

Registered number: 04948435

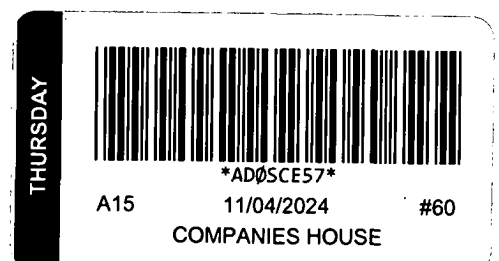
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# ANGLO AMERICAN CROP NUTRIENTS LIMITED

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## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J Flynn T J McCulley S T Pearce (resigned on 1 December 2023) R J B Price
<b>Company secretary</b>	Anglo American Corporate Secretary Limited
<b>Registered number</b>	04948435
<b>Registered office</b>	17 Charterhouse Street London United Kingdom EC1N 6RA
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 29 Wellington Street Leeds United Kingdom LS1 4DL

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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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# ANGLO AMERICAN CROP NUTRIENTS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their strategic report on Anglo American Crop Nutrients Limited (the "Company" or "AACN") for the year ended 31 December 2023, including all its subsidiary companies (the "Group"). The Group is an indirectly wholly owned subsidiary of Anglo American Group plc ("Anglo American").

### Principal activities

The principal activity of the Group is to evaluate and develop its polyhalite project ("the Woodsmith Project") in North Yorkshire, a deep mine and associated transport, processing and port infrastructure development designed to extract polyhalite ore, process it and ship it worldwide for use as an agricultural fertiliser.

### Business review

Throughout 2023, we saw continued good progress on the core infrastructure, with capital expenditure of \$0.6 billion (2022: \$0.5 billion). Sinking activities at the two deep shafts continue to progress well. The service shaft is now c.744 metres deep reaching the expected depth for the year. Sinking activities on the production shaft began in January 2023 as planned, at 120 metres below the surface, and following a successful ramp up to planned sinking rates, is now at a depth of c.553 metres.

Excavation of the three shallow shafts that will provide both ventilation and additional access to the Mineral Transport System (MTS) tunnel is complete.

The MTS tunnel is also progressing to plan and has now reached c.28.1 km of the total 37 km length.

During 2024, a key focus area for shaft sinking will be on progress through a strata of Sherwood sandstone where we expect sink rates to decrease due to the expected hardness of the rock and potential water fissures. This is planned for in progress rates. There is also a planned 3–4 month maintenance pause on the Tunnel Boring Machine in H1 2024, during which we will complete the connection of the tunnel to the final intermediate shaft, allowing further tunnel access and ventilation.

In parallel to the core infrastructure development, we are enhancing the project's configuration to allow a higher production capacity and more efficient, scalable mining methods over time. The required studies for this are progressing well and will ensure that additional infrastructure is optimally designed to enable future optionality and maximise long term value over the expected multi-decade asset life. Following conclusion of the study programme, the project is planned to be submitted for a Board approval decision on Full Notice to Proceed (FNTTP) in H1 2025.

\$0.9 billion of capital expenditure is approved for 2024, the bulk of which will continue to be spent on shaft sinking and tunnel boring activities.

We expect first product to market in 2027, with a design capacity of 13Mtpa (million tonnes per annum), subject to studies and approval.

### Market development – POLY4

The ongoing focus of market development activities is to develop and implement detailed sales and marketing strategies for each region and to support customers with their own market development activities to further promote the mine's product, known as POLY4, to the end users of the product – farmers.

We have continued to develop our routes to market partnerships in key high-value regions, working closely with our customers and with farmers. Results from on-farm demonstrations continue to reinforce the quality and characteristics of POLY4, which include increased crop yields and improved soil health, tackling some of the greatest challenges the food industry is facing today. POLY4 offers farmers a superior solution to agricultural efficiency and sustainability challenges through its naturally low chloride multi-nutrient composition, its suitability for organic use and comparatively low carbon profile, and with little waste generated in its production.

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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Capital invested in the project during the financial year was \$641.6m (2022: \$522.4m).

As shown in the Group's statement of comprehensive income, the Group shows a loss before tax of \$59.5m (2022: loss before tax of \$1,726.4m).

The balance sheet shows that the Group is in a net liabilities position of \$1,430.9m (2022: \$1,434.8m).

#### **Principal risks and uncertainties**

The management of the business and the execution of the Group's strategy are subject to a number of risks. The main risks and uncertainties are as follows:

- Underground and shaft excavations failure – An underground structural failure within the project's shafts or tunnel could cause potential fatalities/injuries and/or, environmental damages, significant business interruption and financial losses;
- Underground fire and explosion - a fire incident including an underground explosion or exposure of personnel to an irrespirable atmosphere within the project's infrastructure could cause potential fatalities/injuries and/or significant business interruption and property damage;
- Cyber security – A breach of the Group's cyber security defences could cause loss or harm related to our technical infrastructure and the use of technology within the organisation;
- Safety performance – A failure to maintain safe working practices during the project's construction operations could cause injuries and fatalities to the workforce;
- Corruption - Bribery or other forms of corruption committed or perceived to have been committed by an employee or agent of the Group could cause reputational and financial loss to the Company;
- Failure to deliver project completion to adequate technical standards - Failure to complete successful construction of the project's necessary facilities would threaten the Company's ability to operate;
- Delays due to contractors and supplier's underperformance - Due to the outsourced nature of most of the construction activities of the project, performance issues by contractors or a lack of goal-alignment could manifest itself in delays to the construction programme and/or additional construction costs being incurred, or in the future performance of the mine once it becomes operational;
- Environmental damages – The project requires significant environmental controls to mitigate the risk of underground and/ or surface water contamination, impacts on wildlife and ecology, dust and noise emissions, among others. Failure to mitigate these can result in loss of the project's licenses and permits, license to operate, financial losses and reputational damage;
- Inaccurate reserves and resources estimate - There are inherent uncertainties with respect to estimating the project's polyhalite mineral resources and ore reserves;
- Ukraine conflict – The ongoing conflict in Ukraine is affecting procurement worldwide which impacts the availability of products and services and increased costs of goods and services. In addition, Ukraine, Russia and Belarus play an important role in the global fertiliser market; this has led to an increase in fertiliser prices, with resulting market disruption likely to continue; and
- Foreign exchange fluctuations – The Group expects its future revenues to be denominated in US Dollars while the majority of its construction and operational costs are expected to be denominated in other currencies (mainly Sterling). A strengthening of non-US Dollar currencies, without offsetting improvement in US Dollar-denominated polyhalite prices, could adversely affect the project's profitability.

## ANGLO AMERICAN CROP NUTRIENTS LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Management takes reasonable and proactive steps to mitigate the risks outlined above where possible. This includes:

- Adopting Anglo American's safety and operating integrity standards throughout all areas of the project to help protect employees and stakeholders;
- Working with the wider Anglo American group on an appropriate hedging strategy for risks in future exchange rate fluctuations;
- Developing a robust cyber security defence infrastructure to protect the Group's IT systems; and
- Targeted recruitment of a talented project and support team along with effective policies on working with the most appropriate and professional contractors. This reduces the risks of project cost overruns, delays, and inadequate technical standards.

In addition, management are closely monitoring Russia's invasion of Ukraine and conflict in the Middle East and continually assessing the impact this may have on the project, the risk being mitigated by taking careful consideration of the contractors and vendors the project plans to work with.

#### Key Performance Indicators (KPIs)

The Directors consider the Group's key performance indicators to be the physical progress in construction of mine infrastructure and POLY4 market development. The performance is monitored by way of progress against targets.

KPIs	2023 progress
Advance sinking of production shaft to 450m and service shaft to 700m.	<ul style="list-style-type: none"><li>• Production shaft advanced to depth of 450m at 31 December 2023</li><li>• Service shaft advanced to depth of 733m at 31 December 2023.</li></ul>
Continue mineral transport tunnel excavation to reach 26.25 km.	<ul style="list-style-type: none"><li>• Mineral transport tunnel reached length of 26.8 km.</li></ul>
POLY4 Market Development through global agronomy programme and crop trials	<ul style="list-style-type: none"><li>• During the year the Group commenced a market seeding programme and successfully advanced activities to develop marketing.</li></ul>

#### s172 statement

The Board is cognisant of its legal duty to act in good faith and to promote the success of the Group for the benefit of its shareholders and regarding the interests of stakeholders and other factors. These include the consequences of any decisions it makes in the long term; the need to foster the relationships the Group has with all of its stakeholders; the interests of its employees; the impact its 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 the Board's decisions which consider potential impacts on them and the environment. Like any business, the Board is aware that some of the decisions it makes may have an adverse impact on certain stakeholders. By listening to, understanding and engaging with its stakeholders, the Board endeavours to live up to their expectations, by staying true to the Purpose and making decisions in accordance with our Values. The Board provides regular communication and monitoring the delivery of goals that are aligned with the interests of stakeholders.

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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#### **Purpose and Values**

The Board recognises the role of the Group's business in society and within the Anglo American Group. The Group's Purpose is stated as 'to re-imagine mining to improve people's lives', and the Company is focused on its ongoing alignment with this purpose.

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

#### **Engaging our stakeholders**

Healthy stakeholder relationships help the Group to better communicate how its business decisions, activities and performance are likely to affect or be of significant interest to its stakeholders and provide the opportunity to co-create effective and lasting solutions to business and other challenges. The Group's stakeholders include its host communities, governments, industry peers and broader civil society in addition to its shareholder.

#### **The Interests of the Company's Employees**

The Board acknowledges that its people are critical to everything the Group does. The Group seeks to create safe, inclusive, and diverse working environments that encourage and support high performance and innovative thinking. The Board is acutely aware that to get the best from its people, it needs to understand their viewpoints and address any concerns they may raise about working for the Group. The Board considers workforce engagement to be a priority for every leader at Anglo American; for several years, the Group has run regular surveys to identify areas where we need to do more, for example to ensure that colleagues feel cared for and respected.

#### **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 Group and its stakeholders. The Project that the Group is pursuing has unparalleled low environmental impact design and construction, agricultural sustainability enhancing product, and positive impact for the local community in the Northeast of England meaning that it should have a significant positive impact for all our stakeholders and will continue to do so long into the future.

This report was approved by the board on 28 March 2024 and signed on its behalf.



**J Flynn**  
Director

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2023.

#### Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

J Flynn

T J McCulley

S T Pearce (resigned on 1 December 2023)

R J B Price

The Company Secretary who served the Company during the year and up to the date of signing the financial statements was Anglo American Corporate Secretary Limited.

#### Dividends

The Directors have not recommended payment of a dividend for the year ended 31 December 2023 (2022: \$nil).

#### Going concern

These financial statements have been prepared on a going concern basis. The Group continues to incur significant cash outflows due to the development activity that it is undertaking of the Woodsmith Project. At the year end, the Group had net liabilities of \$1,430.9m and the Company had net assets of \$207.6m.

