

DE BEERS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

DE BEERS UK LIMITED

COMPANY INFORMATION

Directors	C F Arthur N M Byers J C Frankish E Oberbeck F Sallie (resigned 31 July 2021)
Company secretary	Anglo American Corporate Secretary Limited
Registered number	02054170
Registered office	17 Charterhouse Street London EC1N 6RA United Kingdom
Independent auditors	PricewaterhouseCoopers LLP Statutory Auditor 1 Embankment Place London WC2N 6RH United Kingdom

DE BEERS UK LIMITED

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DE BEERS UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Directors present their strategic report for De Beers UK Limited (the "Company") for the year ended 31 December 2021.

General review and key performance indicators

The Company is a wholly-owned subsidiary of De Beers plc (incorporated in Jersey). De Beers plc is an 85% owned subsidiary of Anglo American plc (incorporated in the United Kingdom).

The Company's principal activity is the provision of corporate functions and marketing services for the De Beers Group ("the Group"), and development and maintenance of intellectual property.

The key function of the Company is to develop and maintain intellectual property relevant to the diamond industry, and to provide marketing services to other Group companies. The Company receives a royalty from another member of the De Beers Group (the "Group") for the use of the intellectual property owned by the Company and also receives income for marketing services provided on behalf of the Group. The Company recorded an operating loss of US\$27,842 thousand (2020 loss: US\$2,229 thousand). The total net assets of the Company at the end of the year were US\$1,443,861 thousand (2020: US\$1,429,442 thousand). The company made a further subscription in no par value shares in cash of US\$415,882 thousand in the wholly owned subsidiary, De Beers Global Sightholder Sales (proprietary) Limited.

The Company's financial key performance indicators relate to the control of and cost effective spend on research and development, marketing costs and associated overheads. Cost of sales have increased 19.8% year on year, driven primarily due to increased investment in marketing in the year and increased office costs as a result of the Company's move to a new premises, which is deemed by the Directors to be an acceptable movement in the course of business.

Non-financial key performance indicators are:

- the delivery of effective marketing campaigns on behalf of the Group;
- effective research and development activities to create new intellectual property; and
- the protection and maintenance of intellectual property owned by the Company.

The focus of risk management is on identifying, assessing, evaluating, managing, reporting and monitoring all known forms of risk across the Group. Group and Company management are involved in a continuous process of developing and enhancing its comprehensive risk mitigation and control procedures to improve the mechanisms for managing and monitoring risks.

Principal risks and uncertainties (including financial risks)

Market risk

The principal risk facing the Company is variability in the performance of its subsidiaries within the Group, which is driven by the demand for diamonds from diamond wholesalers, which in turn is driven by fluctuations in the retail market and bank liquidity as well as the underlying price of the diamonds, which is driven by both demand and supply factors.

Credit risk

The Company's principal financial assets are trade and other receivables and loans to subsidiaries. The Company's credit risk is primarily attributable to its trade receivables and loans to subsidiaries, which are predominantly with a small number of other Group companies.

DE BEERS UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Interest risk

The Company is financed by a loan advanced by Anglo American Capital plc ("AAC"). The Company is still in the process of transitioning USD LIBOR to an alternative risk-free rate. Phase 2 IBOR amendments were adopted using the practical expedient allowing changes in benchmark rate to be reflected in the effective interest rate prospectively and do not give rise to the recognition of an immediate gain or loss as a direct result of the benchmark reform. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Foreign exchange risk

The Company is exposed to foreign exchange rate movements on accounts denominated in currencies other than US Dollars, the largest balance being the defined benefit pension asset/liability, which is denominated in Pounds Sterling.

The wider Anglo Group's Corporate Treasury function provides services to the Company, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company. The Company does not seek to manage foreign exchange risks on foreign currency liabilities as these risks are managed at the Anglo Group level. The Company does not enter into any financial derivative contracts, and does not enter into or trade financial instruments for speculative purposes.

COVID-19 Risk

The Company's operations are directly influenced by the performance of the De Beers Group, specifically the amount of rough diamonds sold and the underlying price of these sales. The impact of COVID-19 in the first half of FY20 saw a decrease in the trading performance of the wider group and therefore the Company itself. However results in FY21 saw a recovery in trading performance. The Directors have remained vigilant to the performance of the Company and the De Beers Group throughout FY21 and beyond.

Our Purpose and Values

The Board recognises the role of the Company's business in society and within the De Beers Group. The Group's purpose is summarised as 'to make life brilliant', and the Company is focused on contributing to the achievement of this purpose.

The Group and Company have six values – put safety first, be passionate, pull together, build trust, show we care, and shape the future. They were developed by our employees in 2006 and remain the values we live by today. These values keep us focused on our purpose: 'to make life brilliant'. It's this purpose that drives us to achieve our vision of unlocking the value of our leadership position across the diamond pipeline to create a better diamond industry for all.

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 shareholders. More information on engaging with key stakeholders is provided below.

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, including key market updates, technology capability, safety, health and environment considerations. The De Beers Group is committed to achieving carbon neutrality by 2030 and the Board are committed to achieving this goal.

The Interests of the Company's Employees

The Board acknowledges that our people are critical to everything we do. We create safe, inclusive and diverse working environments that encourage and support high performance and innovative thinking. We are acutely

DE BEERS UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

aware that to get the best from our people, we need to understand their viewpoints and address any concerns they may raise about working for us. We consider workforce engagement to be a priority for every leader at De Beers. For several years, the Group has run regular surveys to identify areas where, for example we need to do more to ensure that colleagues feel cared for and respected. In 2021, the Group completed an employee survey which was issued to all of the Company's employees.

The Board ensures that the interest of employees is always at the forefront of any decisions made.

Our first and most important value as a Company is to Put Safety First, firmly believing that no asset or goal is worth as much as a human life.

The Company participates in a number of Group engagement channels with employees, including the global Employee Engagement Survey, regular employee presentations, annual events such as Global Safety Day and the YourVoice platform which enables employees to anonymously raise any concerns they may have.

Relationships with Suppliers and Customers

The Company aims to be a valued and trusted partner to all members of the industry. This includes the suppliers and customers that we operate with. Supplier engagement takes place throughout the business bodies and initiatives. The Company's customers are largely intra-group and the Company engages with these customers largely through direct personal engagement.

Through the De Beers Group Best Practice Principles, the Group have set leading ethical, social and environmental standards, including on human rights and labour conditions, not just for De Beers, but for our whole value chain (our operations, our customers and their contractors).

