur interest and are measured at nominal value (with the exception of receivables related to provisionally priced sales as set out in the revenue recognition accounting policy, see Note 2).

The Company applies the simplified expected credit loss model for its trade receivables measured at amortised cost, as permitted by IFRS 9 Financial Instruments. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data.

Of the year end trade receivables balance, there is a provision of expected credit loss of US\$246,000 (2019: nil) and \$1,396,000 (2019: US\$480,000) were past due. The historical level of customer default is none and there is no current observable data to indicate a material future default. As a result, the credit quality of year end trade receivables is considered to be high.

16. Other financial assets

| | 2020 US\$'000 | 2019 US\$'000 |
|-----------------------------|------------------|------------------|
| Metal borrowing | 140,000 | - |
| Derivative financial assets | 11,412 | 1,078 |
| | <u>151,412</u> | <u>1,078</u> |

17. Cash and cash equivalents

| | 2020 US\$'000 | 2019 US\$'000 |
|--------------------------------|------------------|------------------|
| Deposit with a related company | 1,122,073 | 792,110 |
| Cash at bank | 37,271 | 31,533 |
| Restricted cash | 2,514 | 402 |
| | <u>1,161,858</u> | <u>824,045</u> |

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. Cash and cash equivalents (continued)

The deposit with a related company is unsecured, repayable on demand and carries an interest rate of 0.50% (2019: 2.16%). This is classified as a cash equivalent.

There was restricted cash of \$2,514,000 as at 31 December 2020 (2019: \$402,000), which is restricted as it is required to cover initial margin on trading exchanges.

18. Trade and other payables

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| Trade and other payables at amortised cost | | |
| Trade payables | 8,212 | 7,187 |
| Amounts owing to immediate holding company | 86,508 | 211,870 |
| Amounts owing to other related companies | 16,225 | 9,810 |
| Accruals | 9,811 | 7,133 |
| | <u>120,756</u> | <u>236,000</u> |
| Trade and other payables at fair value through profit and loss | | |
| Embedded derivative relating to purchase of concentrate | 121,048 | 66,372 |
| Total trade and other payables | <u>241,804</u> | <u>302,372</u> |

Amounts owing to other related companies are unsecured, non-interest bearing and repayable on demand. Amounts owing to immediate holding company are unsecured, payable within 0-30 days (2019: 0 - 30 days) and carry interest of 1 month Libor plus 2% (2019: 1 month Libor plus 2%) per annum charged on the outstanding balances.

19. Other financial liabilities

| | 2020 US\$'000 | 2019 US\$'000 |
|-------------------------------------|------------------|------------------|
| Liabilities for the return of metal | - | 10 |
| Derivative financial liabilities | 16,200 | 1,180 |
| | <u>16,200</u> | <u>1,190</u> |

Liabilities for the return of metal comprise provisions arising from metal leasing transactions, the best estimate of which is determined with reference to the spot metal price at the end of the reporting period applied to the ounces of metal obtained under such leasing arrangements.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Contract liabilities

| | 2020 US\$'000 | 2019 US\$'000 |
|---|--------------------|--------------------|
| At beginning of the year | 667,078 | 426,727 |
| Consideration received from customers during the year | 2,916,719 | 1,456,992 |
| Recognised as revenue | <u>(2,321,242)</u> | <u>(1,216,641)</u> |
| At end of the year | <u>1,262,555</u> | <u>667,078</u> |
| Revenue recognised in current year that was included in the contract liabilities balance at beginning of the year | <u>667,078</u> | <u>426,727</u> |

Contract liabilities represent \$1,262,555,000 (2019: \$667,078,000) for payments received in advance for metals to be delivered in six months' time.

21. Deferred tax liability

The following is the deferred tax liability recognised by the Company during the current year:

| | Unpaid remuneration | | Revaluation of available-for-sale financial assets | | Total | |
|--------------------------------------|---------------------|------------------|--|------------------|------------------|------------------|
| | 2020 US\$'000 | 2019 US\$'000 | 2020 US\$'000 | 2019 US\$'000 | 2020 US\$'000 | 2019 US\$'000 |
| At 1 January | - | (13) | 4,639 | 761 | 4,639 | 748 |
| (Credit)/charge to income statement | (3) | 13 | - | - | (3) | 13 |
| Charge to other comprehensive income | - | - | 10,858 | 3,878 | 10,858 | 3,878 |
| At 31 December | <u>(3)</u> | <u>-</u> | <u>15,497</u> | <u>4,639</u> | <u>15,494</u> | <u>4,639</u> |

22. Called-up share capital

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Authorised: 60,000,000 ordinary shares of \$1 each | <u>60,000</u> | <u>60,000</u> |
| Called up, allotted and fully paid: 4,000,950 (2019: 4,000,950) ordinary shares of \$1 each | <u>4,001</u> | <u>4,001</u> |

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

22. Called-up share capital (continued)

The company has one class of ordinary shares which carry no right to fixed income.

23. Share-based payments

During the year ended 31 December 2020, the Company had the following equity-settled share-based payment arrangements with employees:

Anglo American plc (Anglo American)

Bonus Share Plan (BSP)

The BSP is offered to executive directors and senior employees of the Group to encourage and reward delivery of the Group strategic priorities and strong individual performance. The scheme is governed by the remuneration committee of Anglo American plc and is settled in the shares of Anglo American plc.

50% of the annual bonus earned will be deferred into shares under BSP, vesting 17% after two years and 33% after three years.

The remuneration committee of Anglo American plc reviews the BSP annually to ensure it remains appropriate.

Long Term Incentive Plan (LTIP)

The remuneration committee of Anglo American plc makes an annual conditional award of shares in Anglo American plc to executive directors and senior management of the Group to encourage and reward the delivery of superior shareholder returns and business objectives. The conditional award will generally vest after a period of three years, subject to the achievement of specific performance targets.