The Company and the Group does not currently anticipate generating any positive net cash flows from the project for a number of years. All cash outflows are paid through the Group but ultimately funded through an intercompany financing agreement with the wider Anglo American plc group. Therefore, the Company and the Group's ability to continue as a going concern for at least 12 months from the date of signing is dependent upon it continuing to receive funding from the wider Anglo American plc group. Anglo American plc has publicly announced its intention to continue the development of the Woodsmith Project and accordingly is expected to make funds available to the Group to carry on the Woodsmith Project's development for the foreseeable future and to meet its debts as they fall due.

The Directors have received confirmation from Anglo American plc ("AA plc") that AA plc will provide adequate financial support to the Company and the Group to meet their obligations for a period of at least 12 months from the date of signing the Group's statutory financial statements for the year ended 31 December 2023.

Based on the above, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

#### Future developments

The Directors anticipate that the Group's scale of activities will continue to increase in the coming years as the construction of the project continues. The Group expects to be able to draw upon funding from fellow Anglo American plc group companies in order to fund these activities until commercial ore sales commence subsequent to the completion of construction of the project.

#### Qualifying third party indemnity insurance

Directors' and officers' insurance is maintained at an appropriate level in respect of legal action against the Directors. These arrangements are qualifying third-party indemnities for the benefit of the directors and were in place throughout the financial year and up to the date of approval of the financial statements.



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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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#### **Statement on engagement with suppliers, customers and others in a business relationship with the company**

The Directors maintain strong relationships and active engagement with suppliers, customers and other business partners through regular and effective communication and transparency. Decision making is made with consideration for the impact on all stakeholders by ensuring sufficient representatives are involved.

#### **Employees**

The Directors are committed to engaging with and encouraging a positive contribution from the Group's employees. This is achieved in a number of ways, such as through regular internal communications on the latest activity in the group and wider Anglo American plc group; consultations with department representatives on Group activity and decisions; and employee share schemes and incentive plans.

To encourage the involvement of employees in the Company's performance, UK employees are eligible to participate in the Anglo American plc Group Save As You Earn (SAYE) scheme and Share Incentive Plan (SIP).

#### **Research and development**

The Group incurs costs in relation to its global research and development programme which provides technical, agronomic and commercial validation for POLY4's use as an effective multi-nutrient fertiliser suitable for widespread use in farming.

#### **Political donations and political expenditure**

The Company does not make any political donations or incur political expenditure (2022: \$nil).

#### **Disabled employees**

The Company's policy is that people with disabilities should have full and fair consideration for all vacancies. Employment of disabled people is considered on merit and with regard only to the ability of any applicant to conduct the role. The Company endeavours to retain the employment of, and arrange suitable retraining for, any employees in the workforce who become disabled during their employment. Where possible the Company will adjust a person's working environment to enable them to stay in employment.

#### **Financial risks**

The main financial risks faced by the Company relate to the availability of funds to meet business needs (liquidity risk) and fluctuations in foreign exchange rates (market risk). An explanation of these risks and how they are managed is referred to in note 22 on pages 46-48.

#### **Greenhouse gas emissions, energy consumption and energy efficiency action**

The Group is aligned to the Anglo American Group commitment to achieve carbon neutrality across our operations and is embedded in the wider Anglo American Group strategy. Anglo American Group have outlined the below goals with respect to climate change:

**2030:** Reduce Scope 1 and 2 GHG emissions by 30%, improve energy efficiency by 30% and carbon neutral at 8 sites.

**2040:** Carbon neutral at all operations; reduce Scope 3 emissions by 50%

The Anglo American Group is committed to playing its part in the transition to a low carbon economy. While the exact future pathway is uncertain, we expect climate change to affect the mining industry through risks and opportunities.

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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The Anglo American Group uses a range of metrics to assess climate-related risks and opportunities, including Scope 1, 2 and 3 GHG emissions, energy use and energy intensity per copper equivalent unit of production. This is due to the complexity involved in processing data at a granular level across our value chain, and continued improvements in methodology.

	2023	2022
The Company's greenhouse gas emissions and energy consumption are as follows:		
Scope 1 emissions (measured in T CO <sub>2</sub> equivalent)	11,361	4,147
Scope 2 emissions (measured in T CO <sub>2</sub> equivalent)	7,690	6,538
Energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh.	28,928,090	21,140,860
Emission intensity (measured in T CO <sub>2</sub> equivalent per \$m capital expenditure)	29.7	21.5

#### Post balance sheet events

There have been no reportable post balance sheet events since 31 December 2023.

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for safeguarding the assets of the group and 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

**Independent Auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as independent auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 28 March 2024 and signed on its behalf.



**J Flynn**  
Director

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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANGLO AMERICAN CROP NUTRIENTS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion:

- Anglo American Crop Nutrients Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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: the consolidated statement of financial position and the company statement of financial position as at 31 December 2023; the consolidated statement of comprehensive income, the consolidation statement of changes in equity, the company statement of changes in equity and the consolidated statement of cash flows 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 group 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.

**Our audit approach**

**Overview**

**Audit scope**

- The group, headed by Anglo American Crop Nutrients Limited, comprises 15 wholly owned statutory entities, 8 of which are registered and domiciled in the UK. The remaining entities are registered and domiciled in Jersey, Canada, Singapore, India, the Netherlands and the USA. We have tailored the scope of our audit to ensure that we have performed sufficient work to be able to give an opinion on the financial statements as a whole, obtaining coverage over 95% of the group's total assets and over 95% of its loss before tax.

**Key audit matters**

- Complex financial instruments - Royalty agreement (group)
- Assessment of impairment and impairment reversals for intangible assets and property, plant and equipment (group) and investments in subsidiaries (parent)

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN CROP NUTRIENTS LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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#### Materiality

- Overall group materiality: US\$20,640,000 (2022: US\$13,500,000) based on 1.00% (2022: 0.5%) of total assets (2022: pre-impairment total assets).
- Overall company materiality: US\$5,472,000 (2022: US\$6,700,000) based on 0.93% (2022: 0.44%) of total assets (2022: pre-impairment total assets).
- Performance materiality: US\$15,480,000 (2022: US\$10,125,000) (group) and US\$4,100,000 (2022: US\$5,025,000) (company).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANGLO AMERICAN CROP NUTRIENTS LIMITED (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

Key audit matter	How our audit addressed the key audit matter
<p><i>Complex financial instruments - Royalty agreement (group)</i></p> <p>The group's financing activities have included a US\$250 million royalty agreement with Hancock British Holdings Limited ("Hancock"). Accounting for the royalty agreement under UK adopted international accounting standards is complex with the host instrument being accounted for at amortised cost and an embedded derivative used to hedge fluctuations in future cash flows held at fair value through other comprehensive income. The valuation model used to value the royalty agreement is sensitive to changes in significant assumptions. Given the material nature of these financial instruments and the judgement involved in determining the significant assumptions for the embedded derivative we consider this a key audit matter.</p> <p>Refer to note 1 (reference information) and note 13 (royalty financing).</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> <li>assessed the appropriateness of the accounting treatment adopted by management;</li> <li>assessed the appropriateness of management's discounted cash flow model for the derivative, checking the mathematical accuracy of the calculations included within the forecast model;</li> <li>challenged the basis for determining significant assumptions;</li> <li>obtained corroborating evidence for data supporting significant assumptions;</li> <li>determined a reasonable range for the discount rate assumption, with the assistance of our valuation experts, and compared it to the discount rate used by management;</li> <li>assessed whether the judgements made in selecting the significant assumptions give rise to indicators of possible management bias; and</li> <li>for the host instrument, we recalculated the interest charged.</li> </ul> <p>Based on the procedures performed, we noted no material issues arising from our work.</p>
<p><i>Assessment of impairment and impairment reversals for intangible assets and property, plant and equipment (group) and investments in subsidiaries (parent)</i></p> <p>As at 31 December 2023, the group has intangible assets of \$44.7 million (2022: \$22.9 million) and property, plant and equipment of \$1,878.5 million (2022: \$874.1 million). The company's investments in subsidiaries amount to \$nil (2022: \$nil). All of these asset categories require review for indicators of impairment and impairment reversals. The determination of whether an impairment or impairment reversal exists can be judgemental. As such, we consider this a key audit matter.</p> <p>Refer to note 2 (Accounting estimates and judgements), note 7 (Intangible assets), note 8 (Property, plant and equipment) and note 30 (investments).</p>	<p>In respect of the assessment of impairment or impairment reversals for the group's intangible assets, property, plant and equipment, and the company's investment in subsidiaries we have performed the following procedures:</p> <ul style="list-style-type: none"> <li>evaluated and challenged management's assessment and judgements in respect of impairment/impairment reversal indicators, including ensuring that relevant external and internal sources of information were appropriately considered in management's impairment indicator assessment and conclusions.</li> </ul> <p>Based on the procedures performed, we noted no material issues arising from our work.</p>

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN CROP NUTRIENTS LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

#### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group, headed by Anglo American Crop Nutrients Limited, comprises 15 wholly owned statutory entities, 8 of which are registered and domiciled in the UK. The remaining entities are registered and domiciled in Jersey, Canada, Singapore, India, the Netherlands and the USA. The group's activities are fully focused on its UK operations, in particular the development of the Woodsmith mine, a non current asset held by Anglo American Woodsmith Limited. The group is financed via equity and external debt instruments held principally by Anglo American Crop Nutrients Limited, Anglo American Woodsmith Limited and Sirius Minerals Finance No. 2 Limited.

We have identified Anglo American Woodsmith Limited as a financially significant component of the group due to the quantum of its total assets. Sirius Mineral Finance No. 2 Limited (due to large balances), Anglo American Woodsmith (Teesside) Limited (due to the inclusion of significant risk financial statement line items) and Anglo American Crop Nutrients Limited (to gain sufficient coverage) were also identified as in-scope components.

#### The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

#### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
<i>Overall materiality</i>	US\$20,640,000 (2022: US\$13,500,000).	US\$5,472,000 (2022: US\$6,700,000).
<i>How we determined it</i>	1% (2022: 0.5%) of total assets (2022: pre-impairment total assets)	0.93% (2022: 0.43%) of total assets (2022: pre-impairment total assets)
<i>Rationale for benchmark applied</i>	The group is in a pre-trading phase and is focused on developing the Woodsmith mine asset. Accordingly, total assets is the primary measure used by shareholders in assessing the performance of the group. Total assets is used as there is no impairment charge in 2023.	The parent company has entered into loans with its subsidiaries to finance the development of the Woodsmith mine asset. Accordingly, total assets is the primary measure used by shareholders in assessing the performance of the company. Total assets is used as there is no impairment charge in 2023.

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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANGLO AMERICAN CROP NUTRIENTS LIMITED (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was US\$222,000 to US\$17,520,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to US\$15,480,000 (2022: US\$10,125,000) for the group financial statements and US\$4,100,000 (2022: US\$5,025,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above US\$1,032,000 (group audit) (2022: US\$675,000) and US\$270,000 (company audit) (2022: US\$335,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

**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 group's and 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 group's and the company's ability to continue as a going concern.

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

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, 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.