Directors' statement of compliance with duty to promote the success of the Company (Section 172 (1) Statement)

The De Beers UK Limited 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 stakeholders and other factors. These include the likely consequences of any decisions we make in the long term; 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.

Stakeholder considerations are integral to discussions at Board meetings and the decisions we make take into account any potential impacts on them and the environment. Like any business, we are aware that some of the decisions we make may have an adverse impact on certain stakeholders.

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

This report was approved by the board and signed on its behalf by:



J C Frankish
Director

Date: 31 May 2022

DE BEERS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Statement of Directors' responsibilities in respect of the financial statements

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 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;
- make judgements and accounting estimates that are reasonable and prudent;
- 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; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

Results and dividends

The profit for the year, after taxation, amounted to \$24,909 thousand (2020 - \$25,073 thousand).

The Directors do not recommend the payment of an ordinary dividend (2020: US\$nil).

Directors

The Directors who served during the year and up to the date of signing were:

C F Arthur
N M Byers
J C Frankish
E Oberbeck
F Sallie (resigned 31 July 2021)

Financial risk management policy

The financial risk management policy of the Company is disclosed in the Strategic report.

DE BEERS UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The Directors consider the outlook for the Company to be good. The Company will receive, in the form of dividends and royalties, substantial income from its subsidiaries which will permit the ongoing profitable operation of the Company. Ongoing global economic uncertainty persists but the Directors are confident that there will be continued demand for rough diamonds.

Political Donations

The Company made no political donations during the year or incurred any political expenditure during the year (2020 - \$Nil).

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests through the Staff Consultative Committee.

Engagement with suppliers, customers and others

The Company predominantly transacts with other members of the Group with whom the Directors continue to foster strong relationships.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. In both cases the Company would seek to make reasonable adjustments to accommodate the disabilities of the applicant/employee. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Streamlined Energy and Carbon Reporting

The Company has elected to apply the exemption of reporting these figures due to the Company's details being included in the Anglo American plc group annual report. Copies of the Anglo American plc group annual report are available from 17 Charterhouse Street, London, EC1N 6RA, United Kingdom.

Going concern

The Company's ability to operate as a going concern has been assessed by the Directors of the Company. The Directors, at the time of approving the financial statements, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

DE BEERS UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is aware and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Post balance sheet events

De Beers plc Group Refinancing

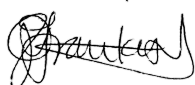
The current De Beers plc Group ("DB plc") US\$2 billion facility with AAC expires in June 2022. The facility allows DB Plc Companies, including De Beers UK Limited ("DB UK"), to borrow or deposit cash directly with AAC.

The US\$2 billion facility has been renewed. The De Beers Treasury Committee approved a proposal for the facility over a 5 year tenor at an interest rate rate of LIBOR plus a 175bps margin. The proposal was approved by the Anglo American plc Board on 22 February 2022. The facility has been approved by the DB UK board on 9 March 2022.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated a willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



J C Frankish
Director

Date: 31 May 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DE BEERS UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, De Beers UK Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 and Financial Statements (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2021; Profit and loss account, Statement of comprehensive income and 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.

DE BEERS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DE BEERS UK LIMITED

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 2021 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 Statement of Directors' responsibility in respect to financial statements, 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.

DE BEERS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DE BEERS UK LIMITED

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 pensions, employment, General Data Protection Regulation ("GDPR") and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 recording of fictitious business events and/or transactions, changing the timing of recognition of legitimate transactions, establishing or reversing reserves to manipulate results including intentionally biasing assumptions and judgements used to estimate account balances and altering records and terms related to significant or unusual transactions. Audit procedures performed by the engagement team included:

- enquiry of management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- assessment of matters reported to the whistleblowing helpline and the results of management's investigation of such matters;
- obtaining external legal confirmations from external legal advisors;
- reading minutes of meetings of the Board of Directors;
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or by unusual users.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DE BEERS UK LIMITED

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.



Gilly Lord (Senior statutory auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

31-05-2022

DE BEERS UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Note	\$000	\$000
Revenue	3	309,225	254,011
Cost of sales		(317,373)	(264,994)
Gross loss		<u>(8,148)</u>	<u>(10,983)</u>
Administrative expenses		(18,048)	(6,400)
Other operating (expenses)/income	4	(1,646)	15,154
Operating loss		<u>(27,842)</u>	<u>(2,229)</u>
Investment income	6	54,655	30,605
Finance income	7	15,444	19,428
Finance costs	8	(2,453)	(2,491)
Profit before income tax		<u>39,804</u>	<u>45,313</u>
Income tax expense	11	(14,895)	(20,240)
Profit for the financial year		<u><u>24,909</u></u>	<u><u>25,073</u></u>

The notes on pages 16 to 49 form part of these financial statements.

All of the results are derived from continuing operations.

DE BEERS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Profit for the financial year	24,909	<i>25,073</i>
	<hr/>	<hr/>
Other comprehensive (expense)/income:		
Items that will not be reclassified to profit or loss:		
Gross remeasurement of retirement benefit obligation	(4,103)	<i>38,227</i>
Deferred tax movements relating to brought forward tax losses	-	<i>5,698</i>
Deferred tax movements relating to retirement benefit obligation	(16,304)	<i>(17,924)</i>
	<hr/>	<hr/>
	(20,407)	<i>26,001</i>
	<hr/>	<hr/>
Total comprehensive income for the year	4,502	<i>51,074</i>
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The notes on pages 16 to 49 form part of these financial statements.

All of the results are derived from continuing operations.

DE BEERS UK LIMITED
REGISTERED NUMBER: 02054170

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 \$000	2021 \$000	2020 \$000	2020 \$000
Fixed assets					
Intangible assets	12		11,105		6,790
Tangible assets	13		127,808		120,666
Investment in subsidiaries	14		764,112		344,130
Loans to group undertakings	14		112,884		65,619
Investment in joint ventures	14		87,260		87,260
Defined benefit pension plan asset	21		284,717		286,365
			<u>1,387,886</u>		<u>910,830</u>
Current assets					
Inventories	17	8,692		9,326	
Trade and other receivables	18	286,097		673,317	
Cash and cash equivalents		834		420	
			<u>295,623</u>		<u>683,063</u>
Creditors: amounts falling due within one year	19	(70,823)		(57,342)	
Net current assets			<u>224,800</u>		<u>625,721</u>
Total assets less current liabilities			<u>1,612,686</u>		<u>1,536,551</u>
Creditors: amounts falling due after more than one year	20		(148,325)		(89,942)
			<u>1,464,361</u>		<u>1,446,609</u>
Provisions for liabilities					
Deferred tax liabilities	15	(20,500)		(13,720)	
Other provisions	23	-		(3,447)	
			<u>(20,500)</u>		<u>(17,167)</u>
Net assets			<u><u>1,443,861</u></u>		<u><u>1,429,442</u></u>

DE BEERS UK LIMITED
REGISTERED NUMBER: 02054170

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 \$000	2020 \$000
Equity			
Called up share capital	22	88,140	88,140
Share premium account		473,272	473,272
Other reserves		20,834	19,739
Retained earnings		861,615	848,291
Total Equity		<u>1,443,861</u>	<u>1,429,442</u>

The financial statements on pages 11 to 1 J were approved and authorised for issue by the board of directors on 31 May 2022 and were signed on its behalf by:



J C Frankish
Director

Date: 31 May 2022

The notes on pages 16 to 49 form part of these financial statements.

