

Finance director's pre-close message

Six-month period ending 30 June 2025 (1H25) (the period)

This is an overview of the group's expected business performance for 1H25, encompassing strategic, operational and financial information. Unless otherwise indicated, all comparisons are against the six-month period ended 31 December 2024 (2H24).

DEAR STAKEHOLDER

Safety remains our number one priority, and we continue to promote it as both a right and a responsibility for everyone. We remain committed to achieving Zero Harm and applying Zero Tolerance to unsafe practices. At our CEO Safety Summit in April 2025, we launched a bold new chapter in our journey to Zero Harm – the One Voice Strategy. This strategy aims to make safety simple, clear and consistent across all our business units. It ensures that we all speak the same safety language and work together toward our shared goal of Zero Harm.

As at 31 May 2025, we are proud to report that the group achieved 33 consecutive months without any work-related fatalities. Our lost-time injury frequency rate (LTIFR) remains steady at 0.06 per two-hundred thousand man-hours worked, unchanged from the financial year ended 31 December 2024.

The year 2025 began with the anticipated post-election shifts in the United States' (US) economic and foreign policy landscape, with notable implications. Since taking office in January, US President Donald Trump has introduced significant policies on immigration, energy, trade, and foreign relations, with import tariffs at the centre of these measures.

The average benchmark API4 Richards Bay Coal Terminal (RBCT) export price for 1H25 is expected to average US\$91 per tonne (2H24: US\$110 per tonne), free on board (FOB), reflecting a decline from 2H24. The iron ore fines prices for 1H25 is expected to average US\$100 per dry metric tonne, compared to US\$101 per dry metric tonne in 2H24, cost and freight (CFR) China.

Total coal product (including buy-ins) and sales volumes for 1H25 are projected to decline by 6% and 7%, respectively, primarily

due to reduced demand from Eskom (see Coal operations section for further detail).

Coal capital expenditure for 1H25 is expected to be 19% lower than 2H24, in line with the sustaining capital replacement plans at both Grootegeluk and Belfast.

Cennergi's operating wind assets are forecast to generate 335GWh of electricity by 30 June 2025 (1H24: 339GWh; 2H24: 386GWh). Wind conditions have been slightly weaker than in the same period last year. The construction of the 68MW Lephalale Solar PV Project (LSP) at Grootegeluk is progressing, albeit with some delays.

As at 31 May 2025, the group had net cash of R19.5 billion (excluding net debt of R5.8 billion in the energy business).

On 13 May 2025, Exxaro announced the acquisition of select manganese assets from Ntsimbintle Holdings Proprietary Limited and OMH (Mauritius) Corp. The purchase consideration is estimated to range between R9.0 billion and R14.64 billion, subject to pre-emptive rights, tag-along rights and final adjustments at closing date. The transaction is expected to close in early 2026, pending regulatory approvals.

A detailed account of our 1H25 performance and 2H25 outlook will be provided with our interim results, scheduled for release on or about 21 August 2025.

Yours sincerely

Riaan Koppeschaar
Finance director



Macro-economic environment

Global economy and commodity prices

In 2025, global economic activity continues to be shaped by the effects of tariffs and heightened uncertainty surrounding global trade. These impacts spanning trade flows, inflationary effects, heightened uncertainty in global sentiment, and financial markets volatility are expected to constrain global growth. Following a 2.8% expansion in 2024, global real GDP is projected to slow to 2.2% in 2025.

Seaborne thermal coal prices are under pressure due to weak demand, exacerbated by lower natural gas prices, ongoing Russia-Ukraine peace negotiations, and broader concerns

over new tariffs. Although European natural gas prices increased occasionally as cooler-than-expected weather boosted demand, and Columbia announced supply cuts, these factors had a muted impact on seaborne thermal coal pricing. By the end of 1H25, the spot API4 price traded at around US\$90 per tonne.

In the iron ore market, prices were weighed down by tariffs on China's steel exports to the US, discussions on China's 2025 steel production limits, and broader US-China trade tensions.