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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN CROP NUTRIENTS LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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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 2023 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

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

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

##### **Auditors' responsibilities for the audit of the financial statements**

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

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

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN CROP NUTRIENTS LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety legislation and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting fraudulent journal entries to manipulate financial performance and management bias in significant accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing accounting estimates that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

#### 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.

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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANGLO AMERICAN CROP NUTRIENTS LIMITED (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Michael Whyte (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
28 March 2024

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 \$m	2022 \$m
Revenue		0.5	-
Operating costs		(51.0)	(22.8)
Impairment charge		-	(1,707.5)
<b>Operating loss</b>	3	<b>(50.5)</b>	<b>(1,730.3)</b>
(Loss)/profit from equity accounted investments	10	(0.3)	0.5
Fair value (loss)/gain on minority call option	10	(7.4)	4.2
Net finance income/(expense)	5	0.2	(0.8)
<b>Loss before taxation</b>		<b>(58.0)</b>	<b>(1,726.4)</b>
Tax credit/(expense)	6	14.5	(67.2)
<b>Loss for the year</b>		<b>(43.5)</b>	<b>(1,793.6)</b>
<b>Other comprehensive income/(expense):</b>			
<b>Items that will or may be reclassified to income statement:</b>			
Cash flow hedging movement	13	59.4	(268.2)
Deferred tax movement	20	(14.9)	67.1
		<b>44.5</b>	<b>(201.1)</b>
<b>Other comprehensive income/(expense) for the year, net of tax</b>		<b>44.5</b>	<b>(201.1)</b>
<b>Total comprehensive income/(expense)</b>		<b>1.0</b>	<b>(1,994.7)</b>

The Company has not presented its own statement of comprehensive income as permitted by section 408 of the Companies Act 2006. The profit for the Company for the year was \$115.3 million (2022: loss of \$1,025.8 million).

The notes on pages 26 to 54 form part of these financial statements.

All activities are based upon continuing operations (2022: continuing operations).

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**  
**REGISTERED NUMBER: 04948435**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	2023 \$m	2022 \$m
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	7	44.7	22.9
Property, plant and equipment	8	1,878.5	874.1
Investments in equity-accounted associates	10	11.0	11.3
Other non-current investments	10	5.6	13.0
Restricted cash	9	43.5	34.6
		<u>1,983.3</u>	<u>955.9</u>
<b>Current assets</b>			
Trade and other receivables	11	51.9	29.9
Cash and cash equivalents		29.1	10.7
		<u>81.0</u>	<u>40.6</u>
<b>Total current assets</b>		<u>81.0</u>	<u>40.6</u>
<b>Total assets</b>		<u>2,064.3</u>	<u>996.5</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Royalty liabilities	13	573.4	504.8
Lease liabilities	14	13.1	12.9
Loans from parent company	16	2,630.6	1,687.6
Bonds	17	121.1	112.5
Provisions	15	32.0	17.5
		<u>3,370.2</u>	<u>2,335.3</u>
<b>Current liabilities</b>			
Trade and other liabilities	12	123.9	95.0
Lease liabilities	14	1.1	1.0
		<u>125.0</u>	<u>96.0</u>
<b>Total current liabilities</b>		<u>125.0</u>	<u>96.0</u>
<b>Total liabilities</b>		<u>3,495.2</u>	<u>2,431.3</u>
<b>Net liabilities</b>		<u>(1,430.9)</u>	<u>(1,434.8)</u>

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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**  
**REGISTERED NUMBER: 04948435**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2023**

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	Note	2023 \$m	2022 \$m
<b>Issued capital and reserves attributable to owners of the parent</b>			
Called up share capital		22.5	22.5
Share premium account		824.2	824.2
Other reserves		80.6	36.1
Capital contribution reserve		4.2	1.3
Accumulated losses		(2,362.4)	(2,318.9)
		<u>(1,430.9)</u>	<u>(1,434.8)</u>
<b>Total Equity</b>		<u><u>(1,430.9)</u></u>	<u><u>(1,434.8)</u></u>

The financial statements on pages 19 to 54 were approved and authorised for issue by the board of directors on 28 March 2024 and were signed on its behalf by:



**J Flynn**  
Director

The notes on pages 26 to 54 form part of these financial statements.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**  
**REGISTERED NUMBER: 04948435**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	2023 \$m	2022 \$m
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	30	-	-
Loans to subsidiaries	31	585.9	428.3
		<u>585.9</u>	<u>428.3</u>
<b>Current assets</b>			
Loans to subsidiaries	31	3.7	1.7
Cash and cash equivalents		0.5	6.5
		<u>4.2</u>	<u>8.2</u>
<b>Total assets</b>		<u>590.1</u>	<u>436.5</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans from parent company	33	247.0	211.2
		<u>247.0</u>	<u>211.2</u>
<b>Current liabilities</b>			
Trade and other liabilities		0.2	0.4
Loans from subsidiaries	32	135.3	132.6
		<u>135.5</u>	<u>133.0</u>
<b>Total liabilities</b>		<u>382.5</u>	<u>344.2</u>
<b>Net assets</b>		<u>207.6</u>	<u>92.3</u>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Called up share capital		22.5	22.5
Share premium account		824.2	824.2
Accumulated losses		(639.1)	(754.4)
<b>Total equity</b>		<u>207.6</u>	<u>92.3</u>

The financial statements on pages 19 to 54 were approved and authorised for issue by the board of directors on 28 March 2024 and were signed on its behalf by:



**J Flynn**  
Director

The notes on pages 26 to 54 form part of these financial statements.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**  
**REGISTERED NUMBER: 04948435**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital \$m	Share premium account \$m	Other reserves \$m	Capital contribution reserve \$m	Accumulated losses \$m	Total equity \$m
<b>At 1 January 2022</b>	22.5	824.2	237.2	-	(525.3)	558.6
Loss for the year	-	-	-	-	(1,793.6)	(1,793.6)
Share based payment charge	-	-	-	1.3	-	1.3
Other comprehensive expense	-	-	(201.1)	-	-	(201.1)
<b>At 31 December 2022</b>	<u>22.5</u>	<u>824.2</u>	<u>36.1</u>	<u>1.3</u>	<u>(2,318.9)</u>	<u>(1,434.8)</u>
<b>At 1 January 2023</b>	22.5	824.2	36.1	1.3	(2,318.9)	(1,434.8)
Loss for the year	-	-	-	-	(43.5)	(43.5)
Share based payment charge	-	-	-	2.9	-	2.9
Other comprehensive income	-	-	44.5	-	-	44.5
<b>At 31 December 2023</b>	<u>22.5</u>	<u>824.2</u>	<u>80.6</u>	<u>4.2</u>	<u>(2,362.4)</u>	<u>(1,430.9)</u>

The called up share capital account is used to record the nominal value on the issue of shares.

The share premium account is used to record the excess proceeds over nominal values on the issue of shares.

Other reserves comprise the foreign exchange reserve (which arises on translation of foreign operations with a functional currency other than US Dollars, or, prior to 16 March 2020, Sterling) of a surplus of \$1.2 million (31 December 2022: \$1.2 million) and the cash flow hedge reserve (which accumulates unrecognised gains or losses on instruments in designated cash flow hedge relationships) of a surplus of \$81.8 million (31 December 2022: \$37.3 million).

The capital contribution reserve is used to record the fair value of both share based payments made on the Company's behalf, by an indirect parent company, in relation to employees of the Company who participate in share based payment schemes.

Accumulated losses is used to record the accumulated losses or retained earnings.



# ANGLO AMERICAN CROP NUTRIENTS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Share premium account	Accumulated losses	Total equity
	\$m	\$m	\$m	\$m
<b>At 1 January 2022</b>	22.5	824.2	271.4	1,118.1
Loss for the year	-	-	(1,025.8)	(1,025.8)
<b>At 31 December 2022</b>	<b>22.5</b>	<b>824.2</b>	<b>(754.4)</b>	<b>92.3</b>
<b>At 1 January 2023</b>	22.5	824.2	(754.4)	92.3
Profit for the year	-	-	115.3	115.3
<b>At 31 December 2023</b>	<b>22.5</b>	<b>824.2</b>	<b>(639.1)</b>	<b>207.6</b>

The notes on pages 26 to 54 form part of these financial statements.

The called up share capital account is used to record the nominal value on the issue of shares.

The share premium account is used to record the excess proceeds over nominal values on the issue of shares.

Accumulated losses is used to record the accumulated losses or retained earnings.

The Company has only one class of share capital being ordinary shares with a par value of £0.0025 each. All shares are allotted, issued and fully paid up. The total number of shares outstanding at 31 December 2023 was 7,333,787,696 (31 December 2022: 7,333,787,696).

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 \$m	2022 \$m
<b>Cash flows from operating activities</b>		
Operating loss	(50.5)	(1,730.3)
<b>Adjustments for</b>		
Depreciation and amortisation	0.9	0.8
Impairment of property, plant and equipment	-	1,707.5
Share-based payment expense	2.8	1.3
<b>Movements in working capital:</b>		
Increase in trade and other receivables	(15.4)	(2.0)
Increase/(decrease) in trade and other payables	1.9	3.6
<b>Cash used in operations</b>	(60.3)	(19.1)
Income taxes received	-	0.1
<b>Net cash used in operating activities</b>	(60.3)	(19.0)
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(641.6)	(496.6)
Purchase of intangibles	(23.4)	(22.5)
Restricted cash contributions	(6.3)	(1.8)
<b>Net cash used in investing activities</b>	(671.3)	(520.9)
<b>Cash flows from financing activities</b>		
Redemption of convertible loans	(4.9)	(4.9)
Lease interest paid	(0.3)	(0.1)
Capital repayment of lease liabilities	(0.6)	(0.2)
Loans from group companies	754.2	553.0
<b>Net cash from financing activities</b>	748.4	547.8
<b>Net cash increase in cash and cash equivalents</b>	16.8	7.9
Cash and cash equivalents at the beginning of year	10.7	4.6
Exchange gain/(loss) on cash and cash equivalents	1.6	(1.8)
<b>Cash and cash equivalents at the end of the year</b>	<u>29.1</u>	<u>10.7</u>

The notes on pages 26 to 54 form part of these financial statements.

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. Reference information

Anglo American Crop Nutrients Limited is a company limited by shares and incorporated and domiciled in the United Kingdom under the Companies Act 2006 (Registration number 04948435). The Company is registered in England and its registered address is 17 Charterhouse Street, London, EC1N 6RA.

##### 1.1 Basis of preparation

These consolidated financial statements of the Company and its subsidiaries (together, the Group) have been prepared in accordance with UK-adopted International Accounting Standards and the Companies Act 2006. The preparation of financial statements in compliance with UK-adopted International Accounting Standards requires the use of certain critical accounting judgements and estimates (see note 2).

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (principally derivatives). The principal accounting policies set out both below and throughout the subsequent notes have been consistently applied to all years presented unless otherwise stated. The consolidated financial statements are presented in US Dollars (rounded to the nearest million), which is the functional currency of the Company and its principal subsidiaries.