DE BEERS UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital \$000	Share premium account \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
At 1 January 2020	88,140	473,272	19,314	788,912	1,369,638
Profit for the year	-	-	-	25,073	25,073
Remeasurement of retirement benefit obligation	-	-	-	38,227	38,227
Deferred tax movements	-	-	-	(12,226)	(12,226)
Share-based payment charge	-	-	8,730	-	8,730
Reclassification of equity settled share schemes	-	-	(8,305)	8,305	-
Total comprehensive income for the year	-	-	425	34,306	34,731
At 1 January 2021	88,140	473,272	19,739	848,291	1,429,442
Profit for the year	-	-	-	24,909	24,909
Remeasurement of retirement benefit obligation	-	-	-	(4,103)	(4,103)
Deferred tax movements	-	-	-	(16,304)	(16,304)
Share-based payment charge	-	-	9,917	-	9,917
Reclassification of equity settled share schemes	-	-	(8,822)	8,822	-
Total comprehensive (expense)/income for the year	-	-	1,095	(11,585)	(10,490)
Balance at 31 December 2021	88,140	473,272	20,834	861,615	1,443,861

The notes on pages 16 to 49 form part of these financial statements.

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

De Beers UK Limited ("The Company") is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in United Kingdom. The address of the registered office is given on the Company Information page. The nature of the Company's operations and principal activities is set out in the Strategic report.

2. Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.20.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements in accordance with FRS 101:

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
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- 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;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- 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 IAS 36 Impairment of Assets.

New IFRS accounting standards, amendments and interpretations not yet adopted

The Company follows Anglo American Group guidance with regards to adoption of accounting standards. The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date. The following new or amended IFRS accounting standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Company:

- Amendments to IAS 1 Presentation of financial statements: classification of liabilities as current or non-current.
- Amendments to IAS 1 Presentation of financial statement: disclosure of accounting policies
- Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: definition of accounting estimates
- Amendments to IAS 12 Income Taxes: deferred tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets: onerous contracts.
- Amendments to IFRS 3 Business combinations: updating a reference to the conceptual framework.
- Annual Improvements to IFRS Standards 2018–2020.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.3 Going concern

The Company's ability to operate as a going concern has been assessed by the Directors of the Company. The Directors, at the time of approving the financial statements, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

2.4 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures represent equity holdings valued at cost less any impairment provisions. Such investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

A joint venture is an entity in which the Company holds a long-term interest and shares joint control over the strategic, financial and operating decisions with one or more parties under a contractual agreement.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. Consequently, these financial statements present information about the Company as an individual undertaking and not about its Group.

2.5 Tangible Assets

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost is the fair value of consideration required to acquire and develop the asset and includes the purchase price and costs directly attributable to bring the assets to its location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on all tangible items of property, plant and equipment (other than land and diamond stocks) so as to write off their carrying value over their expected useful economic lives. It is provided straight line at the following range:

Land - not depreciated
Buildings - over twenty to fifty years
Office equipment - over six years
Computer equipment - over three years
Diamond stock - not depreciated
Motor Vehicles - over six years

It is noted that Diamond stock consists of guide samples that are not held for sale and used in the sorting and valuation process. The diamond stock is assessed for impairment on an annual basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.6 Intangible assets

Intangible assets, consist of patents and trademarks, which are internally generated, and computer software related costs which are acquired externally. Intangible assets are stated at cost net of amortisation and any provision for impairment. Amortisation for the software is provided at rates calculated to write off the cost, less estimated residual value, evenly over its expected useful life of three years and is included within operating expenses. Patents and trademarks are all fully amortised.

2.7 Inventories

Inventory and work in progress are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The production cost of inventory includes direct costs and an appropriate proportion of production overheads.

Cost is determined as follows:

Work in progress

Work-in-progress is measured at the lower of cost, consisting of raw material cost, labour cost and a proportion of production overhead expenses and net realisable value.

Inventory is recognised as a current asset if the inventory is expected to be consumed/realised within twelve months from the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.8 Tax

Income tax expense represents the sum of the current tax payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position 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 and is accounted for using the balance sheet liability method. 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 differences arise from goodwill or from the initial recognition (other than a business combination) 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 each statement of financial position date 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 period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

2.9 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of the Company are expressed in United States Dollars, which is the functional currency for the Company.

The exchange rates ruling at 31 December 2021 have been deemed to be those ruling at the statement of financial position date, with monetary assets and liabilities denominated in foreign currencies being translated at the rates on this date.

Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions.

Exchange differences are recognised in the profit or loss in the period in which they arise.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.10 Retirement benefits

Retirement benefits are provided for all eligible employees through either defined benefit or defined contribution funds.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit asset recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the plan.

Accounting for defined benefit pension schemes involves judgement about uncertain events, including the life expectancy of the members, salary and pension increases, inflation, the return on scheme assets and the rate at which the future pension payments are discounted. Estimates for all these factors are used in determining the pension cost and liabilities recognised in the financial statements. These represent management's best estimate of future developments, and are made in conjunction with independent actuaries.

Payments made to defined contribution retirement benefit plans are charged as an expense as they fall due.

2.11 Impairment of tangible and intangible assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Financial instruments

The Company classifies its financial instruments under the amortised cost category. The classification is as a result of the purpose for which the instruments being acquired being to collect/pay contractual cash flows that are solely of principal and interest.

Regular way purchases and sales of financial instruments are recognised on trade date, being the date on which the Company commits to purchase or sell the instrument. Assets are derecognised when the right to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. For financial liabilities these are derecognised once the Company has satisfied the payments of principal and interest to the counterparty.