Operational performance

Coal operations

MARKETS

The bearish pricing trend from 2024 persisted into 1H25. Key drivers included high stockpiles in South Africa's key markets, lower gas prices, growth in renewables, and increased nuclear energy generation.

Indian domestic steel producers faced competition from cheaper imported steel, dampening demand for South African coal. Meanwhile, Indian coal production increased, largely supporting the power generation sector.

Higher gas and nuclear power output in Japan, Korea, and Taiwan further reduced coal demand. This decline in demand caused Australian prices to fall to a four-year low of US\$90 per tonne, further aggravated by the sluggish Chinese offtake.

In Europe, gas price fluctuations linked to Russia-Ukraine ceasefire negotiations marginally influenced coal markets. However, despite warm weather and strong renewable generation in Germany, consistent stock drawdowns led to lower inventories.

The API4 index fell below US\$90 per tonne in 1H25 – a level not seen since the early days of the Russia-Ukraine war. Trade tariffs and volatile pricing added to the prevailing uncertainty.

In the Waterberg region, Eskom offtake declined due to operational constraints at its power stations. While domestic demand was steady, low export prices caused producers to redirect volumes to the domestic market, resulting in oversupply.

PRODUCTION AND SALES VOLUMES

Table 1: Coal product ('000 tonnes)

	PRODUCT						
	2H24 Actual	1H25 Forecast ¹	% Change	FY25 Previous Guidance ²	FY25 Forecast ¹	% Change	FY24 Actual
Thermal coal	18 858	18 011	(4)	38 105	38 074	–	37 068
Buy-ins	2	–	(100)	–	–		2
Total thermal product (Including buy-ins)	18 860	18 011	(5)	38 105	38 074	–	37 070
Metallurgical	1 431	1 092	(24)	3 272	2 702	(17)	2 473
Total product	20 291	19 103	(6)	41 377	40 776	(1)	39 543

¹ Based on the latest internal management forecast assumptions. Final numbers may differ by ±5%.

² Provided during the 31 December 2024 results presentation held on 13 March 2025.

Operational performance continued

Production

Thermal coal production is expected to decline by 4%, aligned with Eskom's reduced demand at Grootegeluk.

Metallurgical coal production is forecast to decline by 24%, due to above-normal rainfall and associated logistical disruptions in 1Q25.

Tied mines (Matla)

Production at Matla is expected to increase by 18% mainly due to the early ramp up of Mine 1 in 1H25.

Table 2: Coal sales volumes ('000 tonnes)

	SALES						
	2H24 Actual	1H25 Forecast ¹	% Change	FY25 Previous Guidance ²	FY25 Forecast ¹	% Change	FY24 Actual
Thermal coal	16 392	15 429	(6)	33 703	32 993	(2)	31 654
Eskom	12 038	10 199	(15)	23 364	21 993	(6)	22 610
Domestic	1 786	2 198	23	4 036	4 665	16	3 190
Tied ³	2 568	3 032	18	6 303	6 335	1	5 854
Metallurgical	344	256	(26)	661	517	(22)	695
Exports	3 766	3 405	(10)	7 004	6 826	(3)	7 008
Total sales	20 502	19 090	(7)	41 368	40 336	(2)	39 357

¹ Based on the latest internal management forecast assumptions. Final numbers may differ by ±5%.

² Provided during the 31 December 2024 results presentation held on 13 March 2025.

³ Production supplied to Eskom.

Eskom sales are expected to decrease by 15% aligned to Eskom's internal maintenance schedules.

Domestic thermal coal sales are expected to increase by 23% driven by the redirection of export volumes to the local market, and higher demand for other thermal coal products, mainly at Belfast and Leeuwpán.

Metallurgical coal sales are forecast to decline by 26%, due to rail disruptions in 1Q25, caused by severe rainfall.

Export volumes are expected to decrease by 10% due to rail disruptions caused by severe rainfall and a derailment in 1Q25.