##### 1.2 Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements made up to 31 December each year of the Company and all of its subsidiaries over which it has control. The Group's ultimate controlling party is Anglo American plc with results incorporated in the publicly available financial statements (together, the Anglo American Group). All intra-group transactions and balances are eliminated in preparing the consolidated financial statements.

The Group's associates (being entities over which the Group has significant influence but not outright control) are not consolidated as the Group's controlled subsidiaries, but instead are accounted for using the equity method. See note 10 for further details of the accounting for associates.

##### 1.3 International Financial Reporting Standards in "issue" but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual years beginning after 1 January 2024 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

- Amendments to IAS 1 *Presentation of financial statements: non-current liabilities with covenants*
- Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback*
- Amendments to IAS 7 and IFRS 7, *Supplier finance-disclosure requirements*

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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1. Reference information (continued)**

**1.4 Going concern**

These financial statements have been prepared on a going concern basis. The Group continues to incur significant cash outflows due to the development activity that it is undertaking of the Woodsmith Project. At the year end, the Group had net liabilities of \$1,430.9m and the Company had net assets of \$207.6m.

The Company and the Group do not currently anticipate generating any positive net cash flows from the project for a number of years. All cash outflows are paid through the Group but ultimately funded through an intercompany financing agreement with the wider Anglo American plc group. Therefore, the Company and the Group's ability to continue as a going concern for at least 12 months from the date of signing is dependent upon it continuing to receive funding from the wider Anglo American plc Group. Anglo American plc has publicly announced its intention to continue the development of the Woodsmith Project and accordingly is expected to make funds available to the Group to carry on the Woodsmith Project's development for the foreseeable future and to meet its debts as they fall due.

The Directors have received confirmation from AA plc that AA plc will provide adequate financial support to the Company and the Group to meet their obligations for a period of at least 12 months from the signing of the Group's statutory financial statements for the year ended 31 December 2023.

Based on the above, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

**1.5 Intangible assets**

Intangible assets are stated at cost less amortisation and any recognised impairment losses. Assets are depreciated to their residual values at varying rates on a straight-line bases over their estimates useful lives. Amortisation of POLY4 development and process development costs will commence when the assets are capable of operating in the manner intended by management. This is expected to be at the point at which commercial production is determined to have been reached.

**POLY4 development costs**

The Group incurs costs in relation to its global research and development programme which provides technical, agronomic and commercial validation for POLY4's use as an effective multi-nutrient fertiliser suitable for widespread use in farming. Historic scientific research studies carried out by the Group have shown the benefits of POLY4 and so ongoing costs incurred represent a furtherment of the development phase of the product. Accordingly, all costs incurred in the ongoing development of POLY4 (principally comprising fees paid to third party universities and research institutions as well as the labour costs of employees of the Group who work solely on the agronomy programme) are capitalised as and when they are incurred. It is expected that these costs will be amortised over the sales life of POLY4 and that amortisation will commence when first sales occur. It is expected to be between 3 and 20 years reflecting the period over which the Company expects to obtain benefits from the asset. Prior to first sales of POLY4 occurring, these costs are tested annually for impairment.

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. Reference information (continued)

##### 1.5 Intangible assets (continued)

###### Process development costs

As part of its development of the Project, the Group incurs costs which have more general-purpose process applications than being just specific to the Project itself. Such costs include conveyor and mine ventilation, shaft designs, and granulation, materials processing and seismic testing technologies. Due to the possible future applicability of these costs beyond the Project, they are separately classified as intangible assets, rather than being included as part of 'capital works in progress' within property, plant and equipment. It is expected that these costs will be amortised over the sales life of the products to whose development they contribute and that amortisation will commence when first sales occur. It is expected to be between 3 and 20 years reflecting the period over which the Company expects to obtain benefits from the asset. Prior to first sales occurring, these costs are tested annually for impairment triggers with a full impairment assessment being performed if triggers are identified.

###### Impairment

On an annual basis (since amortisation of none of its significant intangible assets has commenced yet) the Group makes an estimate of the recoverable amount of its intangible assets to ensure that this supports their reported cost. Where the carrying amount of an asset exceeds its recoverable amount (estimated as the fair value less costs to sell of the asset using the Group's latest detailed forecasts), the asset is considered impaired and is written down to its recoverable amount.

See note 7 for details of intangible assets held by the Group.

##### 1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any recognised impairment losses. Assets are depreciated to their residual values at varying rates on a straight-line bases over their estimates useful lives. Cost includes all expenditure that is directly attributable to the acquisition or construction of these items and, for assets that take a substantial period of time to get ready for their intended use, include borrowing costs. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the income statement in the year in which they are incurred.

Capital works in progress include all spend directly attributable to the development of the Project, including buildings, civil works, equipment, labour, leasing costs, direct services and professional fees. These assets are not depreciated. At the point in time in the future when the Project commences production, all assets within this category will be transferred to appropriate separate asset classes and depreciation will commence from that point. These will be depreciated to their residual values using the unit of production method based on the ore reserves in the current Life of Asset Plan.

The plant and equipment category currently represents assets used for general administrative purposes and which are not directly involved in development of the Project, including the Group's head office leasehold improvements and IT hardware. Depreciation is provided on all assets within this category over the estimated useful lives of the assets, which are generally between three and five years. Land owned on a freehold basis is not depreciated by the Group, while land held as a right-of-use asset under a lease is depreciated on a straight-line basis over the lease term, commencing from when the right-of-use asset is first available for its intended use.

See note 8 for details of property, plant and equipment held by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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**1. Reference information (continued)**

**1.7 Restricted cash**

Restricted cash represents amounts set aside by the Group in bank accounts and which are not available for general use due to contractual restrictions. Amounts are reclassified from restricted cash to cash and cash equivalents when the contractual restrictions expire. All amounts are classified as non-current except for those amounts which are expected to be released back to the Group within the next 12 months which are classified as current assets.

**1.8 Associates**

An associate is an entity over which the Group has significant influence but not overall control. Significant influence is presumed to exist where the Group has over 20% of the voting rights, unless it can be clearly demonstrated that this presumption is not the case. Investments in associates are accounted for using the equity-accounting method.

The total carrying values of investments in associates represent the initial cost of each investment including the carrying value of goodwill, the share of post-acquisition retained earnings and any other movements in reserves. The carrying values of associates are regularly reviewed and if there is objective evidence that an impairment in value has occurred as a result of one or more events during the year, the investment is impaired down to its estimated recoverable value.

**1.9 Trade and other receivables**

Loans and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loan or receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

**1.10 Trade and other payables**

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

**1.11 Leases**

Contracts in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as leases. Upon entering a lease the Group recognises a right-of-use asset and corresponding lease liability based on the net present value of all payments due under the lease contract. Lease payments are discounted using the interest rate implicit in the lease or, if this cannot be readily determined, the Group's incremental borrowing cost that it would expect to apply were it to have tried to directly borrow funds to acquire a similar right-of-use asset instead of entering the lease transaction.

The right-of-use asset is capitalised within property, plant and equipment and accounted for in line with the accounting policy, with depreciation being recognised on a straight-line basis from when the asset is first available for use to the end of the lease term. The lease liability is accounted for under the amortised cost method, with a finance charge being recognised in each year through finance costs in the income statement and all payments made under the lease being deducted from the outstanding liability.

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. Reference information (continued)

##### 1.12 Taxation

Deferred taxation represents temporary differences in the accounting carrying values of assets and liabilities and the tax base of those same assets and liabilities. Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In line with IAS 12 *Income taxes*, no deferred tax is recognised on the initial recognition of an asset or liability that at the time of the transaction affects neither accounting, nor taxable profit or loss (unless the transaction is a business combination).

Deferred tax is determined using tax rates and laws that have been enacted (or substantially enacted) by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised, or to the extent that they offset deferred tax liabilities. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

See note 20 for details of the Group's deferred taxation position.

##### 1.13 Provisions

The Group is required to rehabilitate sites and associated facilities during construction and at the end of their lives to a condition acceptable to the relevant authorities in compliance with licence requirements and other commitments made to stakeholders. The costs associated with these obligations are provided for in the year when the obligation arising from the related disturbance occurs. Such costs do not include any additional obligations which are expected to arise from disturbance expected to be caused in future years.

Costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project as soon as the obligation to incur such costs arises. These costs are recognised in the income statement over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the income statement as extraction progresses. Any change in the net present value of provisions due to the unwinding of the discount in relation to the time value of money is recognised in finance costs within the income statement in the year in which the change in discount factor occurs.

See note 15 for details of the provisions held by the Group.

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. Reference information (continued)

##### 1.14 Royalty liability

###### **Royalty financing**

The royalty financing is a financial instrument committing the Group to make future royalty payments over the life of the Project in return for an up-front payment of \$250 million received in 2018 from Hancock. The contract commits the Group to make cash payments linked to its revenues over the Project's life through royalty payments, analogous to a loan arrangement. Therefore, the royalty instrument is treated as a financial liability measured under amortised cost, with the value on initial recognition being equal to its fair value, which is the value of the cash that was received on drawdown. Each year, an interest charge is recognised, with the interest rate of 22.7% which discounts the present value of all expected cash flows over the royalty's life back to the value of the proceeds received on the drawdown date with any movements in fair value recognised as appropriate. The interest rate of 22.7% is the calculated from the assessed borrowing rate at the date of the arrangement for the Group.

The exact value of royalty payments that will be made over the life of the royalty is not fixed, but will vary based on the exact level of revenues achieved by the Group. This uncertainty over future cash flows represents an embedded derivative to be measured at fair value which must be separately accounted for from the host royalty liability. This embedded derivative is valued as the difference between the fair value of the instrument as a whole and the fair value of the host liability. The revised valuation methodology used by the Group aligns with the accounting policy applied by the ultimate parent company, Anglo American plc. The Group will report a derivative liability (asset) when the present value of royalty payments due to Hancock is expected to be greater (lower) than those originally forecast because of expected revenues being higher (lower) than those originally forecast, meaning that the Group's royalty payments will consequently be higher (lower). On the drawdown date, the embedded derivative was designated as a hedging instrument in a cash flow hedge relationship. Any forecast changes in cash flows are accounted for through other comprehensive income rather than the income statement and will be recycled to revenue as the related revenue is recognised.

###### **Derivative financial instruments**

Derivatives are recognised by the Group when it becomes party to contractual arrangements which include derivative features on a standalone basis or embedded within a linked host non-derivative instrument. Derivatives are measured at fair value at each reporting date with all changes in fair value being recognised within finance costs within the income statement, unless the derivatives are designated in hedge accounting relationships. The Group does not use derivative financial instruments for speculative purposes.

See note 13 for details of the royalty financing agreements held by the Group.

##### 1.15 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

##### 1.16 Net finance (expense)/income

Interest income is accrued using the effective interest rate method. Interest is expensed as incurred except where it relates to the financing of construction or development of qualifying assets.