Financial Asset

At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and,

-The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

It is noted that all of the Company's financial assets fall under this category other than the cash balances.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income/(expenses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the profit or loss. It is noted that the financial assets consist of debt instruments as per note 16 as well as Cash which is addressed in 2.21.

Financial liabilities

At initial recognition, the Company measures a financial liability at its fair value less transaction costs that are directly attributable to the recognition of the financial liability. Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest costs from these financial liabilities are included in finance costs using the effective interest rate method.

2.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 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.

1) *Royalty income*

The Company holds the majority of the intellectual property within the Group. The intellectual property held by the Company is also of benefit for the wider Group. As such, a royalty is charged on the Rough Diamond Sightholders Sales. This equates to 2% of the sales made. Revenue is recognised upon the completion of each sight held by the Group.

2) *Marketing recharge*

The Company incurs marketing costs on behalf of the Group. These marketing costs are recharged to other Group companies, where ultimately the revenue earned as a result of the marketing activities is recognised. Revenue is recognised on a monthly basis as the marketing costs are incurred and recharged.

3) *Intercompany service revenue*

The Company provides intercompany services to other Group companies. These are then recharged in accordance with Anglo American's transfer pricing policy. These are recognised on a quarterly basis as the services are performed and recharged.

4) *Diamond Sales*

During 2021 the Company held diamond inventory, which was sold to another Group company. As per the commercial terms the Company is responsible for the delivery of the inventory to the customer and as such the revenue was recognised on the delivery of the inventory to the customer's premises. The revenue recognised is equal to the amount invoiced to the counterparty.

5) *Machine Sales*

The Company is involved in the manufacture of sorting and grading machinery. As per the commercial terms the customer is responsible for the shipping of the goods and insurance thereon. Revenue is therefore recognised on dispatch of the machinery. The level of revenue recognised is driven by the quote supplied to the customer.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.15 Leasing

The Company leases various buildings. The lease contracts for these buildings range between 3 and 5 years.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones with committed payments of less than \$5,000), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other operating expenses' in profit or loss.

2.16 Research and development costs

Research and development costs are expensed as incurred, except where fixed assets are constructed for use in the business, in which case attributable costs are capitalised. Development expenditure is not capitalised as management consider the expenditure as required to maintain the current level of earnings from the existing R&D and therefore not generating any further economic benefit. Research and development costs relate to the research and development of diamond machinery.

2.17 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period. Where equity instruments are granted to persons other than employees, the profit or loss is charged with fair value of goods and services received.

2.18 Finance Income/(costs)

Finance income is recognised in profit or loss using the effective interest method.

Finance costs are also recognised in profit or loss using the effective interest method.

2.19 Trade and other receivables

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.20 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described within this note, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical accounting judgements

Deferred tax assets

Judgement has also been made in consideration of whether sufficient future taxable profits will arise to support the recognition of a deferred tax asset. Management believes this to be the case using approved long term business plans as support (refer to note 15 for further information on deferred tax)

Key sources of estimation uncertainty

Defined benefit schemes

One of the more important accounting estimates relates to retirement benefits (carrying amounts and key sources of estimation are provided in note 21). Assumptions in respect of the expected costs are set after consultation with qualified actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used would impact the earnings of the Company going forward

Impairment of investments in subsidiaries

Investment in subsidiaries are recorded at cost less accumulated impairment. At each financial reporting date the investments in subsidiaries are assessed to see whether there is an internal or external indicator of impairment. If such an indicator exists, then the Company's equity investments in subsidiaries are tested by determining the recoverable amount based on fair value less costs of disposal using discounted cash flow projections of the underlying subsidiary. The discount rate and key assumptions used in determining the recoverable amount are set out in the consolidated group financial statements of the De Beers plc Group. This is a Jersey registered company and the information is publicly available. No such indicator was noted at the current financial reporting date.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.21 Cash and debt

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Where bilateral deposit agreements are in place, demand deposits are disclosed net of facility drawdown within cash and cash equivalents. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.22 Creditors

Amounts falling due within one year

These creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from supplier within 12 months. Short term creditors are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Amounts falling due later than one year

This creditor is an obligation to repay an intercompany loan to AAC. This creditor is recognised at fair value and subsequently measured at amortised cost.

2.23 Dividends

Dividend income from subsidiaries and joint ventures is recognised as investment income when shareholders' rights to receive payment have been established.

2.24 Climate Change

Climate change may have a number of impacts for the entity including the risks and opportunities relating to the demand for the entity's products as a result of the transition to a low carbon economy and physical risks caused by climate change. The entity has incorporated carbon pricing when preparing discounted cashflow valuations which are based on the latest internal views, formed with reference to external forecasts.

DE BEERS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Revenue

The principal revenue stream for the Company is the provision of marketing services to other Group companies. Other revenue streams are outlined in the accounting policy note.

The following is an analysis of the Company's revenue for the year:

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Non-diamond sales	306,798	<i>244,689</i>
Diamond sales	2,427	<i>9,322</i>
	309,225	<i>254,011</i>
	309,225	<i>254,011</i>

Analysis of turnover by country of destination:

	2021	<i>2020</i>
	\$000	<i>\$000</i>
United Kingdom	7,507	<i>6,468</i>
Rest of Europe	20	<i>10</i>
Rest of the world	301,698	<i>247,533</i>
	309,225	<i>254,011</i>
	309,225	<i>254,011</i>

The non-diamond sales comprise of the following: royalty income of US\$82,202 thousand (2020:US\$50,362 thousand), marketing recharges of US\$165,506 thousand (2020:US\$141,202 thousand), intercompany service revenue of US\$51,280 thousand (2020:US\$46,754 thousand) and machine sales of US\$7,809 thousand (2020:US\$6,371 thousand).