Table 3: Coal Capex (R'million)

	2H24 Actual	1H25 Forecast ¹	% Change	FY24 Previous Guidance ²	FY25 Forecast ¹	% Change	FY24 Actual
Grootegeluk	844	670	(21)	1 917	1 827	(5)	1 812
Mpumalanga	192	173	(10)	334	333	0	268
Total	1 036	843	(19)	2 251	2 160	(4)	2 080

¹ Based on the latest internal management forecast assumptions. Final numbers may differ by ±5%.

² Provided during the 31 December 2024 results presentation held on 13 March 2025.

Lower capital expenditure is forecast in 1H25, aligned with the standard equipment replacement cycle at Grootegeluk and the completion of infrastructure projects at Belfast in FY24.

LOGISTICS AND INFRASTRUCTURE

Transnet Freight Rail (TFR) continues to face disruptions, including cable theft, power failures, locomotive and wagon shortages, and deteriorating infrastructure. Additionally, a rail wash-away in 1Q25 affected Grootegeluk, and a derailment further impacted throughput. Despite these challenges, the Richards Bay Coal Terminal volumes improved to 54.45 Mtpa (FY24: 52 Mtpa), with a stronger performance in 2Q25. Rail execution remains volatile but has shown improvement, particularly in the Mpumalanga region. The Waterberg region saw weekly train frequencies improve from two to three trains per week in 1Q25 to four to five trains in 2Q25.

Energy operations

Cennergi's operating wind assets are forecast to generate 335GWh of electricity in 1H25 (1H24: 339GWh; 2H24: 386GWh). While the average plant availability is projected to exceed the contracted level of 97%, wind conditions are slightly lower compared to the same period in 2024. Construction of the 68MW Lephalale Solar PV Project (LSP) at Grootegeluk is progressing, albeit with some delays. Engagements with stakeholders are ongoing and a revised commercial operation date is being finalised.

The 140MW Karreebosch Wind Farm commenced construction after financial close was achieved on 17 February 2025. Commercial operations are expected to begin in 1Q27.



Portfolio optimisation

The FerroAlloys disposal process is advancing with a sale and purchase agreement expected to be concluded in 4Q25.



Sustainable development

CLIMATE CHANGE RESPONSE STRATEGY IMPLEMENTATION

We remain committed to achieving carbon neutrality by 2050. Our decarbonisation roadmap is being operationalised and the Lephalale Solar Project will significantly support our 2030 goal of reducing emissions by 40%.

Fleet optimisation is also a critical medium-term lever for our target of a 75% reduction.

Following the signing of three ESG-related memoranda of understanding (MOUs) with Eskom (2025), the Agricultural Research Council and Ekim Wildlife (2024), and the Council for Geoscience (2023), we have identified key projects and initiatives to advance decarbonisation, air quality management, social impact, and impactful just energy transition projects to address scope 3 emissions.

SOCIAL INVESTMENT AND DEVELOPMENT

Delivering meaningful socio-economic value is integral to our purpose of powering better lives in Africa and beyond. Our initiatives focus on tackling unemployment, enhancing education, and enabling infrastructure development to empower host communities and drive inclusive economic growth. As at 31 May 2025, our social investments totalled R436.4 million. This funding supports initiatives across education, welfare, agricultural development, and health.

Our enterprise and supplier development programmes supported 282 black-owned small, medium, and micro enterprises (SMMEs) during the reporting period.

Outlook for 2H25

ECONOMIC CONTEXT

Since April 2025, trade-related risks have moderated following the US reversal on reciprocal tariffs and renewed negotiations with China. These actions had a positive effect on financial and commodity markets, with equity indices, crude oil prices, and the US dollar rebounding.

However, uncertainty remains high as the 90-day tariffs reprieve nears expiration. Confidence remains fragile due to the unpredictability of the US trade policy.

While South Africa's real GDP began the year slowly with a 0.1% quarter-on-quarter expansion, we remain optimistic that economic activity will improve in 2025, despite the uncertain global trade outlook.