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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. Reference information (continued)

##### 1.16 Net finance (expense)/income (continued)

Interest on borrowings directly relating to the financing of qualifying assets in the course of construction is added to the capitalised cost of those projects under 'capital works in progress', until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred net of all interest income earned on the temporary re-investment of those borrowings prior to utilisation. All other borrowing costs are recognised as part of interest expense in the year in which they are incurred.

##### 1.17 Employee benefits

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries including non-monetary benefits and annual leave obliged to be settled within nine months of the balance sheet date, are recognised within accruals.

#### 2. Accounting estimates and judgments

##### 2.1 Significant accounting judgements

###### Application of hedge accounting in relation to the royalty financing

The Group designated both the host liability and the embedded derivative within the royalty financing as hedging instruments in cash flow hedge relationships against the variability associated with the Group's future revenues (see note 13). The ongoing appropriateness of the cash flow hedging relationship is dependent upon the Group's future revenues continuing to be assessed as 'highly probable' which is the relevant threshold set under IFRS 9 *Financial Instruments*. Were it to be judged that the highly probable designation was no longer appropriate, this would result in all unrecognised gains and losses accumulated in the cash flow hedge reserve in respect of both of these hedges being immediately recycled through the income statement. The directors continue to assess the Group's future revenues as highly probable.

##### 2.2 Significant accounting estimates

The preparation of these financial statements has required the use of estimates that affect the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates. Estimates and assumptions are frequently reviewed, with revisions recognised in the year in which the estimates are revised and in any future years affected. The most significant areas of estimation uncertainty at the end of 2022 that have a significant risk of resulting in material adjustments to the carrying amount of assets or liabilities within the next financial year are as follows:

###### Estimation of fair value of embedded derivative (see note 13)

None of the embedded derivatives (both within the convertible loans and royalty financing) have observable market prices and so the Group is required to identify appropriate valuation models in calculating the fair values of these. In making its estimates, priority is given to inputs based on actual market data and transactions, although these valuations nevertheless require some level of subjective assessment and the use of different valuation assumptions could have a significant impact upon the Group's reported financial performance and position. Further information is given within note 21 around the valuation methods and sources of estimation uncertainty around each of the Group's derivatives. During the year, the valuation methodology for the royalty financing has been amended to value the embedded derivative as the difference between the fair value of the whole instrument and fair value of host liability, which is detailed within the section 1.14 of accounting policies.

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 2. Accounting Estimates and judgments (continued)

##### Impairment of non-current assets (see note 7 and 8)

The Woodsmith polyhalite project is currently under construction and has recognised previous impairments of \$2.5 billion which remain eligible for potential impairment reversal. The valuation remains inherently sensitive to changes in economic and operational assumptions, in particular the forecast polyhalite price and discount rate. The Group has reassessed key input assumptions as at 31 December 2023. At this stage the Group believes the assumptions for these key inputs used in the valuation prepared at 31 December 2022 remain appropriate and hence no indicators of impairment or reversal have been identified.

In 2022 project team proposals, endorsed by the Board at the end of the year, indicated there would be changes to the configuration of the project that would incur higher future capital expenditure and result in a longer construction schedule with first product expected to be brought to market in 2027. These items were identified as an indicator of impairment and the carrying value of the related assets was assessed as at 31 December 2022. This resulted in an impairment of \$1.7 billion (\$1.7 billion after tax) to bring the carrying value into line with the recoverable amount of \$0.9 billion. The impairment was allocated primarily to property, plant and equipment.

The valuation was inherently sensitive to changes in economic and operational assumptions, with a particularly wide range of potential outcomes given the early stage of project development:

- The model used a long term forecast price for polyhalite of \$192/tonne (2023 real basis), which was calculated using a probabilistic average of a number of pricing methodologies (including a blend substitution approach) due to the immaturity of the existing polyhalite market and the pricing uncertainty that this brings. If prices had been increased or decreased by \$10/tonne throughout the model, the valuation would have changed by \$0.4 billion.
- The model used a discount rate of 9.58%, which includes a development stage premium. If the discount rate had been reduced by 0.5 percentage points, the valuation would have increased by \$0.5 billion.

The project will come to the Board for future approvals once the design and scoping review is complete. Any changes to forecast capital expenditure have a direct impact on the recoverable amount of the asset (assuming all other inputs remain the same) given the nearer term nature of the expenditure.

#### 3. Operating loss

##### Group

	2023 \$m	2022 \$m
<b>Operating loss is stated after charging:</b>		
Project expenditure	34.5	-
Logistics, marketing and selling costs	11.9	10.7
Legal and professional	6.1	1.3
Depreciation	0.9	1.0
Amortisation	-	0.1
Share-based payments	2.9	1.3

No audit fees have been charged to operating loss in the current year. The audit fees of \$0.2 million (2022: \$0.2 million) have been borne by Anglo American Woodsmith Limited and capitalised as part of additions to property, plant and equipment in the year.

The total value of non-audit services provided to the Company for the year ended 31 December 2023 \$nil (2022: \$nil).

# ANGLO AMERICAN CROP NUTRIENTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 4. Employee benefit expenses

Group	2023 \$m	2022 \$m
<b>Employee benefit expenses (including directors) comprise:</b>		
Wages and salaries	44.6	53.8
Social security contributions and similar taxes	4.0	5.5
Defined contribution pension cost	3.7	4.3
Share based payment expenses	2.8	1.3
Short-term non-monetary benefits	0.3	0.8
<b>Total</b>	<b>55.4</b>	<b>65.7</b>
Less: expense capitalised	(49.4)	(58.9)
<b>Total expense recognised in statement of comprehensive income</b>	<b>6.0</b>	<b>6.8</b>

\$49.4 million (2022: \$58.9 million) of the above total expense has been capitalised as part of additions to non-current assets during the year as it relates to staff costs for staff members employed directly in relation to the development of the Project.

During the year, the total directors' emoluments were \$4.4 million (2022: \$1.7 million). The highest paid director's emoluments were \$2.2 million (2022: \$0.9 million) including post-employment benefits of \$0.1 million (2022: \$0.1 million). Post-employment benefits are accruing four (2022: four) directors under a defined contribution scheme.

### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed on page 1.

	2023 \$m	2022 \$m
Salary	5.3	2.7
Defined contribution scheme costs	0.1	0.6
Compensation for loss of office	-	0.2
Share based payment expense	0.5	0.2
	<b>5.9</b>	<b>3.7</b>

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	2023 No.	2022 No.
Project	178	335
Non-project	154	138
	<b>332</b>	<b>473</b>

The monthly average number of persons, including the directors, employed by the Company during the year was 2 (2022: 2).

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**5. Net finance (income)/expense**

	2023 \$m	2022 \$m
Interest receivable	(0.6)	(0.1)
<b>Finance expense</b>		
Interest expense	330.0	203.4
Interest capitalised	(330.0)	(203.4)
Foreign exchange losses	0.4	0.9
<b>Net finance (income)/expense</b>	<u>(0.2)</u>	<u>0.8</u>

The Group was carrying out significant development work on the Project in each year presented. As a result, all interest expense incurred in relations to borrowings where the funds have been used to develop the Project (net of interest income earned on the temporary investment of these same borrowings) has been capitalised as part of capital works in progress within property, plant and equipment as part of the additions to capital works in progress in each year presented.

**6. Tax credit/(expense)**

	2023 \$m	2022 \$m
Current tax charge	(0.4)	(0.1)
Deferred tax credit/(charge)	14.9	(67.1)
<b>Total tax credit/(charge) for the year</b>	<u>14.5</u>	<u>(67.2)</u>

The tax credit/(charge) for the year is lower (2022: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2023 of 23.5% (2022: 19%). The differences are explained below:

	2023 \$m	2022 \$m
Loss on ordinary activities before taxation	(58.0)	(1,726.4)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation taxation in the UK of 23.5% (2022: 19%)	(13.6)	(328.0)
<i>Taxation effects of:</i>		
Income exempt from taxation	(0.4)	(0.9)
Group relief	24.4	19.0
Expenses not deductible for tax purposes	1.5	315.0
Amortised cost basis	-	(2.4)
Deferred tax assets not recognised	(26.4)	64.4
<b>Total tax (credit)/charge for the year</b>	<u>(14.5)</u>	<u>67.2</u>

The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, this rate is applicable to the measurements of deferred tax balances at 31 December 2023.

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 6. Tax credit/(expense) (continued)

In line with the Anglo American published Tax Strategy, the Group actively monitors tax developments at a national level, as well as global themes and international policy trends, on a continuous basis, and has active engagement strategies with governments, regulators and other stakeholders within the countries in which the Group operates, or plans to operate, as well as at an international level. This includes global tax reforms such as those being agreed through the OECD's Digitalisation of the Economy Project which seeks to reallocate taxing rights for large profitable groups ('Pillar 1') and implement a minimum effective tax rate of 15% on profits of large multinational groups in each country in which they operate ('Pillar 2'). In December 2022, EU Member States reached an agreement requiring implementation of Pillar 2 legislation into the local law of all Member States by the end of 2023. On 23 March 2023, HM Treasury released draft legislation for the Global Minimum Tax rules in the UK which was substantively enacted on 20 June 2023.

These rules will apply to the full Anglo American Group from the financial year ended 31 December 2024 onwards. Anglo American has carried out an assessment of its potential exposure to Pillar 2 taxes based on available 2022 data and has concluded that any top up taxes would not be material to the Anglo American Group. Further information regarding the group's Pillar Two position is detailed in the consolidated accounts of Anglo American Plc. This analysis has not yet been undertaken at the materiality level of Anglo American Crop Nutrients Limited.