4. Other operating (expense)/income

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Foreign exchange (losses)/gains	(1,646)	<i>15,154</i>
	(1,646)	<i>15,154</i>
	(1,646)	<i>15,154</i>

DE BEERS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Operating loss

Operating loss is stated after (charging)/ crediting:

	2021	2020
	\$000	\$000
Net foreign exchange gain/(loss) (see note 4)	(1,646)	15,154
Depreciation of tangible assets (see note 13)	(2,400)	(2,553)
Amortisation of intangible assets (see note 12)	(2,357)	(4,485)
Research and development costs	(16,708)	(14,099)
Employee benefits expense (see note 10)	(80,012)	(67,758)
Canadian class action release	-	17,500
Cost of inventories recognised as an expense	(8,684)	(13,761)
Operating lease expense	-	(781)
Total fees payable to the Company's auditor for - the audit of the Company's annual financial statements	(147)	(125)

6. Investment income

	2021	2020
	\$000	\$000
Income from investments in Joint Ventures	47,999	23,847
Income from subsidiaries	6,656	6,758
Total investment income	54,655	30,605

7. Finance income

	2021	2020
	\$000	\$000
Interest receivable from group companies	11,332	15,181
Interest income on post-retirement plans	4,112	4,247
	15,444	19,428

DE BEERS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Finance costs

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Loans from group undertakings	2,453	2,491
	2,453	2,491
	2,453	2,491

9. Information regarding directors' remuneration and transactions

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Directors' remuneration		
Emoluments (excluding pension contributions)	1,062	1,385
	1,062	1,385
Company contributions to directors' pensions		
Defined contribution scheme	82	127
	82	127
Benefits received or receivable under long-term incentive schemes	270	661
	270	661
Restructuring	503	371
	503	371
Number of directors to whom retirement benefits are accruing under defined contribution schemes	5	6
Number of directors who exercised share options	-	-
Number of directors who received benefits under Long Term Incentive Scheme	5	6
	5	6

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Remuneration of the highest paid director		
Emoluments (excluding pension contributions)	358	315
Benefits received or receivable under long-term incentive schemes	247	229
	247	229
	247	229

The highest paid director did not exercise share options during the period.

DE BEERS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Employee costs

Staff costs during the year were as follows:

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Wages and salaries	56,030	<i>41,450</i>
Social Security costs	8,483	<i>5,353</i>
Restructuring	987	<i>7,416</i>
Defined contribution pension cost	2,750	<i>2,525</i>
Defined benefit pension cost	1,814	<i>2,246</i>
Share Based payment	9,917	<i>8,768</i>
	79,981	<i>67,758</i>

The monthly average number of employees (including Directors) in the year was:

	2021	<i>2020</i>
	No	<i>No</i>
Global Sightholder Sales	29	<i>31</i>
Group Services	203	<i>206</i>
Shared Services	48	<i>62</i>
MD/CEO's Office	3	<i>3</i>
De Beers Auction Sales	-	<i>1</i>
	283	<i>303</i>

DE BEERS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Income Tax Expense

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Current tax		
Overseas tax	24,419	18,747
Total current tax	<u>24,419</u>	<u>18,747</u>
Deferred tax		
Origination and reversal of temporary differences	3,041	1,493
Adjustments in respect of prior years	(1,365)	-
Effect of increase in UK tax rate	(11,200)	-
Total deferred tax	<u>(9,524)</u>	<u>1,493</u>
Taxation on profit	<u>14,895</u>	<u>20,240</u>

DE BEERS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Income Tax Expense (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher (2020 - *higher*) than the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Profit before income tax	39,804	<i>45,313</i>
Profit before income tax multiplied by standard rate of tax in the UK of 19% (2020 - 19%)	7,563	<i>8,609</i>
Effects of:		
Expenses not deductible for tax purposes	132	<i>1,785</i>
Disposal of fixed assets	(71)	<i>26</i>
Non-taxable dividend income	(10,351)	<i>(5,815)</i>
Impact of a change in tax rate	(11,200)	<i>(4,551)</i>
Foreign tax suffered	24,326	<i>18,747</i>
Benefit of foreign tax expensed	(4,120)	<i>(3,272)</i>
Prior year adjustment in respect of deferred tax	(1,365)	<i>-</i>
Write-off of losses previously recognised	10,815	<i>3,499</i>
Deferred tax adjustment in relation to unremitted earnings	-	<i>1,212</i>
Share based payments	(834)	<i>-</i>
Tax charge	14,895	<i>20,240</i>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021 and is included in these financial statements.

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Intangible assets

	Patents \$000	Computer software \$000	Total \$000
Cost			
At 1 January 2021	18,221	29,800	48,021
Additions	-	6,813	6,813
Disposals	-	(587)	(587)
At 31 December 2021	<u>18,221</u>	<u>36,026</u>	<u>54,247</u>
Accumulated amortisation			
At 1 January 2021	18,221	23,010	41,231
Charge for the year	-	2,357	2,357
On disposals	-	(446)	(446)
At 31 December 2021	<u>18,221</u>	<u>24,921</u>	<u>43,142</u>
Net book value			
At 31 December 2021	<u>-</u>	<u>11,105</u>	<u>11,105</u>
At 31 December 2020	<u>-</u>	<u>6,790</u>	<u>6,790</u>

Amortisation charge is included under administrative expenses in the income statement

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Tangible Assets

	Land \$000	Buildings \$000	Motor vehicles \$000	Office equipment \$000	Computer equipment \$000	Diamond Stock \$000	Total \$000
Cost or valuation							
At 1 January 2021	6,721	16,049	103	6,439	11,020	92,508	132,840
Additions	-	6,593	-	430	1,859	2,567	11,449
Disposals	-	-	-	(158)	(1,593)	-	(1,751)
Transfers to inventory	-	-	-	-	-	(1,907)	(1,907)
At 31 December 2021	6,721	22,642	103	6,711	11,286	93,168	140,631
Depreciation							
At 1 January 2021	-	3,070	47	4,169	4,888	-	12,174
Charge for the year on owned assets	-	136	26	251	1,987	-	2,400
Disposals	-	-	-	(158)	(1,593)	-	(1,751)
At 31 December 2021	-	3,206	73	4,262	5,282	-	12,823
Net book value							
At 31 December 2021	6,721	19,436	30	2,449	6,004	93,168	127,808
At 31 December 2020	6,721	12,979	56	2,270	6,132	92,508	120,666

The Company had total capital commitments of \$784 thousand as at 31 December 2021. Management performed an impairment review over diamond stock and determined the recoverable amounts exceeded carrying values as at 31 December 2021.

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Fixed asset investments

All investments in subsidiaries are accounted for at cost less any provision for impairment.

	Investments in subsidiary companies \$000	Loans to subsidiary \$000	Investment in joint ventures \$000	Total \$000
Cost or valuation				
At 1 January 2021	344,130	65,619	87,260	497,009
Additions	419,982	45,260	-	465,242
Interest capitalised	-	2,005	-	2,005
At 31 December 2021	<u>764,112</u>	<u>112,884</u>	<u>87,260</u>	<u>964,256</u>

The Company is a guarantor for a \$1 million overdraft facility for Gemfair Limited. The deferred tax balances related to subsidiaries relates to unremitted earnings, this amount can be seen in note 15.

The company made a further subscription in no par value shares in cash of US\$415,882 thousand in the wholly owned subsidiary, De Beers Global Sightholder Sales (proprietary) Limited.