Prior to grant, the committee reviews the performance targets for each measure, where applicable, to ensure they remain sufficiently stretching. Dividend equivalents are paid on any shares that vest.

The provision of shares under certain of the Anglo American plc share incentive schemes is facilitated by an employee benefit trust. The employee benefit trust has waived the right to receive dividends on all shares except those allocated to dividend bearing share awards.

The costs of operating the trust are borne by Anglo American Group but are not material.

The total share-based payment expense for the year is disclosed in Note 4.

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Share-based payments (continued)

Anglo American BSP and LTIP

The fair value of ordinary shares awarded under the Anglo American BSP and Anglo American LTIP was calculated using a Black-Scholes model. The assumptions used in the calculation are set out below:

| | Anglo American BSP 2020 | Anglo American LTIP 2020 | Anglo American BSP 2019 | Anglo American LTIP 2019 |
|---|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| Date of grant | 09/03/20 | 06/05/20 | 08/03/19 | 26/03/19 |
| Number of instruments | 50,845 | 66,800 | 32,808 | 62,000 |
| Share price at date of grant (£) | 18.13 | 18.13 | 20.25 | 20.25 |
| Contractual life (years) | 3 | 3 | 3 | 3 |
| Vesting conditions | (1) | (1) | (1) | (1) |
| Expected volatility ⁽²⁾ | 50% | 50% | 50% | 50% |
| Risk free interest rate ⁽³⁾ | 0.18% | 0.18% | 0.41% | 0.41% |
| Expected departures | 5% pa | 5%pa | 5% pa | 5% pa |
| Dividend yield | 4.2% | 4.2% | 3% | 3% |
| Fair value at date of grant (weighted average) (£) | 18.13 | 18.13 | 20.25 | 20.25 |

⁽¹⁾Three years of continuous employment.

⁽²⁾Based on historic volatility over the last five years.

⁽³⁾The yield on zero-coupon UK government bonds with a term similar to the expected life of the award.

Bonus Share Plan (BSP)

Ordinary shares of 54⁸⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below:

| | 2020 Number of shares | 2019 Number of shares |
|-----------------------------------|-----------------------------|-----------------------------|
| Outstanding 1 January | 82,275 | 98,039 |
| Conditionally awarded in year | 50,845 | 32,808 |
| Vested in year | (27,075) | (48,572) |
| Forfeited in year | - | - |
| Outstanding at 31 December | 106,045 | 82,275 |

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Share-based payments (continued)

Long Term Incentive Plan (LTIP)

Ordinary shares of 54⁸⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below:

| | 2020 Number of shares | 2019 Number of shares |
|-----------------------------------|-----------------------------|-----------------------------|
| Outstanding 1 January | 101,700 | 68,986 |
| Conditionally awarded in year | 66,800 | 62,000 |
| Vested in year | (13,700) | (29,286) |
| Forfeited in year | - | - |
| Outstanding at 31 December | 154,800 | 101,700 |

24. Related party transactions

During the reporting period, the Company purchased platinum group metals and concentrates at arm's length from its immediate holding Company, a 100% owned subsidiary of Anglo American Platinum Limited, Rustenburg Platinum Mines Limited. The Company has taken advantage of the exemption granted by FRS 101, not to disclose related party transactions with Anglo American Platinum Group companies.

The Company, in the ordinary course of business, enters into other transactions with other related parties. These transactions are under terms that are no less favourable than those arranged with third parties.

In addition to related party information disclosed elsewhere in the financial statements, the Company had the following related party transactions.

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| Recharges and service expenses from other related companies | 51,309 | 20,772 |

ANGLO PLATINUM MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. Related undertakings

The Company has related undertakings as follows:

| <u>Name</u> | <u>Place of incorporation (or registration) and operation</u> | <u>Percentage of equity owned as at</u> | | <u>Types of shares</u> | <u>Principal activities</u> |
|----------------------------|---|---|-------------|----------------------------|---|
| | | <u>31 December 2020</u> | <u>2019</u> | | |
| | | <u>%</u> | <u>%</u> | | |
| WPIC Holdings (Pty) Ltd | 5 Hollard Street Johannesburg, 1627 South Africa | 54.8 | 55.7 | Ordinary | Develop the market for platinum investment demand |

All companies principally operate within their country of incorporation.

See Note 12 for the details about the Company's investments in associates and joint ventures.

26. Ultimate parent company

The directors consider Anglo American plc to be the ultimate holding company and controlling party. Copies of the consolidated group financial statements of Anglo American plc, which is the holding company of the largest group of which the Company is a member and for which group financial statements are prepared, are available from the registered office of Anglo American plc at 17 Charterhouse Street, London, EC1N 6RA.

The Company's immediate holding company is Rustenburg Platinum Mines Limited, a company incorporated in South Africa. Rustenburg Platinum Mines Limited is wholly owned by Anglo American Platinum Limited, a company incorporated in South Africa and listed on the Johannesburg Stock Exchange (JSE). Copies of the consolidated group financial statements of Anglo American Platinum Limited, which is the holding company of the smallest group of which the Company is a member and for which group financial statements are prepared, are available from Anglo American Platinum Limited at its registered office at 55 Marshall Street, Johannesburg 2001, or PO Box 62179, Marshalltown 2107.

27. Events since the end of the year

On 31 March 2021, an interim dividend of \$50,000,000 (\$12.50 per share) was approved by the Board of Directors of the Company. On 5 July 2021, an interim dividend of \$45,000,000 (\$11.25 per share) was approved by the Board of Directors of the Company. On 6 September 2021, an interim dividend of US\$100,000,000 (US\$25.00 per share) was approved by the Board of Directors of the Company.