The Group continues to review legislation to evaluate the potential impact and is engaging with policymakers in efforts to ensure that guidance and any required additional legislation is aligned to the stated policy objectives and that the Group is well placed to comply. Anglo American Crop Nutrients Limited has applied the mandatory temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar 2 rules.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**7. Intangible assets**

	Goodwill \$m	POLY4 development costs \$m	Process develop- ment costs \$m	Computer software \$m	Total \$m
<b>At 1 January 2022</b>					
Cost	8.2	30.7	29.1	0.8	68.8
Accumulated amortisation	-	-	-	(0.7)	(0.7)
Impairment losses	(8.2)	(7.3)	(6.9)	(0.1)	(22.5)
<b>Net book value</b>	<u>-</u>	<u>23.4</u>	<u>22.2</u>	<u>-</u>	<u>45.6</u>
<b>Year ended 31 December 2022</b>					
Opening net book amount	-	23.4	22.2	-	45.6
Additions	-	7.0	16.3	-	23.3
Impairment	-	(20.3)	(25.7)	-	(46.0)
<b>At 31 December 2022</b>	<u>-</u>	<u>10.1</u>	<u>12.8</u>	<u>-</u>	<u>22.9</u>
Cost	8.2	37.7	45.2	0.8	92.2
Accumulated amortisation	-	-	-	(0.8)	(0.8)
Impairment losses	(8.2)	(27.6)	(32.6)	-	(68.5)
<b>Year ended 31 December 2023</b>					
Opening net book amount	-	10.1	12.8	-	22.9
Additions	-	17.2	4.6	-	21.8
Impairment	-	-	-	-	-
<b>Closing net book amount</b>	<u>-</u>	<u>27.3</u>	<u>17.4</u>	<u>-</u>	<u>44.7</u>
<b>At 31 December 2023</b>					
Cost	8.2	54.9	49.8	0.8	114.3
Accumulated amortisation	-	-	-	(0.7)	(0.8)
Impairment losses	(8.2)	(27.6)	(32.6)	(0.1)	(68.5)
<b>Net book amount</b>	<u>-</u>	<u>27.3</u>	<u>17.4</u>	<u>-</u>	<u>44.7</u>

As of 31 December 2023, there were no impairment or impairment reversal triggers. See note 2 for further details.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**8. Property, plant and equipment**

	Land \$m	Plant and equipment \$m	Capital works in progress \$m	Total \$m
<b>At 1 January 2022</b>				
Cost	49.2	4.0	2,488.9	2,542.1
Accumulated depreciation	-	-	-	-
Impairment losses	(17.8)	(2.2)	(699.0)	(719.0)
<b>Net book amount</b>	<b>31.4</b>	<b>1.8</b>	<b>1,789.9</b>	<b>1,823.1</b>
<b>Year ended 31 December 2022</b>				
At 1 January 2022	31.4	1.8	1,789.9	1,823.1
Additions	-	2.8	710.5	713.3
Depreciation for the year	-	(0.8)	-	(0.8)
Impairment	(21.1)	(2.7)	(1,637.7)	(1,661.5)
<b>At 31 December 2022</b>	<b>10.3</b>	<b>1.1</b>	<b>862.7</b>	<b>874.1</b>
Cost	49.2	6.8	3,199.4	3,255.4
Accumulated depreciation	-	(0.8)	-	(0.8)
Impairment losses	(38.9)	(4.9)	(2,336.7)	(2,380.5)
<b>Net book amount</b>	<b>10.3</b>	<b>1.1</b>	<b>862.7</b>	<b>874.1</b>
<b>Year ended 31 December 2023</b>				
At 1 January 2023	10.3	1.1	862.7	874.1
Additions	0.3	-	1,005.0	1,005.3
Depreciation for the year	(0.4)	(0.5)	-	(0.9)
Impairment	-	-	-	-
<b>At 31 December 2023</b>	<b>10.2</b>	<b>0.6</b>	<b>1,867.7</b>	<b>1,878.5</b>
Cost	49.5	6.8	4,204.4	4,260.7
Accumulated depreciation	(0.4)	(1.3)	-	(1.7)
Impairment losses	(38.9)	(4.9)	(2,336.7)	(2,380.5)
<b>Net book amount</b>	<b>10.2</b>	<b>0.6</b>	<b>1,867.7</b>	<b>1,878.5</b>

All eligible borrowing costs in the year have been capitalised during the year.

As of 31 December 2023, there were no impairment or impairment reversal triggers. See note 2 for further details.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**9. Restricted Cash**

Restricted cash represents amounts set aside by the Group in bank accounts and which are not available for general use due to contractual restrictions. Amounts are reclassified from restricted cash to cash and cash equivalents when the contractual restrictions expire. All amounts are classified as non-current except for those amounts which are expected to be released back to the Group within the next 12 months which are classified as current assets.

	<b>2023</b>	<b>2022</b>
	<b>\$m</b>	<b>\$m</b>
At 1 January	<b>34.6</b>	36.6
Contributions	<b>6.9</b>	1.8
Foreign exchange and interest	<b>2.0</b>	(3.8)
<b>At 31 December</b>	<b><u>43.5</u></b>	<b><u>34.6</u></b>

**10. Associates and other non-current asset investments**

On 26 June 2019, the Group acquired 30% of the ordinary share capital of each of Cibrafertíl – Companhia Brasileira de Fertilizantes (Cibrafertíl) and Cibra Trading Inc (Cibra Trading) through its subsidiary Anglo American Woodsmith Limited from a fellow group company. It was judged that the Group had gained significant influence over the two companies and that they should be accounted for as associates under the equity method due to the Group retaining ability to participate in the financial and operating decisions through directorships held. Both associates are private companies for which there are no quoted market prices available for their shares. There are no contingent liabilities relating to the Group's interest in either associate.

On 1 April 2021, the Group restructured its shareholding arrangements in relation to Cibrafertíl and Cibra Trading, reducing its shareholding from 30% down to 10% in return for receiving 2 option agreements to acquire additional shareholdings in the future one being a minority call option and the other being a majority call option, which has been assessed to have a fair value of \$nil. The minority option was originally valued at 2/3rds of the investment value and requires regular revaluation to fair value with movements recorded in the statement of comprehensive income. The minority call option would allow the Group to repurchase a 20% shareholding at any time. The majority call option would allow the purchase of a majority interest in 2024. During the year ended 31 December 2023, the option was revalued at \$5.6m (2022: \$13.0m) with a fair value loss of \$7.4 million (2022: gain of \$4.2 million) was recognised in the income statement.

	<b>2023</b>	<b>2022</b>
	<b>\$m</b>	<b>\$m</b>
<b>Aggregate carrying amount of associates</b>	<b><u>11.0</u></b>	<b><u>11.3</u></b>
Aggregate amounts of the group's share of:		
(Loss)/profit from continuing operations	<b><u>(0.3)</u></b>	<b><u>0.5</u></b>
<b>Total comprehensive (loss)/income</b>	<b><u>(0.3)</u></b>	<b><u>0.5</u></b>



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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**11. Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$m</b>	<b>\$m</b>
Prepayments	<b>25.0</b>	<b>15.4</b>
VAT recoverable	<b>24.8</b>	<b>13.7</b>
Trade and other receivables	<b>2.1</b>	<b>0.8</b>
<b>Total other receivables</b>	<b><u>51.9</u></b>	<b><u>29.9</u></b>

**12. Trade and other liabilities**

	<b>2023</b>	<b>2022</b>
	<b>\$m</b>	<b>\$m</b>
Trade payables	<b>4.9</b>	<b>6.5</b>
Accruals and other payables	<b>117.9</b>	<b>86.5</b>
Taxation and social security	<b>1.1</b>	<b>2.0</b>
<b>Total trade and other payables</b>	<b><u>123.9</u></b>	<b><u>95.0</u></b>

**13. Royalty liability**

During 2018, Hancock paid the Group \$250 million in return for future royalty payments amounting to 5% of gross revenues on the first 13 million tonnes of product sold in each calendar year and a further 1% of gross revenues on sales in excess of 13 million tonnes, for the life of the Project. There is no minimum or maximum limit for future royalty payments, although if the Group were to go into administration before the completion of the Project's construction then Hancock could request immediate repayment of the \$250 million that was originally paid.

On receipt of the \$250 million cash, a corresponding host US Dollar-denominated royalty liability of the same amount was recognised in respect of the present value of future royalty payments that the Group expects to pay Hancock over the Project's life. Prior to the Group's change of functional currency on 17 March 2020, as a US Dollar-denominated liability, the host royalty liability gave rise to foreign exchange volatility in respect of foreign exchange fluctuations that arose from translating the underlying liability back into the Company's functional currency of Sterling based on the Sterling/US Dollar exchange rate prevailing at the year-end date compared to the exchange rate at the start of each year.

On the drawdown date, the Group designated the host liability as a hedging instrument in a cash flow hedge relationship against the Group's future US Dollar-denominated revenues on the basis that these future revenues were judged to be highly probable, as required by IFRS 9 (see the significant accounting judgments section of note 2 for further details). Previously, all foreign exchange gains and losses arising on the periodic retranslation into Sterling of the royalty financing's host instrument were recognised through the statement of comprehensive income (instead of finance costs within the income statement) and accumulated within the cash flow hedge reserve within equity. Since the acquisition of the group by the parent and the subsequent change in functional currency for the group from GBP to USD on 16 March 2020 the embedded derivative is no longer in a hedging relationship against the foreign exchange risk as the functional currency of the group now matches that of the instrument itself.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**13. Royalty liability (continued)**

On the drawdown date, the Group designated the royalty's embedded derivative as a hedging instrument in a cash flow hedge relationship against the Group's future revenues which are deemed to be highly probable (see the significant accounting judgments section of note 2 for further details). This is on the basis that any changes in the value of expected future royalty payments will be wholly offset by changes in the Group's revenues compared to the original drawdown-date expectation. As such, it is expected that a perfect hedge should be maintained across the life of the royalty financing, with the Group only being exposed to the risk of bad debts. Therefore, all fair value gains or losses upon periodic re-measurement of the derivative will be recorded through the statement of comprehensive income (instead of finance costs within the income statement) and accumulated within the cash flow hedge reserve within equity. The accumulated fair value differences will subsequently be recycled out of the cash flow hedge reserve through the income statement in the same years as differences occur between royalty payments anticipated on the drawdown date and royalty payments actually due. See 1.14 for further details of the Group accounting policy for the royalty financing. The royalty financing has moved as follows in each year:

	<b>2023</b>			<b>2022</b>		
	<b>Host instrument \$m</b>	<b>Embedded derivative \$m</b>	<b>Total \$m</b>	<i>Host instrument \$m</i>	<i>Embedded derivative \$m</i>	<i>Total \$m</i>
At 1 January	598.2	(93.4)	504.8	488.9	(361.6)	127.3
Interest charge	128.0	-	128.0	109.3	-	109.3
Fair value remeasurement	-	(59.4)	(59.4)	-	268.2	268.2
<b>At 31 December</b>	<b>726.2</b>	<b>(152.8)</b>	<b>573.4</b>	<b>598.2</b>	<b>(93.4)</b>	<b>504.8</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**14. Lease liabilities**

The Group entered into a 30 year lease of land which it plans to use for storage of finished product adjacent to the Redcar Bulk Terminal port facility. This lease represents the majority of the balance of reported lease liabilities outstanding as at 31 December 2023 and depreciation will not commence on it until the storage facilities planned to be constructed on it are ready for use. Balances arising from the Group's lease transactions have moved as follows during the year:

<b>Right-of-use leased assets (principally classified as land and buildings within property, plant and equipment)</b>	<b>2023 \$m</b>	<b>2022 \$m</b>
On 1 January	4.6	11.4
Additions	0.3	2.8
Disposal	-	-
Impairment	-	(9.6)
<b>At 31 December</b>	<b>4.9</b>	<b>4.6</b>
<b>Lease liabilities</b>		
On 1 January	(13.9)	(12.3)
Additions	(0.3)	(2.8)
Interest expense	(0.6)	(0.5)
Payments made	0.9	0.9
Foreign exchange (losses)/gains	(0.3)	0.8
<b>At 31 December</b>	<b>(14.2)</b>	<b>(13.9)</b>
- classified as non-current liabilities	(13.1)	(12.9)
- classified as current liabilities	(1.1)	(1.0)

**15. Provisions**

	<b>2023 \$m</b>	<b>2022 \$m</b>
At 1 January	17.5	22.8
Amounts capitalised/(released) as part of property, plant and equipment	13.4	(2.8)
Foreign exchange losses/(gains)	1.1	(2.5)
<b>At 31 December</b>	<b>32.0</b>	<b>17.5</b>

The Group's development work on the Project gives rise to the future need to undertake restoration activities in order to maintain compliance with relevant planning consents. The Group's obligation is to undertake restoration activities at the end of the Project's life in order to restore sites to their previous character. In order to estimate the value of the provision, the Group has relied upon valuations which were undertaken for the purposes of determining the value of local security requirements. These amounts were valued by third parties based on the estimated present-day cost that would be required to remediate the disruption caused by the Group's activities by the end of the year. These costs, which the Group does not plan to be incurred for in excess of 30 years, have been discounted at a real risk-free rate of 1.0% (2022: 0.5% per annum), based on an estimate of the long-term, risk-free, cost of borrowing.