The loans to subsidiaries are repayable on 31 December 2022.

Interest was charged on the balance at the quarterly LIBOR rate plus a markup of 1.25% up to 30 June 2021. From 30 June 2021 to 31 December interest was charged on the balance at the quarterly LIBOR rate plus a markup of 2.75% up to 30 June 2021. The company is looking into the IBOR reform and will update the benchmark in 2022.

	Investment in subsidiary companies \$000	Loans to subsidiary \$000	Investment in joint ventures \$000	Total \$000
Cost or valuation				
At 1 January 2020	344,130	9,922	87,260	441,312
Additions	-	54,920	-	54,920
Interest capitalised	-	777	-	777
At 31 December 2020	<u>344,130</u>	<u>65,619</u>	<u>87,260</u>	<u>497,009</u>

DE BEERS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Lightbox Jewelry Ltd.	17 Charterhouse Street, London, EC1N 6RA, United Kingdom	Ordinary	100%
De Beers Global Sightholder Sales (Pty) Limited	3rd Floor, DTCB Building Plot 63016, Block 8 Airport Road, Gaborone, Botswana	Ordinary	100%
Forevermark Limited	17 Charterhouse Street, London, EC1N 6RA, United Kingdom	Ordinary	100%
Gemfair Limited	17 Charterhouse Street, London, EC1N 6RA, United Kingdom	Ordinary	100%
De Beers Namibia Holdings (Proprietary) Limited	6th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek, Namibia	Ordinary	100%
Forevermark Marketing (Shanghai) Company Limited	Suite 4601, 4602, 4608, The Park Place No. 1601, Nan Jing West Road, Shanghai, PRC, China	Ordinary	100%

Joint venture

The following was a joint venture of the Company:

Name	Registered office	Holding
Diamond Trading Company (Botswana) Proprietary Limited	Plot 63016, Airport Road, Block 8, Gaborone, Botswana.	50% Ordinary share capital

The principal place of business of the joint venture is Botswana. The Company's share in the joint venture was acquired for cash consideration, and is accounted for at cost.

There are no deferred tax liabilities involved with the joint venture.

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Deferred tax liabilities

	2021 \$000
At beginning of year	(13,720)
Net deferred tax movement in the period	(6,780)
At end of year	<u><u>(20,500)</u></u>

The deferred tax liabilities balance is made up as follows:

	2021 \$000	2020 \$000
Accelerated tax depreciation	4,025	3,980
Retirement benefit obligation	(71,178)	(48,567)
Unremitted earnings	(1,212)	(1,212)
Tax losses	47,865	32,041
Short-term timing differences	-	38
	<u><u>(20,500)</u></u>	<u><u>(13,720)</u></u>

At 31 December 2021, the Company recognised deferred tax assets to the extent of the expected future utilisation of these assets.

The Company had tax losses of \$168,482 thousand at 31 December 2021 (2020: \$289,944 thousand) for which no deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available against which these tax losses can be utilised.

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Deferred tax (continued)

The following are the major deferred tax liabilities and assets recognised by the Company, and the movements thereon during the current and prior periods:

	Accelerated tax depreciation \$000	Retirement benefit obligations \$000	Unremitted earnings \$000	Tax losses \$000	Short-term timing differences \$000	Total \$000
At 1 January 2020	3,804	(24,168)	(1,212)	16,005	4,359	(1,212)
Credit/(charge) to the profit or loss account for the year	1,256	(8,320)	-	11,103	(4,321)	(282)
Credit/(charge) to other comprehensive income for the year	-	(17,924)	-	5,698	-	(12,226)
Prior year adjustment	(1,080)	1,845	-	(765)	-	-
At 31 December 2020	3,980	(48,567)	(1,212)	32,041	38	(13,720)
Credit/(charge) to the profit or loss account for the year	45	(6,307)	-	15,824	(38)	9,524
Credit/(charge) to other comprehensive income for the year	-	(16,304)	-	-	-	(16,304)
Prior year adjustment	-	-	-	-	-	-
At 31 December 2021	4,025	(71,178)	(1,212)	47,865	-	(20,500)

16. Financial instruments

	2021 \$000	2020 \$000
Financial assets		
Trade and other receivables (excluding other receivables, prepayments and accrued income)(note 18)	279,169	670,051
Loans to Subsidiary (note 14)	112,884	65,619
Financial Liabilities		
Amortised cost (excluding other taxation and social security)(note 19)	69,591	46,525

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Inventories

	2021 \$000	2020 \$000
Work in progress	8,692	9,326
	<u>8,692</u>	<u>9,326</u>

Work in progress is stores and materials at the research and development facility in Maidenhead, and includes labour and materials.

During the year US\$1,907 thousand of diamond sample stock has been reallocated from property, plant and equipment to inventories, which has been discussed in the accounting policies. The reclassified inventory was sold during the year.

No inventory was written down to net realisable value nor were there any write down reversals during the year.

18. Trade and other receivables

	2021 \$000	2020 \$000
Trade Debtors	1,117	327
Amounts owed by group companies	278,052	669,741
Other receivables	5,386	1,964
Prepayments and accrued income	1,542	1,285
	<u>286,097</u>	<u>673,317</u>

Amounts owed by group companies are repayable on demand and includes a loan to De Beers Global Sightholder Sales (Pty) Limited of US\$272,030 thousand (2020:\$639,819 thousand). Interest is charged on the balance at the one month LIBOR rate plus a mark-up of 125 basis points. All other amounts owing are interest-free and unsecured.

DE BEERS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Creditors: Amounts falling due within one year

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Bank overdrafts	1	9
Trade creditors	3,322	13,077
Amounts owed to other group companies	38,466	33,008
Other taxation and social security	1,232	1,874
Accruals and deferred income	27,802	9,374
	70,823	<i>57,342</i>
	70,823	<i>57,342</i>

Amounts owed to group companies are interest-free and repayable on demand, it includes \$411 thousand (2020: \$492 thousand) payable to the parent entity. These amounts are unsecured.

20. Creditors: Amounts falling due after more than one year

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Anglo American Plc facility	148,325	89,942
	148,325	<i>89,942</i>
	148,325	<i>89,942</i>

The US\$2 billion facility has been renewed. The De Beers Treasury Committee approved a proposal for the facility over a 5 year tenor at an interest rate rate of LIBOR plus a 175bps margin. The proposal was approved by the Anglo American plc Board on 22 February 2022. The facility has been approved by the DB UK board on 9 March 2022.

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21. Defined Benefit pension plan

Defined contribution plan

The Company offers a defined contribution retirement benefit plan for all qualifying employees employed after 1 January 2002. The assets of the plan are held separately from those of the Company in funds under the control of the trustees.