COMMODITY MARKETS AND PRICE

Seaborne thermal coal may find support in the northern hemisphere summer as stockpiles normalise and seasonal demand rises. European imports are expected to remain stable due to poor wind and hydro availability, coal blending needs, the renewed focus on grid stability following the recent blackouts in Spain, and the importance of price stability in the power markets.

Domestically, improvements in economic activity could bolster coal demand, particularly as Eskom addresses its operational issues. As infrastructure challenges persist, we continue to actively explore all available routes to market to meet customer demand and unlock value.

In the iron ore market, increasing supply and muted Chinese demand remain key constraints for our investment in Sishen Iron Ore Company. India is expected to be the only market with material growth in steel production. Any new US tariffs will add further volatility to equity and commodity markets.

OPERATIONAL PERFORMANCE

We continue to navigate commodity price fluctuations, domestic structural challenges and varying coal off-take in an ever-changing geopolitical landscape. Our focus remains on unlocking value through process optimisation, operational efficiency and the sale of our products through economically viable sales channels.

Review of the update

The information in this update is the responsibility of the directors of Exxaro and has not been reviewed or reported on by Exxaro's independent external auditors.

TELECONFERENCE CALL DETAILS

A dial-in teleconference call on the details of this announcement will be held on Monday, 30 June 2025 starting at 13:00 SAST.

PRE-REGISTRATION LINK

Participants must pre-register for the conference through the link below:

<https://services.choruscall.eu/DiamondPassRegistration/register?confirmationNumber=4539032&linkSecurityString=ac5f5c8b0>

Please note that only registered participants will receive a dial-in number upon registration.

CONFERENCE REPLAY

A conference replay will be available one hour after the end of the conference until 9 July 2025. To access the playback, dial one of the following numbers using the playback code 47646:

- South Africa 010 500 4108
- UK 0 203 608 8021
- Australia 073 911 1378
- USA 1 412 317 0088
- International +27 10 500 4108

To access the replay using an international dial-in number, please select the link below.

<https://services.choruscall.com/ccforms/replay.html>

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EDITOR'S NOTE

Exxaro is one of the largest South Africa-based diversified resources companies, with main interests in coal, iron ore, and renewable energy commodities. www.exxaro.com

Interim results for the six months ended 30 June 2025 will be announced on or about 21 August 2025.

ENQUIRIES

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LEGEND

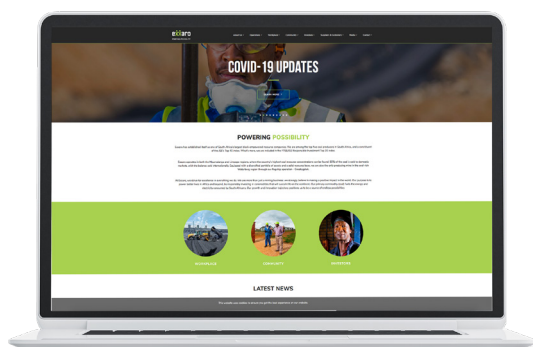
1H24 - Six-month period ended 30 June 2024
2H24 - Six-month period ended 31 December 2024
FY24 - Financial year ended 31 December 2024
1Q25 - First quarter ended 31 March 2025
2Q25 - Second quarter ending 30 June 2025
1H25 - Six-month period ending 30 June 2025
3Q25 - Third quarter ending 30 September 2025
4Q25 - Fourth quarter ending 31 December 2025
2H25 - Six-month period ending 31 December 2025
FYE25 - Financial year ending 31 December 2025
1Q27 - First quarter ending 31 March 2027

COMMODITY PRICES SOURCE

Coal - Argus Coal

Iron ore - Fastmarkets

30 June 2025



www.exxaro.com



DISCLAIMER

The operational and financial information on which any outlook or forecast statements are based has not been reviewed nor reported on by the group's external auditor. These forward-looking statements are based on management's current beliefs and expectations and are subject to uncertainty and changes in circumstances. The forward-looking statements involve risks that may affect the group's operational and financial information. Exxaro undertakes no obligation to update or reverse any forward-looking statements, whether because of new information or future developments.