# ANGLO AMERICAN CROP NUTRIENTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 16. Loans from parent company

Subsequent to the takeover of the Company by Anglo American plc during 2020 the Group's day-to-day financing needs have been met through funding provided by an indirect parent company, Anglo American International Holdings Limited. This loan is USD-denominated, unsecured, incurs a rate of interest linked to SOFR plus an appropriate arms length lending margin with all interest being rolled up and only repayable upon expiry of the loan during 2027.

### 17. Bonds

The Group issued convertible bonds with a face value of \$400 million, prior to the takeover by Anglo American plc which provided loanholders the option to convert their loans into shares in the Company. Following the completion of the takeover of the Company by Anglo American plc, the equity conversion terms previously available to loanholders are no longer available. Instead, should a loanholder elect to convert their Non-Escrow loans, they would receive £45,027 in respect of each \$200,000 bond converted, being the proceeds from the shares that would have been converted into and acquired by Anglo American plc had the loanholder converted their shares prior to the takeover occurring which no loanholder is reasonably expected to do. The bonds are due for repayment on 23 May 2027.

The 2019 bonds have moved as follows across the year:

	<b>Non-Escrow loans Host loan 2023 \$m</b>	<i>Non-Escrow loans Host loan 2022 \$m</i>
Opening balance on 1 January	112.5	104.8
Interest expense	13.6	12.7
Interest and make-whole payments	(5.0)	(5.0)
<b>Closing balance at 31 December</b>	<b><u>121.1</u></b>	<b><u>112.5</u></b>

### 18. Commitments and contingencies

At 31 December 2023, the Group had contracted but unrecognised capital expenditure commitments in respect of property, plant and equipment of \$942.9 million (2022: \$2,460.2 million). The Group has no other material commitments or contingent liabilities at 31 December 2023 (2022: none).

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**19. Related party transactions**

The Group holds loans from a connected company, Anglo American International Holdings Limited (as further detailed in note 16) and have been entered into which has seen the Group drawdown \$754.2 million (2022: \$553.0 million) of cash funding and accrue \$188.7 million (2022: \$86.7 million) of interest during 2023.

**20. Deferred taxation**

	Non-current assets \$m	Royalty financing \$m	Hancock embedded derivative \$m	Net Total \$m
At 1 January 2022	30.7	59.7	(90.4)	-
Charged to income statement	(30.7)	(36.4)	-	(67.1)
Credited to other comprehensive income	-	-	67.1	67.1
<b>At 31 December 2022</b>	-	23.3	(23.3)	-
Credited to income statement	-	14.9	-	14.9
Charged to other comprehensive income	-	-	(14.9)	(14.9)
<b>At 31 December 2023</b>	-	<b>38.2</b>	<b>(38.2)</b>	-

The Group has \$2,689.1m of temporary differences on which a potential deferred tax asset of \$672.3m has not been recognised. Of this, \$356.0m relates to fixed assets, \$101.5m relates to other temporary differences and \$214.8m relates to losses and pre-trading expenditure.

At 31 December 2023, the Group has tax losses of \$626.6m that are available indefinitely for offset against certain future taxable profits of the Group. In addition, the main trading entity has \$232.6m of pre-trading expenses for which tax relief will only be available if the company commences trading within seven years of the expenditure being incurred.

Deferred tax assets have not been recognised in respect of these losses and other temporary differences as there is uncertainty whether suitable profits will arise in future periods against which the deferred tax assets would reverse.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**21. Net debt**

	<b>Borrowings \$m</b>	<b>Leases \$m</b>	<b>Cash \$m</b>	<b>Net Debt \$m</b>
At 1 January 2022	(1,152.6)	(12.3)	4.6	(1,160.3)
Cash flow	(548.1)	0.9	7.9	(539.3)
Interest accrued on borrowings	(99.4)	(0.5)	-	(99.9)
Other movements	-	(2.8)	-	(2.8)
Foreign exchange movements	-	0.8	(1.8)	(1.0)
<b>At 31 December 2022</b>	<b>(1,800.1)</b>	<b>(13.9)</b>	<b>10.7</b>	<b>(1,803.3)</b>
Cash flow	(748.4)	0.9	16.8	(730.8)
Interest accrued on borrowings	(194.5)	(0.6)	-	(195.1)
Other movements	-	(0.2)	-	(0.2)
Foreign exchange movements	-	(0.3)	1.6	1.3
<b>At 31 December 2023</b>	<b>(2,743.0)</b>	<b>(14.1)</b>	<b>29.1</b>	<b>2,728.0</b>

Other movements within leases principally relate to leases entered into during the year \$0.3m (2022: \$2.8m).

Borrowings do not include the royalty liability on the basis that obligations to make cash payments against this liability only arise when the Woodsmith project generates revenues, and that otherwise the Group is not currently contractually liable to make any payments under this arrangement.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**22. Financial risk management**

The main financial risks faced by the Group relate to the availability of funds to meet business needs (liquidity risk) and fluctuations in foreign exchange rates (market risk).

**a. Liquidity risk**

The Group's policy on overall liquidity is to ensure that it can call on sufficient funds to facilitate all ongoing operations and planned expansion of the Project on its optimal production timetable.

The Group monitors its levels of working capital and financial investments to ensure that it can meet its payments as they fall due. The following table shows the gross contractual maturities of the Group's recognised financial liabilities, including unrecognised future interest payments:

	Borrowings \$m	Other financial liabilities \$m	Total \$m
<b>31 December 2023</b>			
Amount due within 1 year or less	6.1	124.4	130.5
Amount due within 1-2 years	7.5	-	7.5
Amount due within 2-5 years	2,802.2	-	2,802.2
Amount due after 5 years	19.3	-	19.3
<b>Total contractual cash flows</b>	<b><u>2,835.1</u></b>	<b><u>124.4</u></b>	<b><u>2,959.5</u></b>
	Borrowings \$m	Other financial liabilities \$m	Total \$m
<b>31 December 2022</b>			
Amount due within 1 year or less	6.1	95.0	101.1
Amount due within 1-2 years	6.3	-	6.3
Amount due within 2-5 years	174.2	-	174.2
Amount due after 5 years	1,703.7	-	1,703.7
<b>Total contractual cash flows</b>	<b><u>1,890.3</u></b>	<b><u>95.0</u></b>	<b><u>1,985.3</u></b>

The above table does not include cash flows in relation to the royalty financing on the basis that cash flows under this arrangement are not contractually defined, but instead are wholly dependent upon the Group's revenue in future years. However, should the Group's primary subsidiary, Anglo American Woodsmith Limited, enter insolvency, then it would be required to repay Hancock the principal value of \$250 million upon its request.

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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**22. Financial risk management (continued)**

**b. Foreign currency exchange rate risk**

The Group's operations are essentially based in the United Kingdom and it is expected that future revenues will be denominated in US dollars. The majority of the Group's operating and capital expansion costs are denominated in Sterling although a significant portion of capital expansion costs are expected to be denominated in Euros. The Group's existing debt financing is denominated in US Dollars.

Foreign exchange differences on retranslation of monetary items upon settlement and at year-end is recognised as part of finance costs in the income statement, except for financial assets in a designated cash flow hedge relationship where these differences are recognised as part of other comprehensive income.

The Group is exposed to foreign currency transaction risk on transactions that are denominated in currencies other than its presentational currency of US Dollars. The Group does not currently hedge foreign currency exposures associated with committed or probable expenditures in order to mitigate potential transaction risk.

Net other financial liabilities are \$637.4 million. This includes net liabilities of \$584.1 million denominated in US Dollars and net liabilities of \$24.7 million denominated in GBP.

**c. Interest rate risk**

The Group's loans from parent company have a contractual rate of interest that is benchmarked against SOFR and so the Group is exposed to risks arising from movements in this benchmark rate. The Group is not however required to make any cash interest payments under its loan arrangement (as all such interest is capitalised as part of the loan's carrying value) and so fluctuations in SOFR will not cause any potential liquidity issues until the loans require repayment in 2027.

The Group's bonds have fixed rates of interest and so interest payments due under these bonds are not exposed to any cash flow risk arising from fluctuations in market interest rates. The Group has no other interest-bearing liabilities.

**d. Credit risk**

The Group maintains a very low level of exposure to financial assets. The only relevant credit risk that the Group faces is in relation to its restricted cash balance, although this is held with Barclays Bank who are deemed to pose a suitably low credit risk in safeguarding this balance.

**e. Market risk**

The Group's expected future revenues will fluctuate depending upon market conditions and so these may be different from those currently anticipated. The royalty financing mitigates a portion of this risk as the arrangement means that the Group has passed over an element of market risk to Hancock in return for an up-front fixed cash payment in 2018. Accordingly, the Group has designated the arrangement as part of a cash flow hedge relationship to faithfully reflect the risk transfer that the royalty achieves. See note 13 for further details.



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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**22. Financial risk management (continued)**

**f. Financial instruments**

All financial assets and liabilities held by the Group at both 31 December 2023 and 31 December 2022 are measured at amortised cost, other than the Royalty financing which is designated within a cash flow hedge relationship.

The carrying value of all the Group's financial assets and liabilities is equivalent to their fair value except for the 2019 convertible bonds where the fair value (as measured by the traded market price of the loans) was \$135.0 million at 31 December 2023 (2022: \$132.6 million) as compared to their carrying value of \$121.1 million at 31 December 2023 (2022: \$112.5 million).

**g. Fair value**

At 31 December 2023, the only financial instrument measured at fair value in the Group's financial statements is the embedded derivative within the royalty financing which is treated as a level 3 measurement based on the framework set out in IFRS 13 Fair Value. The fair value of the derivative is based on the latest projections of expected royalty payments, (which is dependent upon expectations over the Project's future revenues), compared to the equivalent expectation which prevailed at the drawdown date.

**Fair valuation sensitivities**

The inputs used in the fair valuation estimates of this derivative reflects the Group's exposure to various market risks. Movements in these inputs cause the fair valuation of the derivative to fluctuate and affect reported net finance costs. Increases in expected future revenues (and consequently, royalty payments) compared to the expectation on drawdown date would cause the royalty embedded derivative to become a liability, although would have no impact on total loss as the derivative has been designated in a cash flow hedge relationship.