The total expense recognised in the profit and loss account of US\$2,750 thousand (2020: US\$2,526, thousand) represents contributions payable to the plan by the Company at rates specified in the rules of the plan.

Defined benefit plan

The Company operates a funded defined benefit plan for qualifying employees. The defined benefit section was closed to new entrants on 31 December 2001. The assets of the scheme are held separately from those of the Company. The latest full actuarial valuation of the scheme was carried out as at 30 September 2020.

As the defined benefit section is closed to new entrants, under the projected unit method, the pension cost for the section will increase as the members of that section approach retirement.

Under the plan, members are entitled to retirement benefits of up to two thirds of final salary on attainment of a retirement age of 60. The defined benefit scheme was closed to further accrual from 30 September 2015.

The latest IAS 19 valuation by Hymans Robertson LLP of the De Beers UK Pension Scheme took place on 10 January 2022. The principal assumptions used were:

	2021	2020
Inflation	3.35%	3.00%
Expected return on plan assets	1.85%	1.40%
Rate of general long-term increase in salaries	3.35%	3.00%
Rate of increase to pensions in payment (LPI)	3.35%	3.00%
Discount rate for scheme liabilities	1.85%	1.40%

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. Defined Benefit pension plan (continued)

The amount recognised in the statement of financial position in respect of the Company's defined benefit retirement benefit plan is as follows:

	2021 \$000	2020 \$000
Present value of funded obligations	(1,867,429)	(2,028,674)
Fair value of plan assets	2,152,146	2,315,039
Net assets arising from defined benefit obligation	284,717	286,365

Amounts recognised in the statement of total comprehensive income in respect of the defined benefit plan are as follows:

	2021 \$000	2020 \$000
Current service cost	1,814	1,573
Interest on obligation	28,561	34,379
Expected return on plan assets	(32,673)	(38,626)
Past service costs	-	673
Total (credit) to profit and loss account	(2,298)	(2,001)

The charge for the year is included in the employee benefits expense and net finance cost in the profit and loss account.

The remeasurement loss was \$4,103 thousand (2020: gain of \$38,277 thousand).

Changes in the present value of the defined benefit liabilities are as follows:

	2021 \$000	2020 \$000
Opening defined benefit liabilities	(2,028,674)	1,789,296
Service cost	(1,814)	(1,573)
Interest cost	(28,561)	(34,379)
Past service costs	-	(673)
Remeasurement gains	131,731	(227,100)
Benefits paid	72,404	95,605
Foreign exchange movements	(12,514)	(71,258)
Closing defined benefit liabilities	(1,867,428)	(2,028,674)

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. Defined benefit pension plan (continued)

Changes in the fair value of plan assets are as follows:

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Opening fair value of plan assets	2,315,039	1,987,214
Return on plan assets	32,673	38,626
Remeasurement (losses)/gains	(135,834)	265,327
Contributions by employer	-	33,516
Benefits paid	(72,404)	(95,605)
Foreign exchange movements	12,671	85,962
Closing fair value of plan assets	2,152,145	<i>2,315,039</i>

The fair value of plan assets at the Statement of financial position date is analysed as follows:

Fair value of assets

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Equity instruments	6	12
Debt instruments	2,075,386	2,255,517
Other assets	76,754	59,510
	2,152,146	<i>2,315,039</i>

The sub-categories of assets above consist of directly-held assets and pooled vehicles that invest predominantly in assets with quoted prices in active markets.

The fair value of directly-held securities (equity and debt instruments) is taken as the closing price on an actively-traded market. Fair value of holdings in pooled funds is provided by the investment manager, who calculates the price based on the aggregate value of the underlying assets held by the fund (based on closing prices of the securities on an actively-traded market) and the number of units issued.

Included within Debt instruments are offsetting amounts of \$487 million (2020: \$835 million) which relates to amounts payable under repurchasing agreements.

The overall expected rate of return is a weighted average of weighted returns of the various categories of plan assets held. The Directors' assessment of the expected returns is based on historical trends and analysts' predictions of the market for the asset in the next 12 months.

The plan assets do not include any of the Company's own financial instruments, nor any property occupied by, or other asset used by the Company.

In line with IAS 19 (2011) the overall expected rate of return is calculated using the discount rate.

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. Defined Benefit pension plan (continued)

The history of the plan for the last four periods is as follows:

	2021 \$000	2020 \$000	2019 \$000	2018 \$000
Present value of defined benefit liabilities	1,867,429	2,028,674	1,789,296	1,574,712
Fair value of plan assets	(2,152,146)	(2,315,039)	(1,987,214)	(1,722,164)
(Surplus)/deficit	(284,717)	(286,365)	(197,918)	(147,452)
Experience adjustments on plan liabilities	25,613	(9,184)	23,866	68,986

The most recent triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. As per the updated schedule of contributions agreed with the scheme trustees and signed on the 10th March 2021, DBUK are no longer required to make deficit reduction contributions to the scheme.

The Company will monitor funding levels annually and the funding schedule will be reviewed by the Company and the trustees at least every three years, based on actuarial valuations.

The total cash expenditure for the pension schemes was US\$2,181 thousand (2020: US\$36,303 thousand), comprising of defined benefit contributions of \$nil and defined contribution contributions of \$2,181 thousand.

Risk and sensitivity analysis — defined benefit plan

The nature of the scheme exposes the Company to the risk of paying unanticipated contributions to the scheme in times of adverse experience. The most financially significant risks are likely to be:

- Members living longer than expected;
- Higher than expected actual inflation and salary increase experience;
- Lower than expected investment returns; and
- The risk that movements in the scheme's liabilities are not met by corresponding movements in the value of the schemes assets

In line with IAS 19 guidance, the scheme's actuary, Hymans Robertson LLP, performed a sensitivity analysis on the assumptions used when preparing the defined benefit scheme valuation. The results are as follows:

Assumption	Change in assumption compared to 31/12/2021 assumption used	Increase in Actuarial value of liabilities on 31/12/2021 (\$000)
Decrease in discount rate	0.50%	171,255
Increase in life expectancy	1 year	113,031
Increase in inflation (including salary increase)	0.50%	23,739

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

22. Called up Share capital

	2021 £000	2020 £000
Authorised:		
2021: 500,010,000 (2020: 500,010,000) ordinary shares of par value £1 each	500,010	500,010
	2020	2019
	\$000	\$000
Allotted and fully paid:		
2021: 52,447,731 (2020: 52,447,731) of £1 each	88,140	88,140

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

23. Other provisions

	Restructuring provision \$000
At 1 January 2021	3,447
Utilised in year	(3,447)
At 31 December 2021	-

The wider Group announced a restructuring to employees on the 7th August 2020. As part of the exercise, a number of redundancies were made across the Group. Given the announcement DBUK, have provided for the costs relating to the restructuring that were expected to be incurred within 2021. The provision was fully utilised by November 2021.