The sensitivity of each of the derivatives' valuation in respect of changes in the most significant input variables are as follows:

	<b>2023</b>	<b>2022</b>
Impact on total equity (as impact on total loss in each case is \$nil as the derivative is in a cash flow hedge relationship)		
	<b>\$m</b>	<b>\$m</b>
Estimate of future revenues price per tonne (increase)/decrease by 10%		
Decrease in price by 10%	<b>57.3</b>	<b>50.5</b>
Increase in price by 10%	<b>(57.3)</b>	<b>(50.5)</b>
Delay of 1 year in completion of the Project's construction and ramp up	<b>54.4</b>	<b>47.9</b>

# ANGLO AMERICAN CROP NUTRIENTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 23. Subsidiary undertakings

The following table lists all of the Group's subsidiary undertakings. The Group owns 100% of the ordinary share capital directly and indirectly and consolidates the full results of each of these entities. The registered office of these subsidiaries is 17 Charterhouse Street, London, EC1N 6RA ('17 CS') unless otherwise stated.

Name	Country of incorporation	Principal activity	Registered address
Anglo American Woodsmith Limited	England	Project development	17 CS
Anglo American Woodsmith (Teesside) Limited	England	Project development	17 CS
York Potash Holdings Limited	England	Holding company (In liquidation)	17 CS
York Potash Intermediate Holdings Limited	England	Holding company (dissolved 13 January 2024)	17 CS
Sirius Minerals Holdings Limited <sup>1</sup>	England	Holding company	17 CS
YPF Limited	England	Dormant	17 CS
SACH 1 Limited <sup>1</sup>	England	Intercompany financing	17 CS
SACH 2 Limited <sup>1</sup>	England	Intercompany financing	17 CS
Sirius Minerals Finance Limited	Jersey	Fundraising	3 <sup>rd</sup> floor, 44 Esplanade, St Helier, JE4 9WG, Jersey
Sirius Minerals Finance No.2 Limited	Jersey	Fundraising	3 <sup>rd</sup> floor, 44 Esplanade, St Helier, JE4 9WG, Jersey
Auspotash Corporation Limited <sup>1</sup>	Canada	Dormant	333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6
Anglo American Crop Nutrients (USA) LLC	USA	Employee payroll	77000 E Arapahoe Road, Suite 220, Colorado, 80112, United States
Anglo American Crop Nutrients (Singapore)	Singapore	Employee payroll	80 Robinson Road, Singapore, 068898
Anglo American Crop Nutrients (India) Private Limited	India	Employee payroll	Level 2, Elegance Tower, Old Mathura Road, Jasola District Centre, New Delhi, 110025, India
Anglo American Europe B.V.	Netherlands	Marketing	Kingsfordweg 151, 1043 GR Amsterdam, Netherlands

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**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**23. Subsidiary undertakings (continued)**

The following table lists all of the Group's investments in associates which it does not consolidate in full the results of but instead accounts for these investments using the equity method as further disclosed in note 10.

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Registered address</b>
Cibrafertil – Companhia Brasileira de Fertilizantes	Brazil	Fertiliser production and distributor	1428 Rua Alfa, Polo Petroquimico, Camacari, Bahia, Brazil
Cibra Trading Inc	Panama	Fertiliser purchasing	2nd Floor, MMG Tower, East 53rd Street, Marbella, Panama City, 0807, Panama

Notes:

<sup>1</sup>: Represents those companies where 100% of the company's shares are directly held by Anglo American Crop Nutrients Limited.

<sup>2</sup>: Represents those companies where 50% of the company's shares are directly held by Anglo American Crop Nutrients Limited (with the other 50% being held by Sirius Minerals Holdings Limited).

**24. Share based payments**

During the year ended 31 December 2023, the Group had 4 share-based payment arrangements with employees. All of the Group's schemes are equity settled, either by award of options to acquire Anglo American plc ordinary 54 86/91 US cents (the "Ordinary Shares") (SAYE) or award of Ordinary Shares (BSP, LTIP and SIP).

The fair values of options granted under the SAYE schemes were calculated using a Black Scholes model.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

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**24. Share based payments (continued)**

The fair value of Ordinary Shares awarded under the BSP and LTIP - ROCE was calculated using a Black Scholes model. The fair value of Ordinary Shares awarded under the LTIP - TSR scheme was calculated using a Monte Carlo model. All options outstanding at 31 December 2023 with an exercise date on or prior to 31 December 2023 are deemed exercisable. No options were exercised during the year (2022: no options exercised).

	Weighted average exercise price (pence) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
Granted during the year	1,670.0	99,504	2,230.0	110,992
<b>Outstanding at the end of the year</b>	<b><u>1,670.0</u></b>	<b><u>99,504</u></b>	<b><u>2,230.0</u></b>	<b><u>110,992</u></b>
			<b>2023 \$m</b>	<b>2022 \$m</b>
Equity-settled schemes			2.9	1.3
			<b><u>2.9</u></b>	<b><u>1.3</u></b>

\$2.8 m (2022: \$1.3 m) of the above total expense has been capitalised as part of additions to non-current assets during the year as it relates to staff costs for staff members employed directly in relation to the development of the Project.

**25. Auditors' remuneration**

Fees payable to the Group's auditors and its associates included in operating costs are as follows:

	<b>2023 \$000</b>	<b>2022 \$000</b>
<b>Audit fees</b>		
Fees payable for the audit of the Group's consolidated financial statements	160.7	156.7
Fees payable for the audit of the Company's subsidiaries	33.8	32.9
Fees payable for review of the half-year financial information	21.8	20.0
<b>Total audit-related fees</b>	<b>216.3</b>	<b>209.6</b>
Other non-audit assurance services	-	-
<b>Total non-audit fees</b>	<b>-</b>	<b>-</b>
<b>Total auditors' remuneration</b>	<b><u>216.3</u></b>	<b><u>209.6</u></b>

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## ANGLO AMERICAN CROP NUTRIENTS LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### **26. Events after the reporting date**

There have been no reportable post balance sheet events since 31 December 2023.

#### **27. Controlling party**

The immediate parent company is Anglo American International Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent company and controlling party of the Group is Anglo American plc. The financial statements of both the immediate and ultimate parent companies may be obtained from the Company Secretary, 17 Charterhouse Street, London, United Kingdom, EC1N 6RA, the registered office of both companies.

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**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
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**28. Parent Company accounting policies**

The accounting policies which have been applied by the Company when preparing the financial statements are in accordance with FRS 101. FRS 101 is based on the recognition and measurement requirements of UK-adopted International Accounting Standards under which the consolidated Group financial statements have been prepared. As a result, the accounting policies of the Company are consistent with those used and disclosed in the consolidated Group financial statements, except for the policy relating to investments in subsidiaries.

**Investments**

Investments are initially stated at cost. Investments are tested for impairment when an indication of impairment becomes apparent. An impairment loss is recognised in the income statement to the extent that the carrying amount cannot be recovered either by selling the asset or is not supported by the discounted future cash flows from the investment.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Company is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiary undertakings, with a corresponding credit to the share-based payment reserve within equity.

**Basis of preparation**

These financial statements relate to the Company, which is a private limited company incorporated and domiciled in England under the Companies Act 2006 (Registration number 04948435). The registered address is 17 Charterhouse Street, London, EC1N 6RA.

These financial statements present the results of the Company as an individual entity and are prepared on the going concern basis, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006. These financial statements have been prepared on the going concern basis as detailed in note 1 of the consolidated Group financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of share capital, presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are provided in the consolidated Group financial statements within this Annual Report.

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (principally loans from subsidiaries) stated at fair value through profit or loss. The principal accounting policies set out below have been consistently applied to all years presented.

# ANGLO AMERICAN CROP NUTRIENTS LIMITED

## NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 29. Significant accounting judgements and estimates

The most significant estimates and judgement is the estimation of the value of the expected credit loss (ECL) provisions required by IFRS 9 recognised in respect of loans to certain subsidiaries as detailed in note 30 represents a significant estimate. Identifying the appropriate value of the provision requires significant estimation as it is based on the Company's subjective assessment of hypothetical credit outcomes of the loans. A one percentage point increase (decrease) in the estimated chance of a full impairment of the loans would result in an increase (decrease) in the provision and expense recorded during the year of \$4.3 million (2022: \$3.6 million).

### 30. Investments in subsidiaries

	2023 \$m	2022 \$m
At 1 January	-	273.1
Impairments recognised	-	(273.1)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

Disclosure of the Company's subsidiaries is given in note 23 of the consolidated financial statements. The value of the investments is assessed using the projected discounted cash flows of the subsidiaries which are based on the Group's most recent financial projections.

Impairments in subsidiaries arose in 2022 largely due to the relevant subsidiaries having recognised impairments to operations which mean that the residual balance sheets of these subsidiaries no longer support the carrying value which they are reported at on the Company's balance sheet. During the year ended 31 December 2023, no impairment reversal triggers were identified.

### 31. Loans to subsidiaries

	2023 \$m	2022 \$m
Gross non-current loans to subsidiaries	1,441.9	1,286.1
Gross current loans to subsidiaries	3.7	1.7
Less: ECL provisions recognised	(856.5)	(857.9)
<b>Total loans to subsidiaries</b>	<b>589.1</b>	<b>430.0</b>

The Company's non-current loans to subsidiaries are repayable in 2025. Current loans are repayable on demand.

Due to impairments to property, plant and equipment and intangible assets being recognised in the principal subsidiaries of the Group in 2022, as disclosed in note 2.2, an ECL provision was recognised. There have been no significant changes with respect to the financial position of the subsidiaries in the year ended 31 December 2023 therefore no amendments to specific ECL provisions recognised have been made.

**ANGLO AMERICAN CROP NUTRIENTS LIMITED**

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**32. Loans from subsidiaries**

	<b>2023</b>	<b>2022</b>
	<b>\$m</b>	<b>\$m</b>
Loans from Sirius Minerals Finance No.2 Limited ("SMF2")	<b>135.3</b>	<b>132.6</b>
<b>Total loans from subsidiaries</b>	<b><u>135.3</u></b>	<b><u>132.6</u></b>

Intercompany loans are in place from SMF2 to the Company for the gross proceeds of the 2019 bonds. The terms of the intercompany loans mirror the terms of the external bonds as detailed in note 17 to the consolidated Group financial statements.

The loan from SMF2 is accounted for at fair value, with the calculation of fair value being based on the underlying contractual terms of the loan taking into account the traded price of the loans as at 31 December 2023.

**33. Loans from parent company**

	<b>2023</b>	<b>2022</b>
	<b>\$m</b>	<b>\$m</b>
Loans from parent company	<b>247.0</b>	<b>211.2</b>
<b>Total loans from parent company</b>	<b><u>247.0</u></b>	<b><u>211.2</u></b>

Intercompany loans are in place from the Company's immediate parent company and bears interest at base rate plus 255 basis points with all interest being rolled up and repayable upon expiry of the loan in 2027.