24. Contingent liabilities

The Company is subject to various claims which arise in the ordinary course of business. Having taken appropriate legal advice, the Company believe that the probability of a material liability arising from the claims received is remote.

25. Share-based payments

During the year ended 31 December 2021, the Company had share-based payment arrangements with employees relating to the shares of Anglo American plc. All of these schemes are equity settled, either by award of ordinary shares (Bonus Share Plan (BSP), Long Term Incentive Plan- Balanced Scorecard (LTIP-BSC), Long Term Incentive Plan – Total Shareholder Return (LTIP-TSR) and Share Incentive Plans (SIP)) or award of options to acquire ordinary shares (Save As You Earn (SAYE)). For shares outstanding at 31 December 2021, the exercise price ranges from £4.72 to £29.28 and the weighted-average remaining contractual life is 2 years.

Schemes settled by award of ordinary shares

The fair value of ordinary shares awarded under the BSP and LTIP-BSC, being the more material share schemes, was calculated using a Black Scholes model. The fair value of shares awarded under the LTIP - TSR scheme was calculated using a Monte Carlo model. The assumptions used in these calculations are set out below:

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021		
Arrangement (1)	BSP	LTIP-BSC	LTIP-TSR
Date of grant	12/03/2021	12/03/2021	12/03/2021
Number of instruments	93,100	109,833	65,006
Share price at date of grant (£)	29.28	29.28	29.28
Contractual life (years)	3	3	3
Vesting conditions	(2)	(3)	(4)
Expected volatility (4)	35%	35%	35%
Risk free interest rate (5)	0.1%	0.1%	0.1%
Expected departures	5% pa	5% pa	5% pa
Dividend yield	3.5%	3.5%	3.5%
Fair value at date of grant (weighted average) (£)	29.28	29.28	20.70

	2020		
Arrangement (1)	BSP	LTIP-BSC	LTIP-TSR
Date of grant	09/03/2020	06/05/2020	06/05/2020
Number of instruments	212,696	202,410	104,976
Share price at the date of grant (£)	19.59	16.99	16.99
Contractual life (years)	3	3	3
Vesting conditions	(2)	(3)	(3)
Expected volatility	35%	35%	35%
Risk free interest rate	0.1%	0.1%	0.1%
Expected departures	5% pa	5% pa	5% pa
Dividend yield	3.5%	3.5%	3.5%
Fair value at date of grant (weighted average) (£)	19.59	16.99	16.99

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(1) The number of instruments used in the fair value models may differ from the total number of instruments awarded in the year due to awards made subsequent to the fair value calculations. The fair value calculated per the assumptions above has been applied to the total number of awards. The difference in income statement charge is not considered significant.

(2) Three years of continuous employment.

(3) LTIP awards granted prior to 2017 vested in accordance with the achievement of performance conditions based on a Group ROCE target and relative TSR targets. LTIPs granted since 2017 vest in accordance with the achievement of relative TSR targets and a balanced scorecard of measures including a Group ROCE target, a sustaining attributable free cash flow target and environmental, social and governance targets.

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

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

The movements in the number of share awards for the share-based payment arrangements are as follows:

Bonus Share Plan

	2021	2020
Number of awards		
Outstanding at 1 January	479,445	511,219
Conditionally awarded in year	93,100	212,696
Vested in year	(176,998)	(40,708)
Forfeited in year	<u>(743)</u>	<u>(203,762)</u>
Outstanding at 31 December	<u>394,804</u>	<u>479,445</u>

Long Term Incentive Plans

	2021	2020
Number of awards		
Outstanding at 1 January	721,489	762,136
Conditionally awarded in year	174,839	307,386
Vested in year	(198,666)	(82,098)
Forfeited in year	<u>(67,433)</u>	<u>(265,935)</u>
Outstanding at 31 December	<u>630,229</u>	<u>721,489</u>

26. Post balance sheet events

The current DB plc US\$2 billion facility with AAC expires in June 2022. The facility allows DB Plc Companies, including DBUK, to borrow or deposit cash directly with AAC.

The US\$2 billion facility has been renewed. The De Beers Treasury Committee approved a proposal for the facility over a 5 year tenor at an interest rate rate of LIBOR plus a 175bps margin. The proposal was approved by the Anglo American plc Board on 22 February 2022. The facility has been approved by the DB UK board on 9 March 2022.

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

27. Related party transactions

The following balances with related parties were outstanding at the end of the reporting period:

	Amounts owed by related parties	Amounts owed to related parties
	2021 \$000	2021 \$000
Amounts owed by/(to) joint ventures	162	-
Amounts owed by/(to) other group companies	3,292	(12,785)
	<u>Income Received</u>	<u>Income received</u>
	2021 \$000	2020 \$000
Income received from joint ventures	50,274	26,020
Income received from other group companies	55,233	58,389
	<u>Expenditure</u>	<u>Expenditure</u>
	2021	2020
	\$000	\$000
Expenditure with other group companies	(46,696)	(28,729)

Sales and purchases of goods are at an arm's length price and services are on a cost-plus basis. The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties. Directors and key management remuneration is shown within note 9. Information relating to share schemes involving the shares of Anglo American Plc is shown in note 25.

28. Controlling party

The Company's immediate parent undertaking, controlling party and smallest group for which group financial statements are prepared is De Beers plc, incorporated in Jersey. Anglo American plc, incorporated in the United Kingdom, is the ultimate parent undertaking of the group and the largest for which group financial statements are prepared, and of which the Company is a member. The registered office and copies of the ultimate and immediate parent Company's financial statements can be obtained from:

17 Charterhouse Street
London
EC1N 6RA
United Kingdom

The registered office address of the immediate parent undertaking, De Beers plc is:

3rd Floor
44 Esplanade
St Helier
JE4 9WG
Jersey

DE BEERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

29. Commitments under operating leases

Company as a lessee

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'Administrative expenses' in profit or loss.

This note has been retained for comparative purposes.

Contractual undiscounted cash flows are due as follows:

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Not later than one year	-	434
Between one year and five years	-	132
	<hr/>	<hr/>
	-	566
	<hr/> <hr/>	<hr/> <hr/>